Robert Aaron Gordon
1908–1978

ROBERT AARON GORDON, a charter member of the Brookings Panel on Economic Activity, died on April 7, 1978, at age 69. He devoted his life to economics and became a leader in his chosen profession. He made major contributions to economic analysis, but he was not an "ivory tower" economist. In his research, teaching, and writing, he always had his eye on the important economic problems of the day and did not waver in trying to resolve them. He was one of the giants of our profession, and I write these words to salute him and his accomplishments.

Aaron Gordon was born in Washington, D.C., and grew up in North Carolina. He received his bachelor's degree from Johns Hopkins University in 1928 and his Ph.D. in economics from Harvard University in 1934. Although he was trained before Keynes' *General Theory* was published, he was a key participant in the Keynesian revolution in the United States. He devoted much of his life to teaching at the University of California (Berkeley) and was a prime mover in making Berkeley's economics department one of the most outstanding in the country. He spawned generations of graduate students, many of whom have since become eminent in the field.

Like most prominent economists, Aaron loved economics. He ate, drank, and even slept economics. He married a fellow graduate student in economics—Margaret Shaughnessy, known as Aaron's Irish Rose by some of their contemporaries. His two sons, Robert and David, are also economists. It is widely assumed that both boys were brought up to be economists by Aaron and Peggy, but I am reliably informed that neither of them majored in economics in their early undergraduate careers. Robert was originally a history major and changed to economics because he

007-2303/78/0002-0233/$00.25/0 © Brookings Institution

found history too subjective. David did his undergraduate work in social studies and became interested in economics during the turbulent Vietnam War period. Nonetheless, both boys met and listened to all the best economists in their living room while they were growing up, and were doubtless subtly brainwashed by their parents and their parents' friends without anyone realizing it.

Aaron was courageous and forthright and always spoke his mind, even to the Brookings panel. He did not suffer fools lightly, and some thought he was a bit crusty. But this was only a reflection of his personal and intellectual honesty; he was particularly impatient with those who, in his opinion, did not share that quality. He was a good friend and a wise counselor to students and colleagues alike, and he was always willing to spend time and effort with those who solicited his advice or needed help. Few people were his equal in detecting weaknesses in manuscripts; his critical comments were always incisive and helpful.

Aaron had humble beginnings and never forgot them. Few fought harder than he for the improvement of the social and economic status of the disadvantaged and for the civil rights of minorities. Much of his work was concerned with the reconciliation of the twin goals of full employment and stable economic growth. He recognized early that inflation was a danger in the United States and elsewhere, not only because it misallocated resources, but also because it would ultimately raise unemployment and increase hardship among those who were least prepared to bear it.

I should like to mention five of Aaron's contributions to illustrate his broad range of interests in economics.

First, in *Business Leadership in the Large Corporation,* originally published by Brookings in 1945 and reissued by the University of California Press in 1961, he analyzed the role of the corporation in American society. Along with Berle and Means' *The Modern Corporation and Private Property* (1932), Aaron's book had a major influence on economists' thinking about this role. Aaron was critical of the concentration of power represented by the modern corporation, ". . . the uses to which this power is being put, the legitimacy of the power now in the hands of corporate management, and the bearing of this distribution of power on some of our traditional legal and political institutions." But he did not believe that it would serve the national interest to destroy the corporation. His policy proposals sought to preserve the independence of management and at the same time to curb its excesses. He favored vigorous prosecution of the antitrust laws and an independent board of directors to provide a check on management.

Second, *Business Fluctuations,* his major work on business cycles originally published in 1952, was a thorough analysis of the nature, causes, and cures of business cycles. He was one of the first economists to apply Keynesian tools to explain cyclical fluctuations between the two world wars. He saw clearly the emerging problem of price-wage inflation in modern economies during periods of relatively high unemployment. In this respect, he was far ahead of his time. In the second edition of the work, published in 1961, he wrote: "Under today's conditions, high-level employment and rapid growth are probably not consistent with a secularly unchanging price level." And further stated: "We need to develop some new techniques so that, while remaining within the framework of existing institutions, the government can exert some influence over the autonomous price-making forces."

Third, during the mid-1950s, he undertook a comprehensive study together with James Edwin Howell of the role and effectiveness of business education in the United States. The report, *Higher Education for Business,* which was published in 1959, called attention to the ineffectiveness of many of the business school programs then in existence, and made specific recommendations to improve them. Among the major recommendations were the adoption of a tough, two-year master's degree program emphasizing managerial decisionmaking and a doctoral program to train future teachers and research workers. This report provided a blueprint for a $40 million grant by the Ford Foundation to upgrade and reform the nation's business schools and thus led directly to the development of the numerous high-quality business schools we have today.

Fourth, Aaron was chairman of President Kennedy's Committee to Appraise Employment and Unemployment Statistics and was the major author of the committee's report, entitled *Measuring Employment and Unemployment,* published in 1962. Unlike many committee or task force reports, this one was competent, relevant, readable, and constructive. Most of its recommendations were implemented. The report endorsed the scientific objectivity of the data collection process and emphasized the need to publish the results in a nonpolitical context. There have been cases since then of a deliberate leak or premature announcement by a government official of the latest survey results. When this occurred, more often than not, the official received a sharp letter with a lecture from Aaron on the need to preserve the integrity of the unemployment statistics and to observe the recommendation of the Gordon report that the data be released by the professionals in the Department of Labor and not by a political officer of the government. Another commission, headed by Sar Levitan, was recently appointed to bring the Gordon report up to date, and Aaron's advice and counsel were sought by and given to the new commission before he died.

Fifth, who will forget Aaron Gordon's presidential address to the American Economic Association in December 1975? In recent years, he became concerned that economists were being too abstract and mathematical to be relevant to what is happening in the real world. I heard some grumbling in the audience after the speech was over, but surely Aaron was right. He did not mean that mathematical techniques should not be used in economic analysis; he meant that, whatever techniques are used, they should be applied to the economic problems that beset us so that economists can contribute to the improvement of the welfare of the people. That is a noble objective, and one that should guide us all.

I should like to close on a personal note. It is difficult for me to believe that Aaron will not be popping into my office one day soon as he did so often in the past. Those visits were sometimes surprises, but always welcome. I will particularly cherish the last few visits. Even though he had been ill, he remained active and interested in what was going on at the Brookings Institution, in Washington, and in economics generally. I admired him for his ability and determination to continue his work until the very end.

We have all relied on Aaron Gordon's wisdom, scholarship, and counsel for a long time. We shall miss him.

JOSEPH A. PECHMAN