

**WITHOUT MARX OR JESUS:
The New American Revolution
Has Begun**

by Jean-François Revel
translated from the French by
J. F. Bernard

Doubleday, 269 pp., \$6.95

Reviewed by Robert Lekachman

■ The French journalist Jean-François Revel, famous in his own country as the iconoclast who dared to criticize *Le Style du Général* at the very climax of the Gaullist mystique, here enrolls himself among the optimists about the American future. [See prepublication excerpt from *Without Marx or Jesus* in SR, July 24.] His affiliation seems closest to such gentle revolutionaries as John Kenneth Galbraith, who expects the educational and scientific estate to transform both the experts and the technostucture which they administer, and Charles Reich, whose "better society" is certain to arrive quite soon as the simple consequence of the spread of Consciousness III from the young to the middle-aged.

Like them, Revel perceives American society as exceptionally open to non-violent but major change. Americans are blessed with a still vital tradition of freedom and human equality. Moreover, the governing elite is itself prey to increasing doubt about the viability of old customs and institutions. History, libertarian tradition, and advanced technology combine to equip America for revolution. The second American revolution, now in progress, builds upon the first one. It will create greater equality, a nearer approxima-

tion to social justice, and a society still more open to human yearnings than any preceding culture. Only in America (*pace* Harry Golden) can be found the simultaneous critiques of injustice, managerial waste, misused political power, cultural deficiency, and unduly oppressive civilization, which are the prerequisites of Revel's revolution.

An old-fashioned, nonviolent type myself, I prefer my revolutions to be courteous. Accordingly, I found Revel initially ingratiating. Unhappily, the reaction passed and was superseded by spreading skepticism. To begin with, Revel vastly underestimates the durability of American conservatism. Nixon's 1968 victory and the real possibility of a 1972 repetition are sturdy testimonials to the evocative power of a powerful American tradition of inequality. The frontier obsession with individualism, competition, and legitimization of the inequalities which competition fosters remains a force capable of swaying a nostalgic electorate. The considerable section of the American elite—the wealthy and the powerful—which is also moved by such symbols is, of course, the major beneficiary of the tradition and understandably reluctant to surrender its privileges. Conservative elitists, strong in the armed services, the judiciary, the Southwest and Far West, and in the Nixon White House, might resist violently any serious attempt to transform America into an egalitarian, socialist community.

What indeed is Revel's evidence that such a serious undertaking is in progress? The revolutionaries turn out to be an exceedingly mixed bag comprising women's liberationists, Naderites, environmentalists, New Leftists, admirers of cultural revolution, and advocates of Black Power. Are these the stuff of instant revolution? Often they seem to dislike each other rather more than they do the Establishment. Many blacks oppose the ecology movement out of fear that the slower economic growth its enthusiasts might stimulate would eliminate jobs for them. Male advocates of Black Power often unfairly stigmatize women's liberation as a hobby for underemployed middle-class white women. The lifestyle and the objectives of Nader and his co-workers are at sharp variance with Consciousness III. Nader and his followers are daily engaged in making American business conform to its oft-expressed ideals of product reliability and social concern. If the consumer movement succeeds, future historians will probably treat Nader, like Franklin Roosevelt, as the savior in his generation of capitalism. Old-style radicals focus upon the maldistribution of income, wealth, and economic power. New-style radicals appear more in-

terested in cultural freedom—sexual, occupational, temporal, and pharmaceutical.

One could readily go on, but I have no doubt said enough to convey my reluctant conviction that the ferment in which we subsist ought not to be confused with a revolutionary situation. Real revolution requires charismatic leadership and beguiling ideology. On the current scene is a motley assortment of leaders, endowed with varying degrees of charisma, and hawking social remedies based on sketchy ideology.

Nevertheless, Revel is fun to read. I for one prefer the French mode of unsupported generalization to the American tendency to overdocument obvious or trivial points. But Revel pleases rather than convinces. If it comes, revolution is likely, as in the past, to be more violent and less predictable than civilized souls like Revel may care to contemplate. Which may be why, on second thought, I'd just as soon not have a revolution.

Robert Lekachman is currently working on a study of President Nixon's economic policies.

**THE NEW INDUSTRIAL STATE
(Second Edition, Revised)**

by John Kenneth Galbraith

Houghton Mifflin, 423 pp., \$8.95

Reviewed by Robert Eisner

■ There is an old gag about each year's college examinations (probably not only in economics): the questions are always the same but the answers are different. The revised edition of John Kenneth Galbraith's *The New Industrial State* differs little from the original, which appeared four years ago. Various statistics have been updated and critical references to the Nixon administration and to the Vietnam War have been added, but the new edition gives few new answers. Should there be new questions?

Galbraith's original effort had a substantial success: week after week at the top of the nonfiction best-seller lists, a second long run in paperback, translation and attention throughout the world, use in countless courses in economics and in other social sciences. And well it should have. Economists usually communicate poorly with laymen—and frequently not very well with one another. They are often intellectual prisoners of the system they endeavor to explain, hopelessly bogged down in minutiae or far off in abstractions that are difficult to relate to everyday concerns. Like Marx and



—Matthieu Ricard

Jean-François Revel—among the optimists about America's future.

With our help these dolls are making a profit for these guys in Watts.

These guys help manufacture ethnic dolls for the Shindana Toy Co., a subsidiary of Operation Bootstrap. Shindana is a Swahili word meaning "competitor." Chase Manhattan Capital Corporation, a small business investment corporation, invested in this growing company and continues to serve as a financial advisor.

Shindana originally received a capital donation from Mattel, Inc., which then asked Chase to join in sponsoring the company. Chase Manhattan and the Bank of Finance, a black-owned bank in Los Angeles, arranged a favorable financing package.

The company makes several thousand dolls a week.

And sells to such chains as Sears, Roebuck and Co., Montgomery Ward, J. C. Penney, F. W. Woolworth, Alexander's, W. T. Grant, Korvettes, and a variety of big wholesalers.

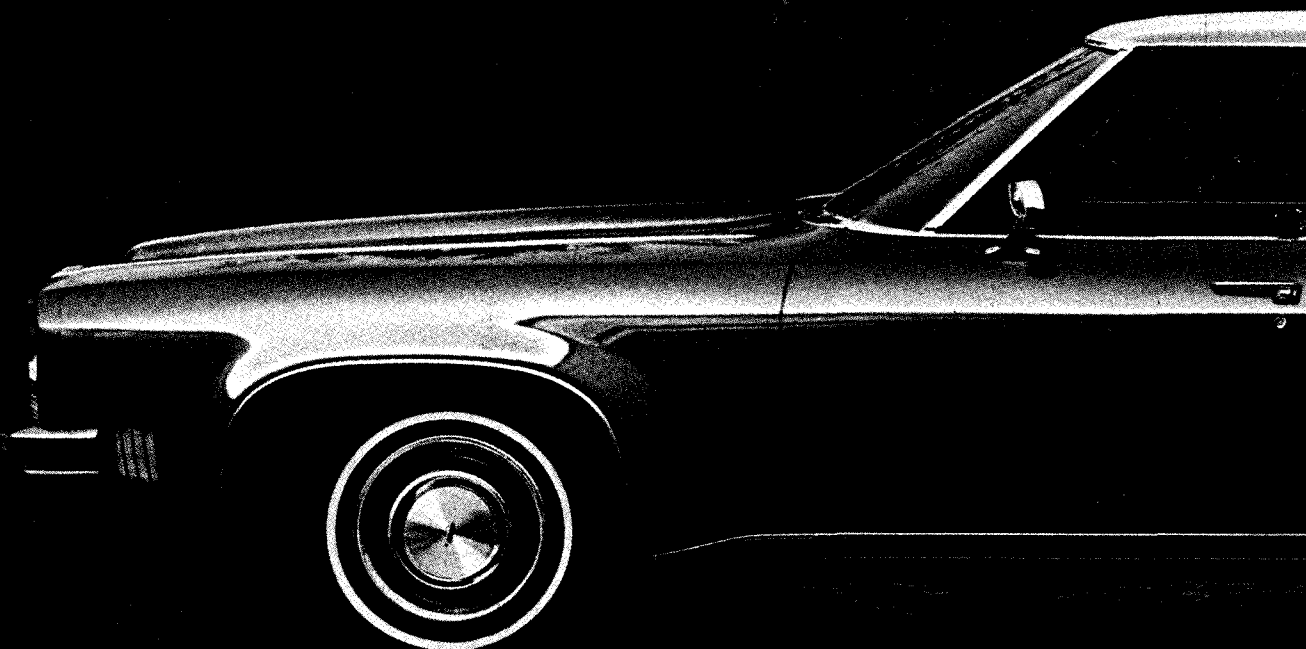
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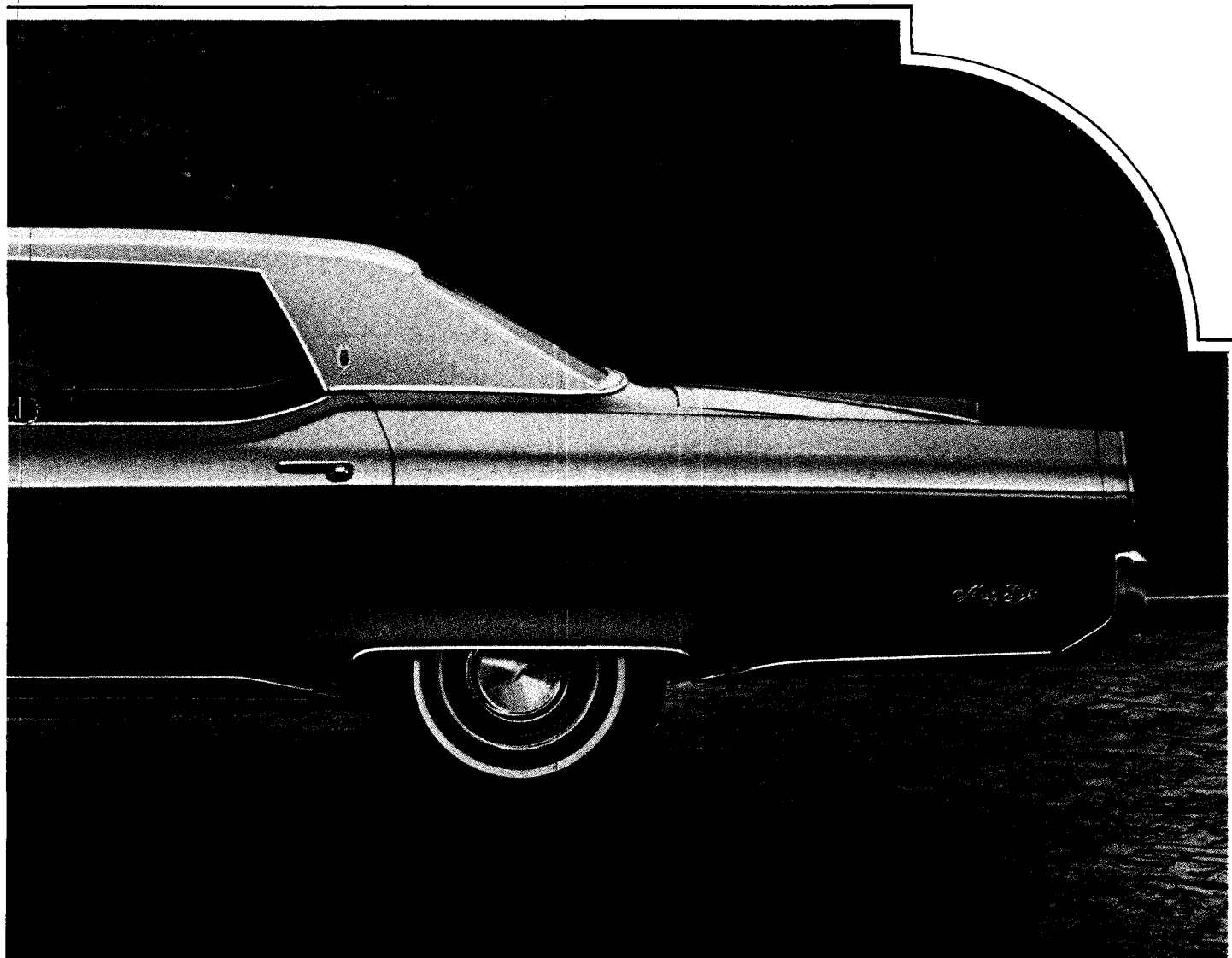
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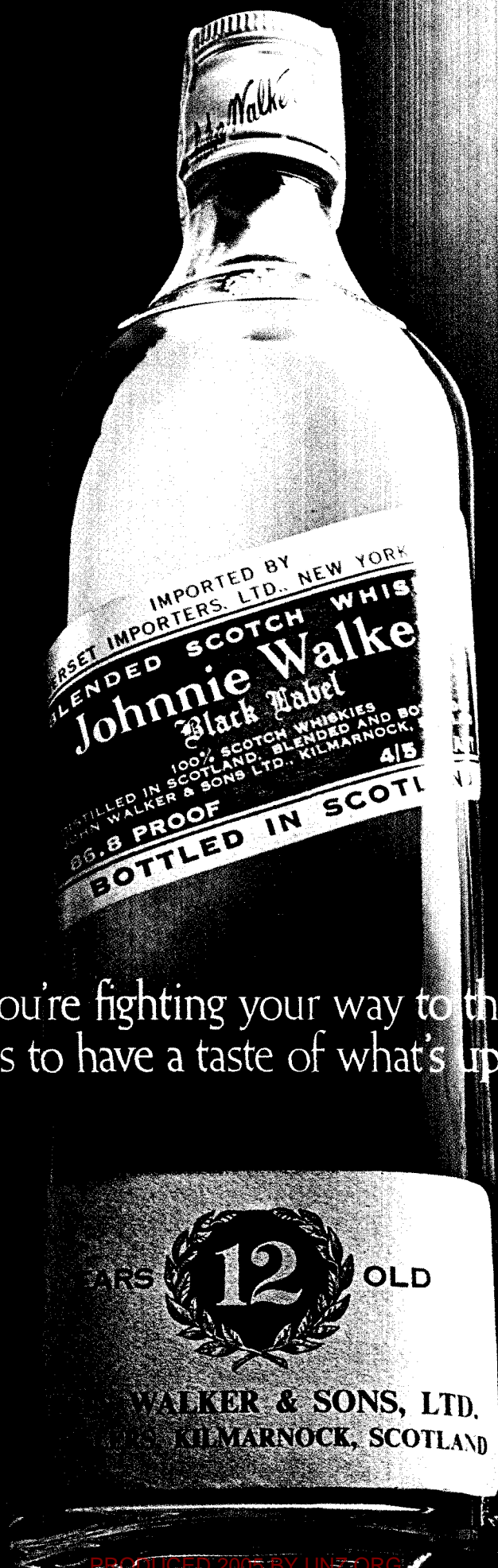
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Keynes and, more currently, Milton Friedman, Galbraith had something big to say, and he said it well.

The economy, Galbraith told us, has changed, although most economists refuse to recognize the change. And the path we have taken, unknowingly yet inevitably, makes all the difference. We are no longer a society of small, or large, entrepreneurs, blue-collar workers, and "Wisconsin farmers." It is no longer the capitalist who calls the tune, checked on occasion by a militant union or welfare-minded government. And, most important, the notion that the dominant, industrialized sector of the economy serves the consumer through the mechanism of a relatively free market is myth.

The development of modern technology, according to Galbraith, has profoundly changed the nature of the economic system. The "Accepted Sequence" by which the consumer reveals his preferences through his purchases and thus steers the economy does not now describe the most significant portion of reality. For the long-term commitment of skilled men and material, which is part of the modern process of production, requires elimination of the anarchy of market fluctuations and uncertainty that must result from the free choice of consumers. Rather, prices must be set at viable levels, and all methods of merchandising, advertising, and creation of demand, both public and private, must insure that appropriate quantities of goods are sold. In this "Revised Sequence" the large industrial firm decides what to produce, and the consumer follows its directions.

Keys to the advance of modern technology have been the tremendous investment and guaranteed demands of government—in space science, aviation, electronics, nuclear physics, and weapons. And, as with the private consumer, government demand has hardly been the free choice of the purchaser. Rather, it has been manipulated and jointly determined by the "technostructure" which has become our new ruling class. This has profound implications that go far beyond economics—to the question of our survival on this planet.

The technostructure "embraces all who bring specialized knowledge, talent, or experience to group decision-making." It runs the modern corporation and secures autonomy from those who would interfere with its pursuit of technological advance and growth in output. But, Galbraith insists, the technostructure is not the ownership and, given the necessary supply of capital, it is free from the need to maximize profit.

Discarding the assumption of profit maximization, Galbraith finds useless most of the conventional economic ex-

planation of the operation of markets and prices and the justification for competitive (or imperfectly competitive) capitalism. Jettisoned, therefore, are both a major amount of economic theory and what Galbraith takes to be apologia for the system. If consumers really are exercising their free choice, and manufacturers in the pursuit of profits are merely producing what the customers want, why object to poisonous cigarettes or murderous automobiles? Or to the missiles and bombers ordered by the biggest customer of them all?

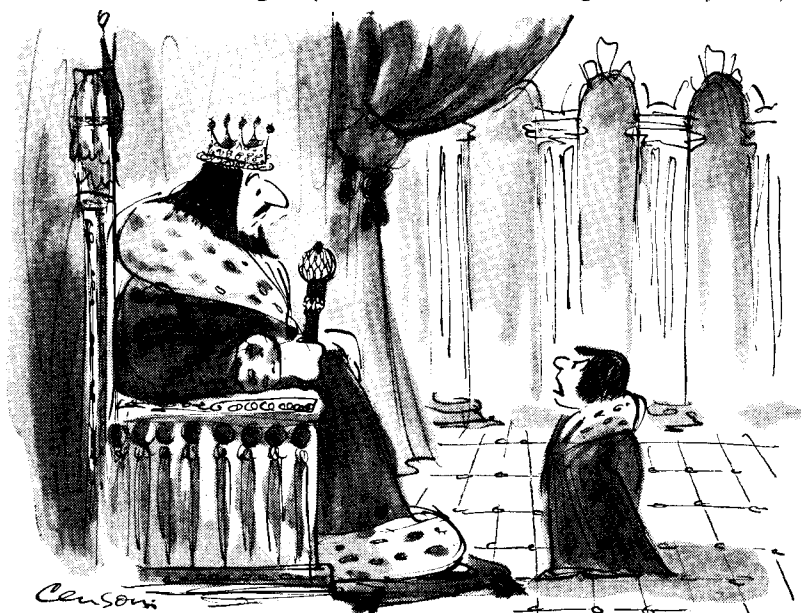
All economists recognize that anything approaching perfectly competitive markets is largely a convenient theoretical construct. Yet it is important to be reminded by Galbraith how far the system has moved, with industry after industry composed exclusively of or dominated by a few giant corporations. They clearly do much to shape our preferences for particular goods. Immune as the most sophisticated of us may think we are to the seductive wiles of Madison Avenue, the \$20-billion advertising industry may well be subverting the national consciousness, establishing our goals and our values along with our tastes. And a number of us have long felt that the military-industrial complex has made a frightening mockery of the notion of a sovereign national government.

But does Galbraith go too far? Some months ago, in his capacity as president-elect of the American Economic Association, Galbraith asked me to organize for our forthcoming annual meeting a session on macroeconomic policy—relating to the problems of unemployment and inflation—and suggested that I try to obtain a distinguished and effective spokesman for wage and price controls. I insisted that I could not find one among respected

economists, except for him. It may seem that Galbraith was prescient and I the stick-in-the-mud. Indeed, in a statement after the first enunciation of Nixon's new economic policy, Galbraith chided Secretary of the Treasury John Connally for remarking: "There are people in this country who call for mandatory controls on prices and wages. Dr. Galbraith is the leading disciple of this theory. This administration is committed to the opposite concept. . . ." Galbraith commented archly, "Damn it, John, prophet—not disciple," and suggested that the administration's misnamed "opposite concept" was "a long step in the right direction."

Galbraith is consistent, and he has been a prophet. The argument that prices are arbitrarily set, and inflated by large oligopolists who make use of essentially collaborative unions, comes through loud and clear in *The New Industrial State*. It is all the more pointed in the new edition. Here Galbraith remarks on "the antique market beliefs" of Nixon economists which led them to resist "direct intervention on wages and prices," and foresees with satisfaction their submission to the pressure for controls.

But in an eloquent recent contribution to the Op Ed page of *The New York Times*, Murray Rothbard declared that on August 15 fascism came to America. I winced a bit at the rhetoric, but winced more when President Nixon, in his Labor Day address to the nation, defended his wage-price freeze with an appeal to each American for "personal sacrifice" and "faith in his country." This does have a rather totalitarian ring about it (as did, I must confess, John F. Kennedy's famous "Ask not what your country can do for you; ask what you can do for your country"). Galbraith, along with many of us, com-



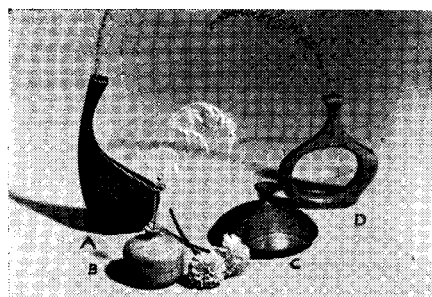
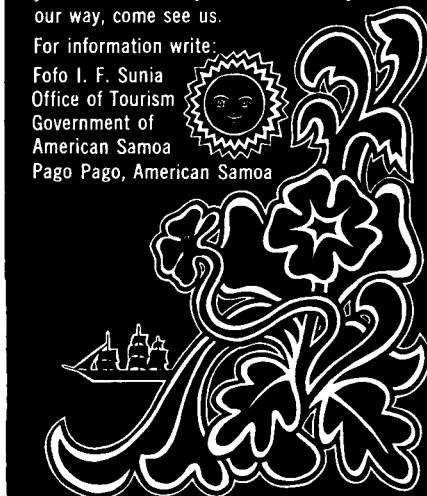
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plains at the clear big-business bias in Nixon's new economic policy—the huge proposed equipment tax credit to large, capital-intensive firms, the special aid for the giant automobile industry in the proposed repeal of the auto tax, the general protection for American industry in the 10 per cent import surcharge, the opportunity for large gains for profit-makers and stockholders. But what should Galbraith have expected in view of his own compelling arguments on the inextricable interweaving of the mature corporation and the State? Is the moral of all this that we should turn over more power to the government? And will democracy and justice really be served if George Meany's belated protests are heeded and tripartite boards of government, business, and labor set the terms of the transactions by which we work and live? I seem to recall that tripartite boards of this type were indeed the hallmark of Benito Mussolini's overhaul of the Italian economy a few decades ago.

Perhaps the economics profession and political practitioners, while heeding much of what Galbraith has been telling us, should not abandon certain well-prepared positions and insights. Virtually all that Galbraith observes in the modern economy can be explained in terms of long-run profit maximization, with due attention to the costs of risk and uncertainty as well as of obtaining information. The thirst for profits and capital gains—and fears by workers of losing their jobs—may still go far to explain the persistent and renewed drive for ever-increasing expenditures for armaments and the reluctance to abandon the hot and cold wars that justify them. But, imperfect as the mature giants of American industry have made American markets, it remains government itself—admittedly at their bidding—which has contributed mightily to these imperfections.

It was the government that most recently provided the mechanism to sustain a high-cost, inefficient operation in Lockheed which the market, however imperfect, was not ready to sustain. It is the government which arranges quotas to protect giant producers of steel and petroleum from the effective competition they might receive from abroad. It is the government that, as often as not, keeps up rates in airlines and other regulated industries, so that we enjoy neither the lower prices of "cut-throat" competition nor the rationalization which might accompany nationalization and centralization. And we had no inflation to speak of (less than 1.5 per cent per year from 1948 to 1965) until escalation of the government's venture in Southeast Asia. (This country has never in

modern times known serious inflation except during war or as its immediate consequence.)

Conventional economic theorists, who may be pretty liberal or radical in their politics, do see a major role for government within the confines of our imperfectly competitive economy. There is huge investment to be undertaken in public goods, in human capital, in health, in saving our cities, and in protecting our environment and natural resources. Galbraith is certainly one with the rest of us on this, and has again been a prophet in portraying these needs. But they can be explained and justified within the framework of a competitive economy and conventional economic theory. The competitive profit-making entrepreneur does not normally have much incentive to look after the education and health of his workers; they are, properly, not his slaves and if he invests in their human capital, they can well take their capital elsewhere. Similarly, government intervention is necessary to discourage, or force compensation for, the "external diseconomies" which competitive producers might otherwise inflict upon the environment and all of us who live about them. That can and should be handled by proper combinations of government taxes, subsidies, and direct investment.

But this is not the path for making the new industrial state the executive committee of the economy. If that is where Galbraith's penetrating, eloquent, and witty analysis is taking us, he and we might well pause.

Robert Eisner is professor of economics at Northwestern University.

WIT TWISTER #237

Edited by ARTHUR SWAN

The object of the game is to complete the poem by thinking of one word whose letters, when rearranged, will yield the appropriate word for each series of blanks. Each dash within a blank corresponds to a letter of the word.

Like one of Queen Mab's — — —
—, the airplane came,
High soaring even as its engines died.
In silver — — — — it fell, to crash in flame
And etch that — — — — along the mountain's side.

—A. S.

(Answer on page 74)