

Peter L. Bernstein

The Worldly Philosopher Behind *The Wordly Philosophers*

BOB HEILBRONER AND I BECAME BEST FRIENDS AT THE AGE OF ABOUT six. From that point forward, best has only become better. Bob was a worldly philosopher from the start. Let me give just one example.

When I was nine or ten years old, my aunt and uncle took me to see a play called *Up Pops the Devil*. In the course of the story, the female protagonist tells a friend she is pregnant but her husband is unaware of this. I was stunned. My understanding at that point of my life was that procreation was the sole purpose of the act of love. No other motivations were involved. On the basis of that assumption, how could a wife be pregnant without her husband's knowledge?

I gave the matter a great deal of thought but failed to come up with an explanation. Then I consulted my best friend, who had a worldly response to my conundrum: "Maybe they did it once and forgot about it," he suggested.

As the years went by, Bob and I shared life's exciting experiences of growing up. Girls, fine art, theater, ballet, literature, food, and drink—we did it all, usually with Bob leading the way. He studied jazz piano—and played with wonderful skill and naturalness—while I studied classical with fingers less nimble than his. Later, we frequently sat together at the piano and improvised four-handed modern music compositions, sometimes lasting as long as an hour. How we wish we had recorded these masterpieces for posterity!

We received our high school education at the Horace Mann School for Boys in Riverdale.¹ The school had two great attractions. Most important, it was in walking distance of the Fieldston School, where there were girls. Only slightly less important, we learned a lot, and we learned how to learn and how to take pleasure in learning. I think what mattered most to both of us was the boundless enthusiasm our teachers gave us for the joys of literary creation. Over the many years since then, our writing skills have made a major contribution to our incomes as well as to our enjoyment of life.

We went to Harvard together, and Bob chose economics as a major while I turned to political science. After taking the introductory economics course as well the introductory course in government, I realized that Bob's decision had been the right one, and I switched to economics. The subject immediately engulfed both of us, because we were determined to find a way to make the lousy world of the late 1930s into a more hopeful one for the future. Economics was without question the way to go.

Our timing was perfect. We were taking up the subject at the very moment when macroeconomics was born, providing tools for economists to *do* something about the "economic problem" instead of just staring at it and waiting for the frictions to dissolve. Indeed, the Harvard economics faculty was trying to make sense of *The General Theory* at the same time they were trying to teach us what it was all about. None of them had ever encountered anything like it. At first, there were fierce battles between the younger faculty and the older professors. The instructors and assistant professors grabbed Keynes and ran with him, with no compunctions and no qualification. Six of them published a little book, *An Economic Program for American Democracy*, which dared to declare that deficit financing might be a Good Thing under conditions of less than full employment. The full professors were in two camps. Most rejected outright Keynes's devastating attack on everything they had learned and taught for many years. A few, notably Alvin Hansen and John Williams, refrained from digging in their heels as deeply as their colleagues but still remained

unconvinced. For us as students, it was a rare privilege to witness this exciting and stimulating debate.

Bob and I were allowed to take the graduate course in money and banking in our senior year, which Hansen and Williams taught jointly. But we also had lectures from Schumpeter, Haberler, and Machlup. In *The Worldly Philosophers*, Bob recalls the moment when Schumpeter declared that depressions were a good thing, that “business occasionally needs a cold douche,” provoking a gasp from a class too provincial to recognize that to Schumpeter the word meant “shower.” We never cut a class in this course and could not wait until time for the next one rolled around.

Paul Sweezy taught us Marx and socialism with rare clarity on such a complex subject. Bob and I have never forgotten what we learned from Sweezy, and much of Bob’s work reflects his many wisdoms. We also enjoyed Edward Chamberlin teaching his own discovery of monopolistic competition, an advanced theory course with Wassily Leontief, and Edward Mason’s bitter commentaries on industrial organization and control. Mason assigned us Berle and Means’s *The Modern Corporation and Private Property*, a seminal work focusing on the separation of corporate ownership and control. I wonder how many contemporary observers have ever taken the time to read this remarkable volume, whose words resonate so clearly at this very moment.

Bob and I developed a bizarre but highly productive method for studying economics, a method that developed from the sociology of the Harvard student body in those days. Horace Mann had been a largely middle-class experience. Nobody there was “upper class” in the sense that they were readily distinguished by how they dressed, spoke, and spent their leisure time. Harvard in the late 1930s still had a fair share of such students—classmates who had been to places like Groton and whose girlfriends had “coming out parties.” To Bob and me, these classmates were objects of high curiosity. We were particularly impressed with how they talked, with a kind of exaggerated English-Bostonian accent that, as in upper-class England, immediately defined their social position. To many people, this way of speaking was characterized, in

a rather pejorative sense, as a “Hahvud” accent. From today’s perspective, it was another world, even another planet!

We invented two fictional characters to help us fantasize a role for ourselves in that special world. Bob was Duke Prescott and I was Ken Winston, fully equipped with that wonderful accent and with mythical girlfriends, tall, willowy, and unanimously blonde. Bob’s was named Corky.

But Duke and Ken definitely helped us earn high grades in our economics courses. Part of the Duke and Ken fantasy was their outstanding talents as economists. When exam time rolled around, Duke and Ken created an interview radio program, sponsored by the “Chase National Bank,” in which one of us would interview the other by posing sample exam questions. In our aristocratic manner and speech, we provided the radio audience with our expert insights into the burning questions of economics. It worked. We both wrote great answers on the exams. I know I learned more that way than I ever could have learned sitting by myself and just plowing through my notes. It was Duke and Ken who should have been elected to Phi Beta Kappa, not Bob and me.

When college was over, Bob went to work at a commodity trading firm where one of his sister’s boyfriends got him the job. I went to the Federal Reserve Bank of New York as research assistant to John Williams, who doubled as vice president of Research at the Fed and as dean of the Littauer School at Harvard.

Bob soon decided that my career path was not sufficiently worldly. He and another friend who traded commodities took me to lunch one day and read the riot act to me. They insisted I had to get myself out of that academic atmosphere. In any case, with excess reserves at commercial banks running to many billions, the Fed was obviously an obsolete and powerless institution and I should get myself where the profit motive was at work. I was sufficiently shaken to take an evening course in accounting at NYU, which was boring but turned out to be useful in my later career. I did continue to hang in at the Fed, in spite of my purportedly more worldly friends, until World War II diverted my career. Bob, in turn, decided to abandon the world of business and serve

a brief stint at the Office of Price Administration in Washington before enlisting in the army.

He was sent off to Japanese school for an extended indoctrination in both language and mores. Although I went overseas to the European theater as an air force officer and had to live through German V-bomb attacks in London—no fun—my contribution to the war effort took place at a desk. Bob's war experience different. He was assigned as chief intelligence officer in a combat division and saw real action in New Guinea. Then his division prepared for the invasion of Japan. Thank goodness, he was spared that, but he did move into Japan for the occupation. He enjoys relating his duties there as his division's main contact with the Japanese population and the various services he arranged for his commanding officers.

After the war, Bob went back to the world of business while I taught economics at Williams for a year. Much as I enjoyed it, that was the end of my career at Williams; I had no desire to go to graduate school and no future there without it. Instead, I succumbed to the lure of business, five years after the lecture from Bob and his friend when I was at the New York Fed. I joined a small commercial bank in New York City and was able to enjoy once again living in the same city as my best friend, after so many years of separation. I was married by that time, but he was still single.

As a single man, Bob had more unoccupied evenings than I, and he decided to take a graduate economics course at the New School. He signed up with Adolph Lowe, who accepted students in his courses only after a rigorous and demanding interview. I clearly remember Bob's call to me two or three weeks into the semester to tell me about this remarkable man, who ultimately would change his life. What was most extraordinary, Bob told me, was that Lowe found things in Keynes that were *wrong!* Unthinkable! "You have to come and listen to this stuff," Bob insisted. And so I did. As always, Bob's advice was the best. At that moment in the late 1940s, all the greats from the University in Exile were still at the school and fully functioning. In addition to Adolph's courses, we took excellent courses from Hans Neisser and Hans Staudinger.

Bob's daytime life was also about to undergo a major shift. Now he decided that after all he hated business—not just all the grubby stuff it inevitably involves, but the whole nine-to-five routine no longer suited him. He decided to be a freelance writer. Although this was a risky decision, he had a small amount of capital as a cushion in case the gamble did not pay off.

The gamble did pay off. His first published article, which appeared in some major magazine with wide circulation, was a bold and counterintuitive essay called “The Uncomfortable State of Full Employment.” Although that is where Bob launched his new career, he soon found he could not make a living out of articles on economics. He wrote with great success over a wide range of topics, from worldly interviews with movie actresses to the less worldly debate over whether Marlowe wrote Shakespeare.

At night, he was in thrall to Adolph Lowe. Bob's father had died when Bob was only five years old. Adolph had two lovely daughters but no son. So there was a chemistry in the relationship that ran deeper even than the power of Adolph's economic analysis and creativity. And out of that relationship came Bob's decision to earn a PhD and follow in Adolph's footsteps as an exciting and inspiring teacher of economics.

Adolph was opposed to Bob's writing *The Worldly Philosophers* as his thesis and as a book for public distribution. This was probably the only occasion when Bob dared to oppose his mentor, but it was surely lucky he had the nerve to do it.

I have vivid memories of the months in which he was writing the book, because so much that went into it reflected our common experience in learning economics at Harvard, and we spent many hours together discussing it all. But Bob was determined to make the book his—not Alvin Hansen's, not Adolph Lowe's, but all his own. He was clear about how he wanted to describe, not only the lives and ideas of each man, but the crucial linkages between them. The result was this extraordinary, and apparently immortal, history of economic thought—in the fullest sense of those words.

I tried my best to be a good critic and adviser to Bob on *The Worldly Philosophers*, and he has reciprocated in great measure on my own books.

His most vivid advice came with my first book, *The Price of Prosperity*, which appeared in 1962. When Bob finished reading the manuscript, he called me up said, “You used ‘burgeoning’ twice in the book. Only one ‘burgeoning’ is allowed per book!” I have never forgotten that advice.

The following year, we collaborated on *A Primer on Government Spending*, a polemic in favor of the Kennedy income tax cuts. After we had discussed at great length and in full detail exactly what we wanted to say and the order in which we wanted to say it, Bob assumed the role of commanding officer and gave me my marching orders. “You write chapters 2 to 11,” he told me, “while I will spend the whole time on chapters 1 and 13. Nothing matters more than the first and last chapters, and I want them to be perfection.” They were. When Random House published the book, Bennett Cerf ran a full-page advertisement in *The New York Times* in the form of an open letter to Congress, demanding that its members read this important work. The book enjoyed wide academic acceptance as well as public notice and has sold well over a hundred thousand copies.

About that time, I decided to teach introductory economics at the New School, and did so for many years with much pleasure and intellectual reward from stimulating students. I was able to set the time of my course at the same as one of Bob’s, so we could meet for a drink once a week and compare notes before we went to our respective classes. After class, I usually drove him home in my car, which I almost always parked within walking distance of the school.

One of the occasions when Bob and I were having our pre-class drink was the night of the great blackout. Although we were able to find and extricate the car without any difficulty, the traffic up Sixth Avenue was maddingly snarled. We crawled uptown. When we finally reached above 42d Street, Bob said, “Let’s cut over to Park Avenue. The rich always take care of their own.” As always, his worldly instincts were right. We swung over, found volunteer traffic directors at every crossing, and sailed right up to our destinations.

Most people have known Bob as a brilliant but gentle and quiet man. They see someone who is thoughtful and articulate, but not alto-

gether *in* the world about which he expresses such deep and eloquent concerns. In one sense, this perception is correct, but it is incomplete. As I hope I have demonstrated in this brief memoir, there is an inherent worldly component to this great philosopher, beginning with his inspired boyhood answer to me about the pregnant woman. Too few people know, or remember, how much time Bob spent out in the rough and tumble of the business world, that he saw combat with distinction in the World War II, how he experienced the risks and rewards of a self-employed freelance writer, or that he is as much a craftsman as a scholar. Most revealing, his association with the New School dates back more than 50 years, with never an ounce of temptation to wander. The tower he chose has very little ivory in it, and he has thrived there.

NOTES

1. In later years, Horace Mann merged the girls' school near Columbia into the boys school in Riverdale and became simply the Horace Mann School.

AUTHOR QUERIES

- 1 Please provide year of publication for book here and full citation information in References