

## ROBERT CLANCY

Did you know that the Law of Supply and Demand has been repealed? Well, it has, according to Professor John K. Galbraith, in his book *American Capitalism*.

Professor Galbraith traces that celebrated law from its intimations by Adam Smith to its formulation by Jean Baptiste Say; on to the period when it was stated as the way the market *should* be rather than as it was; and finally to its collapse along with everything else in the collapsing 1930's.

The old law just couldn't take it, apparently. "New" ideas were needed—and provided—what with Keynes, Beveridge, New Deal (and Galbraith, with something he calls "the concept of countervailing power"). The "new look" turned out to have a suspiciously pre-Smithian flavor—like Mun's mercantilism and Hobbes' statism. And that reminds me of something else.

When Copernicus announced that the earth moved around the sun instead of vice versa, that was a big advance over previous notions. But there were still flaws in the new theory, for the heavens just didn't behave properly. It took a century of doping it out (and not giving up) before Kepler came along with the answer—the planets moved in an ellipse, not a circle.

The clear and simple laws of planetary motion eventually won out. But suppose Kepler had been ignored and the quest for laws had been abandoned because of the apparent inconsistency. No doubt the next step would have been to ditch Copernicus—and men of learning would probably have gone back to medieval concepts, each one outdoing the other in inventing new systems of cycles and epicycles, and coining new phrases to explain the heavens.

And it seems to me that that's just what economists are doing since they've abandoned the quest for deeper and more accurate understanding of the laws of economics.

Say's Law of Supply and Demand may be likened to the contribution of Copernicus—and Henry George performed the service of Kepler in explaining the apparent hitches in the system. But George has been ignored, and Say and Smith are being discarded—and progress consists in a pre-Smith, post-Keynes melange of cycles, epicycles, countervailing power and word-juggling.

How long, O Law?