
CARL KAYSEN



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CARL KAYSEN was a man of many interests. He was a Harvard economics professor, served in the Kennedy administration as the deputy national security adviser, returned briefly to Harvard, was for ten years the director of the Institute for Advanced Study in Princeton, and finally went to MIT as a professor and director of the Program in Science, Technology and Society. He was interested not only in economics, but also in issues of war and peace and nuclear policy. He was a great teacher, a leading economist in his field of industrial organization, a dedicated public servant, and, of course, a wonderful friend.

Carl was born in Philadelphia on 5 March 1920. He grew up in that city, receiving a B.A. from the University of Pennsylvania in 1940. In that same year, he married Annette Neutra, whom he had known since they sat next to each other in first grade.

After graduation, Carl began graduate study in economics at Columbia University and also joined the staff of the National Bureau of Economic Research. Those endeavors were interrupted by the United States entry into World War II.

From 1942 to 1943 he was an economist at the Office of Strategic Services (OSS) and from 1943 to 1945 he was in intelligence with the American air force, rising from private to captain. In those capacities, he worked to determine where bombing the enemy would have the greatest economic effect.

After the war, encouraged by Harvard economics professor Edward Mason, whom he had met at OSS, he entered graduate school at Harvard. He received his M.A. in 1947, and in the same year was elected to the Harvard Society of Fellows, in which young men (not only from Harvard) received a substantial stipend for three years in return for doing research (and talking with each other).

By 1950, Carl had studied industrial organization with Mason and had become interested in antitrust issues. He then received a proposal that was to be of great importance to him and to the field. Charles Wyzanski, an outstanding federal district court judge in the First Circuit, invited Carl (presumably after consulting Mason) to become his law clerk for the major antitrust trial of *U.S. v. United Shoe Machinery Company* (89 F.Supp. 357 D.Mass. 1950). This was, I believe, the first attempt to put serious economic analysis into an antitrust case, and was highly admired as such.¹ Carl, who received the Ph.D. from Harvard in 1954,

¹Wyzanski and Carl remained close friends until the former's death in 1986, but Wyzanski had his own opinion of this experiment. The judge became a senior fellow of the Society of Fellows and, in his last years, regularly attended the Monday dinners of the Society. I had

wrote his doctoral dissertation on the case (published as “*United States v. United Shoe Machinery Corporation*”: *An Economic Analysis of an Antitrust Case* [Cambridge, Mass.: Harvard University Press, 1956]).

In 1950, Carl became an assistant professor of economics at Harvard, rising to associate professor in 1955 and professor in 1957. He and Annette Kaysen had two daughters: Susanna, born in 1948, and Jesse, born in 1955.

Carl’s interest in industrial organization and antitrust policy continued. He became one of the faculty members in a joint law and economics seminar in antitrust that studied a different issue each year. The two economics professors involved in the late 1950s were Edward Mason and Carl, while the two law professors were Kingman Brewster (later president of Yale University and then ambassador to the Court of St. James’s) and Donald Turner (later U.S. assistant attorney general for antitrust). For the students, this was a wonderful course. (I participated for several years.) In 1959, Kaysen and Turner published a book, *Antitrust Policy: An Economic and Legal Analysis* (Harvard University Press).

The two books I have mentioned were not Carl’s only writings in the 1950s. In addition to articles, he coauthored, with F. K. Sutton, S. E. Harris, and J. Tobin, *The American Business Creed* (Harvard University Press, 1956), a work of sociology and economics.

In early 1961, Carl went on leave from Harvard and accepted a position that was to be one of the proudest of his life. He entered the Kennedy administration and quickly became deputy special assistant for national security affairs, working directly under national security adviser McGeorge Bundy, whom he had known at Harvard both as a

been elected to that organization in 1957 (nominated by Carl), and dined there occasionally, particularly enjoying evenings with Wyzanski, who was a great conversationalist.

On one occasion, I asked Wyzanski whether his experiment with Carl had ever been repeated. He instantly replied quite emphatically, “No! And it never should be!” Since that experiment was widely considered a great success, I was surprised. Wyzanski said that Carl, as the clerk who had the ear of the judge, had too much power. (Although Wyzanski obviously thought he had dealt adequately with this in deciding the case, he did not think that every judge working with such an expert would be able to do the same.)

I then asked what procedure he would recommend instead, and the judge suggested an arrangement in which the judge’s expert would be appointed a special master before whom the experts retained by the parties would testify. The special master would then write a report on the basis of which the parties could cross-examine him in the presence of the judge. I asked whether this had ever been tried, and he replied that it had been, in a patent case. The outcome, however, was that the parties found the special master’s report so convincing that they settled on its terms.

On later experience and reflection, I think Wyzanski’s proposal would not generally solve the problem. First, the choice of the special master becomes a contest between the parties. Second, I have been in a case in which both parties declined to cross-examine the special master because they did not want to argue with the judge’s “pet.”

member of the Society of Fellows and as dean of the Faculty of Arts and Sciences. He performed splendidly in that position. In particular, in 1962, during the Cuban Missile Crisis, he was effectively in charge of all matters except the crisis itself. Then, in 1963, he played a serious role, assisting Averell Harriman in the negotiations that led to the first nuclear test ban treaty; he rightly considered that to be a major contribution to his country and the world. Upon his resignation, President Kennedy wrote, "I know of no one who has the comparable ability to analyze a large amount of material and then put the essential information in a report in a way that makes the decision process much easier and more precise. We are going to miss you greatly."

Although Carl became a special assistant to the president in 1963 and then in 1964 the chair of the President's Task Force on Foreign Economic Policy, he returned to Harvard in the fall of 1963. In the following year he became the Lucius N. Littauer Professor of Political Economy. He held that position until 1966. In 1966, Carl left Harvard and replaced J. Robert Oppenheimer as director of the Institute for Advanced Study in Princeton, a position he retained until 1976. This may have been an important period in Carl's life, but it soon became a quite stressful and unhappy one.

Some of the faculty, particularly the mathematicians, opposed Carl's appointment from the very beginning. (They had also fought with Oppenheimer.) That opposition became intense when Carl moved to appoint a third person to what would then become the School of Social Science, as he had promised the trustees he would do. To say that the opposing faculty members were neither polite nor discreet in their battle with Carl would be an understatement, and I shall not dwell on the details.

At the height of this upheaval, Carl received a letter from his old friend, Judge Wyzanski. It stated in part, "When the Directorship of the Institute was offered, I applauded the Institute; but not your decision to accept. In my judgment you have the capacity to be a great thinker, and, though less surely, a great writer. I doubt if you are by nature a great administrator. . . . Stop and reflect what is in your permanent interest. . . . In short, you ought to accept a university professorship at Harvard, or some equivalent post." Wyzanski then offered to try to facilitate such a move.

I do not mean to suggest that the decade spent at the Institute was devoid of positive experiences. Apart from friendships and achievements at the Institute itself, Carl was invited to become a trustee at his old alma mater, the University of Pennsylvania, as well as a member of the boards of United Parcel Service and Polaroid, experiences that he valued highly.

Carl eventually returned to Cambridge (in 1976), but not to Harvard. Through the good offices of his friend Jerome Wiesner, then the president of MIT (who, like Carl, had served in the Kennedy administration), Carl accepted a position as MIT's David W. Skinner Professor of Political Economy. He did not, however, become a member of the MIT economics department, having been away from the field for a long time, but ultimately became the director of MIT's Program in Science, Technology and Society.

Carl continued to write and edit articles and books. These were now largely about arms control—especially nuclear, foreign policy issues (including the war in Iraq)—as well as social and educational issues generally, rather than about economics.

In 1990, Annette Kaysen, Carl's wife of fifty years, died, to the sorrow of her family and friends.

In 1994, Carl married Ruth Butler, a professor of art history at the University of Massachusetts, Boston, and an expert on the works of Rodin. They remained together until Carl's death on 8 February 2010, a month short of his ninetieth birthday.

I close this memorial by turning to some of my own personal remembrances of Carl.

Carl discovered me in the spring of 1954. I was in my sophomore year at Harvard and, in the elementary economics course, had written a paper on oligopoly that was passed along to Carl. I cannot now remember the contents of the paper, and I am quite sure that it was not a very good one, but Carl thought it showed sufficient promise for him to call me in to see him. He then asked if I would accept him as my tutor for the following year, and I agreed, not realizing that juniors did not typically have tutors all to themselves.

Carl sent me to summer school to learn more mathematics. He then pulled me entirely out of the Harvard undergraduate curriculum in economics and pushed me into the graduate program, including his own course in industrial organization and Edward Mason's subsequent course in antitrust issues. Since he thought that the first-year graduate course in microeconomic theory was not well taught, he undertook to educate me in that subject in our weekly tutorial sessions. That was a fantastic experience. In the course of that year, I wrote what became my first published paper for his tutorial.

Carl changed my life (and not for the last time). He confirmed my interest in going into economics and continuing my education at Harvard. This did not sit well with my parents, and, indeed, they came to Cambridge and interviewed Carl. After asking me to leave the room, my parents grilled him as to his salary, the education of his children, the car he drove, and so forth. He let them do this. (My mother ever

afterward made a face when his name was mentioned, but never criticized him directly.)

In 1957, Carl successfully nominated me for the Society of Fellows, ten years after his own election. In the following years, he and I collaborated twice, once on a book on the demand for electricity (stemming from a consulting project that he arranged for me to do for General Electric) and once (together with Zvi Griliches) on a paper that he suggested on the costs of automobile model changes to the American economy.

In 1970, Carl changed my life again. Nicholas DeB. Katzenbach, who had known Carl from his time in the government, and who was then the general counsel for IBM, asked Carl whom he should get as an economics expert for the massive antitrust cases that were being brought against IBM. Carl was kind enough to tell him that I was the best student he had ever had. With the tastes I had then, had I known what I was getting into, I would have refused. With the tastes that I developed because of that work, I was (and am) glad that I agreed to do it. The (extremely lengthy) assignment reawakened my interest in antitrust economics and changed the path of my professional career. (Carl also testified in the case brought by the government.)

As Carl knew I would, I worked on the IBM cases together with Charles River Associates (CRA), the consulting firm of which I became a director in 1967. Carl also brought CRA other business and, in 1986, became a member of the board. He later became its chair—a position in which I succeeded him. When he retired, he said he wanted to leave before he became so old as not to realize that he had become a burden. He was, in fact, a very valuable board member and chair.

Indeed, Carl was not only an extremely smart man, but also a wise one, which is not the same thing.

Sometime in the late 1990s Carl and Ruth, along with others, came to our apartment to hear a presentation on Israel by Mordecai (“Morele”) Baron.² Baron spoke on the situation in the Middle East. Carl asked a series of penetrating questions and entered the discussion. After the meeting was over, Morele turned to me and asked, “Who was the sage?”

But, at least once, Carl outsmarted himself.

In the late 1950s, Thomas Schelling (later a Nobel laureate in economics) was interested in the question whether people could coordinate their actions without ever actually communicating. He sent out a

²Baron had been a high officer in the Israel Defense Forces, later a member of the Knesset, and finally the president of the New Israel Fund, for which he was speaking.

questionnaire to a definitely non-random sample of his friends (mostly, if not entirely, economists). Carl was in the sample, and he was instructed to proceed by committee. I was in his office at the time, so I became the committee.

The two questions that I have fully remembered were as follows:

1. You are paired with someone else in the sample; you do not know who. Pick a place to meet. This can be anywhere on the earth's surface, and do not worry about difficulties in getting there. If the two of you pick the same place, you win; otherwise you lose.

Carl asked for my advice, and I immediately said we should pick Grand Central Station under the clock. Carl did not like that idea, saying that I had picked it only because the upcoming economics meetings were to be in New York. He insisted that we needed a much less parochial meeting place, defined geographically.

I next suggested the North Pole. Carl asked, "Why not the South Pole?" I replied that people would pick the North Pole.

Carl then said that we needed an arbitrary geographical spot that was unique. I suggested zero degrees longitude, zero degrees latitude. Carl pointed out that this spot is in the middle of the ocean. When I replied that the instructions said that we shouldn't worry about things like that, Carl replied, "But people will."

Carl, the senior partner in this endeavor, then insisted that we should pick Greenwich, England, on the site of the Royal Observatory. I thought that was really ingenious, but I had severe doubts.

2. Pick a day and time to meet. Again, if you pick the same time as the person with whom you are paired, you win; otherwise you lose. But the farther into the future you agree to meet, the more points you will get.

I immediately suggested midnight on New Year's Eve, 1999. Carl pointed out that many people in the sample would be dead by then, and insisted that we pick noon on the next leap year day.

Later, Schelling sent round the results. As I recall, about half the sample chose the clock in Grand Central Station, and all or nearly all the remainder chose the North Pole. Everyone chose midnight of New Year's Eve 1999.

Carl had been ingenious indeed, but he wrongly supposed that everyone else would be as ingenious as he was (and would expect the same of their partners).

I used to say when telling this story that it was cold and lonely waiting at the Royal Observatory at noon on the next leap year day, but I now realize that, while it would probably have been cold, it would not have been lonely, because Carl would have been with me.

With his death, the world has become a more lonely place.

It is customary that when Jews speak of the deceased, they say, "May he (or she) be remembered for blessing." I cannot know whether God remembers Carl in that way; I know that I do.

Elected 1967

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