Econometric Society

In Memoriam

Paul Samuelson

President of the Econometric Society, 1952

Paul Samuelson died on December 13, 2009, at the age of 94. He was elected a fellow in 1944 and served as the Society's president in 1952.

Paul Samuelson had an astonishing impact on today's economics. In this brief note, I could not begin to describe the many ways in which he altered economic science. I want to mention just two of his works. Paul's Foundations was a landmark book in the development of modern economics. It was so rich and so clear that I went back to it repeatedly for more instruction over the course of my career, as I am sure many others did as well. Naturally, Paul's overlapping generations paper has a special place in my heart, leading me to my paper on the national debt. At the time of Paul's paper, by and large, growth models made use of an aggregate savings function. Of course this includes Ramsey, and Solow and Modigliani's discussion of the national debt. By modeling savings at an individual level, Paul's OLG model opened up another way to examine the impact of various policies on the behavior of the economy over an indefinite future. This is just one of Paul's many papers that opened up areas of research and ways of asking and answering questions.

For additional takes on the highlights of his accomplishments, there are links to a number of obituaries at the MIT department web site: http://econ-www.mit.edu/faculty/samuelson

And there is a webcast of the memorial session for him at the ASSA meetings:
http://www.aeaweb.org/webcasts/open/samuelson_part1/index.html

What I particularly want to draw to your attention is the festschrift written when Paul retired from MIT in 1980, at the age of 65, (Paul Samuelson and Modern Economic Theory, Edited by E. Cary Brown and Robert M. Solow, McGraw Hill, 1983). Paul's enormous impact on economics lent itself to an unusual festschrift – a set of essays that discussed his impact on a range of different fields rather than the common practice of substantive pieces building upon the honoree's work. The list of subjects is extensive and the list of contributors impressive. Paul referred to himself as the "last generalist," a label strongly supported by this volume. His interest in research did not end with his retirement – I expect most of you are aware of his Journal of Economic Perspectives paper of 2004 ("Where Ricardo and Mill Rebut and Confirm arguments of Mainstream Economists Supporting Globalization," 18, 3, 135-146); and there will be two more volumes of his collected papers covering the last 25 years.

Paul received great recognition, both within the profession and outside. One amusing example came when he received the National Medal of Science from President Bill Clinton. The photo of Paul getting the medal, with the ribbon around his head appeared widely in the press and online. The Boston Globe captioned it as Clinton helping Paul "place the medal around his neck." But that was wrong – the ribbon was not long enough to fit easily around his head and so the medal did not go around his neck during the ceremony. When it became clear that it would not go, in a moment Paul seemed to enjoy, the President turned to the audience and said "there's a lot of brains in there." And indeed there were. He did manage to get the ribbon over his head after the ceremony.

I saw just how famous Paul was in the early 60s, when I was an MIT grad student. One evening, I was already seated in the Loeb theater when Paul walked across the front, heading for his seat. He waved to someone already seated. A third of the audience waved back. I remember watching Paul make his way across the lobby at ASSA meetings of long ago. It was a very slow process as person after person stopped him to talk.

Important as he was, Paul put on no airs in the classroom. He made students feel welcomed into this intellectual endeavor, providing a welcome which enhanced the learning experience. His approach to theoretical modeling influenced many students and his introductory text was not only used by millions of students but caused major change in the other texts, used by the other millions. And he sent a strong signal that using economics to enlighten policy was valuable.

In 1966 I became a junior colleague of Paul's. One striking lesson of Paul as colleague was his constant interest in having the department function well. This was more important to him than having his own views be implemented. I remember sitting beside Paul in Fenway Park, sitting in the bleachers in the sun; Paul watching the Sox, and also reading thermodynamics and working on equations in the book's margins, all at the same time.

Recently the global financial crisis greatly exercised him. Paul was very worked up about the misbehavior of Wall Street and the lapses of regulators that let it happen. This is reflected in his remarks from a year ago in a PBS Newshour interview, (aired December 26, 2008), including

- Fiendish Frankenstein monsters of financial engineering had been created, a lot of them at MIT, some of them by people like me.
- You not only can bet with them, but you can leverage to a degree that you don't even know you're leveraging.
- I'm not speaking in favor of killing innovation. I'm speaking in favor of centrist use of the market, which involves necessarily a considerable degree of regulation. Markets by themselves will get themselves inevitably into inequality and into their own destruction. It will happen again and again.
- I'm not sure that all of the fiendish stuff could have been picked up by centrist regulators, but you don't have to be perfect in anything in economic life. If you spent 70 years in economics, you'll understand that.

There is more on this subject, and lots more of interest, in Paul's introductory piece in the 2009 Annual Review of Financial Economics. It seems appropriate as a tribute to Paul to suggest reading what he has recently written.

There will be a memorial for Paul in Kresge auditorium at MIT on Saturday, April 10 at 11:00AM.

Peter Diamond
1991 Econometric Society President