

## Author's Note

What follows are personal recollections of my life through various distinct events and time periods with a specific and deliberate focus on education, work, and economics. I do mention personal aspects from time to time, but in most cases only in reference to how they affected or were affected by my education, work, and understanding of economics. The subsequent chronicles cover growing up, my education at the University of Louisiana Monroe and at Clemson University, my experience as a professor at the University of Chicago and at Harvard University, my time as an arbitrageur at AQR Arbitrage, and also as a board member at TD Ameritrade, among other places. I wrote them for family, friends, and colleagues, and not with a wider mainstream audience in mind.<sup>1</sup>

## Growing Up in Louisiana

I was born in Jena, a small town in the center of Louisiana, with a population averaging about 3,000. I lived there from 1960 until I headed off to college in 1979.

I was the middle child with an older brother, Gerald, and a younger sister, Linda. By the time I came along, Jena was already a part of our family history since my father also grew up there. My mother grew up in Guthrie, Oklahoma. My parents met as teenagers at a church camp gathering and married soon after high school. My father was high school valedictorian, and he received an academic scholarship to attend Centenary College in Shreveport, Louisiana. Though he excelled in his first two years in college as an accounting major, he dropped out to get married and obtain a paying job. My mom was a year younger than my dad; she did not attend college, though she had enough drive and intellect to excel at that level if she had chosen to.

Apart from his one year in college, the only other time my father lived outside of Jena was when he and my mother lived briefly in Guthrie, Oklahoma after getting married and then two years in New Orleans. This was before I was born. While they were there in New Orleans, my mom took care of my older brother Gerald, who was a baby at the time. My dad worked as an accountant at a large hospital in New Orleans and took the occasional part-time job to make ends meet. One of those part-time jobs was as a telephone operator for AT&T; my father worked in the middle of the night, when the union employees went on strike. Both my parents got by on as little food as possible to make sure my brother had everything he needed.

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<sup>1</sup> These chronicles are from notes I have kept over the years and my personal recollections. If any reader has a different accounting of any of the events discussed herein, please bring them to my attention.

In Jena, we lived next door to my paternal grandparents<sup>2</sup> who owned a small grocery store, which my grandmother managed. The grocery store primarily served the African American community in Jena, and my grandparents chose to live close to their store. As a result, our home was one house removed from the African American neighborhood, which was totally segregated at the time, and remains largely so to this day. Both my grandparents were hardworking people, and my grandfather had several jobs over the years beginning with being a logger, then he owned a combination garage and service station before beginning his own business of moving houses. That business supplemented their income from the grocery store.

My maternal grandparents lived in Guthrie, Oklahoma and my grandfather was a blacksmith for most of his adult life, primarily servicing cattle ranchers and wheat farmers. My maternal grandmother had her hands full raising their five daughters. Both of my grandfathers were extremely hard-working men and successful in their small businesses. Neither made a lot of money, but what they did make they saved for their children. I didn't realize it at the time, but their work ethic had a huge impact on me as I got older. And likewise, I was very cognizant of their frugality, especially that of my maternal grandfather. I have vivid memories of spending a week with him in Oklahoma one summer when I was in junior high. It was just the two of us since my grandmother had previously passed away. We had a sandwich for lunch and beans for dinner, and ice cream for a treat after dinner. But whereas my parents would take us out to dinner quite frequently, my grandfather would not think of spending money on eating food outside of the house. I appreciated then and do even more so today the impact that the Great Depression had on his mindset, that money was never to be wasted and savings were essential. And it wasn't that he didn't have the funds, rather, my grandfather wanted to maximize the inheritance for his four daughters and his grandchildren, and from his perspective every dollar saved was another dollar for the next generation as a safety net against the next Great Depression.<sup>3</sup>

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<sup>2</sup> Interestingly, my grandfather's grandfather was one of several thousand men from Louisiana who fought for the Union during the Civil War and was buried with a Union tombstone a few miles from where I grew up. Indeed, this was consistent with President Lincoln's view, which was that poor white people would have no interest in dying for the rich man's war. And many of them, and I expect the same was true of my grandfather's grandfather, actually started as a soldier in the Confederate Army, but switched to the Union Army on the basis of economics.

<sup>3</sup> I was nineteen when my maternal grandfather died of lung cancer in 1980. Smoking was his only vice! While on break between the spring and summer semester, my sister and I accompanied my mom to see our grandfather one last time. He was at the point that he could sit up in a wheelchair for a few hours at a time but was often bed ridden during his final days and certainly too weak to walk. One afternoon during our three- or four-day visit he decided that he wanted a certain type of ice cream, one that was not already in the freezer. My mom and one of her sisters who was at his house at the time were so excited he had an appetite, and they and my sister rushed off to the store. As soon as they departed, my grandfather told me to wheel him through the back door and to a vent cover on the rear of the house. I removed the vent cover, got him out of the wheelchair and onto the ground, where he took a flashlight and made a few adjustments to the water cooler (an a/c system in low humidity climates which cools houses by pushing humidity through them) as it had been acting up a bit. He didn't want to pay to have some "incompetent" person come to service the unit, but was mindful there would be several people in the house soon and he was concerned about it being too hot for everyone. It was another sign of his frugality and hard headedness as well. When my mom and aunt returned from the store excited to give him ice cream, my

My parents were in their late twenties when my mom saw an ad in a local newspaper about opportunities at Dairy Queen, a fast-food franchise that was growing rapidly across the nation. She responded by writing a letter indicating her interest and, shortly after, my parents purchased empty land and had a new Dairy Queen built there which was soon open for business. They worked super-long hours year after year, often heading to work after getting us kids off to school just before 8 a.m., and then coming home around 3 p.m. when we came home. My mom would prepare an early family dinner that was a big part of our daily routine. Often, when my mom was preparing the family dinner, my father would hit baseballs to me to field and catch. Then around 5 p.m. or so they would head back for the night shift at the Dairy Queen, which stayed open until 10 p.m. on weeknights and 11 p.m. on weekends. Many evenings, my mom would come back to the house around 7 or 8 p.m. and take us with her to the Dairy Queen where we would do homework upstairs and eventually fall asleep in the car. But their work didn't end when the Dairy Queen closed. They still had to clean up and prepare to reopen the next day with the other employees' help, which always took about thirty minutes. Afterwards, my parents would head home and then spend thirty minutes or so recording the financial transactions for the day. My mom would sit on the bed and count all the money, arranging it in various piles. My father had a small desk in the bedroom, with an adding machine, where he would compute the day's revenue. They would then deposit the money at the bank the next morning. It was a grueling schedule, but at least they were able to close on Sunday to catch up on their rest. In many ways, though, their hard work paid off.

For the first twelve years of my life, we lived in a small house that my grandfather had moved from another location. It is generally hot and humid in Louisiana and, without air conditioning, the only means to cool the house was a large attic fan that didn't do a stellar job. We spent a lot of our time feeling the heat. My most vivid memory of that house was a day in the late 1960s when I was seven or eight years old. My parents finally had enough money to purchase an air conditioner. When the window unit was installed, I remember my siblings and I just stood in front of it to feel the cool air. It felt luxurious, something we rarely experienced when we were kids.

In the early 1970s, my parents built a small brick home for roughly \$21,000 (equal to about \$165,000 in 2023 dollars). At the time, I thought we were wealthy, at least compared to the home we moved out of and to the other homes in the area. In addition, our house was brick whereas nearly all the nearby houses were built of wood. My parents were able to pay for the construction out of their personal savings, which was growing with the success of their fast-food business. That was how they liked to do things. Since they were both born during the middle of the Great Depression, they had heard all the cautionary tales about bank failures, lack of jobs, and extremely high rates of poverty from my grandparents. Consequently, they chose not to create debt for themselves.

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grandfather said he had lost his appetite. And I kept his little secret, or else his daughters would have been unhappy with his handyman work a few days before succumbing.

Growing up, I felt as if no one moved to Jena and no one left Jena. That changed in fifth grade, during the spring of 1971. I'll never forget the day my teacher announced that a new student would be joining our class mid-year. I couldn't believe it. It would still be a few days before the new student arrived, but I was extremely excited to meet someone new, someone from the outside. I heard he was from South Louisiana which felt like a world away, a whole different landscape. Larry Romero was his name, and he was coming all the way from Lafayette, Louisiana in the heart of Cajun Country. I specifically recall the first day Larry showed up for class. While my nature was usually reclusive, I decided to monopolize Larry's time at our first recess late that morning. Our conversation focused on a single topic, and an important one, namely the New Orleans Saints. The Saints were still a very young football team; they had been in the NFL for only four years, all with losing records. Indeed, it was not until their 21<sup>st</sup> season that the Saints won more games than they lost, yet Larry and I were fans back in 1971—something that continues to this day.<sup>4</sup> My decision to take a chance and talk to him that first day paid off. Larry was a great friend throughout my childhood and teenage years. My other close friends in Jena were first cousins, specifically, Gary and Tim, who were both a year younger than I was. I felt lucky to have them.

As a young kid, I was always interested in and intrigued by all types of jobs out there and I had several jobs growing up, some of which I describe below. You could say that I was a work junkie, and part of that came from observing my grandparents and my parents. My first job was picking up trash at the Dairy Queen, just around closing time. Many of the customers ate outside in their cars and, instead of getting out of the car to throw their trash away, they would simply throw the wrappers and paper cups and everything else out the car windows—something that would never happen today. During the early 1970s, though, this tended to be accepted practice at lots of fast-food establishments, including McDonald's. My parents did not pay me to pick up the trash, but I got to keep whatever money I found in the parking lot. I would often find loose change, but some people would invariably throw away paper bills as well. Finding one was always a thrill. In that way, I was compensated for my work solely on "commission," and was paid based on the "generosity" of the Dairy Queen customers.

During much of my youth in Jena, the Dairy Queen was the social hub in town, something fairly common in many small towns during that era. For a while, the Dairy Queen was the only national fast-food franchise in Jena, and it was packed for lunch and at night as well. Teenagers and young adults would drive from one end of town to the other, and then turn around to do it again. Since the Dairy Queen was at one end of town, they would drive through the parking lot, stop momentarily to say hello to whomever was dining out in their cars, and then head back to the other end of town, inevitably backing up traffic in the parking lot. For a few years it was so busy at night and on the weekends, that my parents had to hire a security guard to keep the traffic moving. Folks could also get fairly rowdy and having the security guard there usually kept

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<sup>4</sup> I actually don't follow the Saints these days like I once did. My son, Max, who was born in Massachusetts and grew up in Connecticut, has always been a diehard Saints fan to this day.

people in check. And then just before closing time, the local cops—both LaSalle Parish deputies and Jena town police—would stop by, make themselves a burger or sandwich, and pour themselves a soft drink or grab some ice cream. That was all at no charge of course, just an under-the-table payment to ensure there were watchful eyes on the property late at night. It was an interesting scene.<sup>5</sup>

On weeknights, before closing at 10 p.m., there would often be a mad rush to the Dairy Queen resulting in a flurry of orders. Many customers arrived after Wednesday night church services, which let out around 9 p.m.; this was customary in the Deep South. The entire parking lot and the inside of the restaurant would be packed for about an hour after that. A second source of late-night customers came, some might say, from the other side of the spectrum since that crew drank alcohol. On certain nights, some Thursdays and some weeknights, a food order would come in from a residence in the African American neighborhood, about four or five houses down from where I grew up. There was a small business, run from a man's front porch, in which alcohol was served and music was played so loud we could hear it from our house. Since LaSalle Parish was dry at the time, this business was under the table and open only when they could swing it. Nevertheless, sometimes just before we would close for the night, the homeowner/entrepreneur would place an order of cheeseburgers, fried chicken plates, shrimp baskets, barbeque sandwiches, and whatever else his hungry patrons wanted. While my parents abhorred alcohol, my dad's saw the proprietor as just another small business owner like himself. Plus, they were extremely loyal customers. Often the cops, who were getting their own late-night meal, would be there as my parents prepared the large orders for the bootleg operation. Unless things got crazy and out of hand, the local deputy sheriff responsible for that area rationally looked the other way with respect to the illegal sale of alcohol.

My first formal job began in 1974, when I was thirteen years old. I worked at Gerald's City Exxon for two years, until I was fifteen. The service station sat adjacent to my parent's Dairy Queen; my father purchased it in early 1974 for better control over the property next door in large part because of all the traffic in the parking lot at the Dairy Queen on the Exxon side. My brother, Gerald, who had graduated from high school in 1972, refurbished the service station and operated it, hence the name, Gerald's City Exxon. I have no idea how "City" ended up in the name given the small population of Jena. I was one of my brother's first hires and I worked there during the summer between eighth and ninth grade, on Saturdays, and occasionally after school during ninth and part of tenth grade.

I thoroughly enjoyed my time at the gas station, and it just increased my fascination with people's jobs. It was non-stop constant work. First, there was the full-service pumping of gas, where we also washed the car windshield and offered to check the oil level and tire pressure. When no one was at the pumps for gas, we were crazy busy doing all the service jobs such as

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<sup>5</sup> Occasionally, the cops would invite me to ride in the back of their police car a few minutes while they were on patrol. That was hugely exciting for me, something which doesn't occur in the current ages. Then, I just wanted to be a cop.

washing vehicles, fixing flat tires, installing new tires, and changing the oil and transmission fluid. My close friend Larry worked with me on Saturdays, and we worked long days, from 8 a.m. to 8 p.m., with few breaks. But I had a blast, and it was loads of fun for the nearly eighteen months I worked there. I always viewed the work as a competition, trying to wash more cars and repair more flat tires than ever before, basically pushing to do more and better each day. Plus, I got paid for it and was saving nearly all the money I made. And my brother was easy to work for.

When I was in high school, my parents terminated their franchise with Dairy Queen and rebranded the business as the Jena Burger Barn.<sup>6</sup> Economic incentives drove their reasoning to cut ties with Dairy Queen. The company charged its franchises a fee of roughly eleven percent of sales on all food, drinks, and ice cream sold to pay for the brand recognition and advertising. However, my parents' customers were made up almost entirely of local traffic and repeat business; they felt they didn't benefit substantially from the national advertising on radio, television, billboards, or print ads. Our town wasn't close to a major highway, so all that advertising wasn't going to bring many people who weren't already coming to us. On top of that, my parents talked a lot about the high tax rate of seventy percent in their tax bracket. Of course, the good news was that they were successful enough to be in the highest tax rate bracket. The bad news was that all of their income was taxable as ordinary income, and they had no possible tax shelters in place. Cutting out the royalty fees to Dairy Queen was one way to increase their profitability, especially since the name change had no impact on revenues whatsoever or on input costs.

In its heyday, their Dairy Queen (hereafter, Jena Burger Barn) was an amazing cash cow; it felt like it simply printed money, notwithstanding the high tax rate. My parents eventually added a breakfast shift to the already running two shifts of lunch/afternoon and evening/night. The production line was fairly straightforward. At any given time, three people worked at the front counter, taking food, drink, and ice cream orders, and three people worked in the kitchen. A lot of the food orders came in over the phone and the front staff usually took those calls. My mom generally managed the front operations and my dad handled the back. With the exception of my dad and me, nearly all of the employees were females.

The food assembly line in the back ran perpendicular to the front counter. First up was the dressing station where one of the cooks toasted the buns and then dressed the burgers, hot dogs, fish sandwiches, or whatever the order might be. The center person, usually my dad, ran the show so to speak. He grilled and wrapped the burgers and called out what the food orders were. At the end of the line were the deep fryers for the french fries, fish patties, fried chicken, and anything else that needed to be fried. All the items came to this area where two employees cooked all the fried foods and assembled the finished products in bags or on trays for the dine-in customers.

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<sup>6</sup> In the early 1970s, my parents also built a Dairy Queen in Olla, Louisiana and likewise rebranded it as the Olla Burger Barn.

During my sophomore and junior year, and part of my senior year, I moved up from garbage collector to join that assembly line, often working a couple of nights each week for my parents at the Jena Burger Barn. I recognized that I was a residual claimant – a term I was not yet familiar with, but I understood the concept. In other words, if I did a great job, my parents would make more money and some of that money might trickle down to me. My role was at the fryer station, and I took it seriously. I had to keep on top of the orders and not let them stack up on me. My father would wrap the hamburgers, hot dogs, or other sandwiches, and these would be passed off to me. I would note how many french fries or onion rings an order called for and add those to the bag or tray. Likewise, if the order called for a fried chicken plate, I would include it as well. If an order came in just for a fried chicken plate, then it would come directly to me. It was essential that I not only get the food packaged and out quickly while it was still hot, but also that I stay ahead of the orders. Thus, I was always aware of the foot traffic at the counter as well as the orders on the grill in front of my dad. During the rush periods, it could get crazy hectic, but I always enjoyed being there and viewed all the work as a bit of competition, similar to the way I viewed my work at Gerald's City Exxon.

For a couple of decades, despite the town having a population of 3,000, the Jena Burger Barn had few serious competitors. It became so popular with families that my parents expanded the menu, offering fresh pizza on Tuesday and Thursday nights. To be able to make all the menu items, they had to increase the size of the kitchen by extending it in the back. They also installed a pizza oven. On Tuesdays and Thursdays, I was the pizza guy. I made several types of pizza nonstop as people clamored for it since we only served pizza two nights a week.<sup>7</sup> I liked hanging out in the kitchen extension while I made the pizza since it was a bit isolated and I could play music while I worked. I also enjoyed visiting with everyone who came through the back door. One family were such dedicated customers that, in addition to ordering pizzas for both nights, on Thursday nights they also asked us to prepare two pre-cooked pizzas for them to heat up at home over the weekend.

For a long time, the consistent high quality of the Jena Burger Barn kept potential competitors from taking a chance and entering the industry. My parents believed that if they kept quality high, even if they incurred higher expenses as a result, they could charge a premium price. At the core of the successful operation were the energetic and hardworking employees. But it also

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<sup>7</sup> This was my first stint as "the pizza guy," but not my last. Janet and the kids and I were living in New Canaan, CT in 2009 when a major windstorm went through town, taking down huge old trees and blocking nearly every road. We were trying to make our way back to the house at night and had to get out to walk the rest of the way. In doing so, we encountered a pizza delivery driver from Joe's Pizza who was trying to deliver a pizza but there were no open routes to the house that ordered it. That house was on our way, however, so I gave the delivery guy \$10 for the tip (it has been prepaid via credit card) and said I would deliver the pizza. The delivery guy was happy I could do it and just asked that I have the customer return the insulated pizza bag back to Joe's Pizza. It was super windy and raining quite hard by the time we reached the house to deliver the pizza. I gave the pizza to the homeowner and asked him to return the insulated pizza box to Joe's Pizza the next day. Apparently, this was a major insult to him as he replied, "No, you are the pizza guy, you take the bag back to Joe's Pizza." I decided to leave it at that and not even ask the dude to repay me for the tip I gave the official pizza driver. It was pretty hilarious.

had to do with the fact that my parents paid for better ingredients. For example, my father went the extra mile by purchasing better quality cuts of beef and making his own patties with a commercial patty machine, rather than taking the easier and cheaper path of buying the more common pre-made patties. They also used the highest quality ingredients to make the soft-serve ice cream. For the French fries and other fried foods, they changed the fry grease often, so much so that they would sell the grease or give it away to other folks to use since it was still in fairly good shape. My parents were aware of all the details. They recognized that profit margins on soft drinks were huge, so my father always ensured that the carbonation and syrup mixture was perfect for each type of drink served. Moreover, my parents did not generate any outward appearances of how successful the business was. My dad drove an old hand-me-down pickup truck inherited from my grandfather and my mom drove a modest car. We never moved to the affluent side of town. Maybe the real key to the lack of competition in those years was the fact that everyone witnessed the long hours my parents worked. Thus no one was chomping at the bit to open a competing establishment and work that hard. Of course, eventually the competition did come, but only after a nearly twenty-year run at the top.<sup>8</sup>

During my sophomore year of high school, I set a crazy goal for myself: to get my hands on a Corvette for my senior year. Plenty of friends, and non-friends for that matter, laughed at me when I talked about it. Even though my parents were having great success at the Dairy Queen, they had absolutely no desire to buy me a Corvette or any sports car for that matter. They thought I was perfectly capable of getting to school on the bus or in an older hand-me-down vehicle. But I was not swayed. And despite my parents' reluctance to personally help me attain my dream, they were open to me buying any type of car as long as I paid for it fully with my own cash. While I was saving money, I made substantially less than the equivalent of minimum wage today. I recognized I would fall short of buying a Corvette while still in high school if I didn't step up my game. I had to find a way to make the necessary funds. I was nothing if not enterprising.

Here's what I did: I built a small tomato farm, though by the end of this venture it certainly felt like a large tomato farm. I operated it for one season during the spring of my junior year and summer before starting my senior year. This did not come completely out of nowhere. My paternal grandfather raised a lot of vegetables after he retired from full-time work. At the time, I really didn't care much about fresh vegetables, but I did take note of how people always said how much they loved fresh farm-raised tomatoes. So, in early 1977, at the age of sixteen, and with the desire to substantially raise my income, I launched my tomato farm venture. And though I had no formal concept of economics at the time, somehow I had the sense to recognize that the best way to generate the maximum possible profits from my tomato venture would be to have tomatoes available before anyone else. Knowing that most farm-fresh

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<sup>8</sup> The Jena Burger Barn stayed in business for slightly over fifty years until a major electrical fire gutted it in 2014. By that time, it was under the management of my brother Gerald who also operated a BBQ restaurant next door in the since-converted Gerald's City Exxon.



tomatoes would start hitting the stands in early to mid-June and that a plant could be harvested for four-five weeks, my objective was to have fresh tomatoes in early to mid-May—a full month in advance. I knew that by doing this, I would have the only tomatoes on the market and could sell them easily at a hopefully profitable price because the demand would be so great. It was an ambitious plan. After all, if it was so easy to pull off wouldn't someone else have already done it? Again, I was not swayed by the inherent risks of beating everyone else to market.

With his extensive gardening knowledge, I immediately realized that my grandfather would be instrumental to the success of my proposed operation. Luckily, he was eager to advise and help on many fronts. I had numerous decisions to make, such as what type of tomato to grow and how many plants I needed. I had to invest in fertilizer and other materials. I had to find available land and decide exactly when to plant. And if I wanted my venture to succeed, I had to carefully think through all these decisions. Plus, I had to make some sacrifices, one of which was not to run high school track that spring. (The truth was I was relieved about that one since I did not particularly love to run.) During this time, I was also working a couple of weeknights at the Jena Burger Barn and, of course, going to school. It was busy, even though I did not put much time in to the school part. I did not have a ton of free time to put toward the tomato farm venture, but I made the time. Most of my homework would go by the wayside.

Everything hinged on what type of tomato plants I would grow. I wanted a tomato which would not only taste great but would also have a good shape for selling purposes, as my plan was to sell them at a premium price. Plus, I wanted a tomato plant that would generate a huge volume of tomatoes. I ended up settling on a Homestead Tomato, which was developed in the 1950s at the University of Florida, with the aim of creating a plant that could handle high and humid temperatures. It was the first I had heard of this specific variety, but I knew it would be perfect for Louisiana. The Homestead Tomato had all the attributes I was seeking. Another big plus was that it would produce most of its tomatoes during a short period of time with a high yield.

In the end, my grandfather provided the land—basically a field where there were no nearby trees—allowing the maximum amount of sunlight essential to grow high-quality tomatoes. In February, I found a tomato farmer about thirty miles away who grew tomato seedlings, including the Homestead Tomato, in greenhouses. I purchased 1,400 small seedlings at 10 cents each for \$140. The farmer was willing to sell the small seedlings to me since I was not a competitive threat, and, since it was so early in the season, it gave him enough time to replace the seedlings. From what I understood, he reseeded the area from where he extracted my 1,400 plants.

Once I had the seedlings in my possession, the question became how should I handle the 1,400 small tomato seedlings while I waited to plant them? It would still be weeks before I could do that, and there was the continued threat of a severe frost through March. With that in mind, I built two temporary greenhouses where I could grow the seedlings. These were not standard greenhouses like those you could walk into, rather they were slightly square structures of roughly one-hundred-square feet each with wood walls about three-feet high in the rear sloping down to two-feet high in the front of the structure. I put a several-inch layer of sandy soil on top

of the existing grass, enough so that the tomato roots would not make their way into the existing soil since I planned to move them. Then, I put a plastic film polyethylene cover with a wood frame top on the structures. When the sun came out and the temperature warmed during the day, I took the covers off and let the plants breathe. I was pretty proud of those custom-made and fully functional greenhouses. Obviously, my grandfather had a lot of valuable input in their design.

As the seedlings started to take off in my greenhouses, I began to get the ground ready for planting. I had taken agriculture classes during my sophomore and junior years in high school, where I learned how to judge the quality of soil for growing crops. Based on the soil samples I took from the spot where I would plant the seedlings, I happily discovered that the soil was just about perfect for raising tomatoes. But I also knew I needed a good amount of land, since I had so many plants and had to space them apart to give them room to grow. In the end, I used an area of roughly seven-thousand-square feet. For fertilizer, I used a few truckloads of manure from my uncle's barnyard where he raised a few cattle as a hobby. It was a great trade without financial remuneration. I needed fertilizer and he wanted a clean feedlot. In many ways, I was doing him a favor.

By then, the tomato plants in my miniature greenhouses were starting to grow and I had a decision to make. It was mid-March and roughly two weeks before the last forecasted frost for the season. If I waited until after the probability of a cold front was extremely low, then my plan to be the first to sell tomatoes (thereby beating out my competition) would be quashed. But if I planted early and there was a major frost, I risked losing the plants. I took the gamble and planted all 1,400 seedlings earlier than advised. I could have gone the route of planting one hundred or so each day as a form of risk management and staggered the picking stage, but I wanted to obtain the maximum price possible, notwithstanding the risk. I needed to make a lot of money to buy my dream Corvette. It was going to be all or nothing. Go big or go home!

Wouldn't you know it, but a few days after planting the seedlings we hit a cold spell with a heavy overnight frost. I was carefully monitoring the forecast each day, so I knew in advance the frost would be heavy since we were in such a humid climate. The solution, as proposed by my father, was to put a small paper bag over each plant to protect them. Thankfully, we had plenty of white Jena Burger Barn bags that were used for take-out orders, so late that night, my parents, my sister Linda, and I put a bag over each plant. It took the four of us close to three hours to cover them all. Once we did, the field looked eerily like a cemetery with small tombstones. But it was worth the effort. The frost was so heavy that the next morning the ground looked like it had snowed overnight as is the case for heavy frosts in humid climates. Luckily it only lasted one day. Another bit of good luck was that there was no wind, so the bags stayed in place and all the plants were saved from otherwise definite ruin.

At that time, we didn't have to pay for water, something I took full advantage of. I had a couple of water hoses hitting some of the rows on a nightly basis. I started the hoses each afternoon after I got home from school, then switched rows every couple of hours or so until around 11:00

p.m. I turned the water off each morning before I left for school. I also spent a few hours each weekend keeping the rows clear of weeds with a garden tiller. Homestead Tomato plants grow to four to five feet high and, since the tomatoes are heavy, they needed to be staked. Once again, I had to figure out another piece of the puzzle: where could I get 1,400 stakes? Going in, I thought growing tomatoes would be fairly straightforward and simple, but I was quickly learning that was not the case. Of course, there is a big difference between growing fourteen tomato plants versus 1,400. It became clear to me as I hunted for the stakes that I had not thought through all the details and supplies I would need to operate a small tomato farm. If I had, I likely would have punted on this project.

Once again, my grandfather devised a novel solution. There was a lumber mill in Natchez, Mississippi, located on the Mississippi River about forty-five miles from Jena. The lumber mill tossed scrap lumber down the bank of the Mississippi River to combat erosion. My grandfather suggested we access the scrap lumber via his fishing boat. We checked in with the foreman of the lumber yard and told him our plan. He basically gave us permission and told us to access the wood from the water and to be mindful to not venture too close to the property for liability reasons. He also asked us not to take too much. We were in business. Luckily there was a public boat launch on the Mississippi River only a few hundred yards from the lumber yard. From there we were able to get close enough to fill the boat about three times over with lumber. Each time we had a full load, we put it in the bed of the pickup truck. On our last trip, as we filled the boat, the foreman sauntered halfway down the riverbank and said we had taken enough. My grandfather slipped me some cash and I ran up the riverbank and handed it over to the foreman. It was clear to the foreman was running his own scrap lumber business on the side. Once we took all the lumber back and unloaded it, I used my grandfather's large table saw to create five-foot stakes of roughly one-square inch each. Once one problem was solved, I was immediately faced with another. I needed ties to secure the tomato plants to the stakes. There was a local textile plant about twenty miles away and I knew that they threw out scrap fabric in the dumpster behind the plant. That's where I got the fabric needed to cut 1,400 ties. If only I had known what I was getting myself into when I had this bright idea.

But it was working. By the middle of May, I was harvesting large, ripe, and most importantly, great tasting tomatoes. I had escaped the nasty early frost and all the other potential pitfalls that could have derailed the process along the way. My plan was to simply sell the tomatoes to the local grocery stores, and they were more than happy to take them off my hands—but at a steep discount to the going retail price. Once again, I had to think quickly and come up with a plan. The solution turned out to be at the front counter of the Jena Burger Barn where I sold my tomatoes to customers. And what a solution it was! The demand was so great that I could sell to the buyer who was willing to pay the most. My dreams of being part of the competitive tomato market came true and then some. People loved my tomatoes, and I had dozens of repeat customers. I might even argue that my tomato sale may have resulted in a temporary hike to the Jena Burger Barn traffic since it brought people to the restaurant. Perhaps that's why my parents didn't charge me rent for the shelf space; it was a win-win for all of us.

Even though I planted all 1,400 tomato plants at the same time, they matured differently. The result was that I had tomatoes until the middle of July. By the middle of June, other tomato growers, including those growing tomatoes for themselves, had started harvesting their tomatoes, which cut into the demand for my tomatoes (at least with the price premium). That summer was super-hot, as is always the case in central Louisiana, and eventually the quality of the tomatoes started to substantially decline. Near the end of the season, I simply allowed people to pick their own tomatoes for canning or sauce-making at much-reduced prices. Without even realizing it, my tomato farm venture taught me a lot about economics. I had no idea at the time that these would be concepts I would spend a lot of time thinking about in the future.

I cleared roughly \$6,000, which is about \$25,000 in today's economy. That, along with the money I had been prudently saving from my various other jobs, finally put me in a position to buy my dream car. Unlike today, where car shopping is on the Internet, I had to resort to newspaper ads since I planned to buy a used Corvette. (I certainly had not saved enough to purchase a new one directly from the local dealership.) Between my parents and my grandparents, we subscribed to three daily newspapers: the *Alexandria Town Talk*, the *Monroe Morning World*, and the *Shreveport Times*. All were in towns larger than Jena located between 35 and 125 miles away. I eagerly waited for each paper to arrive and then scanned the car ads immediately.

It took nearly a month before an ad appeared with a Corvette available in my price range. It was a 1973 coupe with about sixty thousand miles—higher mileage than I preferred, but I did not want to wait any longer. I called to ask if I could see it. The Corvette was located roughly one hundred miles north of where we lived, and I made the trip with my parents and first cousin, Gary. As soon as I saw the Corvette, I wanted it. All concerns over how it had performed, how many miles it had, or its maintenance record went out the window. My mind was made up. Despite my patience in saving my hard-earned money over the years, and my methodical approach to the tomato farm to get my bank account where it needed to be, I was suddenly throwing rationality aside. My goal was to have a Corvette for my final year in high school and I had just started my senior year. I had to show the people who had laughed at me that they were wrong, that I could do it. And I knew people would notice. There was only one other Corvette owner in Jena, and that person was not a high school student.

I will never forget driving back to Jena as the proud owner of a Corvette. Gary rode with me. The day was Tuesday, August 16, 1977. During the drive back, we turned the radio on, thinking we could listen to some music, and instead we got the news that Elvis Presley had passed away just a few hours before. I had purchased the Corvette just outside of Shreveport, Louisiana. Coincidentally, it was the *Louisiana Hayride*, a regional radio show based in Shreveport, that helped launch Elvis' early career. Given the immense popularity of Elvis, especially in the Deep South, the news of his passing certainly put a damper on the ride home.

Driving a Corvette to school during my senior year was an absolute blast, well worth all the work I put into achieving that goal.<sup>9</sup> And it unexpectedly led to my next influential job. I was not on the college track at that point, much like most of my class. The students who planned to continue their education after high school went for a full day; those who didn't only went to school for a half day. That meant I could leave school around noon and rush over to the Jena Burger Barn to work the lunch shift. Even though I had been financially able to make my dream of having a Corvette come true, it only led to needing more and more money. There was the cost of gas, of course, but I also needed to pay insurance, something I had not initially factored into my budget. Our insurer, State Farm, would not even write collision insurance on a Corvette for a sixteen-year-old and the liability insurance was extremely high as well.

It was around mid-September. I had had the car for about a month when during the lunch rush at the Jena Burger Barn, a customer at the front counter indicated he wanted to talk to me. I left the frying station and went over to him. He asked how I liked my Corvette; I replied that I loved it. That's when the man, whom I would come to know as Jimmy McCann, immediately offered me a job at Bellevue Body Shop, an automotive body repair shop. I accepted on the spot—I liked having new jobs. Based on the proposed hours, I could still work Tuesday and Thursday evenings making pizza at the Jena Burger Barn. While this schedule did not leave much time for homework and studying, which was becoming a running theme, I was far more interested in tackling a new line of employment than I was my formal education. At that moment, school was way down the queue of what I deemed important.

Working at the Bellevue Body Shop was a great experience on many levels. It exposed me to human behavior and interactions I was not privy to beforehand, and the talk was fairly rough. My previous jobs at Gerald's City Exxon and the Jena Burger Barn were in the family business; at both places I knew most of my work colleagues well even if they were not part of the family. But at the Bellevue Body Shop, it was largely a mix of grown men whom I had never met before. When Jimmy hired me, it was not to fill a specific empty position; rather it was a spur of the moment decision on his part. I soon learned my job was simply to do what any of the employees told me to do.

The shop was open from 8 a.m. to 5 p.m., with a lunch break at noon for all employees. On my first day, I arrived at 1 p.m. after spending my morning in high school and then grabbing lunch. During that first afternoon of work, I did a lot of standing around, I'm sure quite awkwardly. I was the new kid on the block and the other employees probably didn't even know I would be working there until I showed up. About thirty minutes before closing, Jimmy instructed me to start tidying up the shop, sweeping the floors, putting away materials and shop tools, and whatever else needed to be done. However, I was not to touch the various tools owned by the

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<sup>9</sup> Of course you could say I had my moments with the Corvette that senior year at Jena High School. Homeroom was from 8:00-8:15 a.m. and all the homeroom classes were at the front of the school with windows facing the road. So, I skipped homeroom one morning and cut a couple of doughnuts in the road in front of the school. Needless to say, the principal was less than pleased.

employees. I still remember how much better the floor looked once it was swept and free of trash. So the next day, I grabbed lunch to go and was at the shop by 12:30 p.m., well before everyone had returned from lunch. Just like I had done the day before, I got rid of the debris, swept the floor, and so forth. When the crew returned from lunch, they seemed appreciative and most started giving me work to do, such as removing fenders and other body parts from the vehicles, sanding them down for painting, taping up all the windows and chrome to prepare for painting, and a host of other jobs. Suddenly, I fit in... at least a little bit. And for the rest of the school year, I always showed up and cleaned the shop before my official start time.

I spent nearly two years working at the Bellevue Body Shop; the first nine months were on a part-time basis as a general laborer and the next twelve months were as a full-time employee enroute to becoming an autobody repair specialist. I enjoyed those first nine months as a part-time employee considerably. I learned a lot and felt myself gaining the respect of the other employees; they appreciated the fact that I worked hard and was always happy to pitch in, whatever the task might be. Jimmy's brother, Dee McCann, also worked at the shop and he took me under his wing and taught me his trade. A few months later, in early 1978, Jimmy hired more autobody mechanics and opened a smaller shop a few miles down the road since he needed more space. Of the various autobody mechanics, Dee was the most competent and dependable, and so Jimmy sent Dee to work out of the small satellite shop without direct supervision. I became Dee's assistant. It was great working for Dee, but it was also a little quiet. I missed the hustle and bustle of the large shop with all the employees, customers, insurance claims adjustors, and various vendors who would periodically show up. It was interesting to observe the various interactions between these stakeholders. The afternoons moved far slower at the small satellite shop, though Dee seemed to prefer the quiet atmosphere. He would just put his head down and get right to work.

The day after I graduated from high school, I became a full-time employee at the body shop. I was gearing up to take what would now be called a gap year, though we didn't call it that then. The truth was, I didn't realize that's what I was doing since I had no intention of ever going to college. On the contrary, I thought I was beginning my adult life. It just seemed to be the thing to do. It was soon after I became a full-time employee when a major development occurred. One day, seemingly out of the blue, Jimmy sent everyone home, including me. He literally fired the entire crew. This was obviously startling; I had just gotten fired and had no idea why. As soon as I got home, Jimmy called to say that he had not, in fact, fired me and that I should show up for work at 8 a.m. the next morning. When I arrived at the shop, Jimmy was already there with Dee, and they were both working hard. I had never seen Jimmy do actual work in the shop, rather he was always dealing with customers and vendors, and always on the go. But this morning, Jimmy was prepping a car for Dee to paint.

There was no explanation, and it was just the three of us for several weeks. There was a huge backlog of damaged vehicles in the parking lot and other vehicles that Jimmy had agreements to repair. Generally, during business hours, all the garage bay doors were wide open, but during

this several-week period, Jimmy kept all doors closed so that no one knew whether we were open or not. After we completed the repairs on one of the vehicles in the garage, we would deliver it to the owner. We did that until we worked through all the inventory. It was a grueling process of long hours, including Saturdays. Then eventually, the doors rolled back up and we were open for business. Jimmy commenced to hire a new crew, though it was a considerably smaller operation.

We never talked about why Jimmy did what he did, except that when he began to hire again I recommended that he also hire a high-school senior just like he did with me. Jimmy agreed, but didn't know who it should be. Fortunately, I had the perfect candidate in mind: my first cousin Gary. Jimmy hired Gary and, though he was only working part-time, within weeks it became clear that Gary was far better at body work than I was. Gary flourished as an autobody technician and continues to apply his trade today at a much larger shop in Alexandria, but in a management role. Gary was a lot of fun to work with, and the hours went by faster with someone my own age in the shop.

One day, Jimmy was aggravated about delayed work on a pick-up truck he was rebuilding and that he had sent to a nearby guy for engine work. The date had come and gone, and the guy still had not completed the work he had promised to do. Now, this guy was a bit of a backyard mechanic and did not have an actual garage in town. So, Jimmy sent Gary and me out in a tow truck to grab the pick-up truck. Jimmy told me to drive. We found the guy's house and saw the truck. I backed up the tow truck to it so that Gary could hook the cable on the front. I would winch it up, then we would drive the truck back to the shop. I was sitting in the cab of the truck waiting to operate the winch while Gary hooked up to the frame of the truck for towing. Suddenly, a guy was standing on the front porch telling us not to dare tow the truck. He stated something to the effect of, "I will not let Jimmy McCann hurt my reputation as an auto mechanic." Gary hesitated in attaching the cable to the truck. I was pretty confident the guy was harmless, but not too confident. I informed Gary that Jimmy's instructions to me were to drive the truck—the one in which I remained safely seated. The guy then said Jimmy had called and notified him of our coming. We were to return to the shop, and he would finish the engine repairs soon. We retreated to the shop and Jimmy told us we had done a good job as the fire had now been lit under the guy's rear and he would have the motor work completed quickly.

Even though I did not care for junior high or high school, I was starting to think academically about the workers' behavior at the body shop. Likewise, I was always fascinated by the employee behavior when working at the Jena Burger Barn. First, I noticed that incentives mattered a lot. Jimmy paid some of the employees a salary while others were paid based on commission, despite doing the same work. My sense was that the choice of how one would be compensated was directly connected to the level of risk any given employee was willing to accept. In other words, if a certain employee was especially risk averse, they would prefer an income that was dependable, and which did not fluctuate from week to week. That way, they would be able to pay certain bills each month. In contrast, the employees paid on commission seemed to be less

reliant on a weekly paycheck to keep life running smoothly. What I found especially interesting was that their work behavior seemed to be different. The employees who were paid on commission tended to work harder and longer and took fewer breaks. This was especially clear just before closing and certainly on a Friday afternoon. Thus, incentives mattered. And I was cognizant of the endogeneity issue; that is, were the workers who were on commission simply more diligent, harder workers or was it simply the compensation scheme which drove their economic behavior?

Another workplace behavior I noticed was how the employees treated their personal tools versus the tools owned by the body shop. Other than the assistants like me, nearly all the autobody mechanics had their own large toolbox filled with regular tools and autobody-specific tools. In most cases, the tools came from a specific manufacturer called Snap-on, known for its red toolboxes and for the very high quality of its expensive tools. I quickly realized how expensive Snap-on tools were, since a single wrench cost about \$40 and a large toolbox cost nearly \$20,000 in today's dollars. The cost of the toolbox plus the necessary equipment could easily cost \$50,000 or more. Though I had zero economics training at this point, I formed the impression that owning a large Snap-on toolbox loaded with tools would send a positive signal to employers that they were serious about this profession. They had to be serious about it, or else they would have spent that money on a new truck or boat. The Snap-on sales representative who visited the shop in his Snap-on truck full of tools also encouraged the workers to buy the tools on credit. It struck me that perhaps Snap-on was a finance company which happened to sell tools.

Despite my apparent disinterest in formal education at the time, I was always interested in information and details related to economics and finance. For example, with respect to Snap-on, it occurred to me that their tools cost far more than tools sold by competitors, and on a quality-adjusted basis. They were able to do that because their brand conveyed a certain high quality and because of that reputation, Snap-on could charge higher prices even after adjusting for quality. I saw how, in a very rudimentary way, one could create a brand name for an autobody shop which would signal consistent and high-quality service. Indeed, I even went as far as to obtain some informational materials from Lincoln Tech in Nashville, Tennessee, which had a large program at the time (and still does today) in training not just autobody repair but also management training for autobody shops. For a while, I toyed with the idea of going to Lincoln Tech with the notion of eventually managing an autobody shop which could one day be rolled out into franchises.

During the fall of 1978, a few months after graduating from high school, I decided to see if I had any aptitude for running an autobody business. I rented a very small, dilapidated building in town that had electricity and not much else. I had just turned eighteen, several of my friends had just gone off to college, and I was already bored simply working at the body shop. To step up my game, I decided to create my own shop and work on weeknights and weekends. My first project was to buy and fix up a beaten-up truck from Justiss Oil, a local oil-drilling corporation. I



repaired the dents, gave it a new paint job, cleaned up the interior, added a new floor and seat coverings, and generally got it into good shape. It took a few months and, once it was finished, I sold it. Based on the small profit I made, I quickly realized my implied hourly compensation on this project was not higher than what I was already making at the body shop during the day. I found that working for myself was no more enjoyable than working over at the shop for Jimmy. After that, I quickly lost interest in going to Lincoln Tech and in launching my own body shop some day with the option of expansion.<sup>10</sup>

It was only a few months after graduating from high school and I was already more than disillusioned with my career plans. At the time, I had no interest in following in my parents' footsteps in the fast-food business, even though I could have been successful at it.<sup>11</sup> Most of the young men in my hometown who did not go to college worked in the oil industry. They made good money, but I didn't want to do that. I felt trapped, and I was only eighteen! At the same time, I started to develop an intellectual curiosity in academics, something I hadn't ever had before. This was triggered by two independent events. The first was reading opinion editorials in *Newsweek* magazine by Milton Friedman, the famous Nobel Laureate in Economics.<sup>12</sup> This resonated with the thoughts I was having about life at the autobody shop and elsewhere. Friedman posed all sorts of questions and analysis about economics that I found fascinating and that highly correlated with my personal opinions, and not just with respect to work. For example, I was intrigued by the harmful effects of inflation, as I saw how inflation depleted my grandparents' savings for their retirement. I started to wonder if it would ever be possible to buy a house given all the inflation uncertainty. Milton Friedman's editorials were addressing, even if not fully answering, many of the questions I had.<sup>13</sup> The second event was watching a new television series, *The Paper Chase*, on CBS about student life at a fictional law school in the Northeast. Out of the blue, I developed an interest in economics and in going to law school, the latter, of course, would require first going to college. Suddenly I contemplated an entirely different path from the one I was on—one I had expected to carry me well into adulthood. I was excited and I had no idea how much my life was about to change.

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<sup>10</sup> It was only a few years prior that Maaco started to franchise autobody shops, but at the time I do not recall if I had heard of them. In hindsight, I was on to a viable business model, but I was not only too young and without financial or human capital, I was also lacking in passion for the endeavor.

<sup>11</sup> Indeed, my siblings, Gerald and Linda, did go into the fast-food business and excelled at it.

<sup>12</sup> While I was far too dismissive of academics while in junior high and in high school, I was always an avid reader and was always checking out books from the library. I would read anything I could get in my hands. Yet, I seemed to have little interest in doing well in school.

<sup>13</sup> Interestingly, 34 years later in 2012, my wife, Janet, and I purchased an amazing estate which Milton Friedman built in Vermont and eventually we sold it back to a Friedman-linked non-profit where it is used for educational purposes today.