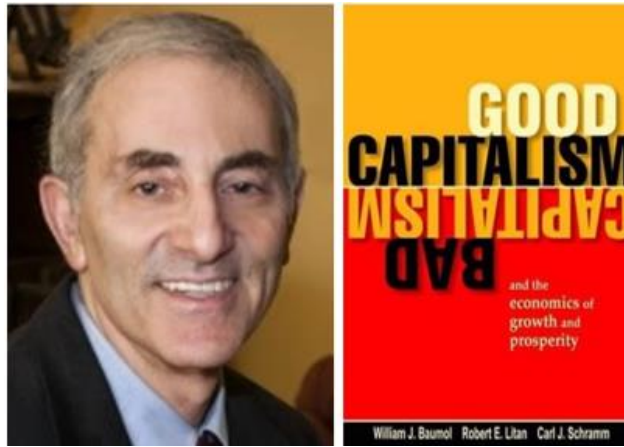


## Now and Then: Luck and Life

Bob Litan



I've spent a lot of time thinking about the challenging question that Jeff has posed to all of us for this series about what we wish our 20-something selves would have known from our 72 year old selves, and how this knowledge might have changed our lives. In my case, I have much more clarity about the first part of this challenge than the second.

First, what has become strikingly clear to me as I've grown older is the enormous role that luck, or randomness, plays in all our lives. It starts from the time we're born – what genes we inherit, what kind of parents we have and their (our initial) economic station in life, where we grow up, go to school – and continues throughout our entire lives. The twist of fate that led us to our spouses. The timing and gender of our kids. The close calls I am sure many of us have had that had they gone another way, life would have been different, or over (I'm thinking of the time in my twenties when driving on a road covered with ice when my car went out of control and miraculously righted itself before I crashed into other cars, or worse, skidded into oncoming traffic). The bad things, of many varieties, too, that none of us can escape in life.

Two strokes of good luck at Penn had a huge impact on my own life. I came to Wharton with only a vague idea that going to the nation's top business school would somehow prepare me for a career – not sure what – that would allow me to live a more comfortable material life than the barely middle-class family in which I was raised (though by sheer luck my father became financially comfortable *after* I graduated, a story for another time).

My first stroke of good fortune was getting placed in my sophomore year in what I think was an honor's section in Finance (as it turned out, just another name for advanced macroeconomics), with 11 or 12 other classmates, taught by the best teacher I have ever had (and that includes law and graduate school): Professor Jamshed Gandhi. His class was as close to a secular religious experience as one could have. Gandhi's passion for economics literally made us feel as if John Maynard Keynes was in the room every class, which I eagerly anticipated, talking

directly to us. Gandhi single-handedly inspired me to become an economist, not to make money (which was my initial goal in going to Wharton), but to pursue an intellectual passion that I have had the rest of my life (though I am thankful that I also took my mother's advice to go to law school as well, since now I am doing a lot more lawyering these days than economic research).

My second stroke of good fortune lasted only ten minutes, but not only changed my life, it could have saved it. It was in the fall of my senior when Penn's famed economist who would later win a Nobel, Lawrence Klein, agreed to meet and then recommend me for a research assistant's position at the Brookings Institution, working for another famed economist Arthur Okun (President Johnson's chief economic adviser). Okun through bad fortune died of a heart attack, like his father, at the age of 51. Had he lived, he too surely would have won a Nobel.

Klein was not only a great economist, but a wonderful man, and like me, as it turned out, also was a conscientious objector when he was in his 20s. Klein's recommendation got me the job with Okun, which ended up as my CO service (another a long story, for another time), and great preparation for graduate school and that part of my life devoted to economic research. Had I not gotten that job, with my draft number 55 (that number too was totally random, by definition), who knows what would have happened to me. (And do I feel guilty about this, that someone else probably had to go to Vietnam in my place? Yes I do, to this day. The guilt tempered with the fact that I was able to live, and that that the US should never have fought that war). By the way, for all the men reading this, think of how your lives would have been different had you drawn a substantially different draft number?

There are so many other strokes of good fortune, and one bad one, since that have also powerfully affected the course of my life. I am 100% sure that the same is true for everyone reading this.

I couldn't have foreseen any of this when I was at Penn. But knowing how much luck would matter later in life, what impact would that have had on me when I was 22? I honestly don't know. My guess, with the benefit of hindsight, is that it conceivably could have driven me to have been a bit less risk averse, doing something other than the conventional path: going to school, getting good grades, taking good secure jobs that didn't get me out too far out of my comfort zone. But I can't say for sure. You can never re-run the race that you've run.

One thing I can say with more confidence, though, is that knowing how important luck is in life has made me more empathetic toward those who have not had the same fortune as I have had. In my view, there are too many highly successful people, especially those who have made a lot of money, who attribute too much or even all their success to their own smarts or hard work, and then look down on those who haven't been as successful. All without realizing or giving credit to the lucky breaks that played at least some role in their own success.