

Professional gambling didn't work, so he took to economics at the University of Sydney. Now Justin Wolfers is one of Australia's brightest exports.

Everyone's favourite economist

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If you picture an economist, chances are they wouldn't look anything like Justin Wolfers (BEc '95). Wolfers is lean and more youthful looking than his 44 years: his shoulder-length blonde hair could lead you to think he's a surfer.

But looks can be deceiving: first up, Wolfers can't surf. He is also every inch the modern, successful economist as he works from his home in Michigan, in the mid-western United States. He has been described as one of Australia's most unorthodox and influential academic exports.

"I'm often mistaken for a self-help guy," Wolfers says, referring to his widely discussed studies on divorce and whether money can bring happiness. "I'm not going to give you advice about anything. I'm not going to tell you how to live your life. But I may tell governments how to design better institutions to allow you to make better choices."

Adding to Wolfers' profile and depth of economic thinking is his partner, Betsey Stevenson, with whom he has two children. Stevenson is a highly regarded and highly



Professional gambling “was intellectually formative and incredibly useful training for becoming an economist”, Justin Wolfers says. Photo: iStock

productive economist as well as Associate Professor of Public Policy and Economics at the University of Michigan. She is also close to the White House, having been appointed to the Obama Administration’s Council of Economic Advisors.

Like Wolfers, Stevenson has a strong interest in improving social outcomes, and while at Harvard the pair worked together on an influential study on no-fault divorce (in which wrongdoing by either party does not have to be shown).

While critics have always said no-fault divorce increases divorce rates, Wolfers and Stevenson found this wasn’t the case. They also revealed that where no-fault divorce was introduced, domestic violence rates fell, as did rates of female suicide.

“For family life, it strikes me that careful analysis of data and a subtle, very nuanced understanding of incentives can yield real insights over and above what is a highly politicised, ideological shouting match,” Wolfers says.



Wolfers readily admits that the social focus of much of his work reflects his own life experience. His parents divorced when he was 15, and his mother became a single parent to six children in the process. Despite serious financial struggles, she made sure her children had every opportunity to excel academically. Wolfers' academic achievements have now given him a platform to try to effect change.

"I was a scared 15-year-old," he says. "If we can figure out how to create a few less of those, it would be a huge achievement for social science and public policy. What we're studying is real. I don't think we should ever forget that."

Wolfers' direct nature and keen intellect mean there are high expectations of him from his economics peers in the US.

In 2007, the *New York Times* named him one of 13 young economists who were the future of economics. In 2014, the International Monetary Fund included him among the 25 brightest young economists expected to shape thinking about the global economy.

Wolfers' easygoing nature and determination to simplify complicated economic ideas has made him a media favourite. His tweets about economic policy are read by more than 54,000 followers and he has contributed extensively to influential newspapers the *Wall Street Journal* and the *New York Times*.

All this seems a long way away as Wolfers sits in his modest office in the University of Sydney's Merewether Building, where he has come to work on a one-month sabbatical.

"I could have gone to another university for this visit – one that's closer to the beach," he laughs. "But I have great affection for this place and the people here who put extra hours in for me. I feel a responsibility to them."

Merewether is also where Wolfers began studying for his degree 25 years ago after failing to find a career on the betting side of horse racing.

"I have told more economist friends than I can count that [racing] was intellectually formative and incredibly useful training for becoming an economist," he says.

"And I'm yet to get a single one of them to believe me. Racing gives a visceral understanding of supply and demand, though it's obviously not socially productive."

Since returning to Sydney, Wolfers has noted unhappily that Australia is having the same economic debates now about industrial relations, the GST and debt, that it was having when he left for the US in 1997. He believes discussions about microeconomic reform in health, education, welfare and social policy are more necessary and urgent.

He is also concerned about how Australian experts get locked into silos.

"We're a small country and we currently do the dumbest possible thing," he says. "We keep the four silos – think-tanks, media, policy and academia – separate, and almost no one works between those groups. This means we also don't have as much economic talent inside the cabinet as one might hope."

He contrasts this with the US where his partner, Stevenson, has moved between roles in government, academia and the media, gaining knowledge and increasing expertise in each of those areas.

Wolfers refers to Australia as home, but life and work will keep him in the US for a while yet. It's where "the big table" is: where the greatest economic thinkers – he is on first-name terms with many of them – exchange ideas.

Wolfers does a lot of thinking about a lot of subjects, and he sees this as a key responsibility of every economist – actively engaging with issues and problems to find solutions that improve institutions and lives.

"I have been blessed at this point in my career, where I have a platform and people will listen to me," he says. "You have 24 hours in a day and you have got to figure out what's going to be the highest impact for you."

"Is that pressure?" he asks. "It's just an economist's problem: how to do the most you can with what you've got."

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