

Friedman has been a **tireless** advocate of monetarist principles as well as many other political and economic ideas. He has published several popular books that **extol the virtues** of a free market. For more than two decades, he contributed columns to Newsweek magazine.

Friedman is Professor **Emeritus** at the University of Chicago. He also serves as a senior research fellow at Stanford University's Hoover Institution on War, Revolution and Peace. He and his wife, still happily married, live on the California coast north of San Francisco.

Task

1. What is Friedman's name synonymous with?
2. What was the first "lucky accident" that helped him to become a student?
3. Why did he choose economics at the University of Chicago?
4. What was his second "lucky accident"?
5. How did Friedman cooperate with S. Kuznets?
6. What work was the foundation for his work on monetary economics?
7. What is the essence of his monetary economics?
8. How should the Federal Reserve use the money in Friedman's opinion?
9. Explain the meaning of the emphasized words and expressions.
10. Discuss the text together with your groupmates.

3.17. WALTER HELLER (1915-1987)



It wasn't until the early 1960s that Keynesian theory came to have great influence on the policies on the U.S. government. If any one economist can be credited with successfully promoting Keynesian ideas in Washington, that person is Walter Heller.

A TRADITION OF PUBLIC SERVICE

Walter Heller was born on August 27, 1915 in Buffalo, New York to a family with a strong tradition in public service. His father, Ernst Heller, was a civil engineer who had immigrated to the United States from Germany in 1910.

When Walter enrolled in Oberlin College in 1931, he planned to take up a career in public service. In Oberlin, he met Ben Lewis, an economics professor whose influence led him to change his field of study. Heller also recalled being

impressed by Lewis's activities as a governmental consultant. "That **whetted** my appetite for a combination of academic life and public service."

INTRODUCTION TO KEYNES

After graduating from Oberlin in 1935, Heller went on to the University of Wisconsin. There he **encountered** Keynes's *The General Theory of Employment, Interest and Money*. Heller came to appreciate and eventually became enthusiastic about Keynes's ideas. They seemed to point a way out of the problems of the Depression, with which classical economic theory seemed unable **to cope**. While studying at Wisconsin, Heller encountered another important influence, Emily Karen Johnson, also a graduate student at the University. On September 16, 1938, they were married.

By 1941, Heller had earned his doctoral degree. He applied for military service but **was barred** because of poor eyesight. Nonetheless, he joined the war effort as an economic analyst for the Treasury Department. There he helped to put an income **tax withholding system** into place. He quickly moved up the ranks at the department, holding the position of assistant to the director of the tax research division when he left in 1946 to join the faculty at the University of Minnesota.

Although Minnesota remained Heller's home until his death, his governmental activities required frequent travel.

As a consultant to various governmental **entities** – including the Economic Cooperation Administration, the government of Jordan, the Governor of Minnesota, and the United Nations–Heller earned a reputation for the **clarity** of his economic ideas, and for his **persuasiveness**.

He met then – Senator John F. Kennedy in 1960: "I thought he [Kennedy] would just dismiss me after the introduction," Heller said in a 1985 interview, "but instead he **riveted** me with a series of very tough questions about the economy. "

Kennedy was impressed with Heller's answers. Shortly after winning the campaign, the newly elected president revealed his choices for the Council of Economic Advisors (CEA). That particular CEA was one of the most influential and effective councils any president has ever had. Three of its members went on to win Nobel Prizes in Economics. Through its efforts – and the strong leadership of Heller – Keynesian economics came to be widely accepted in Washington. The CEA recommended several Keynesian measures for avoiding periods of **recession** or inflation. Through the use of new taxes or tax cuts, the council argued, Congress could **smooth out** economic rough spots. One reason for the council's suc-

cess was that it had a particularly receptive president. As Heller pointed out: “It was the first time in modern history that a president was willing to apply macroeconomics of a Keynesian sort to get the economy moving again, and indeed that’s what happened. “ Another reason for the council’s success was that it had a particularly persuasive chairman. An **imposing figure** standing six feet, four inches tall, Heller was charming and **eloquent**, and when he spoke about economic issues he commanded the full attention of the president.

After Kennedy **was assassinated** and Lyndon Johnson became president, the CEA encountered a much less receptive presidential audience. In 1964, Heller resigned his position as chairman of the council and returned to Minnesota, where he **resumed** his teaching responsibilities. But he didn’t leave public service behind.

Until his death in the summer of 1987, Heller continued to travel around the world, consulting for many different private and public organizations. Not long after his seventieth birthday he remarked, “As long as I can make some contribution to solving the severe economic problems that exist throughout the world, I intend to keep on.”

The power of economics became manifest in Heller’s carrier. Just as he felt an obligation to serve in the public interest, he believed that economic theory could and should serve as an instrument for the public good. Indeed, Heller was a key participant in bringing Keynesian theory from academia into the councils of business and government where it affects our lives.

Task

1. Why did W. Heller intend to take up a carrier in public service?
2. What event changed his intention?
3. Why did W. Heller become enthusiastic about Keynes’s ideas?
4. What was he busy with during WW II?
5. What was his impression about J.F.Kennedy?
6. What post did Heller occupy under Kennedy’s presidency?
7. What was the activity of the CEA?
8. The performance of the CEA was a success. Why?
9. Why did W. Heller resign after Kennedy had been assassinated?
10. Explain the meaning of the emphasized words and expressions.
11. Discuss the text together with your groupmates.