

***BUSINESS WEEK, THE GREAT DEPRESSION,
AND THE COMING OF KEYNESIANISM TO AMERICA***

By Ranjit S. Dighe*

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ABSTRACT

Business Week began publication in 1929, and its editorials during the 1929-33 contraction were ahead of their time in offering decidedly Keynesian policy prescriptions: against deflation and balanced-budget fetishism, against the gold standard, for public-works spending. They were also leery of wage cutting and mindful of the animal spirits of investors. These editorials, which seem to have been largely forgotten, may have played a considerable role in the dissemination of Keynesian economics in the United States of America. Surely many more Americans read the editorials than anything by Keynes himself.

This paper reviews the editorials and their congruence with Keynes's own prescriptions. The editorials appear to have been mostly written by Virgil Jordan, whose archives indicate that he was well acquainted with Keynesian and proto-Keynesian theories. The paper also attempts to gauge the impact of the editorials on the receptiveness of the public and the business community to Keynesian policies. *Business Week's* archives at McGraw-Hill, including surveys of their readers, suggest that the editorials were among the most-read and most-valued parts of the magazine. The magazine cultivated an elite executive readership at that time, so the editorials may well have been important in convincing some business leaders to support, or at least not oppose, some of the more Keynesian policies of the early New Deal.

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*Professor, Department of Economics, State University of New York at Oswego, 13126. Phone: 315-312-3484. E-mail: ranjit.dighe@oswego.edu.

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INTRODUCTION

When did Keynesian economics come to America? This is a tricky question, as we must distinguish between arrival, influence, and acceptance; and we must also distinguish among its reception in academia, official policymaking circles, and the public consciousness. This paper focuses on the last of these, the spread of Keynesian ideas in the public discourse. The best-selling *The Economic Consequences of the Peace* (1919) made Keynes a familiar name in many households, but of course that book only hinted at the demand-management theories that would become Keynesian economics. Other than that book, Keynes appears to have been little read by American households or businessmen, yet this paper argues that some of his most important ideas, about the folly of deflationary policies, were ably and perhaps influentially disseminated on the editorial pages of *The Business Week* magazine and other sources.

The public's exposure to Keynesian policy prescriptions may have helped pave the way for the Roosevelt Administration's partial embrace of such policies. Although the once-conventional wisdom of the New Deal as the dawn of Keynesian fiscal policy has long since been debunked by economic historians, who point to the puniness of the New Deal budget deficits and the ill-fated attempt at budget balancing in 1936-37 (as well as the infamously unproductive meeting between Roosevelt and Keynes), the administration did implement some important Keynesian ideas. Recent work has highlighted the New Deal's anti-deflationary aspects and deemed them a sweeping change not just of policy but of policy regime (Temin & Wigmore 1990, Eichengreen 1992). Many of Keynes's most important policy prescriptions were embodied in this shift, including the end of the gold standard and the shift to a more expansionist

Federal Reserve (under Mariner Eccles and the 1935 Banking Act). The public-works programs were Keynesian in nature, even if the scale of such programs and the associated deficits were too small. Finally, the constant attempts to raise mass “purchasing power” through higher wages, although commonplace at the time, were somewhat Keynesian, as the arguments in Chapter 19 of *The General Theory* against cuts in money-wages imply that raising them would raise the overall marginal propensity to consume and hence raise output (Keynes 1936, Chapter 19, 262).

The groundwork for such sweeping policy changes was surely not laid by Franklin D. Roosevelt himself in the 1932 presidential campaign. Aside from some stirring rhetoric about a “new deal” and “the forgotten man,” candidate Roosevelt and the Democratic platform advocated such orthodoxy as budget-balancing. One of Roosevelt’s most conservative supporters in 1932, Pierre du Pont, approvingly noted the basic similarity of the Democratic and Republican platforms on all issues except Prohibition. Upon Roosevelt’s landslide victory over Herbert Hoover, the business magazine *Bradstreet’s* offered this reassurance about the new President-elect: “That he will continue the policies of his predecessor is certain” (12 November 1932).

Nor did American academics, with the possible exception of reflationists like Irving Fisher and George F. Warren, do much to sell Keynesian economics to the public. Among American economists, Keynes was known but appears to have gained little traction until about 1938, the year of the publication of Alvin Hansen’s *Full Employment or Stagnation?*. Among policymakers, 1938 was also the first year, according to Robert Lekachman (1966, 114), when federal economic policy bore a strong Keynesian imprint. And the widespread acceptance of Keynesian economic philosophy was not truly embodied in government policy until the Employment Act of 1946. One might easily assume that Keynesianism took root in the public

consciousness much later, perhaps after a generation of college students had learned economics from Paul Samuelson's textbook (first published in 1948) or during the administrations of Presidents Kennedy and Johnson, whose policies were so overtly Keynesian that *Time* magazine put Keynes on its cover in 1965.

Many of the beliefs that would later become synonymous with Keynesian economics – in particular, that government pump-priming could lift a depressed economy and that deflationary policies must be avoided – were voiced in numerous non-academic publications, typically by “popular economists” who lacked graduate training in economics. Perhaps the best known were William T. Foster and Waddill Catchings, whose books *Profits* (1925), *Business Without a Buyer* (1927), and *The Road to Plenty* (1928) were best-sellers. Joseph Dorfman (1959) credited Stuart Chase and David C. Coyle as credited by Dorfman with advancing Keynes's ideas and preparing the public for radical-at-the-time New Deal measures. Chase and Coyle were prolific writers whose books and articles helped to popularize Keynesian ideas (as well as some non-Keynesian New Deal policies like output restriction and higher taxes on top earners and corporations). Gary Dean Best's *Peddling Panaceas: Popular Economists in the New Deal Era* (2005) gives a detailed breakdown of these advocates and three broad schools of thought – reflationists, planners, and Brandeisian trust-busters – which they represented and which were also represented within the Roosevelt Administration. The prescriptions offered by these advocates were by no means universally Keynesian, but they did prominently include such Keynesian staples as expansionary monetary policy (Edward A. Rumely and the reflationists) and countercyclical public works spending (Chase and the planners, Coyle and the Brandeisians). This paper focuses on another mouthpiece for quasi-Keynesian policy prescriptions, the editorial pages of *The Business Week* magazine. (Note: “*The*” was part of the

magazine's name originally.)

BUSINESS WEEK'S EDITORIALS

Business Week's editorials offered perhaps the most sophisticated Keynesian-style economic analysis of any mass publication, and its influence may have been disproportionate to its circulation, as it targeted an elite audience of businessmen. Moreover, it was not predictably Keynesian or liberal in its point of view; for the first few months after the magazine began publication in September 1929, the editorial perspective was somewhat murky. By early 1930, starting with "The Gold Bugaboo" (25 January 1930), the editorials had taken on a decidedly anti-liquidationist stance. Other examples, which this paper will review in greater detail, include the anti-deflation editorials "The Castor-Oil School of Economics" (9 July 1930) and "The Fifth Horseman Rides" (22 Oct 1930, in which the "fifth horseman" of the apocalypse is deflation) and the fiscally expansionist "Brake on Recovery" (16 Mar 1932, against budget balancing) and "Prime the Pump" (22 Jun 1932).

At the time of the Great Depression, *Business Week* was still a young magazine. It had made its debut on September 7, 1929, just a few weeks before the historic stock market crash. Although the magazine was new, it was able to build on the past success of its McGraw-Hill predecessors, the monthly *System* and *The Magazine of Business*, which were among the highest-circulation business magazines of the 1920s. *Business Week* was one of McGraw-Hill's 22 business and trade periodicals, and McGraw-Hill had ambitious hopes for it, as the first weekly general-business magazine. Such were those hopes that McGraw-Hill stuck with the magazine even as it lost money for most of its first decade. McGraw-Hill saw *Business Week* as offering a unique service. As a McGraw-Hill memo put it, "There was no single publication in existence

that provided the business man with a timely, complete, and accurate record of the news and interpretation of the news that touched on the conduct of business.” Editorials were a key feature. The magazine aimed for an elite readership of executives and other business managers, favoring a “selective distribution” marketing approach over a more general sales strategy. Despite that exclusive approach, *Business Week*’s circulation grew steadily through the Depression. By 1933, it had the second-largest-circulation (75,000) of any business magazine in America.¹

Probably the strongest Keynesian theme in the editorials was their opposition to deflationary or “liquidationist” policies. Just as Keynes favored a monetary policy geared toward employment and price stability, the editorials took an increasingly strong stance against maintaining the gold standard, urged the Federal Reserve to expand credit, and continually warned that deflation was destructive. Just as Keynes said in Chapter 19 of *The General Theory* that nominal wage cuts would be ineffective at best as a remedy for depressions, the magazine’s editorials and news stories approvingly noted the relative lack of wage cutting in the early stages of the downturn and condemned the “liquidate labor” mentality of some in the business community. Just as Keynes favored fiscal stimuli in economic depressions, the editorials warned

¹ The magazine with the largest circulation was the Chamber of Commerce’s monthly *Nation’s Business*, which took a more conventional approach. Balanced budgets and low taxes were perhaps the Chamber’s biggest priorities. A study found that 25 percent of the magazine’s articles in 1932, up from 4% in 1928, dealt with taxation and government spending (Collins, 26). Yet the business platforms advocated by Chamber presidents Julius H. Barnes in 1931 and Henry I. Harriman in 1932 were decidedly middle of the road. In Barnes’s November 1931 platform, one plank was “Exercise economy in national expenditures,” while another said to “maintain employment in justified public works until private industry can reabsorb its full quota.” Harriman’s July 1932 platform began with a call to balance the budget but also to “give the Federal Reserve Board reasonable control over credit extension to prevent ... undue credit deflation in times of depression.”

in the early 1930s that attempts to balance the budget would be counterproductive. Finally, Keynes's observations on the "animal spirits" of investors find their counterpart in the editorials' comments about irrational waves of "new era" optimism followed by irrational waves of pessimism during the subsequent slump.

In an early editorial a few months after the stock-market crash, by which time the severity of the slump was becoming readily apparent, *Business Week* published an editorial, "The Gold Bugaboo," that took an ambivalent view of the gold standard. While rejecting the notion that a shortfall in gold production was responsible for the current price deflation, the editorial recognized that a gold-standard-based credit system may have been inelastic and deflationary. The editorial was confident that, if that were found to be the case, business opinion would quickly rally behind intelligent monetary reform, just as with the founding of the Federal Reserve. If a reformed gold standard could not provide the basis of a modern credit system, then

"... the growing intelligence of the business community will not hesitate to free itself from its long barbaric and superstitious bondage to the gold standard and devise a more elastic means of regulating its currency and credit requirements" (25 January 1930, 40).

Both in substance and rhetoric, that sentence echoes Keynes's mid-1920s arguments against the gold standard and for monetary reform. "In truth, the gold standard is already a barbarous relic," Keynes wrote in 1923. A return to the pre-war gold standard, he wrote, would mean "abandoning the attempt to moderate the disastrous influence of the credit-cycle on the stability of prices and employment" ("Alternative Aims in Monetary Policy," *Essays in Persuasion*, 208). In a February 1924 speech, Keynes noted, "In short, the gold standard falls within the sphere of morals or of religion, where free-thought is out of place" ("The Speeches of the Bank Chairmen (1924-1927): (i) February 1924," *Essays in Persuasion*, 221). Keynes similarly scorned the gold

standard as superstitious right after Britain's return to it in 1925: "The gold standard, with its dependence on pure chance, its faith in 'automatic adjustments,' and its general regardlessness of social detail, is an essential emblem and idol of those who sit in the top tier of the machine" ("The Economic Consequences of Mr. Churchill," *Essays*, 262). In a later essay he coined his famous phrase "golden fetters," to describe the gold standard's effect on the Bank of England, and said the gold standard may have reduce Britain's national wealth by 150 million pounds sterling per year, "as compared with an alternative monetary policy" ("The Speeches of the Bank Chairmen (1924-1927): "(iii) February 1927," *Essays in Persuasion*, 238, 240). In a 1923 essay Keynes sketched out such an alternative, in which price stability, not exchange-rate stability, would be the primary goal of policy and the Bank of England would regulate the price of gold and be allowed to change it as often as necessary ("Positive Suggestions for the Future Regulation of Money," *Essays*, 213-19).

The magazine did not immediately recognize the dangers of deflation, but that changed quickly. An editorial on 8 February 1930, "What Are Things Worth?", said price-stabilization efforts would be "questionable and dangerous in practice," principally because they would tend to raise prices and prop up high-cost producers, but it did allow that wild price swings were damaging. Two weeks later, another editorial, "More Juice, Please," noted that severe worldwide commodity price deflation had already occurred and explicitly called for the Federal Reserve to pursue a more expansionary monetary policy. The editorial took the Fed to task for its timid response, mentioning that credit in the Federal Reserve system had already contracted markedly and saying the banking authorities had been inhibited by "a paralyzing conservatism and a superstitious fear of raising another little genie of speculation." The Fed must step up to its "paramount responsibility of stimulating business expansion in time of depression and

uncertainty.” The next week’s editorial, “Do It Now” (1 March 1930), repeated the call for discount-rate reductions and expanded open-market purchases. By April 1930 the magazine was actively ridiculing opposition to cheap-credit and public-works programs as “The Economics of Original Sin” (23 April 1930). With eloquence and wit, the editorial derided “depressomaniacs” who hold that

“prosperity can be restored only by a duly prolonged period of penance. To try to escape or ease the punishment by appropriate credit or other policies is to seek to cheat the gods of their due sacrifice, to defy natural laws by bootstrap levitation or some other immoral and unrighteous racket....

“We have little taste for puritanical pleasures of this kind. A fatalistic philosophy of this kind seems to us as futile and infantile as blind optimism and ballyhoo.... We are sure that American business men are too adult and normal to believe that unemployment and depression are good for anybody, that they are necessary, or that they must be permitted to run their course.”

In another editorial with an attention-grabbing headline, “The Castor-Oil School of Economics” (9 July 1930), the magazine lamented that the liquidationists had regained the upper hand in business thinking. To these “fatalists and bitter-enders,” recovery cannot occur under prices and wages are slashed, “debts paid, borrowing avoided, everything deflated until the body politic is able to go back again to a plain diet of pork and beans, without any tomato sauce.... Every effort to cushion the shock, ease the pain, speed recovery is a mere resort to ‘drugs,’ ‘nostrums,’ ‘panaceas,’ which are sinful.” In October 1930, the magazine further lamented that a “world-wide reckless deflation” was underway and that the Federal Reserve had been “standing idly by” (“The Fifth Horseman Rides,” 22 October 1930).

“For two years this journal has waged a solo war against the delusion of deflation forced on the productive community by the policies and philosophy of our financial system,” the magazine wrote in 1932.

Again, these editorial sentiments were broadly consistent with Keynes’s own analysis at the time. In May 1929, with Britain beset by high unemployment but months before the stock-market crash, Keynes wrote that “an expansion of credit is the key to the situation” (“A Programme of Expansion,” *Essays in Persuasion*, 126). In December 1930, he said the extreme severity of the slump was traceable to the collapse of prices, an unprecedentedly massive drop from normal levels. And he said the first policy step should be one of coordinated monetary expansion by the central banks of America, England, and France (“The Great Slump of 1930,” *Essays in Persuasion*, 136-37, 146-47).

Wage deflation was another contentious issue at the time. Liquidationists, notably in the banking community, believed that nominal wages must come down so as to ease cost pressures on producers and to help push prices down to their proper levels. By the late 1920s, however, business and political leaders tended to voice support for the Doctrine of High Wages, which held that high wages created the mass purchasing power that made prosperity possible; a corollary of that doctrine is that wage cuts were damaging, especially in a depression, because they reduced purchasing power. Manufacturer Henry Dennison said the high-wage doctrine had become firmly established in the minds of businessmen by 1926 (Committee on Recent Economic Changes, 524). While it appears that many businessmen did not follow through on their rhetoric, especially considering that labor’s share of manufacturing output fell steadily during the 1920s, the popularity of the high-wage doctrine lasted into the early 1930s. At the vaunted White House conference held a month after the stock-market crash, President Hoover

had little trouble securing a pledge from industrialists not to cut wages. The business press enthused over the paucity of wage cuts in the first year or so of the depression.

Business Week was among those business periodicals, greeting the new year of 1930 with the headline, “This Time They Did Not Cut Wages” (1 January 1930, 25). The news article editorialized somewhat, noting approvingly that the lack of wage cutting was “one of the most remarkable phases” of the current slump and calling the few exceptions to that rule “unfortunate.” (The article was premature with regard to both that slump and other slumps, in which wage cutting almost never occurred right away either.) In editorials the magazine regularly mentioned wage cutting as something to be avoided, as well as part of the derided “castor oil” approach to economics. The editorials took at least as dim a view of wage deflation as of price deflation: “The bitter-enders of deflation ... are hoping, secretly or openly, to ‘liquidate’ labor, forgetting that labor is no longer a commodity, but a social consciousness moulded by new standards of living and new aspirations” (“The Fifth Horseman Rides,” 22 October 1930, 40). When wage cuts became more common in the spring of 1931, a news article’s headline suggested the editors’ displeasure: “Long Deferred, Wage Cuts Begin to Assume Ugly Proportions” (11 April 1931, 5). By the time the dam finally broke and wage cuts became the norm, the magazine said the unprecedented price deflation had made wage cuts unavoidable but repeated its contention that “prompt and aggressive” Federal Reserve action could have stopped the deflation. It further stated that the wage-maintenance policies were sound, a testament to business’s “strengthened sense of social responsibility, and its wider appreciation of the importance of maintaining consumer purchasing power” (“They Meant Well,” 5 August 1931, 40). In autumn 1932, by which time wages had fallen about 20 percent or more, the magazine said restoring wages to their 1929 level was the most pressing economic

problem. “The extent and speed of recovery from this depression will be determined mainly by the promptness with which wages can be restored to the pre-depression level and the degree to which they can be raised above it thereafter” (“How Far Recovery?”, 21 September 1932, 32).

Paying high wages is not necessarily a Keynesian doctrine, but avoiding wage cuts in downturns most certainly is. Well before *The General Theory*, at numerous points in *Essays in Persuasion* Keynes had emphasized the destabilizing nature of wage cuts, both to national output and to social justice. In Chapter 19 of *The General Theory* Keynes offered several reasons why a reduction in money-wages will probably fail to reduce unemployment, including a reduced propensity to consume, labor strife, and further price deflation, together with the increased real burden of debt. He concluded that a rigid-wage policy would in general be preferable to a flexible-wage policy, especially as regards price stability.

Keynesian economics is, of course, most commonly associated with deliberately running large deficits during downturns. In this area *Business Week*'s Keynesianism was more modest. Prior to 1932, its early policy recommendations were for monetary rather than fiscal expansion. It defended expanded public-works programs in passing, but it seems to have been generally against big new government spending programs. A sarcastic pre-Christmas editorial lambasted the “governmental Santa Claus,” whose grab bag included “a great big Rivers and Harbors Bill” and “a pretty new public works appropriation,” “we know well enough that it’s only old Mr. Taxpayer dressed up for the occasion” (“—And All Through the House,” 24 December 1930, 40). Yet by 1932 the magazine was denouncing Congressional attempts to balance the budget as lunacy and calling for a fiscal expansion. As the House Democrats passed a revenue bill that included a new consumption tax, the magazine called it “fiscal suicide,” remarking, “Neither budget balancing nor general consumption taxation to do it is necessary or desirable in

depression.” The editors argued that consumption taxes retard consumer purchasing power, causing “further deflation and contraction” (“Brake on Recovery,” 16 March 1932, 40). A few months later the magazine called for a fiscal expansion, including a large-scale public works program but built around a \$1 billion capital investment of public funds into private industry.

At numerous times the editorials reflect a Keynesian belief that non-rational “animal spirits” often animate the actions of investors. The very first editorial in *The Business Week* said the “new era” optimism was basically a mania, feeding on “ignorance, uncertainty, and irrationality” (“The New Era-rationality,” 7 September 1929, 56). Shortly after the crash, the magazine stated, “The power [to kill or create] lies only in the spirits of business men themselves” (“What Really Matters,” 20 November 1929, 52). Another editorial decried both the “folly, blindness, and intemperance” of the “new era” and “the waves of fatalistic pessimism that ruffle the indigo ocean of business sentiment today” (“The Castor-Oil School of Economics,” 9 July 1930, 40). A portion of a 1932 editorial practically anticipates Keynes’s discussion of animal spirits in Chapter 12 of *The General Theory*:

“The essential basis of American business is emotion. When that emotion shifts from anxiety to enthusiasm, often from unreasoning fear to equally unintelligent faith in the future, and is furnished with sufficient financial fuel upon which to feed itself, the basis of business improvement is established....” (“Why Not?,” 17 August 1932, 32).

WHO WROTE THOSE EDITORIALS AND WHO READ THEM?

Like most editorials, the ones in *Business Week* were unsigned. But the magazine’s editorial staff was small in 1929-33, so the authors surely were among the people listed on the editorial masthead, most likely some combination of the following: Marc A. Rose, Managing

Editor (1929-31), Editor (1932); Ralph B. Smith, Managing Editor (1933); Virgil Jordan, Economist (1929-33); Bernhard Ostrolenk, Economist (1933). The principal writer of the 1929-32 editorials appears to have been Virgil Jordan, the house economist for McGraw-Hill during that time. “My title is economist of the company,” Jordan told the La Follette Senate committee on 4 December 1931, “and I have the general function of providing what might be called economic guidance for the publications as a whole” (“Establishment of National Economic Council,” *Congressional Record*, 611).² In addition to giving guidance, Jordan appears to have done much of the writing himself. He was a prolific and experienced writer, having been a writer and editor for *Everybody’s Magazine* in 1914-20 and editor of publications (as well as chief economist) for the National Industrial Conference Board (NICB) in 1920-29. For several years in the 1920s he contributed weekly articles as a syndicated American correspondent for about 100 foreign papers. He wrote miscellaneous articles on the economy for various other publications, including *Iron Age*, *The North American Review*, and *The New Republic*. Moreover, some of his outside articles and speeches (many of which are stored at the Hagley Library in Delaware) contain passages that have near-identical counterparts in the *Business Week* editorials. For example, in speeches and an article draft in 1928-29 he called “new era” prosperity gospel a delusion. In a talk dated 30 December 1931, he decried “the bitter-end deflationist policy.” In a speech on 20 June 1932, he denounced “fiscal crucifixion for the sake of salvation by the shibboleth of the balanced budget and the gold standard.” In an address on 18 May 1932, “Some Points on Public Works,” he offered an even more ardent defense of deficit

²Jordan’s testimony before the La Follette committee was noted in Joseph Dorfman’s history of American economic thought. Dorfman focused on Jordan’s concerns about inadequate consumer purchasing power and his recommendation that excess profits, savings, and incomes be taxed to pay for new public works and public goods (730-31).

spending on public works than appeared in *Business Week*. Even at the end of Jordan's McGraw-Hill tenure, in early 1933, a *Business Week* editorial and a Jordan speech manuscript from the same week contained paragraphs that were nearly identical ("Speak Up!," 4 January 1933, 32; "Abstract of an Address Before the Society of Automotive Engineers," 9 January 1933, mimeo).

Although the *Business Week* editorials did not mention Keynes by name, some of Jordan's outside writings did, and favorably. In a speech to the Advertising Federation of America on 20 June 1932, Jordan called Keynes "a really distinguished economist" and added, "I shall not try to compete in prophecy or in persuasion with this Cassandra, whose oracles have been so deadly accurate during the [past] decade," echoing the language of Keynes's preface to *Essays in Persuasion* (1931). Jordan's schooling appears to have made him much more receptive to Keynesian arguments than many of his fellow American economists. After graduating *cum laude* from the City College of New York in 1912, Jordan attended graduate school in economics at Wisconsin (1912-13), Columbia (1913), Cambridge (1913), and Stuttgart University in Germany (1914). It is possible that Jordan even met Keynes the young lecturer during his stint at Cambridge; he surely would have heard Keynes's name mentioned repeatedly. According to a five-page typed biography, "It was in his years at college and graduate school that his economic thinking was formed. Jordan writes that he was particularly influenced by the economic teachings of his professors, Richard Theodore Ely of Wisconsin and Arthur Cecil Pigou of Cambridge"(NICB mimeo, 1947, Hagley Library).

Business Week's Keynesian stance remained after Jordan left in early 1933, and the magazine was pro-New Deal as well, at least through 1934, but Jordan's Keynesian leanings did not last through the end of the year. Jordan left McGraw-Hill and *Business Week* to assume the

presidency of the NICB, of which he would be president and then chancellor for the next three decades. Although the NICB (like its modern-day successor the Conference Board) was a officially a non-partisan and non-political research organization, it was dominated in the 1930s by a “cadre of anti-New Deal executives,” notably the du Pont family, and devoted more of its resources to propaganda (Gordon, 148-49). By the end of 1933 Jordan’s about-face was practically complete. In a speech at New York University he excoriated the New Deal in hyperbolic terms, calling it anathema to private enterprise and reflecting “a powerful, widespread, and deep-rooted anti-industrial complex or psychosis.” Jordan did not repudiate Keynes directly, but he denounce proto-Keynesians Sismondi and Hobson, as well as popularizers Foster and Catchings, as proponents of the anti-industrial complex, along with Marx. Elsewhere in the speech he directly contradicted his earlier testimony before the La Follette committee, on the notion of persistent overinvestment due to maldistribution of income, which he now termed a fallacy (“Text of Address on ‘Industrial Management and the Recovery Program,’” mimeo, 7 December 1933, 3-5, 11). In April 1934 he called the New Deal’s first year “possibly the most serious catastrophe that has occurred in our history” (“New Deal Held Most Profound Crisis for U.S.,” *New York Herald Tribune*, 6 April 1934). He would later co-author a book, *Freedom in America* (1945), with would-be Keynes arch-nemesis Henry Hazlitt.

While it is impossible to gauge the influence of *Business Week*’s editorials, it is reasonable to conjecture that they had some impact. Surely many more Americans read them than read Keynes. *Business Week*’s circulation was over 60,000 in 1930 and 75,000 in 1933. Mc-Graw Hill conducted an internal survey in October 1930 of *Business Week* subscribers and reported that half of them found the editorials “most useful.” As noted earlier, *Business Week* readers were themselves a very influential segment of the public, as the magazine targeted

executives and other business elites. It is at least plausible that the editorials lowered business resistance to fiat money, unbalanced budgets, and reflationary policies. And Jordan made the Keynesian or anti-deflationist case elsewhere, too, such as in *Iron Age* and numerous speeches.

Jordan also helped make this case in the non-business press as well, aiding such “popular economists” as Chase, Coyle, Foster, and other popularizers of pump-priming. Indeed, Jordan appears to have been an ally of those figures. For example, an April 1932 article by Coyle about public works, published in the *Corporate Practice Review*, contained the boast that “the technical soundness of the economic principles involved have been checked by Virgil Jordan, economist of *The Business Week*” (Dorfman, 641n). A June 1932 pamphlet by Chase, published by The University of Chicago Press, titled “The Campaign and Economic Planning,” featured Jordan as a friendly interviewer offering long leading questions that allowed Chase to make his case. The June 1932 issue of the *Bulletin of the Taylor Society* had back-to-back articles by Jordan (“Avoidance of Depression: Stabilization Through Fiscal Policy”) and William T. Foster (“Stabilization Through Money and Credit Policy”), with Coyle as a discussant. The February 1933 issue of *Scribner’s* had cover stories by both Chase and Jordan.

CONCLUSION

Whatever their impact, *Business Week’s* 1930-33 editorials deserve recognition as among the clearest and most sophisticated expressions of pre-*General Theory* Keynesianism in America at the time. They were also among the most widely read writings in a Keynesian vein at the time, especially among business executives. As the successor to the popular and established business periodicals *System* and *The Magazine of Business*, *The Business Week* likely had an industry credibility that other popularizers lacked. The New Deal was not without its business

allies, especially in the early going, and it is plausible that the editorials helped lay the groundwork for public and business acceptance of Keynesian monetary and demand-management policies in First New Deal.

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