

Index

Abel, I.W., 95 Sherman Anti-trust law, 38, 38n31 Ackley, Gardner under Wilson, 25, 30, 34, 38-40 on defense expenditures, 103n94 See also Dodd-Frank Act (2010); on economic stimulation, 94 steel industry Asian Financial Crises, 23, 162-163, on failure of CEA to garner public/ business support, 106-107 178, 181 on inflation, 96, 97 asset-price issues on tax increase, 101-102 bubbles, 41, 170–171, 173 on wage-price guideposts, 98, 99 containment, 170-173 on wage-price policy, 102 masking of instability, 190 Advisory Commission, 37 stability, 41-42 Advisory Committee on Labor austerity under Carter, 123, 126, 127 Management Policy, 85 affective heuristics, 17-18 under Johnson, 102 The Affluent Society Stein on, 119-120 automobile industry (Galbraith), 80-81 agriculture and New Inflation, 69-70 emergence from depression in, 31 United Auto Workers, 69, 86–87, and Jefferson, 51 140-141 policy under T. Roosevelt, 30, 32-33 and wage-price restraint, 86-87 and Populist movement, 30 Axilrod, Stephen, 188 airline industry and International Association of Baker, Howard, 153 Machinists, 96, 105 Baker, Jim, 148, 151 and PATCO strike, 136, 140-141 Baker Plan (1985), 151, 156 Akerlof, George, 4 banking Allison, Herb, 195n55 domestic banking crisis, 149-150 ambiguity aversion, 20n49 shadow banking system, 197, 198 American International Group (AIG) stemming of crisis under F.D. and accountability, 195n55 Roosevelt, 53-54 compensation of executives at, 193 Banking Act (1933), 54 rescue of, 192, 193 Banking Act (1935), 54 American Nickel Company, 37-38 Banking Crises of 1939, 179 anti-intellectualism, 78-79 Barnett, Michael, 11, 11n25, 208 antitrust issues Barr, Shelia, 149 under F.D. Roosevelt, 55 Baruch, Bernard, 37, 57 under J.F. Kennedy, 90 Bear Stearns, collapse of, 189, 200 under Obama, 26, 198, 199 beliefs, causal vs. principled, 15 under Reagan, 19 Bell, Daniel, 20, 79



242 Index

Bell, Stephen, 13, 14 Bush, George H. W., and Greenspan, 154-155 Bentsen, Lloyd, 158-159, 160 Berger, Peter, 15 Bush, George W./administration deficit under, 158 Berlin crisis, 87 Bernanke, Ben, 22 on executive compensation, 192n43 becomes Chairman of Federal and fiscal stimulus, 183, 189n33 Reserve, 186–187 marginal tax cuts by, 182-183 on bubbles, 22, 187 on TARP, 192, 192n43 on dot.com crash, 190 Business Council, 112-113 on forecast-based approach, 187n25 Califano, Joseph, 96, 99-100 on Great Moderation, 184-185 on Lehman, 191n42 capital gains and wage-price spirals, 189 under Carter, 139 Best, Jacqueline, 11n25, 22, 188 Bethlehem Steel, 95–96, 104, 105, 114 under Reagan, 138-139, 156 Capoccia, Giovanni, 12-13, 208 Big government view of Hamilton, 51 Carter, Jimmy/administration Black Monday (1987) crash, 153 anti-inflation policies of, 125-127 Blankfein, Lloyd, 194 austerity under, 123 Blinder, Alan capital gains under, 139 appointment to Federal Reserve conclusions of, 131 Board, 157, 166 cost-of-living adjustment under, 128-129 on interest rate levels, 167-168 on New Classicism in academia, 165 crisis of confidence address/malaise on Taylor rule approach to speech by, 126-127 inflation-unemployment dollar under, 125-126 balance, 177 Federal Reserve under, 126, 127, Blough, Roger, 69, 89, 90, 95 170 - 171Blumenthal, W. Michael, 126, 127 macroeconomic stimulus under, Blyth, Mark, 11n25, 10-11 124n66, 124-125 Born, Brooksley, 174-175 overview of, 110, 123 Bowles, Chester, 59, 62 promotion of recovery under, Brady Bonds, 151 124-125 Brady Plan (1989), 151, 156 resignations/dismissals of cabinet Brainard, Lael, 198 members of, 127 stagflation under, 110, 123-127 Bretton Woods, 210, 211 fixed rate, 52, 61, 68, 210 steel industry under, 128-129 fixed rate collapse under Nixon, 118 tax-based income policies under, Broker Dealer Lite regime, 174–175 125, 131 Brown, Prentiss, 58 Trigger Price Mechanism under, Bryan, William Jennings, 31 129n86 Bull Moose Party, 34 trust in government during, 128 Burns, Arthur and Vietnam War, 126-127 on central banking, 110, 130, and wage-price spirals, 123, 124n69, 144-145 124-125 on cost-push inflation, 113 causal models, conversion of principled on credit, 69 understandings into, 20 on direct controls, 68 causal vs. principled beliefs, 15, 16 on economic downturn, 74 Central banking, A. Burns on, 110, on incomes policies, 68 130, 144–145 on restraint, 130 Chicago Tribune, 141 and wage-price regulation, 114 Citicorp, 152



Index 243

Civil Works Administration, 55 consumer credit, and Neoliberalism of classical liberalism of Jefferson, 29 Volcker, 146 Consumer Financial Protection Bureau Cleveland, Grover, 31 Clifford, Clark, 64 (CFPB), 197, 198 Clinton, Bill/administration consumer groups, during Johnson on bailouts and Wall Street, 194, administration, 105 194n48 Continental Airlines, 141 on big government, 157 Continental Illinois bank, derivatives under, 174–175 149-150, 156 and Federal Open Market Contract with America, 162 Committee, 164 Coolidge, Calvin, 39 and Greenspan, 155, 158-159, cooperative currency interventions, 159n6, 160-161 150-151 and intellectual conversion of coordinative vs. communicative Neoliberal order, 158-164 discourse, 15-16 abandonment of communicative Corrigan, Gerry, 153 engagement, 161-162 Cortelyou, George B., 33 cost-of-living adjustment (COLA) deficit, 159-160 Mexican crisis, 162 under Carter, 128-129 public credibility, 160 under Nixon, 115 Putting People First agenda, 158 Cost-push inflation, A. Burns third way between statist/ on, 113 freemarket excesses, 163-164 Council of Economic Advisors tightening by Greenspan and, (CEA) 160-161 under Carter, 123 under Eisenhower, 69, 70, 73 triangulation approach to congressional extremes, 162 and gradualism, 14 surplus under, 182 guidepost figure/standard of, 89n39 Clinton, Hillary, 160 on guideposts as neutral, 88n36 coal strike, 1902, 25, 30, 32 under J.F. Kennedy, 88, 89, 94 Colm, Gerhard, 65 under Johnson, 102, 104 Commerce Department Industrial abandonment of Board, 38-39 guideposts, 97-99 Committee for Economic Development exchange rates, 210 (CED), 74, 113 failure to garner public/business Commodity Futures Modernization support, 106-107 Act (2000), 175 and fiscal fine tuning, 100–105 Commodity Futures Trading guidepost figure of, 97n70 Commission (CFTC), and incomes policies, 94, 96 174-175, 198 on mandatory controls, 89n37 under Nixon, 114-115 communicative vs. coordinative discourse, 15-16 and overconfidence, 14, 206n5 Council of National Defense, 37 Connally, John, 114, 115, 116–117 Construction Industry Stabilization Council on Wage and Price Stability Committee, 114 (COWPS), 120, 129, 139-140 crash of 1907, 25, 30, 33-34 constructivism on inefficiencies, 11-12 Cronkite, Walter, 90 Cutter, Stephanie, 193 on interests as variable/instability as unexplained, 10-12 on macroeconomic trade-offs, 10n20 Daniels, Josephus, 37 on power and interests, 8 Darman, Richard, 154

244 Index

deficit Eichengreen, Barry, 9, 43-44 under B. Clinton, 159-160 Eisenhower, Dwight D./administration under Eisenhower, 68n65 communicative rhetoric of, 70, 75 under F.D. Roosevelt, 56 deficit under, 68n65 under G.W. Bush, 158 Economic Reports under, 69, 70, 73 deflation, 186 incomes policies under, 68 post-September 11 scare, 211 and New Inflation, 52, 68-73 Department of Agriculture, and Hold and auto industry, 69-70 the Line order, 59 congressional view on Depository Institutions Deregulation administrative pricing, 70-71 and Monetary Control Act construction of, 68-71 (1980), 139overview of, 68 and steel industry, 69-71 derivatives exemption from regulatory and steel strike, 1959, 71-73 oversight, 174 unemployment under, 74 proposal of voluntary disclosure by Elliot, Harriet, 59–60 investment banks, 174-175 Ellsberg, Daniel, 20n49 and regulation of shadow banking Emanuel, Rahm system, 197, 198 on principled reform, 179, and Securities and Exchange 180, 201 and TARP deadline, 196 Commission, 173, 174–175 England. See Great Britain and transparency, 198 discourse, communicative vs. Enron, collapse of, 182 coordinative, 15-16 exchange rate and Bank of England, 42 disinflation, 112 and Bretton Woods fixed rate, 52, Dodd-Frank Act (2010), 23, 197, 198, 61, 68, 210 199, 201 dollar collapse of fixed, 110, 111, and Bretton Woods, 68, 75 129-130 under Carter, 125-126 under Johnson, 210 devaluation under F.D. Roosevelt, 54 Keynes on stability of, 41 under Nixon, 118 devaluation under Nixon, 111, 118, 129-130 Progressive movement and international tensions and, 116 stability, 41, 42 under J.F. Kennedy, 84-85, 90 Exchange Stabilization Fund, under Johnson, 96, 102 54-55, 162 under Nixon, 115-116 executive compensation and Plaza Accord, 1985, 125-126 at AIG, 193 Stein on depreciation of, 130 G.W. Bush on, 192n43 Volcker on superdollar, 151 Obama on, 193 and TARP, 194-195 Dot-com crisis, 23, 183, 190 **Experimental Negotiating Agreement** economic policy paradox, 3 (ENA), 128-129 Economic Recovery Tax Act (1981), 147n50 Fairless, Benjamin, 62, 69 Economic Report of the President fallacy of composition, 52-53 under Eisenhower, 69, 70, 73 "fast thinking" rhetoric, 17, 51-52, under J.F. Kennedy, 88, 89, 94 155, 192-193 under Johnson, 102, 104, 210 Federal Deposit Insurance Corporation

under Nixon, 114-115

(FDIC), 54, 201



Index 245

Federal Open Market Committee and Progressive movement, 41-44 (FOMC) and reduction in discount rate, 102 and B. Clinton, 164 and reduction in federal funds rate, and foreign economic crises, 172 2007, 188-189 increase in power of, 54 and regulation/speculative monetarist approach of, 145 credit, 42-44 and steel strike, 1959, 74 reorganization under F.D. and technological change, 169 Roosevelt, 54 Federal Reserve, 29, 206n5 switch from wage to asset-price and AIG rescue, 192 accommodation, 137, 142-152 and asset-price bubbles, unwillingness to impose 170-171, 173 restraint, 130 and asset-price stability, 41-42 Volcker succeeds Miller at, 123, 127 under Carter, 126, 127, 170-171 and wage-price regulation, criticism by Shultz, 112 113, 114 direct pressure policy of, 43, 44 See also Bernanke, Ben; Federal Open Market Committee disaggregation of power in initial, 36 (FOMC); Federal Reserve and exchange rate stability, 41-44 Board; Global Financial Crisis; and gradualism, 112 Greenspan, Alan; Volcker, Paul Federal Reserve Act (1913), 25 and incomes policies Federal Reserve Bank of Chicago, 150 strengthening, 111 initial Neoliberalism of Volcker, Federal Reserve Bank of New York, 85 142-148 Federal Reserve Bank of San consumer credit, 146 Francisco, 189 Federal Reserve Board of Governors incomes policies, 143-144 monetarist approach, Annual Report, 1998, 172 144-146, 147 increased power of, 54 reaction of Reagan to, 148 and monetary policy, 60n33 and restraint of abuses of labor use of moral suasion to limit power, 143-144 speculative loans, 42-44 and institutional agenda of See also Blinder, Alan; Yellen, Janet Greenspan, 152-155 Feinberg, Kenneth R. Black Monday crash, 153 and accountability of AIG, 195n55 financial restraint, 154 and compensation standards at monetary policy, 152-153 TARP-recipient firms, 194-195 and iterative Neoliberalism of and compensation to TARP-recipient Volcker, 148-152 firms, 194n52 cooperative currency financial crises interventions, 150–151 Asian, 23, 178, 181 domestic banking crisis, 149-150 crash of 1907, 25, 30, 33-34 end of monetarism, 148-149 Great Crash of 1929, 44-45, 210 near-default of Mexico, 149-150 Russian, 172, 178 under Johnson, 102 See also Global Financial Crisis as lender of last resort, 149, 173 Financial Regulatory Reform, 197 monetary austerity policy of, Financial Stability Oversight 126, 127 Council, 205 under Nixon, 111, 112, 113, 114 Finnemore, Martha, 10, 11, 11n25, and post-September 11 deflation 208, 209 Fioretos, Orfeo, 12 scare, 211



246 Index

fiscal crisis, 1965/66, 100-105 G7 Bonn summit, 125 fiscal stimulus Galbraith, John Kenneth, 4, 18 under Carter, 124n66, 124-125 on confidence in fine tuning, 176 under Ford, 122-123 forced out of OPA, 58 under G.W. Bush, 183, 189n33 on incomes policies, 61, 78, 86 under Johnson, 94 as Institutionally oriented under Obama, 192, 201 Keynesian, 80-81 Fischer, Stanley, 197-198 on market structures and Office of Fisher, Irving, quantity theory of Price Administration, 60-61 money of, 44-45 on moral suasion by Federal Flanders, Ralph, 66 Reserve, 43 Ford, Gerald/administration, and on piecemeal approach to economic stagflation, 119-123 controls, 57-61 anti-inflation policies of, 119-121 Geithner, Timothy and Council on Wage and Price on bailouts and Wall Street, 194n48 Stability, 120 on financial reform/economic incomes policies as recovery, 196 unacceptable, 120 on financial crises in Mexico and wage-price controls as Asia, 162-163 unacceptable, 120 on Global Financial Crisis, 4, 205 and overconfidence, 185, 186 Whip Inflation Now program, 120-121, 131 on populist excess, 162, 193-194 Greenspan on, 119, 120-121, on utilitarian recovery, 180, 122-123 193-194 overview of, 110, 119 General Electric, 66 General Maximum Price Regulation and recovery promotion, 121-123 fiscal stimulus, 122-123 (General Max), 19-20, 57-58 tax cuts, 121-122 General Motors, 105 The General Theory (Keynes), 56-57 unemployment rates, 121, 122 Gensler, Gary, 198 forecast-based approach, 187n25 Fortas, Abe, 99 Gertler, Mark, 187 forward guidance approach, Gingrich, Newt, 161-162, 163 187-188, 200 Glass, Carter, 36, 38, 39, 43 Fowler, Henry H., 102 Glass-Steagall, 151-152 France, and Tripartite Global Financial Crisis, 23 Agreement, 54-55 conclusions of, 200-202 Fraser, Douglas, 126, 140-141 construction of, 179-202 fraud prevention, 174 first great accommodation, 181-187 Friedman, Milton, 42n43, 83n19 deflation, 186 on compromise, 138n7 fiscal policy, 182–183, 200 on Crash of 1929, 44 forward guidance approach, 200 on direct pressure policy of Federal Great Moderation, 184-185 Reserve, 43, 44 initial successful efforts, 181-183 on guideposts, 91 misplaced certainty in on hide tide of monetary policy, 40 macroeconomics, 183-187 micro-morality viewpoint of, monetary policy, 181-182, 137-138 183-184, 200 on Philips curve, 82-83 overconfidence, 185-186 on recession, 39-40 overview of, 180 on second freeze under Nixon, 118 regulatory accommodation, Fukuyama, Francis, 20 183, 200



Index 247

risk management, 184, 200 Gourevitch, Peter, 9 Taylor rule, 183-184 gradualism technology bubble collapse, 181 Connally on, 115 Geithner on, 4 and Council of Economic and misplaced certainty, 187-191 Advisors, 14 Bernanke-era and Great McCracken on, 114 Moderation, 180 and Nixon, 111-116 bubbles, 187 Gramlich, Edward, 185 market risk-taking, 187–188 Gramm-Leach-Bliley Act (1999), 175 masking of asset-price Great Britain instability, 190 and gold standard, 8, 116 misplaced focus on wage-price and Tripartite Agreement, 54-55 inflation, 188-189 Great Crash of 1929, 44-45, 210 monetary policy, 187 Great Depression, 179 overview of, 180 and deflation, 44-45 interest rate cut effect of, 210 risk-management policy, 187 Taylor curve, 187 liberalist perspectives on, 9 overview of, 179-181 onset of, 44 recovery, reform, iterative change, See also recessions 191-200 Great Moderation, 22-23, 153, 184-185, 200-201, 206 administration stress tests, 201 Great Society, 100, 104 derivatives markets, 201 fast thinking principled reform, Great Stagflation of 1970s, 206 192-193 iterative character of, 179-180 fiscal grounds/policy, 192 liberalist perspectives on, 9 fiscal stimulus, 192, 201 See also stagflation four-point domestic agenda, Greenberger, Michael, 175 197-199 Greenspan, Alan iterative transformation, 196-200 on asset-price bubbles, 170-171, 173 Obama's rhetorical/regulatory and Clinton, 155, 158-159, 159n6, accommodation, 192-196 160-161 overview of, 180-181, 191-192 and concept release, 175 slow thinking utilitarian on Ford policy, 119, 120-121, inhibitions, 193-195, 200-202 122 - 123and G.H.W. Bush, 154-155 utilitarian restraints, 194-195 and subprime bubble, 9 on home equity borrowing, 183n11 TARP support for, 176 on intellectual confidence, 176 and utilitarian concerns, 23 and Korean Crisis, 172 Goldberg, Arthur limits on moral suasion of, 171n55 as labor management chair, 85, 86 on liquidity and international Labor-Management Committee financial crises, 181 of, 85, 86 on market bubbles, 4 and steel industry, 88n36 overconfidence of, 185 Gold Reserve Act (1934), 54–55 on PATCO strike, 141 gold standard, 8 on prices and wages, 169 and F.D. Roosevelt, 54-55, 75 on regulation to prevent fraud, 174 and Morgan, 54 retirement from Federal and Nixon, 115-116 Reserve, 186 support by Cleveland, 31 succeeds Volcker at Federal Goodhart, Charles, 22 Reserve, 152 Gordon, Kermit, 68n66, 87, 100, 117 on "traumatized workers," 169-170



248 Index

Greider, William, 144 housing bubble, 9, 188, 190 groupthink, 185, 186 How to Pay for the War guideposts, wage-price (Keynes), 56-57 Ackley on, 98, 99 Humphrey, George M., 69-70 congressional bill on responsibility Humphrey, William, 40 for, 98 and Council of Economic Advisors, Ickes, Harold, 55 88n36, 89n39 ideological politics, D. Bell on, 79 Friedman on, 91 IMF/World Bank, 130 under J.F. Kennedy, 84-87 incomes policies, 83n19 under Johnson, 97–100, 97n70 under Carter, 125, 131 Solow on, 97n70, 98 under Eisenhower, 68 and steel industry, 88, 88n36, under Ford, 120 Galbraith on, 61, 78, 86 91-92 under J.F. Kennedy, 84-93 Halberstam, Dave, 103n94 under Johnson, 94, 96 Rostow on, 86 Hamilton, Alexander, 24, 29, 51, 198 Hamilton-Jeffersonian divide, 135 under Truman, 65 Harding, Warren, 40 and Volcker, 143-144 Harriman, E.H., 32-33 Indonesia, financial crisis in, 171–172 Harrison, George, 41-42, 54n8, 190 Industrial Board, 38-39 Hayek, Friedrich, 18, 20 inefficiencies, constructivists hedge fund collapse, 172, 178 on, 11-12 Heller, Walter, 78 inflation definition of New Economics of, during 1946/47, 64 from 1979 to 1982, 148 81,81n12 on guideposts and steel industry, anti-inflation policies of Ford, 119-121 88, 88n36, 91-92 on inflation, 85 under F.D. Roosevelt, 54-55 on tax cuts, 87n31 under Ford, 119-121 on trade-offs, 21n51 Heller on, 85 under Johnson, 103-104 Henderson, Leon, 58, 58n24 Hepburn Act (1906), 25, 30, 32-33 during Korean War, 103 Herzog, Jesús Silva, 150 and Neoliberal order, 165, 168, heuristic, defining, 18n43 169 - 170historical implications, 27 during World War II, 59, 103 Hofstadter, Richard, 79 See also New Inflation; Philips curve Inflation Czar, 125-126 Hold the Line order, 59 home equity borrowing, Greenspan on, instability, paradox of, ix, 3, 6-7, 205 183n11 institutionalism Home Front Pledge campaign of debates, overview of, 6, 7 OPA, 60 discursive, 12, 14-16 power- vs. value-distributional Hoover, Herbert and collapse of Progressive tensions, 15 order, 45-46 principled vs. causal and direct aid to lenders after Great beliefs, 15, 16 Crash of 1929, 45-46 Galbraith on, 78 and election 1932, 46 historical, 16 and Great Crash of 1929, 45 agent-centered, 13 Hopkins, Harry, 55 and dysfunctions, 14

Index 249

and inefficiencies, 13-14 consumer groups during, 105 long processes/incremental and conversion of Keynesian adaptation, 12 order, 93-105 and break from incomes power-distributional, 12, 13 turn toward continuous processes of policies, 94-96 development, 12 conclusions, 108 Institutional Keynesianism, and displacement of 20-21, 80-81 guideposts, 97-100 and fiscal crisis, 1965/66, intellectual anti-populism, 78–79 intellectual confidence, Greenspan 100-105 on, 176 and fiscal stimulus, 94 intellectual conversion, 5, 16–17, and mandatory wage-price 20-22, 25 controls, 99-100 historical development of, 5-6 overview of, 93-94 and macroeconomics, 5, 21-22 and steel industry, 94-96 and Philips curve, 5, 21 Council of Economic Advisors under in political time/economic policy failure to garner public/business mix, 17t1.1 support, 106-107 of Progressive order, 30, 35-40, 206 and fiscal fine tuning, 100-105 and Taylor rule, 5, 21 guidepost figure of, 97n70 guideposts abandoned by, 97-99 See also Keynesian order, intellectual conversion of; Neoliberal order, on replacing incomes policies with intellectual conversion of fiscal policy, 94, 96 interest rates Economic Reports under, 102, 104, 210 cuts by Strong, 41 and Great Crash of 1929, 210 exchange rates under, 210 under J.F. Kennedy, 161 and Great Society, 100, 104 under Johnson, 101 inflation during, 103-104 and Neoliberal order, 167-168 interest rates during, 101 Regulation Q interest rate reduction in discount rate controls, 139 during, 102 and Taylor rule, 5, 16-17, 19, tax increase under, 101-102 20, 157 trust in government during, 105 International Association of and Vietnam War, 94, 100-101, Machinists (IAM), 96, 105 105n104 interpretive biases, tensions among, 23 interwar international economic order, Kahn, Alfred, 125-126, 126n75, 143, collapse of, 209-210 Isaac, William, 149 Kahneman, Daniel, 7, 16, 16n41, 17, iterative crises. See misplaced certainty 18n43, 23 Kaplan, Morton, 16n40 Jacoby, Neil, 117 Katzenbach, Nicholas, 99, 99n78 Jefferson, Thomas, 24, 198 Kefauver, Estes, 70-71 agricultural/labor viewpoint of, 51 Kelemen, R. Daniel, 12-13, 208 classical liberalism of, 29 Kennedy, J.F./administration, 77, Hamilton-Jeffersonian divide, 135 85n26 Johnson, Lyndon B./administration antitrust issues under, 90 and airline dispute, 96 auto industry wage-price restraint austerity under, 102 under, 86-87 communicative rhetoric of, 96 avoidance of recession under, 90-93



250 Index

Eisenhower and New Inflation, 52, Kennedy, J.F./administration (cont.) 68-73, 75 communicative rhetoric of, 90, 92-93 administrative pricing, 70-71 conclusions, 107-108 auto industry, 69-70 and communicative rhetoric, 70 on controlling inflation, 84n22 dollar under, 84-85, 90 overview of, 68 Economic Report under, 88, 89, 94 recognition of New Inflation, 68–71 GDP under, 161 growth under, 85-86 steel industry, 69-71 steel strike, 1959, 71-73 incomes policies under, 86-88 incomes policy displacement F.D. Roosevelt, regulatory-macroeconomic mix, under, 84-93 52-61, 75, 206 interest rates under, 161 overview of, 84 Consumer Protection Division of and steel crisis, 1962, 87-90 OPA, 59-60 containing financial power tax cuts under, 87-88, 92-93 abuse, 54-55 unemployment under, 161 containing upwards spiral, wage-price guideposts 1940, 56-61 under, 84-87 wage-price spirals under, 89, 90 Galbraith on spirals, 57–61 General Maximum Price Kennedy, Robert, 91n49 Regulation, 57-58 Keynes, John Maynard, 4, 18, 20 Hold the Line order, 59 on conventions/animal spirits, 208, 209 Office of Price on economic reform, 23-24 Administration, 57-61 reversal of downward spiral, 53-56 on exchange rate stability, 41 on fallacy of composition, 52-53 stemming of banking crisis, 53-54 wage and price fixing, 55-56 on ideas as stabilizing institutions/ overview of, 51-52 interests over time, 207 on postwar monetary stability, 61 Truman's confrontations/rhetorical restraints, 52, 61-67 on recovery and reform, 205 early form of stagflation, 64-65 on unemployment, 56 on wage policy, 51 overview of, 61-62 Keynesian order rail workers' union, 63 conclusions, 206 steel industry, 66, 67 rise and fall of, 3, 25-26, 27t1.2 transition from wartime controls, 62-64 wage-price pressures leading to undermining of wage-price collapse of, 9 See also Keynesian order, construction stability, 65-66 United Mine Workers, 64 of; Keynesian order, intellectual United Steelworkers Union, 62-63 conversion of; Keynesian order, misplaced certainty wartime challenges and judicial Keynesian order, construction limits, 67 of, 51-76 Keynesian order, intellectual conversion of, 77-108 and communicative rhetoric, 75 conclusions, 107-108 conclusions, 75-76 context of, 73-75 context of, 105-107 institutional, 74 ideational/institutional, 106-107 political, 73-74 public opinion, 105-106 social, 105 public, 75



Index 251

Johnson administration, wage-price conclusions, 131-132 context of, 110, 128-131 guideline displacement, 93-105 abandonment of institutional, 128-129 guideposts, 97-99 public influence on, 128 airline dispute, 96 societal, 129-131 break from incomes policies Ford administration stagflation, 119-123 toward fiscal policy, 94-96 communicative rhetoric, 96 anti-inflation policies, 119-121 establishment of Council on Wage conclusions, 108 fiscal crisis, 1965/66, 100-105 and Price Stability, 120 fiscal stimulus, 94 fiscal stimulus, 122-123 and mandatory wage-price incomes policies as controls, 99-100 unacceptable, 120 Neoclassical displacement of overview of, 110, 119 recovery promotion, 121-123 guideposts, 97-100 overview of, 93-94 tax cuts, 121-122 and steel industry, 94-96 unemployment rates, 121, 122 Kennedy administration, incomes wage-price controls as policy displacement, 84-93 unacceptable, 120 auto industry wage-price Whip Inflation Now program, restraint, 86-87 120-121, 131 avoidance of recession, 90-93 Nixon administration stagflation, communicative rhetoric, 83-84, 110-119 90, 92-93, 107 aversion to fiscal guidelines, 111 conclusions, 107-108 business/institutional call for devaluation of dollar, 84-85 wage-price restraint, 112–113 growth, 85-86 gradualism, 111-116 incomes policies, 86-88 move toward incomes policies, overview of, 84 113-116 steel crisis, 1962, 87-90 overview of, 110-111 tax cuts, 87-88, 92-93 steel industry, 114, 115 wage-price guideposts, 84-87 Nixon administration stagflation, Neoclassical synthesis and fiscal fine New Economic Policy, tuning, 78-84 116-119, 131 inception of New Economic and Institutional Keynesianism, 78, 80-81 Policy, 116-117 opposition to freezing by labor, and Neoclassical Keynesianism, 80, 81-84 117-118 and Samuelson-Solow overview of, 110, 111 analysis, 81-82 and Pay Board, 117-118 overview of, 77-78 and Phase II guidelines, 117-118, Red Scare influence on, 78-79 129 - 130Keynesian order, misplaced certainty, and Phase III guidelines, 118 109-132, 207n6 and Phase IV gradual decontrol, Carter administration stagflation, 118 - 119110, 123-127 and Price Commission, 117, 118 anti-inflation policies, 125-127 overview of, 109-110 conclusions of, 131 Kirkland, Lane, 143 overview of, 110, 123 Knightian view, 207n6 promoting recovery, 124-125 Knox, Philander, 32–33



252 Index

Korean War macro-morality, 135 inflation during, 103 macropurdential regulation, and overdetermination of price stability Obama, 197-198 during, 67n64 Mahoney, James, 11n24, 11n25, 12, Krug, Julius A., 64 13, 14, 16 Krugman, Paul, on narrowing Malaysia, financial crisis in, 171–172 economic visions, 157n4 managed liabilities, 146 Mankiw, N. Gregory, 165, 166 labor policy markets coal strike, 1902, 25, 30, 32 bubbles, 4 Kahn on, 143 Galbraith on market and limits on market power, expectations, 80-81 139-142 Galbraith on market structures, 81 under Nixon, 117-118 Greenspan on bubbles, 4 and PATCO strike, 136, 140-141 and Office of Price under Reagan, 136, 139-142, Administration, 60-61 141n19 and risk-taking during Global steel industry (see steel industry) Financial Crisis, 187-188 and T. Jefferson, 51 Marshall, Ray, 125 under T. Roosevelt, 30, 32 Martin, Edmund, 95 under Truman, 65-66 Martin, William M., 74, 112 and Volcker, 142-148 Maxon, Lou, 58 Volcker on restraint of abuses of McCracken, Paul, 112, 112n4, 114 labor power, 143-144 McDonald, David, 69, 86-87, 89, 90 McDonough, Bill, 172 Lamont, Thomas, 44 McKinley, William, 31 Lance, Bert, 127 Latin American debt crisis, 149-150, Meany, George, 91, 105, 117-118 Meese, Ed, 137 156, 162 Lehman Brothers, 150, 200 Mellon, Andrew W., 40, 45 Lever Act, 37-38, 39 mercantilist, Hamilton as, 29 Mexican Peso Crisis, 23, 162, Levitt, Arthur, 173, 175 Lewis, John, 64 172, 176 Lewis, John L., 39 Meyer, Lawrence, 171n55 liberalism micro-morality, 137-138 classical, of Jefferson, 29 Miller, Adolph, 41 and domestic overconfidence, 9 Miller, G. William, 126, 127, 130 on effects of market power on mining industry, 39-40 interests, 8 Minsky, Hyman, 4 libertarianism, 135 misplaced certainty, 5, 17, 22-24, 25 Long Term Capital Management, and Global Financial Crisis, 172, 178 187-191 Louvre Accord (1987), 151, 156 historical development of, 6 Lucas, Robert, 83, 165 and iterative character of Luckmann, Thomas, 15 crisis-driven change, 23-24 and restraint, 23 and risk taking, 22-23 macroeconomics under Carter, 124n66, 124-125 See also Keynesian order, misplaced constructivists on trade-offs, 10n20 certainty and intellectual conversion, Mitchell, Charles E., 43 5, 21–22 Mitchell, James, 69-70, 72



Index 253

monetary policy Neoclassical Synthesis (1960s), 11, and austerity of Federal Reserve, 20-21, 205-206 126, 127 Neoliberal order and Federal Reserve Board of conclusions of, 206 Governors, 60n33 construction of, 135-156 and FOMC, 145 Black Monday (1987) crash, 153 conclusions of, 155-156 Friedman on hide tide of, 40 and Global Financial Crisis, and consumer credit, 146 183-184, 187 and cooperative currency bubbles, 187 interventions, 150-151 expansionary policy, and domestic banking crisis, 181-182, 200 149-150 end of monetarism, 148-149 forward guidance approach, 200 risk management, 184, 187, 200 and financial restraint Taylor rule, 183-184, 187 policy, 154 and limits of monetary power, and incomes policies, 143-144 and initial Neoliberalism of 181n4 and Neoliberal order, 144-146, 147, Volcker, 142-148 and institutional agenda of 152 - 153Asian crises, 171–172 Greenspan, 152-155 asset-price bubbles, 170–171, and iterative neoliberalism of Volcker, 148-152 173 containment of asset-price and monetarist policy, 144-146, pressures, 170-173 147, 152–153 deregulation, 173-177 and near-default of Mexico, 149-150 end of monetarism, 148–149 foreign economic crises, 171–173 overview of, 135-137, 142 and Reagan, 137-142, 148, 206 inflation-employment balance, 169-170 and restraint of labor power overview of, 168-169 abuses, 143-144 postwar monetary stability, 61 and wage-/asset-price Stein on monetary tightening, 112 accommodation, 142-152 See also Taylor rule intellectual conversion of, 157-178 abandonment of communicative quantity theory of, 44-45 engagement, 161-162 velocity of, 144n33 and Asian crises, 171-172 Morgan, J.P., 30, 32-34, 54 and asset-price containment, Mullins, David, 166 170 - 173and asset-price bubbles, Nader, Ralph, 105 170–171, 173 National Association of Manufacturers and balancing of congressional (NAM), 65-66extremes, 162 National Commission on Productivity, and Clinton, 158-164 113-114 conclusions, 177-178 National Credit Corporation, 45 and deficit, 159-160 National Recovery Administration and deregulation, 169, 173-177 (NRA), 55, 75 and dismantling of wage/price Neoclassical Keynesianism, 21 guidelines, 210 and fine tuning acumen, 22–23 and displacement and fine-tuning, redefinition of, 79 164-168



254 Index

congressional view on administrative Neoliberal order (cont.) pricing, 70-71 and exemption of derivatives from construction of, 68-71 regulation, 174 overview of, 68 and foreign economic crises, 171-173 and steel industry, 69-71 and fraud prevention, 174 and steel strike, 1959, 71-73 New Keynesianism, 20-21 and inflation-unemployment trade-off, 165, 168, 169-170 overrating of acumen in find tuning and Mexican crisis, 162 of, 22-23 and New Classicalism, 164-165 and Taylor rule, 21, 157 overview of, 157-158, 168-169 See also Blinder, Alan; Yellen, Janet New Nationalism, 30 and public credibility, 160 Nixon, Richard (as vice president) and Putting People First and dismantling of wage and price agenda, 158 and statist/freemarket excesses, guidelines, 210 and economic downturn, 163-164 1960, 73-74 and Taylor rule, 166, 167 three debates on, 168-177 Nixon, Richard/administration Economic Report under, 114-115 and tightening by Greenspan, and stagflation, 116-119, 131 and voluntary disclosure by See also New Economic Policy (NEP) investment banks, 175 Norman, Montagu, 42, 54n8 and wage-price setting, 166 rise and fall of, 3, 26, 27t1.2 North American Free Trade Agreement New Classical economists, 20-21 (NAFTA), 162 New Classicalism, 164-165 Obama, Barack/administration New Economic Policy (NEP), 110 inception of New Economic Policy, and administration stress tests, 201 antitrust issues under, 26, 198, 199 116-117 Nixon's stagflation, 116-119, 131 on executive compensation, 193 and fast thinking principled reform, opposition to freezing by labor, 192-193 117-118 overview of, 110, 111 and fiscal grounds/policy, 192 and fiscal stimulus, 192, 201 and Pay Board, 117-118 four-point domestic agenda of, and Phase II guidelines, 117-118, 197–199 129-130 failed firm liquidation/crisis and Phase III guidelines, 118 and Phase IV gradual decontrol, management, 197, 199 118-119 financial product transparency/ and Price Commission, 117, 118 simplicity, 197, 198 financial/shadow banking system New Economics, 22–23 defining, 81n12 regulation, 197, 198 New Freedom, 25 macropurdential regulation/ The New Industrial State systemic risk, 197-198 (Galbraith), 81, 83 Galbraith on market structures and OPA, 60-61 New Inflation, and Eisenhower, 52, 68-73, 75 restrained rhetoric of, 194 rhetorical and regulatory and auto industry, 69-70 and communicative rhetoric of accommodation, 192-196 TARP under, 201 Eisenhower, 70



Index 255

on "too big to fail," 199 Neoclassical Keynesians on, and utilitarianism 21, 81-83 Pierson, Paul, 12, 208 recovery, 180, 194 restraints, 194-195 Plaza Accord (1985), 151, 156 rhetoric, 199-200 policy implications, 27-28 slow thinking inhibitions, pragmatic reform/technocratic 193-195, 200-202 expertise, 211-212 Odell, John, 210 policy orders, staged model of Office of Economic Stabilization, 58 comparisons among, 17t1.1 Office of Price Administration (OPA) historical development of model, 5-6 Consumer Protection overview of, 5-6 Division, 59-60 See also intellectual conversion; and F.D. Roosevelt, 57-61, 136 misplaced certainty; principled Home Front Pledge campaign, 60 construction successes of, 60-61 political development theory, 208 War Price and Rationing Boards, 60 political time, defining, 3n2 Office of Price Stabilization populism (OPS), 62, 67 Geithner on excess of, 162, 193-194 Okun, Arthur, 102-103, 104, 105 intellectual anti-populism, 78-79 Omnibus Budget Reconciliation Act Populist movement, 30, 31 (1990), 164power- vs. value-distributional O'Neill, Paul, 182 tensions, 15 order development, stages of, 205-206 pragmatic paradox, 27-28, 207, 212 institutional framework, 205 Price Commission, 117, 118 intellectual framework, 205-206 price controls misplaced confidence, 206 under F.D. Roosevelt, 18-19 Organization of Petroleum under W. Wilson, 37-38 Exporting Countries (OPEC), principled construction, 5, 16, 129, 129n87 17-20, 25overconfidence. See misplaced certainty historical development of, 5 principled reform, Emanuel on, 179, Palmer, A. Mitchell, 38n31, 39, 40 180, 201 Panetta, Leon, 164 principled vs. causal beliefs, 15, 16 Panic of 1893, 31 Professional Association of Air Traffic paradigmatic debates, 7, 8 Controllers (PATCO), 136, overview of, 6, 7 140-141, 140n14, 165 PATCO, 136, 140-141, 140n14, 165 Progressive order Paulson, Henry M., 189n33 and asset price stability, 41-42 Pay Board, 117-118 collapse of, 30, 40-46 Penn Square bank collapse, 149 asset price stability, 41-42 Perkins, Francis, 55 and election of 1932, 46 Phelps Dodge, 141 exchange rate stability, 41, 42 and Federal Reserve, 41-44 Philippines, financial crisis in, 171–172 Philips curve trade-off, 19, 20, and Great Crash of 1929, 44-45 205-206 and Hoover, 45-46 constructivists on, 10n20 and regulation and speculative Friedman on, 82-83 credit, 42-44 and growth-inflation balance, 16-17 conclusions, 47-48, 206 and intellectual conversion, 5, 21 construction under T. Roosevelt, 30, misplaced certainty in, 22–23 31-35, 206



256 Index

limits on market power of labor, Progressive order (cont.) 139-142 agriculture policy/railroad regulation, 30, 32-33 micro-morality viewpoint of, 135, 137-138 capital policy, 30, 33-34 labor policy, 30, 32 overview of, 135-137 and New Nationalism vs. New regulatory policy, 139-142 Freedom, 34-35 on government as the problem, 135 and Panic of 1893, 31 and libertarianism, 19 and Square Deal, 25, 31, 33 reaction to Volcker's initial neoliberalism, 148 intellectual conversion under W. similarities to/differences from F.D. Wilson, 25, 30, 35-40, 206 antitrust issues, 38-40 Roosevelt, 135-137 and system for tracking labor and disaggregation of power in initial Federal Reserve, 36 strikes, 141n19 taxation under, 138-139, 147, 156 New Nationalism-styled stress on regulation, 36-38 realists and effects of market power on tariff issues, 35-36 rise and fall, overview, 3, 25, 27t1.2 interests, 8 limitations on hegemonic perspective stages of, overview, 30 Proxmire, William, 117-118 of, 8-9 Public Worlds Administration recessions of 1937, 179 (PWA), 55 Putting People First, 158 of 1949, 64-65 of 1954, 68-69 of 1981-1982, 143 quantitative easing, 192, 201 Friedman on, 39-40 quantity theory of money, 44-45 See also Great Depression Reconstruction Finance Corporation Rabin, Yitzhak, 163 Railroad Administration, 39 (RFC), 45 railroads Redford, William, 38 regulation under Hepburn Act, 25, Red Scare, 78–79 Reedy, George, 95 30, 32-33strike under Truman, 63 Reeves, Richard, 91n49 Rajan, Raghuram, 185-186 Regan, Donald, 148, 149, 150n60, rationalist assumptions, and Regulation Q interest rate paradigmatic/institutionalist debates, 6-7 controls, 139 Reagan, Ronald/administration Regulations and Purchasing Review antitrust issues under, 19 Board, 113-114 capital gains under, 138-139, 156 Reinhart, Carmen, 4 Reserve Bank of Australia communicative rhetoric of, 136, 140 (RBA), 13, 14 on compromise, 138n7 Reuss, Henry, 98 Reuther, Walter, 69, 86-87 and construction of Neoliberal order, 137-142, 206 Revenue Act (1913), 25, 35 risk management, during Global conclusions of, 155 Financial Crisis, 184, 187, easing of restraints on capital, 139 200 fiscal policy, 138–139 labor policy, 136, 139-142, Rogoff, Kenneth, 4 Romer, Christina, 196 141n19



Index 257

Roosevelt, Franklin D./ Ross, Andrew, 15 administration, 51 Rostow, Walt W., 86 banking crisis, stemming of, 53-54 Rowen, Hobart, 105n104, 119 collective bargaining under, 55 Rubin, Robert communicative rhetoric of, 51-52, on bail-outs, 176 75, 136 and concept release, 175 on derivatives, 11n25, 173-174 and construction of Keynesian order, 52-61, 75, 206 and Korean Crisis, 172 and Consumer Protection Division on Panetta, 164 of OPA, 59-60 on populist excess, 162 containing upwards spiral, Ruggie, John G., 10 1940, 56-61 Russia, financial crisis in, 172, 178 and containment of financial Ryerson, Edward L., 67 power abuse, 54-55 Galbraith on, 57-61 Samuelson, Paul, 21, 78, 79, and General Maximum Price 83n19, 166 Regulation, 57-58 Sarbanes-Oxley Act (2002), 23 and Hold the Line order, 59 Sargent, Thomas, 83 and Office of Price Schapiro, Mary, 198 Administration, 57–61 Schlesinger, Arthur, Jr., 37, 40, 79 reversal of downward spiral, 53-56 Schmidt, Helmut, 122, 211 and stemming of banking Schmidt, Vivien, 14-16 crisis, 53-54 Schultze, Charles, 109 unemployment, 56, 59 on anti-inflation program of Carter, and wage and price fixing, 55-56 124, 126 deficit under, 56 aversion to fiscal guidelines, 111 devaluation of dollar under, 54 on credit controls, 146n43 and election of 1932, 46 on freezes, 116 and gold standard, 54-55, 75 on monetarist policy, 145 inflation under, 54-55 resignation attempt by, 118 macro-morality views of, 135 Schwartz, Anna J., 39–40, on price controls, 18-19 42n43, 44 similarities to/differences from Securities and Exchange Commission Reagan, 135-137 (SEC), 173, 174-175 Roosevelt, Theodore/ securitization market, 190n37 administration, 29 September 11 terrorist attacks on communicative rhetorical style of, 35 US, 182 construction of Progressive order shadow banking system, 197, 198 under, 30, 31-35, 206 shared values, 15 agriculture policy/railroad Sherman Anti-trust Act, 38, regulation, 30, 32-33 38n31 capital policy, 30, 33-34 Sherman Silver Purchase Act, 31 labor policy, 30, 32 Shiller, Robert, 4, 186 and New Nationalism vs. New Shultz, George, 112 Freedom, 34-35 Siemiller, Roy, 96 and Panic of 1893, 31 Sikkink, Kathryn, 10 11n25, 208 and Square Deal, 25, 31, 33 Silk, Leonard, 105n104 and Panic of 1893, 31 Simon, William E., 119, 121 and principled construction of a Snyder, John, 65 regulatory order, 25 Social Darwinism, 80



258 Index

social psychological Subcommittee on International institutionalist model Exchange and Payments, ideational stability/instability across 115-116 time, 206, 207-209 subprime bubble, 9, 190 overview of, 4-5, 7-8 subprime securitizations, 190n37 policy implications, 207, 211-212 Summers, Lawrence systemic implications, 206-207, on deriviatives, 173 209-211 and overconfidence, 185-186 See also construction; intellectual on Peso crisis, 176 conversion; misplaced certainty and statutory deadline for Solomon, Anthony, 145 TARP, 196 Solow, Robert, 21, 83n19 on utilitarianism, 193 on Galbraith, 83 on utilitarian recovery, 180 on guideposts, 97n70, 98 supply-side economics, on investment on setting of wages and prices, 166 vs. consumption, 139 Sorensen, Ted, 92 Supreme Court South Korea, debt crisis in, 172 and National Recovery Sproul, Allen, 85 Administration, 55 Square Deal, 25, 31, 33 and steel industry, 67 stability, paradox of, ix, 3, 6-7, 205 and United Mine Workers, 64 stagflation swap purchases, 198 under Carter, 110, 123-127 under Ford, 119-123 Taft, William H., 34 under Nixon, 110-119 Taft-Hartley, 72 and Truman, 64-65 tariffs, 35-36 TARP. See Troubled Asset Relief See also great Stagflation of 1970s steel industry Program under Carter, 128-129 Tarshis, Lorie, 79 under Eisenhower, 69-73 Taussig, Frank, 37-38 labor policy, 88, 88n36, 91n49, taxation 91-92, 94-96, 128-129 under Ford, cuts, 121-122 under G.W. Bush, marginal cuts, and New Inflation, 69-73 under Truman, 66, 67 182 - 183United Steelworkers, 62-63, 69-70, Heller on cuts, 87n31 128-129 under J.F. Kennedy, cuts, 93 U.S. Steel, 95, 104, 114, 115 under Johnson, increase, 101-102 Stein, Herbert Keynesian preference for targeted on austerity, 119-120 cuts, 139 on depreciation of the dollar, 130 progressive, 35-36 on freezes, 116, 118 under Reagan, cuts/increases, 138–139, 147, 156 on gradualism, 115 on Keynesianism, 79-80 and steel crisis, 1962, 87-88, 92-93 on monetary tightening, 112 Stigler, George, 66 Tax-Based Incomes Policies (TIPs), 125 stimulus. See fiscal stimulus Tax Equity and Fiscal Responsibility Stockman, David, 138n7, 141 Act (1982), 147, 147n50 Taylor, John, 167n39 Strauss, Robert, 125 Strong, Benjamin Taylor rule, 5, 19, 20, 205-206 and asset-price bubbles, 41 deviation from when financial crises on Federal Reserve System, 29 hit, 187 interest rate cut by, 41 and fine-tuning of interest rates, 157

Index 259

and Global Financial Crisis, and United Steelworkers 183-184 Union, 62-63 wage-price spirals under, 64-65 and growth-inflation balance, 16-17 misplaced certainty in, 22-23 wartime challenges/judicial limits and New Keynesianism, 21, 166 under, 67 overview of, 167n39 trust in government during Carter administration, 128 and unemployment-inflation during Johnson administration, 105 balance, 167 Yellen on, 167 TWA, 141 technocratic governance, 79 uncertainty, defining, 207n6 Teeters, Nancy, 148 Underwood Tariff, 35 Tempalski, Jerry, 147n50 Tequila Effect, 162 unemployment Thailand, financial crisis in, 171-172 under Eisenhower, 74 Thelen, Kathleen, 11n25, 12, 13, 16 under F.D. Roosevelt, 56, 59 under Ford, 121, 122 Theobald, Thomas, 152 theoretical implications, 27 under J.F. Kennedy, 161 3-6-3 rule, 139 Keynes on, 56 Tobin, James, 87-88 natural rate of, 161 "too big to fail" problem, 199, 201 and Neoliberal order, 165, 168, 169-170 Trading with the Enemy Act (1917), 99and Panic of 1893, 31 See also Philips curve; Taylor rule traumatized workers, 169-170 Trigger Price Mechanism (TPM), United Auto Workers (UAW), 69, 86-87, 140-141 12.9n86 United Mine Workers (UMW), Tripartite Agreement (1936), 54–55 39-40, 64 Troubled Asset Relief Program (TARP) under Bush, 192, 192n43 United Steelworkers (USW), 62-63, compensation to TARP-recipient 69-70, 128-129 firms, 193, 194n52 U.S. Steel, 95, 104, 114, 115 and executive compensation, utilitarian recovery Geithner on, 180, 193-194 194-195 under Obama, 201 Obama on, 180, 194 statutory deadline for, 196 Truman, Harry/administration, 63n43 values, shared, 15 communicative-styled rhetoric value- vs. power-distributional of, 62, 63 tensions, 15 Vietnam War confrontations/rhetorical restraints, 52, 61-67 and Carter, 126-127 and early form of stagflation, duplicity of Johnson in, 105n104 64-65 funding under Johnson, 94, 100-101 incomes policies under, 65 as undermining national labor policy under, 65–66 confidence, 136 overview of, 61-62 Volcker, Paul and railroad industry, 63 appointed to Federal Reserve, and steel industry, 66, 67 123, 127 transition from wartime controls brief resignation from Federal Reserve, 151 under, 62–64 undermining of wage-price stability factors leading to departure from under, 65–66 Federal Reserve, 151–152 and United Mine Workers, 64 on incomes policies, 109



260 Index

initial Neoliberalism of, 142-148 blowback from Reagan administration, 148 consumer credit, 146 incomes policies, 143-144 monetarist approach of, 144-146, 147 restraint of continued abuses of labor power, 143-144 iterative Neoliberalism of, 148-152 cooperative currency interventions, 150-151 domestic banking crisis, 149-150 end of monetarism, 148-149 near-default of Mexico, 149–150 policy shift at Federal Reserve under, 130-131 on psychological nature of currency trends, 143n25 on recovery/reform tension, 2.01 - 2.02tenure of, 151n62 on velocity of money, 144n33 and wage-price regulation, 114 and wage-price spirals, 130–131, 142, 143–144, 149, 155 wage-price issues and auto industry wage-price restraint, 86-87 codes to enable wage and price fixing, 55-56 dismantling of guidelines, 210

Volcker, Paul (cont.)

displacement of guidelines by fiscal fine tuning, 93-105 Economic Report on (see Economic Report) under F.D. Roosevelt, 53-56 under Ford, 120 Greenspan on, 169 guideposts (see guideposts, wage-price) under J.F. Kennedy, 84-87 under Johnson, 99-100 Keynes on, 51, 53 mandatory, 89n37, 99-100 misplaced focus on wage-price inflation, 188-189 Neoliberal wage-price setting, 166

under Nixon, 112-113, 114, 210 pressures leading to collapse of Kevnesian order, 9 restraint and market expectations, 80-81 role of labor/capital in undermining stability, 65-66 Samuelson on setting of wages and prices, 166 social basis for restraint, 81 spirals (see wage-price spirals) under Truman, 65-66 and Volcker, 114 wage-price spirals and Bernanke, 189 under Carter, 123, 124n69, 124-125 efforts to contain, 51-52, 53, 56-61 under F.D. Roosevelt, 75 and Global Financial Crisis, viii and Greenspan, 169 under J.F. Kennedy, 89, 90 labor power as leading to, 18, 26 market power as leading to, 107 overconfidence as leading to, 3, 9 public opinion on blame for, 66 reversal of downward, 53-56 and rising oil prices, vii and steel industry, 89, 90 under Truman, 64-65 and Volcker, 130-131, 142, 143–144, 149, 155 and Yellen, 189 Wage Stabilization Board (WSB), 67 Wagner, Richard, 91 Wagner Act, 55 War Labor Board (LB), 58, 59 War Price and Rationing Boards of OPA, 60 Watergate scandal, 110, 119, 126-127, 136 Weber, Arnold, 112-113 Wendt, Alexander, 10, 21, 207-208 Whip Inflation Now (WIN) program, 120-121, 131 Wilson, Charles, 66 Wilson, Woodrow, 29 antitrust issues under, 38-40 disaggregation of power in initial Federal Reserve under, 36



Index 261

intellectual conversion of Progressive order under, 30, 35–40, 206
New Freedom of, 25, 34–35
New Nationalism-styled stress on regulation under, 36–38
price controls under, 37–38
rhetorical style of, 35
tariff issue under, 35–36
Wirtz, Willard, 96
Woodward, Bob, 170
World War II, inflation during, 59, 103

Yellen, Janet
appointment to Federal Reserve
Board, 157
on federal funds rate levels, 167–168
on job security, 170
on macropurdential regulatory
agenda, 197
and market power, 189
on market power, 189n36
on Taylor rule, 167, 167n39, 177,
189n36