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Author(s): Samuel Bowles

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Economists as Servants of Power

By SAMUEL BOWLES*

Radicals are often asked, "What are you for? We know what you are against." Hardly an unfair question, particularly in a discussion of policy problems in the 1970's. But the answer, it turns out, casts doubt on the value of discussions such as this, concentrating as they do on policy alternatives for the state within a capitalist framework. What we want is equality and democracy. So do you. By equality we mean the absence of involuntary distinctions of wealth or consumption and the obliteration of racially or sexually-determined social roles. By democracy we mean a process by which people can exert a substantial influence on those institutions—the polity, the family, the workplace, the community—which govern both our own individual self-development and the evolution of our society as a whole.

These objectives, you will note, conflict directly with the perpetuation of those institutions which define the capitalist system. Worse still, a worker and citizen-controlled egalitarian society is not merely unattainable under capitalism, but in the contemporary United States is beyond the pale of responsible political discussion. In short, most of the issues which concern the radical economist are not "policy issues."

The severely constricted range of policy alternatives in capitalist society has not dampened conventional economists' ardor for involvement in the state. In fact, for a major group of economists, whom I will call the "Engineers," policy and relevance mean the same thing. Their enlightened dedication to serving the state reflects, no

doubt, a secular version of the faith of one of the founders of the American Economic Association. "God works through the State in carrying out His purpose more universally than through any other institution," wrote Richard T. Ely (cf. Sidney Fine, p. 180). To the other major group of economists, whom John Kenneth Galbraith calls the "Priests," neither policy nor relevance appears to mean anything. Yet in their social function (if not intent) these two groups of economists are highly complementary. The Engineers—neo-Keynesian stabilizers, public finance economists, human resource types and the like—figure out ways to ameliorate social conditions which run the risk of becoming politically explosive. Other Engineers work to "rationalize" production and increase profits for the large corporation. The Priests—neoclassical theorists for the most part—are less useful, but no less important. The impact of their work is ideological: to obfuscate the sources of social problems, locating the roots of inequality and hierarchy in the nature of "man" ("preferences") or the state of nature ("technology"), and thereby denying the possibility of a substantially better society. (Critiques of the work of the neoclassical Priests and the neo-Keynesian Engineers can be found in Edward Herman and Richard DuBoff, E. K. Hunt, and Herbert Gintis.) In their role as apologists for the capitalist order, as much as in their role as advisors to decision makers with control over substantial blocs of resources, economists have become the new servants of power.

This dubious achievement has its roots in the rise of the modern corporation and the extension of the state involvement in

* Harvard University and University of Massachusetts at Amherst.

social life beginning at least a century ago. The political mobilization of the working class and discontented farmers in the last quarter of the nineteenth century and the rise of popular-based urban political machines posed a dilemma to the ruling class. An extension of state activity in the interests of amelioration of explosive social conditions, repression of dissident groups, and coordination of an increasingly interdependent economy brought with it the possibility of this newly empowered state falling under popular control and ultimately being used against the capitalist elite and its allies in the professional classes.

The modern liberal solution was to welcome the extension of state power and simultaneously to insulate the implementation of state action from popular control. The ideological justification for this process took the form of what is now called the theory of democratic elitism, best known to economists through the writings of Joseph Schumpeter. Its social function has been to facilitate the gradual but persistent isolation of the governing process from popular control, through the interposition of the expert between the electorate and the implementation of state action. The practice is well illustrated by the municipal reform movements of the progressive era. According to the historian Samuel Hays:

Available evidence indicates that the source of support for reform in municipal government did not come from the lower or middle classes, but from the upper class. . . . The drama of reform lay in the competition for supremacy between two systems of decision making. One system based on ward representation . . . involved wide latitude for the expression of grass roots impulses . . . [In] the other . . . decisions arose from expert analysis and flowed from fewer and smaller centers outward to the rest of society. [pp. 152, 170]

More recently, economists have been in the vanguard of a similar process. In the ostensible interests of greater government rationality, advocates of program planning budgeting systems (*PPBS*) have sought (with mixed results) to limit the influence of the legislative branch upon the allocation of government resources. Benefit cost analysis and other public expenditure criteria serve in two quite distinct ways to separate the public from the resource allocation process. First, the determination of the value of a project is—as all of us who have practiced the art know—in the hands of the expert. Voters may be expected to have strongly felt, articulate, and informed opinions on the desirability of a new irrigation system or a new community hospital. On questions of the shadow price of labor or the social opportunity cost of capital, they are, not surprisingly, mute, leaving the actual public expenditure decision to the experts. Second, in practice public expenditure criteria tend to reintroduce in veiled form the very same market criteria which govern resource allocation in the private sector. And despite ideological assertions to the contrary, voting with dollars is profoundly undemocratic.

That economists and other “experts” have been an instrument in the erosion of democratic government may be accepted by some who nonetheless applaud the preoccupation of economists with the concerns of the powerful. The intimate connection between the state and the economics profession, it might be thought, allows economists to make a substantial contribution to solving our nation’s pressing social problems. A rather fundamental question at issue here is: Can the goals of democracy and equality be achieved under capitalism through more enlightened and expert advice to policy makers? No, I argue, they cannot, and for two quite simple

reasons. First, as many contemporary Marxists have argued, the inequalities and antidemocratic hierarchies which dominate our everyday lives are rooted in the capitalist system itself, not in preferences, technology, or ill-conceived state action. (See, e.g., Richard Edwards, Michael Reich, and Thomas E. Weisskopf.) They cannot be eradicated without overthrowing capitalism. Second, the fact that the state has not undermined capitalist institutions can hardly be chalked up to bad advice—from economists or any other “experts.” The history of the state in the United States over the past century betrays its true role, one in which economists and other policy advisors are necessarily, if unwitting and even perhaps unwilling, accomplices. The state in capitalist society functions to reproduce the relations of production which define the capitalist order. (See Ralph Miliband, James Weinstein, and James O’Conner.) While state power is essential in any revolutionary process, at this stage of development of forces for radical change in the United States, the state cannot be used as an instrument for the destruction of capitalist institutions.

Yet, ironically enough, the continued extension of state power has in some essential respects strengthened the potential for radical change. In an earlier era, poverty, economic insecurity, alienation and other economic problems appeared to arise naturally from the shortcomings of the human species, or from the stinginess of nature: the laws of economics, to paraphrase Marx, appeared as immutable as the laws of nature. Under pressure from radical social movements—elements of organized labor, the urban poor, blacks—and with the ideological and technical guidance of liberals, the state has been forced to take responsibility for problems which it cannot solve without going beyond the confines of the capitalist system. The contradictions

arising in the economic base of society have thus been in large measure displaced into the state sector. In its efforts to use the state to reproduce the capitalist order, the capitalist class has in true dialectical fashion lent strength to its own antithesis; it has revealed the political nature of the unsolved and unsolvable problems of advanced capitalism.

The resulting possibilities for socially concerned economists are immense. We can work with the various social movements which arise in the politicization of social problems: welfare recipients, tenants’ organizations, third-world liberation movements, labor unions, food co-ops and other consumer groups, women’s centers, student groups, prisoners’ organizations, tax reform groups and the like. We can pursue our more conventional intellectual work with a dedication to demonstrate the unscientific nature of the capitalist ideology whose bankruptcy in practice has been demonstrated in the headlines of the past decade. This is no easy task, given the entrenched power of orthodoxy in the universities, but it is greatly aided by the evident failure in practice of the preconceptions of both the Priests and the Engineers. Moreover, as the Engineers in their pragmatic but largely fruitless search for social solutions depart ever farther from the conceptual home turf of the Priests the entire structure of capitalist economics loses its internal cohesion and becomes inconsistent in practice, incoherent to the “public” and to students, and increasingly vulnerable to attack. The weaknesses of conventional economics are thus but a reflection of the inability of capitalism to solve the problems it generates.

What then are the policy priorities for economists in the 1970’s? To liberate ourselves from the view that beneficial social change can come through expert and enlightened advice to the powerful, and to

take a position squarely with the vast majority of Americans in whose interest it is to overturn the structure of power. Our role as economists, I believe, is unavoidably political as well as scientific. Let us, then, be explicitly political, both as activists and intellectuals, working to realize the radical potential in the present social forces and ultimately to render state power an instrument in the hands of the people.

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