

## **Remarks at the First Samuelson Award Ceremonies**

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Here today we are met at a memorable event. Lifetime savings are the principal source of an economy's capital formation. TIAA-CREF has been a pioneer in advancing this vital cause. In seven decades markets have crashed, scandals have erupted with Poisson frequency -- while all the while TIAA-CREF has delivered its daily goods.

Finance theory has grown up during the career of current economist generations. President Lowell, when he dedicated the Harvard Business School, spoke of business as "the oldest of arts and the newest of the professions". Eighty years later a famous economist denounced the awarding of Nobel Prizes to three great founders of modern finance theory, declaring that what they did was not economics at all and that their names would not be on any long list of worthy laureates. He did not prove his case, but he did confirm the wisdom of Max Planck's dictum: Science progresses funeral by funeral.

Like the moon I shine this morning by the reflected light of the 1996 winners of TIAA-CREF's annual prize. This new venture starts out well: these birds will be a hard act to follow. But beautiful problems and beautiful solutions will assuredly arise in the years to come.

Someone asked the Warburgs why over the century they had done so well in investing. Their answer was, "Do you suppose that could be because we take money seriously?" TIAA-CREF takes pension investing seriously. Historically that has been all too rare, here and abroad.

And there is still a hard road ahead. Reform of social security is debated from Chile to Moscow to Washington. Yesterday Marie Antoinette said, Let the poor eat cake! Today there is no shortage of savants who proclaim that we can all die rich if only we plunge heavily into common stocks. If that logic were decisive then the Treasury ought to borrow to double the public debt, using the proceeds to invest in Berkshire-Hathaway and the S&P 500 Index to thereby sweeten the golden years of all the citizenry. Before you award me the 1997 Prize for this reductio-ad-absurdum, let the light of reason -- economic reason, Bob Shiller reason -- play upon this momentous puzzle.

It is right that we praise Michelangelo and Beethoven. But spare a cheer as well for the Medicis who angel their enterprise. I propose we toast Chairman John Biggs of TIAA-CREF who made today's festivity and harvest possible. Here! Here! And Here! again.