

Leontief left Harvard University after 35 years. He and his wife Estelle now live in New York City, where he directs the Institute of Economic Analysis at New York University and finds time to enjoy art, philosophy, and music.

### *Task*

1. What has W. Leontief spent his life for?
2. What were the reasons to leave Russia?
3. How did intellectual atmosphere in Berlin differ from that of Russia?
4. Describe the period of his life in the 30s.
5. What did input – output table show?
6. How did this table help to anticipate future economic development?
7. Explain the meaning of the emphasized words.
8. Discuss the text together with your groupmates.

## **3.15. JOHN KENNETH GALBRAITH (1908-1999)**



At the age of 32, John Kenneth Galbraith held one of the most powerful positions in the United States. As deputy administrator for the Office of Price Administration during World War II, he set the price of virtually every goods sold in the country.

Recalling those days, he once remarked, “ I reached the point that all price fixers reach – my enemies **outnumbered** my friends.”

Galbraith was born on the 15<sup>th</sup> of October, 1908, on a live-stock ranch near Iona Station, Ontario. The only son of William and Catherine Galbraith, his days were filled with ranching chores, which he detested. His father, a man of strong political **convictions**, gave **rousing speeches** in support of the Liberal platform, and from him John Kenneth Galbraith learned a sense of civic responsibility.

After graduating from high school, he enrolled in Ontario Agricultural College, where he studied **animal husbandry**. He completed his undergraduate work at the University of Toronto, and traveled to the United States to do graduate work at the University of California, Berkeley. There he grew interested in the field of economics. It was the height of the Great Depression, and Galbraith along with many other students, spent much time debating ideas for rescuing the world’s economy.

After receiving his Ph.D. in agricultural economics in 1934, Galbraith went on to teach economics at Harvard University for several years, until Princeton hired

him as an assistant professor in 1939. World political and economic conditions provided an exciting intellectual challenge for the young professor. The U.S. economy was slowly recovering from the greatest collapse in its history and Europe was caught up in a World War. As the United States was ready to aid the Allies, Galbraith took part in these effort.

In 1940 he became an economic advisor to Chester Davis of the National Defense Advisory Committee. The Office of Price Administration hired him the following year as an assistant administrator of prices. By 1942, Galbraith was in charge of the administration of prices for almost everything sold in the United States.

Galbraith left his government position in May 1943 and in 1949, after working as a consultant to other federal agencies and serving on the editorial board of **Fortune** magazine, returned to Harvard as professor of Economics. Since then his brilliant, witty, **acerbic** prose has made him one of the most widely read economists in history.

In his first critically acclaimed book, **American Capitalism: The Concept of Countervailing Power**, published in 1952, Galbraith began his famous attack on the dominance of large corporations in the American economy. In 1958 he published **The Affluent Society**, in which he criticized what he called the “frivolous” abundance of consumer goods in the American economy – an economy that was allowing public services to decline. Rather than waste our wealth on **trivial** consumer goods, Galbraith argued, we should put more money in the hands of the public sector, which would provide for “genuine” needs: housing, environmental protection, education, health care, and support of the arts.

The third book in his trilogy, **The New Industrial State**, published in 1967, argued that giant firms are able to manipulate consumer demand. Rather than producing goods that will increase consumer **well – being**, large corporations produce goods that will increase revenues – and then convince consumers that these goods are **worth – while**. Galbraith also advocated increased public -sector involvement in setting wages and prices and recommended a critical approach toward the military – industrial complex.

Despite their popularity, Galbraith’s theories remain **controversial**. His insistence on increased public control on the economy runs counter to the mainstream economics, which **extols** the virtues of the free market. Many economists argue that Galbraith’s interpretation of the facts **distorts** the overall economic picture in support of his own theories.

Right or wrong, Galbraith is widely known and his books and articles are influential. His life – style has always been highly visible; he served as ambassador to India under President John F. Kennedy, appears often on television, and has written many articles in popular magazines and a number of trade books, including an autobiography and a fascinating history of the great Wall Street crash in 1929.

John K. Galbraith died in 1999.