

## **Interview with economist John Kenneth Galbraith**

Mr. Galbraith worked at the U.S.D.A. while Henry A. Wallace was Secretary.

Interviewed by Jack Shepard, May 22, 2003

**Q:** Tell me what attracted you to agricultural economics?

**Galbraith:** I was born on a farm in southern Ontario. My father was a very successful farmer. That started me in that business. I went on to study at a college of agriculture, OAC, Ontario Agricultural College in Canada and then on to study at Berkeley. It all dated back to that farm in Ontario which as we speak, last week, had a big celebration in my honor and built me a monument seven feet high!

**Q:** What brought you to the USDA? What was your job at the USDA?

**Galbraith:** After I graduated in Canada I had a scholarship at the University of California, a fellowship. After a couple of years there I took my Ph.D. exams and got a Ph.D. in 1934. And for a year I had been teaching there and got a job offer from Harvard. My dean at California said, "Take it, Galbraith. We can't meet that." And so, that summer of '34 I made my way to Cambridge, Massachusetts by way of Washington. And these were, of course, in the great moments of Henry A. Wallace, because much of Washington centered on the agricultural program. And I arrived one day, was taken on for a very important job the next day. Nobody asked me was I a citizen, which I wasn't, and I spent that summer working for The U.S. Department of Agriculture and indirectly for Henry Wallace.

**Q:** Tell me what about Henry Wallace made the USDA the organization it was.

**Galbraith:** Well, I had a rather special assignment. At that time the northern part of Minnesota, Wisconsin, Michigan and great areas in the South were tax delinquent. The idea had come up -- originally, it was said, from Rex Tugwell -- that you would do a major relief job and do great things for the country by taking over the tax delinquent land, consolidating the acreage, and turning it all into a national park. And I was given the job of identifying the possibility, going out there and seeing how the ideas took and becoming the spokesman for the enterprise.

**Q:** With your fellow employees you would discuss the kind of policy that Wallace was putting forth. Is that what the discussions were about?

**Galbraith:** Very much. I think it's fair to say that we had that discussion every evening and every morning for breakfast. The logic of that whole operation in history has been made more complex than it was. The problem of agriculture at that time was quite simple. It was over-production. People could get employment in agriculture, could grow crops without regard to price because they got some money instead of additional return. And so agricultural production continued very strong. And farm income fell precipitously. And the essence, therefore, of the problem was to get some control on production. And it's not often in economics that there's been a problem with such a clear, inescapable conclusion. And that was what the AAA proceeded to do along with supplementary operations. What I've just described didn't work very well for poor tenants in the South. And there was a special program for tenant farmers, particularly there. And there were other adherent programs, but the essence of the Henry Wallace assignment was very straight forward and in some sense almost inevitable.

**Q:** If it was so evident and almost inevitable, why did it take someone like Henry Wallace to get it -- and FDR of course -- to get it into action?

**Galbraith:** The answer is very simple, the preceding administration believed that a combination of daily prayer and good attendance through business was all that you needed to have for a recovery. And it's fair to say that -- except for some relief operations -- Henry Wallace and FDR inherited a clean policy sheet. If you want to have a reform program and have it accepted and do the obvious things that are called for,

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you couldn't have better predecessors than Herbert Hoover and Calvin Coolidge. And this isn't a recent discovery of mine. That was how we felt all the time.

**Q:** They say about Henry Wallace that he was an experimenter. He wasn't afraid to try new things. He was the kind of person that would not accept the common wisdom. Did that attitude filter down through the ranks at the USDA?

**Galbraith:** Oh, very much. We felt that we were the most innovative and necessary people and possibly also the best educated in the whole country and the whole world and that was an attitude that was protected by the fact that we were working for Henry Wallace.

**Q:** It protected you. Tell me about the excitement of being at the heart of the New Deal programs. You were really what was happening, the most important parts of the New Deal.

**Galbraith:** It was absolutely wonderful. That was the most exciting summer I ever spent and the memory of it is still strong in my mind, including some things that are not so attractive. We had an enormous sense of our self-importance. We had enormous sense of the privilege that so rightly was on our shoulders. If anybody had come to be acquainted with us from outside and without our commitment they would have certainly found us a most wonderfully disagreeable group of people.

**Q:** But that's important in doing a good job is to believe in what you're doing.

**Galbraith:** Oh, there was no doubt that we believed in what we were doing. But what was much more important, we believed that we were the chosen of the whole republic.

**Q:** That's great. Do you have personal memories about Henry Wallace? Did you know the man or are there anecdotes that you can tell us about?

**Galbraith:** Well, at that time I saw relatively little of him. I was a Wallace man and a Tugwell man. I was proud of my association with them, but I saw relatively little of him outside of formal department occasions of one sort or another. But there was a feeling, and I stress this, through the whole organization, that he was a man of good central purpose, good humane purpose and that he was open to any relevant good idea and some others too.

**Q:** Did you have any of those ideas that found their way to Henry Wallace and he put into effect?

**Galbraith:** Oh very much, most of them picked up from the department. The ideas, for example, for special problems of the South, special measures needed for Southern crop tenants and my own concern with the tax-exempt, the tax taken land, things of that sort would get a favorable hearing from H.A. as we called him.

**Q:** As you look back, what does it mean to you to have started your career at the USDA under Henry Wallace?

**Galbraith:** That was really quite wonderful. Working for the USDA gave me the impression that all other parts of the government would be as learned and as cooperative and committed. The AAA was taken over by land grant college leaders. They were a very good group of people in the public interest. And I continued, maybe to this day, to think of the federal government in those terms. I'm not talking about the leadership. I'm talking about the rank and file of public servants. When I left Washington that autumn to come to Harvard I was given something that I never imagined anybody could have -- a little

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book which allowed me to take out a ticket and travel free on the railroad anywhere in the United States. This was slightly before air travel and that meant that every Friday afternoon, when I had finished teaching at Harvard, I would go and get on the federal express evening train to Washington. There would be another staff meeting on the train because there would be several of us New Dealers going down to reconnect ourselves with the federal government. And that experience plus the quality of the people who were working is something that has been with me all my life.

**Q:** What do you see as Henry Wallace's most important contribution?

**Galbraith:** Oh, there's no doubt about that. His most important contribution was the open door to ideas and policy. His thinking extended to any related problem and particularly to any related remedy. And this was something which was both a great advantage and at times a possible disadvantage. In later times it connected H.A. with some very improbable designs and solutions. But it was irresistible in his commitment for whatever might be needed.

**Q:** I read that Franklin Roosevelt had a very high level of confidence in Henry Wallace.

**Galbraith:** Oh sure, that was related to two things. First, Wallace himself, there's no doubt about that and the relative success of the farm program and the quality of the people, I don't include myself, who were brought into Washington on the farm program. That was one thing. The other thing was that Roosevelt had to deal with quite a large number of people whose enthusiasm far exceeded their competence or their personality. Therefore, Wallace was a solid source of good work and good service along with more than a handful of others. That marked him as a really good servant of FDR. And FDR liked somebody who was a faithful ally.

**Q:** Tell me why it was important to address the agricultural depression with government policies.

**Galbraith:** No question about that. As compared to now, agriculture was a central industry. The United States was an agricultural country and therefore the political anxiety and concern and depression of the farm population was equal to that for the country as a whole.

**Q:** So went the farm economy, so went the nation?

**Galbraith:** That's a good way of putting it. I would put it a little differently. As the Depression hit agriculture it was deemed to have hit the country almost as a whole. It was the center of economic distress. There were problems in the great cities. WPA, PWA, in response to urban unemployment and much else. But agriculture, in those days, was the center of the picture. Those of us who call ourselves agricultural economists, as I did, took upon ourselves a special importance for our relationship to the key problem of the time.

**Q:** So, that was one thing that drew you to agricultural economics is that it was very important, it was a very important field?

**Galbraith:** Oh very much, when I decided to stabilize myself in academic work, agricultural economics was the centerpiece, even at Harvard. And certainly at Ames or anyplace else like that. So, it was a natural attraction for people of my generation. I have been, for around half a century, the only member of the Harvard department of economics, most of that time, not all of it, without a degree in economics. My only degree is in agricultural economics.

**Q:** So, how do you assess the success of the New Deal agricultural programs?

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**Galbraith:** Two things, first there should be no doubt about it: Henry Wallace, Rex Tugwell, HR Towley and a handful of others. It had superb leadership. I choose that word carefully. And this meant that it proceeded effectively on the problems that it was given to deal with. Agricultural income doesn't strive, but the disasters dropped, came to an end. There was at least hope. That was what focused attention on Wallace and focused attention on agriculture, on the Department of Agriculture and the people who were there.

**Q:** I saw some film of him late in his life. Edward R. Murrow was interviewing him at Farvue, which was his home up in New York State, and he said one of his proudest accomplishments was the ever-normal granary - the system of easing the ups and downs and the supply of grain.

**Galbraith:** Well, that was certainly an interesting thing, but it was a great oversimplification. There was a whole range of achievements. The central one was eliminating the over-production. The ever-normal granary idea assumed that they would send a compensation and increase production and well being if the crops were allowed to flourish. Actually, it was the over-production on which the problem centered.

**Q:** Do you believe that some of the New Deal, or maybe very much of the New Deal philosophy is still with us as far as agricultural policy is concerned?

**Galbraith:** Well, two things, I haven't been as actively close to agricultural policy as I once was. But I'm an observer and an interested observer, and I would say that the whole shape of it has changed a lot. The problem of balancing supply with demand can still exist but the one thing that was so important in the Depression was the pressure of people in agricultural and agricultural employment as a source of income is no longer nearly as strong as it then was.

**Q:** Many people mention Henry Wallace's name to this day, they will say, "Oh, you mean the Communist?" Or, "Oh, you mean the Socialist?" Do you think that Henry Wallace was a Communist?

**Galbraith:** Well, Henry Wallace certainly was, I mean, he was a capitalist. He made lots of money from hybrid seed corn, a company that is going strong today. It seems odd to me that so many people thought that he was such a threat to the American way of life. I mean, I think there were a large number of people that thought he could be a threat. But one should always be wary of the tendency to classify people in accordance with one or two ideas. But there was a lot of that going on in the early '50s. I mean, even Henry Wallace himself went before the House of un-American Activities Committee to defend himself against charges that he had done things that were unpatriotic.

**Q:** You were obviously aware of those things going on, what was your reaction to that?

**Galbraith:** I was aware of it but I didn't take it seriously. The House Un-American Activities Committee which had a very low level of esteem could get Henry Wallace to testify. It could only enhance his stature. And I think that was the way I felt at the time, but I paid very little attention to it.

**Q:** That's interesting. I think many Americans are still drawn to the McCarthy era, that it was a very dangerous time for the United States.

**Galbraith:** If you unfolded the whole McCarthy era, looking back on it, I think that we had a tendency of exaggerating the menace. Joe McCarthy was a man who in an incredible way seized on the opportunity of beating one part of the population, hailing them as dangerous Communists. But it was a passing episode. Joe McCarthy has very few continuing admirers, and one can marvel at the noise he made then

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without ever thinking now that it would matter so much.

**Q:** This is my attempt to analyze this from an economic viewpoint. But Wallace favored a closer, more cordial relationship with the Soviet Union after World War II.

**Galbraith:** So did I.

**Q:** From what I remember of economics, there seems to be huge opportunity costs that might have been available had we not been in such an arms race. Had so much money not been spent counteracting each other's power and using that to better Third World countries perhaps, it might have been a different world. Do you want to comment on that?

**Galbraith:** I think that's a big undercurrent of error there. I think that omits something which even today is important. That is the political and economic gains that are associated with the arms industry, with arms development. Today even with something so improbable as missile defense and the money that is made and the positions that are created. That was the motivation at that time. Certainly there were people who feared Communism, but there were also more influential people who were rewarded by the resulting arms expenditure. I'm an economist and I may exaggerate the role of economic motivation but not there. I think the economic motivation is still very strong.

**Q:** Might we have created more customers for the United States in the long run had we improved the economies of poor countries?

**Galbraith:** The customers of the United States are forthcoming only from people who have money to buy things, and that depends on the prosperous relationship in trade with the United States. It also depends, and we must not forget this, on help that we, a rich country give to other countries.

**Q:** In conclusion, what can you tell me about Henry Wallace?

**Galbraith:** Well, he was certainly one of the greatest figures of the last century. There should be no doubt about that. He brought the subject matter of science, the subject matter of political theory of politics, a whole range of ideas into public discussion. I can't think of anybody who did it more successfully with more practical effect. When I first became aware of the social/economic problems with which, as an economist I would have to deal, there was a search in one's mind for people engaged in the practical side of that operation who could have a career both as a philosopher, as a thinker and as someone who accomplished things. That breadth of effort -- both political leadership and interest (including participation) in Washington -- was affirmed more so by Henry Wallace than anybody else I knew. And it became a very important life. I repeat one thing that I said before: It was so important in the years of the '30s that when one got on the train to Washington on a Thursday night, one found a whole group of his academic colleagues on the way to Washington for duty there. And so you could have a staff meeting, a small faculty meeting on the American Express to Washington. That was a controversion to academic life, not even indirectly, of people like Henry Wallace and particularly Henry Wallace.

**Q:** Have you found that spirit still exists in other activities that you've been involved in?

**Galbraith:** Never to the same extent and it took something for agriculture to invade as urban a community as Cambridge, Massachusetts.

**Q:** When I asked you about Wallace's desire to have a more cordial relationship with the Soviet Union almost immediately after World War II you said that you agreed. Why did you agree with that? What was

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your feeling about that relationship?

**Galbraith:** I regarded the major issue of that time, as I still do, the avoidance of nuclear destruction and war. And Wallace was probably the most important figure in his time in expressing that danger and possible remedial measures to lessen the danger.

**Q:** Well we lived under that danger for an awfully long time, didn't we?

**Galbraith:** Well, we lived on it for a long time with a lot of people who refused to put their minds on it. But Henry Wallace did.