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Sandilands, R.J. (2008) *Lauchlin Currie (1902-1993).* In: Palgrave Dictionary of Economics. Palgrave Macmillan. ISBN 0333786769

Lauchlin Currie was born on 8 October 1902 in West Dublin, Nova Scotia, and died in Bogotá, Colombia, on 23 December 1993 after an unusually long and varied career as an academic economist and top-level policy adviser. After two years at St Francis Xavier University, Nova Scotia, 1920–2, he moved to the London School of Economics (LSE), where his teachers included Edwin Cannan, Hugh Dalton, A. L. Bowley, R. H. Tawney and Harold Laski. In 1925 he obtained his BsC and moved to Harvard, where the chief inspiration for his Ph.D. thesis, 'Bank Assets and Banking Theory' (January 1931), was Allyn Abbott Young. However, when Young moved to the LSE in 1927 his formal supervisor was John H. Williams.

He remained at Harvard until 1934 as teaching assistant to Williams, Ralph Hawtrey and Joseph Schumpeter. His Ph.D. thesis attacked the 'commercial loan' or 'needs of trade' theory of banking by showing that it was not only unsound in theory but had been more honoured in the breach than the observance – until its disastrous influence on monetary policy in the late 1920s and early 1930s.

In a January 1932 memorandum, Currie, Harry Dexter White and Paul Theodore Ellsworth presented a radical anti-depression programme (see Laidler and Sandilands, 2002). In keeping with their explanation of the contraction as due to a collapsing money supply, they urged vigorous open-market operations and deficit spending financed by money creation. This memorandum was part of an early Harvard influence (through Young, Hawtrey, Williams and Currie; see Laidler, 1999) on what had been claimed as a unique Chicago monetary tradition.

In Currie (1933a) he showed the hopeless confusion that resulted from the ambiguity of the word 'credit'. He stressed control over the quantity of money (defined as cash plus demand deposits, for which there had been no estimates until Currie published a series in 1934) rather than the quantity or quality of credit or loans. He also computed the first estimate of the income velocity of money in the United States (Currie, 1933b), with an explanation of its cyclical variations.

His 'The Failure of Monetary Policy to Prevent the Depression of 1929–32' (1934a) fully anticipated Milton Friedman and Anna Schwartz's (1963) diagnosis of this period. He argued that apart from the stock market there were none of the traditional signs of a boom in the 1920s. Tight monetary policies had been ineffectual in checking the rise in stock prices but only too effective in contributing to the decline in building activity and the pressure on foreign countries that preceded the Depression.

He also demonstrated the perverse elasticity of money in the business cycle due to differences in reserve requirements for different classes of bank and bank deposit (1934b). In the face of the banks' reserve losses in 1929–32 and their abhorrence of heavy indebtedness to the reserve banks, the administration's policy was 'one of almost complete passivity and quiescence', so the self-generating forces of the Depression continued unchecked.

In 1934 Jacob Viner recruited him to the 'freshman brain trust' at the US Treasury where he developed a blueprint for a system of 100 per cent reserves against demand deposits, to break the link between the lending and the creation of money and to strengthen central bank control (see Phillips, 1995). Later that year Marriner Eccles, the new governor of the Federal Reserve Board, hired Currie as his top adviser, from 1934 to 1939. (Many of his memoranda to Eccles are published in Sandilands, 2004.)

At the Fed Currie drafted what became the 1935 Banking Act that gave the Fed increased powers to raise reserve requirements. In 1936–7 these powers were used, ‘as a precautionary measure’, to reduce the huge build-up of banks' excess reserves. This has been widely blamed for the sharp recession of 1937–8, a view Currie consistently rejected (1938). Instead, he invoked his newly constructed ‘net federal income-creating expenditure series’ (1935; and see Sweezy, 1972) to show the strategic role of fiscal policy in complementing monetary policy to revive an acutely depressed economy. In November 1937 he had a four-hour meeting with President Roosevelt to explain that the recession was due to sharp fiscal contraction and that balancing the budget was not the way to restore business confidence. He insisted on the need for better coordination of monetary and fiscal policy. In May 1939 the rationale for this was explained in theoretical and statistical detail by Currie and Alvin Hansen (respectively ‘Mr Inside’ and ‘Mr Outside’, according to Tobin, 1976), in joint testimony before the Temporary National Economic Committee.

From 1939 to 1945, Currie was President Roosevelt's special adviser on economic affairs in the White House. He was also in charge of lend-lease to China, 1941–3, and ran the Foreign Economic Administration, 1943–4. In early 1945 he headed a tripartite (United States, British and French) mission to Bern to persuade the Swiss to freeze Nazi bank balances and stop shipments of German supplies through Switzerland to the Italian front. He was also closely involved in loan negotiations with British and Soviet allies and in preparations for the 1944 Bretton Woods conference (staged primarily by his friend Harry White).

After the war it was alleged by Elizabeth Bentley, an ex-Soviet agent, that Currie and White had participated in Soviet espionage. Though she had never met them herself, she claimed they had passed information to other Washington economists who were abetting her own espionage, and that they probably knew this. White and Currie were heavily involved in official wartime cooperation with the Soviets, but Bentley put a sinister interpretation on these activities. They appeared together before the House Committee on Un-American Activities in August 1948 to rebut Bentley's charges. Their testimony satisfied the Committee at that time, though the strain contributed to the fatal heart attack that White suffered three days after the hearing.

No charges were laid against Currie, and in 1949 he headed a major World Bank survey of Colombia. In 1950 the Colombians invited him to return to Bogotá, where he remained for most of the next 40 years as a top presidential adviser. He has been falsely accused of fleeing the United States to avoid charges of disloyalty. In fact in December 1952 he was a witness before a grand jury in New York investigating Owen Lattimore's role in the famous Amerasia case that involved the publication of secret State Department documents by that magazine, though his next visit to the United States was not until 1961 when he had a meeting in the White House with Walt Rostow, then President Kennedy's National Security Adviser, to discuss a development plan for Colombia.

By that time Currie had assumed Colombian citizenship (personally conferred on him by President Alberto Lleras in 1958), partly because in 1954 the US government had refused to renew his passport, ostensibly because he was only a naturalized US citizen and was now residing abroad. However, the reality was probably connected with the then secret ‘Venona’ project that had deciphered wartime Soviet cables that mentioned Currie. The related cases of Currie and White are discussed in Sandilands (2000) and Boughton and Sandilands (2003), where it is shown that the evidence against them is far from conclusive. After reading the latter paper, Major-General Julius Kobyakov, deputy director of the KGB's American desk in the late 1980s, wrote to the present writer on 22 December 2003 to confirm our conclusions. After extensive archival research on Soviet intelligence in the 1930s and 1940s he found that

> there was nothing in [Currie's] file to suggest that he had ever wittingly collaborated with the Soviet intelligence… However, in the spirit of machismo, many people claimed that we had an ‘agent’ in the White House. Among the members of my profession there is a sacramental question: ‘Does he know that he is our agent?’ There is very strong indication that neither Currie nor White knew that.

There were two breaks to Currie's advisory and academic work in Colombia: during a military dictatorship, 1953–8, he retired to develop a prize-winning herd of Holstein cattle; and from 1966 to 1971 he was a professor at Michigan State (1966), Simon Fraser (1967–8 and 1969–71), Glasgow (1968–9), and Oxford (1969) universities. He returned permanently to Colombia in 1971 at the behest of President Misael Pastrana to prepare a national plan of development known as the Plan of the Four Strategies, with a focus on urban housing and export diversification. The plan was implemented and the institutions that were established in support of the plan played a major role in accelerating Colombia's urbanization.

He remained as chief economist at the National Planning Department for ten years, 1971–81, followed by 12 years at the Colombian Institute of Savings and Housing until his death in 1993. There he defended the unique index-linked housing finance system (based on ‘units of constant purchasing power’ for both savers and borrowers) that he had established in 1972. The system thus continued to boost Colombia's growth rate and urban employment opportunities year by year. Currie was also a top adviser on urban planning, and played a major part in the first United Nations Habitat conference in Vancouver in 1976. His ‘cities-within-the-city’ urban design and financing proposals (including the public recapture of land's socially created ‘valorización’, or ‘unearned land value increments’, as cities grow) were elaborated in Taming the Megalopolis (1976). To the time of his death he was a regular teacher at the National University of Colombia, Javeriana University, and the University of the Andes, and continued to publish widely (a comprehensive bibliography is in Sandilands, 1990, reviewed by Charles Kindleberger, 1991). His writings and policy advice were heavily influenced by his old Harvard mentor, Allyn Young. Notable is his posthumous (1997) paper that offers a unique macroeconomic interpretation of Youngian increasing returns and the endogenous nature of self-sustaining growth.