ECONOMICS, LABOR, & BUSINESS

The Keynesian revolution of 40 years ago, says Galbraith, "accepted the need to manage aggregate demand" through governmental monetary and fiscal policy. But this sort of broad, macroeconomic policy depends on the effectiveness of traditional market forces. In recent inflationary times, when the market loses its authority, government restraints on demand reduce output and employment but do not halt the upward movement of prices and incomes. The result is "the combination of inflation and unemployment which is the most characteristic and unpleasant feature of the modern industrial scene."

Adherents of neoclassical, or "conservative," economic theory have three choices, Galbraith concludes. They can deny that anything has happened to the market. They can accept that the market factor has diminished in importance but seek to revive it by urging such things as less government regulation, the abandonment of farm subsidies, or the lowering of the minimum wage. Or, they can accept the decline of the market and concentrate on how to make economic performance serve as many interests as possible. That, says Galbraith, is "what post Keynesian economics is about."

New Hazards for Executives

"'Who, Me?': Jail As An Occupational Hazard" by S. Prakash Sethi, in *The Wharton Magazine* (Summer 1978), P.O. Box 581, Martinsville Center, Martinsville, N.J. 08836.

Corporate executives in the United States and Western Europe face a new hazard: going to jail for violations of law or negligence committed by employees far down the chain of command. The new areas of liability, says Sethi, director of the Center for Research in Business and Social Policy at the University of Texas, Dallas, often involve health, safety, and environmental violations about which the top-level executive has no personal knowledge.

Some examples: The president of a supermarket chain was convicted in 1973 of violating federal law and fined $250 after inspectors found evidence of rat infestation at a Baltimore warehouse; and the manager of an H. J. Heinz Co. plant in California received a six-month suspended sentence and probation after being cited by state food and drug authorities for unsanitary working conditions. The new presumption, says Sethi, is that a vigilant executive will make certain that subordinates stay within the law.

Rather than mandate severe prison sentences, Sethi recommends a broad spectrum of punishments for corporate misdeeds, ranging from fines and imprisonment for antitrust and securities fraud to a range of lesser penalties for inadvertent negligence. Lesser penalties might include requiring both the corporation and the responsible executive to make a public apology, barring a convicted executive from holding a management position in any publicly held company, and imposing special reporting requirements on corporations whose operations have been found in criminal violation of certain laws.