

THE NEW INDUSTRIAL STATE,
by John Kenneth Galbraith.
Houghton Mifflin Co., New York,
1967. \$6.95.

Professor John Kenneth Galbraith, Harvard economist, has often demonstrated his genius for reiterating banalities with an eloquence that delights the literary critics. The reception of his latest work, *The New Industrial State*, by economists has not been quite so enthusiastic.

The main thrust is that technology has built the "technostructure" of large corporations which now acts with impunity to sell whatever it produces (using the fine hand of Madison Avenue), cooperates with Big Government (which in turn provides the purchasing power with which the masses buy) and generates all its revitalizing capital internally.

For the best possible operation of this system, Dr. Galbraith recommends central planning by an elite of intellectuals—presumably college professors of his choosing, although he doesn't quite get around to spelling this out. Many critics have driven verbal barages through the holes in this repetitive and over-long book.

Of particular interest here is a small section devoted to the problem of land usage:

"The most painful consequences from assuming the competence of the market," the author warns us, "are in urban and suburban housing, commercial and other real property development.

"In the slums, it has long been recognized, there is no socially useful market response. Rents, because of demand for space, tend to be at the highest level the traffic will bear. Being at the maximum, they will be no higher if the property is replaced, improved, or even decently maintained. The most profitable course is to minimize outlay and, where possible, to pack more people in.

"Commercial urban development is responsive to the market. But it is also responsive to the greatest opportunity for gain for the individual owner. This will frequently be inconsistent with the best economic opportunity for the community — a profitable slaughterhouse will have a more than offsetting effect on the earnings of an adjacent shopping center or the rents of an adjacent housing development. . . ."

There is much more of the same. But any student of the problem will quickly note this as glib distortion. Given free access to sites—with no encumbering taxes on improvements or speculative rent to pay—prime commercial or residential locations would be beyond the reach of any slaughterhouse operator. Similarly, the assertion that slum dwellings, free of building taxes, could not be replaced with structures equally free, that would earn far higher income, betrays either a lack of elementary understanding, a refusal to read history or at best a blind spot.

But the good doctor, while he might not see the symptoms clearly or diagnose the disease correctly has a solution. "There must be," he says, "public land acquisition wherever market influences are palpably adverse. Planning, which under urban and metropolitan administration will never be strong, will not then have to contend in each decision with the resistance of the market. . . . The proper instrument to urban and related land acquisition and administration is a strong planning, housing and development authority. . . ."

If one is willing to assume, as the professor does, that people don't know what they want and wouldn't know how to get it if they knew, then one might go along and say the strong hand of collective direction is necessary. But one has to muddle the facts, foil the operation of free market forces with inhibiting taxation and fumble freedom to arrive at such a conclusion.

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