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Tribute to Paul. A. Samuelson

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Abstract

Paul .A. Samuelson, the first American Nobel laureate in Economics and the foremost academic economist of the 20th century. As a graduate student at Harvard, Samuelson studied Economics under Joseph Schumpeter, W.W. Leontief, Goldfried Haberler and the 'American Keynes' Alvin Hansen. He was the first American to win to Nobel Prize in Economics; and he is considered to be one of the founders of Neo-Keynesian Economics and a seminal figure in the development of Neoclassical Economics.

Key words: Neoclassical economics, Welfare economics, International economics

Paul .A. Samuelson, (1915-2009) the first American Nobel laureate in Economics and the foremost academic economist of the 20th century. Paul Antony Samuelson was born May 15, 1915 in Gary, Indiana, USA, the son of Frank Samuelson, a pharmacist, and the former Ella Lipton. His family, he said, was “made up of upwardly mobile Jewish immigrants from Poland who had prospered considerably in World war I, because Gary was brand new steel town when my family went there”. He left high school at age 16 to enter the university of Chicago. “I was born as an economist on January 2, 1932”, he said. That was the day he heard his first college lecture, on Thomas Malthus, the 18th century British economist who studied the relation between poverty and population growth. Hooked, he began taking economics courses. After receiving his Bachelor’s degree from Chicago University in 1935. As a graduate student at Harvard, Samuelson studied Economics under Joseph Schumpeter, W.W. Leontief, Goldfried Haberler and the ‘American Keynes’ Alvin Hansen. He then completed his Masters of Arts Degree in 1936 and his Doctor of Philosophy in 1941 at Harvard University.

Samuelson was an American economist; he was the first American to win to Nobel Prize in Economics. He is considered to be one of the founders of Neo-Keynesian

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Economics and a seminal figure in the development of Neoclassical Economics. In awarding him the Nobel Memorial Prize in Economic Sciences the Committee stated: “More than any other Contemporary general analytical and methodological level in economic science. He has simply rewritten considerable parts of economic theory. He has also shown the fundamental unity of both the problems and analytical techniques in Economics, partly by a systematic application of the methodology of maximization for a broad set of problems. This means that Samuelson’s contributions range over a large number of different fields”. Economic historian Randall.E.Parker calls him the ‘father of Modern Economics’ and the New York Times considered him to be the ‘foremost academic economist of the 20th century.

He was author of largest selling economics text book of all time: Economics; An Introductory Analysis, first published in 1948. It was the first such book to explain the principles of Keynesian Economics and how to think about Economics, and is now in its 19th edition, having sold nearly 4 million copies in 40 languages. He entered the University of Chicago at age 16, during the depths of the great depression, and received his PhD in Economics from Hayward. After graduating, he became an Assistant Professor of Economics at Massachusetts institute of technology (MIT) when he was 25 years of age and a full Professor at age 32. In 1966, he was named Institute Professor, MIT’s highest faculty honour. He spent his career at MIT where he was instrumental in turning its Department of Economics into a world renowned institution by attracting other noted economists to join the faculty, including Robert.M Solow, Paul Krugman, Franco Modigliani, Robert.C.Merton and Joseph.E.Stiglitz, all of whom went on to win Nobel prizes.

He served as an advisor to presidents John.F.Kennedy and Lyndon.B.Johnson and was a consultant to the United States Treasury, the Bureau of the Budget and the President’s Council of Economic Advisers. Samuelson wrote a weekly column for ‘Newsweek’ magazine along with fellow Chicago school economist Milton Friedman, where they represented opposing sides; Samuelson took the liberal, Keynesian perspective and Friedman represented the conservative, monetarist perspective.

He was also essential in creating the Neoclassical synthesis, which incorporated Keynesian and Neoclassical principles and still dominates current mainstream Economics. In 2003, Samuelson was one of the 10 Nobel Prize winning economist’s

signing the economist's statement opposing the Bush tax cuts. He was one of the first economists to generalize and apply mathematical methods developed for the study of thermodynamics to Economics. Samuelson's book 'Foundations of Economic Analysis (1947) is considered his magnum opus. It is derived from his doctoral dissertation at Hayward University, and makes use of the classical thermodynamic methods of American thermodynamist Willard Gibbs.

Samuelson has worked in many fields including;

- * ***Welfare Economics***, in which he popularized the Lindahl-Bowen-Samuelson conditions (criteria for deciding whether an action will improve welfare) and demonstrated in 1950 the insufficiency of national income index to reveal which of two social options was uniformly outside the other's possibility function.
- * ***Public Finance Theory***, in which he is particularly known for his work on determining the optimal allocation of resources in the presence of both public goods and private goods.
- * ***International Economics***, where he influenced the development of two important international trade models: The Balassa-Samuelson effect and Heckscher-Ohlin model (with the Stolper-Samuelson theorem).
- * ***Macro Economics***, where he popularized the overlapping generations model as a way to analyse economic agents' behaviour across multiple periods of time.
- * ***Consumer Theory***, he pioneered the Revealed Preference Theory, which is a method by which it is possible to discern the best possible option, and thus define consumer's utility functions, by observing the consumer behaviour.

Memberships

- * Member of the American Academy of Arts and Sciences, National Academy of Sciences, Fellow of Royal Society of London.
- * Fellow of the American Philosophical Society and the British Academy.
- * Member and Past President (1961) of the American Economic Association.
- * Member of the Editorial Board and Past President (1951) of the Econometric Society.
- * Fellow, Council Member and Past Vice President of the Economic Society.

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