

# Sidney Weintraub and the "Noxious Influence of Authority"\*

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## Introduction

Laurence Seidman<sup>1</sup>, in his excellent overview of Weintraub's contributions, noted that Sidney Weintraub often called himself a "Jevonian seditionist" because of his fondness of quoting W.S. Jevons on the "noxious influence of authority":

... authority has ever been the great opponent of truth. A despotic calm is usually the triumph of error. In the republic of sciences sedition and even anarchy are beneficial in the long run to the greatest happiness to the greatest number.

In this article we explore the reaction of certain influential members of the economics profession to Weintraub's ideas and his reactions to the work of mainstream economists. In an earlier issue of the *HETSA Bulletin* (No. 13 Winter 1990) I have examined Weintraub's relationship with *non-mainstream* economists. Weintraub had repeatedly complained of the difficulty of making progress against professional vested interests. Our approach is to examine Weintraub's professional *correspondence*. Such an approach may not reveal the full story of the interaction between Weintraub and those key players in the profession whose opinions seem to matter, but it does reveal certain snippets of information which can later be used to piece together the full puzzle.

## American Mainstream Reactions to Weintraub

Weintraub's interaction with Robert Clower and Robert Solow are particularly insightful. Clower first appears in the correspondence in 1957 when he writes a very complimentary letter to Weintraub on his aggregate supply and demand article. Clower's enthusiasm for Weintraub's work does not carry on to the 1970s. At one stage Clower writes<sup>2</sup>:

I see no purpose whatever to be served by starting with the hypothesis that the wage share in the business sector is constant, or the hypothesis that the money wage is exogenous ... I am enough of an economist still to insist that I will hang onto the assumption that prices are largely governed by market demand and supply forces in the final analysis until such time as I decide I have had enough of the profession.

While there is nothing wrong with advocating a particular approach to economic inquiry, as Clower does, the consequences are less than desirable once that person becomes editor of the profession's leading journal and will only accept material based on the assumption that prices have to be explained by market forces. Clower's following remarks about another Weintraub submission illustrate the futility of Weintraub's efforts<sup>3</sup>:

The plain fact is that this paper is a mishmash of material that you have been writing about over the years and publishing in various papers over and over again. The difficulty is to find anything new or still worth saying.

Weintraub's reaction is to reply that "for the life of me I cannot understand why I cannot build on a prevailing fact of (near?) constancy of employee compensation in Gross Business Product"<sup>4</sup>. On the exogenous money wage, Weintraub gets support from a surprising source. Hicks has written in a letter to Paul Davidson<sup>5</sup> that in an important respect his position is close to Weintraub's:

I should like to ask you to point out to Weintraub that in the *Crisis in Keynesian Economics* fix price theory is quite clearly defined (on p.23) as not meaning 'that prices do not vary, but that the causes of their variation are outside the model'. I have consistently used the term in this sense, since the much fuller discussion in *Capital and Growth* (1965) to which reference is there given. (The reference should perhaps have been made to chapter 8 of that book as well as to chapter 7). So what I mean is exactly what he means by 'exogenous'.

Clower, like Weintraub, was dissatisfied with the prevailing orthodox macroeconomic approach, and stated that the "profession's problem at this stage is ... the lack of an agreed conceptual framework upon which to elaborate our formal arguments as a preliminary to examination of empirical evidence." However, rather than the path that Weintraub had chosen, Clower felt that "there is much promise in the development of precise and rigorous disequilibrium models ... [but] there are terrible problems in this area, because once we give up the simple minded Walrasian structure we seem to be almost literally at sea without a rudder"<sup>6</sup>.

Weintraub's communications with Robert Solow are also interesting. Weintraub was quite upset at Solow's review of his 1959 *A General Theory of the Price Level, Output, Income Distribution and Economic Growth*. Solow, for example, wrote that "I really can't claim that the allowance of two MPC's out of different kinds of income throws any blinding light on the economic process". Other commentators also homed in on this distinction. Ronald Bodkin wrote to Weintraub that<sup>7</sup>:

What you have here ... is an empirical counterpart of the Kaldor hypothesis that workers spend all their income and property owners save all theirs. ... Do you really think this hypothesis is applicable to the United States? Even your family income data ... suggests some wage earner saving. ... Burmeister and Taubman find the marginal propensity to save out of profits-type income is estimated to be between 0.2 and 0.4, which is some distance from unity. This corresponds to my view that, even for profit recipients, the marginal propensity to consume is above 0.50.

Imagine then Weintraub's amazement when, despite Solow's earlier critical review of his book, many of these same ideas appear in a joint article by Solow and Stiglitz in the *Quarterly Journal of Economics* (November, 1969). Weintraub writes to

Lerner that <sup>10</sup>:

Solow reviewed my Income Distribution 10 years ago and was less than charitable ... someone suggested I read the article [Solow and Stiglitz] wrote ... the full "model" was mine, in essence though I think I am a good deal clearer. Solow had forgotten and then, with Stiglitz, had come to the same set of ideas. I can't help but think that once he gets in live prices and live money wages that the overlap will yield the same set of policy conclusions, on the importance of the money wage for the price level. He might even get straight the importance of the corporation in the gross savings function, and the importance of this for growth. Seeing it, I felt first mad, for I have felt I was right all these years though ignored, and pleased for I think the outcome must take on a predictable course.

Adding further insult to injury, Weintraub claimed that A. Meltzer, in an article in the *Journal of Economic Literature*, was "now at a position I reached 25 years ago", in a letter to that journal's editor <sup>11</sup>.

There is also considerable correspondence between Weintraub and Martin Bronfenbrenner, starting from 1956. There is much mutual affection between these two economists, despite their many differences, Bronfenbrenner at one stage saying "we screwballs have to stand together, especially since orthodoxy serves so usefully as a cover for dullness, ignorance, argumentum ad hominem, and just plain stupidity." The only critical note in the correspondence is Bronfenbrenner's charge that "you change macro distribution models so frequently". Weintraub's reply is that:

On my changes in distribution theory, I think they are more apparent than real: my Employment Growth book was a direct extension of the *Approach*. For the recent macro theory article, I thought it best I accept the fashion and introduce equilibrium solutions rather than the full functions. All of it, however, can be translated into the *Approach* framework <sup>12</sup>.

Perhaps the most revealing correspondence covers the tumultuous relationship between Weintraub and his rebellious oldest son, E. R. Weintraub. The early correspondence shows a father continually prodding and pushing his son, attempting to further his son's career by rustling up job offers, and giving firm instructions on what his son must concentrate on. When Roy shows a penchant for mathematics he is encouraged to "use your math on real problems" and that "in 10 years, you get the formal stuff out of your system". Weintraub admits that he "can't understand the stability stuff" that so interests his son and instead encourages Roy to "mathematize" his father's own work in joint-product papers <sup>13</sup>.

After 1972 there is little written contact between father and son; there are only six letters between 1973 and 1980 and none between 1976-1978. The estrangement was a particularly painful episode, especially since his son had come to embrace general equilibrium analysis and to find allegiance with the very economists, such as Clower, Hahn and Solow, who had been so critical of his father. Imagine the father's reaction to the following statement made by his son <sup>14</sup>: "Keynes is now, scientifically, an historical personage of great competence, but utterly irrelevant to an understanding of either the modern economy or what economists must explain". E. R. Weintraub was also critical, like his father, of American Keynesianism, but his critique derived from a quite different perspective:

Lucas et. al. ... out of the NeoWalrasian program, have succeeded in estab-

lishing the empirical degeneration of the macro program, as G.E. theory had done with respect to theoretical progressivity through the period of the 60's and 70's. I cannot see, any longer, that there is any progressivity in what formerly had been the macro program of Tobin, Modigliani, Samuelson, Solow et. al. [and the] same has happened to monetarism - it is now "dead".

In response, Sidney Weintraub referred to "logically impeccable but realistically nonsensical articles" with respect to the general equilibrium approach. He may have gained some comfort in this regard from the comments of Edwin Burmeister, in a letter to him in 1974<sup>15</sup>:

I believe that GE models which do not allow for transaction costs, market imperfections (esp. monopoly power), adjustment costs, uncertainty etc. etc. are interesting intellectual exercises which shed little light on policy or other real-world problems.

His son's retort would be to state that general equilibrium analysis has gone a long way towards relaxing these restrictions and that GE reasoning is central to all economic analysis which lays claim to being scientific - it is the centrepiece of the discipline of economics. Fortunately, there is a happy ending to the Mills-like relationship between Sidney and Roy Weintraub. There occurred a reconciliation during the early 1980s and Sidney expressed great pride in receiving a copy of his son's *Microfoundations*.

## Establishing the Journal of Post Keynesian Economics

Given the difficulty of gaining access to establishment journals, it is then quite natural for someone like Sidney Weintraub to explore the possibility of setting up an alternative outlet for like-minded scholars. In a letter to Bronfenbrenner he outlined his dissatisfaction with established journals<sup>16</sup>:

I feel that the *AER* has become rigid and closed to points of view not reflected on its editorial board, on money, the price level, and distribution. Too, its concern is not with this world. I could go on down the list of other journals, and their inadequacy for controversy. The *JPE*, curiously, would come off best but this is extreme in its ideological commitment. (And George S.<sup>17</sup> would not even know what I am talking about).

If the *Evol. Econ. Journal* [*Journal of Economic Issues*] was adequate, why need another? But their interest seems to be Ayres, Veblen, and such cats to the exclusion of the modern scene. On *Challenge*, Mike Sharpe has different, and lighter, objectives. No, I share your doubt entirely about the Cambridge Journal. Likewise, tho the *JPKE* arose out of interest in Sraffa, when I started to count heads I suspected about 35 people might be involved - we could mimeo the stuff. Yet for a long time I have felt that there is need for something more topical, on problems, and for theory connected with policy.

It was this policy aspect that particularly worried Weintraub<sup>18</sup>. There was a "major matter of public policy at stake ... a whole teaching tradition is involved. I have in mind here the 45-degree line and the C + I curves, with the equilibrium cross.

... they have led to ... standing Keynes on his head, so to speak, and all in the name of Keynes."

There was another purpose to be served by this new journal. In a letter to Weintraub, Minsky regretted Paul Davidson's displeasure over his review of *Money and the Real World*. Minsky stressed the need for an 'insiders discussion' for those close in spirit, if not in substance, so they could hammer out a precise statement of the alternative to standard theory. Weintraub replied that<sup>19</sup>:

On quarrels within the "fraternity", I would agree with you - especially if we had our own journal. As I see it, this is our major lack. Standard versions of Hicksian Keynesianism, and Monetarism, are dead even tho they still dominate our journal space. Editors are still facing backwards.

### Concluding Remarks

Sidney Weintraub wrote prolifically and expeditiously on economic subjects and on his dissatisfaction with mainstream views. "Composition alone seems to make me go" he wrote after completing an article while in hospital recovering from a heart attack in 1978. His "little book on *A General Theory* [1959] was written in four days. From idea to printer, two weeks"<sup>20</sup>. He regarded his main contributions as being the aggregate demand-aggregate supply schema which patched up the macro-micro connection, while providing a place for Kaldor distributive conclusions outside of full employment. In addition, he brought in monopoly and introduced the money wage which thereby allowed scope for the price level. In a letter to his son he outlined his "firsts", that is his most original contributions to the economic literature<sup>21</sup>:

"Son, my 'firsts': 1. Wages and Prices 2. Wage Share 3. Incomes Policy 4. Demand in Growth 5. Keynes and the Keynesians".

Yet he found it very difficult "to make progress against vested professional ideas" and was "less than at peace with the professional wisdom, Ivoe Pearce has called me a St. Jude, for hopeless causes" he lamented. His response was to keep plugging away at the established journals until an alternative outlet for his ideas became available and as editor "the only kind of things that I would dismiss are those, as the flyer remarks, which posit perfect certainty, pure competition, and the absence of change."

In this article we have focused on the professional reception that Weintraub received. His collaboration with Henry Wallich in the promotion of a Tax- Based Incomes Policy (TIP) is an aspect of Weintraub's broader reception in the economic policy arena. Weintraub strenuously popularized the concept, lobbied politicians and fellow economists and strove to repeatedly make it part of the public debate. TIP policies were supported by the *New York Times*, 1980 U.S. presidential contender John Anderson, and, in its last two years, the Carter Administration<sup>22</sup>. A related area where he may have been successful were the 1960s wage-price "guide-posts". Weintraub, in the summer of 1959, was at Minnesota with Heller and continually elaborated on the wage-price theme to Heller. Similarly Schultze was aware of Weintraub's views, although Weintraub noted that both failed to acknowledge him when the ideas were turned into policy. This seems like an old story by now!

\*This article is based on an examination of the *Sidney Weintraub Papers* which are located in the Manuscript Department, William R. Perkins Library, Duke University, Durham, North Carolina. All references refer to these papers. I am grateful to the curator, Mr. Robert Byrd for allowing me access to these papers.

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## Notes

1. L. S. Seidman, "Sidney Weintraub: The Man and his Ideas", *Challenge*, November-December 1983 p.28
2. R. Clower to S. Weintraub, August 1, 1973, Box 3 Folder 1
3. R. Clower to S. Weintraub, July 11, 1974, Box 3 Folder 2. The broader issue of the internal dynamics of the economics profession has recently been addressed in D.C. Colander and A.W. Coats, *The Spread of Economic Ideas*, New York, Cambridge University Press, 1989. Interestingly enough, Clower writes in this volume that "Much of economics is so far removed from anything that remotely resembles the real world that it's often difficult for economists to take their own subject seriously" (p.23). Clower noted that as a journal editor he "can filter out certain kinds of things" but "what was remarkable was the absolute dullness, the lack of any kind of new idea, that predominated in the selection of papers I got" (p.27).
4. S. Weintraub to R. Clower, August 6, 1973, Box 3 Folder 1
5. John Hicks to Paul Davidson, April 19, 1981, Box 5 Folder 5
6. R. Clower to S. Weintraub, August 1, 1973 and R. Clower to S. Weintraub, September 6, 1973 Box 3 Folder 1.
7. S. Weintraub to R. Solow, September 11, 1959 and R. Solow to S. Weintraub, September 29, 1959, Box 1 Folder 10.
8. Ronald G. Bodkin to S. Weintraub, April 1, 1971, Box 2 Folder 3
9. Weintraub challenges Solow for appropriating his ideas in a letter to Solow, February 18, 1969. Solow's defence is in a letter to Weintraub February 22, 1969, Box 1 Folder 20.
10. S. Weintraub to A. Lerner, March 18, 1969, Box 1 Folder 20
11. S. Weintraub to M. Abramovitz, February 5, 1982, Box 6 Folder 1
12. M. Bronfenbrenner to S. Weintraub, March 7, 1969 and S. Weintraub to M. Bronfenbrenner, March 13, 1969, Box 1 Folder 20
13. S. Weintraub to E.R. Weintraub, February 24, 1970, Box 2 Folder 1. There is one letter in 1974, 2 in 1975, 2 in 1979; and 1 in 1980.
14. E. R. Weintraub to J. Kregel, October 16, 1982, Box 6 Folder 2
15. Edwin Burmeister to S. Weintraub, January 21, 1974 Box 3 Folder 2
16. S. Weintraub to M. Bronfenbrenner, January 23, 1978, Box 4 Folder 3
17. Note the following comments in a letter by S. Weintraub to Roy Harrod, August 5, 1964 Box 1 Folder 15: "[Stigler] is a good carpenter and he should stick to this; he'll leave more durable products that way. Fried man is far better, with a far greater range - but dangerous in his cleverness and casuistry in dealing in outmoded doctrines designed to serve a class interest."
18. S. Weintraub to B.F. Haley, March 26, 1960 Box 1 Folder 11. For example, Weintraub had long argued that wage increases far in excess of productivity are the cause of inflation. Unlike the textbooks, this is not "merely" cost-push inflation. For wages also constitute demand; wage earners buy about 90 percent of consumer goods. Wage increases thus occasion "demand-pull"

simultaneously with "cost-push".

19. H. Minsky to S. Weintraub, November 19, 1974 and S. Weintraub to H. Minsky, November 29, 1974, Box 3 Folder 3
20. S. Weintraub to D. Patinkin, October 26, 1965, Box 1 Folder 16
21. S. Weintraub to E.R. Weintraub, November 6, 1971, Box 2 Folder 3
22. See Hoas, David J. 1986. *The Political Economy of Tax-Based Incomes Policy*, Unpublished Ph.D Dissertation, Duke University. Weintraub writes that he is "interested in maintaining the market economy, not dismembering it or replacing it" and that "I oppose - very strongly - price and wage controls. They are bureaucratic, harrassing and anathema to the market economy". It was for these reasons that he promoted market -based incomes policies. He felt that "a great deal can be accomplished without involving any departure from our mutual dedication to freedom, and to a free, non-government coerced market economy" (S. Weintraub to F. Lorenzin, April 28, 1977, Box 4 Folder 1).