

Political Influence on the Textbook Keynesian Revolution

God, Man, and Laurie Tarshis at Yale

By David Colander

Christian A Johnson Distinguished Professor of Economics, Middlebury College
and

Harry Landreth

Boles Professor of Economics, Centre College

In Colander and Landreth (*The Coming of Keynesianism to America*, Edward Elgar, 1996) we argue that the so-called Keynesian revolution in economics involved a three-part interrelated process--a policy revolution, a theoretical revolution, and a textbook revolution. Of these three the least considered part of the Keynesian revolution is the textbook revolution.

In this paper we examine one aspect of the Keynesian textbook revolution and its interaction with the Keynesian policy revolution. Specifically, we explore the reaction that Laurie Tarshis's 1947 text, The Elements of Economics, (one of the first principles text in the U.S. to embody Keynesian ideas) brought about in the United States, and the implication that reaction had for modern economics. We begin with a brief discussion of some background relevant to Tarshis's writing of the text.

Background of Tarshis's Book

In 1936 Bob Bryce and Laurie Tarshis came to Cambridge, Massachusetts from Cambridge, England where they had been enthusiastic students of J. M. Keynes. Soon after arriving in the U. S. they started introducing Keynesian economics to Harvard, Cambridge, and to the United States. Bryce was a student at Harvard and Tarshis began his teaching career at Tufts, a half hour walk from Harvard. Bryce began spreading the gospel among the heathen; Schumpeter, as reported by John Kenneth Galbraith, called Keynes Allah and Bryce his Prophet.¹ Bryce's influence in spreading the new Keynesian ideas was at the graduate school level in his student days at Harvard, and later in later in distinguished career in the Canadian government.

Tarshis took a different tack and began disseminating Keynesian ideas through published works. In 1938, he and other young economists from Harvard, wrote An Economic Program for American Democracy², which was an application of Keynesian economic thinking to the problems faced by the U.S. economy in 1938. That book received significant attention and, in academic circles, it closely associated Tarshis with liberal and Keynesian ideas. Tarshis states:

¹David C. Colander and Harry Landreth, The Coming of Keynesianism to America (Brookfield, Vt.: Edward Elgar, 1996) 137.

²R. V. Gilbert, *et. al.*, An Economic Program for American Democracy (New York: Vanguard Press, 1938).

Being one of the authors of the book was not altogether positive for me. The president of Tufts thought it was awful. You see, the byline of the book was, "By Seven Harvard and Tufts Professors." He kept sending me reminders of donors who were going to give money to Tufts but who had decided not to, because of the book. In fact, I was regarded as an absolute Red.³

After that initial policy book Tarshis followed a more usual academic route. In 1939 he completed his Ph.D. from Cambridge, and, after a stint as a Carnegie Fellow at the National Bureau of Economic Research, he became an assistant professor at Tufts. In 1941 Tarshis took a job at Stanford, but, because of the war, did not begin until 1945. Instead, in 1943-45 he served on the War Production Board (He had become a U.S. citizen in 1942).

Tarshis's Textbook

Tarshis was an excellent writer and expositor, and in 1946 he was recruited by Edgar Furniss, the Provost of the graduate school of Yale, and an advisory editor to Houghton Mifflin, to write an introductory text which incorporated recent developments in economic thinking--especially Keynesian economic thought and ideas of monopolistic and imperfect competition. Tarshis was a fast writer and he completed the book in 1947. For those who are involved with the process of writing introductory books in the 1990s--a process that involves carefully positioning oneself relative to other books, and going through a long and detailed reviewing process--the development process of the Tarshis book was extraordinary. He had no reviewers and he wrote it in reference to no other book.⁴

Tarshis's book was 699 pages long, and was substantially different than previous introductory economics textbooks. It included a discussion of Robinson's imperfect competition and Chamberlin's monopolistic competition, and it provided a Keynesian view of the macro economy, whereas the standard principles book of that time discussed only perfect competition and monopoly, and had little discussion of any macroeconomic issue.

Perhaps the biggest difference between Tarshis's book and earlier books was in policy sensibility. Most earlier books has espoused classical political economy precepts--interpret laissez-faire precepts-- in a general way, with little or no discussion of current problems. According to those precepts, the gold standard and sound finance--interpret balanced budget--were good, and not subject to policy debate. In these pre-Keynesian textbooks these precepts were combined with a general admiration and belief in the market system and private property. The message conveyed to students by previous books was that unimpeded markets were the best way to organize an economy. Any statements to the contrary were heresy.

With the depression in the 1930s that view about the role of the market was

³Colander and Landreth 64.

⁴Colander and Landreth 66-7.

changing, both in the academic and the political spheres. With the success of the Western governments in World War II, there was also a change in the view of the role of government. It was within this changing ideological structure that Tarshis wrote his book. Tarshis's book conveyed a quite different policy perspective. Tarshis saw the government as an agency through which people acted collectively for the common good. That view of government was combined with a belief that the market needed government assistance to assure full employment. Thus, it was inevitable that a book presenting the new view that questioned the self-regulating nature of the economic system would provoke a reaction.

Initially, Tarshis's book was well received. According to Tarshis:

When the book came out in--probably April of 1947-- I kept getting glowing telegrams from the publisher. I thought, "Oh, my God, this is just beyond belief." The publisher was very happy....I would get letters from my very conservative publisher saying Brown has adopted it, maybe Middlebury adopted it, Yale has adopted it--one place after another had adopted it. Every time I got a letter like this that indicated ten more adoptions or twenty more adoptions, I thought, "Boy, that bank account will be picking up."⁵

But these happy days did not last long; soon after publication Tarshis's book received a harsh attack in the form of a book review by Rose Wilder Lane.⁶ Her review was followed by an evidently organized campaign against Tarshis's book during which the administrations and trustees of colleges adopting the book were written letters calling for the removal of the textbook. Letter writers to Stanford's trustees and President wanted both Tarshis and his book removed.⁷ According to Tarshis, "It was a nasty performance, an organized campaign in which they sent newsletters to all the trustees of all the universities that had adopted the book."⁸ Lane's attack was followed by others, and soon, removing the Tarshis book from economics classes became a cause celebre of conservative organizations.

In the face of these attacks Stanford stood firm and refused to budge; throughout the period Stanford supported the right of free expression by their professors. Tarshis recounts:

...my department chairman sheltered me. I know that from time to time the University had trouble, because after the new president came in 1949, he let me see some of the correspondence. It was villainous stuff. They were after Paul Baran, who was a Marxist; they were after Ed Shaw, who was a monetarist, and me. They thought Stanford should get rid of all of us. Wallace Sterling the president of Stanford, wasn't as vigorous as I would

⁵Colander and Landreth 66, 68

⁶Marvin K. Hart, a successful businessman, organized the National Economic Council which published a Review of Books Rose Wilder Lane, daughter of Laura Ingalls Wilder who authored Little House on the Prairie, was editor of the Review of Books from 1945 to 1950.

⁷Colander and Landreth 67-70.

⁸Colander and Landreth 68.

think the thing deserved, but he would certainly never give an inch.⁹

The schools which had adopted Tarshis' book were not so firm and sales of Tarshis's book soon dwindled; Tarshis was not to be a millionaire book author. Tarshis states:

Merwin K. Hart organized a thing called "The National Economic Committee." He got Rose Wilder Lane to write a newsletter for it and he sent copies of this newsletter...to all the members of every Board of Trustees of every university anywhere, including politicians, Republican universities and so on. Then I began to get notices from Houghton Mifflin about "X is canceling its order; Y is canceling its order." Before the summer was halfway through sales had fallen just as sharply as they had risen. I was at Williams that summer, teaching, and the president of Williams, a man called Baxter-- Emile (Despres) had seen to it that Williams had adopted my book and Baxter was very strongly supportive of the book-- wrote a strong letter to other university presidents he knew. But sales, instead of staying at that beautiful peak, went down just like that. The book did all right--I think I sold something like 10,000 copies. But it really died in 1948 or 1949.¹⁰

Tarshis was especially upset by an attack by William Buckley in the book God and Man at Yale in which he criticized the views of Tarshis's and authors of several other economics textbooks used at Yale. Tarshis states:

That bastard Buckley--I get so angry when I think of him, because, you know, he's still parading his objectivity and concern for "moral values," and so on. The amount of distortion is enormous. He would pick a phrase and tack it onto a phrase two pages later, another page later, another page four pages earlier, and make a sentence that I couldn't recognize as anything I'd written--I was only able to see it when I had my book in front of me, and I could see where they came from--and make it seem as though I was no supporter of market capitalism, which I felt I always was.¹¹

A Clash of Ideologies

Anyone who knew Laurie Tarshis knows that it was impossible to dislike him personally; he was one of the most charming, caring and pleasant economists who ever existed. Thus, it had to be his views, not him, that were being assailed. In a way that assault on a principles of economics textbook conveying the new pro-government interventionist policy was inevitable. To see that let us consider some of those contrasting views of Buckley, and of Tarshis. Buckley states his position.

...I look upon economics as a science of adjustment between the appetites of man, which are limitless, and the resources of nature, which are limited.

⁹Colander and Landreth 70.

¹⁰Colander and Landreth 68-9.

¹¹Colander and Landreth 70-1.

I am, further, committed to the classical doctrine that the optimum adjustment--private property, production for profit and by private ownership, and regulation by a free competitive economy--brings not only maximum prosperity, but also maximum freedom. I therefore consider any infringement upon the component parts of the free economy to be unsound economics. It goes without saying that I consider such infringements as militating against maximum freedom.¹²

This quotation nicely sums up Buckley's view of economics. It contains a strong commitment to the free market. From a modern perspective it is a view riddled with problems--caused by an intertwining of positive and normative issues, but at that time, it was seen by many as what economics was.

Just how openly free-market committed Buckley was can be seen in his discussion of Henry Simon's A Positive Program for Laissez Faire. He writes

I find this pamphlet an extraordinary document, for perhaps to a greater extent than anyone else has done in so few pages, Mr. Simons indicts the state as bearing heavy responsibility for the evils that led to the great depression, (the pamphlet was written in 1934, probably in a fit of pique), but promptly outlines a program which would give to the state unprecedented power. He equates freedom with free enterprise, and proceeds to outline a sure program for the destruction of the free economy.¹³

Faced with this ideological preconception in favor of the market even a non-ideological assessment of the costs and benefits of government policy would be considered suspect. What made a clash even more inevitable was that, although Tarshis's book was less ideologically burdened than Buckley's, Tarshis's was not non-ideological. Tarshis's view was that what had been needed during the depression was massive government action. A continuation of this government action was necessary to maintain prosperity. Given the problems that the economy had in the 1930s, and the success that the Western governments had in the war in defeating fascism, the Tarshis-Keynesian view was to many reasonable. In Tarshis's mind, and in the mind of many observers today, there is nothing inconsistent with being pro-market and pro-government action. But the individualistic ideology of Buckley's did not allow for that combination of views.

Tarshis was very clear that he felt his views were pro-market. He states:

It never entered my head to be concerned about this, because my whole feeling when I was in Cambridge, England, in the last couple of years (and this continued in Cambridge, Massachusetts), was that while I agreed with the aim of the Communists in the sense of "Let's do something to get a system that works," I accepted Keynes strongly enough to feel that revolution was not the way to do it. Following Keynes, you could get it to

¹²William F. Buckley, Jr., God and Man at Yale (Chicago: Henry Regency, 1951) 51.

¹³Buckley 94.

work.

So the irony of it is, I was really, by that time, in the four years in which Keynes's was writing at Cambridge, very much affected by Keynes' belief that an analysis that followed his lines--not step by step his policies, that was almost an irrelevancy--an analysis that followed his lines would enable a person to develop the kind of policy that would be needed to maintain the system: not simply to restore prosperity but to keep the system going. I think Bob (Bryce) would remember--I remember quite vividly--that Keynes in those second and third years was very much influenced by what was going on in Germany (he hated it); he was influenced by what was going on in the Soviet Union (he didn't like *it*), and was scared to death--I can vouch for it--that the young people were turning mostly to Communism or Fascism. He wanted to get his book, his analysis, understood, in providing a viable alternative, a way of maintaining capitalism, maintaining prosperity with the property relations that he knew in a capitalist economy.¹⁴

Consistent with this view he favored a variety of policies which would be considered "collectivist" and his book espoused that ideological view as being science. For example, in the introduction to the book, Edgar S. Furniss writes that the book reflects Tarshis's "conviction that the major purpose in teaching economics is to enable the student to understand the urgent problems of our national economy and to participate in their solution."¹⁵ Since the classical position was that the market would solve the problem and there was nothing that individuals could do to "participate in their solution," this was almost a direct statement of the view that the state had a role in dealing with the depression.

Additional examples from Tarshis's book can be cited to show his views about the role of government in the economy.

As the nature of our economy has changed and as the problems that it has been compelled to face have altered and grown in gravity, we have been compelled to call upon the government--in other words, Ourselves Incorporated--to meet these new situations.¹⁶

The "invisible hand" postulated by Adam Smith, in accordance with which the interest of society is promoted by each person seeking his own gain, is herein revealed. But the result is not ideal. Although the pattern is reasonably coherent--wonderfully so in view of the complexity of our economy--it does not correspond perfectly, or even closely enough, to the pattern of our requirements.¹⁷

¹⁴Colander and Landreth 67-8.

¹⁵Lorie Tarshis, The Elements of Economics (Boston: Houghton Mifflin) editors introduction vii.

¹⁶Tarshis 54.

¹⁷Tarshis 249.

The upshot of the analysis in this chapter and the preceding one is that unemployment can be cured. It is not something like an eclipse, which can be predicted but not stopped. We can either raise employment, or, in the absence of a better remedy, we can reduce the size of the labor force. Raising employment is not easy, and the task is made more difficult because of the man-made taboos which stand in the way.¹⁸

It is often alleged that we cannot afford to relieve unemployment because it costs too much to do so. This charge is difficult to answer because it is hard to understand the sense in which the term costs is here used. But it is easy to understand that the costs of depression are immense and avoidable, and no economic sacrifice which incidentally makes us all better off is too great if it avoids those costs.

Our knowledge of how capitalism works shows us that we can prevent that suffering. And we have certainly found no reason to conclude that we have to scrap the system to do it.¹⁹

If this analysis of employment and national income suggest anything, it should make clear the following points: that we can have prosperity; that we can get out of the deepest depression if we are willing to reason instead of following maxims that came to us from an economy as different from our own as it, in its turn, was from that of the Stone Age; and that we need to know more about our economy in order to refine our controls over it.²⁰

In Tarshis we even get a poem mocking those who favor a balanced budget:

And now the budget's balanced

Retrenchment is the hero

On either side is entered

A solitary Zero²¹

These quotations give a fair representation of Tarshis's views which could be characterized as "committed liberal." He certainly is not a foe of capitalism, but he does openly favor significant government intervention in order to make capitalism operate effectively. Tarshis's position is not essentially different from that of prevailing 1990s ideology, but compared to the 1930s pro-market ideology that Buckley held, Tarshis's position was a violation of what economics was.

The Buckley Attack: Was It Justified?

¹⁸Tarshis 528.

¹⁹Tarshis 529.

²⁰Tarshis 577.

²¹Tarshis 518.

Our initial interest in this topic derived from the Tarshis interview in which he related the conservative reaction to his textbook and of his feeling toward Buckley. Reviewing Buckley's book discloses that he did not exhibit what one would call objective fairness in his attack on Tarshis. In one instance he did not even quote Tarshis correctly. However, despite the sloppy workmanship, and Buckley's attempts to place Tarshis in a negative light, we found no deliberate changing of meaning; it was more shading the meaning on Buckley's part, and a clash of ideologies.

First, Buckley's book does not single out Tarshis. Tarshis's book was only one of four that Buckley considers. In fact, Tarshis does not even receive the harshest, or the most, criticism. In terms of long quotations cited by Buckley, Tarshis's book receives only 6 whereas the others received anywhere from 6 to 15. Second, Buckley starts by explicitly stating that the authors of these texts would not call themselves socialists, and that they claim that they have in mind strengthening the free enterprise system. He cites Tarshis as stating the "the pattern made by the individual flows from millions of firms in our economy is one that broadly reflects our wants."²² He states his particular view of economics, and that he believes that many alumni of Yale will agree with him. He states specifically that his purpose is to let alumni know what is being taught currently and how at odds that is with what they believe. This informational purpose is clearly acceptable in a free society. Moreover, in the general presentation Buckley, does not present an unfair picture of Tarshis's book. However, the devil is in the details, and in those details Buckley shades the presentation to emphasize his points and does not present a totally objective view. Consider two passages that Buckley cites and contrast them with the actual work in Tarshis.

First consider a Buckley quotation of Tarshis in which he used the most ellipses.

Does our economy provide the ideal output judging it by its correspondence with consumer's wants?...We have developed ...reasons for thinking not...income inequality...is as though we gave some people 100 votes, others 50, and still others only 1, and in addition permitted some tampering with the ballot box.²³

The complete text from Tarshis with missing sections in italics is:

Does our economy provide the ideal output judging it by its correspondence with consumer's wants? *Do we produce automobiles, gloves, bread, and so on in approximately the correct proportions?* We have developed *two* reasons for thinking not: income inequality means *that the total vote of buyers does not reflect their real requirements; and the components of our total output do not reflect our total vote (which does not reflect our total requirements) when the degree of monopoly*

²²Buckley 49-50 quoting from Tarshis 239.

²³Buckley 53, 54 quoting from Tarshis 246.

*varies from one industry to another. It is as though we gave some people 100 votes, others 50, and still others only 1, and in addition permitted some tampering with the ballot box. Could the list of successful candidates in such an election represent the real desires of the voters? It would be very strange if it did not.*²⁴

In the last quotation there seems to be little substantive change in the quotation, nor were there in the others. However, in the next quotation, we believe that Tarshis has a legitimate concern. Buckley quotes Tarshis as follows::

The government may be said to exhaust its credit only if it is unable to borrow; and, as we have just seen, its ability to do so can never be seriously in question... **The only question, then, is whether the government can always find a lender or someone who will accept government bonds. In the final analysis this is no problem, if for the simple reason that the government controls the Federal Reserve Banks and can always compel them to buy government bonds...**There is no sign that a high debt exhausts the credit of the government of the United States. And since as a last resource “it can borrow from itself,” there need be no fear on this account....There are no grounds for believing that a high public debt destroys the nation’s credit or leads to a marked fall in the value of the dollar.²⁵

The problem with this quotation is that it is incorrect. Specifically, the part of the quotation in bold is not to be found in Tarshis. In its place is the following:

The government can always find a buyer for its bonds--the Federal Reserve Banks if necessary. Indeed, our government has no difficulty in finding private individuals and institutions who are most eager to have government bonds.²⁶

Tarshis continues the argument by stating that interest rates have fallen which means that individuals desire to hold government bonds more strongly than before and concludes that discussion with the following.

It is possible that one day the government may be unable to sell its bonds to private individuals, commercial banks, and insurance companies. But to date its experience has been just the opposite. There is no sign that a high debt exhausts the credit of the government of the United States. And since as a last resource “it can borrow from itself,” there need be no fear on this account.²⁷

The last sentence of the quotation comes from the summary of the chapter. In that

²⁴Tarshis 246.

²⁵Buckley 69 quoting from Tarshis 535, 541.

²⁶Tarshis 535. Italics indicates material not quoted and paraphrased by Buckley.

²⁷Tarshis 541.

summary Tarshis reiterates his earlier argument. Buckley's quotation here is from a new paragraph and has no missing part, but then fails to include the remainder of the summary in which Tarshis qualifies his earlier expressed views about public debt.

The remainder of the summary which Buckley fails to quote is:

There are no grounds for believing that a high public debt destroys the nation's credit or leads to a marked fall in the value of the dollar. Nonetheless, the existence of a high public debt is not a matter for indifference. It may, as we have seen, create deflation, a commodity with which our economy is already too well supplied. If so, the higher the debt, the greater is the importance of financing government expenditures suitably. When the debt is high, we must be especially insistent on maintaining the national income at the maximum.²⁸

Here is definitely a case of sloppy workmanship on the part of Buckley, and misleading partial quotations. But, in our view, they do not significantly mischaracterize Tarshis's views. The misquote is an incorrect paraphrase, rather than a significant change of the meaning of the text. We suspect the cause of that misquote is that Buckley did not quote from the original source, but instead relied upon Lane's polemic.

Had Buckley been more careful in quoting, and more fastidious in maintaining fairness, we do not believe it would not have significantly changed the view of Tarshis conveyed to the reader. His point that the books build macroeconomics around Keynes, and that is what the books do. But in doing so they did not give the alternative views equal representation. Buckley asks where does Tarshis examine the views of Hayek and Mises? He states: "For the rest, neither Morgan nor Tarshis nor Samuelson ever intimates that some reputable economists have read Keynes *and disagreed with him!*"²⁹ The point Buckley makes--that the economics being taught to students in the post World War II era was substantially different than the earlier economics would was correct. And it was as different in both its microeconomic and macroeconomic spheres. The new economics was not just Keynesian macroeconomic theory and policy but also a changed microeconomics that focused more on the imperfections in markets and the corollary greater need for government involvement in the economy. Keynesian economics was not central to the complaints; Keynesian economics was simply part of the broader changing economics that Buckley documents.

So in that sense Buckley does nothing wrong. He simply states that what he is doing is providing alumni with information about what is being taught at Yale and other schools, and the information he provides was to a large, degree, correct. Students were not being taught free market economics as they had been before, and in its place were being taught a new economics which saw the necessity of government intervention into the market. This new economics was not regarded as an ideology by its proponents but as scientific. The old laissez faire view also was held by its advocates as a sound conclusion which flowed from market activities. Both positions contain admixtures of positive and

²⁸Tarshis 541.

²⁹Buckley 81. Italics in original.

normative elements and neither Tarshis nor Buckley attempt a balanced examination of opposing viewpoints.

The difficulties Tarshis's new economics encountered is fundamentally grounded in two pillars upon which the American higher education system rests--alumni financing and freedom of ideas. All individuals and institutions must pay close attention to the preferences of their benefactors. Few will continue to give to those who espouse ideas and actions in conflict to those of donors. Generally conflicts between colleges and donors are minimized not because donors believe in freedom of ideas but because of inertia. Alumni and other donors do not carefully follow what is taught and the information they receive is shaded by college administrators to put it in a favorable light. But, given the right conditions--a catalyst and focal point--these two can clash. The probability of clash was increased by the adverse business response to the New Deal and Franklin Roosevelt. Rose Wilder Lane provided the catalyst and Tarshis's textbook provided the focal point.

While Buckley did not present Tarshis's views in an objective manner, he did not significantly distort them. It was simply that Tarshis's views clashed so fundamentally with his individualistic ideology that he could not present them in a reasonable manner. It is also clear that Buckley's response was not simply an attack on Keynesianism. Both Tarshis and Keynesian economics were simply focal points for a broader reaction to changing ideologies that was occurring in the 1930s. Buckley's position is better termed anti-collectivist than anti-Keynesian. Keynesian economics was simply one aspect of that collectivism and the loss of the advocacy of individualism in the teaching of economics

Why Tarshis?

The result of the campaign by Lane, Buckley, and others was the death of Tarshis's book. Samuelson's textbook did not die and became the prototype of future introductory economic books. Why did Tarshis not fare as well as Samuelson? There are a number of reasons why Tarshis's book received harsher treatment than did other books. When we asked Tarshis why Samuelson's book did not get hit by the same phenomenon he suggested that McGraw-Hill may have been more ready to back it up than was Houghton Mifflin, which then was new to economics. According to Tarshis, Houghton Mifflin was small stuff compared to McGraw-Hill. and was very conservative.³⁰ Our view is that this reason was probably not that important; publishers generally want profits, and will publish whatever books seem to offer them the largest expected profits.

A second reason is that Tarshis was first to include the new economics. It was published in 1947 and the book that won out, Samuelson, only came out in 1948. In war, it is axiomatic that the first lines in the battle get shot, but in doing so they pave the way for the second and third lines. That seems to have been the case here.

A third reason was that Tarshis was already suspect by his participation in the earlier political book, An Economic Program for American Democracy. If one was looking for a focal point, Tarshis's role in authoring that book made him a natural one.

³⁰Colander and Landreth 66, 69.

Samuelson's reputation was as a scientist and he only played a tangential role in the spreading of Keynesian policy views prior to the publication of his introductory textbook. Tarshis's perception of Samuelson was that in the 1930s "Paul Samuelson was not in the Keynesian group. He was busy working on his own thing. That he became a Keynesian was laughable."³¹

A fourth reason was that Tarshis's book had more Keynesian economics, and was more deeply committed to the Keynesian view of policy than were the other introductory economics textbooks. Tarshis states:

Book Four was macroeconomics. It was very much Keynes. That part was highly successful because it was unique, and even now I run into people who say, "You know, you introduced me to Keynes, and I've never had a better understanding of Keynes than was given me by Book Four of your textbook."³²

A final reason was that Tarshis book talked more about policy issues than did the other books, and it came to more conclusions. The Samuelson book presented the analysis with more detachment, more mathematically, than did Tarshis. Tarshis put heart into the policy discussion of his book. It was a book of passion as well as of analysis. Samuelson's work appeared to be a book of dispassionate analysis.³³

Modern textbooks followed Samuelson, eliminating the passion from the presentation whereas possibly economics would have been better served if Tarshis's approach had been followed, but that it was supplemented with a passionate presentation of the other side. Policy fights in economics are about ideological passions in large part. To eliminate those is to make it a dry and far less meaningful subject.

So, in our view, the result of this episode was to sanitize economic textbooks from much of the controversy that makes economics exciting. It helped create a technicalization of what we teach students, and in doing so has influenced the direction of economics away from the true policy debates which necessarily involve clashes of ideology, and toward a discussion of make-believe policy fights centered around technical aspects of models--debates that do not arouse the passions that the real-world ideological debates arouse.

The Broader Context of the Keynesian Textbook Revolution

The clash of economic ideas during its long history reveals ideological

³¹Colander and Landreth 64.

³²Tarshis 66.

³³Samuelson, in answer to the question "What kind of attacks did your book get and how did you deal with it?" responded that "For some reason that I have no understanding of, the virulence of the attack on Tarshis was of a higher order of magnitude than on my book, but there were plenty of attacks on my book, and there was a lot of work done by people. Also I wrote carefully and lawyer-like so that there were a lot of complaints that Samuelson was playing peek-a-boo with the Commies. The whole thing was a sad scene that did not reflect well on conservative business pressuring of colleges." See Colander and Landreth 172.

components masked as objective analysis. Adam Smith's strong arguments against the mercantilists' view ushered in a period of economic ideas where the major focus was on the beneficial results which flow from unfettered market activities. Over time, in the footnotes, qualifications, and heterodox literature, a growing body of views found imperfect working in the microeconomic sector of the economy. Later developing economies produced an economic literature which found ample roles for government to promote economic growth and development. The clash between the German historical school and early Austrians over methodology was in many ways a preliminary to the ideological fights of the 1930s. So also the late nineteenth and early twentieth century institutionalists argued against the basically harmonious reading of the economy rendered by Marshallians. Many ironies came from these historical periods. The German historical school banished the marginalists from the academic temples with consequences for the German economic thought. Institutionalists were relegated to the underworld of academic institutions but captured the powers of government during the first two terms of the Roosevelt administration. The new economics of Keynesianism at the macroeconomic level and Pigouvian based welfare economics at the microeconomic level could not capture the levers of government until the minds of the electorate had been convinced and this required a new viewpoint in introductory textbooks.

These changes in views in the textbooks are inevitably accompanied by ideological fights as to which side is being ideological. If this episode tells us anything, it is that we should be very careful in examining our own ideological biases whenever we are challenging others about theirs.

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