Jimmy Carter's Economy: Policy in an Age of Limits. *By W. Carl Biven.* Chapel Hill: University of North Carolina Press, 2002. xiv + 346 pp. Index, notes, bibliography, photographs. Cloth, $49.50. ISBN 0-807-82738-X.

Reviewed by Wyatt Wells

Jimmy Carter's Economy, by W. Carl Biven, combines substantial virtues with significant defects. It is a well-written, carefully researched study of economic policy within the Carter administration, but because it does not look far beyond the executive branch, it too often presents a distorted picture of events.

This volume starts in 1980, with Jimmy Carter's defeat at the hands of Ronald Reagan. Biven attributes this defeat, more than any other single factor, to the sharp acceleration of inflation during Carter's term in office. The book then returns to 1976, the year Carter won the presidency, and traces the evolution of economic policy from that campaign through 1980. Biven emphasizes macroeconomic policy (spending, taxes, and interest rates) but also devotes considerable space to subjects like international finance and government regulation. During the 1976 campaign, Carter concentrated on the problem of unemployment, which was high in the wake of the severe 1973–75 recession; in 1977 and 1978 his administration stimulated the economy with tax cuts and spending and by encouraging the Federal Reserve to keep interest rates low. Growth and inflation both consistently outpaced projections, however, and starting in 1979, the administration began to devote more attention to rising prices. These efforts failed, largely because of elements beyond its control—poor harvests that drove up food prices and, even more important, the Iranian revolution and the resulting oil shock, which forced up energy prices. Biven contends that the administration probably could not have acted more aggressively to contain rising prices. In the 1970s the public, as well as professional economists, seriously underestimated the threat posed by inflation, and liberal Democrats, the core of Carter's party, stubbornly resisted even moderate anti-inflation measures; by 1980 they were in open revolt against him.

Biven tells the story from the perspective of the Carter administration. He has mined the considerable materials in the Carter Presidential Library and interviewed many of the administration's leading figures. Moreover, he writes clearly, even when discussing complex economic issues. The result is a good description of what happened inside the White House.

Unfortunately, *Carter's Economy* neglects developments outside the executive branch. For instance, Biven argues that, in 1977 and 1978, no one seriously questioned the need for economic stimulus to reduce unemployment. Knowing, as we do now, that inflation would intensify, this looks like a mistake, but the error was universal. No doubt Biven is correct with respect to the administration and the Democratic party. But, by 1976, President Gerald Ford and his key economic policy advisors, Alan Greenspan and William Simon, were stubbornly pressing fiscal restraint to reduce inflation. More important, their support emboldened Federal Reserve chairman Arthur Burns to take fairly strong measures in 1975 and 1976 to contain monetary expansion. Thus, Gerald Ford, whom Carter defeated only narrowly, did present an alternative policy.

This lack of broader context distorts interpretation. For instance, Biven accepts Carter's assertions that he was always concerned about inflation and notes that the president was generally more worried than his advisors about rising prices. But anti-inflation programs consisted chiefly of tweaking government regulations and trying to persuade unions to restrain wage demands. Historically, such measures only work in concert with monetary and fiscal restraint, which were lacking. At first glance, Carter's 1979 appointment of Paul Volcker as chair of the Federal Reserve constituted strong action, for under Volcker the Fed pursued a policy of tight money that ultimately broke inflation. But Biven observes that, in appointing Volcker, Carter was reacting to immediate political and administrative problems, and he further notes that Volcker not only gave Carter little idea of his plans but also extracted from the president an explicit promise not to interfere in monetary policy. Within the context of his own administration, Carter may well have been a hawk on inflation, but it is clear that, as inflation rose above 10 percent in 1979 and 1980, and as the population panicked about rising prices, he was well behind the curve.

The bibliography reflects Biven's failure to look beyond Carter and his cabinet. The author did not interview liberal critics, like Senator Edward Kennedy, or conservatives ones, like Representative Jack Kemp. Nor does the bibliography mention standard works on the energy crisis and deregulation, such as Daniel Yergin's *The Prize* and Richard Vietor's *Contrived Competition*. Of course, no author can include everything. But when examining a period like the late 1970s, which presented challenges to many basic assumptions about economic life, it is particularly important to cast a wide net.

Biven has produced a useful book that gives an excellent picture of how the Carter administration made economic policy, and scholars should find it useful. Unfortunately, its narrow focus has obscured a central, unpleasant reality. The president and his advisors were intelligent, dedicated, and well intentioned. But with the important exception of deregulation, they failed either to make progress against the nation's serious economic problems or to provide useful precedents for the future.

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