

PORTRAIT: Wassily Leontief

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riers, all oil pipeline companies, regardless of size, would be required to divest themselves of all other interests in the industry.

In October 1975 the United States Senate voted 54 to 45 against similar legislation sponsored by Senator Phillip Hart, Chairman of the Senate Antitrust and Monopoly Subcommittee, who is also co-sponsoring my legislation. The closeness of the vote clearly reflects a growing momentum which I am confident will lead to the

passage of legislation built around the principle of divestiture.

The enactment of such legislation will be an act of liberation, freeing American society from power which should never be vested in a single private interest, especially a commercial interest with control over a commodity we need in order to exist.

BIRCH BAYH

Senator from Indiana and a contender for the Democratic Presidential nomination.

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## PORTRAIT

### *Wassily Leontief*

When Wassily Leontief first came to the United States, he spent a year or so in New York working at the National Bureau for Economic Research. He was developing a new system, later to be called input-output analysis. One day he received an invitation to join the Harvard faculty. He replied with qualified interest: he would be pleased to come, but he required a grant of \$1500 to cover the cost of a research assistant to help him with the implementation of his fundamental new study. They reviewed his project with considerable skepticism. What he proposed to do was probably impossible and certainly very strange. Still, they seemed to want him. The \$1500 was granted on condition that he agree "to report his failure in writing" at the end of the year.

On the basis of this research he published *The Structure of American Economy* in 1940. Few economists today would deny that the work presents a major innovation in economic analysis. Coefficients de-

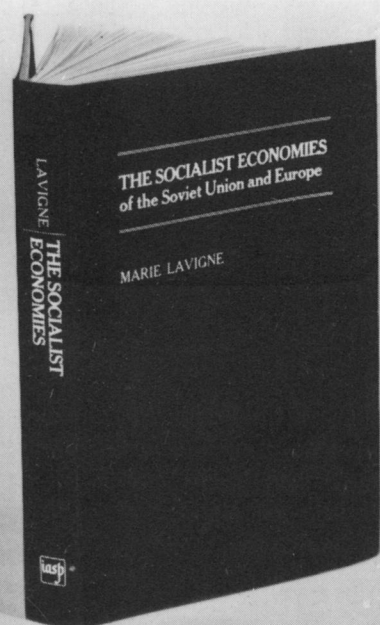
scribing the interdependence of sectors are derived, not from complex statistical analysis of time series, but from a single tabulation of inter-industrial transactions. In an era when the new breed of econometricians was running head on into the identification problem—the issue of whether a time series of observed prices and quantities could be said to trace out a demand or a supply curve—this might have been construed as an elegant operational simplification in response to a fashionable technical problem. Indeed, Harvard's interest in Leontief might have been prompted by his early work on statistical demand curves. But these remarks are *ex post* musings. Perhaps no one made the connection. Leontief is generally impatient with others' methodological commentary.

However original the fundamental insight, the book was hardly an instant best seller. Compared with the lucid style of his *New York Review* period, it is awkwardly written. And

compared with the four-colored triangulated display charts later published by *Scientific American*, the tables that Leontief and his assistants assembled are drab and bewildering. Harvard University Press refused to risk a second printing of a book of such limited promise. The plates were transferred to the more adventurous Oxford University Press, which went well beyond the second printing to a full second edition. The book has since been published in more languages than even Leontief understands.

Now, after thirty- or forty-odd years (depending on when you start counting) Leontief enjoys chuckling over these early errors in Harvard judgment. Some eighty-nine countries and uncounted hundreds of small regions have published one or more input-output tables. I'm not sure that anyone has kept track of Leontief's honorary memberships, honorary degrees, and assorted prestigious appointments, but we all know that an (unshared) Nobel Prize was awarded to him for this work. No, he never did report his failure.

On the other hand, Leontief feels that Harvard never quite admitted an error in its initial judgment either. His impression on leaving is summed up in, "I didn't leave a damp spot." This reaction seems incongruous from a professor who set the tone, hired the cook, and raised money for the elite Society of Fellows for more than a decade and continued to teach the advanced economic theory course until he left Harvard. They could never replace him and they didn't try. Beyond his special interests he stood for broad culture and scholarship. While his input-output work represented a radical departure from established tradition, he was recognized as an outstanding economic theorist in more orthodox fields. As often as he might remark on the arid academic nature of some esoteric theoretical issue, he would



## The Socialist Economies of the Soviet Union and Europe

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An encyclopedic analysis of the theory, institutions and operation of the East European socialist economies. While devoting major attention to the Soviet economic system, the study is unusually detailed in describing the other socialist economies and in drawing upon them for cross-national comparisons.

Dr. Lavigne is a Lecturer at the University of Paris. Her publications include CAPITAL IN THE SOVIET ECONOMY, THE PROBLEM OF PRICES IN THE SOVIET UNION (with Professor H. Denis), and COMECON: FROM COOPERATION TO INTEGRATION OF THE SOCIALIST ECONOMIES.

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remind himself that "I once wrote something about that." His *Essays in Economics* pulls together his general theoretical work. Only an occasional hallmark paragraph on the importance of implementation rather than fashionable elegance, or the significance of Karl Marx as reporter of facts, appears like a Chagall goat to remind you of the author's operational concerns.

If Harvard had reservations, they were directed not toward Leontief but toward input-output. For while Leontief represented the Harvard ideal, his beloved "institute," the Harvard Economic Research Project, stood a little off to the side, a wing of the Economics Department and yet never part of the mainstream. Perhaps that was inevitable during a period when economics valued pure theory and left empirical work to the drones. The idea of input-output is surely elegant but the implementation of the model requires stubborn empirical work. From the very beginning Leontief was pushing the state of the art—of a number of arts—and a few bumps were inevitable. In the thirties and forties he relied on mathematics when mathematics was still suspect. (Later, when mathematics became fashionable, Leontief rebelled against the glib substitution of mathematics for substance.) His computational problems were formidable. But he had extraordinary luck: his work paralleled the development of computers and he became the first user in the social sciences. The noted computer scientist Kenneth Iverson wrote his doctoral dissertation on the machine solution of the differential equations of Leontief's early dynamic input-output model.

Leontief insists that data were always his most important problem. Even now that input-output is a part of the regular system of national accounts, analysts question the accuracy and representativeness of the entries in the tables. In the early days

painstaking scholarly routines for checking and verifying were constantly frustrated by inadequate information and by Leontief's breathtaking commitments to a succession of ever more ambitious projects.

The list of young economists who joined the Project over the years includes many now-famous names, among them, Almon, Bergman, Chenery, Eckstein, Isard, Manné, Solow, and a host of important visitors from other countries. Leontief sometimes brooded over his failure to secure permanent Harvard appointments for his protégés. In retrospect most of them have fared very well, but input-output never took Cambridge by storm. It was taught as a Harvard course for only three semesters, and, in all, Leontief only gave about ten of the lectures. They were attended by a handful of students, most of them from foreign countries. Each year a few additional students found an intellectual niche in his input-output world but many more remained barely aware of its location. He was too busy and somehow reluctant to proselytize at home. Had they gone elsewhere to study, they'd have had more exposure to his work.

Whatever the Cambridge perspective, Leontief basks in the esteem of a veritable cult of enthusiasts all over the world—in France, in Japan, in the Soviet Union, in India, in Cuba, and even in the United States. Many of these people work in input-output. By now he seems to accept the idea that some aren't interested in it. They like his other work, his cartoons, his offbeat politics, his optimism, his novel solutions to mundane problems. If his judgment is sometimes fallible, his sense of fun is not. Who else would display his Senior Citizen's card with the delight of a five-year-old?

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