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## The Economy: We Are All Keynesians Now

### THE ECONOMY

(See Cover)

The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist.

—The General Theory of

Employment, Interest and Money

Concluding his most important book with those words in 1935, John Maynard Keynes was confident that he had laid down a philosophy that would move and change men's affairs. Today, some 20 years after his death, his theories are a prime influence on the world's free economies, especially on America's, the richest and most expansionist. In Washington the men who formulate the nation's economic policies have used Keynesian principles not only to avoid the violent cycles of prewar days but to produce a phenomenal economic growth and to achieve remarkably stable prices. In 1965 they skillfully applied Keynes's ideas—together with a number of their own invention—to lift the nation through the fifth, and best, consecutive year of the most sizable, prolonged and widely distributed prosperity in history.

By growing 5% in real terms, the U.S. experienced a sharper expansion than any other major nation. Even the most optimistic forecasts for 1965 turned out to be too low. The gross national product leaped from \$628 billion to \$672 billion—\$14 billion more than the President's economists had expected. Among the other new records: auto production rose 22% , steel production 6% , capital spending 16% ,

personal income 7% and corporate profits 21%. Figuring that the U.S. had somehow discovered the secret of steady, stable, noninflationary growth, the leaders of many countries on both sides of the Iron Curtain openly tried to emulate its success.

Basically, Washington's economic managers scaled these heights by their adherence to Keynes's central theme: the modern capitalist economy does not automatically work at top efficiency, but can be raised to that level by the intervention and influence of the government. Keynes was the first to demonstrate convincingly that government has not only the ability but the responsibility to use its powers to increase production, incomes and jobs. Moreover, he argued that government can do this without violating freedom or restraining competition. It can, he said, achieve calculated prosperity by manipulating three main tools: tax policy, credit policy and budget policy. Their use would have the effect of strengthening private spending, investment and production.

From Mischief to Orthodoxy. When Keynes first propagated his theories, many people considered them to be bizarre or slightly subversive, and Keynes himself to be little but a left-wing mischief maker. Now Keynes and his ideas, though they still make some people nervous, have been so widely accepted that they constitute both the new orthodoxy in the universities and the touchstone of economic management in Washington. They have led to a greater degree of government involvement in the nation's economy than ever before in time of general peace. Says Budget Director Charles L. Schultze: "We can't prevent every little wiggle in the economic cycle, but we now can prevent a major slide."

A slide, of course, is not what the U.S. Government's economic managers have been worrying about in 1965; they have been pursuing a strongly expansionist policy. They carried out the second stage of a two-stage income-tax cut, thus giving consumers \$11.5 billion more to spend and corporations \$3 billion more to invest. In addition, they put through a long-overdue reduction in excise taxes, slicing \$1.5 billion this year and another \$1.5 billion in the year beginning Jan. 1. In an application of the Keynesian argument that an economy is likely to grow best when the government pumps in more money than it takes out, they boosted total federal spending to a record high of \$121 billion and ran a deficit of more than \$5 billion. Meanwhile, the Federal Reserve Board kept money easier and cheaper than it is in any other major nation, though proudly independent Chairman William McChesney Martin at year's end piloted through an increase in interest rates—thus following the classic anti-inflationary prescription.

Why They Work. By and large, Keynesian public policies are working well because the private sector of the economy is making them work. Government gave business the incentive to expand, but it was private businessmen who made the decisions as to whether, when and where to do it. Washington gave consumers a stimulus to spend, but millions of ordinary Americans made the decisions—so vital to the economy—as to how and how much to spend. For all that it has profited from the ideas of Lord Keynes, the U.S. economy is still the world's most private and most free-enterprising. Were he alive, Keynes would certainly like it to stay that way.

The recent successes of Keynes's theories have given a new stature and luster to the men who practice

what Carlyle called 'the dismal science.' Economists have descended in force from their ivory towers and now sit confidently at the elbow of almost every important leader in Government and business, where they are increasingly called upon to forecast, plan and decide. In Washington the ideas of Keynes have been carried into the White House by such activist economists as Gardner Ackley, Arthur Okun, Otto Eckstein (all members of the President's Council of Economic Advisers), Walter Heller (its former chairman), M.I.T.'s Paul Samuelson, Yale's James Tobin and Seymour Harris of the University of California at San Diego.

First the U.S. economists embraced Keynesianism, then the public accepted its tenets. Now even businessmen, traditionally hostile to Government's role in the economy, have been won over—not only because Keynesianism works but because Lyndon Johnson knows how to make it palatable. They have begun to take for granted that the Government will intervene to head off recession or choke off inflation, no longer think that deficit spending is immoral. Nor, in perhaps the greatest change of all, do they believe that Government will ever fully pay off its debt, any more than General Motors or IBM find it advisable to pay off their long-term obligations; instead of demanding payment, creditors would rather continue collecting interest.

To a New Stage. Though Keynes is the figure who looms largest in these recent changes, modern-day economists have naturally expanded and added to his theories, giving birth to a form of neo-Keynesianism. Because he was a creature of his times, Keynes was primarily interested in pulling a Depression-ridden world up to some form of prosperity and stability; today's economists are more concerned about making an already prospering economy grow still further. As Keynes might have put it: Keynesianism + the theory of growth = The New Economics. Says Gardner Ackley, chairman of the Council of Economic Advisers: "The new economics is based on Keynes. The fiscal revolution stems from him." Adds the University of Chicago's Milton Friedman, the nation's leading conservative economist, who was Presidential Candidate Barry Goldwater's adviser on economics: "We are all Keynesians now."

Within the next two weeks, Ackley and his fellow council members will have to give President Johnson a firm economic forecast for the year ahead and advise him about what policies to follow. Their decisions will be particularly crucial because the U.S. economy is now moving into a new stage. Production is scraping up against the top levels of the nation's capacity, and federal spending and demand are soaring because of the war in Viet Nam. The economists' problem is to draw a fine line between promoting growth and preventing a debilitating inflation. As they search for new ways to accomplish this balance, they will be guided in large part by the Keynes legacy.

That legacy was the product of a man whose personality and ideas still surprise both his critics and his friends. Far from being a socialist left-winger, Keynes (pronounced canes) was a high-caste Establishment leader who disdained what he called "the boorish proletariat" and said: "For better or worse, I am a bourgeois economist." Keynes was suspicious of the power of unions, inveighed against the perils of inflation, praised the virtue of profits. "The engine which drives Enterprise," he wrote, "is not Thrift but Profit." He condemned the Marxists as being "illogical and so dull" and saw himself as a

doctor of capitalism, which he was convinced could lead mankind to universal plenty within a century. Communists, Marxists and the British Labor Party's radical fringe damned Keynes because he sought to strengthen a system that they wanted to overthrow.

**Truth & Consequences.** Keynes was born the year Marx died (1883) and died in the first full year of capitalism's lengthy postwar boom (1946). The son of a noted Cambridge political economist, he whizzed through Eton and Cambridge, then entered the civil service. He got his lowest mark in economics. "The examiners," he later remarked, "presumably knew less than I did." He entered the India Office, soon after became a Cambridge don. Later, he was the British Treasury's representative to the Versailles Conference, and saw that it settled nothing but the inevitability of another disaster. He resigned in protest and wrote a book, *The Economic Consequences of the 'Peace*, that stirred an international sensation by clearly foretelling the crisis to come.

He went back to teaching at Cambridge, but at the same time operated with skill and dash in business. The National Mutual Life Assurance Society named him its chairman, and whenever he gave his annual reports to stockholders, the London Money Market suspended trading to hear his forecasts for interest rates in the year ahead. He was also editor of the erudite *British Economic Journal*, chairman of the *New Statesman* and *Nation* and a director of the Bank of England.

Keynes began each day propped up in bed, poring for half an hour over reports of the world's gyrating currency and commodity markets; by speculating in them, he earned a fortune of more than \$2,000,000. Money, he said, should be valued not as a possession but "as a means to the enjoyments and realities of life." He took pleasure in assembling the world's finest collection of Newton's manuscripts and in organizing London's Camargo Ballet and Cambridge's Arts Theater. Later, the government tapped him to head Britain's Arts Council, and in 1942 King George VI made him a lord.

Part dilettante and part Renaissance man, Keynes moved easily in Britain's eclectic world of arts and letters. Though he remarked that economists should be humble, like dentists, he enjoyed trouncing countesses at bridge and Prime Ministers at lunch-table debates. He became a leader of the Bloomsbury set of avant-garde writers and painters, including Virginia and Leonard Woolf, Lytton Strachey and E. M. Forster. At a party at the Sitwells, he met Lydia Lopokova, a ballerina of the Diaghilev Russian ballet. She was blonde and buxom; he was frail and stoop-shouldered, with watery blue eyes. She chucked her career to marry him. His only regret in life, said Keynes shortly before his death of a heart attack, was that he had not drunk more champagne.

**The Whole Economy.** The thrust of Keynes's personality, however strong, was vastly less important than the force of his ideas. Those ideas were so original and persuasive that Keynes now ranks with Adam Smith and Karl Marx as one of history's most significant economists. Today his theses are the basis of economic policies in Britain, Canada, Australia and part of Continental Europe, as well as in the U.S.

Economics is a young science, a mere 200 years old. Addressing its problems in the second half of its second century, Keynes was more successful than his predecessors in seeing it whole. Great theorists before him had tried to take a wide view of economic forces, but they lacked the 20th century statistical tools to do the job, and they tended to concentrate on certain specialties. Adam Smith focused on the marketplace, Malthus on population, Ricardo on rent and land, Marx on labor and wages. Modern economists call those specializations "microeconomics"; Keynes was the precursor of what is now known as "macroeconomics"—from the Greek *makros*, for large or extended. He decided that the way to look at the economy was to measure all the myriad forces tugging and pulling at it—production, prices, profits, incomes, interest rates, government policies.

For most of his life, Keynes wrote, wrote, wrote. He was so prolific that a compendium of his books, tracts and essays fills 22 pages. In succession he wrote books about mathematical probability (1921), the gold standard and monetary reform (1923), and the causes of business cycles (1930); each of his works further developed his economic thinking. Then he bundled his major theories into his magnum opus, *The General Theory*, published in 1936. It is an uneven and ill-organized book, as difficult as *Deuteronomy* and open to almost as many interpretations. Yet for all its faults, it had more influence in a shorter time than any other book ever written on economics, including Smith's *The Wealth of Nations* and Marx's *Das Kapital*.

**Permanent Quasi-Boom.** Keynes perceived that the prime goal of any economy was to achieve "full employment." By that, he meant full employment of materials and machines as well as of men. Before Keynes, classical economists had presumed that the economy was naturally regulated by what Adam Smith had called the "invisible hand," which brought all forces into balance and used them fully. Smith argued, for example, that if wages rose too fast, employers would lay off so many workers that wages would fall until they reached the point at which employers would start rehiring. French Economist Jean Baptiste Say embroidered that idea by theorizing that production always creates just enough income to consume whatever it produces, thus permitting any excesses of demand to correct themselves quickly.

Keynes showed that the hard facts of history contradicted these unrealistic assumptions. For centuries, he pointed out, the economic cycle had gyrated from giddy boom to violent bust; periods of inflated prosperity induced a speculative rise, which then disrupted commerce and led inexorably to impoverished deflation. The climax came during the depression of the 1930s. Wages plummeted and unemployment rocketed, but neither the *laissez-faire* classicists nor the sullen and angry Communists adequately diagnosed the disease or offered any reasonable remedies.

By applying both logic and historical example to economic cycles, Keynes showed that the automatic stabilizers that economists had long banked on could actually aggravate rather than prevent a depression. If employers responded to a fall-off in demand by slicing wages and dumping workers, said Keynes, that would only reduce incomes and demand, and plunge production still deeper. If bankers responded to a fall-off in savings by raising interest rates, that would not tempt penniless people to save

more—but it would move hard-pressed industrialists to borrow less for capital investment. Yet Keynes did not despair of capitalism as so many other economists did. Said he: "The right remedy for the trade cycle is not to be found in abolishing booms and keeping us permanently in a semi-slump; but in abolishing slumps and thus keeping us permanently in a quasi-boom."

**Management of Demand.** The key to achieving that, Keynes perceived, is to maintain constantly a high level of what he called "aggregate demand." To him, that meant the total of all demand in the economy—demand for consumption and for investment, for both private and public purposes. His inescapable conclusion was that, if private demand should flag and falter, then it had to be revived and stimulated by the only force strong enough to lift consumption: the government.

The pre-Keynesian "classical" economists had thought of the government too. But almost all of them had contended that, in times of depression, the government should raise taxes and reduce spending in order to balance the budget. In the early 1930s, Keynes cried out that the only way to revive aggregate demand was for the government to cut taxes, reduce interest rates, spend heavily—and deficits be damned. Said Keynes: "The State will have to exercise a guiding influence on the propensity to consume partly through its scheme of taxation, partly by fixing the rates of interest, and partly, perhaps, in other ways."

A few other economists of Keynes's time had called for more or less the same thing. Yet Keynes was the only one with enough influence and stature to get governments to sit up and pay attention. He was the right man at the right time, and his career and fame derived largely from the fact that when his theories appeared the world was racked by history's worst depression and governments were desperately searching for a way out.

Contrary to the Marxists and the socialists, Keynes opposed government ownership of industry and fought those centralists who would plan everything ("They wish to serve not God but the devil"). While he called for conscious and calculated state intervention, he argued just as passionately that the government had no right to tamper with individual freedoms to choose or change jobs, to buy or sell goods, or to earn respectable profits. He had tremendous faith that private men could change, improve and expand capitalism.

**Perhaps Immoral.** Like any genius, Keynes had plenty of faults and shortcomings. Even his admirers admit that he could be maddeningly abstruse and confusing. M.J.T.'s Paul Samuelson, for example, thinks that Keynes downplayed the importance of monetary policy. His few outright critics feel that, while he knew how to buoy a depression-stricken industrial economy, he offered little in the way of practical information about how to keep a prosperous modern economy fat and secure. Keynesian theories are certainly unworkable in the underdeveloped nations, where the problem is not too little demand but insufficient supply, and where the object is not to stimulate consumption but to spur savings, form capital and raise production.

Such critics as former U.S. Budget Director Maurice Stans still worry that Keynes makes spenders seem

virtuous and savers wicked, and thus subtly threatens the nation's moral fiber. Other doubters contend that earlier obscure economists originated some of the ideas that Keynes popularized, and that all he did was wrap them up in a general theory. But even his severest detractors bow to his brilliance, use the macroeconomic terms and framework that he devised, and concede that his main theories have largely worked out in practice.

What Did He Say? Though Keynes's gospel has only recently come to full flower, a school of fervid apostles has been preaching it in the U.S. for more than a generation. Harvard's Alvin Hansen, the first great Keynesian teacher, taught it to hundreds of economists, many of them now in high positions. Hansen's brightest student was Paul Samuelson, who later wrote a Keynesian-angled college textbook on economics that has gone to 2,000,000 copies and influenced the thinking of countless teachers and students.

Franklin Roosevelt was at first no fan of Keynes — "I didn't understand one word that man was saying," he sniffed after being lectured by Keynes at the White House in 1934 — but some of his economists gradually began to lean on Keynesian language and logic to rationalize huge deficits. In World War II, Washington planners used Keynesian ideas to formulate their policies of deficit spending.

Congress adopted the Keynesian course in 1946, when it passed the Employment Act, establishing Government responsibility to achieve "maximum employment, production and purchasing power." The act also created the Council of Economic Advisers, which for the first time brought professional economic thinking into close and constant touch with the President. Surprisingly it was Dwight Eisenhower's not-notably-Keynesian economists who most effectively demonstrated the efficacy of Keynes's antirecession prescriptions; to fight the slumps of 1953-54 and 1957-58, they turned to prodigious spending and huge deficits.

J.M.K. & L.B.J. Still, Keynesianism made its biggest breakthrough under John Kennedy, who, as Arthur Schlesinger reports in *A Thousand Days*, "was unquestionably the first Keynesian President." Kennedy's economists, led by Chief Economic Adviser Walter Heller, presided over the birth of the New Economics as a practical policy and set out to add a new dimension to Keynesianism. They began to use Keynes's theories as a basis not only for correcting the 1960 recession, which prematurely arrived only two years after the 1957-58 recession, but also to spur an expanding economy to still faster growth. Kennedy was intrigued by the "growth gap" theory, first put across to him by Yale Economist Arthur Okun (now a member of the Council of Economic Advisers), who argued that even though the U.S. was prosperous, it was producing \$51 billion a year less than it really could. Under the prodding and guidance of Heller, Kennedy thereupon opened the door to activist, imaginative economics.

He particularly called for tax reductions—a step that Keynes had advocated as early as 1933. The Kennedy Administration stimulated capital investment by giving businessmen a 7% tax kickback on their purchases of new equipment and by liberalizing depreciation allowances. Kennedy also campaigned for an overall reduction in the oppressive income-tax rates in order to increase further both

investment and personal consumption. That idea, he remarked, was "straight Keynes and Heller."

Lyndon Johnson came into the presidency worrying about the wisdom of large deficits and questioning the need for a tax cut, but he was convinced by the Keynesian economists around him, and hurried the measure through Congress. The quick success of the income-tax cuts prompted Congress to try a variant: the reduction this year of excise taxes on such goods as furs, jewelry and cars.

Nowadays, Johnson is not only practicing Keynesian economics but is pursuing policies of Pressure and persuasion that go far beyond anything Keynes ever dreamed of. In 1965 Johnson vigorously wielded the "wage-price guide-lines" to hold wages and prices down, forced producers of aluminum, copper and wheat to retreat from price hikes by threatening to dump the Government's commodity stockpiles and battled the nation's persistent balance-of-payments deficit, with the so-called "voluntary" controls on spending and lending abroad. Some Keynesians believe that these policies violate Keynes's theories because they are basically microeconomic instead of macroeconomic —because they restrict prices, wages and capital movements in some parts of the economy but not others. Businessmen also complain about what they call "government by guideline or "the managed economy, but not with total conviction—Business after all, is booming, and besides the Government is a big customer with unbounded retaliatory powers. \_

Imitation Behind the Curtain. While the U.S. has been accepting the idea of more and more Government intervention within the bounds of private enterprise, many other nations are drifting away from strong central controls over their economies and opting for the freer American system. Britain's ruling Labor Party has become practically bourgeois, and this year scrapped almost all notions of nationalizing industry; West Germany's Socialists have long since done the same in an effort—so far unsuccessful—to wrest power from the free-enterprising Christian Democrats; and traditionally Socialist Norway in 1965 voted a conservative government into power for the first time in 30 years.

Piqued by the ideas popularized by Soviet Economist Evsei Liberman, the command economies of Communist Europe are openly and eagerly adopting such capitalist tenets as cost accounting and the profit motive. East Germany, Czechoslovakia and other formerly Stalinist satrapies are cautiously granting more powers to local managers to boost or slash production, prices, investments and labor forces. State enterprises in Poland, Hungary and Rumania this year closed deals to start joint companies in partnership with capitalist Western firms.

Near the Goal. The U.S. right now is closer to Keynes's cherished goal of full employment of its resources than it has ever been in peacetime. Unemployment melted during 1965 from 4.8% to an eight-year low of 4.2%. Labor shortages, particularly among skilled workers, are beginning to pinch such industries as aerospace, construction and shipbuilding. Manufacturers are operating at a ten-year high of 91% of capacity, and autos, aluminum and some other basic industries are scraping up against 100%. Contrary to popular belief, industrialists do not like to run so high because it forces them to start up some of their older and less efficient machines, as many companies lately have been obliged to do.

The economy is beginning to show the strain of this rapid expansion. For the first time in five years, labor costs rose faster than productivity in 1965: 4.2% v. 2.5%. Consumer prices last year jumped 1.8% , and wholesale prices rose 1.3%, the first rise of any kind since 1959. This is already threatening the nation's remarkable record of price stability. The economy cannot continue its present growth rate at today's productivity level without serious upward pressure on prices.

**Growth v. Stability.** The economic policies of 1966 will be determined most of all by one factor: the war in Viet Nam. Barring an unexpected truce, defense spending will soar so high —by at least an additional \$7 billion—that it will impose a severe demand upon the nation's productive capacity and give body to the specter of inflation. Keynes feared inflation, and warned that "there is no subtler, no surer means of overturning the existing basis of a society than to debauch the currency." Once chided for undertipping a bootblack in Algiers, he replied: "I will not be party to debasing the currency."

The immediate problem that Viet Nam and the threat of inflation pose to Washington's economic planners is whether they should aim for more growth or more stability. Labor Secretary Willard Wirtz argues that the Government should continue pushing and stimulating the economy, even at the risk of some inflation, in order to bring unemployment down to 3%. Treasury Secretary Henry Fowler's aides argue just as firmly that the Government should tighten up a bit on spending and credit policy in order to check prices and get the nation's international payments into balance.

The man whose counsel will carry the most weight with Lyndon Johnson and who must make the delicate decisions in the next few weeks is the President's quiet, effective and Keynesian-minded chief economic strategist, Gardner Ackley. "We're learning to live with prosperity," says Ackley, "and frankly, we don't know as much about managing prosperity as getting there."

**The Sword's Other Side.** Prosperity will bring the Government an extra \$8.5 billion in tax revenues in the next fiscal year, and that means the U.S. can afford to boost its total federal spending by \$8.5 billion without causing significant inflationary pressure. If spending bulges much higher, the economists can fight inflation by brandishing the other sides of their Keynesian swords. Though Keynes spoke more about stimulus than restraint, he also stressed that his ideas could be turned around to bring an overworked economy back into balance. Says Walter Heller: "It should be made entirely clear that Keynes is a two-way street. In many ways we're entering a more fascinating era than the one I faced. Essentially the job is to maintain stability without resorting to obnoxious controls as we did in World War II and Korea."

In the event demand heats up too much, Lyndon Johnson's economists will recommend one or more restrictive moves, probably in this order: cutbacks in domestic spending, still-tighter money, higher withholding rates for income taxes (up from 14% to 20%), and lastly, temporary tax increases. The step that businessmen fear most—general , and deflationary controls on prices, wages, profits, materials, mortgage and installment credit—would be taken only as a desperate final resort. Johnson almost surely

will not turn to controls for the key reason that defense spending is unlikely to amount to more than 8.5% of the G.N.P. as against 13% during the Korean War. Ackley says that controls are "very remote."

Better than '65. Next year's challenge will be more easily manageable because business and Government pursued intelligent policies this year. The Labor Department reckons that businessmen's exuberant capital spending—they have invested \$190 billion in new plants and machines in the past five years—will pay off with a 3% productivity gain in 1966. That will serve to temper inflation, and so will the fact that the medicare bill will lift social security taxes \$5.5 billion yearly beginning Jan. 1. As of now, Government economists expect that consumer prices will rise about 2.5% and wholesale prices will increase 3%—which is not bad enough to require stern corrective measures.

Economists in and out of Government are much more bullish than they were a year ago. The economy is not only running close to optimum speed, but has no serious excesses and few soft spots. Says Economic Adviser Okun: "It's hard to find a time when the economy has been closer to equilibrium than it is today." Orders are rising faster than production; wages are rising faster than prices; corporate profits are now rising faster than the stock market, even though the Dow-Jones average has jumped more than 400 points since mid-1962 and last week closed at an alltime high of 966. Businessmen plan in 1966 to increase capital spending 15% ; automakers and steelmakers expect to top this year's production records. Ackley and his colleagues anticipate that the gross national product will grow another 5% in real terms during 1966, to \$715 billion—or perhaps more.

The Feeling Is Mutual. More meaningful than breaking records is the fact that the U.S. economy is changing for the better. In Lyndon Johnson's profit-minded Administration, Government planners have come to appreciate the importance of helping private business to invest in order to create jobs, income and demand. Johnson knows that he must have a vigorous economy to support his Great Society programs as well as the war in Viet Nam and the U.S.'s reach for the moon. To further that aim, he has more day-to-day contact with businessmen than any President since Hoover; he telephones hundreds of them regularly and invites scores to the Oval Room to hear their opinions. Under the atmospherics of the Johnson Administration, the U.S. has a Government whose economic policies are simultaneously devoted to Keynesianism, committed to growth, and decidedly probusiness.

Businessmen, for their part, have come to accept that the Government should actively use its Keynesian tools to promote growth and stability. They believe that whatever happens, the Government will somehow keep the economy strong and rising. With this new confidence, they no longer worry so much about the short-term wiggles and squiggles of the economic curve but instead budget their capital spending for the long-term and thus help to prolong the expansion.

If the nation has economic problems, they are the problems of high employment, high growth and high hopes. As the U.S. enters what shapes up as the sixth straight year of expansion, its economic strategists confess rather cheerily that they have just about reached the outer limits of economic knowledge. They have proved that they can prod, goad and inspire a rich and free nation to climb to nearly full

employment and unprecedented prosperity. The job of maintaining expansion without inflation will require not only their present skills but new ones as well. Perhaps the U.S. needs another, more modern Keynes to grapple with the growing pains, a specialist in keeping economies at a healthy high. But even if he comes along, he will have to build on what he learned from John Maynard Keynes.

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