

ADVERTISEMENT

ADVERTISEMENT

National Journal

The Hotline

CongressDaily

Technology Daily

American Health Line

Home

Buzz Columns

May 26, 2006

Click here
for a print
friendly version

WEALTH OF NATIONS

John Kenneth Galbraith, Revisited

By [Clive Crook](#), *National Journal*

© National Journal Group Inc.

Friday, May 12, 2006

National Journal Group
Learn more about our publications and sign up for a free trial.

E-Mail Alerts
Get notified the moment your favorite features are updated.

Need A Reprint?
Click here for details on reprints, permissions and back issues.

Advertise With Us
Details on advertising with National Journal Group -- both online and in print -- can be found in our online [media kit](#).

Go Wireless
Get [daily political updates](#) on your handheld computer.

GOVEXEC.COM

"In all life one should comfort the afflicted, but verily, also, one should afflict the comfortable, and especially when they are comfortably, contentedly, even happily wrong." **John Kenneth Galbraith**, who died at the age of 97 on April 29, said that to Britain's *Guardian* newspaper in 1989. Was any American economist of comparable esteem so wrong -- so comfortably and contentedly wrong, and for so many years -- as Galbraith himself? Verily, I cannot think of a rival.

Galbraith, let me say, was a brilliant public intellectual; an elegant (if tending to the orotund) writer; a remarkably accomplished and productive man; and, by all accounts (setting his legendary immodesty aside: He actually boasted about his immodesty), a good man. He was not, however, what he apparently thought he was, or what the American Left believes him to have been: a font of economic truth; the intellectual heir to **John Maynard Keynes**, no less; a paradigm-shifting thinker to rival the opposing champion of free markets, **Milton Friedman**.

Galbraith, despite the Harvard professorship, was never really an economist in the ordinary sense in the first place. In one of countless well-turned pronouncements, he said, "Economics is extremely useful as a form of employment for economists." He disdained the scientific pretensions and formal apparatus of modern economics -- all that math and numbers-crunching -- believing that it missed the point. This view did not spring from mastery of the techniques: Galbraith disdained them from the outset, which saved time.

Friedman, in contrast, devoted his career to grinding out top-quality scholarly work, while publishing the occasional best-seller as a sideline. He too was no math whiz, but he was painstakingly scientific in his methods (when engaged in scholarly research) and devoted to data. All that was rather beneath Galbraith. Brilliant, yes; productive, certainly. But he was a bureaucrat, a diplomat, a political pundit, and a popular economics writer of commanding presence more than a serious economic thinker, let alone a great one.

Galbraith's special gifts were not intellectual penetration or access to deeper

The respect and even reverence that the modern American Left has accorded to Galbraith reflects a tenacious reluctance to concede the ethical and material superiority of the capitalist system.

POLICY COUNCIL LINKS
Sponsored links to relevant information on this topic available below.

Ad Spotlight
Almanac
Buzz Columns
Campaigns
Daybook
Earlybird
Markup Reports
News Features
Poll Track



Search

[advanced search](#)

ADVERTISEMENT

ABB

Get the Facts

Read how at ABB, sustainability is an essential part of our business.

[Click here.](#)



wisdom, but gravitas, worldly sophistication, armor-plated apprehension of his own intellectual superiority -- and wit (never underestimate that). Friedman does in fact rival Keynes as the greatest economic thinker of the 20th century. His devotion to meticulous scholarship did not preclude him from thinking big: *Capitalism and Freedom* is up there with Keynes's *General Theory* and Hayek's *Road to Serfdom*. Galbraith's *The Affluent Society* is up there with *The Tipping Point* and *The World Is Flat* -- except that **Malcolm Gladwell** and **Thomas Friedman** are not usually so wrong in their judgments.

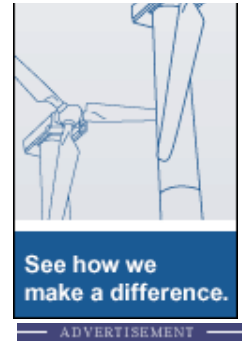
During the Second World War, Galbraith worked at the Office of Price Administration, fixing prices as part of that era's semiplanned economy. Unlike every other former central planner I have ever come across, in person or in print -- whether it be from India's old Planning Commission (which Galbraith once advised), the Soviet Union's pre-perestroika Gosplan and its East European equivalents, Africa's agricultural marketing boards, Britain's assorted pre-1979 prices and incomes boards, you name it -- Galbraith brought from that experience the view that there was much to be said for having bureaucrats fix prices. The experience seemed to dismay everybody else and to convert them to the view that markets do the job better. Galbraith thought, no, he had done pretty well.

He appeared to believe that the sensible thing would be to find more brilliant men like himself, difficult though this would be, and to put them in charge. This approach to managing the economy would become more desirable over time, not less, because economic growth would otherwise mean the increasing accrual of power to corporate interests. The countervailing power of the state would need to grow in response -- just the opposite of what modern economic orthodoxy (based on all that specious math) called for.

The book he sometimes said was his best (of the 30-odd he produced) was *The New Industrial State*, published in 1967. Its thesis was that big companies were growing so powerful that consumers no longer had any say. The basic mechanism of supply and demand was broken. Consumers just did as they were told. All power resided with mighty corporations -- such as General Motors. Long before Galbraith died, and probably even at the time he wrote the book, the falsity of this idea was plain. (What would General Motors have had to say these past 20 years about the impotence of consumers?) Galbraith never saw the need to adjust his worldview.

Consistent with his steadily maintained opinion that markets are fundamentally broken, if they exist at all, and that the state must everywhere step in, Galbraith had a lot of time for socialism -- in practice, not just in principle. In the early 1970s, he called for America's biggest corporations to be brought directly under government control. On India, which he knew well (he served as ambassador there during the Kennedy administration), Galbraith thought its central-planning regime, modeled on the Soviet Union's, needed to be more intelligently managed rather than instantly abandoned. (India subsequently decided otherwise, and has been doing well ever since.) As late as 1984, he visited the Soviet Union and, as he wrote in *The New Yorker*, liked a lot of what he saw. As he was driven around, all the new housing and well-dressed people made a particularly favorable impression.

He was reminded of this article six years (and one political era) later in a piece in *Fortune*, where he had worked for a time. Galbraith wrote to the magazine to complain, saying that his words had been taken out of context. He had noted, he said, the difficulty that planned and command systems have "in dealing with the almost infinitely numerous, diverse, diversely styled and changing products of the modern consumer economy, products that Soviet citizens seek to have." And that was true, so Galbraith had -- but it was a characteristically disingenuous (or perhaps self-deluding) defense. What had *The Affluent Society*, his best-known book, been about if not the waste, misdirection, and irrelevance to social well-being of those "numerous, diverse, diversely styled and changing products"? (The only mystery was why Soviet citizens wanted all that pointless stuff, with no big corporations to bully and brainwash them, and a government with presumably adequate "countervailing power," busy explaining how a comrade-worker-of-the-month-award should suffice for anybody.)



Another remark often attributed to Galbraith is, "Under capitalism, man exploits man. Under communism, it's just the opposite." If he didn't say it, he might as well have. It has an authentically Galbraithian ring: It seems profound, and it's funny. But it encapsulates perhaps the worst error that a student of economy and society could have made in the past century -- the idea that, under the surface, those two systems are pretty much alike, not least ethically. The common man has no standing, no real power, in either case. The main difference resides in which small group of people is actually in charge. That is something that Galbraith certainly appeared to believe. It is a main theme of his writings. And it is a travesty of the truth.


The respect and even reverence that the modern American Left has accorded to Galbraith -- regarding him not just as a brilliantly effective writer, which he was, but also as a deep thinker about capitalism and society, which he was not -- is telling. It reflects a tenacious reluctance to concede the ethical and material superiority of the capitalist system. For an intelligent and pragmatic liberal (in the American sense of that word) this surely ought to be a minimal, painless concession, barely any concession at all. Obviously, a radical, ambitious, and productive agenda of social and economic reforms could still be spread out before voters -- reforms addressed to genuine failures of the market (which are numerous) and to legitimate egalitarian purposes of many kinds. But for some reason that does not quite satisfy.

Much of the Left still longs to sneer at the very idea of capitalism, especially at the claim that it has real ethical foundations (all the more so, in comparison with the attempted alternatives). There is still a wish to regard the whole thing as a scam: gulled and witless consumers; scheming and rapacious businesses; phony markets and bogus "competition"; politicians, media hacks, and other assorted apologists for "the system," all cozily in the pockets of the people in charge. It is a comprehensively false diagnosis. From a narrower political point of view, it is also, most likely, a self-defeating sentiment, because in America (though not in Europe) this mind-set makes it harder to win elections, not easier.

Galbraith dignified that self-defeating sentiment, dressed it in professorial robes, and expressed it with wonderful wit and elegance. He did his followers, who loved him for it, no favors.

-- Clive Crook is a senior writer for National Journal magazine, where "Wealth Of Nations" appears. His e-mail address is ccrook@nationaljournal.com.

[[Wealth Of Nations Archives](#)]

 POLICY COUNCIL LINKS
<p>Policy Council members pay to provide content via <i>sponsored links</i>. Content is not created by the National Journal Group editorial staff.</p> <p>Air Transport Association of America</p> <ul style="list-style-type: none"> • The Impact of Higher Jet Fuel Prices on American Industry • War Risk Insurance <p>National Association of Home Builders</p> <ul style="list-style-type: none"> • Sales of New Homes Increase In April • Builder Confidence Declines In May <p>Senate Democratic Policy Committee</p> <ul style="list-style-type: none"> • President Bush's Fifth State of the Union: A Special Report on the Credibility Test the President Faces • Senate Democrats Making America Energy Independent by 2020 <p>Union of Concerned Scientists</p> <ul style="list-style-type: none"> • Creating Jobs, Saving Energy and Protecting the Environment <p>Brookings Institution</p> <ul style="list-style-type: none"> • Saving for the 21st Century: Is America Saving Enough to be Competitive in the Global Marketplace? • The Budget Crisis: Is It All Deja Vu?

Senate Republican Policy Committee

- [Remarks by Alan Reynolds of Cato Institute on Election Economics](#)
- [An Economy Sputtering Along? Hardly!](#)

Institute for International Economics

- [Energy Policy](#)
- [China's Domestic Economy: Consumption-Led Growth](#)

Independent Petroleum Association of America

- [State of the Energy Industry](#)

Business Roundtable

- [Business Roundtable Calls on Congress to Act Quickly on President's Health Care and Economic Growth Proposals](#)

[Click Here For More](#)

Need A Reprint Of This Column?

National Journal Group offers both print and electronic reprint services, as well as permissions for academic use, photocopying and republication. [Click here](#) to order, or call us at 877-394-7350.

[[E-mail NationalJournal.com](#)]
[[Site Index](#) | [Staff](#) | [Privacy Policy](#) | [E-Mail Alerts](#)]
[[Reprints And Back Issues](#) | [Content Licensing](#)]
[[Make NationalJournal.com Your Homepage](#)]
[[About National Journal Group Inc.](#)]
[[Employment Opportunities](#)]

Copyright 2006 by National Journal Group Inc.
The Watergate · 600 New Hampshire Ave., NW
Washington, DC 20037
202-739-8400 · fax 202-833-8069
NationalJournal.com is an Atlantic Media publication.