IN MEMORIAM

The Empirical Revolutionary

ALAN KRUEGER
1960–2019

BY IKE BRANNON

Alan Krueger's death earlier this year is a tragedy for his friends and family. It is also a great loss to the economics profession.

Krueger was at the forefront of the rise in empiricism in the profession, and he pushed economists to test their theories instead of proving them with advanced mathematics. And he did this even before the internet and information technology revolution made such testing much easier. In the late 1980s and early 1990s, when state-of-the-art computers had 486 processors and crunched data from tapes and disks, he showed himself to be exceptionally creative at finding—and creating—useful data.

Economists have written a lot about how macroeconomics basically collapsed in the 1970s after stagflation more or less destroyed the neo-Keynesian consensus. Less noted was that microeconomics was on shaky ground in the 1980s as graduate programs taught students mathematics first and expected them to somehow intuit economics from the results of their Real Analysis exercises. My graduate school microeconomics instructors were uninterested in discussing human behavior, intuition, or the other aspects of the discipline that made economics a social science. For them, economics was akin to a hard science, with hypotheses that weren't testable but *provable*.

Krueger—along with his frequent collaborators David Card and Lawrence Katz—didn't have that perspective at all. Their efforts helped change not just labor economics but all of microeconomics for the better. While we might argue that the digital revolution made this change inevitable, Krueger's work contributed to it occurring well before it logically should have come to pass.

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MINIMUM WAGE RESEARCH

The minimum wage research Krueger did with Card in the early 1990s—which yielded his most famous papers—was an important part of that change in the discipline. The principal research compared the employment levels of fast food workers in the New Jersey and Pennsylvania sections of the Philadelphia metropolitan area following a minimum wage increase in New Jersey. Card and Krueger found no effect from the change on employment. While I think their results were not that robust, the paper was nonetheless incredibly important at the time and it motivated many others—those who disagreed with them as well as myriad other economists—to do their own surveys on a wide variety of subjects. And while it was far from the first natural experiment exploited by economists, it helped to popularize the use of such research designs.

Krueger was also aware enough to realize that the policy implications of his research had limitations. For instance, when the Obama administration wanted to increase the minimum wage in 2014, he weighed in to remind people that the minimum wage *does* cause job losses, and that the higher the wage is, the larger those effects will be. The lesson he took from his work is that small minimum wage increases may produce small or negligible job losses and that the benefits from such wage increases justify the cost of those losses, but larger minimum wage increases result in larger job losses that are not justified.

Krueger, along with his frequent coauthors, helped to change not just labor economics but all of microeconomics—for the better.

IN WASHINGTON

Krueger had three different stints in government. In 1994–1995, during Bill Clinton's administration, he was chief economist for the U.S. Department of Labor, where he applied more rigor to the department's analysis than was previously the case. In 2009–2010, during Barack Obama's administration, he was first assistant secretary for economic policy in the Treasury department, essentially the chief economist for Treasury. After a brief return to Princeton University, Obama brought Krueger back to Washington in 2011–2013 to serve as chair of the Council of Economic Advisers. In each of those posts he managed to navigate the tricky waters of bureaucracy to make sure he had a say in the important decisions being made at the time—no mean feat.

THE PERSON

Krueger was a fundamentally decent guy, a virtue that contributed substantially to his professional success. In a field where people at the top of the pecking order have a predilection to ignore those below them, he was refreshingly accessible. When I was an economist at the Treasury, I emailed him for advice on a project and he sent me his research, suggestions for new avenues, and offered to meet up the next time he was in D.C. He also spent a lot of time and effort working with a high school teacher on an economics text for high school students. The project had no possible benefit for his career, but he thought it was important for high school students to study economics.

I began studying labor economics in graduate school in 1987, the year Krueger became an assistant professor at Princeton. His joining academia was fortunate for me: he injected cachet into the sub-discipline that was sorely lacking at the time. Back then, a lot of economics departments offered labor economics classes infrequently if at all. That's not the case anymore; because of his work, labor economics has been at the forefront of the empirical revolution.

Krueger's death will be deeply felt by all those who learned from his work and had the privilege of knowing him.