

Michael Crew (1942-2016)

I first met Michael nearly fifty years ago. We took the same undergraduate degree course at Birmingham University, one year apart. Throughout our careers, we shared interests in public utility economics and regulation. I followed his writings, and attended several of his postal conferences. He was my favourite journal editor. His death was a sad shock. Others are better able to shed light on him as an immediate colleague and on his personal and family life. I have put together the following notes on his background, early education and career in England, and (based on his latest (2010) cv on the Rutgers website) on his extensive publications and professional activities throughout his life.

Michael was born in Sedgely, Staffordshire, on 28 May 1942. This is in Britain's West Midlands, more precisely in what is known as the Black Country. It has been claimed that Tolkien's description, in his *Lord of the Rings*, of the grim region of Mordor "resonates strongly with contemporary accounts of the Black Country". An early Guidebook described the area as follows.

In this Black Country ... a perpetual twilight reigns during the day, and during the night fires on all sides light up the dark landscape with a fiery glow. The pleasant green of pastures is almost unknown, the streams, in which no fishes swim, are black and unwholesome; the natural dead flat is often broken by high hills of cinders and spoil from the mines; the few trees are stunted and blasted; no birds are to be seen, except a few smoky sparrows; and for miles on miles a black waste spreads around, where furnaces continually smoke, steam engines thud and hiss, and long chains clank, while blind gin horses walk their doleful round. ... The majority of the natives of this Tartarian region are in full keeping with the scenery ... they converse in a language belarded with fearful and disgusting oaths, which can scarcely be recognised as the same as that of civilized England. (Samuel Sidney, *Rides on Railway*, 1851, cited in Wikipedia entry on Black Country)

I never heard Michael utter any fearful and disgusting oaths, and his accent, though marked and sometimes growly, did not seem typical Black Country. But his down-to-earth personality, and his sometimes gruff and abrupt – but never unkind - approach may have reflected his upbringing in an area that still bore traces of its character a century earlier. It was not until 1968 that the last Black Country colliery closed. With the closure of the local steelworks in the late 1970s and early 1980s, the area had one of the highest unemployment rates in Britain, peaking at over 25% in nearby Brierley Hill.

Michael attended the local Dudley Grammar School (1953-60) then studied for a Bachelor of Commerce degree at the local University of Birmingham (1960-63). He graduated there in 1963, just one year ahead of me (though I didn't know him at the time). The course would have reflected and stimulated his interest in how industry actually operated. Birmingham was the first British University to offer a Commerce (business studies) degree. And during the 1950s the Commerce Faculty was at the leading edge of mathematical economics and econometrics in the UK (with Terence Gorman, Frank Hahn, Alan Walters and Maurice McManus, plus Michael Beesley in applied economics).

We attended essentially the same lecture courses: Economics, Economic History, Structure of Industry, Accounting, Law including Company and Commercial Law, Industrial Relations, and Statistics (taught by Walters, later economic adviser to Prime Minister Margaret Thatcher). In his final year he would have had a strong dose of theoretical welfare economics from McManus (reflecting Francis Bator's iconic article "The simple analytics of welfare maximization", *American Economic Review* 1957). I don't know whether Michael took the Mathematics for Economists options, as I did, taught by Gorman. Michael's early papers used diagrams rather than calculus, so I suspect the later mathematics came from his subsequent association with Paul Kleindorfer.

Michael's CV does not reveal what he did in the year 1963-64 immediately after graduation. But over the next dozen years he held temporary posts in business studies or economics at a variety of different UK universities: assistant lectureships at Strathclyde and Bradford (where he received his PhD in 1971), lectureships at Kent, London Business School, and Southampton, Associate Head of Department at Paisley College of Technology, then back to Strathclyde with a senior lectureship (1974-1977).

Lecturing was not Michael's forte. But he was steadily building up a record of publications – about 20 by the end of this period, mainly in the major economics journals. His first publication was *Pennine Electricity Board: a study in tariff pricing*, a 30 page monograph as part of the *Bradford Exercises in Management* series (1966). Marginal cost pricing, and peak load pricing in particular, were very much in vogue in Europe in the late 1960s. Then-young scholars like John Kay, Mike Webb and David Heald in the UK, and Maurice Marchand and Henri Tulkens at CORE in Belgium, as well as myself, were all researching this area – influenced, inter alia, by Oliver Williamson ("Peak load pricing and optimal capacity under indivisibility constraints", *American Economic Review*, 1966), the White Paper (*Nationalised industries: A review of financial and economic incentives*, 1967) that prescribed marginal cost pricing for the British nationalised industries, and Ralph Turvey ("Peak-load pricing", *JPE*, 1968 and "Marginal Cost", *Economic Journal*, 1969). For the most part, Michael stayed with this theme for the whole of his career, developing and exploring the implications for the regulation of public utilities generally. Just occasionally he commented on other issues, such as medical care and road pricing (both in 1969) and education (*Paying by degrees*, a monograph for the IEA in 1977).

In January 1977 Michael moved to Rutgers as Associate Professor of Business Administration (becoming full Professor in 1980), and Director of the Business Research Center. Rutgers was to be his academic home for the rest of his life. He built up and Directed the Center for Research in Regulated Industries (CRRI) from 1984, and had periods as Chairman of the Finance and Economics Area (1988-91) and Chairman of the same Departments (1994-96).

Michael's first 7 publications were sole-authored. But wherever he went, he developed a remarkable ability to work with others, and to attract others to work with him. Of over 100 subsequent published papers in the four decades to 2010, more than 90 per cent were co-authored. He published papers with some two dozen different co-authors.

The second-most frequent co-author (at least 9 papers together) was Charles Rowley, Professor of Economics, a colleague at the University of Kent back in 1969-70, who later moved to George Mason University. There were two periods of collaboration. Initially (1970-72), they wrote on topics such as antitrust, allocative versus X-efficiency and behavioural theory. Later (1986-89) they explored deregulation as an instrument of public policy, rent-seeking, and public choice approaches to regulation and deregulation. Collaboration with Charles surely broadened Michael's interests and technical expertise, and gave him direct interaction with a committed exponent of free competitive markets.

Of course by far the most frequent co-author was Michael's great friend and colleague Paul Kleindorfer. Presumably they met during Michael's year visiting Carnegie-Mellon in 1968-69. I remember first meeting them both there at that time: they were intellectually curious, interacting, working on the same sorts of issues that interested me, focused on modelling and assessing public utility pricing. Their first joint publication ("A note on peak loads and non-uniform costs", *Economic Journal*, June 1970) followed soon after. This was just a short note but it answered a question recently posed in the literature: how to incorporate non-uniform running costs into the peak-load pricing model? It was the start of a lifetime's joint work with Paul, that produced some 70 more joint papers (by 2010), three books, many jointly edited conference volumes and perhaps hundreds of workshops and conferences organized together.

Their textbook (*Public Utility Economics* 1979) was followed by a later more comprehensive volume (*The Economics of Public Utility Regulation* 1986). Some reviewers of the 1979 book, while admiring its qualities, noted that it was not so much a textbook as a development of particular topics of interest to the authors. One reviewer remarked that it "draws on their own joint work, which is notable for its quality". (Stevenson, *Land Economics*, 1981) Initially, their work remained largely within the familiar neoclassical welfare economics format: maximization of consumer plus producer surplus subject to constraints. Increasingly, they made forays to explore managerial discretion and incentives, governance costs and deregulation.

A reviewer of the 1986 volume, describing it as "lucid, crisp and comprehensive", concluded that

"As a digest of intellectual and practical efforts to date in the economics of public utility regulation, Crew and Kleindorfer's text stands as an excellent precis for the professional economist as well as for advanced undergraduate or graduate students studying the area."
(Hodgin, *Southern Economic Journal*, 1988)

Another reviewer remarked on the many features of the new volume not covered in the earlier one, including economies of scope and sustainability and distributed cost pricing, equity objectives, regulator and pressure group interests, and detailed study of industries other than electricity. He remarked that

"The changes made in the new text reflect both progress in the field and a shift in concerns. ... The reader is struck, for example, by the abrupt switch from the joint-surplus-maximizing emphasis in the neo-classical sections... to the equity concerns and interest group pressures characterizing regulation in practice. ... This text, in addition to being a valuable survey of the literature, forces those of us who work in the field to look

at the wide gulf that sometimes arises between our traditional research interests and the practical problems of regulating monopolies". (Butz, *Journal of Economic Literature*, 1988)

In 1980, Michael provided a commentary on "Has the 1970 [Postal Reorganisation] Act had been fair to mailers?" A decade later, he and Paul took a major interest in postal economics and regulation, until then largely virgin territory for economists. Their first publication in the area ("Peak load pricing in postal services", *Economic Journal*, 1990, with M A Smith) extended their familiar approach. A research study followed, on *The Economics of Postal Service* (1992). By 2010 they had published over 30 papers on postal issues, including on the Universal Service Obligation (USO) and emerging policies associated with competition, deregulation and privatization of postal services, and the possible "graveyard spiral" associated with competition.

Michael was an indefatigable organiser of workshops and conferences. These included three Rutgers workshops per year since 1981, the Eastern conference annually since 1982 and the Western conference annually since 1988, all on the theme of Regulation and Competition. Since 1990 he also directed workshops and the annual conference on Postal Delivery Economics. Reportedly he organized over 250 such events in total.

In many cases Michael also edited and published the proceedings of these conferences. By 2010 he had edited 22 such volumes with Paul, a dozen on his own, and several more with others. I quote from the conclusion to just one review – I could find many more similar - of a volume of papers delivered at Rutgers seminars in 1995 and 1996.:

"In summary, this book is a valuable contribution to an embryonic literature on the transition economics of public utilities and regulatory institutions. Michael Crew should be congratulated for having taken the initiative and having spent the time and energy to organize the seminars that produced it. He should be encouraged to continue his seminars as the new transition economics evolves." (Zajac, Review of *Pricing and Regulatory Innovations under Increasing Competition*, *Public Choice*, 1999)

Michael had other, complementary, activities. He travelled widely presenting conference papers. His CV lists three dozen pieces of consultancy on regulatory issues. Throughout, he was accumulating knowledge and experience.

Finally, to Michael's record as journal editor. It seems to me remarkable that in 1968 he should have been involved in founding and editing a new journal, *Applied Economics*. Of which he was successively Executive Editor, Joint Editor then Editor. This was just five years after his undergraduate degree, not yet having completed his own PhD. I remember the excitement at the journal's creation: it meant new opportunities for younger and less recognized scholars working on less traditional topics or using less theoretical approaches, scholars who might have found it difficult to access the more established and prestigious journals.

There cannot be many scholars with four years of developing and editing a new journal by the age of 30. This experience must have been an invaluable preparation for founding

and editing the *Journal of Regulatory Economics*, beginning in 1988. I hope someone will document the foundation and evolution of the journal and his central role in it.

I can only speak as a reviewer and author of *JER* papers. Michael was conscious that authors and readers wanted a timely review and production process. As with editing conference proceedings, a disciplined production process was key. He set what I suspect was, at the time, a faster review time than other major journals and he policed it rigorously. By 2015 the average decision time was a remarkable 25 days. But he operated with carrots as well as sticks: as a reviewer I was continually encouraged by the advice that I was approaching, and eventually even reached, the Peltzmann gold standard of same day response.

Michael's contribution was more than just a disciplined production process. The journal's summary description indicates the catholic nature of his vision.

The *Journal of Regulatory Economics* serves as a high quality forum for the analysis of regulatory theories and institutions by developing rigorous foundations for the economics of regulation. It provides researchers, policymakers, and institutions with current perspectives on both theory and practice.

This journal publishes both theoretical and applied works, including experimental research. It addresses research on all aspects of regulation, including traditional problems of natural monopoly, antitrust and competition policy, incentive regulation, deregulation, auction theory, new policy instruments, health and safety regulation, environmental regulation, insurance and financial regulation, hazardous and solid waste regulation, universal service obligation, and consumer product regulation.

As editor, he was sympathetic to authors. No doubt he had to reject a majority of papers submitted, and he did not hesitate to do so swiftly but courteously. Sometimes within a day or two after an early critical review. This left time and space to encourage authors where referees offered support. He could be a stickler on length and format (not least on number of section headings), but he was open to discussion on content and presentation. From his own experience he often added a few comments and references to what the referees had said, or offered suggestions as to what would adequately address a referee's objections. He was prompt in all his dealings, oftentimes working at weekends and holidays. His views and proposals were clear, and they were invariably geared to ensuring the continued high quality and timely production of the journal.

Although there were high quality associate editors and an experienced Editorial Board, to me, Michael was the *Journal of Regulatory Economics*. His contribution to fostering research and informed debate on regulation was probably without parallel in the US. Michael himself was a regulatory institution, and we shall all miss his enthusiasm, friendship and support.

Stephen Littlechild
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