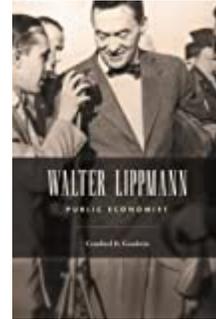




Craufurd D. W. Goodwin. *Walter Lippmann: Public Economist.* Cambridge: Harvard University Press, 2014. 424 pp. \$35.00 (cloth), ISBN 978-0-674-36813-2.



Reviewed by John Graham

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Bringing Keynes to America and Economics to the Masses: Walter Lippmann, Economic Journalist

Walter Lippmann was the preeminent American journalist of the twentieth century. Distinguished for his intellectual depth and breadth, and for his vast personal contacts in academia and government, he wrote daily newspaper columns that were widely read and respected for close to fifty years, from the 1920s through the late 1960s. His authoritative columns were meant to inform his readers and to shape their opinions on a wide range of current political, social, and economic issues. In a *New Yorker* cartoon from 1932, a dowager lady at breakfast confesses, "A cup of coffee and Walter Lippmann is all I need."

A voracious reader and quick writer, Lippmann could have been an academic or a politician but rejected both professions in favor of journalist and public intellectual. The only child of well-traveled, upper-middle-class New York German Jews, Lippmann graduated from Harvard in 1910. Over the next twenty years, he wrote six highly regarded books on moral philosophy, social issues, and politics; helped start the *New Republic*; and wrote the lead editorials for Joseph Pulitzer's *New York World*. With

its demise, he left the Democratic-leaning *World* for the Republican-leaning *New York Herald Tribune*. His thrice-weekly column, "Today and Tomorrow," ran there from 1931 to 1963 and continued in the *Washington Post* until his retirement in 1967. At their peak, his columns were syndicated in more than two hundred papers to an audience of perhaps eight to ten million readers.

From 1931 to 1946, roughly two thirds of Lippmann's columns (about one hundred per year) addressed primarily economic issues. In his new book, *Walter Lippmann*, published in 2014 by Harvard University Press, Craufurd D. Goodwin, an economic historian at Duke University, calls Lippmann the nation's first public economist. Long before John Kenneth Galbraith, Paul Samuelson, or Paul Krugman decoded the dismal science for the masses, there was Lippmann to help Americans see their way through the hard times, upheavals, and uncertainties of the Great Depression and the Second World War.

Goodwin has not written a new Lippmann biography, nor is one needed. Ronald Steel's award-winning

biography, *Walter Lippmann and the American Century* (1980) is a masterpiece and still in print in an updated paperback edition (1999). Rather, what Goodwin accomplishes is a comprehensive review of Lippmann's economic writings, based on his books, lectures, correspondence, and especially on his daily newspaper columns. Goodwin's excellent book is the product of three years spent reading, organizing, and distilling these materials (housed in the Yale University Archives). A fine writer himself, Goodwin quotes generously from Lippmann's books and columns, calling his style distinctive, effective, non-patronizing, and nonpartisan.

In the first three chapters, Goodwin offers substantial biographical detail about Lippmann's early upbringing, his Harvard education (where he studied philosophy with George Santayana and took few economics courses), and his emergence in the 1920s as a well-connected, highly visible, and influential intellectual. Once Lippmann joins the *Herald Tribune* in 1931, however, the focus of the book shifts sharply away from biography. As a result, the uninformed reader does not learn until the very last sentence of the penultimate chapter that Lippmann had been married (and is never told about his first marriage that ended in divorce). This reader would have enjoyed learning more about Lippmann's interactions with John Maynard Keynes, from their initial meeting in 1919 at the Paris Peace Conference to their ongoing correspondence and periodic visits over the next twenty years. In fairness to Goodwin though, these meetings may be a lacuna lost to history, judging by their absence from Robert Skidelsky's three-volume Keynes biography (*John Maynard Keynes*, 1986, 1994, 2003).

Instead of biographical detail, what Goodwin gives the reader in the middle half of the book is a well-organized summary of Lippmann's economic commentary, and most especially the evolution of his macroeconomic beliefs in the 1930s as he comes to reject classical economic remedies for depression in favor of Keynesian demand management and policy activism. This portion of the book is likely to be all the more interesting to contemporary readers given the many parallels between the Great Depression and the Great Recession of 2008-09. Like Lippmann and his readers in the early 1930s, many modern readers may have wondered why the economic downturn they experienced firsthand was so sharp, why the recovery was so slow, and whether policymakers could have done more, or should have done less.

From the start of his column in September 1931, Lipp-

mann was obsessed with the consequences and costs of high unemployment. He sought to understand the causes of the Great Depression and was on the lookout for a cure. He quickly rejected President Hoover's approach of simply waiting for recovery (as well as the British insistence that prices needed to fall), even while he hung on to his support of the gold standard and balanced budgets. Gradually, however, these classical beliefs began to crumble in the face of the slow pace of economic recovery. The crucial period in his economic development, according to Goodwin, was the summer of 1933, when, in London for the World Economic Conference, he spent many productive hours with Keynes. His conversion to Keynesianism appears to have been complete by May 1934, when he delivered the Godkin lecture at Harvard, advocating unbalanced budgets and an activist policy agenda, some two years before the publication of Keynes's *General Theory*. It would be February 1937, however, before Lippmann ever mentioned Keynes by name in one of his newspaper columns. Goodwin does not speculate on the reason for his cautious reticence. It may have had to do with the inconvenience of Keynes's close association with bohemian Bloomsbury and the English Homintern; or it may simply have been because, as he once confessed to Galbraith, "It goes without saying that I have always found his great book [to be] unreadable" (p. 127).

While Lippmann was a solid convert to Keynesianism (arranging with Harcourt Brace to publish Keynes in America), he was less than fully committed to all of the economic policies of President Roosevelt and his New Deal advisors. On more than one occasion, he lamented the shortage of skilled economic talent among Washington policymakers and advocated the creation of a Council of Economic Advisors. He was sensitive to the struggles of farmers in repaying their debts in the face of falling land and commodity prices, but was never comfortable with New Deal farm programs aimed at limiting agricultural supply. He supported the creation of the Tennessee Valley Authority as a successful government monopoly, but saw the Agricultural Adjustment Administration and National Reconstruction Administration as an unfortunate renunciation of an earlier era of Progressive trust busting. And while he viewed mass unemployment to be the worst of all problems, he saw some proposed welfare solutions as a moral issue, noting "it is the question of how much you can help others without ruining their capacity to help themselves" (p. 180).

Throughout the 1930s, Lippmann became more pessimistic, and to some observers, more conservative. He

was discouraged that too many politicians were not taking the advice of modern macroeconomists as the recovery slipped back into recession in 1937. He became impatient with striking labor unions and saw battles in Washington over redistribution as a series of struggles among selfish people. Ultimately, he felt that New Dealers themselves were betraying their classical liberal values in favor of socialism and collectivism. It is in this spirit that Goodwin argues that we need to understand why Lippmann, while never abandoning his support of Keynes, was also attracted by many of the ideas of the conservative Austrian economists, particularly those of Friedrich Hayek, with whom he became a frequent correspondent in the late 1930s.

As war in Europe approached, Lippmann saw America's isolation as increasingly dangerous and strongly advocated that the nation begin to prepare for war. Much as he abhorred collectivism, he saw the need for a concentration of political and economic power in Washington in time of war. After Pearl Harbor, all of his columns for the war's duration dealt with some aspects of the war economy, including support for price controls as a means to combat inflation, tariffs and embargoes to aid allies and punish enemies, and strategic subsidies to key defense industries. In one badly misguided effort, he expressed strong support for the internment of Japanese Americans.

After the war, Lippmann was upbeat that Keynesian doctrines appeared to be more widely accepted and that mass unemployment was no longer accepted as inevitable. He was a strong supporter of the Employment Act of 1946, along with its creation of a President's Council of Economic Advisors, as he had argued for ten years earlier. He was optimistic about the potential for expanded international trade and postwar global economic development. He saw America leading the way, upholding Western traditions and values, particularly with the Marshall Plan in Europe. Like Keynes, he supported the creation of the International Monetary Fund, World Bank, and fixed exchange rates. And more than ever, he advocated better economic education for both policymakers and the general public, admitting that much of Keynesian macroeconomics was hard to grasp and counterintuitive.

For the next twenty years after 1946, Lippmann continued to pen his daily columns, and in the 1960s he appeared in *Newsweek* as well, but his subject matter shifted sharply away from economics. From 1931 to 1946, he had a close association with the economics profession, at-

tending professional meetings of economists and engaging in lively correspondence and conversation with top economists worldwide. In turn, Goodwin argues, many economists themselves sought out Lippmann for advice and used him as their public mouthpiece. After 1946, other economic spokesmen emerged, like Samuelson, Milton Friedman, and Walter Heller. Unlike Lippmann, these new scribes were academic economists, schooled in the increasingly mathematical language of the postwar discipline.

While he wrote less frequently about economic issues in his final twenty years, Lippmann continued to publish some economic commentary. In 1951 he was a vocal advocate of the Federal Reserve-Treasury Accord, which freed the central bank to pursue price stability instead of low interest rates. In the 1930s, Lippmann had been a close friend and booster of Federal Reserve chair Marriner Eccles, who had pioneered the use of open-market operations as a monetary tool. Lippmann never took to President Eisenhower, but felt comfortable with Kennedy and Johnson, and especially with their strong team of economic advisors. He was an advocate of the 1964 tax cut and a supporter of the war on poverty, even as he grew disenchanted with Johnson over the war in Vietnam.

As might be expected, in the final chapter of the book, Goodwin assesses Lippmann's legacy, asking what made him special (talent and hard work) and whether we are likely to see his kind again (alas, no). Here, he offers the reader few new insights, beyond those offered by biographer Ronald Steel and some of Lippmann's strongest and most eloquent champions from journalism, like James Reston and Kenneth Clark. Even still, Goodwin strikes all the right concluding notes, writing: "Like John Maynard Keynes, Lippmann thought his mission was to save the free market system, not to revolutionize it, to correct flaws before they became serious enough to lead to revolution" (p. 361). In doing all this, he was "like a sophisticated, trusted, well-informed, and beloved teacher and advisor. For a great nation moving through apocalyptic change he was deeply comforting" (p. 368).

While we are unlikely to see another journalist with the stature of Lippmann writing about economics any time soon, there are today some fine journalists interpreting the discipline in print and mass media. These include former *Wall Street Journal* columnist David Wessel, current *Journal* columnist Greg Ip, and *PBS NewsHour* correspondent Paul Solman. Meanwhile, an ever increasing number of professional economists

are taking to the Internet to spread their own research and ideas more widely. The website Economists View (economistsview.typepad.com) catalogues more than four hundred economic blogs, perhaps only a hand-

ful of the actual number. Whether or not the public will take to some of these new efforts the way they took to Lippmann in the 1930s, is far from certain.

If there is additional discussion of this review, you may access it through the network, at:

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