

OUR COLLEAGUE

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John H. Cochrane and Tobias J. Moskowitz

This volume is dedicated to Gene’s written intellectual contributions. We conclude by sharing some thoughts on what it is like to be Gene’s colleague at the University of Chicago. We complement Ken French’s thoughts on Gene as a coauthor, and Bill Schwert and René Stultz’s observations about Gene as a professional colleague and coeditor.

Between the two of us, we have enjoyed being Gene’s colleague at the University of Chicago for almost 50 years. Our interaction and friendship with Gene, as well as his scholarship, personal examples, and values, have profoundly shaped our lives and careers. We would not have a fraction of our own modest accomplishments in finance without Gene. We also write as representatives of many colleagues who have been affected similarly and profoundly over Gene’s long and illustrious career. These are some reasons this quiet man inspires so much loyalty.

Gene doesn’t say much, or ever tell you what to do. He just sets an example, so profoundly influential that people, and the culture of an institution, follow.

As Ken French writes, Gene is a model of how to be a good colleague. Commenting on papers is a key part of that interaction. If you ask for comments, consistent with his philosophy in life, Gene will typically return your paper in a day. It will often be riddled with red scribbles that might contain a word (“What?!”) or a short phrase (“Doesn’t look right”) with a number circled. Once in a great while you might earn a simple “not bad,” which is high praise. (Toby is proud of once—once—receiving a “pretty good.”) But mostly, you can count that Gene will get to the central idea and find weak points you haven’t thought of.

The point: Research is always imperfect and can always be improved. Research is about mulling it over, boiling it down to the essential point, finding the one clearest way to see the data or express an idea. Research is about thinking through a thousand objections and misunderstandings, and checking the

thousand ways that it could be wrong. If Gene objects that something seems wrong, take that as it is intended, as the most helpful and constructive advice anyone could give you. If you want bland praise and feel-good support for half-baked ideas, you won't get it from Gene. Gene's comments are about seeking the truth and improving the research.

Gene will often comment even if you don't give him the paper directly. If you sign up for an internal seminar and circulate your paper, or even just the tables, Gene will often read them and comment. He views that as part of his job and just elementary proper behavior.

Reading and commenting is a two-way street. We reacted immediately and in kind, sending Gene similarly critical comments on his papers. Only in retrospect does it occur to us that maybe mid-20s assistant professors with the ink barely dry on their diplomas are not supposed to tear apart tables, equations, and even prose of the senior star of their department. But this brash egalitarianism was as natural to Gene as it was to us.

He applies those same criteria to his own work, always pushing to do better. He is grateful if you point out a weakness. He's even grateful when we make harebrained comments, figuring if one of us could get something so wrong it is up to him to explain it better. He models how to receive comments as well as how to give them.

The finance seminar is the second great social ritual that defines Gene's collegiality. Gene presents every one of his papers in the internal workshops and encourages feedback, with only occasional impatience at silly questions. He demonstrates an ideal seminar style: no 45 minutes of preview, motivation, and chit-chat before getting to the point. The typical Fama seminar starts with "Here is Table 1." By presenting his own work at an early stage and adapting and refining it later, we all get the message: "If *Fama* feels he needs to vet his research first, how could I possibly think otherwise about my own work?"

Gene attends every finance workshop, no matter the topic. "You might learn something, even if it's bad." He sits in the front row and doesn't play with his iPhone. He doesn't charge in during the introduction, but waits patiently for the presenter to get to the point. Then he quickly finds the important weaknesses. He sets the rule: it's not personal. A paper can be silly, but that doesn't mean the person is silly. The point of finding weaknesses is to help improve the work. Gene is impatient with people who try to score points, are rude, grandstand, or otherwise treat a discussion as a personal one-upmanship game rather than a collective effort to produce good work, or at least to understand the limitations of the evidence before us.

Gene's office door is always open. If you have an interesting research question, it doesn't matter whether you're a PhD student, junior faculty member, or Nobel Prize winner—you have Gene's attention. Toby remembers in his second year at Chicago having what he thought was a simple question about the Fama-MacBeth procedure. After some consternation about bothering Gene with what was likely a very simple issue, he decided to approach Gene because, well, who would know better? (Also, he was in the office next door. Geographical proximity and regular hours matter.) The question turned out to be not so simple, and 3½ hours later he emerged from Gene's office with a whole new perspective on the methodology. And, as Gene would tell him later, Gene learned something, too. That was the first time Toby realized that even Eugene Fama was still learning; that being a colleague isn't just a one-way street of senior faculty educating and helping junior faculty; that we are all in this together to learn something. John spent most of his first 10 years at Chicago bouncing between Gene's office and Lars Hansen's, putting together two apparently different views of the same thing, and learning most of what he (John) knows about the theory and facts of finance along the way. And discovering, too, that every now and then something about his questions illuminated things for Gene and Lars.

But if you come to Gene's office to gossip, you're standing in the wrong door. Gene guards his time preciously. His shadow price for research discussions is extremely low, but that for academic gossip and chit-chat is nearly infinite. (With a few exceptions. Toby notes that Gene is an avid sports fan and loves talking about sports analytics and numbers. But this is so close to his research interests that it doesn't count. And John did waste a few office hours looking with Gene at weather forecasts for windsurfing outings. Chicago, it turns out, is not a reliably windy city.)

Gene is always at the daily faculty lunch gathering. If you're a nervous assistant professor, just show up and you'll soon get to know him. The conversation isn't always research, and often turns to sports, politics, or wine. But with Gene there, everyone else shows up too.

Gene works with PhD students, which many people consider a chore. As René Stulz and Bill Schwert document, Gene has advised more than 100 students, many of whom have gone on to fame and fortune. His involvement in mentoring doctoral students continues today. Hint: you should, too.

Participation in recruitment and promotion decisions is one of the most important duties of a scholar and a colleague. Here, Gene profoundly affected the Booth School and the University of Chicago, by action and by example.

To Gene, the quality of the ideas and the work supporting them is all that has ever mattered. Gene comes to appointments and promotion meetings completely prepared, and he talks about the papers—not the gossip, not others' opinions, not numbers, not citations, not conclusions, not silly comments made at seminars (thank goodness, in both our cases) or early presentations that didn't go so well, but the papers, in their final published form. We doubt there are many business schools where all-school senior-faculty appointment meetings will spend a half hour on the specification of a regression, with the table before us. Following Gene's example, this is how discussions are conducted at the Booth School.

Gene also has faced many difficult decisions, where it was time for accomplished scholars, who had become close personal friends, to leave Chicago. Painful as it was, when that was the right decision, Gene did not hesitate.

What matters to Gene is the quality of the argument, not the ideology, "Chicago-school" conformity, or the academic or public politics of the conclusions. There has never been a hint of argument from authority—I, Gene Fama, like this work or not.

One example speaks for a lifetime: With Gene's support, the Booth School hired, and worked hard to get and to keep, Richard Thaler, one of Gene's most outspoken intellectual critics. Well, behavioral finance is important, so Chicago should have the best of behavioral finance. Thaler's empirical work was innovative and solid. Facts are facts. If Gene disagrees with Thaler's interpretation, and if young people are following Thaler, well, Gene's sense of ethics would never allow him to object to an appointment on that basis. And Gene golfs with Dick, perhaps just to remind the rest of us how one should behave personally toward intellectual antagonists.

Gene has supported many other prominent advocates of behavioral finance, market inefficiencies, and many other surprising conclusions—when the work was first-rate. As a result of this culture instilled and exemplified by Gene, the Booth School has become the best research business school by far.

Not everyone has prospered at Chicago. Many younger faculty don't offer Gene the same feedback he offers them, or otherwise seem not to appreciate incisive comments. They find that Gene's services tail off. Some expect "mentoring," that Gene and other senior faculty members will be gently supportive, praise weak work, guide careers, pull strings with editors or promotion committees, or tell them what to work on. Such people can find Chicago disappointing.

Gene has never suggested what research we should do, what conclusions we should look for, or even what general areas we should focus on. He knows he didn't get famous by following suggestions of his senior colleagues. And don't try flattery or obsequiousness, or to ingratiate yourself with Gene by shoddy work that seems to support his. We've seen people try! Gene reacts with a stare of bored annoyance that we dub the "why don't you get out of my office" look. Gene would rather read and discuss brilliant work that disproves or refutes his own than mediocre work that supports his view of the world. Truth above all else, and let the data speak.

Gene is a leader—by example, not by giving directions. Gene comes into the office seven days a week, by 8 a.m. every morning, including Saturday and Sunday. As a junior faculty member you realize, "Wow, if *Fama* comes in every day, what excuse do I have to goof off?" Gene works hard on teaching and with PhD students. You look and realize, "If *Fama* finds the time, why can't I?" But he never took us or anyone else aside and said, "Here is how you behave, young whippersnapper." The most he offers are occasional pithy one-liners. To John, wondering how to deal with a malicious public attack: "Don't get in a pissing match with a skunk." To Toby, seeking advice on a referee's suggestion: "If you have to hold your nose, don't do it."

The underlying thread is that Gene is a deeply ethical person. He does what he does because it's the right thing to do, even when it's difficult. Whether it is committee work, promotions cases, hiring decisions, curriculum, relations with colleagues, or teaching, he applies the same principles that guide him: respect data, value your time, seek the truth, and always improve. Respect people, but also treat all ideas critically, ignoring rank and honors. Gene is famous for saying no to endless invitations and managing his time efficiently. But here, too, he is just treating people with respect. Saying no quickly, not promising things you can't deliver, and doing promptly what tasks you do take on, is ultimately far more respectful than the hemming and hawing and late shoddy work that the overcommitted (like, too often, ourselves) ultimately deliver.

When Gene received the call from Stockholm that he had won the Nobel Prize, Toby asked what he was going to do that morning. Gene replied simply, "I have to prepare for class. I teach in an hour." The dozens of reporters trying to reach him got the same answer. Even the University of Chicago, scrambling to hold a press conference in his honor, was delayed by several hours waiting for Gene to finish class. His intellectual life, and his duties to students, come before honors and accolades, even the Nobel Prize.

We have watched and tried hard to follow Gene's example in so many things, and to pass on the same values he exemplified. We have done so imperfectly, but we're still learning and trying—and we are grateful.

That is what it is like to be Gene Fama's colleague. This volume is one small way to try to say thank you, Gene.