

LAND & LIBERTY

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TWO SHILLINGS

Prof. Galbraith— The Economic Illusionist

IN HIS widely-publicised Reith Lectures, given over the radio at the end of last year, and subsequently printed in *The Listener*, Prof. J. K. Galbraith hoped to disarm his critics by the statement that he is only the bearer of tidings which many will find unacceptable, and therefore it would "not be in keeping with contemporary ethics and manners" to assault him instead of the tendencies he describes.

Prof. Galbraith cannot, however, be allowed to disclaim responsibility so easily. His lectures are riddled with covert and overt advocacy of the subjection of the individual to the state. He smartly side-steps many issues thrown up by his lectures by blandly asserting that he prefers not to argue on any ground other than that chosen by himself.

He seeks to have it both ways by first claiming that private enterprise is a myth and then, elsewhere, "conceding that the "consumer is sovereign." Lest this appear too much of a concession, he describes this field of free enterprise by reference to the shoe repair man, bookmaker, narcotics pedlar, and prostitute. Doubling quickly back on his tracks, he then asserts that this free part of the economic system is "important in fact as well as in romance." He then dismisses the free market as not being "the part of the economy with which these lectures have been concerned."

Prof. Galbraith's main thesis is that there is now virtually no difference between socialism and capitalism; big business plans the economy, determines supply and demand, regulates prices and controls production. The market, therefore, is a myth and competition and consumer choice both illusions. He sees little difference between public and private

corporations—they both perform the function of planning and managing the industrial economy. (The fact that one may cease to be a shareholder and disclaim any participation in profits, losses or bankruptcy in a large industrial enterprise, while he cannot in a state enterprise, is apparently of no relevance.) In short, the proponents of a free market economy are flogging a dead horse and the sooner they recognise it the better. Evolution, not revolution, has produced western socialism, and evolution may well be a better source of socialism than ideological passion."

"All industrial societies must plan, which is to say they must manage the lives of those whom their industries are assumed to serve. By its nature, the modern industrial economy is a planned economy."

Although there is a sting of truth in some of what Prof. Galbraith says of the power of big industrial corporations, he attributes this power to the advance of technology, mass production and mass hypnotism through advertising. He completely ignores the infinitely greater power obtained through government-bestowed privilege, in the form of protective tariffs, quotas, licences, subsidies, etc., which has done far and away more to stifle free enterprise than television advertisements which are supposed to command the consumer to spend his money on mass produced needless luxuries and on gimmicks planned for him by the big corporations.

But in spite of the all-embracing power of the big corporations, they cannot manage alone. "The answer is to have the state absorb the major risks." The state can guarantee a market, underwrite the costs and "make available the necessary technical knowledge." The higher manifestation of technology having put the problems of planning beyond the reach of the industrial firm, the government assumes the major role.

To support his argument that the consumer is a willing victim of modern industrial planning, Prof. Galbraith invents an electric toaster which not only toasts bread but leaves any desired slogan imprinted on it. Teams of specialists deep down in the producing company would be engaged on long research and calculation in order to bring the toaster to the shops and to ensure that the public bought it at the price fixed by them. Thus is the market set aside and its replacement by planning achieved!

Prof. Galbraith then undermines his whole argument by confessing that the consumer retains the right to resist persuasion and "*this is not unimportant.*" (Our italics.) Aware of the obvious deficiencies in his thesis, he concedes that "if planning for a particular product by Unilever or ICI goes sour, there are other products to offset the misfortune."

This economic illusionist achieves most of his effects by using the words "planned economy" in two senses: one simply meaning efficient organisation of resources to achieve a desired end (which is the commonplace activity

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of almost all segments of society), and the other the state-planned economy which by its nature forbids this very activity (as far as is practicable) in order to monopolise it.

Then comes the surprising confession: "One thing makes the autonomy of the modern corporation vulnerable. That is the failure of earnings." Banks will have "prying tendencies" if asked for loans, and shareholders "may also be moved to do something about it." But this turns out not to be a confession at all because the large industrial organisations never fail to make money!

Prof. Galbraith makes contemptuous references to free enterprise in order to bolster his case and uses the discredited "every schoolboy knows" and "every thinking man will admit" style of technique in order to blind his listener (or reader). He talks of "folk myths of our time" in referring to free enterprise and talks down to business men and economists alike. "If one takes faith in the market away from the economist he is perilously barren of belief. His situation is much like that of a theologian who is suddenly faced not only with the thought that God is dead but that the world he made does not exist." He speaks of worshipping "at the altar of the market," and "the logic of planning"

Professor Galbraith makes no bones about where he stands: "None, or not many, seek socialism so that power can be exercised by an autonomous and untouchable corporation, and yet this is as it must be. It is in such a corporation that the power must reside."

The skill of Prof. Galbraith and the secret of his persuasiveness lies in the subtle way in which he intersperses passages of unquestionable commonsense among a labyrinth of very questionable arguments. This, it would appear, is calculated to reassure the listener or reader and so make him more receptive to his thesis. Another method, also most effective, is to anticipate objections and, by simply mentioning them, presume to have disposed of them.

Preoccupation or even obsession with the big trees of industry has put Prof. Galbraith's vision of the whole wood out of focus, and the pity is that, since the Reith Lectures have an air of authority, much of what he said will lodge in the minds of the less critical and give comfort and encouragement to those already in power just when events are causing many socialist-minded citizens to question the validity of their own beliefs.