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## **Promoting Econometrics through *Econometrica***

Snubbed authors may easily become unreliable sources. In this extract is shown that Franco Modigliani's account in Gans & Shepherd (1994) is grossly misleading. Also three other episodes from *Econometrica* are included.

## **Modigliani's complaint**

In Gans & Shepherd (1994) in *Journal of Economic Perspectives* Modigliani contributed this entry:

**“I presented my paper at a 1949 Conference on Income and Wealth, and then submitted it for publication in *Econometrica*. The paper was returned with a letter from Trygve Haavelmo, who I believe was then editor of *Econometrica*, rejecting my paper with no offer to revise and resubmit. As I recall, the only reason for rejecting the paper was that in his view these were no times for formulating ingenious new hypotheses, the important issue of the time being to pursue better estimation methods recognizing problems of simultaneity.” (p.35)**

The facts are as follows. Modigliani submitted at new year 1947 *Fluctuations in the Savings Ratio: A Problem in Economic Forecasting*. Two weeks later Managing editor Leavens sent Ragnar Frisch a summary of the referee report by Lawrence Klein:

**“Mr. Klein's comments are very critical; he feels that there is no point in writing a long paper about what he considers a minor point. He has numerous other criticisms ... The paper is also impossibly long for our use; it would run to over 50 printed pages. I have talked it over with Mr. Marschak. We do not feel that we should impose on another referee to read it at present; but in view of the fact that the author sent you a copy, we think it best to wait till you are here before returning it to him, in case you might have written him directly. ... it would be our idea to return the MS to the author and ... if the author should wish to write a brief note, taking into account the referee's criticisms, we would consider it when submitted.”**

Modigliani's paper was published over 66 pages in *Studies in Income and Wealth* (NBER, 1949).

## **The Leontief-Staehle incident 1935**

Wassily Leontief submitted in July 1935 the paper *Composite commodities and the problem of index numbers* to *Econometrica*. On the same day arrived the latest issue of *Review of Economic Studies* with a paper by Hans Staehle which to Ass. Editor Nelson seemed to deal with the same topic:

Assistant Editor Nelson to Editor Frisch, July 7, 1935

**“In running through Staehle’s article, I find no reference to Leontief’s work. A rather delicate situation thus arises. In the circumstances, I am sure you will wish to go through both articles carefully yourself in order to arrive at some judgment as to the independent value of Leontief’s paper. ... If Staehle seems to have appropriated Leontief’s material without acknowledgement, an awkward situation emerges. ... P.S. I would suggest that you inquire from the editor of the *Review of Economic Studies* exactly when Staehle’s MS was received.”**

Frisch to Nelson, Sept. 9, 1935

**“I find Leontief’s paper very interesting. It is accepted for publication in *Econometrica*. In view of the appearance of Staehle’s paper, I have as Editor appended a footnote to the MS. I think it is fair to give this information in order to protect Leontief’s priority. In view of the delicate situation regarding this MS I have preferred not to do any editing at all. Please also try to get this in an early issue, preferably the January issue. I have preferred not to write either to the *Review of Economic Statistics* or to Staehle.”**

## **The Leontief-Staehle incident 1935 (cont.)**

60 years later Paul Samuelson gave this account in the book *REJECTED* (1995) following up Gans & Shepherd (1994):

**“Ragnar Frisch was pretty much autonomous editor of the early issues of *Econometrica*. He was interested in everything. Also, he believed in the superiority of his interpretations of anything and everything. [Indeed, he was so great a mind that there was much merit in such belief.] When Wassily Leontief participated in the post-1933 revival of the economic theory of index numbers (à la Konüs, Staehle and others), Frisch held up publication of the Leontief 1936 contribution until he could publish in the same issue of *Econometrica* his own survey article on the subject. Foul play, I say.” (p.23)**

Samuelson had great admiration for Frisch but his assertion is utterly false. There was no foul play. Whoever passed this to Samuelson was perhaps misled by the footnote Frisch inserted:

**“This article was completed more than a year ago. In the fall of 1933 it was communicated to Professor Schumpeter's Discussion Group at Harvard and on June 24, 1935 it was presented at the meeting of the Econometric Society in Colorado Springs. The June 1935 issue of the *Review of Economic Studies* contains a paper on Index Numbers by Dr. Hans Staehle in which the treatment of several topics is very similar to that given in the present article.”**

The renown historian of general equilibrium, Roy Weintraub, commented on this in 2002 that it showed Frisch's “**self-reflecting and self-aggrandizing**” style.

## **The fastest acceptance of a submitted paper in the history of *Econometrica***

Cable from Jacob Marschak to Ragnar Frisch, August 14, 1947

**WOULD ECONOMETRICA PUBLISH 28 DOUBLE SPACED PAGES ON COST OF NUCLEAR  
ELECTRICITY BY EXPERT ENGINEER PLEASE WIRE COLLECT = MARSCHAK**

Cable from Ragnar Frisch to Jacob Marschak, August 15, 1947

**YES MARSCHAK PUBLISH = FRISCH**

The paper, which had just been declassified, was published immediately afterwards as J. R. Menke: Nuclear Fission as a Source of Power, *Econometrica*, 15(4), Oct. 1947.

Frisch was staying in a simple style mountain resort in the Norwegian mountain massif of Jotunheimen without telephone and electricity. Cables and mail arrived by rowboat messenger across a lake. Frisch was in the same mountain resort as when he wrote his famous 1938 memorandum (on Tinbergen's work) which Haavelmo (1944) cited for the concept of autonomy.

## **Oskar Morgenstern rejected!**

Oskar Morgenstern submitted in November 1948 *Economics and the Theory of Games*.

Referee report by Kenneth Arrow:

**“It is a matter of editorial judgment whether papers which have been written by well-known authorities...should be refused. However, as far as the merits of the paper are concerned, there seems to be no reason to accept it. There is exactly nothing whatever new in it; it is essentially a series of mentions of different topics in the work of Von Neumann-Morgenstern, following each mention being a statement that this topic will be of use in some undefined sense in economics. Anything this author might have had to say in this matter has already been said. There is no actual exposition of a game theory per se in the paper, so that it cannot even be maintained that it is a less mathematical presentation of material which might be too difficult for the average economist to read...[T]he work of Von Neumann-Morgenstern has been reviewed about as extensively as any book in the field of economics has ever been, and the fundamental nature of the reasoning and the results of the book are as familiar to economists as they are likely to be without intensive study of the book itself....[I]n referring to the proposition that the social maximum benefit is always reached when complete information prevails, Morgenstern ends a cursory discussion by saying, “It is impossible to discuss this proposition here any further, but it seems sufficiently significant to direct attention to the statement and its implications.” Similar statements abound. For these reasons, it seems to the referee that there is no reason to publish the enclosed paper.” (Nov. 1948).**

## Oskar Morgenstern rejected! (cont.)

Referee report by Trygve Haavelmo:

**“He throws out a lot of ideas, but he does not do anything himself. We are all moving around with more or less vague ideas about that one ought to revolutionize the entire system. But to suggest explicitly a real step forward, that is something completely different. I learned nothing from reading this MS. I think Morgenstern should send this paper to *American Economic Review*.” (Nov. 1948).**

Morgenstern, perhaps feeling slightly offended, submitted his paper to *Kyklos* which accepted it, published 1949.