

A Liberal Education

J. Bradford Delong
<http://bradford-delong.com>
brad.delong@gmail.com
@delong

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key: <<https://www.icloud.com/keynote/0nINI20q2hWRDnARhzSkxfbWw>>
html: <<http://www.bradford-delong.com/2018/06/lecture-a-liberal-education.html>>

A Word or Two on a Liberal Education

- This is an investment by you in you:
 - A “liberal education”
 - Surprise benefits
 - The value to you of a liberal education
- This is an investment by the state of California:
 - The value to us of your getting a liberal education
- This is an investment by the human race:
 - The value to us of your getting a liberal education
- This carries not just privileges and immunities, but responsibilities and obligations

This Is Berkeley!



You Are Lucky to Be Here

- This is the University of California at Berkeley
 - Certainly the finest public university in the world
 - Perhaps the finest university in the world
 - Lots of opportunities here
 - Others could be in your seats
 - They would take advantage of the opportunities here
 - DON'T WASTE YOUR OPPORTUNITY HERE!!



You Belong Here

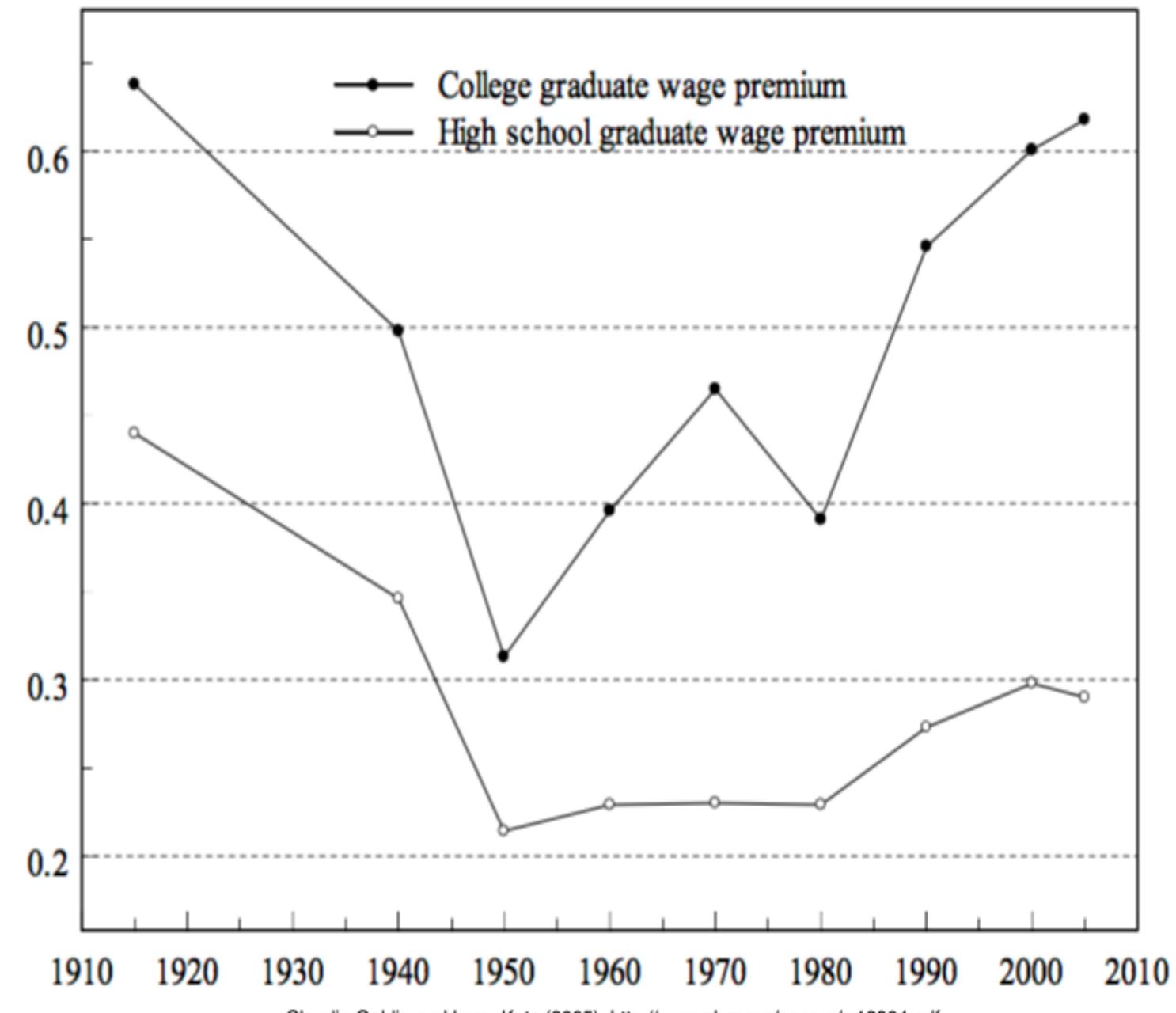
- We go fast here
- We want to teach you a lot of stuff
- You can—and should—handle it
- We are confident you belong here—can take advantage of the opportunities
- We are rarely wrong



What Is a “Liberal Education”?

- “Liberal education” ≠ “kinda left-wing education” here
- “Liberal education” here means “appropriate to somebody free”
- Someone with control over their own destiny
- Someone with a share of control over our common destinies

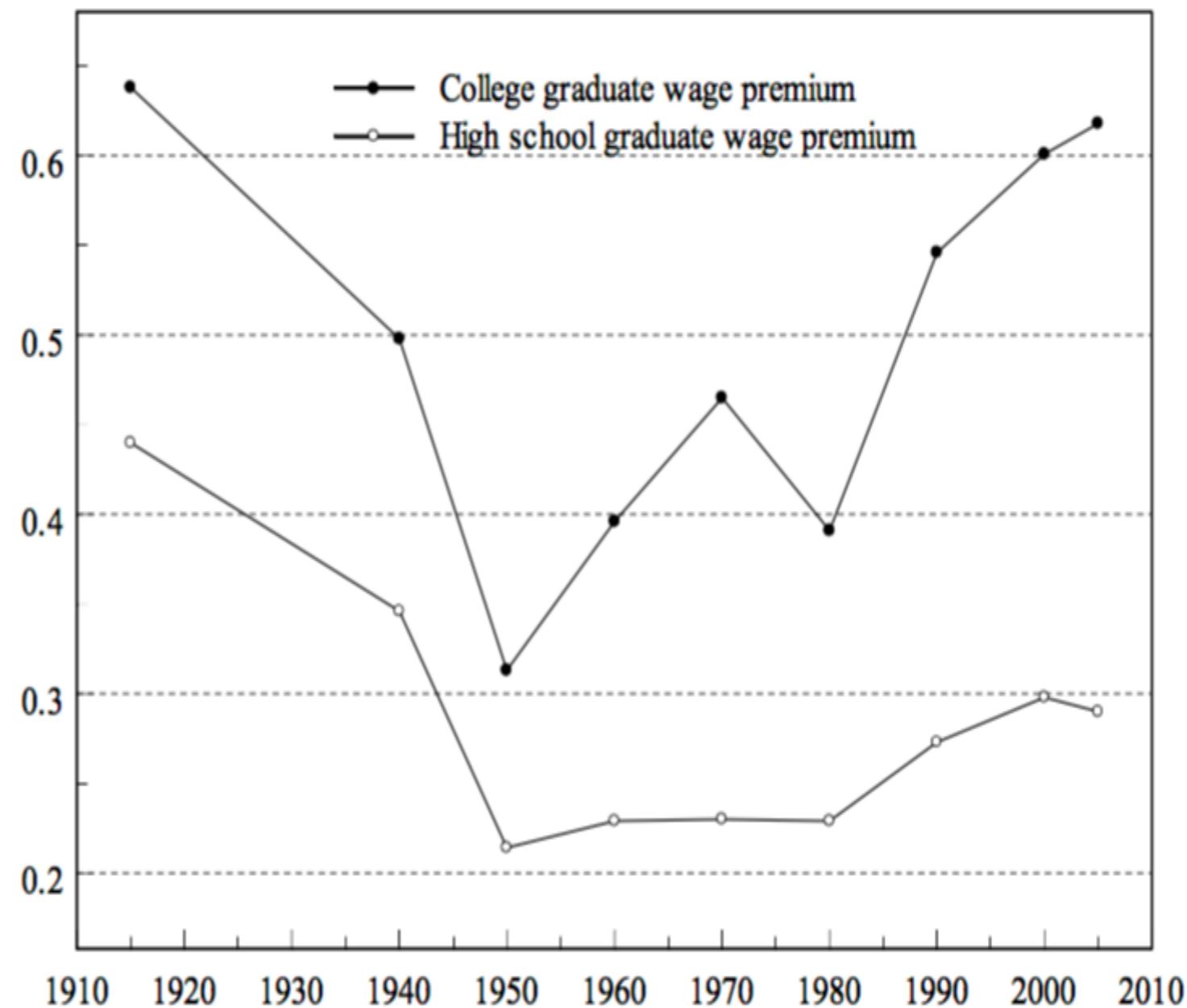
Figure 1
College Graduate and High School Graduate Wage Premiums: 1915 to 2005



What Is a “Liberal Education”? II

- Someone with control over their own and a share of control over our common destinies
 - Not someone taught a particular skill to do one thing
 - But, rather, someone whose life will be spent in a wide range of activities
 - And who thus needs a wide range of knowledge

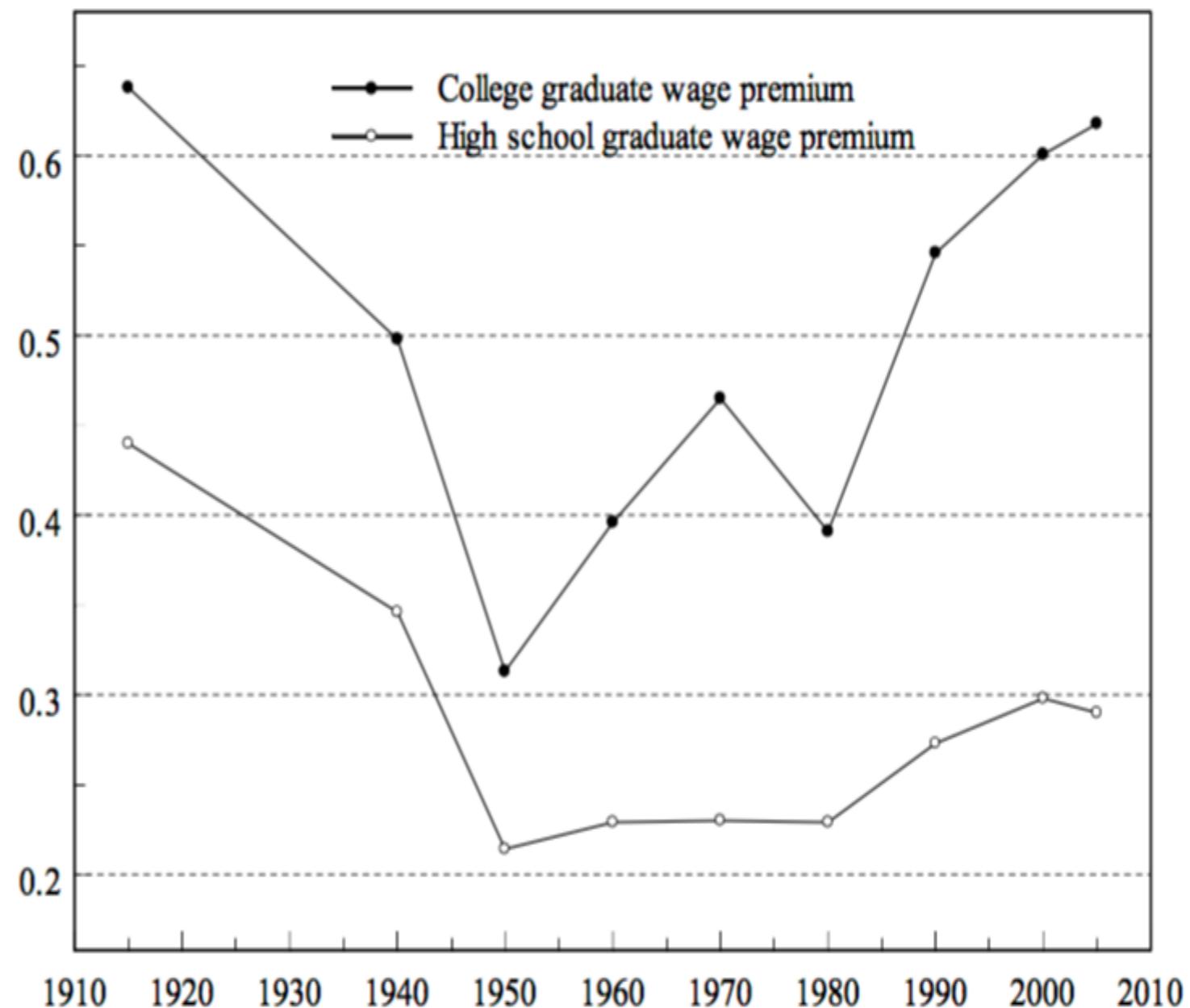
Figure 1
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Privileges and Immunities

- A liberal education is a very valuable thing
- Difference in the natural log (\ln) of 0.6 means that:
- the higher number is $1 + 0.6 + (0.6)^2/(2!) + (0.6)^3/(3!) + (0.6)^4/(4!)$
+ ...
- = 1.8221 times the lesser:
- is 82% higher.

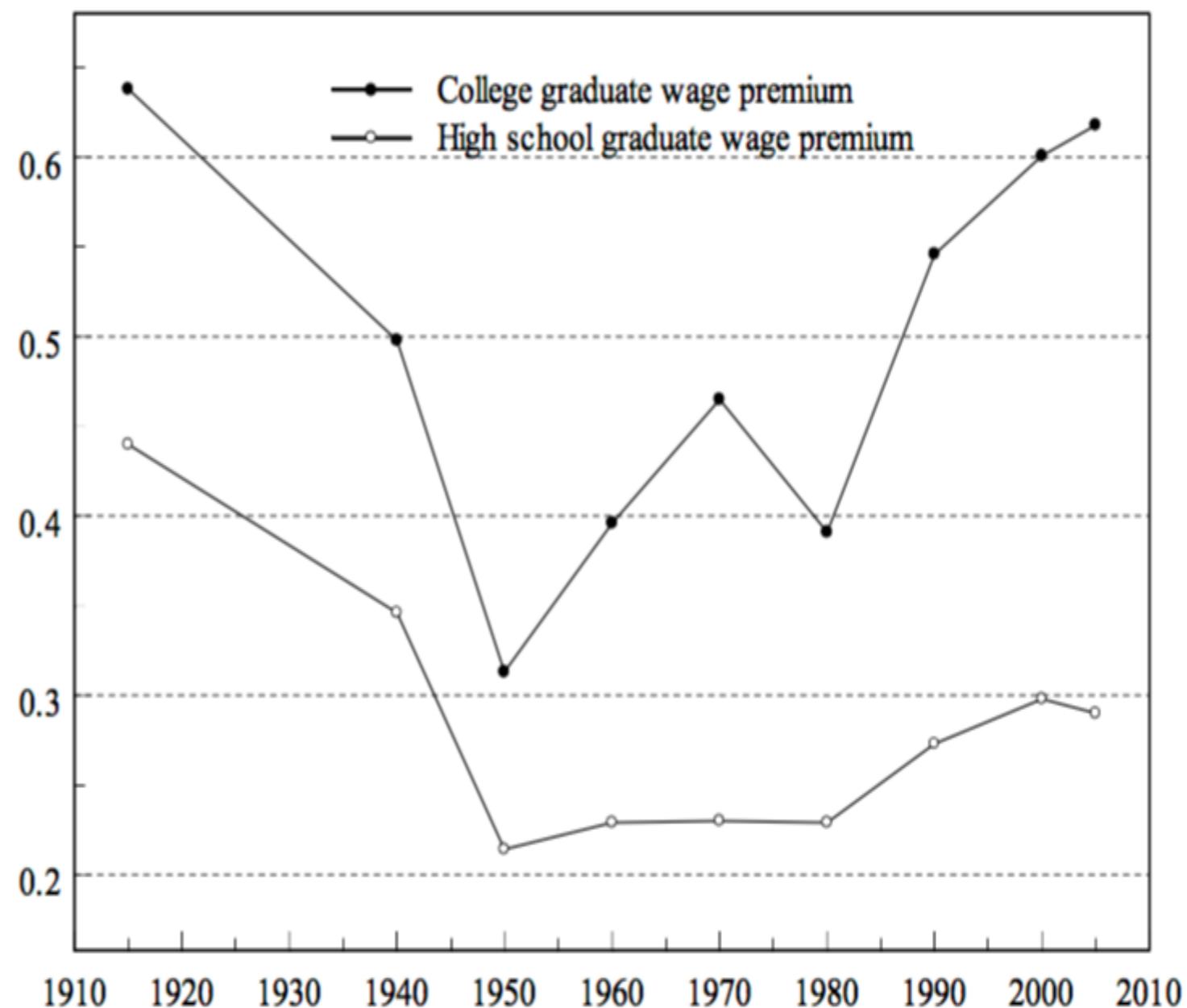
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Privileges and Immunities

- At a \$40,000/year average earnings level...
- $82.2\% \times \$40,000/\text{year} = \$32,884/\text{year}$
- Go to college: invest \$15K/yr (tuition and fees) + \$20K/yr (earnings not made) for 5 years = \$175,000
- Get an extra \$32,884/year for 40 years if you're the kind of person who can graduate
- Plus: freedom, depth of experience...

Figure 1
College Graduate and High School Graduate Wage Premiums: 1915 to 2005



It is Not the “Technical” Training That Is the Most Valuable



Updated List of Distressed Debt Hedge Funds

Thank you to all who helped me add a few names I missed on our [list of distressed debt hedge funds](#). Some of you also suggested I sort the list alphabetically. Here is the new list of distressed debt hedge funds. If I missed anyone or you would like to be added to the list, please email me (hunter [at] distressed-debt-investing.com). Going forward, I will use this post to keep a list of all distressed debt / event driven hedge funds I come across, combining with linking these to relevant websites and 13Fs.

Taconic Capital Partners (Taconic Capital Advisors / Taconic Capital Management)



Wellman – Lord Pro

- This process consists of the following
 - Flue gas pre-treatment.
 - Sulfur dioxide absorption by sodium sulfite
 - Purge treatment

A black and white photograph of a man in a tuxedo and a woman in a wedding dress holding a bouquet, standing in front of a group of people.

- In my extended family, three people who were, are, or look like they are headed for not the top 1% but the top 0.1%...
- Industries:
 - construction and chemical engineering (ultimately pollution control)
 - “smart money” on Wall Street managing the flow of financing of investment,
 - “the industry” as they call it in LA...

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A black and white photograph of a man in a tuxedo and a woman in a wedding dress holding a bouquet, standing next to a car.

- What was valuable?:
 - learning how to deal socially as a (relative) outsider at Harvard in the 1920s,
 - historical-critical source analysis in the 1980s,
 - messing around with Dartmouth AV in the 1990s

Learning Goals: Economic Literacy

- The real learning goal for this course is: economic literacy.
- At the end of the course, students should be able to take any article about the economy, whether in, say, the Financial Times or the Economist or the San Francisco Chronicle or Business Insider or vox.com:
 - Determine what assertions it is making about
 - how the economy works, and
 - what the current state of the economy is;
 - break down those assertions;
 - use economic logic and economic models and economic data to analyze them; and
 - conclude whether, and under what conditions, the arguments made make sense.

Applied to Understand Our Economic History

- What will professors teach 2000 years from now?
- All of our history will be “ancient history”
- They will focus on the long 20th century
- Between:
 - the appearance of the iron-hulled oceangoing steamship, the submarine telegraph cable, and the industrial research lab around 1870
 - the business cycle collapse followed by the anemic recovery of 2007-2015
 - More changed, and more things that were important changed than in any other century so far

Applied to Understand the Economy

- What should we teach you here and now?
- Center of gravity of your careers and influence will be 2050 or so
- Want you to be:
- Good citizens
- Good partners in “commerce” and “congress”—broadly understood
- How the economy works:
- How it is built upon gift-exchange, trust, and sociology
- How markets work
- How markets fail
- How bureaucracies fit in

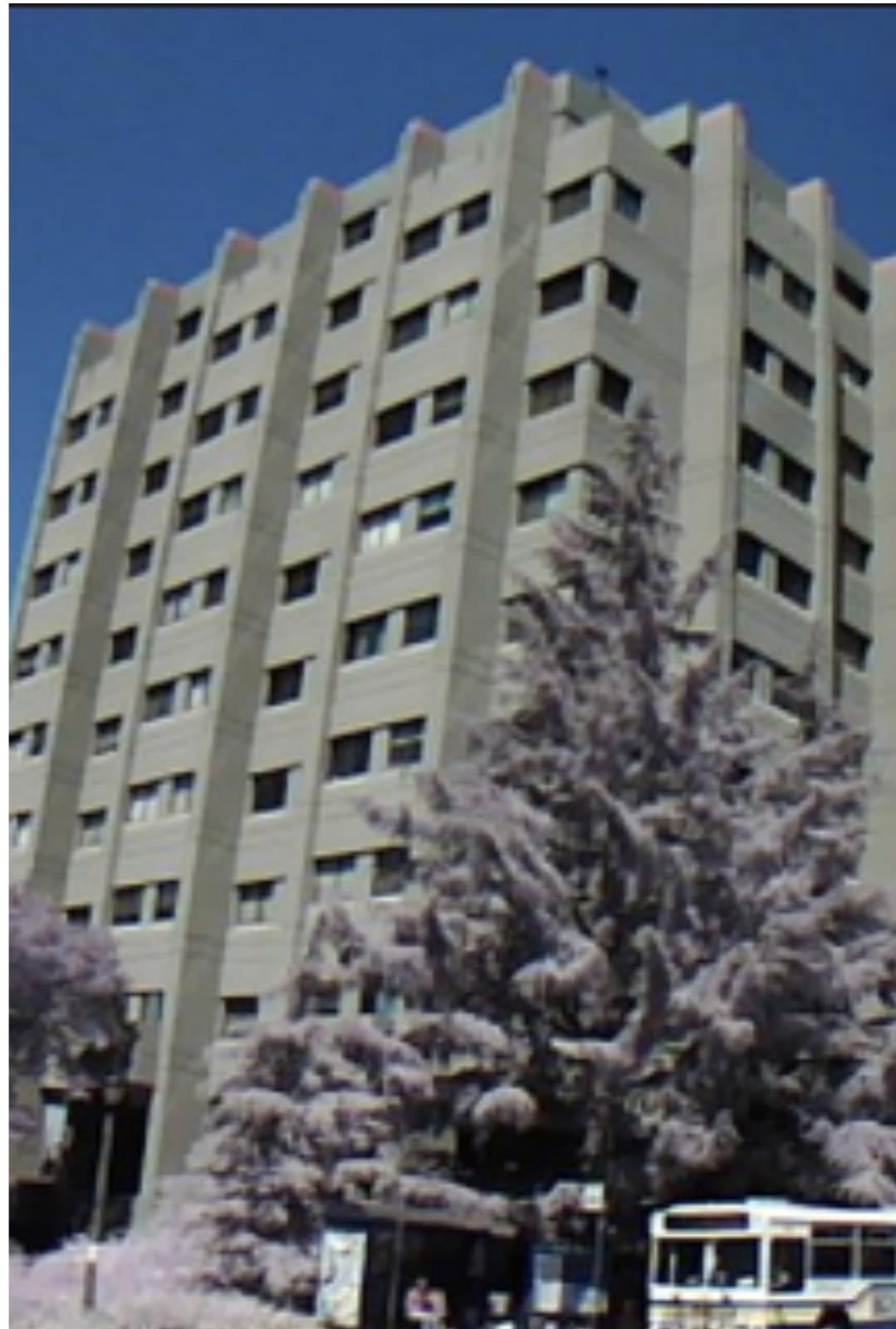
The Nature of a University

- Never thought this was necessary before...
- It probably still isn't necessary today...
- But this past decade has been a very weird, very norm-breaking decade in a lot of ways
- So it is best to be clear on what we are doing here...
- This is a university...



A University Is a Safe Space for Scholars

- We all belong here
- We all deserve to be treated with respect
- We all deserve to be listened to
- We all deserve to speak
- We all deserve to be taught how to listen better
- We all deserve to be taught how to speak better
- We all deserve to be taught how to think better
- Don't set out to diss others
- Don't diss yourself



Responsibilities to Other Members of the University

Don't be like Harvey Mansfield!

- Harvey Mansfield:
 - “Everyone knows that C is an average grade.... Grade inflation got started... [when] white professors, imbibing the spirit of affirmative action, stopped giving low or average grades to black students and, to justify or conceal it, stopped giving those grades to white students as well...”
 - “You should keep your office door closed here. If you don’t, undergraduates might wander in...”



Responsibilities to Society at Large

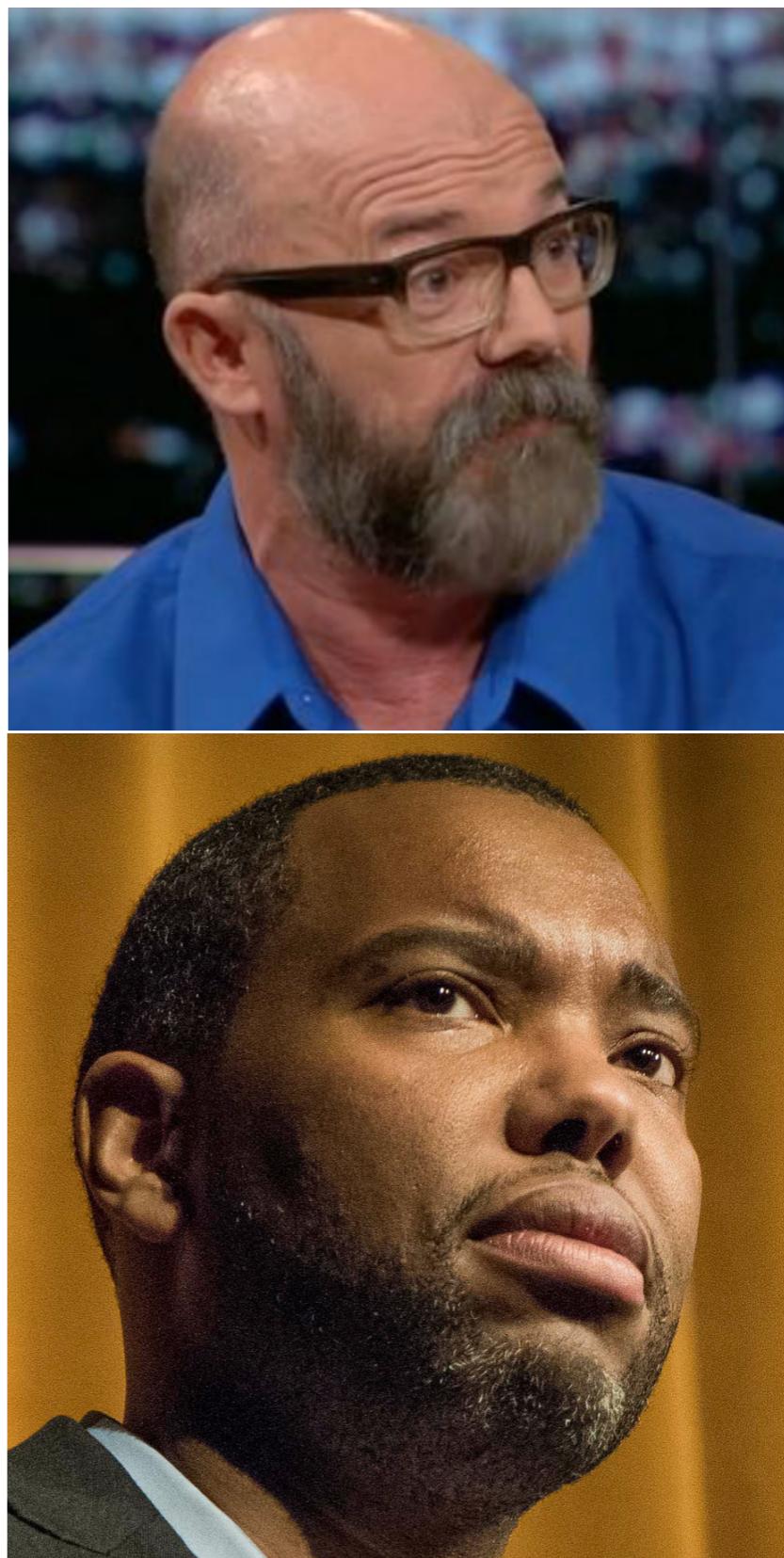
Don't be like Sam Huntington!

- Sam Huntington:
 - “Unlike past immigrant groups, Mexicans and other Latinos have not assimilated... rejecting the Anglo-Protestant values that built the American dream.... The Hispanization of Miami is without precedent.... The Cuban takeover.... Anglos (as well as blacks)... [became] outside minorities... unable to communicate with... bureaucrats... discriminated against by store clerks... Anglos... could accept... subordinat[ion]... assimilate into the Hispanic community... or... leave... their exodus reflected in a popular bumper sticker: 'Will the last American to leave Miami, please bring the flag'...”



Be Sensitive to What You Are Saying!

- **Andrew Sullivan** (2018): “Ta-Nehisi and I... there was a civility about it, an actual generosity of spirit, that transcended the boundaries of race and background.... Our engagement with each other and our readerships was a crackling and productive one... before Twitter swallowed blogging, before identity politics became completely nonnegotiable, before we degenerated into these tribal swarms of snark and loathing...”
- **Ta-Nehisi Coates** (2018): “I got incredibly used to learning from people... quite good at their craft, who I felt, and pardon my language, were f***ing racist. And that was just the way the world was. I didn’t really have the luxury of having teachers who I necessarily felt, you know, saw me completely as a human being.... Me arguing with Andrew Sullivan about whether black people are genetically disposed to be dumber than white people. I actually had to take this seriously, you understand? I couldn’t speak... to Andrew on the blog the way I would speak to my wife about what Andrew said on the blog in the morning when it was just us...”



Be Sensitive to What You Are Saying! II

- **Henry Farrell** (2018): “Sullivan’s and Coates’s pieces provide a miniature history of how a certain variety of self-congratulatory openness to inquiry is in actual fact a barbed thicket of power relations. What Sullivan depicts as... ‘civility’ and ‘generosity of spirit’... [is] Coates’s ‘teachers’ who didn’t see him ‘completely as a human being’. What was open and free spirited debate in Sullivan’s depiction, was to Coates a loaded and poisonous dialogue where he could only participate if he shut up about what he actually believed...”
- **Andrew Sullivan** (2001): “The Krugmans and the Chaitins will shortly have a cow, if not a whole herd of them.... Some commentators... get steamed because Bush has... claimed his tax cut will cost less than it actually will, or because he is using Medicare surplus money today that will be needed tomorrow and beyond.... The deeper point... [is] that Bush has to obfuscate his real goals of reducing spending with the smoke screen of ‘compassionate conservatism’ ... [in his] uphill... struggle is...”
- **Matthew Yglesias** (2005): “Andrew Sullivan... consistent proponent... that Paul Krugman is some sort of liar... [because of his] repeated insistences that George W. Bush’s economic policy is founded on a tissue of lies.... The unnoted irony here is that ... [on] May 14, 2001... Sullivan conceded Krugman’s point...”



A University Is a Safe Space for Ideas

- The purpose of a university is to generate, examine, and assess ideas
- It is antithetical for outsiders or insiders to limit ideas generated
- It is also antithetical not to examine and assess ideas seriously and honestly
 - This is a very delicate balancing act
 - what ideas—left to “your conscience and your god” (Kantorowicz)
 - how to treat them—norms of scholarship
- Cf: <http://delong.typepad.com/delong_long_form/2016/05/the-economist-as-the-public-square-and-economists.html>



Responsibilities to Ideas

Don't be like Paul Sweezy!

- Q: “[Your] editorial after Stalin died in 1953, for instance, called him one of the greatest men in history, I believe...”
- Paul Sweezy: “Something like that. Well, in some ways he was, but he had his underside, too. I guess one should have been more cautious, but I think you had to take positions which were pretty much unambiguous. Either you were for or against the regimes, the actually existing socialist countries.... Early on there was a position... that the Soviet Union was an ideal new society. Gradually one had to get over that. But not by turning around, becoming an enemy, joining the other side. That's always a difficult line to follow, I think, but it's absolutely essential...”
- Contrast with I.F. Stone: “After seeing the Soviet Union and studying the statements of its leading officials: *This is not a good society and it is not led by honest men.* No society is good in which men fear to think--much less speak--freely. I don't care how many tons of steel the Russians produce...”



The University of California Loyalty Oath

Do be like Ernst Kantorowicz:

- “Three professions... wear a gown: the judge, the priest, the scholar. This garment stands for its bearer's maturity of mind, his independence of judgment, and his direct responsibility to his conscience and to his God....
- “It is a shameful and undignified action,
 - it is an affront and a violation of both human sovereignty and professional dignity
 - that the Regents of this University have dared to bully the bearer of this gown into a situation in which—under the pressure of a bewildering economic coercion—
 - he is compelled to give up either his tenure or, together with his freedom of judgment, his human dignity and his responsible sovereignty as a scholar...
 - <http://www.lib.berkeley.edu/uchistory/archives_exhibits/loyaltyoath/symposium/kantorowicz.html>



Catch Our Breath...

- What's up next?
- Comments?
- Questions?



So Learn!: Extend Your Brains in Every Direction Your Curiosity Moves You

- References in this lecture you may not be familiar with:
 - “Avicenna”: Peter Beagle (1987): *The Folk of the Air* <<http://amzn.to/1PvCcdN>>.
 - Ibn Sina: Abū ‘Alī al-Ḥusayn ibn ‘Abd Allāh ibn Al-Hasan ibn Ali ibn Sīnā <<http://tinyurl.com/n58rjc6>>
 - “State of Euphoria”: David Lodge (1975): *Changing Places* <<http://amzn.to/1nhoXXp>>.
 - Enkidu: *Gilgamesh* <<http://amzn.to/1PepdkP>>.
 - Fujiwara Takako: *Genji Monogatari* <<http://amzn.to/1nhCkXy>>.
 - Hypatia <<http://tinyurl.com/z9uyqy>>:
 - Ibn Khaldun: Abū Zayd ‘Abd ar-Rahmān ibn Muḥammad ibn Khaldūn al-Ḥadramī, *Muquaddimah* <<http://amzn.to/1Sd0uhv>>.
 - Odysseus: <<http://amzn.to/1nhCA94>>.



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