Galbraith, John Kenneth

THE HECKLER

WHEN THE BBC CALLED Professor Galbraith in 1973 to invite him to produce a series of television shows, no doubt seeking to re-enact the successes of *Civilization* and *The Ascent of Man*, they could not have expected the then Harvard economist to produce any fundamentally new ideas. After all, the production of new ideas is a calling reliable in neither quantity nor quality, and even a governmental agency wishes to have something to show for several millions of dollars. That the television series, and the accompanying book, contain few ideas new even to Galbraith is therefore no occasion for surprise, let alone complaint. So a well-known preacher has returned with his customary sermon, and if it is beginning to be delivered in a somewhat garrulous fashion, that is a small sin and one customarily indulged in people of Galbraith's (and my!) age.

It does not follow that all ancient knowledge and myths are congenial to the television tube: no one has successfully dramatized the multiplication table; nor has Greek mythology provided rich TV fare. On the whole, one would expect historical myth, indeed, to be more suitable to visual presentation than the theorems of a theoretical science. That preference of the camera may even have played a part in the BBC's selection of Galbraith, whose specialty has been non-specialty.

If we surveyed Galbraith's work of the last ten years or so, we should find rather complete anticipations of what I take to be the themes of the episodes of the TV series and the corresponding chapters of *The Age of Uncertainty*:

1. Adam Smith preached a narrow doctrine of self-interest, which was successfully incorporated into the harsh capitalism of the nineteenth century.

2. The resulting distribution of income was unequal in inhuman degree, and the very rich lived lives of excruciatingly vulgar ostentation.

3. A "massive dissent" in behalf of the "working classes" (what a misleading phrase, when much of the most demanding work is done by other classes, but no fault of Galbraith's) was launched against capitalism by Karl Marx, whose life is sketched and whose doctrines are hinted at.

4. Colonialism, a vast phenomenon hardly noticed by the classical economists, was a device used by capitalistic nations to stave off the contradictions of capitalism for a century, to the detriment of the natives of these colonies.

5. Lenin, in a largely biographical treatment, became the leader who turned the chaos of the Russian Revolution into a structured, disciplined Communist state.

6. Money, that perpetual source of joy and pain—Petty said that "it beautifies the whole, especially those who have it in plenty"—is anecdotalized into central banks, booms, and depressions. No relationship of this instrument to capitalism is proposed.

7. Keynes gave capitalism a respite when he instructed the industrial nations how to pull themselves out of a persistent depression with mass unemployment. With modifications, and assistance from Galbraith, the system was adapted to wartime and the 1970s.

8. The suicidal tendencies of the cold war period were aided and abetted by a narrow, rigid doctrinaire named John Foster Dulles and based solidly on the self-serving activities of a military-industrial complex. I shall ask the reader to guess who did not fall prey to these two decades of hysteria.

9. The Big Corporation, that self-sufficient environment-molding, consumer-molding colossus that now has a dozen national homes, is presented in the form of a parable concerning Unified Global Enterprises (mostly ITT). The corporation has become depersonalized, with the Harvard Business School performing the traditional function of a queen for these societies of social insects.

10. The excessive proportion of people to land is in most of the world the essential and stubborn source of poverty. This chapter defies generalization: it is a travelogue from Punjab, through antebellum slavery and modern migratory workers, to Singapore (the successful "place of refuge from rural poverty"?).

11. The travelogue becomes more pronounced: we tour ancient political capital cities, medieval merchant cities, nineteenth century industrial ghettos, and reach the modern metropolis—a prosperous industrial society with traces of the earlier types. The modern city is necessarily socialistic.

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John Kenneth Galbraith's Marathon Television Series

GEORGE STIGLER

12. The book closes in a mood of brooding introspection and reminiscence. The parting message appears to be that the great quality of leadership is the ability to confront the major anxiety of the age, and today that anxiety is nuclear warfare.

BEFORE WE examine more closely the content of our *Age of Uncertainty*, we shall briefly consider its presentation through television. The enterprise was dominated as well as initiated by the television series, and the fundamental success of the venture for most people will lie in the visual rather than the printed version. I must base my judgment on only the three episodes (1, 6, 10) that were available to me, but their testimony is tolerably harmonious.

I would have dreaded Galbraith's assignment because of the extreme difficulty of presenting abstract ideas in visual form—unless one is prepared to accept a lecture, with or without a blackboard, as a visual presentation. Consider a quite fundamental theorem in price theory: that any use of resources forecloses other uses of those resources—known to some as the alternative cost theory, to others as "there is no such thing as a free lunch." Even Paul Getty had to economize on lunches, if he valued his time. Guns *or* butter. Possibly one can show a laborer leaving the ammunition plant for a job in a fertilizer plant, but this shows (too literally) only the versatility of resources, not their scarcity. Scarcity is so pervasive a phenomenon that we cannot easily photograph it. How then can we present complex ideas such as the intimate interdependence of markets in a whole variety of commodities such as meat, leather, and shoes (general equilibrium)? One picture may *describe* more vividly than a thousand words, but the ratio changes radically when the task is explanation.

In the event, my fears about the effective use of television were neither mistaken nor overcome by Galbraith: he made no observable attempt to use visual methods to illuminate ideas. The first episode, on Adam Smith and the Industrial Revolution, is (with an exception to be noted later) a disaster. A sophomoric charade is used to display the major characters (sovereign, capitalist, landlord, and workers). A set of cardboard enlargements of classical economists are placed at a table: apparently no one was made uncomfortable by the fact that John Stuart Mill, truly a prodigy, is older than his father, James. Their animation compares favorably with Galbraith's.

The later episodes—at least those I saw—make less use of such gaucheries, and are mostly travelogues in which the words of the narrator are illustrated by one of two types of scene. Often the illustration is literal: a sustained view of ripening grain when discussing food; teeming people or a long episode in the betrothal of a young Indian couple (whose conversation might have gained, and could scarcely lose, by translation) when treating population; a Mississippi sternwheeler when discussing cotton and slavery. At other times a historic place or object is shown: the handsome directors' room of the Bank of England; the farm on which Galbraith was reared; Lenin's home in Switzerland. An occasional episode is captivating: in particular I enjoyed the scene with Irving Fisher and his wife.

Galbraith is an adequate narrator, but wooden of countenance and metallic of body. His style of exposition, with its incessant use of irony and circumlocution, is better suited to the written page (from which he apparently was always reading) than to an aural medium. His lectures—"listen carefully, and I shall quickly explain central banking," or "you should and can understand Fisher's equation"—are so brief and use such unfamiliar ideas (open market operations, velocity) that it is inconceivable that so many as one viewer in a small nation would derive instruction from them.

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And now let us look at the substance.

Galbraith is concerned in this venture, and in much of his previous work, with the development and influence of intellectual ideas. He begins the book and the television series with the familiar quotation from the last paragraphs of Keynes's *General Theory* to the effect that intellectuals are much more important than vested interests in influencing the course of events, and in particular economic events. Although Galbraith accepts this as a partial truth, I would consider its truth content minor: the dominant classes (welfare and blue collar, as well as capitalist) are not readily confused as to their interests, as Keynes claimed, by "some academic scribbler of a few years back." Fortunately, by page ninety Galbraith approvingly quotes Marx's opposite opinion. Nevertheless, to the modest extent that *The Age of Uncertainty* has a coherent theme, it is concerned with the ideas of major economists, their absurdities and their insights, and the—often nefarious—influence they are said to have exerted.

Galbraith's talents as an expositor of the ideas of other economists have received only modest exercise, and this is due, I suspect, primarily to lack of compulsion. He has not written, so far as I know, any work presenting economic analysis or measurement at a professional level of precision in several decades. If an economist becomes accustomed to casual generalization and impressionistic factual description, he develops lazy study habits and a misplaced confidence in his knowledge. This is the reason, I believe, that Galbraith, who is a man of both intelligence and efficient energy, writes about the history of economic ideas with a heavy gloss of imprecision and superficiality more appropriate to a journalist.

Consider Adam Smith, who is hardly a random sample. This man's great contribution was to explain how resources are allocated among industries and places, how the prices of goods are determined, and how the incomes of workers, landlords, and capitalists are established. The motive power of the economy, so to speak, comes from the search of buyers for low prices and of sellers for high prices. Their self-interest is disciplined, harmonized, and directed by competition. This central core of value and distribution theory, as it used to be called, has been permanently incorporated into economics. Today as in 1776 an economist considers of paramount importance the propositions that under competition resources are devoted to the uses in which they will receive the highest possible return, and that maximum product will be achieved under competition with a resource earning equal returns in all uses.

To discuss Adam Smith's theory without mention of competition is to discuss Napoleon without mention of war

Galbraith's treatment of Smith's economics is simply irresponsible. It is observed, correctly, that Smith felt that the egregious instruction he had received at Oxford would have been greatly improved if the tutors had been compensated by the fees of freely choosing students. When Smith abandoned his £100 professorship for the £300 life annuity he received in exchange for tutoring the young Duke of Buccleuch, Galbraith says "self-interest overcame high principle." Smith thought resources should and do go where they earn the most (taking account of non-monetary benefits and costs), and his behavior was in strict accordance with his theoretical predictions. (Galbraith later complains that Smith inconsistently accepted the Commissionership of Customs of Scotland, a "sinecure." John Rae, in the standard life of Smith, says, "Smith attended to those duties with uncommon diligence.") Galbraith does not distinguish between individual response to social institutions and the proper design of such institutions.

Galbraith overlooks the fact that self-interest must be disciplined by *competition*; in fact he explicitly identifies self-interest with the invisible hand which guides self-seeking individuals to serve the public good, when in fact it is competition (and a society based upon contract) that brings about this happy state. Self-interest without the checks of law and competition would lead often to fraud or monopolistic exploitation. To discuss Smith's theory without mention of competition is to discuss Napoleon without mention of war.

Chapters on Marx and Lenin and Keynes, and the shorter accounts of Veblen, Spencer, and others, are, by comparison with the treatments of Smith, Ricardo, and Malthus, indulgent in tone and heavily biographical in content. The change is for the better: there are a good number of amusing incidents, and the burden of doctrinal content is light enough to be borne by even a distracted and thirsty television audience.

One idea of great power in the modern world receives trifling explicit attention from Galbraith, and that idea is equality. The goal of equality was the possession of only a tiny fringe of radicals in 1800, and it is a dominant element of the ideologies of the Western world today. That is the most basic change in professional and popular thinking since Smith's time. Its prophet was not an economist—in general economists lagged in recognizing and embracing this goal—but instead a man who is never mentioned by Galbraith, Alexis de Tocqueville. Recall the powerful passage:

> The hatred that men bear to privilege increases in proportion as privileges become fewer and less considerable, so that democratic passions would seem to burn most fiercely just when they have least fuel. I have already given the reason for this phenomenon. When all conditions are unequal, no inequality is so great as to offend the eye, whereas the slightest *dissimilarity* is odious in the midst of general uniformity; the more complete this uniformity is, the more insupportable the sight of such a difference becomes. Hence it is natural that the love of equality should constantly increase together with equality itself, and that it should grow by what it feeds on.
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> This never-dying, ever-kindling hatred which sets a democratic people against the smallest privileges is peculiarly favorable to the gradual concentration of all political rights in the hands of the representative of the state alone. The sovereign, being necessarily and incontestably above all the citizens, does not excite their envy, and each of them thinks that he strips his equals of the prerogative that he concedes to the crown.

Tocqueville was profoundly right: the most radical change in economic policy since his time has been the ever-widening resort to political power in order to redistribute incomes in modern Western societies. This has not been a simple case of the poor taxing the rich, although there has been that too. Rather, every well-placed and well-organized interest group in the nation—union members, farmers, trucking companies, airlines, petroleum producers, teachers, television stations, welfare recipients, veterans, tenants, homeowners, you name it—has succeeded in getting some laws that work primarily for its own particular interests. The military-industrial complex (I doubt that it can usefully be viewed as one entity) is the only such group to receive Galbraith's attention: he really is not observant.

In fact Galbraith's view of economic life is remarkably personal. Consider again the opening chapter on the classical economists and the industrial revolution. What are the telling episodes in the rise of modern industrial capitalism? They are five: 1) the production of pins, an excellent example of the division of labor, amusingly illustrated in the television episode, 2) the clearances of the Scottish highlands, 3) child labor, 4) the Irish famine, 5) the new industrial rich (which receives a whole chapter).

The first episode aside, the selection is incongruous in the extreme. In a period unprecedented in the history of mankind for the continuous, accelerating growth of output over a wide range of commodities, with the consequential rise in the standards of living (and health) of the entire population to new levels, in such a period Galbraith chooses to look primarily at phenomena wholly or largely outside the developing market system. Child labor, famine, and inequalities of income extravagantly greater than the industrial revolution produced are as old as human history. The former two were eliminated and the third substantially reduced by the end of the nineteenth century, and these changes were brought about by economic progress. Adam Smith concludes his opening chapter of *The Wealth of Nations* with a magnificent comparison:

> Compared, indeed, with the more extravagant luxury of the great, his accommodation [that of the very meanest person in a civilized country] must no doubt appear extremely simple and easy; and yet it may be true, perhaps, that the accommodation of an European prince does not always so much exceed that of an industrious and frugal peasant, as the accommodation of the latter exceeds that of many an African king, the absolute master of the lives and liberties of ten thousand naked savages.

On I continue the lengthy assault on colonialism (which includes, we are told, our Vietnam venture). Whether one denounces or defends colonialism, from the viewpoint of the development of modern economies it was a wholly minor affair. A truly fundamental development was the tide of emigration from Western Europe to the unsettled portions of the world (which Galbraith excludes from colonialism) that in a single century changed the economic face of the globe. Colonialism was negligible in its demands on resources—in 1835 India was ruled by 40,000 Englishmen—and all the world's colonial trade in Galbraith's sense

was in 1910, I venture, less than that between Europe and the United States alone. The settlement of the English-speaking lands led to a major increase, not merely in world output, but also in the standard of living of both the migrants and those who stayed at home.

I would also argue, but with a diffidence inversely proportional to my modest knowledge of the subject, that traditional colonialism—the occupation of populated countries—was not a unilateral spoliation of one people by another. It would be impossible, and not merely unprofitable, for a colonial power to make extensive investments in a colony without increasing the incomes also of the native population: no one could appropriate all the rents of economic growth.

'Economists are economical, among other things, of ideas. It is still so. They make those they acquire as graduate students do for a lifetime'

It must be irritating to Galbraith to be praised so much more enthusiastically for his writing than for the substance of his work, and although I do not wish to introduce any possible irritation into this review, I feel compelled to remark on an interesting feature of his style, which if not new at least did not seem so prominent in earlier books. This novel feature is the distribution throughout *The Age of Uncertainty* of a variety of propositions on the ways of the world. These aphoristic observations would form an excellent beginning to a compilation of the sayings of Chairman Galbraith. Consider these examples:

1. "A firm rule operated against [Turgot, a French economist of Smith's time]. People will always risk their complete destruction rather than surrender any material part of their advantage."

2. "It may be laid down as a broad and general rule that no one spends his life affirming the superiority of other people if he has any alternative."

3. "Three conditions are absolutely essential [for a successful revolution]. There must be determined leaders. . . . The leaders must have disciplined followers. . . . And, above all, the other side must be weak. All successful revolutions are the kicking in of a rotten door."

4. ". . . the one certain thing about the efforts of some people to rule other people at a distance is that it will fail."

5. "Economists are economical, among other things, of ideas. It is still so. They make those they acquire as graduate students do for a lifetime."

6. "Personal interest always wears the disguise of public purpose, and no one is more easily persuaded of the validity or righteousness of a public cause than the person who stands personally to gain therefrom."

How well these artificial pearls display their creator—nice mixtures of what one of Galbraith's favorites, Spiro Agnew, might describe as perspicacity, paradox, and perversity. I do him an injustice, a complimentary injustice to be sure, in being annoyed by this unlearned and opinionated project: Galbraith surely means only to entertain, and many others do it less well. □