

Paul Samuelson

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Paul Samuelson is one of the greatest economists ever, and was an extraordinary man.

The obituaries spoke of Paul as the Nobel-prize winning economist. But to many, including me as a high school student in then-Southern Rhodesia, "Samuelson" means *Economics*. To read the book is to have a glimpse of the phenomenal mind that wrote it in 1948 – undogmatic, generous, encyclopedic, brilliant, and most remarkably, not inclined to take itself too seriously. He could not prevent himself from being cheerful and witty, even in the most serious of his articles. Rereading some of his articles after he died, I repeatedly found myself bursting into laughter at some turn of phrase or another. His inability to suppress his urge to tell stories surfaced in his Nobel Prize speech: "May I crave your indulgence to digress and tell an anecdote? I do so with some trepidation because when I was invited to give this lecture I was warned by Professor Lundberg that it must be a serious one" – whereupon he launched into at least two stories about John von Neumann. Critics have told me in private conversation that the Samuelson style is off-putting and not deep. Everyone to his or her own tastes – and if you can retain your wit and perspective while dealing with serious topics, so much the better.

In the time remaining, I want to discuss Paul Samuelson's influence on economic policy via the neoclassical synthesis, and his role in the MIT Department of Economics.

James Tobin, one of the economists Samuelson admired most, describes the neoclassical synthesis as Samuelson's greatest contribution to macroeconomics. Essentially the synthesis says that with the aid of skillful fiscal and monetary policy, the economy can be kept close to full employment. In those circumstances, all the neoclassical issues, for example of optimal allocative fiscal policy, remain valid and are useful guides to policy. But every now and then – as at present – the emphasis will have to be on the short run, where the Keynesian analysis comes into its own.

In practice, most policymakers and policy-advisers use the neoclassical synthesis as their basic approach. For much of the time, and for thinking about certain problems, we use neoclassical full-employment optimizing models and results. But in a recession, in our policy advice we are nearly

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all Keynesians – though not simple-minded, fiscal-policy-only Keynesians – even if some find this combination difficult to accept emotionally.

As a policy adviser to President Kennedy and to others, and as a macroeconomic commentator, Paul's views reflected the neoclassical synthesis, a disdain for rules rather than discretion, and an almost shameless eclecticism. This despite his comment on John Stuart Mill: "It is almost fatal to be flexible, eclectic and prolific if you want your name to go down in the history books...." His eclecticism made his policy views less exciting than those of economists with a strong view of the way the world works, but he never sought to be interesting rather than right. He said in 1983, "I am eclectic because experience has shown that Mother Nature is eclectic".

Paul moved to MIT in 1940, and was here for the next 69 years, virtually without a break, except that in recent years he wintered in Florida. He proudly proclaimed that he had never been in Washington for as long as a week. He was above all a scholar. With his coming, and with the later addition of Bob Solow and others, the MIT Department of Economics and its Ph.D. program gradually became recognized as the best or one of the top three in the world.

Paul's role in this success was pivotal but not domineering. His research habits, his devotion to the field, his hard work (though he drew the line at academic administration), the open-door policy for students and fellow faculty, his absolute refusal to use authority instead of reason, his zest for conversation about economics, economists and nearly all else made him a role model for a department where cooperation and friendliness were outstanding.

Although many graduate students have passed through his classes and been profoundly affected by him, there is no Samuelson school of economics, no overarching design for economics that is uniquely his. That is because he treated his students as fellow economists, rather than as future disciples. He was easy to talk to; he reasoned with you; he did not talk down to you. Nor did he talk down to the profession. When I taught at MIT I would often receive a note from him, accompanying a paper from an unknown or lightly regarded economist, saying something like "I think he has a point on page 23". This would often be followed by a visit to his office for further discussion, and resolution.

Although there is no Samuelson school of economics, if you would seek his memorial, look around you – for here today are many outstanding economists, leaders in their fields, whose lives have been profoundly affected by Paul Samuelson and the department that he and Bob Solow and others built, and who are here to express their gratitude and their affection and their respect.

Rhoda and I know how privileged we are to have known Paul. A meeting with him was a pleasure; the conversation at dinners with him and Risha

was exhilarating; we corresponded regularly, and his letters never failed to stimulate, educate, and amuse; from time to time we spoke on the telephone, and the conversations enlivened my day, however pressing was the business or crisis at hand.

It is reputed that Paul Samuelson wrote in the visitors' book after a dinner at the Modigliani's, "Franco, when I'm gone, you'll be sorry you never heard me speak". Nonetheless I give the penultimate words to Franco, who after the speeches at the 1983 party at which Samuelson was presented with the Cary Brown-Bob Solow edited *festschrift*, walked over to the seated Samuelson, wagged his finger at him, and said in a seemingly critical way, "You", and with another wag of the finger, "You have enriched our lives".

That he did, and for that and for much more, we honor and celebrate the life of Paul Samuelson.