

Galbraith for a New Century

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Thanks in no small part to Franklin Roosevelt and John Maynard Keynes, and their creation of a large public sector whose taxing and spending restored growth and employment, and thereafter stabilized the ups-and-downs of the business cycles, a new era of “markets” and “macro-managed capitalism,” emerged at the end of the Second World War. But by the mid-1950s, when John Kenneth Galbraith came to global fame, the new era faced daunting challenges. The challenge that most concerned Galbraith lay at the boundary between conventional politics and economics - and it came home in the 1960s in the form of the War in Vietnam.

After World War II, the US had adopted “Keynesian” policies but of a very particular kind: over half of all federal spending was for the Pentagon. The size of the spending helped the economy through repeated recessions, but the nature of the spending meant that more and more weapons - Armageddon weapons - were being created, along with powerful men who were in fact willing to use them.

Galbraith began warning President Kennedy of the dangers Vietnam posed in the summer of 1961, before the first US troops were dispatched there. Kennedy heard him, and amazingly agreed with him, but was in a sense boxed in by the near-unanimity of his top advisors that Vietnam was a place where the US must “take a stand.” Through recently declassified State and Defense Department documents, I was able to learn just how in tune JFK was with Galbraith’s warning. The two men understood that this was no mere “foreign misadventure,” but could become a quagmire that would not only blow back to the United States, but destabilize its economy, de-legitimize the Democratic Party, and ultimately destroy the confidence of the American people in government itself.

What these new documents make clear is that by the spring of 1963, after barely avoiding nuclear war in the Cuban Missile Crisis the previous fall, Kennedy was ready to act decisively. He ordered the Pentagon to prepare removal of the few thousand US troops JFK had reluctantly authorized, with the final withdrawal immediately after the 1964 presidential election. Kennedy assumed he would face - and defeat - Senator Barry Goldwater that fall, and didn’t want to be “red-baited” by the hawkish Republican during the campaign. To make sure the Pentagon knew he was serious in his intentions, he ordered that the first troops be brought home in November 1963 - the month he was assassinated in Dallas.

In the forty years since then, a new conservative revolution has emerged, committed to tearing down the world that Galbraith and Kennedy hoped to build. But to Galbraith, this revolution has failed the US twice over - and made the fundamental imbalances in US politics and economics worse, not better.

Promising fiscal responsibility and balanced budgets, the right-wing Jacobins have given us neither. Affirming the virtues of smaller government, they made government ever larger. In fact today, government is a greater share of GDP than it was under Kennedy or Johnson or even Roosevelt (save for the four years of World War II). What they have given us is the most economically unequal country in the advanced world, the greatest public and private debt in our history, the longest working hours and poorest benefits - and now a war in the Middle East that bore, to Galbraith, all the hallmarks of the Vietnam War he and John F. Kennedy had sought to avoid. (It was after all Galbraith who contributed to Kennedy’s famous Inaugural Address the memorable line, “We must never negotiate out of fear, but we must never fear to negotiate.”)

Galbraith is gone now; but the principles, the values he stood for, oftentimes by standing apart from liberals and conservatives alike, seem in this new century more relevant than ever before. “Who will take his place?” is a question I’ve been asked repeatedly over these past few days.

My answer is, “Who first is ready to listen?”

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