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Interview with Karl Egge, F.R. Bigelow Professor of Economics

Karl Egge

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Oral History Project

Interview with:	**Karl Egge** F.R. Bigelow Professor of Economics, 1970-2007
Date:	**Wednesday, January 17th, 2007, 2:30p.m.**
Place:	Macalester College DeWitt Wallace Library, Harmon Room
Interviewer:	Sara Nelson, Class of 2007
Edited interview run time:	1:10:59 minutes
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Subjects:

Disc "#6" Track 1

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edited

Interview with Karl Egge

Sara Nelson, Interviewer

January 17, 2007
Macalester College
DeWitt Wallace Library
Harmon Room

SN: My name is Sara Nelson and I am a student at Macalester College working for the Macalester Oral History Project. Today we're interviewing Karl Egge, Professor of Economics in the Harmon Room of the Library. And today is January 17, 2007. I would like to start talking about when you first came to Macalester, so just to kind of begin what year did you start teaching here?

KE: Well I think before you get into the teaching you have to say the first time I ever stepped on campus was about, exactly thirty-seven years ago. So it was in January of 1970 and I was flown out at Macalester's expense from Ohio to interview for an opening in the Economics Department. So that was my first time I stepped on campus. And then later they made me an offer. I accepted it, and I came out approximately August 15, 1970, and got settled into a house, got myself an office, and began meeting and advising students the first week before school began—new freshman—and then began teaching approximately September 1, 1970.

[01:18]

SN: So what was the hiring process like?

KE: The hiring process was fun, the way it worked out was approximately at Christmas time in New York City, the National Association of Economists got together. And it still goes on—this year we did the same thing, its almost exactly the same. A school like Macalester identifies ten or fifteen people they'd like to talk to. I happened to be one of the lucky ones in 1970. I get invited to a hotel room. I was interviewed by two economists. I knew one by reputation David Meiselman the other was Robert Bunting. One or the other sat on a bed and I sat on a chair and they asked questions. They were very collegial and fun to visit with, and interestingly enough just a few days ago I was helping some of my young colleagues in economics in Chicago do the same thing—sitting in a hotel room interviewing about fifteen people who were trying to get a job at Macalester. So that was my first contact. And there's kind of a funny little story in all of this, and that is that I loved Mac right away. I had an offer at a place called Duquesne in Pittsburgh, but I didn't want go there. I wanted to come in this direction, and had learned enough about Macalester and would like to come here. So I kept calling this Dr. Bunting, letting him know that, hey I wanted to come there. And they kept dragging around, well we'll let you know, we'll get a hold of you, we'll let you know what's going on, just wait a little bit, we gotta do this and we gotta that. And I was just antsy to get an offer and come out. I didn't understand that they had…were looking at lots of other people. And I had been here about three years when I was finally was looking through some records and saw that I was their third choice. The first person they made the offer, dragged it on, rejected it. Then they made an offer to someone else, who dragged them on, rejected it. And finally they made me the offer, and I accepted it. I don't think that they are too disappointed they got their third choice.

[03:20]

SN: So what was your first impression of the campus?

KE: Well it was in the interview and it was a tremendous amount of snow so that was my first impression. It was just, my goodness, this place has got lots of snow here. There must have been a foot and a half of snow in those days. That was my first absolute impression that's still carved in my brain. And then I was unaware that during the spring of 1970, after I had accepted the offer but before I came, all hell broke loose at this school. All around the country things were going to hell in a handbasket over the Vietnam War. And college protests, and people are barricaded apparently at Hubert Humphrey's office here at Macalester. And they cancelled graduation and the last couple weeks of school. That whole trauma affected people who had been hired the year before me, and anyone before, but it didn't faze me because when you get here in the fall, all the stuff that happened in the spring is blown over. And we live in an escalator at Macalester College. The senior year you dump the seniors, and a bunch of freshman start at the bottom. So almost always in these thirty-seven years, in the spring there's a lot of political agitation over something. There's an issue, and the kids want to try their training wheels and see what it's like to be a protestor over something. And they get furious over little things that for them are very big. And they graduate or they drop out and all of sudden you start the next year and there's never any protests in the fall. It's just amazing.

[04:59]

SN: That's interesting. So what was a typical day like your first few years of teaching, what kind of classes were you teaching and that sort of thing?

KE: In those thirty-seven years, we went from one category of teaching to a second, to a third. The first category when I came we were on what's called a 3:1:3 teaching program. So you'd teach three courses, one in the month of January—we called it Interim—and then three in the spring. After I'd been here about two or three years we had a provost who only stayed a couple years, who—thank goodness—came up with the idea, lets have a 3:1:2 system or a 2:1:3. So what essentially happens is we got rid of one course of teaching and that made life a lot more tolerable to any professor because then you had a little more time for research or a little more time to play. And then—that was let's say about 1973 or '75—and then approximately in 1993, we got rid of the interim, so we didn't have a January program anymore. So we went from 3:1:3, to a 3:1:2 to a 3:0:2. So it's been quite a reduction in the expectation…the demands of how much time in the classroom you have to put out. But there's always a quid pro quo—because we don't have to teach as much there's higher expectations on publishing and being involved with the school. But those first couple years when I came, I felt as almost all young professors do—like, I'm your big brother, when you're talking to students. I know what you're thinking and how you're feeling, and it's very difficult as you age as a professor because the students are always eighteen to twenty-one years of age, and you just keep getting older and older as time goes on. And if you hadn't gotten older and older like that, you'd… It takes awhile to adjust and say, I no longer really understand what you're thinking, and how you're thinking, because I am very far removed. You know I could almost be your dad, I probably could be your grandfather [laughter] —you know that kind of a phenomenon takes place. So that's what comes to my mind, and especially that first year of teaching which is quite traumatic for many professors. It's fun on the one end, but you really haven't developed your own style. You don't know what you're own style is, so you're kind of copying other peoples' styles and they may not

fit you very well. So you're not sure whether I should be up there lecturing all the time, should I be giving true/false tests, essay tests, should I be giving term papers, how many tests, should I have class interaction, should we be playing certain kinds of games or strategies within the class. All of those ways of teaching were…I had no idea what they were. So there were situations where you'd sit up there trying to convey the material to a student, only a year out of grad school, and deep down…well as I used to say, I had big sweat stains under my arms—I was quite nervous.

[08:24]

SN: So how do you think your teaching style has evolved over your time here?

KE: Oh, I think we all sort of fit into our sweet spot. Mine was not as a lecturer, so if the student wants to come in and just by rote take down four pages of well-crafted notes and you know at the end of day you maybe memorize their notes—that isn't me. I maybe tried that. Rather I like to—in fact often towards the end of my teaching career, I'd have one sheet of paper that might have six things written on it. That's what I wanted to convey to the class. And you'd say, well why don't you just write those six things on a board and ask anyone if they have any questions, and then walk away. But it, it may be more involved. I knew what I wanted to cover, and I was sensitive enough to students and always have been, that they needed touchstones. So if you assign them a textbook, they want to be reading a textbook. And if you're lecturing wildly about something and they're reading at let's say chapter fifteen and sixteen, you really should be saying something even if it's those six points, that relates somewhat to chapters fifteen and sixteen. So I've always tried to make sure when I do, do that, that I cover it. And then when I'm

lecturing, its sometimes I'm telling problems, sometimes I'm telling stories. But the stories are related to applications in the real world that I have seen, that shed light on one of those six themes that really is something that's in chapter fifteen or sixteen, or ought be in fifteen and sixteen. And then you…you evolve. My first few years, for one class I didn't assign much in homework. And that was called finance. And my capital markets paper I didn't assign much homework, but I had a term paper. Towards the end of my career, like last year, the finance class—I would have quite a bit of homework. The capital markets class still had a paper but the paper was toned down and there was more homework. My thinking evolved that the Macalester students, as time went on, were a little bit more grade aggressive then they were in the early seventies. And I mean by grade aggressive you know that's their currency. I need to get a grade, and what do I need to do to get an "A"—that kind of stuff. And they were freaking out about just having it all based on a couple of exams. So you give them homework, and it really is helpful because if you give them homework and it's connected to what they're reading, it sort of forces them to be somewhat current in their reading. So I've given a lot more homework, and then the term papers I've kind of toned them down a bit and tended to have them work with another student. So it might be joint term paper, because when you get out of school often you're going to be writing something in conjunction with someone else. So you might as well learn how to work with someone else and divvy up the responsibilities, and make it happen that way. And then as a teacher it's a little bit easier, instead of twenty-five kids in the class writing twenty-five term papers you get twelve or thirteen.

[11:47]

SN: So what classes have you taught during your time here?

KE: I've had a pretty narrow set of topics. It's almost exclusively within the umbrella or the topic of economics. I've been sort of the business person—we've never had a business department here, so I'm kind of the most business-oriented. And I would be on the finance and investment side. So my typical rotation at the college for years and years, was four courses throughout the year: a finance class, and that was primarily seniors and the topic would be corporate finance. And then a course called capital markets, which is a little bit lower than the finance—typically sophomores and juniors and it was kind of a survey of financial institutions and instruments and theories that involve investments. Then towards the last fifteen years, twenty years, I taught a course in entrepreneurship. And that was geared a little bit more towards seniors, and that's the starting and running of new businesses. And then the other one that I taught every year would be an introductory course in economics. Sometimes it would be a freshman seminar economics, but it was always an introductory class. So that was sort of my wheelhouse of normal courses that I taught. Yes from time to time I taught a few others but that was the main thing I did.

[13:01]

SN: How did you decide to become an economist?

KE: I'm not proud of that answer. When I was an undergraduate student I was pretty good compared to other economics students. And so my advisors tried to clone me and they said you ought to go to graduate school. And I didn't know any better and quite frankly my teachers—that's all they had ever done, was go from undergraduate to graduate school. And so when they

give you advice, they don't know what's going on in the world, so they so go to graduate school in economics. So I kind of blindly applied to graduate school in economics because I adored these professors who adored me. And the next thing you know I'm trying to pick between Michigan State, Washington, Ohio State. And then finally, I took Ohio State. And you when you get to graduate school, you look around and you say, what do you do in graduate school. And they say, well you get a PhD. Well don't you stop at the master's? Oh no, a master's degree in economics is a nothing degree. So ok, so you keep working to get your Ph.D. And you finally get done with that and you look around and say, now what do I do? You get a job. Oh, what do you do with a PhD in economics? You teach. Huh! I never knew I wanted to be a college teacher. Well alright, so you apply for teaching jobs. Yet when I go back and say why am I little bit disappointed in that? It was…I never had anyone—whether it was my mom or anybody or my advisors—tell when I was about a junior or a senior, pat me on the head and say, you know it'd be ok if you kind of took a backpack and worked the world for a year or two. Or why don't you work at a real job for a year or two and then try to make a decision. Get a little space because you might want to go to law school. You might want to get a M.B.A degree. You might want to get a PhD in marketing instead of economics. You might want to become a hillbilly. I never had a choice—it was as if I just followed the lemmings. So that's the only disappointment I've had. And I've taken that and turned it to one of the things that I preach to students. So within the economics department, all of my colleagues—straight out of undergraduate to graduate school—they get a real sharp kid in the class…they say, you gonna go to grad school and get a Ph.D.? And they have no advice or council they can give someone who hasn't gone on. So I'm the one who says don't go to grad school. I'm like the traffic cop. I tell you do it in a couple years. And I'm also the one that encourages kids and helps them try to find

them jobs or positions to give them that little bit of space, so they can gain some maturity and learn something about the world.

[15:39]

SN: Yeah I heard a pod cast where you talked a little bit about your deals class. Could you just talk a little bit about like what gave you the idea for that?

KE: Oh I love that deals class. It was the last class that I taught last spring, and there were twenty-seven class days. I was the lecturer on the first day and the twenty-seventh. And in-between were twenty-five days. I brought in a guest speaker for each of those days, and each guest speaker was a former student of mine. And I picked them because after thirty-seven years, I sort of know who's out there doing interesting things. And each of the people I picked agreed to come on his own nickel or dime—many of them flew in. And they would spend the hour and a half in the classroom, about half of it talking about their personal career after Macalester, and about the company or the job they were working in. And then they would talk about a specific transaction they had worked on in a deal. But as long as they'd come to campus, I'd make sure that a different group within the students would go to lunch with them. Nearly every one of them we'd have a dinner party. And then, so there was a lot of interaction of the students with that particular professor. The students I know just adored it. There were twenty-nine seniors in the class and six juniors, so that means thirty-five kids. I tried to limit it to twenty-five but I had to let a lot more in. And then for many of the speakers, there'd be seven or eight people sitting on the outside of the class just wanting to hear them. And of those twenty-nine seniors, twenty or twenty-one of them got jobs in the finance field. Only about three of the kids of the twenty-

nine went straight to graduate school. Two went to law school, one went to like an M.B.A program. So, finally they had listened to what I had told them to do—to get jobs. And of the jobs, I was very impressed. Many of the jobs that these twenty kids got were from former students that I had had, who I had encouraged to reach back and try to help out Macalester students. And the salary offers were astounding. Now if anyone were to look at this tape in twenty-five years the numbers wouldn't mean anything. But today in the U.S., a lot of college kids would be thrilled to get a job that paid thirty-five thousand a year with some benefits. And almost all these kids were getting jobs paying fifty-five or sixty-thousand a year. So it was substantially higher than kind of a typical college graduate job. And that's before counting some of them getting signing bonuses, or promises of bonuses after the first year. So it was…it's going to be a great corps of alums to watch and I'm excited for future presidents of this college, who will be able to track down some of the alums from that class. And in terms of the students, the students were excellent. Every class I've taught—let's say I have twenty kids in a class—there's one or two of them, I wouldn't shoot them but they were just, worthless you might say. You don't know what's going to happen to them, they didn't show up that often, they weren't bad—they just were not contributing to the class. Ignoring those couple—as the statement says every village has one—this notion of eighteen or twenty of them, who wanted to be in the class, actively were in it, thanked me for it, and wrote letters back to these teachers it was very gratifying.

[19:33]

SN: So do you keep in touch with a lot of your former students?

KE: Yes. It's not on a…not even on a monthly basis, but certainly from time to time. Today I had an email exchange with a student who graduated twelve years ago, and he had just hired a young person from Bulgaria who's not from Macalester, and said, "you know I remember we had some Bulgarian students and I'd like for them to have some friends here". So all of a sudden I'm a matchmaker of Bulgarians in Minnesota, and it has nothing directly to do with Macalester, other than I used him as a guest speaker. He knew there were Bulgarian kids around. I put him in touch.

[20:14]

SN: Ok, now I'd kinda like to go back a little bit and just talk about…the experience that you had at the college in the seventies in terms of like the financial decline and that sort of thing.

KE: Well, I was quite naïve when I first came because I was just a rookie out of college. I didn't have the big grounded sense of how does a school get its money. Anyway…following my very first year at Macalester, there was a committee and somehow I got elected to be on it. We called it the Hatchet Committee. And the Hatchet Committee had to determine where to cut thirty-some positions out of the faculty. We were spending way too much money for what was coming in. So it was a very traumatic time, especially for the older people at the college. I think there was something like twenty new faculty hired when I came, and of those twenty maybe ten of them were just cut out right away from those, so they only could stay a year. Let's say they had gone into English and at that time, the English Department quite frankly was too big. They maybe had twenty faculty members, and they should have had about ten or eleven. They knew it themselves that there were too many and they had to figure out a way to go on a diet and get rid

of some people. Now when you peel the onion and say, well why were these financial problems, there had been a well-intended president and faculty and board of trustees, who in approximately 1967, 1968, decided to get into what then was called the EEO program. The EEO program was designed to give basically a full ride, or nearly a full ride scholarship, to highly disadvantaged kids who maybe couldn't have gotten aid at any other institution. So typically they were thinking African-Americans, but there were a few white kids from poor sections who maybe would be counted. And maybe there would be some Hispanic American, too. So there were quite a few African American kids and Hispanic kids that came to campus. And when you have these thirty or forty people getting free room and board, and almost like spending money, and not contributing any money—it puts…it drains on everything from the number of faculty members… And there were some other problems with it. Some of them are unmentionable. Some of them you just can't mention them in a politically correct environment. But it is true that when you bring in people from a disadvantaged sector, and they're trying to hang out with and be with normal kids who had high SAT/ACT scores, you had this awful problem for a professor. I would grade my exams, and I'd never know whose they were because it was just by—not by alphabet but like a student I.D. —and I'd maybe have five or six As, and five or six Bs, and three or four Ds. And then you'd look and see who they were and say, oh my goodness I gave Ds to the disadvantaged kids and As and Bs to the non-disadvantaged. That's because the disadvantaged kids were unable to compete academically. Some certainly could, but it was much more difficult for them. So you felt bad as a professor because, oh my god what do I do, I'm compromised here. And then a small private school was tempted to but we didn't quite go down the track of having a two-track system. So you'd say, well let's have economics for bright kids and economics for not bright kids. Well you just can't do that at a private school. You can

play that game at big universities and state schools. You can have, you know, for the bright and gifted and the not bright and gifted classes—but you just can't do that at a private school. So it was traumatic. And then you'd have some of these kids were—for whatever reason—making it less advantageous for full-paying, normal kids to want to come to the college. They were frightened if you will, or couldn't understand what was taking place, and say why do I have to pay full freight to come to Macalester in order to feel frightened and be around people who are kind of making the professors talk down in your topic and not teach it as hard as they could because they're trying to accommodate everyone. So that basically caused full paying customers to run away. And because Macalester had this program with this free ride, it raised the number of people who wanted to come here because it was such a good deal. So you had this tremendous mismatch. And then attitudes and feelings were hurt and a huge number of faculty members never did and never will understand—how does…what's the business of a school, how's it get its money? Macalester today is fairly wealthy. It wasn't wealthy in those days in terms of an endowment. So it didn't have this cushion that could help pay for these problems. So it was very traumatic and it got so bad that in approximately 1972, 3, 4 in that time period, there were a couple of weeks where my good friend Paul Aslanian said we didn't have enough money in the bank to make the payroll. S you'd have janitors and secretaries and professors expecting their paycheck, and there was no money in the bank. And the bank wouldn't lend anymore. So he went to a couple trustees, John Driscoll was one, John [Carl] Drake was another. And these guys personally guaranteed the Macalester payroll to bridge us through until we get this loan. That was an incredible time. And I think… most faculty and secretaries and janitors would never even think twice about that—I can't believe it, you're telling a lie, this place is full of money, just give me more money and let me hire more people. It was very traumatic in

the seventies. And then in terms of the financing of the institution, it wasn't until we finally realized that the Dewitt Wallace shares in Reader's Digest were eventually going to go public, that we ever had a handle on what was the value of all this Reader's Digest stuff. And that didn't occur 'till about maybe 1990. So, for my first twenty years at the college, we had a very small endowment, with an asterisk. And the asterisk was—what's the value of the endowment that's connected to the Reader's Digest. We had no idea. We had no power over it. And then sometime around 1990 we finally got our hands around, oh my goodness this stuff was worth two hundred, three hundred million dollars. And it took another ten years before we could get out of those shares and get them into other kinds of stock. But that was a tremendous, wonderful thing for Macalester to get all of that money. So now, in the year 2007 when we have maybe six hundred million dollar endowment, if you peel that…the genesis of that six hundred million—at least half of it came from the Reader's Digest. So if we had never gotten that Reader's Digest stock, we'd maybe be at three hundred million dollars and the difference between those two—of three hundred million at five percent spending rate—is fifteen million dollars a year. And fifteen million a year is enough to hire…I don't know, help me with the arithmetic…maybe a hundred faculty members. So it's huge. It's a monstrous gift. I think it'd be popular for people to sort of be negative about the Wallace's. They didn't know them—he's just some capitalist who had a business and he was rich and we got his money, ha-ha. I praise the day that guy gave all that money. And it was a tremendous, wonderful gift, and this school and a lot of students ought to be thankful for that. I certainly am.

[29:00]

SN: So was there a lot of tension among the faculty during the time of not really having money here?

KE: Yeah, there's tension because you would have a large number of faculty members who were not trained in economics or business—have never thought about financial or business kinds of things. They don't understand, they don't want to understand, they just want to emote. And I don't want to pick on anyone, so I'll just…well I'll pick on a man who I liked who's now deceased, named John Bernstein in the English Department. I'd go to the gym and see him in the locker room and we'd always laugh. But he would just turn beet red—the school should be doing this, we should be paying for that, and you didn't believe that there were financial problems. It was like, what world do you live in? Well maybe if you're a poet, and you haven't ever thought about business economics stuff, you sort of do believe that institutions like this…there's plenty of money around and people are telling you lies and the administration's all fake and…all we have to do is have the inmates take over the asylum, and we'll all be great [laughter]. That mentality always has existed. It's not any one particular person. The tensions certainly have gone away since we came into the funding of the Reader's Digest. So since 1990 that element of negativism and concern has dissipated strongly.

[30:37]

SN: So what was the campus climate like during the Vietnam War activism and all that?

KE: I think that most of that was probably just before me, because I came in 1970 and the campus sort of exploded like all other campuses did in the spring of '70. You know, we didn't

really get out of the war until let's say '73. And during those three years, I would say the amount of protests and things that were taking place were really no different here then any other place. I don't remember it being that contentious. But I have to point out to you that…you know some people, I'll pick on myself. I think of myself as a teacher and not a preacher. So there have been professors—and we won't name them—but who try to engage their students to become involved in causes of one sort of another. Some—their last name might start with an "R" and they might be in the History Department—and they are sort of, not religious, but they preach about social justice and activism. Most of the people that I know, at least in the field of Economics, we have strong views one way or the other on those same causes. But our job is to teach and convey finance, or capital markets, or entrepreneurship. Not to…wail away pro- or anti- the war. So students would somewhat self-select. You'd find students who either were not that interested or didn't want to totally foment the entire time about the Vietnam War, would sort of self-select towards economics. And those who really wanted to have that be the reason that they were in college was to, you know, make noise and holler and scream and try to change things from the college side, maybe they could find more accommodating homes in other academic disciplines. So at the end of the day, from my perspective, I didn't see too many of those kids that were right out in front, you know just yelling and screaming. Whereas certainly professors in other departments—especially if they were the ones helping to get them going—would have been around students who were all very involved in the process. So to me, the Vietnam War stuff is kind of not that big of a deal.

[33:13]

SN: What issue have you seen as like the big deal during your time here?

KE: Um…I think by far the biggest deal was that EEO thing. And that was in the seventies. And we had to kill the program, but it was given a very slow, humane death. No one ever said it died, it just sort of slowly got shrunk down and shrunk down. And that's what you have to do in a college where process is much more important than outcome. So in the business world if you said this program is killing us we gotta get rid of it, you can't talk that way in academics. In the business world you say this program's gotta go, take it out behind the barn, boom, gone. In academia, you study it, you think about it, you know that you're going to go that direction and you maybe shrink it a little bit and five years later it's gone. So, that was contentious and even one of the hangovers from it was…need-blind admission. To some people, if you're a very involved activist student or faculty member, that was a big issue and you got upset about it. But if you're like me, and you understand how the economics and the incentives work, need-blind admission was something we couldn't afford at Macalester. And Carleton, who typically gets ranked better then we are, they had dumped it maybe ten years ago. They had moved to mostly need-blind for like ninety percent of the students, but the last ten percent they had what was called need-aware. And it made sense to us too, because you have a problem if a school is need-blind, then you're going to have students gaming you. So you're going to find kids who are in high school saying I really don't want to go to the place but at least I can get free tuition. So you get a bunch of kids who want to come here and they participate.

[35:24]

SN: I read a little bit in the Mac Weekly that you've been pretty heavily involved as a supporter of Macalester athletics during your time here. Can you talk a little bit about that?

KE: Yeah. Well I personally was never much of a jock, but I do think it's part of a good experience for kids at liberal arts colleges—men and women. I've donated money, and gone to the games for men's and women's soccer, and basketball and the others. I've liked the coaches over there. I do think it's important for young people—and old people—to do, to live a healthy lifestyle, to work out—is important. And another reason is…the student body at a small school like this is a very sensitive ecosystem. When you get five hundred new freshmen coming on campus, ideally as a portfolio you'd like to have some athletes, some actors, actresses, some musicians, some politically active people, some international people, some people of color. I mean you like to have all this variety of diversity. Generally at most colleges there's sort of a negativism that is, ugh football player. So we've had a tough time at Mac attracting young males to come here to play football, because it hasn't had a winning season. And once they get inside, that rest of the portfolio, those other people are sort of picking at them. They can sort of sense that they're not as well received. So there has been a call from some people for example to get rid of football and I take a different point of view. You may not be aware but at least for the last ten years in the United States, the ratio of women to men at undergraduates in colleges is about sixty to forty—there's a lot more women than men. And if you want to have a good balanced school—student body—it'd be nice I think if you were the Tsar of admissions to have fifty percent men and fifty percent women. Ok now, if you only have forty percent men and sixty percent women, what can you do to make it forty-one, fifty-nine the next year? Getting male athletes is one of the…they're the most endangered species. You can find lots of male non-athletes who might be willing to come to Mac. But if you don't get enough male athletes, you don't get enough attraction of other kinds of students. Yeah there are a lot of students who may

not like athletes, but if you had a student body that was full of…people who were only into let's say acting, what's your incentive to come here as an athlete. You say, well goodness I go to this place and it's not a zoo of diversity—this is a zoo that has nothing but giraffes, and I don't want to be the only lion in a zoo with giraffes. So you have to be very careful or else if one little group dominates over the other one, you're going to have a difficult time keeping that balance. And I've loved Mac. I love the diversity at Mac. I wouldn't in any way get rid of the crazies or the conservatives or the athletes, because I think each one of them brings something to the table. I'm nervous about getting rid of one of them, or having one of them sort of try to push the other one out. That's why probably the biggest controversy to me in all my years, is Macalester perceives itself—and it is—a very liberal, liberal arts college. And it has a propensity—the students and the faculty—to be absolutely non-tolerant of a conservative view. So I've had students that maybe feel somewhat like they're opposed to abortion, and just get howled and screamed at and ridiculed by profs and students in the class. Whether its abortion or capital punishment or minimum wage or rent control, or all these other kinds of issues that can be hot buttons for people, as a liberal, liberal institution, this school and probably lots of others has been pretty poor at being tolerant and willing to listen to the other side. Instead it's got that heckle. That's my biggest negative. So if we could attract a few more conservatives and let them say their word I'd be happy.

[40:04]

SN: Can you talk a little bit about your personal areas of research and maybe collaboration with students?

KE: You know I haven't done much collaborating with students. My own personal research areas were primarily in entrepreneurship and primarily they were with firms that failed. And then outside of Macalester I've done a lot of economic consulting, primarily as an expert witness in court related cases. And I've done some research in that field. Doing my research is ok, but it's not stellar by my own standards, and that's because I haven't had enough time. I've decided to say I can contribute really well this way, this way, and this way, and I'm not going to perform as well in this other area.

[40:49]

SN: But you've done a lot of career counseling with students?

KE: Yeah that's one of the things I've done, is helping kids get jobs and career counseling them and keeping the fire stoked. Just an example, two weeks ago we had a convention in Chicago for economists and I…**I** led the efforts. Let's have a party in Chicago for our Macalester econ alums. So I, **I** got a hold of the development office and said, can you help contribute money? **I** asked all my fellow members of the department would we all kick in a hundred, two hundred dollars in a special travel amount to help pay for a dinner. I took money out of a special account I have to make sure we had enough for it. I helped get the addresses. Not that I did it all but it's something that I've enjoyed doing. So pretty soon we end up with thirty-five alums, a lovely little cocktail dinner party one night in Chicago, six or seven of us from the economics department, three people from development came to help work the crowd, and it was a wonderful evening. And some of those people are going to turn around, reach back and get internships or jobs for Mac kids. And some of them are going to turn around and maybe be on

the Alumni Board. And some of them might send their own children back to Macalester. So it's very important I think that, not just economics but other departments in the school, keep in contact with those alums…keep them engaged, and don't always just say give us money but instead say, hey come to the party and have free food and drink and mix with some of the faculty.

[43:25]

SN: Is this something that you've always done since the beginning of your career?

KE: No I didn't do it in the beginning of my career, I was too naïve [laughter]. I think you do it after you've been around for let's say twenty years, and you finally have a critical mass of students out there. And almost anytime I go any place, I'm looking to see well are there Mac alums I could see. I like Mac alums. In a week, in two weeks, I'm going to Australia. I'm going to give a paper, and I did some checking with the Alumni Office and I found an old student, I remember him. So I got a hold of him in Brisbon, and we'll have dinner one night and another student in Sydney, I'll have dinner with him. And it's fun for me and it's fun and it'll be good for them and for the school.

[43:10]

SN: I guess now we'll kind of move onto some of the changes that you've seen over time here. So we'll start with sort of an obvious one. How have you seen the student body change?

KE: Ah, I think by far the biggest change has been improvement in the academic prowess of the students. Now mind you the kids that came in 1970 to about ’75, were very high SATs. We had a National Merit system going so there were a lot of bright kids then. And then kids were just sort of…let’s call them normal, and Macalester struggled from let’s say‘75 until about 1990 to some extent. Beginning about 1990, very connected to this DeWitt Wallace money that came to the endowment, our enrollment started to rise. So if you drew a graph you would see that each and every year from about 1990, more kids have applied to come here. We typically only take about five hundred freshmen a year. So I think this last year we had something like forty-six hundred applications. I’m pretty sure in 1997 we had three thousand applications. So we’ve had a fifty percent increase in ten years in the number of kids that come—wanting to come here—and we haven’t changed the size of the student body. Well the good news is if you have four thousand people and only five hundred can come in, you can select the better students. So on average the kids have higher SAT scores, and ACT and higher class rank. And so what you see as a professor, if you have a class of twenty-five kids, twenty-three or four or maybe all twenty-five of them are doing their homework, coming to class, and wanting to contribute. If I reach back in my brain and pick a year—it doesn’t matter which one, let’s say 1984, or 1976—I could have twenty-five in the class, and there were a couple who would hardly ever show up, and a couple who didn’t do the homework. They could care less what their grades were. So they were not sort of pushing the envelope to try to learn and more, that’s one. And the other big change is the international students flip-flopped. The international students when I first came were not as good as the domestic kids, and they were very quiet and non-assuming. And my experience with international students has been that in the last ten years, on average, they have higher SAT and ACT scores, they’re substantially more driven and motivated to get a career and a job, and they

tend to have better quantitative skills for sure. So now instead of the international kids being sort of below the American kids, the international kids are somewhat above.

[46:13]

SN: How has the faculty changed?

KE: Well, I'd hate to generalize, so I can only speak within the Economics Department. I think we've…it's sad in many ways you know, we grow up and the people I came with, a couple of them are now dead. You know the professors and some nice people came in and they didn't get tenure. And then the ones who did get tenure are doing great and all of a sudden you have a whole new batch of friends. So when you look back over a thirty-seven year period, you say, some people have died, yeah guess what else has happened? And some people have…didn't pan out and you got rid of them. We have a good process in place at this college today to make sure that we don't keep people around if they're not going to be very good. And I think because Macalester has a higher brand name then we had back in the earlier years, it's a little bit easier to attract better talent. So kids who are getting Ph.D.s from Chicago, Harvard, Yale, Stanford are a little bit more likely to be willing to look at and consider Macalester compared to fifteen, twenty years ago.

[47:30]

SN: Has the tenure process evolved over your time here?

KE: Oh it's gotten a lot better. It was, it…I'm not sure who you give credit to, but some time in the mid-1980s we got onto a system of the personnel committee or some faculty members together with the provost and the president, not only making a decision on who got tenure but the most important thing that we did was we instituted a third year review. So you could get a brand new rookie professor say year one, and in the third year there's kind of a review of how you're doing. And outside people look at things that you've written and we look at your evaluations and we give you a very clear signal at the end of that process. We'll say you're doing great. Well with that information you now know the odds are pretty high you're going to get tenure. On the other hand, if we say you know you've got some problems and issues here and we just want to warn you that it doesn't look that good for tenure. Now you've got a couple choices. You can get your act in gear and try to improve your teaching and your research. Or you can also save face and embarrassment by saying, you know I think I'm going to leave. I'm going find another job. And maybe you can find a job at some other place that's not as demanding as Macalester. But you don't have to be tarred with the notion that you were denied tenure. So that's been a wonderful process. Prior to that implementation in approximately 1985 it was…not very well articulated what the process was.

[49:20]

SN: So what was your own experience like?

KE: [laughter] My own experience? I'm embarrassed to admit this—not many people have asked me that question. Approximately 1976 or thereabouts, I had a couple offers in my pocket. I had an offer to work for a leasing company out in California at about three times what I was

making at Mac. I had an offer from Butler University in Indianapolis, to go out there and be a professor at a higher salary than I had here. Macalester didn't have any money. The then provost somehow was able to pull strings, and he said I can't match the money for the leasing job. I can't match the money you're being offered at this other place, but if I could pull strings and get you tenure would you stay? Yeah [laughter]. So I got tenure that way.

SN: So there was no third year review?

KE: No third year review, no seventh year review. It was in approximately my sixth or seventh year. I don't know what it was like for other Profs at that time, that's how mine went.

[50:35]

SN: How have you seen the political climate on campus change?

KE: I think it's really calmed down once we got into the wealth of 1990. Not because we were richer but the faculty—except for the two or three radicals who have always…different names but there's always a couple of them. The fights over what's going on within the college have been not nearly as severe as I remember them from earlier, especially in the seventies. In terms of the student body, depending on your political persuasion, the goods news if you're a liberal is Macalester's always been a liberal institution. It's been perceived as liberal. So students who come here tend to come wanting to be here because they're going to be around other people from the choir, who are also liberal. So to that extent it's the same. I don't think from my perspective the students are any more conservative or liberal than they were back in 1970. But I do think,

based on having talked to a large number of alums who came through this institution, that approximately 1967, 1966—when Macalester went from being a sleepy, regional college to launching this EEO program and going big time—it turned liberal. So if you talk to a Mac alum from the fifties or early sixties, they, by and large were from Minnesota, came from a small town, and were socially if not politically conservative. And that transformation really kind of took place in approximately '67 to '70 and it really hasn't changed since then.

SN: So what have students seen as some of the significant issues and events?

KE: Repeat that in a different way.

[52:41]

SN: In terms of I guess politics or social events what do you think students have seen as significant issues?

KE: Well the local, you know on campus things, and off campus things…[pause] I don't have a good answer for your question. Instead let me just tell you a little story. Perhaps four years ago, there was a very small band of students—radical kids, let's say ten of them—who were, for whatever reason, irate about the living standards and the wages of tomato pickers in Florida. Now why the hell up in Minnesota we're all concerned about that, with all the issues in the world—you know in Africa millions of people dying of AIDS—are we hung up on the wages of tomato pickers in Florida? Well they got on that pony, and they whipped that pony and rode it hard. And one thing they found out was that Taco Bell bought a lot of tomatoes from, among

other places, tomato growers in Florida. And because these kids were sort of on the side of the tomato pickers—there was maybe a wage dispute—they wanted us to somehow lean on Taco Bell. Well we had—we still have—a board member who at the time worked for a company called Yum Corporation. One of their divisions was Taco Bell. And he was a hot shot executive. So we had this massive, big board event taking place at college here. And here are these ten kids with signs about Mr. Deno, you know shame on you, and shame on your corporation, and give money to the tomato pickers. I think of the students that I talked to in my classes—they were appalled by these fellow kids and—

SN: I remember that.

KE: —and embarrassed by them. So that's what I've seen at Mac, is sometimes an issue, whatever it is, will get ten kids that just go crazy over it. And the rest of them aren't that involved in it.

[54:55]

SN: Do you want to talk about some significant policy changes that have happened over your time here?

KE: Well the big policy questions that I can think of off the top of my head were in the change in the teaching from 3:1:3 to the current 2:0:3. And getting a good process for third year review and tenure was very critical. Expanding the student…or the number of faculty members, because we had come upon all the DeWitt Wallace money that got…that went public in about

1990, really caused substantial changes. Getting rid of EEO certainly was one… Those are the big policy questions that come to my mind.

[55:51]

SN: So what has your relationship been like, or I guess the faculty in general with the Board of Trustees and the various administrations?

KE: I can't speak for other faculty members but I adore the trustees. And I think that's a shocking word for other faculty members to hear. But I'm aware that the trustees, not only at this school but for any non-profit, do it out of the love for the institution. They certainly are not getting paid. They pay their own way to get here, and they try to the best of their ability to make a contribution to make the school better than it had been. And they give willingly of their time and some of the trustees have given tremendous sums of money. And they've also given tremendous leadership in helping to…much like marionette people behind…helping in picking new presidents, giving counsel to the presidents. I'm aware for example—to pick on, whether it's Mike McPherson or Brian Rosenberg—that they probably talk to their board chair at least once a week if not twice a week. So the board chairs are exceedingly important. The entire board, especially the chairman of the board. And I've seen some of them, Tim Hultquist when he became board chair in approximately 1988. And Mark Vander Ploeg, when he became board chair in approximately 1999—both cut back on their jobs in order to have more time to devote to Mac. And Tim Hultquist even went to—call it college—for being good board of trustee members. So they've certainly been important. And then they've been very careful at assisting and finding other trustees. And they don't just try to clone themselves and get people who are

only involved in finance. They've gotten other academics, and people from the arts. The trustees have played a very powerful role at Mac, giving us direction and as a faculty member, I'm very grateful for the leadership that they've given. It's just been terrific.

[58:15]

SN: Have you had a lot of personal contact with people on the board of trustees?

KE: Yeah, I taught probably six or seven or eight of them, so I certainly know a lot of them. A lot of the trustees are Mac grads. So I haven't had all of them because they weren't all econ majors. But I'm sure I've had six or seven of them as students. And the ones I've had have tended to be the key leaders. And what I mean by the key leaders—the ones who made substantial financial gifts to the institution, and also have assumed leadership positions within the board. It's one thing just to be a member of the board, and just come to the meetings and sort of stay low. It's another to run a committee, or even be willing to become chairman of the board of trustees. Those people are really laying it on the table.

[59:12]

SN: Can you talk a little bit about how the physical space of the campus has changed?

KE: Good question. The outside perimeter really hasn't changed in the thirty-seven years I've been here. There certainly have been some new buildings. We're currently in the library having this done. When I came to Macalester, Weyerhaeuser was the library. And Weyerhaeuser is now where the administration building is. This building was a beautiful addition, and it really

put us on the map of other schools. It gave us some sort of cachet value that we really were a serious legitimate, academic institution. And that was kind of the first major building in fifteen, twenty years on campus. And then we followed that with the Dayton building—the new Dayton Hall. I think they call it the Draper Dayton residence. The apartments down on Grand Avenue, that starts coming in. Building the campus center was another terrific, huge expenditure. And beginning very shortly will be the whole new P.E. facility. There have been other cosmetic things but not much different than you'd find in your own home—your folks might have added on a room or changed something. Those are the big physical ones. And what's interesting is to keep attracting students to even be interested in the college, they have to be somewhat attracted to the physical facility. I don't know about you, but think of almost every kid you've known who's come to Macalester. As a junior or senior they did a campus tour. They walked while a college kid walked backward. They're with their dad and mom, they're sort of looking around, this is our this building, this is the gym, this is where the choir sings. When you go to one school over another—if you go down to Grinnell you are shocked. Grinnell has a phenomenal physical plant. You go to another school and its just, pardon the expression, butt ugly. It's just awful. Just you know in bad shape. And I don't know about you, but if I'm a parent and I'm willing to send my little Molly or Jimmy to college, and if I have to pay most of it, do you want to go with the winner or a loser. I think you're a little bit more likely to send them to a school where the buildings are well-kept, and they look inviting—than sending them to a place that looks like it's one step from the grave because it's a dying institution. So you want to go with a winner. So you have to keep upgrading the institution. And then the other one is that kids are fickle. We're talking about college seniors, and they know athletics and music and food. And that's about what they know, other than how to study. So they certainly are going to be interested in the

campus center and that's pretty cool. I think compared to maybe ten other colleges—a random number of ten—we may have you know one, two or third best. We're really good in the food service. And most of the other facilities, we're you know, one, two, three or five. But our P.E. facility—dreadful. Especially if they come in through the side entrance, that for thirty-seven years—that I've gone through that comes in off Shaw Field—no one knows for sure where the door is to get in. It's kind of intimidating. There's this big bar, you think you're going into a prison. Once you get in you don't know whether to go left or right, you can't see the gym, there's no monitor there. It's a freaky place. If I was an undergraduate student and I was a little bit bashful, I wouldn't be a jock and I wouldn't workout [laughter]. You know so in no way does it attract that. Well if you get a lovely facility that caters to a variety of things, from dance to intramurals, you're going to attract even more applicants. And you'll get more of the applicants that help give you a better, well-rounded student body.

[1:03:22]

SN: Has economics always been housed in Carnegie?

KE: The entire time I've been here, yes. We've always been there.

SN: On the same floor?

KE: We've always been on the same floor. Until about 1990 we were on the opposite side of the floor. And then Carnegie Hall, in about 1990, was modernized if you will. And they kind of

flip-flopped the offices. But we've always been the third floor of Carnegie. I'm quite sure that if you went back to the fifties or sixties it may not have been here.

SN: Ok, well we're sort of coming to the end of my questions. If there's anything that you feel like we haven't covered that you want to talk about we can do that.

[1:04:07]

KE: That I get to talk about, huh? [Pause] Well let me look at some notes that I made before I got over here. [Pause] Oh goodness, I don't think there's any final comment I'd make other than to say that, as I am now sixty-three years old, and you know beginning to enter into a pre-retirement or retirement period, and I look back, I have nothing but smiles and warm fuzzies about the people. There are a huge number of people behind the scenes. The Laurie Hamre's of the world. You know, let's say dean of students—a thankless job where students bitch all the time at deans of students. Presidents who get hollered and screamed at. I think Brian Rosenberg is doing a terrific job. People who are not at the number one or two leadership positions, but someone in development like Rebecca Schubring, people on the grounds crews like old Charlie who delivers stuff, even old Don who needs a little bit of assistance here and there. There is just a larger chain than the Economics Department. It doesn't matter what the names are—the point is that you have a community. You look back on a career, and you say, yeah the students were the customers. But you're working with a team, and a team is not just the other academics. It also includes the huge important number of staff members who play critical roles, and people who are even you know, at the bottom, the ones working the boilers and the ones mowing the lawns so it's a lovely place. It's nice to have been part of a group like that.

[1:05:50]

SN: Well I just have one last question. Do you have a favorite memory of Macalester?

KE: Right now, the memories carved by all in my brain—the biggest by all is the effort led by my good friend Paul Aslanian, and former students, especially like Brad England and Gretchen **Curlander [sp?]**, Chris Palm too—they came up with the idea of creating an endowed professorship in my name. I didn't ask for it. I sort of didn't want it. It was a nice gesture. Instead of just talking about it, they made it happen. They raised two million dollars. They had three hundred-some people do it. These were all Mac alums, or a few friends of the school. I was shocked at that. And then you know, for the rest of my life, and my kids' lives, there's going to be someone called the Egge Professor. You might be it at some point in time. And the goal that I've stressed is that that person not be a Ph.D. in economics necessarily, and not a little kid right out of graduate school. But rather try to catch someone, such as one of our trustees—who's maybe fifty years old, has just made tons of money and connections in a very good, sort of finance-investment type job—and would like to come back to the college for maybe two, three, four, maybe five years, and be the holder of the Egge Professorship, at a substantially reduced salary, but nevertheless can do that. And offer some of the courses and do some of the things that I tended to do that are pretty hard to replicate with a brand new kid out of graduate school. Things like entrepreneurship, or investment banking, or consulting, and kind of real world business stuff. We've been…over the years, every seven years or so the Economics department has been audited, like all departments are by outside people. And every year we get the results back from the outside team that evaluated us. They give us kudos. That means praise for our

outreach efforts to alums, helping kids get jobs, teaching a few classes that are quite unique—sort of like finance and entrepreneurship. So I'd like that to be my legacy. And I'm thrilled that that's going to be ongoing. And I was awestruck at how many contributed to it. And then the party that they gave was a spectacular party. And a huge number of people told me, god I've never been to a retirement party that had so many people and that was so fun and loving. And as an economist we're not into touchy feely stuff, and that was good touchy feely stuff.

[1:08:43]

SN: So what have you been doing since you entered the, is it the MSFEO?

KE: Yeah. I haven't done that much around the campus. I've been up to the department, assisted teaching a couple of classes as a guest professor. I moved from the main suite where I had the corner big office, and now I'm sharing one with two other guys in a little corner and I'm happy to be there. I've gone to the meetings, helped them interview for a new replacement for me. Maybe next year I will team teach a class with another professor, just so I kind of keep my oar in the water. But all good things have to come to an end, and you slowly have to transition out. What have I been doing other than that? My consulting stays constant, and I am—outside of my making money side—I am a father of four daughters. Two of them live on opposite ends of the United States, and it's fun to see them, so I now have some freedom to do that. And it's been enjoyable this past semester to, at night, not have that knot in your stomach that, oh god I gotta prepare for tomorrow's class at eight-thirty. I don't have a class tomorrow morning at eighty-thirty [laughter]. I don't have to grade any exams. I don't have to have kids coming up after I turn back tests, oh you took two points off of this I want this back. I don't have to worry

about that anymore. I don't have to grade term papers. But I will be honest I've missed it this first semester. I've missed not being there in helping shape the minds of young people. And it was lovely for me to always teach an intro class, or my capital markets, so two lower level and two upper level. Because my upper level classes, at least half the students were students I knew already. So I could follow them coming up and that was fun. So I know if I went back to teach a class with somebody, if I got seniors they'd all be kids I'd never had. And if I teach freshman of course I've never had them. So it'll be different—make the most of it. Well thanks for interviewing me I enjoyed it.

SN: Oh you're welcome

KW: Bye.

SN: Thank you for your time.

[End of Disc 1:10:59]