

Brad DeLong

In conversation with Andrew Kelly

Andrew Kelly: Hello, I'm Andrew Kelly from Bristol Ideas. I'm joined by Brad DeLong, Professor of Economics at the University of California at Berkeley, and a research associate at the National Bureau of Economic Research. Brad was Deputy Assistant US Treasury Secretary during the Clinton administration, where he was heavily involved in budget and trade negotiations. He's a leading voice in economic policy debates, straddling the fields of economics, history and public education. His latest book is *Slouching Towards Utopia: An Economic History of the Twentieth Century*. Our Festival of Economics founder and co-director Diane Coyle calls it 'an unmissable book'. And it's a book we've been eagerly anticipating. Brad brings together an enormous amount of material and learning; he's also honest about lessons to be learned. Brad, thank you very much for joining us today.

Brad DeLong: Thank you very much. And all I can say is I can blush at Diane's high praise. It's hard to earn and it will be harder to live up to. I just hope that people who buy the book and read it because she told them it was unmissable are not disappointed. And I'm very glad to...I guess I can't say 'be here' because in this modern proto-metaverse world, there's no real here where this is. But I'm glad to be in this virtual space of some sort or other.

Andrew: Well, thank you, Brad. Diane reads virtually every new economics book that comes out...

Brad: Does she have time to do anything else? Are there four of her?!

Andrew: She's, as you probably know, our Festival of Economics co-director as well.

Brad, could we start with your role, because one of the things we've tried to achieve over the last decade and more with our Festival of Economics is better public understanding about economics. And we've used your work extensively in this – you blog, you tweet, you podcast, you write and you also teach. What lessons for public education on economics have you learned through your work?

Brad: That it is very, very difficult. First, because issues are complicated. Second, because knowledge about how the economy works is actually very limited. Third, because there was a sociologist, Ernest Gellner, a very brilliant British-Czech, who said, among other things, that the coming of the Royal Society was a great sea change in intellect, because all of a sudden they had their motto, 'nothing except by experiment' – check everything and rely on nothing unless someone has actually done the experiment and reported back.

This is an enormous sea change in how intellectual work was done in the natural sciences. Because in general, beforehand, there are always two ways that an idea spreads. One is if it happens to be true. The second is if it happens to be convenient in reinforcing the kind of belief and power of the elite to remain an elite. That is back in the days when you had thugs with spears with their tame accountants, propagandists and bureaucrats. Whether an idea was actually true or not was much less important almost all the time than whether it was useful. And I find over and over again in economic policy debate, there are a lot of people who are pushing forward

ideas because they think they are useful for some purpose, which may only be scaring people so their eyeballs are grilled to the screen so they can be sold ads. And very often the people who are putting forward those issues are not only trying to deceive others, they are only able to do so because they have successfully deceived themselves.

Andrew: Your book is a big book of narrative history, and it was inspired by Eric Hobsbawm's work, I think, *the Age of Extremes*?

Brad: Which is a great book, yes, great historian, great books, magnificent in their research and their ability to understand their past and also in their ability to communicate. You compare Eric Hobsbawm to his peers on the British post-World War Two left. There are a bunch of towering figures there – the first two who come to mind are E P Thompson and Francis Rory Peregrine Anderson. They're brilliant. Anderson's impenetrable. Thompson is extremely, extremely discursive. You can only tackle his work if you are on a vacation with nothing else to bother you for days and days. But Hobsbawm is incisive and clear. I have lots of complaints about him. I think largely because he made political commitments I definitely understand, back in the days when as a teenager, he watched the Nazi mobs marching down the street promising to kill him and his family, and decided the Communist Party was the only people who might protect him. But he was always trying his hardest to understand. And he taught a huge number of people a huge number of things. I read his *Age of Extremes* in 1994 and thought, this really isn't the big story he ought to be telling. Someone should write the big story book. And then it went from someone should write the big story book to noticing nobody was and then thinking maybe since I can't read it, I should write the

book I want to read. In 1998 I wrote a draft chapter, thinking maybe this could become a project, and lo and behold, now it is here.

Andrew: Now, I love big narrative histories like this. I like the fact that you've rooted this in the data and an immense amount of evidence, but you've also made it extremely readable, as the best narrative books should be. So thank you for that.

Brad: Well, you should probably mostly thank my editors, especially Brian Distelberg and Tom LeBien, because professors tend to be discursive, professors believe that the audience is a captive one. They have to listen whether they like it or not, because we're going to grade them. And them whomping me, you know, is there an interesting thing on every single page that will hold people's attention? Is there enough narrative thrust to make people want to turn the page? That was extraordinarily useful. And I think the readability is, in many ways, not my creation but theirs.

Andrew: Well, these are often teamwork efforts. But certainly, it's turned out to be an extremely readable book. Take us through the argument. You start in the transformational moments, and you talk about the long twentieth century as being from about 1870 through to the mid-1970s.

Brad: Well, let me start with John Stuart Mill writing in the early 1870s, in fact something that's a little bit despairing, saying that all of the mechanical inventions up until that time – all the great accomplishments, technological, economic, and scientific of the British industrial revolution – that they had not lightened the burden of a single member of the working class, which was the predominant population in England and elsewhere. All they had done

was enable a greater population to live the same life of drudgery and imprisonment. And that pretty much was life up until 1870. Over and over again, human ingenuity lost its race to human fertility, and you had better technologies, but you had smaller farms and scarcer raw materials, so that life in 1870, except, I'd say, in the most prosperous parts of Britain, for most people was not that better than life in minus 3000. Life for the elite was much better in lots of ways, but not for the people as a whole.

All that changed in 1870. In 1870, technological growth takes off like a rocket. For the first time, there is no chance that fertility will be able to catch up to ingenuity. And we're on our way to a truly human world. We are rapidly gaining the technological powers to bake a sufficiently large economic pie that everybody could – for the first time ever – have enough. And this was fairly well known.

In my decompression reading...going back over my sources, I found both John Maynard Keynes and Winston Churchill making this point extremely strongly in books written at the very start of the interwar period. There really was this sea change in 1870, after which possibilities became totally different. But rapid technological progress, humanity's technological competence doubling every generation, it does so via Schumpeterian creative destruction: immense wealth created with new industries, new occupations, but also entire industries, entire occupations, entire ways of life, entire ways of communities destroyed. With the underlying forces of production hardware of the world economy being transformed every generation, the political, sociological, economic, even the cultural software running on it needs to be rewritten on the fly every generation, precisely because things that worked a

generation ago, given the economic economy and technology then, won't work now.

That's the story of the long twentieth century. Enormous potential wealth created, the difficulty of rejiggering society to hold it together as it advances. We solved the problem of baking a sufficiently large economic pie. Our predecessors would have said you certainly have enough wealth to make the world a utopia. And yet the problems of slicing the pie equitably, so that everybody has enough and then tasting the pie?

Those problems continue to flummox us and continue to flummox us pretty badly in all kinds of weird and strange ways. One of which, I think, is that over the past seven years, Great Britain has thrown away ten per cent of its potential wealth and productivity by breaking its natural economic ties with the European Union to an astonishing extent, in something that will be very hard for future historians to tell people why anyone might like to do this. And this success at production and failure at distribution and utilisation is, I think, the major thrust of the book.

Andrew: So 1870 to 1914 is a big growth period, and then you move forward to the period post-Second World War, when you have these 30 glorious years. Now, in between those years, you had the First World War, you had the Russian Revolution, you had the rise of Nazism, and the Great Depression. Are these the kinds of periods of destruction you talk about?

Brad: The destructive part of creative destruction was going on and on all through, and people were reacting in various ways. On the one hand, call them the classical liberals, were saying the market economy is here, and isn't

this great? But we really cannot ask for more than just the wealth that the market economy is producing. We know it will be distributed badly, but we don't know how to distribute it well, and if we try to interfere with the workings of the market, we're going to break its ability to make us so rich.

If you want to thumbnail the underlying thrust of Friedrich von Hayek and company, it's 'the market giveth, the market taketh away, blessed be the name of the market'. That's not a utopia, Von Hayek would have definitely admitted that, but it is the best that humans can do, given our limited monkey brains. But that really was unsustainable, in that people do not like that, do not like that at all – the belief that you are tools of a market that doesn't care about you, even if it is producing a great deal of wealth. You know, it produces things like the majority for the Brexit referendum, and it produces things like the extraordinary celebrations like Mafeking night. In Britain, when people whose beliefs that they would share in economic progress have been largely disappointed, instead find themselves incredibly happy at the victory of a small British Army two continents away. So I wouldn't say that the breakdown comes in 1914. I'd say the breakdown is building. 1914 is simply when the running sociological code crashes completely, as social Darwinist ideas that had been evolved to try to justify the market inequality go horribly wrong and produce a World War.

Andrew: Now, you look at these through the eyes of - you mentioned von Hayek already - Karl Polanyi, and through Keynes, where you join all three of them together in a way. Tell us about that.

Brad: Well, von Hayek is a genius. He was the first person to see and saw more clearly than anybody else how absolutely great the market can be at

crowdsourcing human solutions to social problems. That most forms of organisation essentially treat human beings as robots or software bots – you have a set of procedures that you're supposed to follow, there's a bureaucracy, there's a set of things you're supposed to do. You're not a robot, or you're not just a software bot, but you're not using very much of your brain when you are a cog in an organisation, which is one reason why people don't like it that much. That instead, there's some person or there's some small people at the top, a commander, a general staff, a CEO, who's exercising his brain and trying to figure out what to do. That's a huge waste of talent, and, as Hayek said, it's also incredibly stupid because lots of people are very ingenious. One brain cannot do anything, especially one brain that's at the centre where the information isn't, and that actually has limited ability to make the things it thinks it bosses actually do what it thinks they ought to be doing.

Much better to crowdsource, much better to rely on individual initiative, much better to throw the problem out to everybody and say, what can you do to help? That pushes action out to the periphery where the information actually is and - provided you can jiggle the market economy so that market prices correspond to social values - it also solves the problem of incentivisation as well, because you will have given everybody a profound reason. Not just that they care about other people, but it's a way to make a living, to actually do things that are in accord with social values.

So the market can be an absolutely wonderful, wonderful thing, and indeed, is a wonderful, wonderful thing. We saw this on the other side of the Iron Curtain in 1990 when we lifted it and discovered that the countries on the other side were only about one fifth as rich as we were in spite of having

access to the same technology. But as I said, people do not stand for this. The market economy demands that the only rights that matter are property rights, and the only people who have a voice are those with wealth, and that the very fabric of your life may suddenly dry up and blow away just because some rootless cosmopolite thousands of years ago decides that you and yours no longer satisfy a maximum profitability test.

As opposed to von Hayek, there's Karl Polanyi, saying, no, we've got to realise the market is made for man, not man for the market, and if the system of governance does not recognise this, it will fall, it will explode, there will be a reaction. All kinds of people who thought they were the great and good in control will find that they are not. And off in the corner, you have John Maynard Keynes kind of whimpering, saying if only you let my technocratic students run things, we'll have full employment and everyone will have a job, so labour will have at least some social power and you won't get this great fear and angst, and also because a full employment policy is a low interest rate policy. If the plutocrats want to actually exercise their social power, since interest rates will be very low, they'll have to spend down their capital and cease to be plutocrats. Hence there will be a 'euthanasia of the rentier', that problems of income inequality will not be that great, that the problem of equitably slicing the pie will solve itself, and then we'll face the real problem of figuring out how to use our wealth to make ourselves happy and to live worthwhile lives. And Keynes is off in the corner, whimpering to this extent.

Andrew: The next period of growth you talk about is the 30 Glorious Years, Les Trente Glorieuses, as the French call it. What made that different? What are the lessons we can learn from that?

Brad: Well, on the one hand, it was sheer luck, because it grew out of the accidental pattern that Franklin Delano Roosevelt managed to settle on in the United States in the 1930s. Although the Swedes will point out if you let them, and even if you don't let them, that they had it first, and they had it better and they understood it much better than anyone else did, and we should all listen to them.

Franklin Delano Roosevelt, he recognised that something needed to be done, was a sufficiently skillful politician to assemble a coalition to do it, and started doing things essentially at random and then reinforcing the things that succeeded and trying to drop the things that failed. He wound up with - some call it mixed economy, some call it social democracy, you know, a strong market economy with strong protections of private property, but also a large government sector, a commitment to Keynesian full employment policies, a commitment to an A C Pigovian approach, that we have lots of taxes and subsidies to properly align market prices with social values, and a William Beveridgian commitment to high and progressive taxes, on the one hand to reduce income and wealth inequality so that the rich were not the only voice, together with a lot of social insurance safety net programmes and a lot of public provision of services and amenities in order to make people no longer so upset that the fact that the poor did not have a great deal of rights, that property rights were powerful rights, that if you have some social power, and if incomes are rising rapidly, then things aren't so bad. That kind of New Deal order, as [Gary Gerstle](#) calls it, that was installed in the aftermath of World War Two, not just in the United States but throughout the North Atlantic, and that held up through the 1970s, at which point it fails its own sustainability test. It more or less collapses, and you have the coming of the

age of Thatcher and Reagan, and history takes on a new and, at least to my mind, less optimistic turn after 1980.

Andrew: I want to come back to that. In my introduction, I talked about your book going from 1870 to the mid-70s. And of course, there's this period after that, which we'll come on to in a moment. But just on the postwar settlement, and the changes that happened I often think this transformed my life opportunities. My father had fought in the Second World War, he grown up very poor in the North East of England. Post-Second World War, he had stable work, he could benefit from public council housing over here, we all benefited from a free health service, I had free education and choice in employment, and we've lived a life generally in peace. The prospects of my father going to war were pretty clear in the 1930s in Britain. For me, that hasn't really been something which has been likely during that time. And I see my family experience, shared by millions of others, as a classic example of social mobility during this period.

Brad: And yet, it could not hold together. Paul Krugman still thinks that if Arthur Burns, US Federal Reserve Chairman had been a very different man with a different understanding of the situation, it could have held together the post-World War Two New Deal social democratic order in the North Atlantic. That it was only the fact that the inflation of the 1970s, small as it was, the doubling of the price level over the period of a decade or so, that convinced people that the government was incompetent and that the New Deal order was bankrupt, because it had handed out too many tickets to things, more tickets to things than there were things, and thus there needed to be a major reform.

There were those of us working for the Clinton administration who thought we could rebuild it. That we could, say, mouth some neoliberal words, but instead focus on restoring to a better form of social democracy, except using a much less bureaucratized form, and a form that used market means rather than government direction where appropriate, which would be awesome, and that that was what we were embarked upon in 1993 in 1994. Both of those things failed.

The New Deal order failed its sustainability test. People seemed to think that the universal benefits and public provision offered by the New Deal order gave too many people too much opportunity to game the system, by not contributing their share. People really seemed to think that the New Deal order was overly bureaucratized, that not just businessmen, but everyone else, was too constrained in a web of rules and regulations that we needed to dismantle. So Margaret Thatcher could win on the platform of how Britain isn't working, how the Labour Party has allowed this inflation and also has allowed unemployment to rise over one million. Ronald Reagan could win and then could cement his power.

Gary Gerstle is very good on this, how after Reagan and Thatcher, everyone else who wanted to actually win a potential majority in the legislature had to talk their language, just as Republican President Dwight D Eisenhower had to talk Franklin Roosevelt's language back in the 1950s. I confess that's somewhat of a puzzle to me, because I'm a New Deal order, social democracy kind of guy, and it still doesn't seem to me that the flaws of the 1970s ought to have been large enough to bring the whole thing down. Yet they were, and we did have a shift of how people thought the economy

ought to be governed into a very different mode, the one we call neoliberalism.

Andrew: One thing you talk about in the book is about how social bonds have loosened as well and how as memories fade, people's connections to, for example, the Great Depression, or indeed, in Britain, the depression of the 1930s, and particularly the postwar settlement, which was so important to many millions of people, particularly returning soldiers from the Second World War, how that memory has gone as well. How complacent do you think we are on these things?

Brad: I don't know, right? I remember Claudia Goldin, my teacher, saying long ago, in the middle of the 1980s, when we were still viewing Reagan as an aberration, that perhaps the most decisive thing about the Great Depression was that it had convinced the American middle class that it had extremely strong interests in common with the American working class. And that their joint interest in making a comfortable common home exceeded any worries about income distribution, or that unions were in some way overpowerful, or that social services were in some way incentivising people not to form and maintain stable families, and so on and so forth. Yet, after 1980, the view in America at least, that we have a common economic interest in shared prosperity and equitable growth, seems to have receded very, very far. So much so that when you ask people what they're worried about, in large chunks of the country, they're worried that the job creators aren't being properly incentivised, aren't getting to keep as much of what they create as they ought to. We get fears that people are getting 'Obamaphones' [free phones from the government].

I was on a podcast with a very earnest young person who said, 'Well, in America, you're extremely unlikely to be poor. If you graduate from high school, get married and don't have children before you're 21, then you'll have to make one or more of those bad decisions to be poor in America today, and so why should we think of poverty as a problem?' And that's a very different view than everyone had as long as the shadow of the Great Depression was still around, where everybody very much understood that if something goes wrong with the economy, your ability to be middle-class may vanish instantly, and there will be nothing you can do about it.

Andrew: My parents were lifelong Labour members and Labour Party voters, and they constantly referred to the fact that where they grew up was the pivotal moment in their life, and they didn't want to see that repeated for their children, and for other people as well.

Brad: And now in America at least it is again today. Raj Chetty and the large research team which he orchestrates have amazingly powerful and terrifying statistics about huge chunks of the United States where if you grow up there, there is virtually no chance of upward social mobility. This view that Polanyi identifies, that people have a very strong sense of what they deserve and that not just the market system, not just 'the market giveth, the market taketh away, blessed be the name of the market', offends that sense of what rights ought to be, but also social democracy, everyone's a citizen, everyone deserves stuff, offends them as well.

I remember Orwell's *The Road to Wigan Pier*, a book which has many heartbreaking moments in it, the most heartbreaking of which is that the coal miners around Wigan feel ashamed that they don't have jobs in the

middle of the Great Depression. As if this is somehow some great moral failure on their part that they do not have a job, and that they and their wives and children have to go to where the railroad line curves and pick up the small pieces of coal that fall off the cars as they go past and take them home so they have something to burn to stay warm in the winter. It's not their fault, and they think it is.

Andrew: Just before we come on to where we are now – the book is mostly about the north, I think you'd agree with that, but you do cover the south, don't you?

Brad: My friend from Tsinghua was...whomping on me about this, and saying the book will definitely no longer be read by 2100, no matter how much of a splash it makes today, because it is too much a North Atlantic book.

Andrew: But you're planning new work, aren't you, I think, on wider economic history. Is that right?

Brad: It would be wonderful. This is what Diane Coyle was kind of egging me to talk about, when I talked to her.... I mean, look, you have a 600-page book in front of you. The book in my mind's eye, if I'd managed to write it out fully, would have been 1,500 pages or more. Again, you should thank the editors for saving you from something substantially unreadable. But there are about two-thirds as many pages as are published on the cutting room floor already written out. There are notes and quotes and outlines and so forth for an equal amount of stuff on the cutting room floor as well, and I should do something with those.

A question is what overall grand narrative framework can those other pages be pushed into to make a book? Because as my teacher Larry Summers says, your problem, Brad, is you tend to think that twenty smart things Brad has thought of in the past month makes a paper or a book, and that simply is not the case. A book needs a grand narrative to structure it, then the question is, what is the best grand narrative? Or not the best... What is the least false grand narrative, the one that will add to understanding without grossly misleading people? And that's perhaps a very hard question to think about.

Andrew: Just where we are now, we face enormous numbers of crises at the moment, and at the same time, the number of people in extreme poverty has fallen and continues to fall. I think I'm right in saying that. And the wealth that we have now was probably unimaginable in 1870.

Brad: Indeed. One of my favourite moments in the book is from a utopian novel of the late 1800s, in which someone is absolutely astonished at the fact that in the world of 2000, he can dial up an orchestra on the speakerphone, and that he actually has a choice, that he believes the limit of human felicity has been crossed if you have a choice of which four orchestras to listen to and can listen to them in your home. It's an enormous achievement, right?

Solving the problem of baking a big enough economic pie so that there can be potentially enough is an enormous accomplishment, not just because people don't spend most of the time unable to think of anything other than how hungry they are. But also because before 1870, governance was inescapably: how is an elite going to run a force and fraud exploitation and domination machine on society so that they and their family can have enough? Now governance can be something else. It's a wonderful, it's a

miraculous, it's an amazing accomplishment. But baking a big enough economic pie was supposed to be the hard part of the puzzle. And yet, it turns out that it was not the hardest part, that it is the slicing and the tasting that flummoxed us, and that turned out to be harder problems.

Andrew: This is the Edward Bellamy novel?

Brad: Edward Bellamy's *Looking Backward*, the third bestselling book in the United States in the nineteenth century. Well, actually, I think it's the fourth. I think it's behind the Bible, it's behind *Uncle Tom's Cabin*, and I think it's also behind *Ben Hur*.

Andrew: So there's a lot that we can be pleased with what's been achieved, but as you said, baking the pie is one thing and sharing it out is another. If you look at where we are now, the list is a mile long in terms of what we're facing: pauses in social mobility or it actually going into reverse; life expectancy has gone slightly into reverse here – that may be pandemic-related but there may be other factors; we've faced recessions recently. And the idea of progress and actually confidence in the future seems to be very low, I find now.

Brad: Yes. So you're asking me, what should we do now?

Andrew: Yeah.

Brad: Well, the book does not have a 'what shall we do now' chapter, in large part something my sometime co-author Steve Cohen convinced me of, that such chapters always look silly six months after publication, if not before.

They greatly limit the worth of a book because they try to push people into a frame that's likely to be obsolete very quickly.

Here I have a genuine problem. I think that the New Deal order social democracy is worth trying. There really is enormous value in creating a society in which people have entitlements as citizens, and in which people think that they can be fairly comfortable if what they feel they want to do with their lives doesn't involve making a good deal of money. As my teacher Ben Friedman says, that is actually sustainable if economic growth is fast enough. He has a very nice book, *The Moral Consequences of Economic Growth*, about how holding society together in a win-win configuration requires that nearly everyone perceive themselves as a winner in a generation scale, at least. And if they can't, if income inequality rises as fast as economic growth proceeds, or if economic growth is slow, people will regard themselves as not winners, and then they'll look around, saying who is cheating me out of what ought to be rightfully mine. As long as you have that mindset, it's very difficult to have a politics of cooperation and compromise. Instead, you have a politics of enmity and enemies.

What we really need – given that our basic problem is that we have an enormously productive technological machine, that the forces of production are being transformed every generation so we need to figure out how to rewrite the sociological running code on the fly – we really need a politics of consensus building, one in which everyone agrees we have a very comfortable common home and the Right says we need to fix these leaks in the roof, these defects in our institutions that we've inherited, and the Left says we need to build an addition. But instead, increasingly, a politics of who

are your enemies, whether they're rootless cosmopolites abroad or the wrong form of immigrants at home.

You know, the President I support, Joe Biden, has what seems to me a relatively nice initiative to forgive a small amount of student debt for a generation, many of whom actually did not get the upward economic mobility they thought they would get from higher education. The response, I think, fairly universally, is that this is somehow unfair. That 'baristas who majored in lesbian dance theory' shouldn't get a free ride. *The Economist* last week said that it ought to be called the inflation acceleration act for reasons that seem to me completely quantitatively innumerate, because it's not. There's no way it can have a sufficiently large effect on aggregate demand to make any sort of difference for inflation.

The feeling that someone is getting something they do not deserve, that Polanyian thing, it's not just that I have a right to social voice, to a community around me that seems familiar, to stability in my occupation and also to an income that I deserve, that other people definitely do not have rights to an income greater than what they deserve, and as long as that is their principal concern a politics of consensus is going to be very hard.

Add to this things like Ezra Klein's worries borrowed from Neil Postman and from Marshall McLuhan, that the age of Gutenberg is one of argument and thoughtful discussion and consensus building while the age of social media is who is my enemy and how much abuse can I throw at them. And I think we do indeed have huge problems.

Plus we have global warming. Plus we have our failure to learn the lessons from the past about how to manage our economies toward full employment. Plus if you want to say that the New Deal order was a shotgun marriage between von Hayek and Polanyi blessed by John Maynard Keynes, we now have China which thinks it has an alternative system, a shotgun marriage between Vladimir Lenin and Friedrich von Hayek blessed by Master Cheung, saying that we actually have a superior system to you. When I meet people from China and they say, well, Xi Jinping may not be the best of all rulers and may be centralising too much power in his hands, he may not, but you know, would you feel more comfortable if you went into a business enterprise or a restaurant, and the manager was Xi Jinping or if the manager was Donald Trump or Boris Johnson. I know if I saw either Trump or Johnson running a restaurant when I got in, my first instinct would be to turn around and go away. Well, that's not the case with Xi Jinping. This is an enormous challenge.

We're seeing the challenge of global warming, we're seeing the first very small pieces of it this summer, whether it's the heatwave that's about to hit us here in California, whether it's what you people went through in terms of weird summer weather, whether it's the fact the monsoon appears to move 200 miles south, hence Pakistan is underwater, and the Yangtze River is dry. Our failure to actually even begin to deal with this problem over the past generation, as global warming deniers have kind of retreated from defence line to defence line, very much like the Nazi Wehrmacht in 1943 retreating from Russia, is extremely depressing as to our ability to even slouch towards utopia.

Andrew: That was what I was hoping we get from you. I agree with you about the final chapter being what are the ten things that need to happen

next – that's impossible to do. I think also, though, what comes out of this is that there were these periods of time in the past when people were optimistic about the future, and that's what we need to grasp again.

I get the impression you're an optimistic economist. Someone who's been very important to me in my work, and you reference, is the late David Landes, and I always use that quote at the end of *The Wealth and Poverty of Nations* in many different ways, and to many different audiences, when he writes, 'In this world, the optimists have it, not because they are always right, but because they are positive. Even when wrong, they are positive, and that is the way of achievement, correction, improvement, and success. Educated, eyes-open optimism pays; pessimism can only offer the empty consolation of being right. We have to keep trying.'

Brad: Yes. I remember telling him this really is Camus' 'We must imagine Sisyphus happy', isn't it? And he said yes. And then the question is, what is that must? Is that must the way the universe works means that we have to recognise that even Sisyphus is ultimately happy, someone engaged in the nearly impossible task still is doing something. Or is it must in that otherwise we can't get much of anything done? And he said that he was trying to maintain that ambiguity. I think that's very well put. I would say that we can take an enormous amount of credit and hope from the fact that we are solving the problem of baking a sufficiently large economic pie. But I would say that the social problems we are facing really should also make us quail.

Andrew: And in 2028, which is when Keynes predicted the economic possibilities for our grandchildren, we've still got six years to get there.

Brad: Yes, and even then Keynes would say that by then all we will have done will have solved the problems of production and distribution, but still the problem of using our wealth to live wisely and well will perplex us and confront us.

Andrew: Well, thank you very much, Brad, for joining us. *Slouching Towards Utopia: An Economic History of the Twentieth Century* is published in the United Kingdom by Basic Books and is out now. His blog, Brad DeLong's Grasping Reality is on Substack. Our economics festival returns 14-17 November, and the programme is now on our website at bristolideas.co.uk. Thank you very much, Brad.

Brad: Thank you very much. Thank you very much. I hope people who read the book are not disappointed.

This interview has been lightly edited for length and clarity. The full version of the interview is in the recording.