
Galbraith Gives Memorial Lecture

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At the second John P. Mackintosh Memorial Lecture, given at Knox Academy last Friday evening. Mr Arthur Greenan, chairman of the John P. Mackintosh Memorial Committee, welcomed an audience of 789, who had gathered to hear the world-famous economist Professor John Kenneth Galbraith.

In the audience were members of the Mackintosh family, and the present Member of Parliament, Mr John Home Robertson.

After the death of John Mackintosh, his constituents in Berwick and East Lothian and his colleagues at Edinburgh University got together to set up the memorial lectures, to be held alternately at the university and in the constituency. The first was held at the university last year, when Ralf Dahrendorf was the lecturer.

Professor Galbraith was, according to the chairman of the lecture committee, Dr Henry Drucker, the unanimous choice of the committee for this year's lecture — a fact which Professor Galbraith said pleased him, for he had had no dissent in accepting!

The previous evening, Professor Galbraith had addressed the Parliamentary Labour Party, who also cherished memories of John Mackintosh, and who sent their greetings to the constituency.

Professor Galbraith said that there were very few countries in the world whose economies were going well. Problems faced the governments of both the socialist and the capitalist world. "Economic trouble is no respecter of political ideologies," he said, adding that in some ways that was not a bad thing. "If that were not so, there would be tensions."

There was, he believed, something which explained the trouble — a shift from the market economy to organisation. The market economy was studied and described by Scotland's Adam Smith, author of the "Wealth of Nations" published in 1776, and its workings were well understood. But since that time the flexibility of the market has been superseded by organisation in both the socialist and non-socialist worlds.

"Unfortunately," said Professor Galbraith, "politicians tend to ignore this shift and pretend it hasn't happened." The change from free market to organisation is inevitable when much capital investment is needed. For example, oil would never have been got out of the North Sea by small firms as described in the "Wealth of Nations".

"Organisation begets organisation" claimed Professor Galbraith. "The control exercised by OPEC replaces the market in oil, and there is a move to conserve energy. In the United States, there have arisen substitute energy czars." (A word, according to the professor, more democratic than "planner").

"There is much discontent with bureaucracy on all sides. Conservatives look with unease on public organisations, while socialists look with unease on great multinational corporations.

"With the ageing process in all these organisations comes intellectual stultification which is apparent in both East and West. The economic problems associated with this cannot be cured by monetarist policies, which work only in a market economy. In an organised economy, reduced demand brings reduced employment. The established macroeconomic policies do not arrest price increases, but lead to continued unemployment and increased inflation of 'stagflation'."

The monetarism which is so readily embraced "does not serve", said Professor Galbraith. "If Milton Friedman's magic worked, it would be working somewhere in the world," he declared. Given that the free market no longer exists, there would have to be a policy for incomes and prices, though "none should doubt the difficulty in resolving the conflict."

Organisations must be restrained by governments, and problems of morale and motivation be examined when market forces on pay no longer applied, said Professor Galbraith, though he warned that it requires thought — "in economics and politics, a painful thing."

He concluded by hoping his audience were wiser "though there can be no doubt in anyone's mind you are a great deal older."

Thanking Professor Galbraith for his lecture, Dr Drucker said he was sure things would be better if the Prime Minister listened to him, to Harvard rather than Chicago.