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# The Top Draft Pick in Economics; A Professor-to-Be Coveted by Two Dozen Universities

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She's only 24, but everybody in the world of economics already knows her. About two dozen universities -- Berkeley, Harvard, M.I.T., Princeton, Stanford and Yale among them -- sought her as a junior member of their faculties. They called her one of the most promising candidates in several years. "We fought really hard to get her," said Bengt Holmstrom at M.I.T., where she ultimately accepted a job. "I've rarely seen somebody about whom there was as much unanimity."


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"This," said one of her thesis advisers at Stanford, John Roberts, "is Superwoman."

Her name is Susan Athey and she's the hottest prospect among the new Ph.D.'s in economics who are moving on to high-powered research departments as assistant professors this year.

Pro football has its college draft and music has its Van Cliburn competition. In economics, 30 or so leading economics departments and business schools spend the better part of autumn and winter identifying and wooing 50 or so top candidates for research. They are trying to reel in that rare superstar with the ideas important enough to alter a field, inspire other researchers and maybe even win the Nobel Prize. The ideas are the kind that give executives and government regulators new insights, whether for portfolio decisions, takeover strategy or the best way to auction off the air waves.

Susan Athey is smart. No surprise there. But by most accounts she's no smarter than some of the others on the market this year. So a look at her other attributes, and the kinds of decisions she has made to reach this level of success, says a lot about what it takes for a young scholar -- or a fledgling athlete, scientist or entrepreneur, for that matter -- to become the person everyone views as the most likely to succeed.

Susan Athey is also a testament to the bright young people who devote themselves more to building intellectual capital than personal wealth. She will earn roughly \$60,000 a year, a lot less than what

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somebody with her brains and drive could command right out of school on Wall Street or at a consulting firm.

Ms. Athey is a theorist, one of a rare breed who conceptualize about economic behavior using mathematical models. She's also one of a number of economists trying to bring to bear on the internal dynamics of businesses the same rigorous analysis that economists have historically brought to the way markets work. She's done research on the impact of mentors, businesses' investment choices and the delegation of decision making within companies. But what knocked people's socks off was her dissertation. In it, she developed a new technique that may well become standard in the toolkit of many researchers.

Any discussion of Ms. Athey must begin with her brains. One of her early memories is of riding the bus home after school in the sixth grade in Rockville, Md. A boy she liked grabbed her math book and wrote on the back of it: "You're cute. Too bad you're a brain." That was enough, for a while, to prompt her to get bad grades "to try to fit in," her parents said.

Her father, Whit Athey, a physicist for the Food and Drug Administration, loves math and science and shared those passions with Susan and her sister, Jennifer, who is 17 months older. "I'd tell him to take the babies out to say good night to the stars," said Elizabeth Johansen, Ms. Athey's mother, "and Whit would try to teach them the names."

Her mother contributed to Susan an energetic optimism and an English teacher's feeling for language. And having a bright, bossy older sister helped too. "Seeing her sister ahead of her getting kudos made her determined that she could do just as well," Mr. Athey said.

After graduating from high school early, Susan went to Duke University the same year as her sister, who has just finished her medical training at Johns Hopkins. Her first majors were computer science and math. A sorority sister at Chi Omega got her a job on a research project on the impact of regulation on the behavior of government contractors. Susan showed so much flair that her boss, an economist, encouraged her to switch majors and to apply to Ph.D. programs. She received a National Science Foundation fellowship and was snapped up by Stanford's business school, which has a tiny but high-powered Ph.D. program in economics, when she left Duke.

Lots of economists who read Ms. Athey's "job paper" -- the all-important distillation of a candidate's dissertation and the ticket to serious consideration by major schools -- thought it was the best paper on the market. In her dissertation, Ms. Athey came up with an improved method for analyzing risky business decisions, to help economists answer questions like what types of exchange-rate risk would make a firm want to cut back its foreign investments, and how does a manufacturing company uncertain over the direction of technological change adjust its investments and other strategies.

What made her research particularly impressive is that the problem had eluded some senior theorists in the field, including her adviser, Paul Milgrom, a potential candidate for the Nobel Prize for his work in game theory. Ms. Athey's solution was so original and subtle that the scholars who had been thinking about it felt they would not have come up with it themselves.

"On the basis of what she's already done," said Avinash Dixit, a trade theorist at Princeton University, "I'd say she's definitely got the potential to be a real star, in the race for a Clark winner, something like that." The Clark Medal is awarded to the most accomplished economist nearing 40 and is the most distinguished prize short of a Nobel.

But this research is only part of what sold so many top universities on Susan Athey.

She is a great performer, a vital skill in a profession where salesmanship is valued highly. Paul Krugman, now a brilliant speaker and writer and also a likely candidate for a Nobel Prize, talks of his poorly organized thesis and hapless seminar presentations to explain why neither M.I.T. nor Harvard was interested in hiring him when he went on the market. Drew Fudenberg, an economist at Harvard who watched Ms. Athey present her research to a particularly imposing audience, uses the word poise half a dozen times.

Then there's the charm factor. In a field where competition is so intense and arrogance is an occupational hazard, Ms. Athey is the girl next door, the sorority sister, community volunteer and best-buddy. The M.B.A. students, who usually avoid nerdy Ph.D. students, love her. She received a standing ovation after filling in as a lecturer at Stanford Business School. She seems genuinely popular with other Ph.D. students, too, partly because she's eager to help them in their own work.

Finally, Ms. Athey exudes an enormous pleasure in her research. It is a passion that takes her beyond articulating a problem, into the search for an answer. Take her dissertation. Ms. Athey thought she'd solved the problem last August. But there was one loose end: she had not fully described the mathematical structure of her new method, limiting its applicability. Dealing with it involved learning a whole new area of math. One economist told her "there was no way I could learn this stuff before my dissertation was due and that I ought to focus on getting ready for the job market."

Ms. Athey chose not to follow that advice. When she went home for Christmas last year, she said, "I went straight to the library."

"My dad helped me," she continued. "We pulled out articles on functional analysis. He Xeroxed them. Then on Christmas night I saw it. Everybody was sleeping. I said, 'I got it, I got it.' I called one of my advisers. He agreed."

Susan Athey's success can also be attributed to some smart decisions. When she went to Duke, she took a full schedule of hard courses that gave her the grounding she'd need later. And at Stanford she persuaded some of the leading theorists in the field to become her mentors.

And she chose research on an important topic that lots of other economists found interesting. Finally, she chose something she liked so much that she was willing to dedicate herself to it.

"Until you experience that singlemindedness it's very hard to relate to. I couldn't imagine wanting to be like my advisers, spending every weekend working. I was amazed by the feeling. I'd tell everybody

about the latest results. I'd be bouncing off the walls."

Ms. Athey and her many fans are quite aware that the No. 1 draft choice does not always go on to become the most valuable player. Like starting a business, research is a highly speculative and demanding endeavor. Ms. Athey might pursue problems that prove to be less interesting and less important than people now suspect. The pressure might get to her. Or she might decide that devoting more time to her family (she's not married) or making a ton of money is more important. But the market that identifies the top economic prospects is betting otherwise.