

The Empirical Social Ontology of a “Public Economist”:

Walter Lippmann’s ‘Romantic Cosmology’

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Summary

*Though scholars have wrestled with the breadth and complexity of Walter Lippmann’s thought for over a century, his intersections with and contributions to economics are only now gaining recognition. However, he is generally recognized as a midwife and popularizer of economic ideas, rather than a contributor in his own right, with his foray into economics part of his overall eclecticism. These ideas are challenged by asserting that Lippmann’s work in political economy should be considered its own right. To this effect, a unifying empirical social ontology is constructed from Lippmann’s “Romantic Cosmology” in his first work, *A Preface to Politics*, to serve as foundation for a more thorough systematization.*

Introduction

Over the past few decades, there has been a gradually renewing interest in the ontological foundations of the social sciences. Of these, economics—the social science most captured by positivist mythology—has been the slowest to change, though concern with problems of governance, information, socio-constitutional rules, economic rhetoric, climate, gender, and many previously heterodox or marginalized fields has moved away from economic imperialism to more genuine marriages with the other social sciences, such as law, history, sociology, anthropology, and philosophy. As addressing ontological foundations of a field necessarily involves some summary of that same field, the intersection of ontology and the history of economic thought is most appropriate. Though economics is increasingly intersecting with political science, information studies, and sociology, it seems particularly strange that more emphasis is not paid to the interdependence of media and social institutions. This paper aims to take a step towards rectifying these disparities by examining the intellectual contributions of one of the most diverse American thinkers of the last century who sits at the nexus of economics, media studies, and social philosophy: Walter Lippmann.

At first blush, it may seem odd to include a non-academic journalist in a volume on the problem of ontology in the history of economic thought, but as part-time social critic and philosopher, full-time journalist, Lippmann's interactions with the economics community as well as his potential contributions to the discipline are only just now being truly wrestled with by the history of economic thought scholarly community. Lippmann's nearly two dozen books synthesize a staggering array of philosophical sources: Plato, Aristotle, Freud, Nietzsche, William James, Santayana, Dewey, Graham Wallas and the Fabians, de Tocqueville, Burke, Adam Smith, as well as Thorstein Veblen, to name a few. His attempts to integrate insights from the Old Chicago School, the Austrian school, Institutionalism, and his personal friendship and work with Keynes have left critics and followers alike puzzled by his thought, who tend to separate him into phases, specific fields, or to simply criticize him as eclectic at best, incoherent at worst, and often as "middle-brow" (Jansen, 2017, 385).

This paper intends to counter these and lay the groundwork for a more systematic reconstruction of Lippmann's empirical, social ontology, which he presented in his first work, *A Preface to Politics* as "romantic cosmology". This romantic cosmology will then be explored as a social ontological foundation that unites his interest in society, politics, economics, and the media. Though it will only be briefly addressed, this ontological deeper will anticipate a deeper exploration of Lippmann as a political economist in his own right.

The argument proceeds as follows:

1. A brief discussion of social ontology as a basis for economics.
2. A brief review of Lippmann's place in economics.
3. Investigation of Lippmann's Romantic Cosmology.
4. Demonstration of the pervasiveness of the social within Lippmann's thought.
5. Demonstrating the social foundations of Lippmann's economic thought.
6. Concluding and laying the ground for investing Lippmann as a political economist.

I – The Social Ontology of Economics

As mentioned earlier, one attribute of modern, mainstream economists is its wedding to positivism and naturalism. Indeed, one of the key markers of heterodox approaches to economic

theory is a rejection of the attempts to reduce economics to natural laws. One major flaw with naturalism is that economists within the mainstream are almost completely blinded to epistemological problems, even within their own fields. Indeed, the “reductionist neoclassical orthodoxy” is critiqued as “constraining” theorists and giving an “impoverished view of reality, which is inconsistent with the complex” interactions of reality that other, heterodox approaches have tried to capture (Jackson, 1995, 772-776). A major difficulty that mainstream economics does not recognize is that ontology and epistemology in fact form a Gordian knot: “We seem blocked from comprehending the nature of the social world (if it has any coherent nature) (unless we have an epistemological path yet an epistemological path may depend upon an ontology of both the knower and that to be known” (Hall, 1990, 331). Positivism fails the ontological test on two further grounds: the social world cannot be merely assumed to be the same as the natural world, and “the unity of the scientific method—is difficult to sustain if idiosyncratic meaning is taken as an explanation of action” (ibid. 333).

Given that the premise of this edition is to investigate ontology of economics and the history of economic thought—two heterodox approaches—not much deeper insight is needed on this critique of the mainstream. What remains is to supply a positive ontology with which to guide our inquiry. Feibleman address this concern with his discussion: “ontologies are empirical affairs, then, since they are elements of analysis of actual cultures. They are found empirically in two places: in the subconscious of the individual, and in the social order of institutions” (1951, 417). Feibleman’s cultural ontology thus exists on two levels, both individuals and their institutions, or, perhaps, an internal and an external dimension, which are both mutually interacting and co-dependent categories.

Somewhat ironically, this cultural-institutional approach of ontology is closer to what economics was originally intended, when Adam Smith and other classical economists were concerned with how the behaviors and interests of individuals shaped with, as well as were shaped by ideas and institutions. Feibleman is keen to stress that the “empirical ontological problem” is to look at actually existing cultures and social groups in order to decode the ontologies that govern them, which requires “investigation into the details of an actual cultural situation” rather than theoretical abstraction (ibid., pp.418-9). This seems fitting, as he notes that “cultures were not developed by logicians armed with postulate-sets. And they must not be interpreted dogmatically simply because they can be analyzed this way” (ibid. 419). In other words, economic theorists have forgotten that there is a difference between actual life, and

the theorizing or observation of life, something which is not lost on some social disciplines today, such as history, anthropology, or sociology.

Finally, it is important to stress that Feibleman's ontological project is *empirical*, in that it involves experience, hypothesizing, and testing, just as a mainstream economics would, but what is key is that there can be no assumptions made between theory and observation. He stresses that this social ontological research requires empirical psychology, which will help break down dominant mythology, or what could also be referred to as assumptions or axioms. This allows for the generations of new theories based on "speculative ontology" that is perfectly ideal, in a Weberian sense (ibid. 421). Thus, this approach is self-reflexive but also retains its comparative character: it is suspicious of theories and models but does not fall into complete postmodernism or anti-theoretical positions. It is an empiricism without positivism, that is based instead in experience. As will be demonstrated below, this is especially relevant to Lippmann's work, and will be understanding of "ontology" throughout the paper.

II – More than a 'Public Economist'

As a friend, student, or correspondent with nearly every major economic thinker on two continents from 1920-1950, Lippmann not only witnessed crucial changes in the field—such as the socialist calculation debate as well as the rise of Keynesianism—he was also viewed as a contributor to them (Goodwin, 2014, 28; Eulau, 1956, 442; Rovere, 1975, 587). During his time, he was friend and confidant of several presidents of the United States, politicians on both sides of the Atlantic, academic historians, political scientists, philosophers. His breadth of interests and friendships was matched by both his voracious reading as well as his productivity: as Goodwin notes wryly, "It is hardly an exaggeration to say that Lippmann could write faster than many people can read" (2014, pp.vii.). As he was the author of thousands of widely read newspaper columns, winner of two Pulitzer Prizes and the Presidential Medal of Freedom, and nearly two dozen books, it commentators have agreed with Goodwin's assessment that it is nearly impossible to take stock of his own writings, such that there is seemingly enough space for everyone to have a different reading of him (Jansen, 2017, 385). Despite this, several of his works stand out, notably, his *Public Opinion*, which is considered a foundational text in social psychology (MacGillivray, 1999, 554-557) as well as media studies (Eulau, 1956, 439); the couplet of *A Preface to Politics* (Lippmann, 1913) and *Drift and Mastery* (Lippmann, 1914),

which are interpreted as seminal representatives of the volatile mix of progressivism, socialism, pragmatism, Freudian, and Nietzschean ideas at the beginning of the 20th century (Schmidt 2016, 43; Stratton, 2014, 42; Ratner-Rossenhagen, 2012; Holub, 2005; Diggins, 1991; Levy, 1985, 194; Hollinger, 1977, 472; Williams, 1957, 208; Eulau, 1951, 302-303; Grant, 1916, 86); and the *Good Society* (Lippmann 1937), which has increasingly gained interest in the field of neo-liberal studies, since Foucault introduced it in his lectures on biopolitics (Reinhoudt and Audier, 2018; Goodwin, 2014; Burgin, 2012; Jackson, 2012; Jackson, 2010; Koopman, 2009; Foucault, 1994).

The groupings also roughly correspond with how Lippmann's thought has been generally divided into phase: as a young, progressive idealist with socialist leanings (1910-1918); as a more skeptical public intellectual jaded by the failure of the Treaty of Versailles as well as the collapse of the international socialist movement, who is concerned with the possibility of democracy in an increasingly complex and decadent society (1920-1929); as a supporter of the New Deal and economic intervention (1930-1936); and, after feeling personally betrayed by the authoritarian tendencies of the later New Deal and the Supreme Court packing scheme as a reactionary conservative who consorted with the neoliberals and helped midwife the Mont Pelerin Society. These ups and downs of faith in science, in politics, in other human beings seem to characterize a man who is unable to hold onto an idea for too long, and several major biographies of Lippmann make this criticism. A common technique is psycho-historical reduction: that Lippmann was a wandering, self-hating Jew who translated his personal feelings of alienation into his academic work (Riccio, 1994, Steel, 1980, 189-196; Adams, 1977, 19-21; Eulau, 1956; Eulau, 1951).

Another way to divide Lippmann's thought is thematically. At Harvard he was a student of William James, Santayana, and the visiting professor, the Fabian Garraham Wallas. He then spent time with muckracking journalist Lincoln Steffens, and joined the *New Republic* under the Progressive, Herbert Croly. This mix has led to Lippmann being associated, and in various subcombinations, with Progressivism, pragmatism, neo-Platonism, and Nietzscheanism. It seems to paint a coherent picture. Undoubtedly, the distant and reserved Lippmann was attracted to Santayana's intellectualism and elitism and his influence prevented the younger thinker from being totally converted to James' pragmatism (Adams, 1977). Lippmann's pragmatic and eclectic approach to politics, the centrality of morality and the importance of human freedom, and his Neo-Platonic search for transcendental morals and truth produce a tension in his oeuvre which is very Nietzschean: that he believes that there is a distinct human

place in the universe and that this must be understood as the basis for morals and politics, yet at the same time there are practical limitations and constraints which limit that very search and expression both to one's self and others, what Adams has referred to as "skeptical optimism" (Adams, 1977, 51-4).

Lippmann's earlier works *A Preface to Politics* (Lippmann, 1913) and *Drift and Mastery* (Lippmann, 1914) express the need for politics to be divorced from tyrannical attempts at morality, the importance of understanding human nature and bringing it under control through rational economic planning and (Freudian) psychoanalysis, while his work *Public Opinion* (Lippmann, 1922) relates his frustration with Progressivism's "deification of the masses" (Riccio, 1994, 57-5). In *Public Opinion* Lippmann combined his psychological and humanistic basis for politics as well as his Neo-Platonism to contend that human thinking was not based on our "real" environment but rather "pseudo environments" mitigated by stereotypes and information which could be controlled or influenced and he questioned the real possibility of democracy in the modern era (Riccio *ibid.*). It was his Burkean style of elitist liberalism and his skepticism of pure democracy, as well as his Nietzschean turning of rationalism upon itself that would lead Lippmann to eventually abandon socialism altogether and would convince him that all majoritarian or "collectivist" politics were dangerous, bringing him to support constitutionalism to limit the powers of both ruler and ruled (*ibid.*).

The idea of stereotypes and whether or not the public could actually support a democracy in the modern era was what led to the Lippmann-Dewey debate, where Lippmann wanted the news to act as a vanguard of democracy, whereas Dewey wanted to leave it in the hands of the people (Carey, 1997; Eulau, 1956). When Lippmann published the *Good Society* and his criticism of the New Deal, progressivism, and socialism, his turn to conservatism had become complete: there was a resurgence of Lippmann's Santayana-inspired, neo-Platonic roots: that Lippmann wanted a reign of experts and philosopher kings (Carey, 1997, 23-2; Kaplan 1956, pp.367-36) under a regime of natural law (White, 2005; Diggins, 1991; Wright, 1973).

While there is poetic symmetry in beginning with Santayan-inspired pragmatism and ending with Santayan-inspired neo-Platonis, there is another interpretation of Lippmann. This shifts emphasis away from his distinct periods and trying to connect them through some psychosocial biography, but rather to look at consistencies throughout his work. A leading interpretation of this is Goodwin's casting of Lippmann as a "public economist", who, as one viewer explained, "establishes a throughline between the seemingly dissonant texts of his youth with his early late careers. Goodwin's Lippmann was consistent in his experimentalism"

(Burgin, 2016,2). Goodwin's intellectual biography radically shifts from other interpretations of Lippmann in that he emphasizes his personal correspondences and newspaper columns, nearly exclusively, for which he was alternatively praised and condemned by his critics (Jansen, 2017; Burgin 2016). Goodwin notes that Lippmann, since his time as a student at Harvard, had always been interested in economics, only that it grew or receded based on current events. His deep concern with individual freedom, social justice and order, and the economy was a theme throughout his work, but it was tempered by his pragmatic need. In this sense, he was never truly socialist (Goodwin, 2014, 11; Riccio, 1994, 15).

His experiences during World War I as an intelligence officer and propagandist had demonstrated that modern technology and communications complicated democracy, and *Public Opinion* as well as *The Public Philosophy* (Lippmann, 1925) were simply attempts to work this out. Goodwin stresses his personal friendships with the Fabians as well, with thinkers such as Keynes and Alfred E. Zimmern also growing disenchanted. Goodwin stresses how Lippmann's interests in economics continued to broaden as he built an "invisible seminar" around himself, drawing on all manner of ideological and institutional positions to inform his work on policy. When the Great Depression hit, Lippmann experimented with new ideas, and when the New Deal went, in his opinion, too far, he turned away from Keynesianism to temper it with Austrian and Old Chicago ideas, due to his correspondence with F.A. Hayek as well as Henry Simons. After the war was won, and there was no longer a threat of collapsing into totalitarianism, he increasingly turned himself to the new problems of the day: the Cold War and eventually the war in Vietnam. The thread to Lippmann's role as a public economist, then, was of pragmatism and of trying to research and then solve whatever concern was the most pressing at the time.

While Goodwin is right in trying to make Lippmann coherent, demonstrating sympathy to both his environment and time and place, Goodwin's study is limited, which he admits. He is not interested in a deeper philosophical reading of Lippmann, and hence is not interested in trying to extract a version of Lippmann that could be useful, or that is a deeper reflection of social thought or philosophy. Further, Lippmann is a "columnist first, economist second" (Burgin, 2016), so Goodwin does not give any real emphasis to Lippmann's own unique contributions.

For Goodwin's purpose, this was sufficient, but for a thinker as complex as Lippmann, to be more completely appreciated, more is required. Lippmann anticipated several currents during his time, both inside and outside of economics. It was ironic that Lippmann, a journalist, was the first to systematically study how public opinion was shaped and formed, when all the

psychologists of his time were studying “instinct theory” (Eulau, 1956, 442). He anticipated the ideas of Hayek’s skepticism for democracy (Koopman 2009), information costs (MacGilvray, 1999, pp.55), and public choice with his criticism of not only knowledge itself, but also of expertise (Goodwin, 2014, 32-3, 154-17; Koopman, 2009, 170; Noortje, 2007, 767; Hollinger 1977, 472). Much of these critiques came from his combination of iconoclasm and his pragmatism, originating in their most immature form in what he called “Romantic Cosmology”.

III – Romantic Cosmology as Empirical, Antipositivist Social Ontology

Much has been written about the relationship between Lippmann and Santayana, Wallas, and Freud. By his own admission, the *Life of Reason* had a very profound effect on him. His first book, *A Preface to Politics*, was praised by Wallas and Freudians both, with Freud’s official biography and the man himself praising it as the “first Freudian treatment of politics” (Rovere, 1975, 587). At the time, it was one of the major propagators of Freudian ideals, which Lippmann took with him to the *New Republic*, one of the first outlets to share Freudian analysis seriously. This is how Lippmann had intended the book: he sincerely believed that the proper synthesis of James’ pragmatism—which emphasized the impact of psychology on society—with Santayana’s pragmatism—which emphasized the need for the Platonic ideal of the *Life of Reason* to be updated with modern knowledge and science (Santayana, 2015; Santayana, 2014; Santayana, 2013; Santayana, 2011), was to bring Freudianism as the most advanced psychology, to understand politics:

The human nature we must put at the center of our statesmanship is only partially understood. True, Mr. Wallas works with a psychology that is fairly well superseded. But not even the advance-guard to-day, what we may call the Freudian school, would claim that it had brought knowledge to a point where politics could use it in any very deep or comprehensive way. The subject is crude and fragmentary, though we are entitled to call it promising (Lippmann, 1913, 84).

He was optimistic, even if Freudianism was yet immature, noting that: “the impetus of Freud is perhaps the greatest advance ever made towards the understanding and control of human character. But for the complexities of politics it is not yet ready” (Lippmann 1913, 85).

This is well-known in the literature, but what is less so is that the entire book is framed as a Nietzschean argument. The epigraph of the book is from *Thus, Spake Zarathustra*: “A God wilt though create for thyself out of thy seven devils.” Schmidt notes the immediate significance of this:

For all the passages that Lippmann could have chosen from Nietzsche, he picked one that highlights both a clarion call and an admonishment to those who would follow it. To create in this fashion is to be alone, and to affirm a value of life amidst the nihilism and loneliness of ‘the creating one’ is as much damning as it is a freeing endeavor (Schmidt, 2016, 43).

In a book that is intended as a “prelude” to politics, to ostensibly use Freudian psychoanalysis to build a social psychology where James’ pragmatism left off, he is explicitly and simultaneously advocating for knowledge and condemning it. Later in the book he describes “romantic cosmology” as a deconstruction of myth and truth as part of a scientific process. Lippmann states that James was disconcerting to other scientists for supporting the notion that “scientific demonstration is not the only test of ideas” (Lippmann, 1913, 233). He then explicitly connects this *scientific method as a critique of science as dogmatism* and quotes an extensive passage from Nietzsche’s *Beyond Good and Evil* (ibid. 233-236) Ideas are transient, and the point of politics and of social organization is to understand how ideas are carried forth, the importance of “style, of propaganda, the popularization of ideas” (ibid. 237). He goes on to critique socialists, Marxists, and other reforms who have paid too much attention to structure, rather than their own choice, power, and responsibility (ibid. 238-241).

He continues this critique of how man has become a creation, rather than as an actor, slaves to our “instruments” as our idols.

But the drawbacks are becoming more and more evident as socialism approaches nearer to power and responsibility. The feeling that man is a creature and not a creator is disastrous as a personal creed when you come to act. If you insist upon being "determined by conditions" you do hesitate about saying "I shall." You are likely to wait for something to determine you. Personal initiative and individual genius are poorly regarded: many socialists are suspicious of originality. This philosophy, so useful in propaganda, is becoming a burden in action. That is another way of saying that the instrument has turned into an idol (ibid. 242).

Lippmann is directly synthesizing Nietzsche's insights with those of James and Santayana, who stressed the need for experimentation, the need to overcome idols in habit, institutions, and ideas, and the importance of intersubjectivity among free individuals. Positivism, as another idol that was uncritical, was to be rejected for a broader method of science, which was more a way of thinking than any embrace, as it could be extended even to subjects like religion or history. The complementing political theory is to create the conditions that allow for men to make their own decisions and to see themselves as cooperative molders of their environment. His social ontology is radically empirical, in the sense of Feibleman, where it requires continual self-evaluation in order to prevent the formation of new idols. This theme of individual freedom and creativity, knowledge as a social product, though limited, and the need for continuous iconoclasm is the thread that runs throughout his work: his opinions and ideas may seem to have been changing "with the times", but he was constantly seeking, shifting, and reevaluating his work. Though Goodwin restricted his analysis to Lippmann's economic work thematically, and with the lion's share of emphasis on the period 1930-1945, his intuition was essentially correct: this theme remained throughout his work.

IV – From Great Society to Good Society: The Pervasiveness of Romantic Cosmology

The theme of society as composed of limited human actors susceptible to self-deception (routine), ideology, habit, and propaganda is present in nearly all of Lippmann's works. It is the reason why he was hesitant to create systems and, as he himself as well as critics of the *Good Society* noted, he was always less satisfied with making positive statements or policy prescriptions than analysis or critique (Steel, 1980, 322, Pinchot, 1937/1938, Soule, 1938).

What is remarkably is the consistency of his ideas, for someone who is supposedly an eclectic thinker. In *Drift and Mastery* he claims:

Rightly understood science is the culture under which people can live forward in the midst of complexity, and treat life not as something given but as something to be shaped. Custom and authority will work in a simple and unchanging civilization, but in our world only those will conquer who can understand (Lippmann, 1914, 151).

In *Public Opinion*, his most well-known and impactful book, Lippmann introduces the idea of stereotypes, which are, essentially, ways of thinking that simplify our lives in a complex world, where people have limited ability to reason as well as limited time and attention span.

There are darker sides to stereotypes, however, as they can also crystalize prejudices and prevent people from reaching their true positions, as they make us comfortable. The manipulation of information made democracy impossible:

That the *manufacture of consent* is capable of great refinements no one, I think, denies [...] No one of us begins to understand the consequences, but it is no daring prophecy to say that the knowledge of how to create consent will alter every political calculation and modify every political premise [...] It is no longer possible, for example, to believe in the original dogma of democracy; that the knowledge needed for the management of human affairs comes up spontaneously from the human heart” (Lippmann, 1922, p.248-49, emphasis added).

This has been interpreted for his supporting the existence of philosopher kings, where the media would be vanguard that could manipulate the people. However, Jansen claims that this is a false reading of his work, what Lippmann was really trying to demonstrate was that individuals’ freedom could be endangered by their social environment in newer ways that needed to be understood. Even if elitist, Lippmann was always trying to help democracy (Jansen, 2009, 224-25). Rather, Lippmann wants a scientific analysis of the public that is “empirically informed, psychologically subtle, and practically oriented”. He wants a “realist” theory of democracy, by adapting pragmatism to gaze on the issues of the public’s ignorance and apathy to politics with the remoteness and complexity of modern life” (MacGilvray, 1999, 556-557). This is also more consistent with Lippmann’s early views, rather than simply believing that he abandoned his sophisticated understanding of politics, philosophy, and human nature, he tempered them to his new experiences after the War.

In his next book, Lippmann continued his iconoclastic social ontology, challenging what he saw as the development of new myths:

We have been taught to think of society as a body, with a mind, a soul and a purpose, not as a collection of men, women and children whose minds, souls and purposes are variously related. Instead of being allowed to think realistically of a complex of social *relations*, we have had foisted upon us by various great propagative movements the notion of a mythical entity, called Society, the Nation, the Community (Walter Lippmann, 1925, 146).

Lippmann continued these themes yet again in *A Preface to Morals* (1929), which again was an attempt to reorient how human beings conceive of the world. Though published earlier in the year before the Great Depression, certain passages nevertheless read prophetically:

The revolutionary programs sponsored by the socialists in the half century before the Great War were based on the notion that it is impossible to police the capitalist-employers and that, therefore, they should be abolished [...] The trouble with this theory is in its assumption that the removal of one kind of temptation, namely, the possibility of direct personal pecuniary profit—will make the functionaries mature and disinterested men.

This is nothing but a new variant on the ascetic principle that it is possible to shut off an undesirable impulse by thwarting it. Human nature does not work that way. The mere frustration of an impulse like acquisitiveness produces either some new express of that impulse or disorders due to its frustration [...] The socialists are right, as the early Christians were right, in their profound distrust of the acquisitive instinct as the dominant motive in society. But they are wrong in supposing that by transferring the command of industry from business men to socialist officials they can in any fundamental sense alter the acquisitive instinct (Lippmann, 1929, 249-250).

As Santayana and James before him, Lippmann rejects the temptation to dogmatism of both the old order—the classical advocates of democracy and the Church—along with their critics—the socialists. In this case, both the socialists and the Christians were right in giving too much attention over to the acquisitive desire, which, if in excess, could become an idol just as too much piety could. The problem was that they were unrealistic in their attempted solution to the problem, which went against human nature. What was important to recognize was that political solutions had to be built upon realistic understanding of human needs and society, not the other way around.

The *Good Society* was Lippmann's book that most strongly tries to explore the intersection of politics, economics, and society. At the beginning Lippmann was inspired by Graham Wallas' work, *The Great Society*, which produced a vision of society that was larger and more complex than any other seen in history. Mankind needed to master its complexities

through a scientific method that used psychoanalysis rather than any kind of positivistic social physics, but also to be wary of constructing new idols. At a time when the world was descending into war and totalitarianism, even four years before the United States entered the war, he was able to retain his optimism, due to his understanding of society and of human nature. He concludes the book with the passage:

Though [collectivism] is momentarily triumphant, it is a failure, and must fail, because it rests upon a radically false conception of the economy, of law, of government, and of human nature. But while it is possible to lead mankind by error into disaster, suffering is a hard school in which men do learn to perceive the truth [...]

Against this mighty energy [of the human spirit] the heresies of an epoch will not prevail. For the will to be free is perpetually renewed in every individual (Lippmann, 1937, 388-39)

Lippmann's empirical social ontology remained remarkably consistent: he eschewed general models or theories and influenced the importance of human nature and the search for freedom. Though human beings could be easily drowned out in the complex and distant world of the modern era, he was nevertheless still hopeful. Economics, to him, was but a small part of his social ontology, but what exactly was his mature approach to economics?

V – The Social Foundations of Lippmann's Economics

Lippmann's social ontology prevented him from making *a priori*, detailed statements or shape theories. What he could—and did speculate—was about general rules that were consonant from human nature. Like James and Santayana, Lippmann was not opposed to the idea of progression of scientific knowledge generally. He was not completely Nietzschean. Just as there were laws of nature that were extremely general, there was no reason why no laws for human nature could be found, so long as they did not reduce to some kind of determinism, positivism, or mechanistic view of human nature. Even here, Lippmann was remarkably consistent, for in *A Preface to Politics* he began with a reinterpretation of a new understanding of a very, very old social rule. He claimed that introspection is “the greatest instrument for

understanding the world”, and since there was no higher truth than each person’s understanding of their own reality, there was no more powerful rule than the Golden Rule itself (Lippmann, 1913, 108). He continued to stress the Golden Rule in *Drift ad Mastery*, where he makes the case that it may have to change based on circumstances, i.e. that the Golden Rule in a village and in a nation are very different, but he did not disagree with it on principle (Lippmann, 1914, 39).

In the same book, Lippmann highlights that it is similarly unnatural to use laws or force to try to push social change faster than it is able to move, for, though he had a plastic conception of human nature and society, its plasticity was still limited:

But you cannot institute a better industrial order by decree. It is of necessity an educational process, a work of invention, of cooperative training, of battles against vested rights not only in property but in acquired skill as well, a process that is sure to be intricate, and therefore confusing (Lippmann, 1914, pp.99).

He continues a similar argument in *The Phantom Public*, where he cautions against overly optimistic solutions to social problems based on the oversimplification of society. The Golden Rule worked as a rule precisely because it was based in the lives of actual human beings, rather than some unrealistic conception of either human nature or of society. Again, just because one institution had failed, did not automatically mean that what was supposed to correct its mistakes would automatically do so.

Because liberalism could not accommodate the universal need of adjustment to the permanence and reality of individual purpose, it remained an incomplete, a disembodied philosophy. It was frustrated over the ancient problem of the One and the Many. Yet the problem is not so insoluble once we cease to personify society. It is only when we are compelled to personify society that we are puzzled as to how many separate organic individuals can be united in one homogenous individual [...] [We must] think of society not as the name of a thing but as the name of all the adjustments between individuals and their things. Then, we can say without theoretical qualms what common sense plainly tells us is so: it is the individual who acts, not society; it is the individuals who think, not the collective mind [...] It is their relations with each other that constitute a society (Lippmann, 1925, 162).

By the 1920s, Lippmann no longer discussed the Golden Rule, but by the 1930s he had found language to replace it. During his economic self-education on business cycle theory he came across the socialist calculation debate and the ideas of the Austrian school of economics, which certainly had an impact on him. At the same time, he was deeply involved in discussion with Henry Simons at the university of Chicago. Sometime in the mid-1930s, Lippmann established a relationship between the complexity of society and the need for human freedom:

It is generally supposed that the increasing complexity of the social order requires an increasing direction from officials. My own view is, rather that as affairs become more intricate, more extended in time and space, more involved and interrelated, overhead direction has to become simpler, less intensive, less direct, more general. It has to give way, as we shall see later, to social control by the method of a common law (Lippmann, 1937, 35).

Lippmann's argument is, unsurprisingly, strikingly pragmatic. If the situation is too difficult to control, then do not bother to try to control it! If individuals are truly the masters of their own fate and the natural inclination of human beings is to be free, then why not reduce complexity? If there was too much information that made things too difficult to understand, then why not simplify the problem? Lippmann's solution is remarkably similar to what we would think of as transaction cost economics, asymmetry of information, or the problem of economic calculation. His solution is effectively Hayek's generality principle, though he arrived at this conclusion years beforehand! His most mature thinking about how a society of free, limited individuals can be governed by general rules is probably his claim that "the division of labor, democracy, and the method of the common law are organically related and must stand or fall together, because they are different aspects of the same way of life" (Lippmann, 1937, 374).

VI – Conclusion: Empirical Economics without Positivism

Though his many talents are recognized, Walter Lippmann is generally not considered to be a profound political philosopher or political economist of the 20th century. When he did

dabble with economists or the field, it has been understood as transitory, of secondary importance, eclectically, or to propagate another's ideas. While Goodwin's biography of Lippmann as a public economist has shown the depth and coherence of his thinking, as well as the weight of his impact, Lippmann as a political economist in his own right has not been sufficiently explored. This paper has attempted to lay these foundations by emphasizing an underlying social ontology, a Romantic Cosmology that mixed George Santayana, William James, Sigmund Freud, Graham Wallas, and Friedrich Nietzsche together. The result was an iconoclastic approach to social organization that emphasized realistic, limited understanding of human nature, knowledge, and organize, contrasted against abstract general theories or positivistic models. Lippman's solution anticipated Hayek's: to build a system of general rules that were realistic, pragmatic, and facilitating of human freedom and well-being.

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