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Tjalling C. Koopmans [[Ideological Profiles of the Economics Laureates](#)]

Daniel B. Klein, Ryan Daza, and Hannah Mead
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Abstract

Tjalling C. Koopmans is among the 71 individuals who were awarded the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel between 1969 and 2012. This ideological profile is part of the project called “The Ideological Migration of the Economics Laureates,” which fills [the September 2013 issue of *Econ Journal Watch*](#).

Keywords

Classical liberalism, economists, Nobel Prize in economics, ideology, ideological migration, intellectual biography.

JEL classification

A11, A13, B2, B3

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http://econjwatch.org/file_download/736/KoopmansIPEL.pdf

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Tjalling C. Koopmans

by Daniel B. Klein, Ryan Daza, and Hannah Mead

Tjalling Koopmans (1910–1985) was a Dutch economist whose Nobel-winning work was on optimal planning. It appears that he was not very vocal about his ideological views, even when some of his peers were.

IDEOLOGICAL PROFILES OF THE ECONOMICS LAUREATES

Koopmans grew up in the village of 's-Graveland and began his education in biblical studies at a school where his father was principal. His early life outside of school leaned heavily on common religious rituals and instruction. At seventeen, Koopmans left for the University of Utrecht. While at the university, he boarded with a family less strict and much more socially lively. He would eventually renounce his ties to the Protestant faith (Scarf 1995, 264-265).

At the university Koopmans studied pure mathematics and theoretical physics, which eventually led him into economics. Koopmans explained the academic shift as “a compromise between my desire for a subject matter closer to real life and the obvious argument in favor of a field in which mathematical training could be put to use” (Koopmans 1992/1976).

In his early twenties, Koopmans looked to Marxism to make sense of the Great Depression. In an autobiographical sketch, he wrote: “It dawned on me that the economic world order was unreliable, unstable, and, most of all, iniquitous. I sought intellectual contacts and friendship with a group of socialist students and also with a small handful of communist-oriented students and unemployed workers. Thus, Karl Marx’s *Das Kapital*, Vol. I, came to be the first book in economics that I studied. While never accepting the labor theory of value, I was stirred by the famous chapter on the state of the English workers during the Industrial Revolution” (Koopmans 1992/1976).

Koopmans eventually affiliated himself with Jan Tinbergen, a trained mathematical physicist. Koopmans moved from Utrecht to Amsterdam and connected with a group of Tinbergen’s young disciples, among them Truus Wanningen, with whom Koopmans had shared interests in “economics, music, nature, love, and independence from the views and lifestyles of our parents.” Koopmans and Wanningen were married in 1936 (*ibid.*). Koopmans earned his doctorate and became an economics professor at the Netherlands School of Economics in Rotterdam between 1936 to 1938, after Tinbergen was called to the League of Nations at Geneva. When Tinbergen returned in 1938, Koopmans took his place at the League. He worked for two years in Geneva, then came to the United States in 1940 (Koopmans 1992/1976).

In a speech in 1949, Koopmans entered the calculation debate by dismissing it:

Much of the literature touching on this topic [the problem of efficient allocation in production] is concerned with the evaluation of alternative institutional or administrative forms of organizing production. This evaluation forms part of the grand debate on the merits of private or corporate enterprise versus a centrally directed economy—a debate touching upon the broad theme of the present

meetings—and important insights about our topic can be gained from this debate. The famous article by Enrico Barone on “The Ministry of Production in the Collectivist State” emphasized the idea that an economy under centralized direction, to be efficient, should in most of its operations satisfy the same formal conditions as are satisfied by the economic theorist’s model of competitive society. This idea has been substantially accepted by all participants in the ensuing debate [Hayek-Robbins, Lange-Lerner]. The controversy was about methods satisfying these conditions. ... To remind us that the real world always offers a greater variety of problems than our attempts at theorizing have envisaged, a new contribution to the discussion has recently come from outside economics. M. K. Wood, a scientist and administrator, and G. B. Dantzig, a mathematician, both of the U. S. Department of the Air Force, were faced with the allocation problems of a widely ramified part of the military establishment. ... In this situation...they revert to the method discarded by all participants in the debate who came after Barone: the actual collection of relevant technical information in one center and the calculation of an allocation program to serve as the basis of a large number of detailed directives. ... This interesting turn in the discussion shows, it seems to me, that the earlier discussion had been concerned too much with absolute institutional categories encompassing the entire economy. Even in the capitalistic enterprise economy there are many sectors where the guideposts of a competitive market are lacking and explicit analysis of the allocation problem is needed. (Koopmans 1951, 455-457)

Koopmans became part of the Cowles Commission at the University of Chicago, where he worked with Kenneth Arrow, Jacob Marschak, and others. Arrow has remarked that the Cowles group was “persecuted, but...taken seriously” by Milton Friedman and others who disagreed with their approach (Arrow 1995). Arrow described Koopmans as a “reserved scholar” who was “very unhappy” with the other members’ aggressive style in exchanging ideas (*ibid.*). Perhaps this reserve kept Koopmans from elaborating his own views.

From his early interest in Marxism, Koopmans said only that he “retained a lifelong interest in the prior formulation of that fundamental part of economic theory that does not require specifying the institutional form of society to be used as a framework for the description and comparison of different economic systems” (Koopmans 1992/1976). Fellow economist James Tobin said of Koopmans:

From Marxism he learned the relativism and fragility of institutional and political forms, a lesson that has led him over the years to concentrate on the enduring aspects of economic life which transcend those forms. Although much of Koopmans's work appears to provide logical support for the optimality of competitive equilibrium, he is too wise a man and too pure a scientist to identify such theory with "free enterprise" ideology. (Tobin 1977, 59)

Tobin described Koopmans's discreet disposition: "Unlike many giants of contemporary economics, Koopmans is not widely known outside of his profession. Few newspaper readers recognized his name when his 1975 Nobel Prize was announced. He has not written best-selling tracts or textbooks, or articles in popular media; debated policy and ideology on TV; testified before Congress; advised political candidates, public officials, or businessmen; addressed large audiences on the lecture circuit; or held government office. He has always been a scientists' scientist, a theorists' theorist, and economists' economist. ... Always concerned for precision and proof, he prefers not to venture into areas where he is personally unsure of logical or empirical foundations" (Tobin 1977, 58).

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