

Richard Parker, *John Kenneth Galbraith: His Life, His Politics, His Economics*. New York: Farrar, Straus and Giroux, 2005. Pp. 820.

During my undergraduate days I was taught to despise John Kenneth Galbraith as the arch-enemy of those who believed in the free market economy and limited government. In fact, Galbraith embodied everything that was wrong with the “eastern establishment” of academics and intellectuals. But while my main economics professor in undergraduate school left no doubt about his judgment on Galbraith’s contribution to the field, he did encourage us to read Galbraith. My library to this day has almost a complete set of Galbraith’s paperbacks that were purchased as an undergraduate. Besides my basic education in the classics in free market thought such as Smith, Bastiat, and Mises, I read Galbraith. I must admit that I read works like *The Affluent Society* and *The New Industrial State* with an intent to indict rather than to learn. But I did study them.

When I headed off to graduate school I was asked immediately to prepare a paper responding to recent discussions in the professional journals. I headed off to the library and looked through the *AER*, *JPE*, and *QJE* but nothing caught my imagination. Just as I was about to leave the library, I looked at the *Journal of Economic Issues* and there was a long essay in it on John Kenneth Galbraith and in the article the claim was made that Galbraith had clearly defeated the economic ideas of F. A. Hayek. I was captivated by the argument in that paper, and though certainly not equipped to be a scholar of economics yet, I was in lawyerly mode and I decided to take on Hayek as my defendant and to make his case against the prosecution of Galbraith. After many revisions, and an entire shift in focus, this paper eventually became my paper assessing the commonalities and divergences between the Austrian School and the Old Institutionalists that was published in *Research in the History of Economic Thought and Methodology*.

I respect Galbraith's ability to write, and I respect his desire to see economic policy as a force for good in society, but I do think that his economics and his politics are about as wrong-headed as an intellectual can produce, except to be completely bonkers. I am telling the reader this upfront because Richard Parker's biography of Galbraith is both outstanding and hagiographic. There is no doubt that Galbraith lived a fascinating life, far more exciting than any other economists of his generation except perhaps Milton Friedman, and even there Galbraith's brush with politics with the Kennedy Administration gives him a dimension to his life story that Friedman does not have. Even if we include Friedman's intellectual sway in both the Nixon and then Reagan administration, he did not hold a public office the way Galbraith did.

Galbraith's ability to write as an economist, again only rivaled by Friedman, put him at the cutting edge of policy discourse from 1950 through the 1970s. So he lived a fascinating public life that touched on the major debates in public policy during the post-WWII period and through the social change of the 1960s and the crisis of confidence in the political system in the 1970s. But by the 1980s, Galbraith's influence was waning and that of Friedman's was on the ascendancy. When the real-existing socialist system collapsed in 1989 and then in 1991, Galbraith's influence as a policy economist was relegated to the past.

Parker makes the case, actually quite persuasively, that many of Galbraith's analytical ideas in economics are making a comeback in the name of behavioral economics. Man is not a lightning calculator of pleasure and pain (as Veblen pointed out), but instead are caught between alluring hopes and haunting fears, susceptible to pressures from peers and the institutions within which they act, and confused over

options they face and the best course of action which presents itself. The rarified neoclassical model of utility maximization and the mode of perfect competition cannot explain how man really acts or how markets function in modern society. Galbraith's work, Parker suggests, anticipated these modern criticisms of the model of man, and the model of the market.

That may in fact be so. Galbraith combined a smoothed over Marxism with a watered down Veblenianism, to produce a wonderfully readable critique of a certain rendering of the market society and offer a mild form of Keynesian socialism as a solution to the instability and inhumanity of modern finance capitalism. But there are alternative critiques of that neoclassical rendering of market society which neither Galbraith nor Parker consider in any detail. The dreaded F. A. Hayek, for example, did not rely on a model of man engaged in relentless maximizing nor of the market as ruthlessly efficient. But Hayek's work is nowhere engaged in a subtle way by either Galbraith nor Parker in this biography. It is Hayek who was haunted by Galbraith, certainly not the other way around (despite the gratuitous slaps at Hayek that one can read in Galbraith).

Parker wrote his biography from the point of view of Galbraith's obvious intellectual victory and thus the political tides turning against his form of Progressivism in the 1980s is a reflection of the world gone mad rather than Galbraith's arguments (and those of Marx, Veblen and Keynes on which his arguments were based) being proven wrong analytically and empirically. With such confidence of ultimate vindication, Parker writes a biography that sees Galbraith's contributions as unassailable and the ebbs and

flows of his intellectual influence as being an issue of politics and never one of the force of the argument.

Clearly Galbraith possessed a great skill to write essays in persuasion. These essays were especially persuasive to those untrained in economic reasoning, yet those desiring to offer opinion on economic policy. The claim that his ideas will have a lasting influence in economics must be judged to be dubious. First, his originality as an economic thinker is not obvious. His ideas are derivative of Marx, Veblen and Keynes and in a fundamental sense he did not advance the argument beyond where he inherited it from them. Second, his writings were directed at the general public more than they were his peers in the academy so that his economic history as well as his intellectual history work is quite suspect as exercises in scholarship and cannot withstand scrutiny.

Galbraith's lasting legacy will be in the idea of the economists as public intellectual. Perhaps no economists has ever been able to write better than Galbraith. Moreover, he was an extremely charming man. Several years ago, when the HES meeting were held at Babson College, Lawrence Moss arranged for me to sit next to Galbraith for dinner. I was a young upstart Austrian economists and I think Larry got a kick out of the idea of me sitting next to Galbraith for the evening. I have never been more taken with an individual over dinner conversation than the great John Kenneth Galbraith. I was regaled with stories of FDR, the Kennedy's (especially Jacqueline) and his debates with William Buckley and Milton Friedman. At the end of the evening it was me who was running to get coffee and Boston cream pie for Galbraith. He was a phenomenal dinner partner. However, it is important to remember that at that evening when he rose to address the History of Economic Society, he didn't address a concern

with the intellectual history of economics, but instead the importance of economic history as a discipline. I understand that Galbraith was a very old man at this time, but in a fundamental sense he just never got the idea of *economic scholarship* throughout his career. He got the idea of economic persuasion, and economic policy --- and with that political struggles in a democratic society. But he did not understand economic argument, institutional analysis, and empirical examination at a standard that would be acceptable to his peers. He was an economic journalist who happened to teach at Harvard. Galbraith was an extremely talented journalist, and obviously a very brilliant public intellectual. But he was a literary figure, not a scientific one.

Parker has written a biography of Galbraith without acknowledging this fact. So while Parker's biography is fantastic and comprehensive. Galbraith as a subject is outstanding because he was so involved with the history of American liberalism with FDR's "New Deal" to Johnson's "Great Society" --- and we cannot forget his fundamental place within the Camelot years of the Kennedy administration. Galbraith's personal story is also fascinating --- how a man from the rural origins of Canada could become perhaps the symbol of the urbane liberal intellectual in America in the 20th century is a fascinating tale to tell. But the ideas of American liberalism ran afoul of a refractory reality. The ideas of Marx, Veblen and Keynes were wrong when they were first articulated by those thinkers, and they were wrong in the derivative formation in the hands of Galbraith. The intellectual paradigm of Marx-Veblen-Keynes cannot understand why markets work they way they do, and they cannot understand why the policies of social control they inspire don't work as planned. The Marx-Veblen-Keynes agenda not only provides a bad framework for analysis and a poor tool for a policy of

social control, but when utilized as an interpretive framework it produces a distorted view of history. Galbraith embodied all three intellectual failings.

Despite the charm, despite the skill at writing, and despite his stature as a professor at Harvard, Galbraith must be judged to have been a brilliant intellectual failure. Parker is unable to see that. He has written as good a biography of Galbraith as any follower of Galbraith could have hoped for. It is well-written, deeply researched, and full of information which any reader will benefit from. What it isn't is a critical assessment of Galbraith the economists and his place in the discipline of political economy.

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