

## Tribute to George and Bill

Robert J. Gordon, September 6, 2007

Younger people in tonight's audience may not appreciate how creative was the invention of BPEA, how much it changed the way applied economics is communicated, and how magic has been its appeal to the young and the old, the novices and the famous, over its 38 years of operation. Within ten years of its creation, it had become one of the four most circulated academic journals in economics.

BPEA started at 1:30pm on Thursday, April 16, 1970, with my first paper on the Phillips curve, which was discussed by none other than George Perry and Bob Solow. Right from the start, BPEA was the place to go to for the up-to-date analysis of the macro puzzles of the day. .

My handout tells the tale; the league table includes the great and the famous, it's a supreme tribute to George and Bill that when they asked, these people came, whether they were then famous or later would become so. Look at some of these names and the number of times they published articles and/or discussions in BPEA – not just Greenspan and Bernanke, but other luminaries including Blanchard, Dornbusch, Fischer, Krugman, Sachs, and Summers, not to mention the Nobel Prize contingent of Akerlof, Modigliani, Phelps, Solow, and Tobin. They came, because they appreciated the unique format and culture of BPEA.

Part of that culture is here tonight – the after dinner speakers, usually a surprise “mystery speaker”. The selection of these speakers was always bipartisan -- these were often BPEA alumni who had braved the wars of inside-administration Washington politics, people as distinguished as Larry, Greg, and John Taylor were willing to go beyond cheerleading for their particular administration to discuss honestly some of the lessons they had learned from their mistakes, well . . . if not their policy mistakes, at least their media mistakes. Greg's involvement in hamburgers is a memorable example.

Let's go back to the original concept of BPEA. The economics of policy analysis was a wasteland in the 1960s. There were only two choices, refereed journals that often rejected policy-oriented papers as ephemeral, and the alternative of conference volumes that took three years to appear in print and were often instantly obsolete.

The genius of Okun and Perry was to create a new vision. No longer would authors wait three years for their papers to appear in print, and remember that “print was it”, the only way to communicate prior to the invention of the internet three decades later. Back then you couldn’t google a topic. You couldn’t look it up as a NBER working paper in print, much less on the web. The only way you kept up to date was to monitor journals and conference volumes.

What an idea they had!

- (1) Three year publication lags were replaced by three months, and they really pulled it off.
- (2) They took the risk of starting with a small group of young people, mostly not even yet tenured, to provide sophisticated analysis of particular sectors of the economy.
- (3) BPEA’s conception was so compelling that it was duplicated very soon. The first to copy it was the CRCS, March 1973. Later came ISOM in 1978, then the NBER *Macro Annual* and Europe’s *Economic Policy* in the mid-1980s.
- (4) A word about CRCS. In the 1970s and 1980s the evolution of macroeconomics was disrupted by the development of the Lucas-Sargent “fooling model” and then the Kydland-Prescott RBC model. Twenty years ago REH brilliantly coined the metaphor of fresh water vs. salt water economics to describe this development, and he classified several economists ranging from Sargent as “distilled water” to Okun as “the Salton Sea.” George, Art, and Bill were smart enough to stay entirely away from fresh water macro, leaving it to CRCS and others, and to recognize that the fresh-salt distinction was irrelevant to the many topics that they emphasized, including the rise and fall of the dollar in the 1980s, the fall-out from the collapse of communism, and many others.

My last theme is a bit of archeology, to dig down to the initial conception of BPEA and highlight some major differences between that initial idea in 1969, which I’ll call BPEA Mark 1, and what soon evolved into the BPEA that we know today, and which the others copied, which is BPEA Mark 2.

Mark 2 like Mark 1 features instant publication, long, serious papers, two discussants. That’s what they all copied.

Mark 1 included some additional elements that created quite a different enterprise in the first few years, so let's go on our dig to find out what they were.

The format of BPEA Mark 1 arrived in my mailbox in a letter from non-relative Kermit Gordon, president of Brookings, dated December 19, 1969.

The invitation to be part of the Brookings Panel was extremely appealing, they offered a compensation of 2/9 of one's salary and asked for evidence of what that was! Unfortunately, my salary that year was only \$12,500.

The unique features of BPEA Mark 1 are all there in the Kermit Gordon letter. First, each of us was assigned to be experts on a particular topic. For me, it was wage-price behavior.

- (1) Must attend three meetings per year, no problem.
- (2) Be prepared to submit ten days before each meeting a brief 1000 word report on recent surprises and developments on your topic.
- (3) Submit once per year a major paper on your topic at a length of 5000-8000 words, at a level "intelligible to the non-technician".

My favorite line from the invitation letter is "anyone who can follow the presentation in the annual ERP should be able to follow your presentation."

To publish a paper in BPEA was equivalent to publishing a paper in a refereed journal, except much faster. The referee process was in many cases more draconian than a refereed journal. It became conventional that authors were allowed to steal all the discussants' comments from the meeting, putting them into the final version of the papers, leaving the hapless discussants to come up with a whole new set of comments for the published volume.

And the response to discussant remarks doesn't even begin to reflect the merciless demands of the editors. Our drafts were scrutinized by the Okun-Perry and later Brainard-Perry editorial microscope, with assumptions challenged, omissions protested, and contradictory results uncovered. Back in the early days, we knew to dread that fateful moment when we sat down at the meeting table, where we would find an envelope containing a memo from Art

and George, revealing a new set of flaws in our meeting draft and reminding us of all those in the initial pre-meeting draft which had not yet been fixed. And despite this intense editorial scrutiny, a printed journal would appear in our mailboxes a scant two or three months after the meeting, an incredible achievement for that world which lacked personal computers and the internet.

Consider the letter from Art and George to me dated April 7, 1970, a week BEFORE the first meeting.

“We think the paper is full of good substantive material, but short of material relevant to the Brookings Panel.” Oops. Then they gave me five paragraphs of marching orders, do this, do that, and then three more paragraphs about all the things that I had neglected to include.

To see how different Brookings Mark 2 is from Mark 1, consider that first issue and compare it to 2005, no. 2. The first one had three papers averaging 36 pages including discussant comments; the recent one had four papers averaging 71 pages including discussions, each on average about twice as long. The first one had in addition six reports, ranging from 5 to 10 pages, with no discussants of the reports. The recent one had a single report of 35 pages including discussion. Notable also is the contrast in length between the editors’ introduction in the first issue of 7 pages compared to the recent 27 pages. George and Bill, in contrast to editors of the imitator conference series, were unique in their skill and care in developing deep, probing introductory summaries of each of the papers.

The reason Brookings Mark 1 soon turned into Mark 2, with a wider variety of authors writing on a wider variety of topics, was obvious. None of us could be expected to have something new to say in an annual paper and a separate report on the same topic, year after year.

Tonight we praise the genius of the creation, the wisdom to move fast from Mark 1 to Mark 2, the good taste, flexibility, and open-mindedness in topics including staying away from fresh water macro, and the magnetism of the enterprise that drew such a great roster of authors and discussants, year after year, to deepen our understanding of economics in general and macroeconomics in particular.