Introduction

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While the topic of this book is ostensibly the reflections of leading economists, a thorough reading will convince you that this book is fundamentally a fascinating record of prodigious achievement and lives well lived, even in the face of devastating odds. The essays in this book reveal the degree to which events and experiences during the lives of our authors – all luminaries in economics – molded their career paths, worldviews, and philosophies.¹

To employ a metaphor, this book is a veritable journey into some of the finest minds of the twentieth century, all of which are in the possession of individuals that we classify as ‘economists.’ During the course of reading this book, you will soar across the globe, across time (or at least the past 100 years or so), and across the very foundations of modern economic theory, ideas, applications and thoughts.

The insights provided in these essays are priceless, not only in the domain of economics but also from many other angles. You will explore economic ideas, lessons learnt after years of experience, political and religious convictions, lineage, influences, geography, thoughts on war and peace, and career paths. All of these topics are explored in the context of the history of the world, of the United States, and of economics over the past century. We only have a limited amount of space in this introduction; hence, we can do little more than whet your appetite for the delights that await you. But we are sure you will be motivated to open the portals and explore the minds of these leading economists more closely as they describe their life experiences in their own words.

Our essayists trade in ideas. Consider Barbara Bergmann, who applied microsimulation to macroeconomic methods, was touched by discrimination against African Americans and women, and wrote several books about race and gender, or Bela Balassa, who attached great value to personal freedoms and advocated economic liberalization. Carolyn Shaw Bell describes discovering that the ‘typical family’ is actually in the minority. Sir Alan Walters ponders the secrets of statistics for policy aims. Harry Markowitz uses Hume’s ideas as exemplar in portfolio theory. E. Malinvaud discusses the

appeal of economics as a normative science, challenging the positive viewpoint. Victor Fuchs explains why economists should recognize the role of integrative systems beyond the market and government, while G.C. Harcourt relates the political economy to politics and religion. And this is the tip of the iceberg!

Are you interested in exploring our essayists' lineage to attempt to resolve conclusively whether it was nature or nurture that led to their successes? If so, you can travel back in time to 1905 and observe the participation of Martin Bronfenbrenner's father in the seizure of Odessa by the revolting sailors of the Black Sea Fleet, or see Everett Hagen's Norwegian parents meet on an immigrant ship steaming towards the United States. Of course, we cannot ignore Schumpeter's accidental role in the marriage of Irma Adelman's parents.² And did you know that Graciela Chichilnisky's father was Eva Peron's physician when Peron died?

Is geography your pastime? Our native-born American essayists are diverse, ranging from Mark Perlman, born in Wisconsin, to F.M. Scherer, born in Ottawa, Illinois. But our contributors also include Mark Blaug, who attended Stuyvesant High School in New York City, and Julian Simon, whose first clear memory is downstairs in Grandma Simon's old-fashioned hardware store in Newark, New Jersey – and who can still recall a character named 'Bupkiss' Barnhart? We also follow Walter Oi, who was legally blind, as he leaves UCLA and travels on the Union Pacific bound for the University of Chicago, accompanied by his brother. And while many of our essayists were born in the United States, many were not. For example, Graciela Chichilnisky was born in Buenos Aires; E. Malinvaud in Limoges, France; G.C. Harcourt in Melbourne, Australia; and Kurt Rothschild in Vienna between the world wars (and between the Freudians and the Adlerians). Irma Adelman was born in Cernowitz, Romania, while Bela Balassa was born in Budapest. Hirofumi Uzawa was born in Yonago, in Tottori Prefecture, in the region known in Japan as the 'Region in the Shadow of the Mountains,' while Sir Alan Walters, who later advised Margaret Thatcher, was born in a Leicester slum.

Do issues of war and peace engage your mind? If so, consider that Richard Easterlin was a deck officer on a US Navy cruiser, while Julian Simon was a deck officer aboard a destroyer. Eli Ginzberg did a four-year stint in the Pentagon; Mark Perlman fought in the US Army; Victor Fuchs enlisted in the Army Air Corps; Roger Garrison took a commission in the Air Force during the Vietnam era; and Sir Alan Walters volunteered for the British Army at age 17. F.M. Scherer's experience is particularly engaging: he describes himself as a 'thoughtful peacenik,' and notes that he attended Counter-Intelligence Corps school after basic training, participated in the Harvard Business School's Weapons Acquisition Research Project following the 1957 launch of the

Sputnik, and vigorously disagreed with John F. Kennedy's 'missile gap' arguments, relegating himself to a pariah status in Pentagon circles.

Are you still unsure what you want to be when you grow up? You'll be relieved to learn that many of our essayists shared your problem. An overwhelming majority of our essayists describe events beyond their control or expectations that led them to economics. Allan Meltzer writes of a generation that was attracted to economics as a discipline that can be used to improve welfare, and perceives economics as a policy science, not a branch of applied mathematics. Everett Hagen suggests that one chooses to study economics, as opposed to other fields that study the 'human animal and his society,' because one has a 'guarded interest' in humans. Geoffrey Moore originally planned to work in the field of poultry husbandry before switching to agricultural economics. Eli Ginzberg, who served every president from Roosevelt to Reagan, explains why he was lucky there was no competent course in microeconomics during his studies. F.M. Scherer, a future chief economist of the FTC, was initially rejected by Harvard Business School, while Julian Simon explains how he achieved a grade of 'A' in philosophy at Harvard College. And Mark Perlman describes difficulties fitting into the *Genossenschaft* at Cornell through failing the 'level of mediocrity test.'

Are you a history buff? The field of economics is thoroughly intertwined with events in history. So too are the lives of our economists, as the ivory tower offers no protection from the changing tides of history. You will learn how a *coup d'état* in Argentina led Graciela Chichilnisky to study at MIT, and why career choices meant little to Kurt Rothschild after Hitler invaded Austria. You will discover that following the Holocaust in Europe, Irma Adelman fought in Israel's war of independence, and also spent time in Vietnam during the events of 1963. You will learn that 26 February 1936 was an important date for Hirofumi Uzawa: on that date, a group of rebellious young army officers headquartered next to his middle school attacked the official residence of the Japanese prime minister, the Diet, and other strategic locations (they were later crushed). Martin Bronfenbrenner, who witnessed the post-World War II economic miracle of Japan many years later, describes being investigated during the period of McCarthyism, while Mark Blaug reveals how his encounter with McCarthyism strengthened the case against socialism. For Bela Balassa, the memorable date was 23 October 1956. Balassa participated in the Hungarian Revolution and was a member of a committee that took over the Ministry of Construction; when the Soviets regained Budapest, Budapest lost Balassa, who eventually arrived at Yale.

On the topic of history, have you ever wondered how technology was diffused in economics in the twentieth century? Then you must read how Walter Oi used Frieden calculators to invert a matrix using the Doolittle method, and how Allan Meltzer ran regressions on a (rented) calculator. Irma

Adelman describes programming in machine language before the days of FORTRAN. In his essay, Harry Markowitz describes how he toiled to develop a programming language – designated SIMSCRIPT – in order to simulate economic models. Also, Roger Garrison explains how he wrote a program in BASIC to solve the ‘Knight’s Tour of the Board’ problem. These programming attempts are representative of the way algorithmic thinking has slipped into economics over time.

Are you interested in cross-fertilization from other sciences? Graciela Chichilnisky chose mathematics in order to understand social issues. To Chichilnisky, ‘mathematics seemed clearer and easier’ than philosophy and sociology, and could ‘be applied to resolve social problems.’ Ronald G. Ehrenberg came to economics from mathematics and physics. This was an easy transition for him as he thought math and physics were hard, and economics allowed him to apply his training in calculus.

Finally, our essays are rich with life and economics lessons that our economists acquired through decades of experience. Some brief examples: Richard Easterlin touches on the values of the economics profession. Graciela Chichilnisky shares her experience as to how women can survive and thrive in academia. Allan Meltzer shows how to motivate major policy changes. Mark Perlman provides practical guidance as to what an economics department should be, as well as how to create an academic journal. F.M. Scherer explains why he believes that one requires all three of the techniques that Schumpeter uses to distinguish a ‘scientific’ economist – history, statistics and theory. Edward Gramlich compares the state of the field of policy economics today to its state in the 1960s. Sir Alan Walters describes how he received more from his fellow students than from faculty. Martin Bronfenbrenner relays what he ‘needed and acquired’ at Chicago and Minnesota. Geoffrey Moore provides fascinating insight into the principles and practices at the National Bureau of Economic Research (NBER). Carolyn Shaw Bell reveals political arguments that make her cringe, and also provides an enlightening discussion of the responsibility economists have to the general public. Barbara Bergmann used economics to create a more humane world. Victor Fuchs, influenced by his family and great teachers (von Mises, Burns, Bergson, Stigler and Becker), has great ‘Respect for tradition combined with rejection of dogma.’

Why read these reflections of leading economists? Of what possible benefit are life histories, and even philosophies, to an aspiring economist? Our preliminary response is that even a purist will find this book interesting as a narrative of the history of economics. This book sets examples from great achievers for the generality of economic students to learn from, but not necessarily to imitate or follow. As Cardozo wrote, ‘Often a liberal antidote of experience supplies a sovereign cure for a paralyzing abstraction built upon a theory.’³ In our opinion, the most efficient mechanism through which a novice

can bootstrap experience is through reading the experiences of others. This volume of essays is rich in descriptions of life experiences.

Additionally, we hope that these essays provide a lesson to our young (and not so young) readers on the usefulness of reflection, the importance of which has been deliberated extensively before. From the Physiocratic School to modern essays in academic journals, reflections on economics have been continuous.⁴ Let's briefly review the Aristotelian and Kantian perspectives.⁵

From an Aristotelian point of view, reflection enables the economist to grasp things that are far removed from the senses. Through reflection, an economist is able to make universal judgments, adding wisdom to the discipline. Of course, to obtain well-formed Aristotelian arguments, we should not have doubts about our premises. One can postulate self-evident truths with these reflections where the readers will want to have a conversation with the authors.⁶ From a Kantian point of view, reflection is a state of mind. As economists, we always compare states; indeed students are taught comparative static analysis at an early stage. How can students compare equilibria? According to Kant, all judgments and all comparisons cannot proceed without reflections. Reflections are of two types – logical and transcendental. Logical reflection is a mere comparison, for example the intersection of the demand and supply curves. Mostly, it is a mechanical exercise where students solve for price and quantity in terms of slope and intercept parameters. Even mathematical software can achieve this in a logical manner.

Kant proceeds from the logical to the transcendental reflection. He introduced four dualisms – appearances vs reality, intuitions vs concepts, *a priori* vs empirical, and inner vs outer. Through this dualism, we attain concepts in our mind. Reality is represented as appearances and understanding. Assume that objects affect our mind and produce sensations. When we think about objects, through these representations, we attain an understanding that objects are thoughts, and we are concepts. When we pay attention to the relationships of these concepts, we are reflecting transcendently. The word 'transcendence' suggests that we are bridging from pure reasoning.⁷

Some of our essayists identify the lenses through which they reflect – be they scientific, religious, or metaphysical. Others explain how they wrestle with ideas, and how they decide that some are worthy of further development, while others are not. The authors invite us to share their experiences to allow us to learn from their few failures and to build on their many successes. Artie Shaw, the great clarinetist, who was at home with both jazz and classical music, had this to say:

Maybe twice in my life I reached what I wanted to. (In the piece of music 'These Foolish Things') at the end, the band stops and I play a little cadenza. That cadenza

– no one can do it better. Let's say it is five bars. That's a very good thing to have done in a lifetime. An artist should be judged by his best, just as an athlete is. Pick out one or two best things and say, 'That's what he did: all the rest was rehearsal.'

The enjoyment we continue to receive from these essays is considerable and continuing. We hope you experience similar satisfaction as you embark on your journey.

NOTES

1. Indeed, one observation that will be evident as you read this book is that regardless of the years that our essayists have attained, their ideas and attitudes remain youthful. This recalls the anecdote of a Hasidic Rabbi – in Yiddish, a *Rebbe* – surrounded by thousands of disciples whose sexton failed to procure the necessary wine required for a religious ritual. Panic ensued, until the *Rebbe* rose and declared: 'I know a youth who can obtain the wine from a nearby town!' and retired to his private quarters, ostensibly to make the necessary arrangements. After several hours, the *Rebbe* reappeared with the required wine. The disciples whispered busily among each other: 'Who is this youth that saved the day?' Finally, one disciple boldly inquired: '*Rebbe*, we see the wine, but who is the youth?' The *Rebbe* beamed and answered: 'I am the youth.' In the words of Aldous Huxley, 'The secret of genius is to carry the spirit of the child into old age.' The author of the Foreword to this book, Nobel laureate Kenneth Arrow, also possesses this quality. At a June 2000 Conference on Biblical Economics in Jerusalem, Michael Szenberg observed how Kenneth Arrow arrived first to every session, sat in the front row, and remained engaged in the seminars throughout.
2. Not to be confused with F.M. Scherer's self-description as 'an accidental Schumpeterian.'
3. *Paradoxes of Legal Science* 1928,125.
4. Reflection is distinct from perception. Reflection is the connection of an object with its name, genus, quality, action and other entities, while perception is knowledge other than reflection. These two concepts are not easy to separate. In everyday life, reflection can be organized around forces that are natural, intuitive and rational. We can distinguish between the theoretical and empirical, universal and particular, mind and thought, and intentions.
5. Of the major reflective modes, the natural method can be traced to Aristotle. Aristotle might apply natural reasoning in economics as follows: If the individual is a natural unit of economics investigation, the family, which is a grouping of individuals, will be the next important unit, and so on until we reach society. Aristotle holds that the mind takes its content from nature as well. On the physical side, he holds that things once disturbed tend to return to their original place. David Hume advanced the study of the content of the human mind. The mind can be compared to a receiver that accepts impressions. Ideas are formed in the mind through faint association of impressions. Adam Smith was impressed by Hume's idea of the self-interested person. But when Hume put two self-interested people in a marketplace, he expected conflicts, not harmonious resolution. Impressed with Newton's Law of Gravity, Smith wanted to replicate something like that for the social sciences. His mind came up with the idea of a spectator, a concept that extols the idea of self-interest, and integrates it with the market system.
6. Aristotle gave us premises to back up our arguments. He did not instruct us to build certainty into the premises. Descartes improved on Aristotle by introducing some rationality into the premises by his famous statement *cogito ergo sum* (I think therefore I am). Since the denier exists, it is impossible to deny his existence. Kant offered the synthetic *a priori*, which introduced facts into our premises.
7. Austrian economics is also peppered with Kantian ideas. It traces all economic causes to the action axiom (AA). The Austrians pay special attention to *Gedankenexperiment*, or mental experiment in economics through the *ceteris paribus* assumption. They hold things constant

to enable comparative analysis, which would not be possible otherwise, as the economist, unlike the physical scientist, does not have a laboratory. While this methodology is not quantitative, it does predict direction of change, not magnitude or percentage of change. For Austrian economists, the term 'predict' is synonymous with 'explain' but not 'forecast.' For example, if demand increases, prices will go up, *ceteris paribus*, but we cannot forecast what quantity the producers will offer in the future.