

In Memoriam

ARTHUR M. OKUN

November 28, 1928–March 23, 1980

WASHINGTON, D.C.

THE BROOKINGS INSTITUTION

MCMLXXX

"A thinker of natural integrity and inexhaustible curiosity"



Copyright 1980 by the Brookings Institution
1775 Massachusetts Avenue, N.W., Washington, D.C. 20036

Photo by Joe Heiberger, The Washington Post.

Paul A. Samuelson's column copyright 1980 by Newsweek, Inc.
All rights reserved. Reprinted by permission.

Washington Post editorial copyright 1980 by The Washington Post.
Reprinted by permission.

New York Times editorial copyright 1980 by The New York Times Company.
Reprinted by permission.

The tributes in memory of Arthur M. Okun presented in this booklet were delivered at a funeral service at Temple Sinai in Washington, D.C., on March 25 and at a memorial service at the Brookings Institution on March 28, 1980. They are followed by a selection of statements from friends and newspaper commentary.

Temple Sinai

MARCH 25, 1980

James Tobin

For a long time it has been hard for me to talk about Art Okun without bragging, and today it is hard for me to talk about him without crying. Those are usually the feelings of a father for a son, of an older brother for a younger, of a teacher for his prize protégé. Those were not, of course, my relationships to Art, even figuratively. From the beginning I learned more than I taught and received as wise counsel as I gave. Yet I may be excused for taking a mentor's pride in Art's achievements and their ever wider recognition, and excused also for my special grief today.

Our close friendship spans nearly three decades, beginning in 1952 when Art and Sue came from New York to New Haven, together with an incomplete Columbia dissertation. Lloyd Reynolds, our chairman, needed bodies, instructors for sections of introductory economics. No chairman ever had a better day of recruiting. It didn't take long to see through the shyness and insecurity of my new young colleague. We had a lot in common, above all the care and feeding of growing families, each eventually blessed with three boys. Art's priorities were always straight—I haven't known a more devoted, proud, and occasionally anxious husband and father. Then came economics. For the next dozen years, in New Haven and in Washington, Art Okun and I worked together, argued together, taught together, wrote together, laughed together. We shared coffees and lunches, puzzles and solutions, triumphs and defeats.

Art's office—with the door always open—was the place for colleagues and students to go to get things straight, confusions dis-

pelled, errors corrected, questions sensibly posed, models repaired. A thinker of natural integrity and inexhaustible curiosity, he pursued matters in depth, unsatisfied until logic was tight and facts fell into place.

When I came to Washington in 1961 with Walter Heller, Kermit Gordon, and other explorers of the New Frontier, I had a secret weapon back in New Haven, Art Okun, then not fully appreciated beyond Yale. We called him on the phone; we called him down to Washington. Lyndon Johnson and Kermit Gordon saw to it that Yale never really got him back.

It has been too many years since Art's office was only a few steps from mine. But we certainly kept contact. Only last week I promised myself I would soon phone Art to discuss a problem that was puzzling me. Alas.

We all know that Art was a great economist, unerring in his intuition and his perception of the core of a problem or the essence of an argument; that his unique chemistry compounded theory, insight, and hard-won fact into miracles of revelation; that his expositions, even of difficult material, were models of clarity, grace, humor, and style; that in the architecture and practice of economic policy he was simultaneously innovative and prudent. He was a superb editor, who together with George Perry made *Brookings Papers on Economic Activity* the most admired of economic journals. Both as scholar and as policymaker Art was not only a realist but a humanist, unwavering in his conviction that economics and its application could and should improve the welfare of actual human beings, mainly those who start the competitive race far behind.

You know all that. One thing I can add from Art's university career is that he was a marvelous and generous teacher. His theory course for honors undergraduates, his graduate course in what we called in those days aggregative economics, the demanding seminar he as director of our introductory course ran for the graduate students and young instructors who taught its many sections, the individualized reading and research supervisions he undertook on demand—all these were inspirations still gratefully remembered by his students. Patient and considerate in classroom and out, he

always could find and foster some kernel of merit in even the most unpromising question or comment. The same quality, I know, has both encouraged and instructed contributors to *Brookings Papers*, old as well as young.

As an academic, Art steadfastly—and, I always thought, admirably—refused to be drawn into “publish or perish” competition for advancement. He would be himself, follow his own interests in research wherever they led, write when he felt he had something to say. The university, the profession, could value him as he was, being himself, or not. Well, he was valued for himself, and the words poured into print, too.

At Yale, in the Economics Department and the Cowles Foundation, and later at the Council of Economic Advisers and at Brookings, Art was a loyal citizen, constructive critic, active leader, one of those few who hold an institution together and make it work. So he was for the United States.

Art himself was very conscious of the irony, caprice, and inequity of chance and fate in the lives of societies and men. Maybe he could do what I cannot, find some meaningful consolation for the loss of a gentle man who had so much still to give to his family, his friends, his profession, his country, his world.

Joseph A. Pechman

Eleven years ago Kermit Gordon persuaded Arthur Okun to stop off at Brookings before making a permanent decision about his career. Kermit was confident that Art would find Brookings attractive and, as usual, his intuition was right. Art never left Brookings after he settled in.

During these eleven years, Art was a model Brookings staff member. His research was always concerned with important policy issues. He tackled those issues with the most advanced analytical techniques. And he wrote beautifully, so that the results of his research were understood by opinion leaders and the public at large, as well as by his fellow economists.

Art's major preoccupation as an economist was to devise methods of achieving economic growth with price stability. Early in his career he observed that the economy grew by 3 percentage points when the unemployment rate was reduced by 1 percentage point. This relationship, now known as Okun's Law, held for many years, and many scholars are trying to explain why it isn't working today. In the last two years, Art was grappling with the problem of stagflation, which—he felt—would undermine the U.S. economy unless brought under control. The manuscript he left will be studied by students and policymakers alike for many years to come. Brookings expects to publish it as soon as possible.

Art's ability as a phrase maker greatly added to his effectiveness as a policy analyst. His speeches and congressional testimony were lucid and often contained artful figures of speech. Among others, he invented the terms:

- the discomfort index—the sum of the unemployment rate and the inflation rate;
- the leaky bucket—the loss in economic efficiency accompanying programs to help low-income people;
- the invisible handshake—the implicit contract between employers and workers, which is an important element in the wage-price spiral; and, most recently,
- expensive easy money—a condition in which credit is plentiful at the same time that interest rates are high.

Art Okun was a compassionate as well as a technical economist. His essay, *Equality and Efficiency* (which has sold 65,000 copies and is still going strong), is concerned with the trade-off between the goals of greater equality and economic efficiency. He recognized that the pursuit of too much equality can generate unacceptable efficiency losses, but he also believed that methods can be devised to achieve social betterment without sacrificing too much economic efficiency.

Above all, Art Okun was a superlative human being. He was loved and admired by everybody who worked with him. He spent countless hours helping others in their research and writing. He was always available to the press for explanation and comment on the day's economic events. Many economists with whom he disagreed were his close friends, simply because they knew he was eager to understand and discuss their point of view. Politicians, labor leaders, and businessmen sought his advice, which was always forthright and objective. He was rarely able to say no, so he was always overcommitted and overworked.

These qualities are urgently needed in these difficult times. Arthur Okun had all of them; he will be sorely missed by his family, his colleagues, his friends, and the nation as a whole.

George L. Perry

Art Okun was a superb professional economist. As a scholar, he made lasting contributions to knowledge in many areas of macroeconomics and in analyzing the choices that confront a society. He was also the most astute and effective political economist of our time. In working tirelessly for the public good, he was a lesson in character and integrity.

Art was unsurpassed in seeing through complex problems and then making them clear. This made him a great natural teacher; he taught presidents and senators and congressmen when he responded to their requests for advice and comment; he taught his profession through his scholarly work. His death is a great loss, both to economics and to the country.

But my own sense of loss barely begins there. For the past ten years, Art's office was next to mine. And that made my job the best job in the world. It is hard to realize that he won't be dropping in any more, and that I can't drop in on him.

Art was the best colleague anyone could have, and he gave the rest of us at Brookings a very special kind of lift. His humor, wisdom, and genuine goodness as a person made him wonderful to have around. When he sat down at the lunch table, the conversation became livelier and the discussion richer. While he may have been smarter than the rest of us and may have been right more than the rest of us, he never made us feel that way. He had a rare gift. One felt brighter and better after having been with him.

It is not nearly enough to say we will miss him. I loved Art Okun. Many people did. It hurts so much to know he's gone. But I feel very lucky to have had him as part of my life.

Hobart Rowen

Art Okun was my friend. And I was a friend of his. Newspapermen, as you know, are not supposed to get too close to their sources—and of course Art, with his skill as a communicator in terms that the public could understand, was a great, reliable, and engaging source of economic advice and commentary for a host of newsmen in town, including me. But if objectivity was threatened (I don't think it was), if the rule was broken, I have no regrets.

But I do not come before you at this sad moment for all of us to talk about the professional relationship that Art Okun and I enjoyed. Nor do I come here to discuss Art as one of the creative economic thinkers of his time. You have heard adequate testament of that from Jim Tobin, Joe Pechman, and George Perry.

I want to speak of Art Okun as a great human being. I want to talk of his gentility and wit, his warmth and modesty, his self-effacing nature against a background of superb achievement. He had extraordinary talent, but beyond that a grace, simplicity, and humanity.

There wasn't a phony inch to this big man.

In the nineteen years I have known him, extending back to his days on the staff of the Council of Economic Advisers in 1961, and more recently at Brookings, I never heard him say a single unkind word about another person—although there were times when I thought he had the right to do so.

He had a deep, close, and loving relationship with his wife—expressive and natural and a joy for their friends to behold. He had a consuming devotion to their three sons. I remember a time in 1967 when the White House Correspondents' Association had its

annual banquet for the president. As you know, that is a mob scene where hundreds of exhibitionists go to see and be seen by the great and the near great. It's fun, of course, and we all from time to time succumb to the lure.

But on that occasion Art passed up the dinner invitation in order to root for his son, Lewis, who was competing in a spelling bee at a local junior high school.

That wasn't so unusual for the Okuns. In a town that puts a premium on social climbing and cocktail parties, Art and Sue stuck to some of the old-time virtues. Art got by on sheer ability. At the Council (when the boys were younger) he worked late—and sometimes Sue would pack dinner in a basket, gather the kids, and take off for the Executive Office Building so they could spend some time together. If Art was a workaholic, he was a workaholic with a difference.

There was a lot more to Art Okun than his academic concentration. He was an avid sports fan and was enthusiastic about every win of the Washington Redskins, the Bullets—and in a better and earlier era, the old Washington Senators. He could cite Joe Theismann's passing average as accurately as the discomfort index he devised for the economy.

He loved to talk—about anything and everything. And when we disagreed, or when I had an occasional barb for him in print, his most harsh observation might be—in that slightly incredulous tone of his—“Aw, come on!” He wasn't thin-skinned: he had too much class and self-confidence for that.

So I mourn for a friend—a friend from whom I learned much, much that will stay with me always.

Dear Art, as Juanita Kreps once referred to him, Dear Art, we will miss you sorely.

The Brookings Institution

MARCH 28, 1980

Joseph A. Pechman

We are assembled to pay tribute to our friend, Arthur Okun, who died suddenly on March 23, 1980.

Art was a brilliant economist, a gifted writer, a patient teacher, and above all, a superb human being. Despite his brilliance and accomplishments, he was a truly modest and humble person. He could have been an ivory tower economist, but he turned to applied economics in order to use his expert knowledge and sharp powers of analysis to help improve economic welfare for everybody. We are here today to express our love and affection for Art and to share our memories of him.

Arthur Okun was born in New Jersey, went to Columbia University for his undergraduate and graduate work, and received his doctorate in economics in 1956. He was a brilliant scholar from the beginning. He was elected to Phi Beta Kappa in his junior year and received the Kasher E. Green prize for the highest scholastic average in his college class. He was the Godkin lecturer at Harvard University in 1974 and received the 1979 Frank E. Seidman distinguished award in political economy. He reached the rank of full professor at age thirty-five. He is the author of numerous articles and several books; his last book is in press as a Brookings publication.

He taught at Yale University during the 1950s and came to Washington with Jim Tobin in 1961 when Tobin was asked by Walter Heller to join Kermit Gordon on that memorable Council of Economic Advisers. Art returned to Yale in 1963, but was called back to Washington by Gardner Ackley to become a member of

the Council in late 1964. He was appointed chairman of the Council in February 1968 and came to Brookings in January 1969, where he later said "I enjoy life as a member of the kibitzer's club. . . . an ex-government official who stays in Washington is like a retired football player who turns to sportscasting. There are two great advantages in the shift in roles: you do not get hurt and you get a better view of the game."

Art's intellectual prowess was truly amazing. He had a steel-trap mind, a powerful pen, and a keen wit. He was one of the best forecasters Washington has ever seen, but he did his forecasting on the back of an envelope rather than with the assistance of a large-scale computer, as others do today. He was a walking encyclopedia of economic history. Whenever a startling statistic appeared, he was able to pinpoint exactly how far back that number had previously been reached or exceeded. If rapid arithmetic were a sport, he would surely have been on the U.S. Olympic team.

I always knew Art was in the big leagues, and this was confirmed in 1970 by a mutual friend who was then the president of one of the local banks. That was the year when Art and Sue were seeking a loan to buy their house on Ellicott Street, and money was extremely tight. Art was too reticent to approach a friend for a loan, so I volunteered to make the call. When I told our friend about Art's problem, he assured me that he would be able to arrange a loan. I thanked him, and he said: "No need to thank me. What we did for Vince Lombardi, we surely can do for Art Okun!" Art, who was an avid sports fan, thought that was one of the finest compliments he had ever been paid.

Art loved economics and never tired of talking about it. His appearance at the luncheon table in the Brookings cafeteria immediately generated a seminar in economics, the topics ranging from questions of economic theory to an analysis of the latest wrinkle in the unemployment rate. Who will forget Art holding forth on economics at a social occasion with a circle of friends consisting of George Jaszi, George Perry, Alice Rivlin, Charlie Schultze, and others? Or Art and Willie Fellner huddling in a corner, animatedly discussing something they must have discussed many times before?

When asked why he spent so much time talking economics with economists, Art would reply with that disarming grin of his and slight shrug of the shoulders: "I like economics, and I like economists."

Art's ability to write was a gift most of us envied. He once remarked that, while on the Council of Economic Advisers, he had never written anything he had signed or signed anything he had written. Here at Brookings he wrote for himself and turned out reams of beautiful prose at a fantastic rate.

The hallmark of an Arthur Okun speech or prepared testimony was the analogy that captured for a lay audience the essence of the point he was making. A country undergoing inflation, he said, was like "a fat lady munching candy . . . the more she overindulges, the more serious the risks become." This statement unleashed the largest volume of hate-mail Art ever received. One woman wrote: "We fat ladies have enough troubles without *you*."

Art believed in truth-in-packaging, so he always acknowledged the source of his inspiration. In a recent bit of testimony he was explaining that managing incomes policies is not easy and that, as conditions change, the policies are "reshaped and reinstated. . . . P. T. Barnum once noted that keeping a lamb in a cage with a lion requires a large reserve supply of lambs. Similarly, society may need a reserve supply of incomes policies."

He used the working title, "Prices and Quantities: A Macroeconomic Analysis," for the book he was writing when he died. I tried to persuade him to entitle the book "Causes and Cures of Stagflation," which is what the book is all about. But he resisted on the ground that he didn't want to give anybody the impression that the book will be easy reading. Needless to say, the book will be published with the title he chose.

In *The Political Economy of Prosperity*, Art explained why it is difficult to be a successful political economist and, by implication, why he became one. He wrote: "To convey the professional view effectively requires the talents of a missionary, an outstanding pedagogue, and a supersalesman; it also takes skillful and sympathetic understanding of opposition views and, especially, of non-

economic considerations in policy choices. . . . the political economist will find that much of the exploration on the frontiers of economic knowledge is irrelevant to his task of providing ammunition for the battles waged in a political arena. And so political economy has to be a separate and distinct activity in the profession. It is not science, but it is a source of potential benefit to the nation.”

There are few people like Art who have both the qualifications and the interest to practice the art of political economy. It will be immeasurably more difficult to solve our economic problems without Art’s help.

George L. Perry

I would like to take these few minutes to say a little about my many happy years of working with Art Okun, and especially our time together running the Brookings panel. As good as Art was at everything he did in economics, I think he was at his very best as a *Brookings Papers* editor.

My first contact with him offers one more example of his legendary skills as a teacher. That was back in 1961 when I came to the staff of the Council of Economic Advisers as a freshly minted Ph.D. and Art was holding down the key staff job of GNP analysis and forecasting. When the stock market started to collapse, Walter Heller put me in charge of monitoring financial markets and drafting memos for the president.

The crash of '62 was fun. But the most interesting part of my day was commuting back and forth to work. As it happened, Jean and I had rented a house only a few blocks from where Sue and Art were living. When I learned that this senior staff member lived so near me, I hitched a ride home a few times and soon was commuting with Art regularly. Of course we talked shop on the way. He told me about the revolutionary wage-price guideposts, accelerated depreciation, fiscal policy, monetary policy, business investment, inventory accumulation, housing starts, unemployment, and all the underpinnings of a new thing called Okun's Law. And I told him what the Dow-Jones had done each day.

The point of all this comes when Art left to go back to Yale that summer. In one of the great unrecognized tributes to Art as a teacher, Walter Heller decided that if he couldn't keep Art on the

job, the next best thing was to keep the young guy who had been talking to him in the car everyday. And I am not being modest. Those were the days before computer models, and you had to have it all in your head. Those rides and a Ph.D. were my only qualifications. And thanks to the rides, they turned out to be enough.

In the following years I went to teach at Minnesota and Art came back to Washington as the youngest member ever of the Council. We worked together for a few days every year when he invited me to come down as a consultant on the annual report. Then when we both came to Brookings in 1969, we dreamed up the Brookings Panel on Economic Activity. We had no fixed time horizon when we started. But we thought it would be useful and fun, and we would just see how it went. To use one of Art's graphic phrases, we went into it as an affair not a marriage, and did not predict back then that we would be having a special tenth anniversary meeting this spring.

We received wonderful support from the profession and especially the senior advisers and panel members that worked with us. But what really kept it from going stale was that it was such a good partnership. For ten years there was really never one sour note. On Art's part, that is a monumental testimony to his tolerance and good nature. On my part, it was easy. For you cannot imagine a better partner.

We shared all the planning, recruiting, and logistics and both read all the early drafts, talked them over and got back to our authors. After meetings, we split the papers fifty-fifty and each tried not to give the other more than half the work because we both had plenty to do. But some partners cheat, and Art did. Anytime we were in trouble, it was hard to keep him from doing more than half the work.

The real story of Art and *Brookings Papers* should be told by some of our authors. We always looked for the best people that we could find to do the kind of relevant economics for which the Brookings panel was created. And I think we succeeded. But they were a tough group to ride herd over—bright and strong-minded scholars who had not succumbed to direction and criticism since

getting their dissertations past a committee. Art and I quickly got to know their quirks and enjoyed predicting where the smooth and rough sailings would come. One of our all-time favorite authors could provide persuasive evidence of just how the part of the economy he was analyzing worked. The problem was he would do it again the following year, but with a new model that gave different, if equally persuasive, results. It was as if the young Einstein offered a strong case that $E = mc^4$; the following year he showed that $E = \log mc$; and the year after that he wrote with some conviction that $m = cE$ plus a serially correlated residual that depended on the money supply. Our job was to keep nudging him toward the truth. And I like to think that we kept pushing toward something like $E = mc^2$. With Art on my side, I have some confidence that we did.

Art's notes in the margins of early drafts were often a revelation, exposing connections in the data that the author himself had not seen or suggesting a fruitful line through a paper that lacked direction. He was simply brilliant as a constructive critic. And he was unstinting in his willingness to help.

Much the hardest part of working with the authors came when we could not get them to see what we thought was wrong or needed improving, and they could not explain to us how their approach was right. To these discussions, Art brought not only his superb abilities as an economist but a character and personality that could not arouse anyone's anger. He could spend hours arguing with an author and somehow keep it all upbeat and encouraging. It is quite amazing that so many long and stubborn arguments ended up with so few hard feelings about the process and so much good feeling about the end result.

Art and I always thought the ideal article for *Brookings Papers* combined sound theory, new empirical insight, realism, and relevance. Obviously Art himself was the ideal author. Although he did write for the journal, he contributed much more by helping others. Many younger members of the profession would acknowledge a great debt to Art for steering them toward realism and relevance and for making their knowledge of economic theory come alive.

One of these days I must begin thinking about the future of the Brookings panel. I can never replace Art, and to come even close I would have to expand the partnership to a corporation of five or six persons. I would need one outstanding theorist; one first-rate statistician; one excellent numbers man; one gifted business economist; one all-rounder with wisdom, sound instincts, and editorial skill; and most of all, one very dear friend.

Walter W. Heller

Eulogies often debase the currency we know as language, especially the language of superlatives. But the remarkable thing about Arthur Okun is that he not only evokes superlatives, but that they gain, not lose, content in their application to him.

Here, in the presence of some of the country's most influential and creative economists, no one will either resent it or refute it if I say, as I believe, that Arthur Okun was the most inventive, most innovative, most effective policy economist of our time. Okun's Law, the discomfort index, carrot-TIPped incomes policies, tax-cutting inflation remedies—that fertile mind and busy pen just never stopped producing.

And when one thing wouldn't work or wouldn't wash politically, Art was always ready with another “why not the second-best?”—not the worst slogan in Washington, this citadel of second-best.

As that suggests, Arthur was one of the truly wise men of Washington economics. But when he let Jim Tobin persuade him to join the Council of Economic Advisers staff in 1961, he was still a fledgling thirty-two-year-old academic. By 1962 he had become a blooded thirty-three-year-old political, or better, presidential economist. Two incidents in that conversion process come to mind.

The first is the famous example of President John F. Kennedy reaching into the ranks for answers to puzzling questions. Art had written a pithy and pungent memo on some points the Council had been trying to drive home to the president. When I shipped it along to him with nothing more than a covering note, I had no idea what excitement it would touch off in the Okun household that Labor

Day weekend. When President Kennedy wanted to know more he simply did what, to him at least, came naturally: he called Art, who, in the midst of an astonished family, calmly straightened out the president of the United States on the points of issue.

Another related memory is that most new staff members on the Council of Economic Advisers who did drafts of memos to the president wanted to see the revised and finished product, but not Art. He wanted to see the drafts. Why, I wondered—perhaps to nurse the wounds, *not* self-inflicted, that he may have suffered in the revision process? Not at all. He simply understood the importance, for economic advisers, not just of *production* but of *marketing*. He had learned English composition, mathematics, and economics. Now he wanted to master presidentialese.

And what a master he became. After President Johnson appointed him chairman of the Council in 1968, my notes of a White House visit contain this Johnson quotation: “That young Art Okun is a gem. He turns out more useful stuff for me than the Secretaries of [blank and blank] combined.” (Out of respect for the living, I’ve deleted the executives.)

I sometimes thought of Art Okun as the Adlai Stevenson of American economics—a man who always talked economic sense to whoever called on him (and legions did)—and one who, while quite at home with abstruse theories and obtuse models, developed his gift for expression and his marvelous command of figurative speech to become the country’s most quotable and quoted economist. And, like Adlai Stevenson, he was no slouch at repartee. Since my recall does not produce one of Art’s comebacks at the moment, I will quote one of Adlai’s: during one of his learned campaign discourses, an enthusiastic woman at the back of the hall jumped up and shouted, “Adlai, you’ll have the vote of every thinking American.” Adlai’s quick response was: “That’s not enough, I need a majority.” Such a retort might have come from Arthur Okun.

Without Art, the world really *is* a poorer place—not only our personal world but our professional world and our public policy world. I know of no one in our profession we can so ill afford to lose.

But that says another and more positive thing: my world and your world is a much richer one for the fact that Arthur Okun lived.

William Fellner

The sentiments that Art Okun's personality evoked in his friends mix poorly with pain: what he radiated was the antithesis of the painful. He evoked a combination of admiration for his significant professional achievements and of deep affection for him personally—for his kindness, sense of humor, warmth. Yet now pain has become mixed with these other sentiments. This is the experience we all are having now.

It has often been suggested that the reason why all who knew Art have developed profound affection for him is that he was so fair to those whose views he did not share. This is true, of course, but it seems to me that the observation does not wholly capture what it intends to describe. Although he was always effective in expressing his convictions, he would have felt very unhappy in a world in which only his views and those of the like-minded would have been properly articulated. And this goes much deeper than the fair-mindedness of a participant in a contest who wants his rivals to have the same chance.

We all are often faced with a dilemma in which we feel convinced of the correctness of a position, and yet know that this is not the first time we have had firm convictions and that in the past some of these have proved wrong. People react differently to this inescapable dilemma. The weak react by behaving as if they had no convictions worth defending; those among the strong who are ruthless react by behaving as if they were certain to be right and they try to preempt the field.

Art gave us a shining example of how to face this dilemma constructively, without falling into either trap. He had strong convictions—those of a man of great abilities who was deeply devoted to his work—and he expressed these convictions forcefully. Yet he knew very well that no one is always right and that this calls for safety valves. His safety valve was not timidity or hesitation; it was an effort to make sure that views other than his would also be articulated.

He recognized the limitations of human judgment by actively promoting an environment in which the judgment of those with whom he disagreed could also be placed in the best light that they were able to project on their views. Fair-mindedness and tolerance in the usual sense were involved in this, but there was much more. Art had a basic conception of healthy intellectual life in a world in which the individual should be forthright in expressing what he sees by his own light but should welcome honest accounts of what others see. After all, these individual sources of light are dimmer than some believe; to put it in simpler words, we can learn from one another.

Art's faith in our ability to learn from one another was one of his noblest qualities. That faith helps explain the great respect and the fondness with which we will retain him in our minds and in our hearts.

Paul A. Samuelson

When I received the sad news of Art's death, I scrapped the *Newsweek* column I had prepared and replaced it with a column I will read to you. It is written, of course, for a general audience that does not know all the things we here know about Art.

At all times it is a personal tragedy when a top scientist or artist is cut off in the prime of life. In difficult times like these it is a national loss when an experienced and wise economist dies.

Arthur Okun was a young and rising star in the Camelot days when President John F. Kennedy was turning a stagnant economy around and initiating a decade of sustained economic growth. Douglas Dillon, Walter Heller, James Tobin, and Kermit Gordon deserved the public notice that their successful efforts brought them. But they and the president knew how much our success depended on a younger cadre of able economists—on scholars like Arthur Okun and Robert Solow.

Academia's loss was the public's gain when Okun decided not to go back to Yale. For Arthur Okun was the consummate macro-economist. He even has a law named after him, Okun's Law, a rule of thumb relating the unemployment rate and the change in real gross national product, which has stood up remarkably well considering the inexactness of economics. His was the definitive post-mortem on how the Kennedy-Johnson tax cut had worked out (not miraculously, but on the whole, well).

Trained at Columbia by Arthur Burns, he had the eclectic judgment to combine Keynesian insights with the emerging realities.

Okun could estimate econometric regressions with the best of the mathematical virtuosi. But many have that skill.

Economic value comes from scarcity. The rare and precious quality that Okun possessed was good judgment combined with resourcefulness. I sit on the board of a nonprofit organization whose bonds are invested by a bank that relied on Okun for macroeconomic advice. His practical forecasts were a fountain of good sense. Brokerage houses sought his views because they were worth having.

If you know economists, you will realize how lavish my praise is when I report that I never heard Arthur Okun say a foolish thing. He was often wrong, as all economists turn out to be. But his long-run batting average was good, and even his wrong judgments were cogently based on such evidence as could be known in advance.

Having mastered the lesson of how to move the United States economy to high employment, Okun devoted the last dozen years of his life to seeking ways to make price stability compatible with full use of society's resources. He sought a better incomes policy—not a perfect one but a better one than what we've been stuck with.

His reason and knowledge made him dubious of mandatory wage-price controls as a permanent solution. But his econometric research correctly predicted that contriving a recession to fight inflation would produce disappointing benefits and staggering human costs.

Okun believed that there must be some compromise program, partly voluntary and partly compulsory, that would bring presidential leadership to bear on the more flagrant sectors of stagflation—perhaps a “social contract” that persuaded workers to forgo real wage increases made untenable by OPEC, but ensured that those who complied would not be victimized. Like the physicist Max Planck who devised the radical quantum theory as “an act of desperation,” Okun was willing to try tax penalties against excessive wage and price increases. He died still grappling with our number one problem, stagflation.

It is well that we have organizations like the Brookings Institution that can provide a research base for policy-oriented economists

between tours of government duty. And I welcome the increase in size and stature of the American Enterprise Institute. It is natural that the latter should attract economists who average out to a more conservative viewpoint. But it is healthy that both these Washington think tanks should attract economists spread across the political spectrum.

Harry Truman is sometimes quoted as saying, "What I want is a one-armed economist, who won't pussyfoot with 'on the one hand this, on the other that.'" With respect, this is foolish. What he'd have is a cripple. For one-armed economists come in two dogmatic varieties, those with a right arm only and those with only a left. And then you need a two-armed eclectic to adjudicate between them.

Arthur Okun looked at both sides of an issue, and then, in striking his judicious compromises, employed a cool hand in the service of a warm heart.

Charles L. Schultze

Twenty years ago, in the summer of 1960, I was invited to testify before Paul Douglas' Joint Economic Committee on the subject of—guess what—inflation. I had spent the better part of six months painfully working out an elaborate theory of the inflationary process, and was all prepared to spring on a waiting world the brilliant results of a 130-page monograph. Preceding me on the panel of witnesses was a young thirty-year-old Yale assistant professor, who—unlike me—had not had the benefit of six months of preparation. He had been invited to testify probably with less than ten days' notice.

I remember that as he started to speak, my attention was mainly turned to looking over my own remarks. But then I began to listen, and my heart sank. In about ten minutes, this young thirty-year-old whippersnapper—more or less with the back of his hand and a few days' work—proceeded to lay out clearly, elegantly, with admirable brevity, and with improvements, what it had taken me 130 pages and more than six months to achieve.

That was my introduction to Art Okun. And for the next twenty years, I watched, I ran to catch up, and I never ceased to wonder at the combination of incredible quickness and deep insight that was Art Okun. Art was simultaneously a colleague, a teacher, a devil's advocate, an idea generator, but above all, a dear friend.

Art had many qualities, but the one that really hits me often is how quick he was. I would think about that when I had my ten-second days and my ten-minute days and my four-hour days. My

ten-second days were good days: I was only ten seconds behind Art—and that was how some of us judged our days.

As Willie Fellner was speaking about Art's fairness, I remembered a related quality. All of us, like Art, who have to defend in public debate the positions we take, are constantly faced with the temptation of using a shoddy argument to support a "good" position. But never once do I remember Art yielding to that temptation. His integrity was simply too great to take advantage of a debater's trick or a specious line of reasoning, even to bolster an argument in which he passionately believed.

Each of us will miss Art in his or her own way. For me, there is the very special loss of Art Okun, the counselor. In the past three years especially, Art was always there to give professional advice, wise counsel, and—even when he did not agree, and he frequently did not—personal understanding, and concern. Sometimes over the phone, sometimes in his office, sometimes in mine, sometimes at home, Art was always ready to listen, to probe, to caution, to suggest, and most of all to help.

There is one part of Art that I will not miss—because it will always stay with me. That is Art Okun the standard setter. After twenty years of rubbing minds with Art Okun, I now find myself applying a very special standard to particularly difficult questions—what would Art think? It is not in the simple sense that I expect my answers always to be his, but that when they are different I damn sure want to know why before I go ahead.

And so, Sue, while all of us will sorely miss him, all of us, in our own ways, will carry some part of Art with us all the rest of our lives. For that we are very, very grateful.

Bruce K. MacLaury

I would like to say a few words about the Art Okun I was privileged to know. There are few people in this world—and even fewer economists—who possess his range of talents and use them so effectively.

There are many who can attest to Art's outstanding skills as a technical economist. But those skills were only the starting point for a brilliant career of economic analysis and policy prescription. He was a public servant in the best sense of that word—both in his official capacity as chief economic adviser to the president, and in his unofficial role as counselor to public officials, great and small, who sought his views.

He constantly amazed his colleagues with his intimate knowledge of the institutional details behind the mathematical relationships that tried to describe economic behavior. Yet he never was afraid to draw broader inferences from technical insights, and one could always have confidence that the generalizations he offered were based on a careful interpretation of the evidence as he saw it.

While Art could hold his own—and more—with the best in the profession, he had a special passion for bringing the results of economic reasoning to a wider audience. In the overview chapters to *Brookings Papers* he devoted much time and effort to translating the jargon and hieroglyphics of economics into understandable English so that interested laymen could learn what the high priests were thinking on policy issues and draw their own conclusions. More than that, he brought a grace of style and a turn of phrase that enlivened even the more technical discussions. Who can forget, for example, his delightful invention of the “invisible handshake”

to describe implicit contracts and their role in modifying the behavior of Adam Smith's invisible hand?

Art was innovative, not just with catchy phrases, but with catchy ideas. He was always in search of some way to make the economy function better. He wasn't put off if his suggestions for sales tax buy-outs or tax-based incomes policy were called gimmicks. On the contrary, he was an unabashed gimmicker if he thought he could sell ideas that would help. In fact, I am sure he would not have minded being called a principled pragmatist because, among other things, that is what he was.

Art was a democrat, with both big and small D's. He was a passionate and articulate spokesman for his views. He believed that public policy had a responsibility to help balance market efficiency with distributional equity. Those who tried to put labels on his views found him exploring ideas that did not fit their preconceptions. Beyond economist, or even political economist, Art was a practical philosopher.

He was intellectually demanding, yet he went out of his way to offer encouragement and help to younger economists. He was formidable in debate, but never overbearing; his weapons were knowledge, logic, and wit, not sarcasm. His interests and expertise covered a range of specialties in any one of which other economists would have been proud to have built their professional reputations. He represented the best that Brookings could offer. We will miss him, as will a troubled world. We will treasure his inspiration and do our best to carry forward the work to which he contributed so much.

*Statements from Friends
and Newspaper Commentary*

Statements from Friends

The sudden death of Arthur Okun has left me and countless others deeply saddened. A distinguished career has been cut short.

Art Okun was a brilliant economist who transcended the artificial boundaries between his discipline and public policy. I relied on him frequently for advice, which he gave honestly and candidly.

I especially admired his commitment to economics not as an end in itself, but as a tool to improve the lives of all Americans, especially working people and the poor.

Economics was never static to Art. It was instead a forever-changing inquiry into our dynamic economic system. To read his works, to discuss problems with him, was to experience the great sweep of his mind and his constant search for practical solutions.

Art Okun was a good man and a good friend to many of us. Rosalynn and I will miss him, and I extend our deepest sympathy to his wife, Suzanne, and to his sons. —*President Jimmy Carter*

It is difficult to believe that one so vital, so energetic, so much alive as a person and as an economist, should now be gone.

I knew Art best when we shared an office at the Council of Economic Advisers in 1962-63, and I was very impressed then with his deep understanding. I have seen him a few times since; our last meeting was at the Godkin lectures at Harvard.

What has impressed me, apart from his continuous command over a rapidly changing field, was his combination of humanity and integrity. The closeness to power and the day-by-day fights

and compromises of Washington policy did not, as far as I could see, ever diminish his concern for the weak, the downtrodden—nor did they deflect him from scrupulous regard for new intellectual developments, even when it meant revision of his earlier position.

—*Kenneth Arrow*

I was in Geneva when I first learned of Art's tragically premature death. His passing was widely reported abroad and his achievements suitably applauded. It pressed home to me that Art was truly a "world class" figure—if I may coin a new term for economists.

Those of us who had the privilege of knowing him personally—his extraordinary professional skills and his fierce commitment to evidence—can only speculate at the badly needed new insights and concepts that will never see the light of day.

We will miss him in more ways than we can now know.

—*Alan Greenspan*

"Arthur M. Okun"

EDITORIAL IN *The Washington Post*, MARCH 25, 1980

"Just because my first name is Arthur, I smoke a pipe, graduated from Columbia, am from New Jersey, and am Jewish, some members of the press are convinced I should be the next chairman of the Federal Reserve Board. Not me." So, with the wit that made him as popular as he was respected among fellow economists worldwide, did Arthur M. Okun dismiss reports that he was a possible successor to Arthur F. Burns in 1977. It took no market analysts to know that he was selling himself short—for Dr. Okun, who died suddenly on Sunday at the age of 51, displayed an exceptionally intelligent and down-to-earth mind in the rarefied atmosphere of sophisticated economic policymaking.

He was the envy of his colleagues for many good reasons. As one of a young, post-World War II breed of economists who specialized in developing economic forecasting techniques, Dr. Okun possessed a dazzling combination of qualities: he was scholarly, prolific, innovative, concise and, in the mine-filled field of economic prognostication, distinctively quick to admit error. Add to that the gift of lucidity, and it is little wonder that his ideas won such wide currency and respect among members of both political parties.

He earned a reputation for apt and memorable analogies. Consider his comment on reactions to a proposed tax increase a dozen years ago: "I must say that some recent public utterances against the tax increase remind me strongly of my 7-year-old son's arguments against taking medicine. All in one breath, he can reel off a multitude of objections: he is perfectly well; he is so sick that nothing can possibly help him; it may, indeed, cure his sore throat

but would surely give him an even more painful stomachache; he will take it later in the day if his throat doesn't get better; he would have taken the medicine without a fuss if his mother had given it to him the day before; it isn't fair unless his brothers take it too.”

At his death, Dr. Okun had completed most of another major work, an analysis of stagflation, the combination of economic stagnation and inflation. At the Brookings Institution, where he had been a senior fellow since 1969, colleagues will work from some 100 pages of notes to put together the final chapter—not just for its anticipated contributions to economic debate and theory, but also in fond memory of a man whose counsel on so many matters will be missed.

"Arthur Okun's Challenge"

EDITORIAL IN *The New York Times*, MARCH 25, 1980

Arthur Okun, the influential economist who died Sunday at the age of 51, struggled during the last years of his life to find a liberal answer to the problem of inflation. While many Keynesian colleagues abandoned Washington or even liberalism, he held the fort at the Brookings Institution and lobbied with only the force of his ideas to keep the policy options open.

He refused to accept recession as a cure because he knew what pain it would cause before the job was truly done. Instead, the former chairman of the Council of Economic Advisers kept coming up with socially more attractive, albeit politically harder alternatives. More recently, for example, he urged Washington to yield income tax revenues to the states so they could reduce sales taxes and lower the inflation index. He thought Social Security taxes could be held down the same way. And he would have subsidized low-paid workers rather than raise minimum wages. Above all, Mr. Okun lobbied recently for using tax incentives to "pay" labor and business to hold down wages and prices.

What he was doing with all this tinkering was serving a profound conviction that America requires constant balance between its rival ambitions for equality and efficiency. He knew the nation never would and never should give up too much of either. He knew there was no remedy in reckless inequality to improve efficiency or in massive inefficiency to enhance equality. Cruel recession was no answer; neither were controls.

Right or wrong, Arthur Okun was wrestling with the hardest problem. It will be harder still without him.

