Abstract

The notion of the Phillips curve as a policy tool was first advanced in 1960 by Paul Samuelson and Robert Solow. Despite their pointing out features of the curve that would later become prominent, (i.e., that the curve could shift), it helped create the environment that allowed inflation in the United States to accelerate during the 1960s. Ironically, Samuelson and Solow never estimated their Phillips curve, but instead hand drew it to fit the data for the twenty-five year period from 1934 to 1958. Using the data and econometric techniques available to them at the time, we estimate the Samuelson-Solow Phillips curve, find that it bears little resemblance to their hand-drawn curve, and discuss the policy implications of the two curves.