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► **To cite this version:**

| Antoinette Baujard. Abram Bergson. 2013. halshs-00907159

HAL Id: halshs-00907159

<https://shs.hal.science/halshs-00907159>

Preprint submitted on 21 Nov 2013

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WP 1334

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November 2013

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November 8, 2013

Abstract

This paper briefly presents the life of Abram Bergson (Burk). It summarizes its most important contributions to economic theory: microeconomics, welfare economics, comparative economics and sovietology. The role of value judgments in the construction of social indexes or in the comparison of systems is especially highlighted.

JEL-Codes: B21,B24,B31

Key-words: Bergson, Burk, Welfare economics, Sovietology

Abram Bergson (April 21, 1914 - April 23, 2003) has been both famous for pure economic theory, especially welfare economics, and Soviet economics. Two of his most well-known paper, published in 1936 and 1938, are though authored by Burk while referred to as Bergson's. At a time where being a Jew was not easy in Europe and being Russian not popular in the US, his older brother Gus Burk and himself, Abram Burk, decided to change their surname into Bergson in order to be identified as sons of Russian immigrant Jews. This is but just one story about the change from Burk to Bergson as it is described by his great friend Paul A. Samuelson.

Abram Bergson spent his youth in Baltimore. He was married with Rita Macht Bergson, herself trained in Baltimore, with whom he had three daughters Judy, Mimi and Lucy. After an undergraduate training at John Hopkins, he started at 19 years old studying economics at the Harvard Graduate School. Abram Bergson started

*To be published in Gilbert Faccarello and Heinz Kurz Eds. *Handbook of the History of Economic Analysis*, Edward Elgar Publishing Limited, Cheltenham (U.K.), Vol.1: Great Economists since Petty and Boisguilbert

to learn the Russian language and he made a first lengthy visit in Moscow in 1937. He published his Harvard PhD thesis in 1940, had already gained a wide recognition as a mathematical economist by then. During World War II, he has been working in 1940-42 in the University of Texas, Austin, then he became head of the Russian desk at the Office of Strategic Services(OSS). He played a major role in establishing and maintaining close links between US academic studies of the Soviet economy and the intelligence community of the Federal government. He became an economics chair at Columbia after the end of the war. He has worked in the RAND think tank in Santa Monica. He tenured Harvard Professor in 1956. He was the director of the Harvard Russian Research center from 1964-68 and 1969-70, consultant of the Rand Corporation, member and chairman of the Social Science Advisory Board of the US Arms control and Disarmament agency, consultant to various federal agencies; he has been the President of the Association for Comparative Studies and has several times given testimony before the US congress. Samuelson recalls he was known as Honest Abe in Harvard, and describes him as very modest yet not shy, straight arrow, upright, as “a man of the center with a personal preference toward less economic inequality”.

His contributions to economics are numerous, important and diverse, among which to economic theory. In his 1936 article, he discusses techniques to measure marginal utility and its importance for the general index number theory. He found an earliest formulation of the constant elasticity of substitution function, which outside consumer utility analysis, became widely used in production theory and in modern finance theory (one case where optimal portofolio ratios are independent to whether wealth is large or small).

In welfare economics, Bergson became famous and still is ever since his 1938 *Quarterly Journal of Economics* article in which he defines and discusses individualistic social welfare function, as a method of ranking different Pareto-optimal allocations. He has expressed social welfare as a function of the amounts of commodities allocated to individuals as well as the allocation of factor services, the latter defined with reference to the particular employments of labor services and of particular industries in which labor was employed. With such an individualistic social welfare function, Pareto optimality conditions are derived as necessary but not sufficient conditions for defining interpersonal normative equity. Samuelson has, after this, considerably

simplified Bergson's presentation by adding further postulates, introducing from then on, a truly seminal representation of social welfare and framework in welfare economics. Even though the now so called Bergson-Samuelson social welfare function is in its actual shape entirely due to Samuelson, the latter has always been very cautious to attribute its actual paternity to Bergson. Important contributions of Bergson also concern his answer to Robbins's critics according to which value judgements should be thrown out of economics for interpersonal comparisons of utility are not testable empirical relations. In the context of the Bergson Ethical Normative Functions introduced in 1938, ethical value judgements may be given coherent interpretations.

For history of welfare economic thought, we should recall his strong statements as whether we should retain the word "Pareto optimality" since it appeared before, whatever vague, in Mill, Smith and Edgeworth.

Besides, he contributed to the critical analysis of compensation variations and consumer surplus. By introducing the concept of marginal rate of income substitution (MRIS), which amounts to the distributional weight, he shows that any results based on that framework hence depend on the price structure, then requiring a general equilibrium context. He also points out its redundancy by establishing the connexion between variations and index number theory.

He is often considered the father of the US economic Sovietology. In comparative economics, his works on the Soviet Economy include description and analysis of the Soviet Economic institutions, measurement of economic growth, and a deep knowledge of the Soviet statistics. In particular, one of his main contributions concerns the measurement of economic growth in Soviet systems. It was before impossible to compare growth rates between USSR and other economic systems since market prices are indeed available. The current methods of evaluation indeed made Soviet growth appear unrealistically high. Bergson applied the adjusted factor cost method for USSR for 1928-55. It consists in adjusting actual Soviet transactions prices to what they would be according to the neoclassical theory. These prices are used as weights to aggregate the physical outputs in each branch and economic sector. Such data are then comparable to aggregates from SNA (Systems of national accounts), and, as Bergson argues, provides some possible welfare interpretations. Such results have been undoubtedly influential, yet controversial.

In both domains of research, whatever Sovietology or welfare economics, Bergson has put forward that any evaluation of social states, or any assessment of the superiority of one system should eventually rest value judgments rather than on objective quantitative economic data. Indeed, comparisons induces on weighting different activities into an index which eventually depends on values.

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