

Heads or Tails?



The Role of Chance in Opportunities and Outcomes

In 1939, baseball great Lou Gehrig stunned the stadium crowd by removing himself from the lineup because the quality of his play was being affected as a result of his having contracted ALS, an incurable neuromuscular disorder that would end his life in less than two years. But instead of dwelling on a “bad break” that curtailed his 17-year Yankee career, he reflected on his life and added: “I consider myself the luckiest man on the face of the earth.”

BY ALLEN R. SANDERSON

Gehrig was not the first person to acknowledge luck for some fraction of his personal accomplishments. In athletic competitions, popular culture, politics and business, ability, hard work and personal sacrifice are certainly paramount. But luck – good or bad – is often a key element in the determination of one’s success (or failure). World-renowned economist Milton Friedman and his wife Rose even entitled their memoirs *Two Lucky People*.

Picking winning Powerball numbers is 100 percent luck; skill or effort are non-factors. In the last dozen years, 24 baseball teams have played in the World Series. Only seven had the best

regular-season record in their respective league that year, including the 2016 Cubs (and in that span eight different teams have won the Series).

In my own life, a tragedy (my mother’s death when I was 10) and my father’s later marriage to someone with a professional career very likely led to my going to college. There, a chance encounter with a particular professor, steered me to graduate school. Another serendipitous intersection brought me from Princeton to the University of Chicago 30 years ago, where twists, turns, and a healthy dose of good fortune here and, well, the rest is history – or at least economics.

We wish family members, friends, colleagues and occasionally even rivals “good luck.” We note “the luck of the Irish” (though in origin it is less than obvious if that refers to good or bad luck). We smile at upbeat messages in Chinese fortune cookies. We thank our lucky stars and commiserate with people down on their luck. We even have Lucky Charms cereal and, ironically, Lucky Strike cigarettes.

The Greek Goddess Tyche – perhaps the original “lady luck” – and our sigh of relief “there but for the grace of God go I” acknowledge divine factors in our good fortune, or at least our having avoided a

mistake or experienced some misfortune. Less charitable is French novelist, poet and filmmaker Jean Cocteau’s quip: “We must believe in luck. For how else can we explain the success of those we don’t like?”

Being in the right place at the right time – or in the wrong place at the wrong time – often constitutes a blend of prior decisions and happenstance. Being born within the last 75 years instead of 200 years earlier doubles one’s life expectancy and brings a surfeit of benefits – electricity, indoor plumbing, air conditioning, automobile and jet travel, pharmaceuticals, computers and the Internet. Plus living in the United States (economist Garrett Jones explores this aspect in *Hive Mind: How Your Nation’s IQ Matters So Much More Than Your Own*). Then toss in, for some, being tall, white, physically attractive, and well educated, not all factors under one’s own control.

In 2012, Senator Elizabeth Warren and President Obama got a thumbs up in some quarters for saying “you didn’t build that” to the business community, pointing out that others, including public investments, created foundations which allowed these entrepreneurs, along with personal risk taking and long hours of toil to be sure, to succeed. A cautionary note: taxing heavily the wealth resulting from a large dose of luck may dissuade others from engaging in high-risk, creative activities.

A well-heeled person may credit her success to effort, whereas a less fortunate person may be more inclined to view the rich person’s income to pure luck while attributing her own less favorable circumstances to “the fickle finger of fate.” There is some evidence that those who view their gains as achieved through hard work may feel less generous toward others. Economist Robert Frank’s new book, *Success and Luck: Good Fortune and the Myth of Meritocracy*, albeit heavily laden with political and public policy overtones, explores this mélange.

Nevertheless, during the December holidays and as we make our resolutions for 2017, perhaps some reflection on, and honest assessments of, our own lives will lead us to make some sacrifices – forgoing that four-star hotel, having one less designer beverage a week, not getting a tattoo, skipping the latest electronic upgrade – and be more grateful and generous. It couldn’t hurt. □