

ANNA SCHWARTZ MEMORIAL

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You have heard memories of Anna from people who knew her as a lifelong friend and a close co-author; later you will hear from her granddaughter. I knew her in a very different, and certainly less intimate, way. I mainly read her work and watched her at meetings. But, her influence on me was enormous.

When I came out of graduate school in the mid-1980s, there weren't many senior women economists—particularly not in macroeconomics. Indeed, at meetings I attended, there were often only one or two other women. Fortunately, one of them was Anna Schwartz. I learned so much about doing research and navigating my way through the world of economics by watching how she worked and how she interacted with other economists. Let me describe just a little of what I took in.

LESSONS ON BEING A WOMAN IN ECONOMICS

Perhaps the most important thing I saw was that gender didn't seem to matter when you were as good as Anna. She worked harder than anyone else; wrote better books than anyone else; and made more perceptive comments than anyone else. As a result, the men in the room had no choice but to respect her.

When Anna spoke, everyone listened. Even very late in life, when poor hearing caused her to sometimes chime in out of turn or at an inopportune moment, she would pipe up with some brilliant insight. People in the room would just sort of look at one another in amazement and pray that maybe, just maybe, they would be still be as smart

in their 80s and 90s as Anna was. I didn't have the heart to tell them that it was hopeless—because they didn't start out as smart as she was to begin with.

Now this lesson that gender didn't seem to matter when you are brilliant was one that was pretty hard to follow. You can't just will yourself to be as good an economist as Anna Schwartz. But, as a young woman, it gave me something to strive for. And it gave me hope that if I worked really, really hard, I might be treated with some of the admiration and professional respect that Anna had earned.

Another thing I learned from watching Anna was that it was OK for a woman economist to be tough. Anna did not suffer fools lightly. She never hesitated to tell you exactly what she thought of your paper or argument. And, quite frankly, she usually didn't like it. I will confess to being on the receiving end of her withering criticism more than once.

But Anna was always professional. She took your work seriously, and showed you the flaws in it. And perhaps most important, she was almost always right. So, we may not have looked forward to her tough comments, but we appreciated them, because they helped us to do better work.

When Margaret Thatcher died a few weeks ago, many newspaper stories talked about her mixture of brains and toughness. I am sure I am not the only person who thought of Anna when they read those profiles of Thatcher. Anna truly was the Iron Lady of Economics.

Importantly, though I learned something about being a woman in economics from watching Anna, I don't think that her gender was a defining characteristic. I was incensed when a reporter referred to her as one of the best women economists. She wasn't one of the best *women* economists. She was one of the best economists—period.

LESSONS ON HOW TO DO ECONOMIC RESEARCH

Let me say a little about what was so good about her research, and how much we all learned from studying her work. The essential problem in most empirical economics research is establishing causation. Our statistical techniques are great at telling if there is a correlation between variables, such as money and output. But, they are poorly suited to identifying whether movements in money cause output or movements in output lead to endogenous movements in the money supply.

Milton Friedman and Anna Schwartz found a way around this problem. They showed that there is a vast amount of information in the historical record about why the money supply moved. Through painstaking research into the records of Federal Reserve meetings and the diaries of Fed officials, they were able to identify a handful of times when the money supply moved for reasons having nothing to do with the behavior of output. On these occasions, money fell because the Fed made a mistake, was dealing with another issue, or just fell asleep at the switch. That output fell after each of these relatively exogenous drops in the money supply is some of the strongest evidence we have that money affects output.

I remember vividly one meeting of our second-year monetary economics graduate class at MIT. The professor, Stanley Fischer, started the class by asking “How do we know money matters?” My classmates and I fumbled around for several minutes citing this flawed empirical study and that. Finally, Stan shut down the discussion: “Because Friedman and Schwartz showed us.”

That insight has had a profound impact on David Romer’s and my research, and on economics more generally. We learned that blending narrative, historical evidence

with statistical work can often provide more information than statistical analysis alone. And, we learned that because Friedman and Schwartz showed us.

It was not just the nature of Anna's work that was impressive, but also the quality. I once heard an economic theorist boast that when he proved something, it stayed proven. That was his way of saying that he did things so carefully the first time that no one ever found a flaw or overturned his results. Well, the same is true of Anna. When she discovered something, it stayed discovered. She got things right the first time, and as a result, the findings have endured.

In my own research I have had many occasions to look at the same historical documents that Friedman and Schwartz did. I have never found a misstep. Every footnote and citation is perfect. The data collection is always impeccable and first-rate. Perhaps more surprising, I have found that I almost always agree with their interpretation or analysis of a document or event. That experience has convinced me that narrative research can be just as scientific and reproducible as straight statistical studies—provided one approaches it with the rigor, intelligence, and high standards that Friedman and Schwartz brought to their work.

I like to think that all people live on through the memories of their family and friends. But scholars live on in another way—through their students and the writings they leave behind. Anna touched many lives in the way that she touched mine—as a role model and teacher. And in universities around the country, there is a whole new generation of students reading her work. I have no doubt that she will be remembered in death with the same respect and admiration she elicited in life.