
introduction

As a group, economists are slightly more entertaining than bankers and a trifle duller than lawyers. The excuse for perpetrating an entire volume about their shortcomings is only this: when respectable economists are wrong en masse, other people usually suffer the consequences. The economists who encouraged Richard Nixon in early 1973 to dismantle a comparatively effective set of wage and price controls neither expected nor desired the price explosion that immediately followed this dash for freedom. That explosion, however, was the pretext for the Nixon-Ford actions which deliberately deepened and prolonged the 1974-75 mini-depression. Various people, most of them black, poor, female, or young or sufficiently unfortunate to combine in themselves several of these attributes, lost employment and income because reputable economic advisers urged

a pair of conservative presidents first to restore "free markets" and then to counter the inflation which this action stimulated with high unemployment.

At no point were the economists either prescient or helpful. When President Ford, fresh to his great office, summoned a horde of economists to a Washington summit conference in September 1974, none of those assembled warned of the sharp collapse of production and employment which began almost as soon as they left town. It was then easier, accordingly, for Mr. Ford to persist in the folly of asking for higher taxes instead of lower taxes and more federal spending, just as though inflation were the country's major problem.

It is not surprising that an intensely conservative soul like President Ford has fretted more sincerely about prices than about jobs. But the economists did give the president's choice of priorities the seal of professional approval and frightened Congress away from adequate job-creation legislation. Public acquiescence in the economy's worst slide since 1937 is explained in part by the suddenness of economic calamity. Supplementary unemployment benefits, unemployment compensation, and food stamps cushioned the shock of layoff for many of those affected. It is likely all the same that if mainstream economists had more quickly agreed that unemployment was a more serious problem than inflation, liberal and moderate congressmen would have been encouraged to press more stimulative spending and tax reductions upon their colleagues and the president than they felt politically safe in doing.

The world is full of happenings which defy prophecy: OPEC, revolution in Portugal, oil in the North Sea, to cite three at random. No one is likely to be invariably correct

about the future whether he relies upon giant computers, intuition, or astrology. However in recent times economists have been so seldom correct that the suspicion is abroad in the land that something must be seriously awry with economics itself.

I share the popular suspicion. What follows is an attempt in chapter 1 to sketch in broad strokes the current condition of economics as a policy science. The next chapter is devoted to recent blunders in the management of inflation and unemployment. Chapter 3 explains how innocent young people of good character and decent mental capacity nevertheless become economists. The succeeding two chapters deal respectively with large corporations and trade unions, two important institutions which economists, handicapped by their training, have seldom adequately interpreted and never incorporated fully into their theoretical models. Chapter 6 harks back to better days when economists spoke in mighty voices on topics larger than the outlook for the first quarter of the New Year. I suggest that Adam Smith, Karl Marx, Thorstein Veblen, and John Maynard Keynes have important things to say even in the 1970s to the holders of doctorates in economics who have never been required to read them. My concluding chapter argues that economics will never return to its former glories until economists take their courage in both hands, retreat from their inconsequential roles as "neutral" technicians, and once again act like social scientists in search of understanding and social change.

Economists are no worse than other people. They have livings to earn, children to educate, mortgages to pay, and promotions to seek. In the 1950s when the world was quiet, Eisenhower the Good benevolently reigned in the White

House, and the writ of American imperial power ran without effective contradiction throughout the "free world," the errors of economists were trivial matters. Our days are different and more dangerous. Daring is called for, not intellectual timidity. Ours is a universe of shrinking resources, teeming population, and incessant conflict within and among nations.

I never thought that economists would save the world, but they may yet help preserve it from total disaster. The diseases of economics are not terminal. There are signs of self-renewal. J. K. Galbraith has declared himself a socialist. Wassily Leontieff, a Nobel Laureate, travels the land extolling the merits of democratic planning. The Union for Radical Political Economy enrolls a growing percentage of graduate students, young economists, and even a few middle-aged fellow travelers. Other dissidents in the Veblenian tradition operate the Association for Evolutionary Economics. An occasional Marxist even secures tenure.

I hope that this book modestly contributes to the discontent of economists with their own subject. The emotion is entirely healthy.