



Galbraith's Life and Career (1908-2005)

- Midcentury's best-known American economist—40+ books, 6 million sold, prolific writer, speaker, interviewee.
- Many—but not all-- academic economists fretted that he was insufficiently mathematical and sought too “popular” an audience
- There are three ways to look at Galbraith today:
 - --as a writer
 - --as a political actor
 - --as an economist

I want to touch on all three tonight—but focus on the third

Galbraith the writer

- He was, first of all, prolific—40+ books as noted, thousands of articles, speeches and interviews over nearly 70 years
- His readability came in great measure from his ability to summarize and simplify economic ideas, policies, and their political contexts for a largely-college-educated audience, a group that was growing fast in the 20th c. in number and influence
- Stylistically, he cultivated a signature use of wit—dry, pointed, mannered and aloof—that borrowed from a tradition of satire that ran from Voltaire through Mark Twain.
- His audience over time became global (eg., 1st Davos, Gorbachev, China); honored with 50+ degrees: Oxford, Harvard, etc.

Galbraith the activist—1930s-1950s

- Born in 1908, he came of age in the New Deal—and adapted but never gave up on the fundamental Rooseveltian and Keynesian values he first learned
- His sympathy for those ideas were embedded in his family and Scots heritage—especially his father’s role as a Liberal Party figure in Ontario
- He worked for Roosevelt during the 30s in agricultural policy (AAA)—and during WWII, in management of the economy (OPA)
- He polished his writing skills as economics editor of Fortune magazine during and after WWII
- He campaigned for Stevenson in 52 and 56, then switched to JFK in 60, as speechwriter, surrogate campaigner, and policy advisor

Galbraith as activist—1960s

- Kennedy made him Ambassador to India, but he was much more: he was JFK's close personal economic advisor (Keynesianism, 64 tax cut, and BOP), foreign policy advisor (Vietnam), and geopolitical strategist. The combined roles crystallized—and showcase--his talents for, and understanding of, “economics” and “the useful economist”
- LBJ's Great Society he vigorously supported; LBJ's war in Vietnam, he even more vigorously did not.
 - As head of ADA, he openly broke with LBJ, denouncing the war.
 - By 68, he helped draft McCarthy; only after Chicago convention did he reluctantly come round to support of Humphrey
 - By early 72, he was a vocal and enthusiastic McGovern (and of feminism and environmentalism)
 - In 76 and 80, he backed Ted Kennedy (albeit with some reluctance)

Galbraith as activist--1980s-1990s-early2000s

- He was, predictably, opposed not just to Reagan but the Long Reagan Era which carried on after Reagan
- He viewed supply-side and monetarist economics, and the deregulation of finance, as disastrously wrong—and said so, loudly and repeatedly
- Within the Democratic Party, he campaigned against the emerging “neoliberalism” that Bill Clinton came to represent (“two Republican parties”)
- Within the economics profession, as former president of AEA, he continued to lobby for new and younger voices—more progressive, less exclusively mathematical, more women, minorities (Bowles/Gintis, heterodox econ)

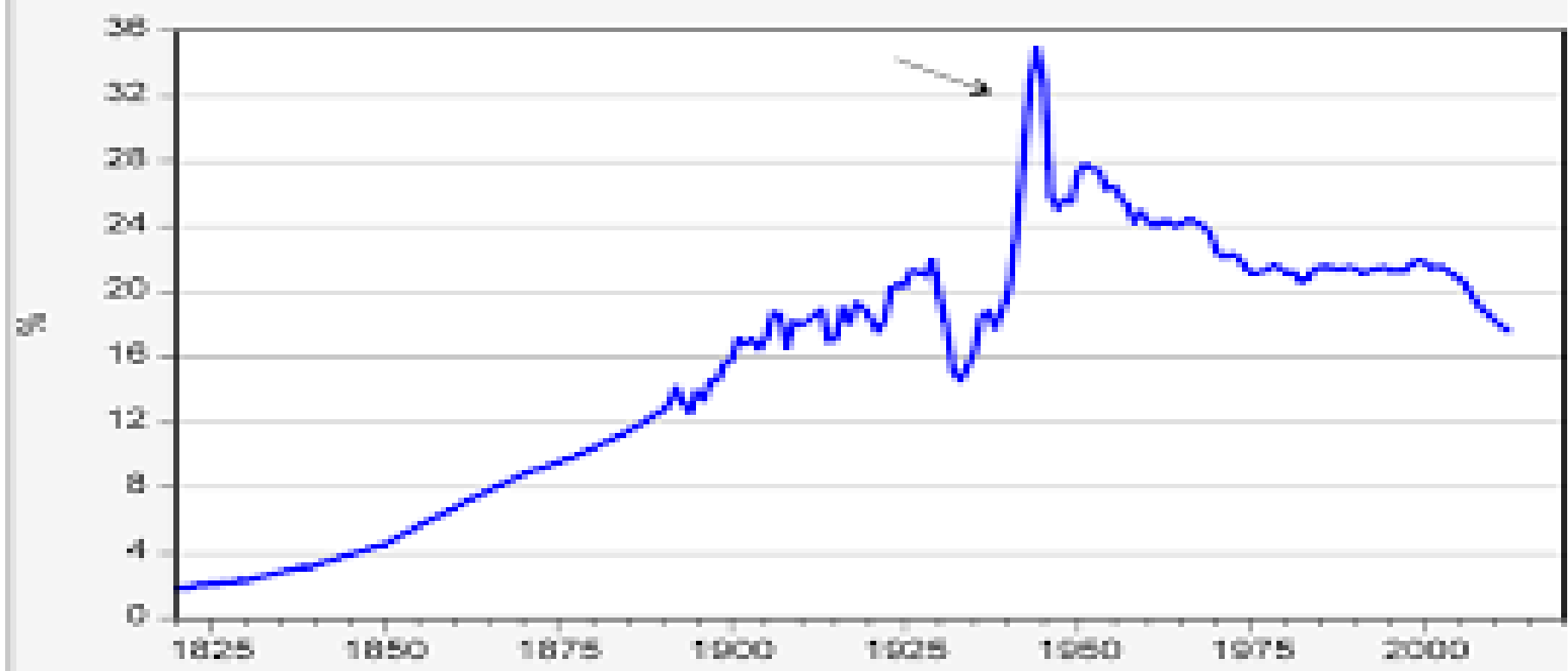
Galbraith as economist

- Trained in agricultural economics (the “most neoclassical” of markets) at Berkeley
- Drawn (like so many young economists) to Keynes in mid-30s as “third way” between ill-regulated capitalism and socialism
- His wartime OPA experience was first-hand immersion in corporations and C Suite mind
- His conceptual frame had several constants:
 - --Economic models in academics should not be isolated from politics, sociology, psychology and history (Krugman’s Indian economist)
 - --Economics should emphasize the historical time—and values-- in which it operates rather than mimic the a-historic example of natural sciences such as physics
 - --Economics must incorporate groups, group interests, and power exerted in politics and in corporations rather than rely on the rationally-maximizing “representative agent” and equilibrating bilateral markets as models
 - --Economic policy analysts must eschew an idealized “neutrality” that focuses excessively on “efficiency” as a criterion independent of others such as equality, fairness, community

His four major works

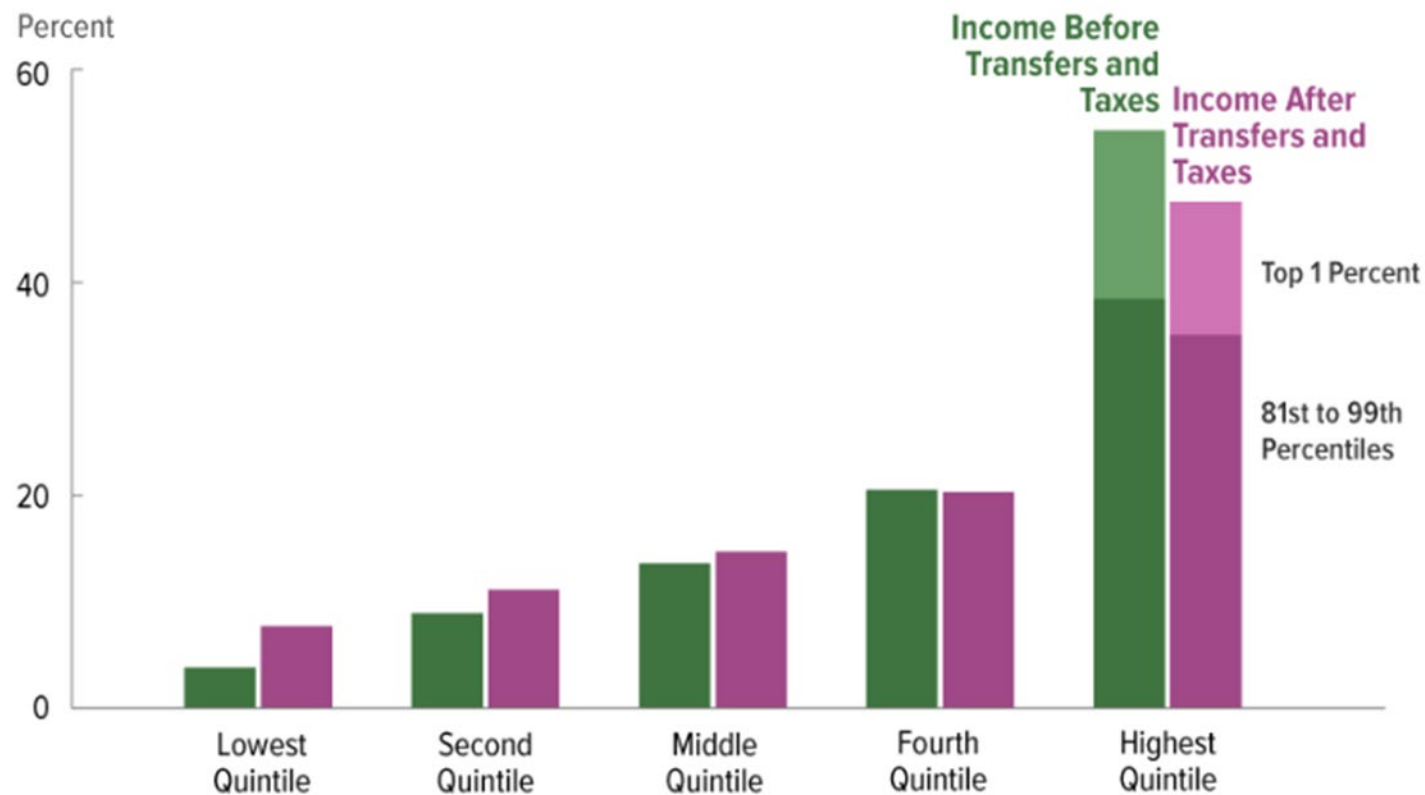
- **American Capitalism** (early 50s) – countervailing power shared by Big Corporations, Big Unions, and Big Government; skeptical of Brandeisian anti-trust, favors (Teddy and Franklin) Rooseveltian regulation of markets and firms, while emphasized the important role of the “new” Keynesian idea of micromanagement of aggregate economy. In pursuit of Keynesianism, doesn’t distinguish between Cold War’s Military Keynesianism and New Deal Welfare Keynesianism
- **Affluent Society** (late 50s) –end of scarcity, induced consumption, public scarcity (clean air, water; schools, etc.) vs private excess and waste; corporation as non-maximizing social institution with complex goals
- **New Industrial State** (mid 60s) –dominance of large corporation; control passed to managers from shareholders; a “planning system” of both supply and demand; goal of steady growth and earnings rather than maximized profits; role of corporation in maintenance of “organized intelligence” in universities and non-profit research institutions for technological innovation. Doesn’t foresee rise of finance, role of mutual and pension funds, tying of CEO pay to share price, or dislocations caused by offshoring or eventually of social media and internet
- **Economics and Public Purpose** (early 70s) –his most prescriptive work, addresses Military Industrial Complex and its capture of public spending; takes on Big Health, environment, Third World development, and racial and gender inequalities as seminal not just to economists’ theories but, more important, to the health of American and world democracies’ institutions and cultures

U.S. SHARE OF GLOBAL GDP

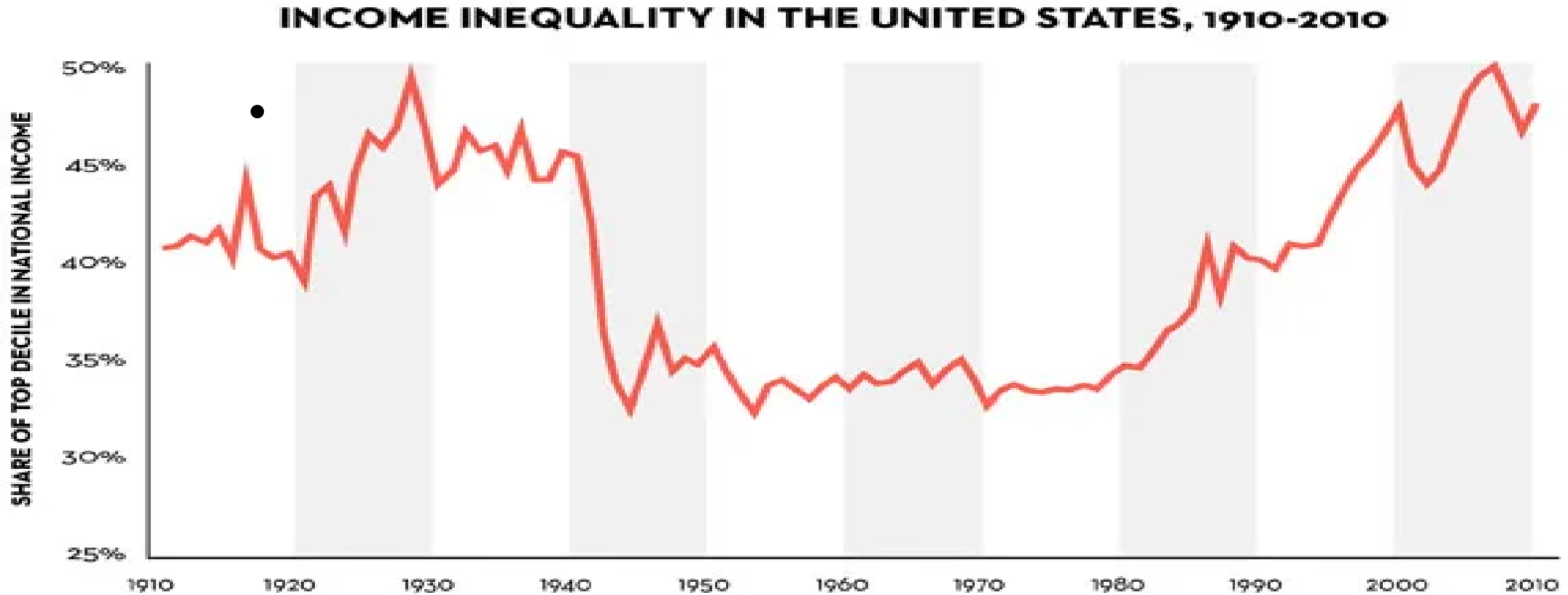


Source: Angus Maddison, *MFC, CIM*

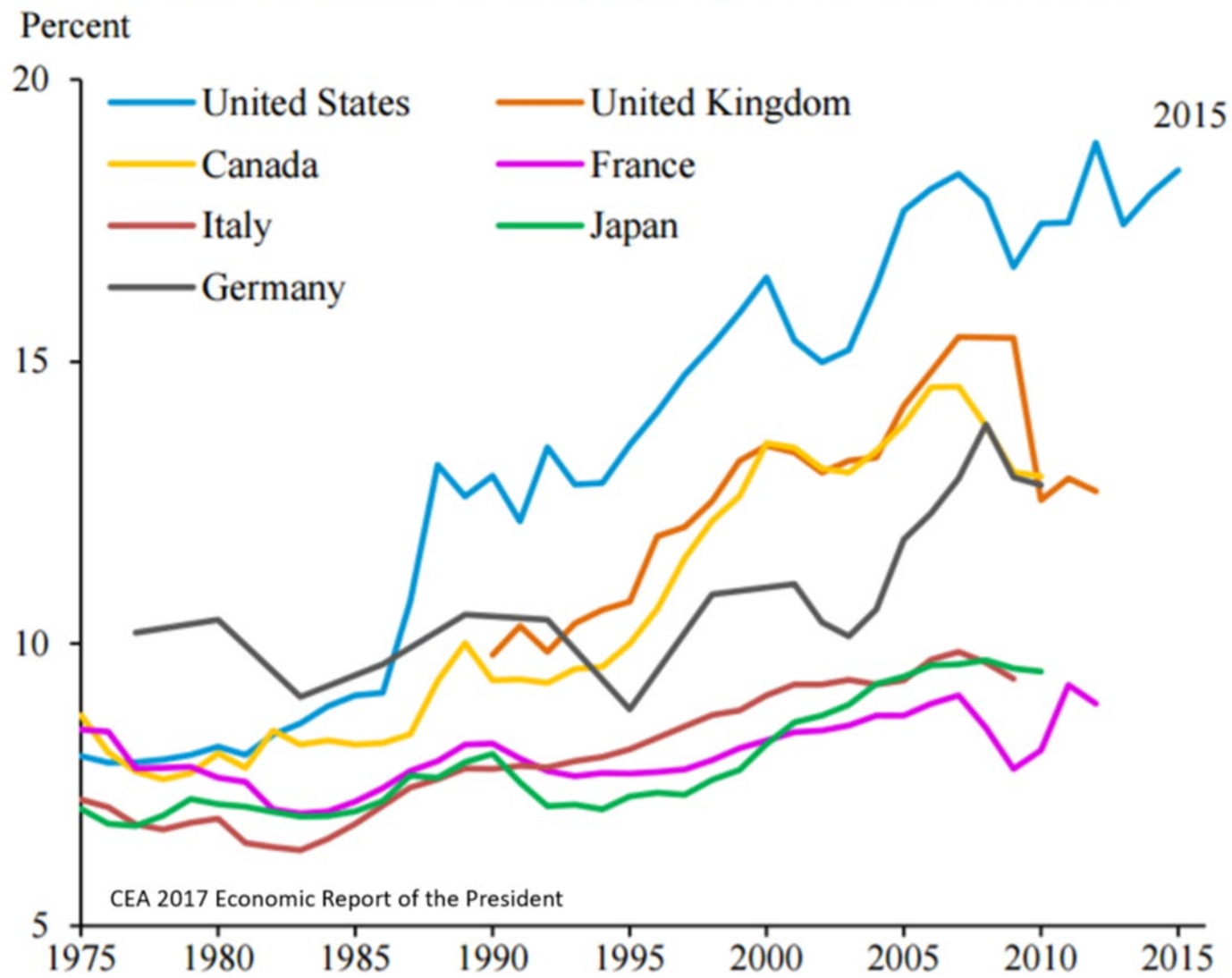
Shares of Income Before and After Transfers and Taxes, by Income Group, 2016



US income inequality dropped 1930s-1960s,
but since 1970s has increased steadily

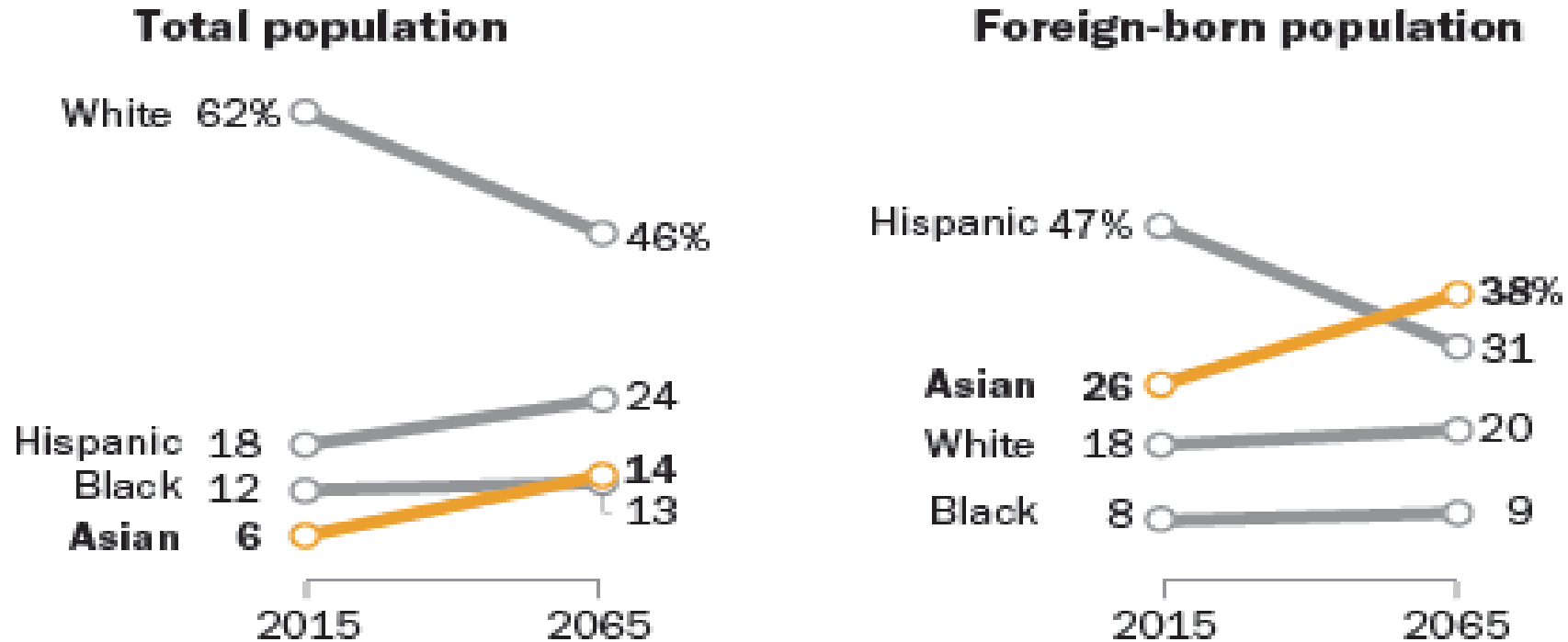


Share of Income Earned by Top 1 Percent, 1975–2015



Source: World Wealth and Income Database.

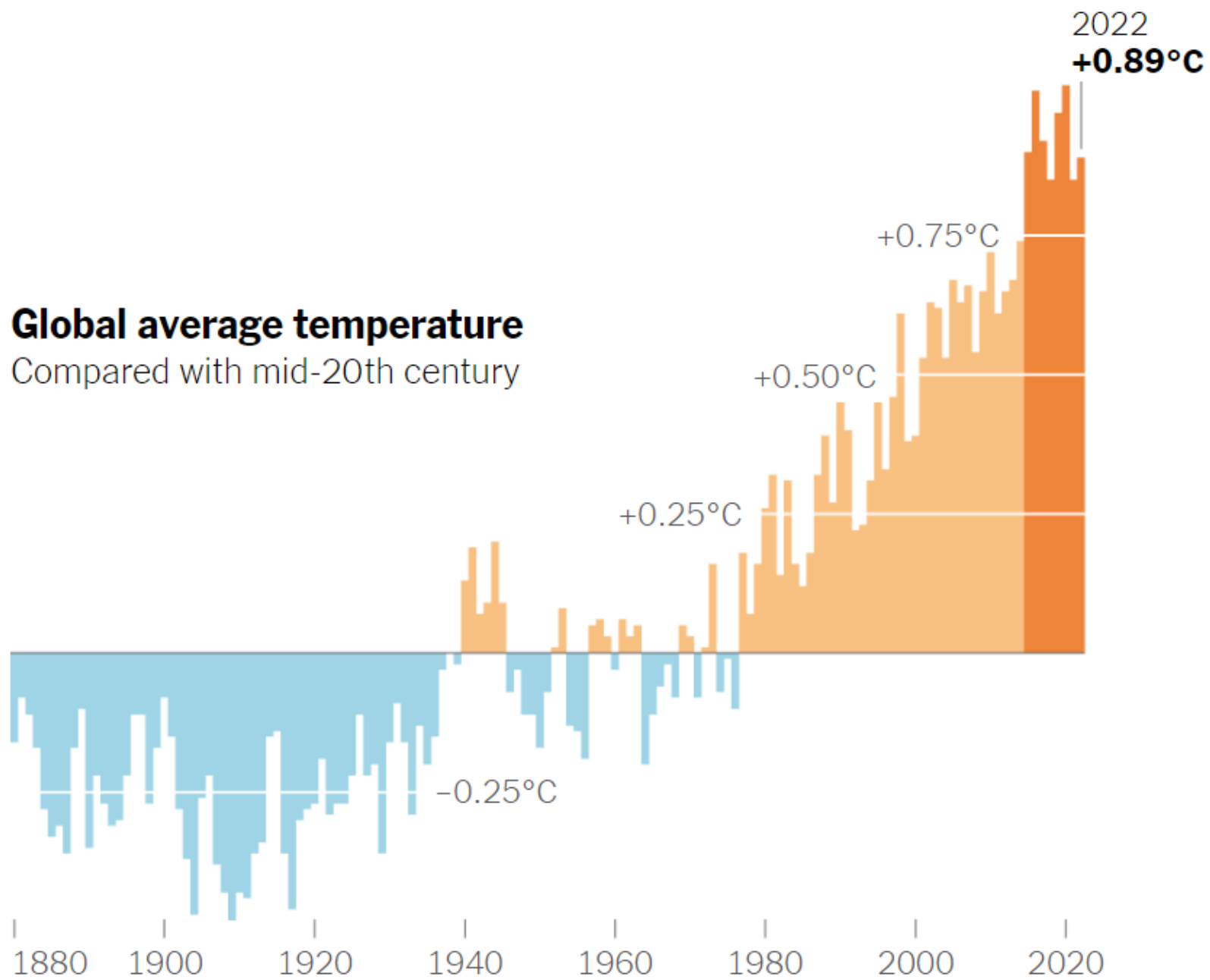
By 2065, No Racial or Ethnic Group Will Be a Majority



Note: Whites, blacks and Asians include only single-race non-Hispanics. Asians include Pacific Islanders. Hispanics are of any race. Other races included in totals but not shown.

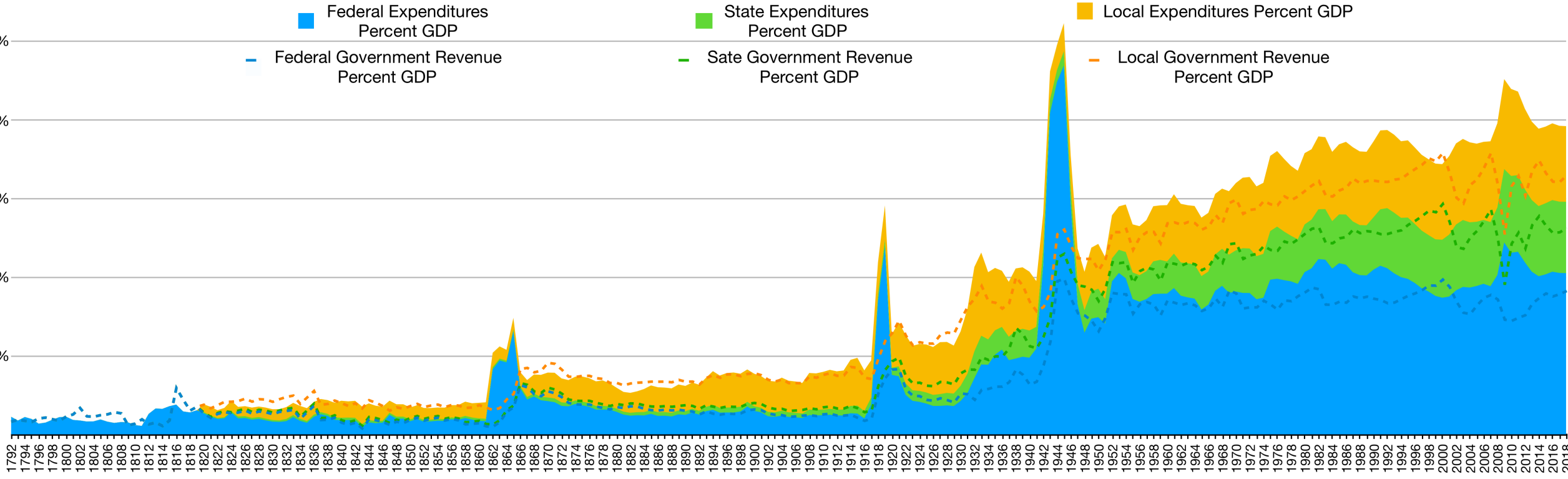
Source: Pew Research Center projections

PEW RESEARCH CENTER

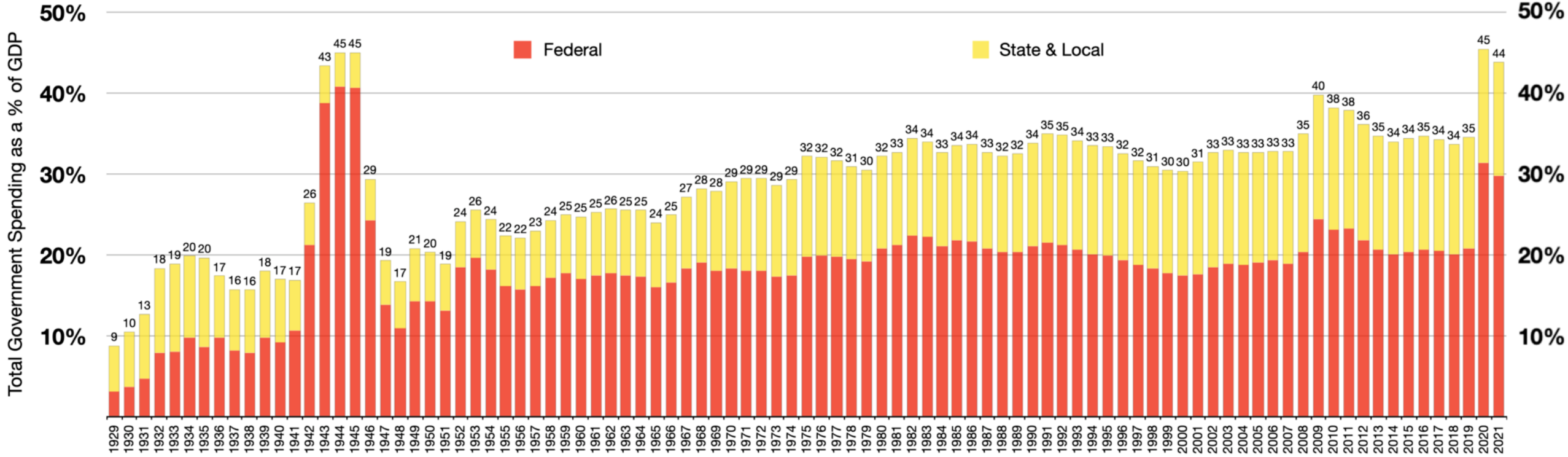


Source: NASA Goddard Institute for Space Studies

Total Government Spending and Revenue as a % of GDP



Federal, State, & Local Government Spending as a % of GDP



Galbraith's Questions—for Economists and All of Us

- What is the purpose of an economy?
- Who shall determine that—and by what values?
- What are “markets”—and how autonomous are they, relative to governments, to public values, to national interests, to global claims and limits?
- In the 21st century, are our choices still the 19ths—between “capitalism” and “socialism”?
- What should we count as “mixed” in a “mixed economy” both in national and global terms?