Keynesian Comparative Economics: The Iconoclastic Vision of Lynn Turgeon (1920-1999)

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REMEMBRANCE AND APPRECIATION ESSAY

Keynesian Comparative Economics

The Iconoclastic Vision of Lynn Turgeon
(1920–1999)

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Abstract. The authors of this article review the late E. Lynn Turgeon's contributions to economics, including his studies of the Soviet economy, use of qualitative and demographic analyses, his Keynesian critique of U.S. economic performance, and his critique of international financial markets. Turgeon's comparative approach led to unique insights about the challenges that confronted planned economies, including the differential impact of military spending on the demand-constrained economy of the United States and the supply-constrained economy of the Soviet Union. His study of the Soviet and planned economies also informed his analysis of the U.S. economy and international adjustment mechanisms. Turgeon argued for expansionary fiscal and neutral monetary policies, prudential restrictions on portfolio capital flows, and increased foreign direct investment and foreign assistance to shift the burdens of adjustment from deficit to surplus countries. Throughout his career, Turgeon measured economic policies by their effects on real people, including impacts on employment, the environment, living standards, and distributions of income and wealth.

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E. LyNN TURGEON was a unique and iconoclastic figure in the field of economics. An important, if somewhat conventional, figure in the study of the Soviet economy in the 1950s, his views on the USSR evolved over time to become more and more distinctive and provocative. In retrospect, many of his arguments and forecasts have proven to be wrong, especially about the former Soviet Union and the economies of the former Soviet bloc. At the same time, some of his most controversial and apparently shocking positions can now be seen as prophetic in the context of the extreme difficulties that many of the countries of the former Soviet bloc have experienced during their transition. Although Turgeon pinpointed difficulties in the Soviet system and foresaw its slowdown, he was also willing to point out certain positive aspects of the old system that few outside Soviet circles were willing to admit. He was not afraid to face what seemed to him to be the facts and to follow where those facts would lead him. This he did in the face of disapproval and sharp disagreement from his peers in the West.

Later in life, his writing reflected more his classical Keynesian roots. He argued against such pre-Keynesian policies as central bank autonomy, tight money, fiscal austerity, and social retrenchment. Instead, he supported bold Keynesian fiscal policy, for example, significant expansion of government spending on social programs, and the neutralization of monetary policy. While acknowledging the stimulating benefits of supply-side cuts (coined as “commercial Keynesianism” by Robert Lekachmen) and massive defense spending (military Keynesianism) in Germany and Japan in the 1930s, Turgeon considered these policy arrangements to be among the most socially regressive types of Keynesian policies. He adopted Joan Robinson’s term “Bastard Keynesianism” to describe these supply-side cutting and military spending agendas. Instead, Turgeon preferred to think of himself as a “classical Keynesian,” wedded to the fundamental truths of *The General Theory of Employment, Interest and Money* (Keynes 1964). He believed that the ultimate goal of economic policy was not growth
for growth's sake, but full employment of human resources, environmentally sustainable economic development, more equitable distributions of income and wealth, and rising living standards for all (Turgeon 1996:73). Before going into greater depth on Turgeon's contributions to Sovietology and economics, it is important first to understand some of the earlier personal and professional influences on his career.

II

A Brief Biography

EDGAR LYNN TURGEON was born on August 26, 1920 in Mitchell, South Dakota. In an unpublished memoir (Turgeon 1990), he claimed that growing up during the Great Depression on a small farm in the Midwest influenced his decision to study economics. Since good jobs were scarce for young men in the 1930s, he went to the University of California at Berkeley where he majored in economics before serving as a U.S. Navy supply officer in the Pacific during World War II. During his service he became aware of the waste and misery of war, and made a commitment “to do something, which might contribute to preventing another war . . . assuming I survived” (Turgeon 1990:2–3). He anticipated that the next major conflict after World War II might be with the Soviet Union, and he began to study the Russian language. At the end of the war, with the aid of the G.I. Bill, Turgeon decided to either pursue a law degree or a Ph.D. in economics. Not quite sure in which direction to go, he decided to visit the famous Keynesian economist Alvin Hansen at Harvard University. Turgeon was impressed with Hansen's prewar writings and felt he could talk frankly with him since he was a fellow South Dakotan (Turgeon 1990:3). After finding Hansen in the Harvard library wearing green eyeshades, Turgeon spoke with him for about a half-hour and was convinced to stay with economics and pursue a graduate degree. He went back to Berkeley to obtain a master's degree in economics, writing a thesis on “The Economic Effect of World War II on the U.S. Electronics Industry,” and continued his study of the Russian language.

From California he went to New York and studied at the Russian
Institute at Columbia University where he became associated with Abram Bergson, a preeminent Sovietologist. Another influence at this time was Paul Sweezy, the co-editor of *Monthly Review*, who occasionally gave lectures at Columbia University. Turgeon became acquainted with Sweezy, who reviewed his essay "The Economics of the Transition from Socialism to Communism" for his Russian Institute certificate from Columbia University in 1950. He received his Ph.D. from Columbia University in economics for a dissertation on labor productivity in the Soviet Union in 1959.

From 1950 to 1955 he worked full-time with Bergson as a researcher at the Rand Corporation. This period generated some of his most influential work in the area of conventional Sovietology, with his work on price indexes in the Soviet economy standing out for special notice. Key works resulting from this research include papers that appeared in the *Review of Economics and Statistics* (Turgeon 1952) and *The Journal of Political Economy* (Bergson, Bernaut, and Turgeon 1956). Out of this experience Turgeon developed a lifelong fascination with keeping track of actual prices in Russia and other Central and East European countries, especially the prices at collective farm markets and street kiosks. He would travel extensively in those areas over the years, keeping detailed journals filled with price data and recording his observations. These travel journals reflect his ability to tell important details about the quality of life in Russia and Eastern Europe. He also encouraged students and friends to collect price data while traveling in these countries and eagerly awaited their new information on prices.

Although he would serve as a visiting lecturer at numerous universities, his academic home was Hofstra University in Hempstead, New York. He was a faculty member of the economics department from 1957 to 1990, teaching various economics courses, including comparative economic systems and the economics of discrimination. He was a well-liked and respected teacher at Hofstra and received the University's Distinguished Teaching Award in 1967. After his retirement, he remained professionally active until less than a year before his death. It was during this period that he increasingly presented his views through letters to the *New York Times* and book reviews. In the last years of his life, he turned to Internet lists as outlets for express-
ing his views, especially the Johnson Russia List (jrl) and Post Keynesian Thought (pkt). Having been diagnosed with prostate cancer in the 1990s, he died on March 10, 1999 of heart failure at his daughter’s home in Ann Arbor, Michigan. Besides his daughter, Dr. Kim Turgeon, his ex-wife Olivia R. Turgeon survives him, along with a sister, Margaret Johnson, and two grandchildren.

III

The Iconoclastic Sovietologist and Comparative Economist

Although Turgeon continued to write and speak on the problems of the socialist and transition economies to the end of his life, his most influential articles and books on Sovietology and comparative economics were written during the years that he was at Hofstra University. A review of his major publications shows an iconoclastic and original thinker who had significant insights into the nature of the Soviet Union and Eastern European countries. Perhaps the two most distinctive elements of Lynn Turgeon’s economic position was his fusion of Keynesian and comparative economics, and his argument that the fundamental reason to study the Soviet economy was to understand the U.S. economy.4

Certainly there were other economists who studied socialist economies with at least a partial purpose of commenting on capitalist economies; Friedrich A. Hayek and Ludwig von Mises come to mind.5 But very few did so from a strongly Keynesian perspective. Turgeon was unique among the Keynesians in that most Keynesians spent their time analyzing the capitalist economies and did not bother much with the socialist economies. Besides unsettling his Keynesian friends, Turgeon’s iconoclastic approach disturbed his Marxist friends as well. He commented on the irony that Soviet Marxists found his arguments discomforting because so much of Marxist economics was classically oriented and “pre-Keynesian,” especially their views on money (Turgeon 1980:109). Turgeon had considerable admiration for the work of Karl Marx, but was critical of the modern Marxists who failed to assimilate Keynes’s basic teachings.

Besides his work of blending Keynesian and comparative economics, another important theme in Turgeon’s scholarly work was his
emphasis on the role of demographic factors in the economy. In his first book, *The Contrasting Economies: A Study of Modern Economic Systems* (first edition 1963; second edition 1969a), Turgeon developed his ideas about the impact of demographic changes on economic growth in the socialist world. This led him to forecast early a slowdown in the Soviet economy in the 1960s due to the sharp decline in births during World War II in the USSR. *The Contrasting Economies* also went against what was then the fashionable "convergence hypothesis" that held the capitalist and socialist systems were converging toward some "middle way," and that because of the competition of the contrasting ideologies, both economic systems exerted reciprocal influences upon each other.

Turgeon identified the peak of his career as a Sovietologist as his sojourn at Moscow State University as a Fulbright-Hays scholar in the fall of 1978. He was proud of having given his last lecture there in Russian. His 1980 book, *The Advanced Capitalist System: A Revisionist View*, resulted from the lectures he gave in Moscow, along with his responses to questions from the students as well as several Soviet scholars.

His interest in the role of demographics led to his writings on discrimination in the former Soviet Union and the United States. In his third book, *State and Discrimination: The Other Side of the Cold War* (1989), he examined the position of women and minorities, especially Gypsies, in the socialist world as well as in the capitalist world. He viewed this as an area in which the socialist world performed reasonably well when compared to the United States, and argued quite strongly that civil rights and affirmative action programs in the United States were partly stimulated by competition with the Soviet Union during the Cold War. But his Keynesian roots also came out in his argument that affirmative action would not be needed in the United States if the government pursued full-employment policies (Turgeon 1989:84).

Any discussion of Turgeon's views on Sovietology and comparative economic systems must now face the fact that many of his ideas seem wrongheaded. Throughout his career Turgeon was quite sympathetic with the Soviet Union and viewed its form of central planning as "the model" for socialism, warning of the difficulties
reform-minded socialists such as Yugoslavia and Hungary would face for their deviations from the socialist model. He especially praised the GDR, the former East Germany, as a “progressive” and “successful” socialist state, and regularly contrasted it favorably with Hungary. Even up to the time of the fall of the Berlin Wall, Turgeon was publicly advancing such arguments at a 1988 American Social Science Association session.

Today it is quite easy to ridicule such positions from the perspective of more than a decade after the fall of the Berlin Wall. But it should be kept in mind what data Turgeon and others were looking at. The dominant view in the 1980s among knowledgeable people was that the per capita income in the former East Germany was not that far behind the FRG, West Germany, and even ahead of Great Britain. The CIA (1986:26–27) estimated the GDR/FRG per capita income ratio to be 87.6% in 1981, with East Germany supposedly growing more rapidly through most of the 1980s than West Germany. The post-1989 realization that the ratio was more on the order of one-third reflected the harsh reality of the low quality of the goods produced in the GDR when faced with a direct competitive comparison with those from the FRG and other market capitalist economies. Although this new information concerned Turgeon, he was quick to point out that East Germany had the highest labor force participation rate for women in the world, backed up by a strong social safety net of daycare facilities (Turgeon 1989:Ch. 7). For Turgeon, the most important criterion for evaluating a society was not its level of output, but how it treated its women and children, and he believed the former Soviet Union and Eastern Germany were doing a far superior job in these areas than was the West.

Turgeon’s iconoclastic willingness to see virtues in the former socialist countries where most refused allowed him to generate genuine insights that few recognized. A partial list of these includes the following:

1) Early recognition that the market socialism of Yugoslavia would lead to an exacerbation of its regional inequalities and conflicts (Turgeon 1969b).
2) Early support for Joseph Goldmann’s argument (1964) that
macroeconomic fluctuations can exist in planned economies, while disagreeing with his argument that decentralization would resolve the fluctuations (Turgeon 1969b).

3) His argument that the crucial ideological move toward accepting the need to recognize market forces in the central planning process was made in the 1949 price reform (Turgeon 1984) when Stalin admitted that "the law of value" still operated under socialism (Stalin 1952).¹⁰

4) Emphasizing the advantages of economies of scale in collectivized agriculture in the GDR and Hungary, a position few have defended, and arguing that the small farms in Poland and Yugoslavia where agriculture remained private were a major problem for those economies (Turgeon 1983).¹¹

5) Demonstrating that discrimination against women and such minorities as Gypsies in the Soviet Union was at its lowest during the Stalinist period (Turgeon 1989:277).

6) Emphasizing changes in birth rates as a determinant of economic growth rates in socialist economies (Turgeon 1969a).

7) His argument regarding the different impact of military spending on the economies of the United States and the USSR (Turgeon 1969a:Ch. 1), with his early forecast that the burden of military spending could lead to severe economic problems in the USSR because it was a supply-constrained economy, while helping the United States because it had a demand-constrained economy.¹²

He was also acutely aware of the potential difficulties that would arise in Central and Eastern Europe once a transition from socialism to market capitalism transpired. He warned of the threats of increasing income inequality, increased macroeconomic instability, and increased difficulties in the agricultural sector. He also saw problems arising from large-scale privatization, such as business corruption and price manipulation (Turgeon 1993) and, above all, a potential deterioration in the status of women arising from the transition. It was no pleasure for him to see his grim forecasts come to pass. In his public pronouncements on the issue, he praised countries such as Hungary that continued to maintain reasonably intact the social safety net for women and children, argued in favor of assimilation of some of the
socialist accomplishments into a better functioning economy, and argued against the wholesale dismantling of socialism. He understood quite well that despite the great difficulties they faced, the post-1989 transition countries still had control over their own policies, as the great diversity of outcomes with regard to income distribution among these countries now makes clear (Milanovic 1998; Rosser, Rosser, and Ahmed 2000:156–71).

IV

The Classical Keynesian

A special element of Lynn Turgeon's economic vision was his fervent support of classical Keynesian economics. In the 1950s, this was not an unorthodox position to take. But as the century wore on and advocacy of Keynes became less fashionable, Turgeon's advocacy of a Keynesian position strengthened rather than weakened. Later in life, he increasingly focused on macroeconomic issues in the capitalist economies, culminating in his last book, *Bastard Keynesianism: The Evolution of Economic Thinking and Policymaking since World War II* (1996).

Turgeon's concern with full employment and social justice stemmed not just from his economics, but also from his early experiences growing up in the depressionary "dirty thirties" on a farm in South Dakota. He understood that work provided meaning to people's lives, and he would forever preach that the greatest economic sin was to waste our resources, including the wasting of human potential.15

According to Turgeon, idle human capacity—otherwise known as joblessness and underemployment—often constituted a waste of our most precious resources, the lives of our fellow citizens. Idle industrial and financial capacity was also a terrible waste of resources: it meant that interest rates would be higher than need be, that wealth would be redistributed upward to the wealthiest, and that idle human capacity would follow. Turgeon was therefore often critical of the Federal Reserve for its periodic statistical revisions that arbitrarily undermeasured levels of industrial capital, which overestimated capacity-utilization rates and justified the Federal Reserve's high real interest rate policies (Turgeon 1980:40). Likewise, he was quite critical of the

Though Turgeon preferred non-military government spending along with a neutral monetary policy, he recognized that military Keynesianism had succeeded in pumping up the U.S. economy from FDR to Reagan and the German economy under Hitler. He often noted that both Kennedy and Reagan used a combination of military and commercial Keynesianism (defense spending and tax cuts, respectively) as engines of economic growth, and his harshest criticism was reserved for those administrations (such as the Carter and Bush administrations) that pursued pre-Keynesian policies of fiscal austerity and high real interest rates. His arguments on this topic, sounding as if he was endorsing the bastardized versions of commercial and military Keynesians, made many of his colleagues feel uncomfortable. However, the lesson Turgeon wanted to point out was that the federal government was quite capable of fueling economic expansion, whether by spending on the military, by cutting tax rates, or—in a more receptive political climate—by increased social spending and infrastructure investment. For Turgeon, classical Keynesianism offered the best answers to capitalism's problem of idle capacity. Classical Keynesianism favored the neutralization of monetary policy, the creative use of fiscal policy to put people to work, and the constructive use of public projects such as adequate health care and education for all citizens.  

Turgeon warned against the deficit hysteria by pointing out the differences between passive deficits (resulting from high interest rates, slow growth, and lower tax revenues) and active deficits (resulting from overspending). He was a believer in the creative use of active deficits and would point to the stimulus that resulted from the G.I. Bill of Rights, Eisenhower's interstate highway program, and the space program with its numerous high-technology spin-offs.  

While Turgeon was impressed with the growth effects of military and commercial Keynesian policies, he considered the great increase in U.S. income inequality to be one of the great policy failures of the 20th century (Turgeon 1996:52). He believed that the enormous increase in real (inflation-adjusted) interest rates was a consequence
of Federal Reserve political autonomy and a major cause of the increasing inequality in wealth and income.

V

Monetary Policy and the IMF

TURGEON OFTEN REMINDED LISTENERS of Lerner’s lessons on “functional finance,” including the benefits of monetarizing a significant portion of the national debt (Turgeon 1996:8). He characterized the Federal Reserve’s interest rate increases as unfunded federal mandates that raised the debt servicing requirements of federal, state, and local governments (Canova and Turgeon 1995:34, 36). He endorsed a wide range of proposals that posted direct challenges to the very idea of Federal Reserve autonomy as well as its monopoly power to create money. For instance, he spoke in favor of neutralizing monetary policy (as during the 1941–1951 “pegged period”), a negative real rate of interest (i.e., market interest rates below the rate of inflation), and Silvio Gesell’s stamped money proposal that was also endorsed by Keynes in *The General Theory*. Turgeon was a strong supporter of the Sovereignty Loan Proposal, by which Congress would require the U.S. Treasury to create $90 billion each year for four years to lend interest-free to state and local governments for their capital needs (Canova and Turgeon 1995:34, 36). In addition, he favored local alternatives, such as the Ithaca Hours and Time Dollars programs, solutions reminiscent of the widespread use of scrip during the banking crisis of 1933 that Turgeon himself had lived through.

As many of these policy recommendations suggest, Turgeon often found himself swimming against the tide, but time has proven him to be often right. For instance, when many economists were warning that Europe and Japan would surpass the United States in economic performance, Turgeon was one of the few who recognized that Japan and Germany were “the two weakest links in the advanced capitalist system” (Turgeon 1980:107). He argued that Japan and Germany were able to hide their declining productivity only by sending guest workers home, pushing women out of the labor force, and dumping surplus products on world markets. Turgeon pointed out that the decline in Japanese and German productivity was partly
a result of pre-Keynesian policies, such as overvalued currencies and tight monetary policies, by central bankers who were no longer committed to full employment objectives (Turgeon 1980:42, 84). His prescriptions included a more cooperative approach to wage and price stability through the creative use of income policies as alternatives to monetarist solutions, as well as maintaining currency stability by reining in currency speculation.

Turgeon also believed that the third world’s chronic indebtedness was the logical result of the neo-liberal agenda that included capital account liberalization, the proliferation of private short-term portfolio capital flows (“hot money” flows), sharply higher real interest rates, and the drying-up of official public transfers and long-term development assistance. While the emerging system of globalized private finance led inevitably to currency and payments crises throughout the deficit world, the official adjustment mechanisms as administered by the International Monetary Fund (IMF) ensured the continued dominance of private financial corporations in western and creditor nations, as well as the continued dependence of the developing world.

Turgeon devoted much of his final years to developing his critique of the IMF policy agenda and explaining the role of the Bank for International Settlements in advancing the global trend toward central bank autonomy. He presented these ideas at numerous conferences, including to the Committee on Monetary and Economic Reform (COMER) in Toronto, and in contributions to COMER’s monthly publication, Economic Reform. Turgeon criticized the asymmetrical burdens of adjustment that the IMF imposed on deficit countries. Monetary and fiscal austerities were not acceptable solutions because such policies imposed all of the burdens on those least able to bear them, namely, the poor and unemployed in deficit countries. Likewise, he was critical of the IMF’s structural adjustment programs that called for privatization of state-controlled industries, deeper capital account liberalization, and the independence of central banks as conditions of IMF financial assistance.

Turgeon also discussed how Russia was being subjected to a “structural adjustment program” through policies of the International Monetary Fund. He believed that Russia should have learned some-
thing by looking at a similar program prescribed by the IMF in late 1994 in Mexico. This austerity program raised real interest rates and created greater unemployment and stagnation. Likewise, the IMF austerity program in Russia has led to the highest real interest rates in its history and has provided Russia with the world’s highest covert unemployment rates, which have been disguised by government and “private” employers who neither fire employees nor pay them. Turgeon believed that Mexico’s experience indicates that encouragement of portfolio investment by foreigners is a poor substitute for direct long-term investment by industry, either foreign or domestic. Since direct investment by the Russian government was abandoned with the breakdown of their formerly planned investment program, the Russians have been forced to go along the route of Mexico, with similar results.

While Turgeon appreciated the magnitude of our global economic problems, he argued that there were alternative solutions and urged us to look to history for some of those answers. Turgeon’s temperament favored bold, persistent experimentation. He saw little need to wait for econometric modeling before endorsing a Tobin tax on global currency transactions or Malaysia’s experiment with currency and capital controls.

VI

Conclusion

If one can find a single thread unifying Turgeon’s almost 50 years of teaching and writing on economic affairs, it would be that he remained convinced that the study of economics and economic history can lead enlightened governments and individuals to advocate policies aimed at expanding human potential. Given the provocative manner in which Turgeon presented his views, this primary message was often missed by others. Specifically, his apparent defenses of Hitler and Stalin, not to mention Ronald Reagan and his tax cuts, easily misled people into thinking that he more broadly supported these individuals. His body of work serves as a useful reminder that economics is more an art than a science. Turgeon’s books State and Discrimination and Bastard Keynesianism provide perfect
examples of the power of qualitative reasoning over quantitative analysis in understanding economic systems. Finally, he was unique, in that few other economists have offered such a closely linked interpretation of the events of the Cold War and the domestic U.S. and Soviet economies. Ultimately, Lynn Turgeon always argued that the purpose of studying the socialist economies was to understand the market capitalist economies, which he did so well.

Notes

1. Turgeon was not alone in making wrong forecasts about the socialist economies, although many of those other mistaken forecasts were different from his. Many of Turgeon’s predictions were based on endogenous developments within the socialist economies, while it seems that the causes of the demise of the Soviet Union were exogenous factors.

2. Turgeon liked to remind people that the date of his birth was the same day that women won the right to vote in the United States.

3. Many people hold his travel journals, since Turgeon was very generous in sending mimeographed copies to friends and family members during his life.

4. Turgeon’s method of observing and explaining the interaction between the United States and the Soviet Union and how they played off each other was known as the “Turgeonian dialectic.”

5. Given the prominence of Hayek and von Mises in the debates in comparative economics over central planning and socialism, it is curious that Turgeon had little to say about them. Mostly he mentioned Hayek (whom he always referred to as “von Hayek”) in connection with Keynes, such as their friendly relations near the end of Keynes’s life when Keynes wrote a complimentary blurb for the cover of Hayek’s The Road to Serfdom. Turgeon admired the work of Abba Lerner on functional finance and noted that Lerner’s discussion of socialism followed closely that of Oskar Lange, the main figure who debated against Hayek and von Mises regarding the viability of centrally planned socialism. Turgeon’s last public presentation was at a conference on Lerner’s functional finance in New York in 1998.

6. This emphasis on the Soviet Union is very clear in Turgeon’s The Contrasting Economies: A Study of Modern Economic Systems (1963, 1969a), in which the focus is very heavily upon the Soviet model. Unlike most comparative systems books, its structure emphasizes topics rather than countries or cases. Generally, most topic chapters begin with discussion of the Soviet approach and then discuss other approaches.

7. It should be noted that although Turgeon was sympathetic with some of Stalin’s economic model, especially its impact on women, he criticized its general repressiveness and violations of human rights.
8. After the revelation of how low real per capita incomes were in the Soviet bloc after its collapse, many observers sharply criticized the CIA for such estimates, with the U.S. Congress holding hearings to investigate the alleged incompetence of the agency. Yet CIA estimates were closely studied and taken very seriously by central planners in the USSR (this is known personally by one of the authors), a fact that itself is further commentary on the information problems facing central planners in socialist economies.


10. In the tradition of Lange and Lerner, Turgeon argued that central planners needed to recognize the rational realities of market forces. At the same time he argued that the planners needed to maintain the upper hand over the market in order to overcome its irrationalities, instabilities, and inequalities.

11. Those disagreeing with Turgeon could point to the higher agricultural production in the FRG relative to the GDR (Berghahn 1982:277) as well as to the substantial increase in agricultural productivity in China and decollectivization.

12. Curiously, today, with post-Soviet Russia having become more of a market economy, it may now see gains rather than costs to military Keynesianism, a view that may explain some recent policies in Russia.


14. In making this argument, Turgeon cited the research of his former student, Robert Horn (1986), whom he had strongly encouraged to pursue this topic.


18. Lester Thurow was one notable example of a prominent economist who predicted wrongly about the economic threats from abroad. See Jeffrey E. Garten, “A Glass Hall Full?”, 78 Foreign Affairs 112 (July/August 1999), which refers to the wrong predictions of most economists, including Thurow, about the strength of the Japanese and German economies.

19. The Advanced Capitalist System, pp. 42, 81. According to Turgeon,
export trade surpluses are usually a sign of weakness, not strength, in domestic demand, with insufficient demand at home often resulting in a search for foreign outlets to boost domestic industry and employment. He argued that Germany was dumping its export surplus on the Soviet Union and Eastern bloc to maintain its economic growth, and that such a policy was not sustainable. Id., pp. 81–82. In his article "Political Economy of Reparations," (Turgeon 1973), Turgeon argued that reparations were a major factor that fueled the Cold War because of the different abilities of the Soviet Union and the United States to absorb reparations. Turgeon believed that the Marshall Plan resembled the payment of reparations by the United States, that Western Europe was able to absorb the inflow of Marshall Plan goods and services because of the destruction of its manufacturing and export sectors, and that the Marshall Plan resulted in the creation of employment in the United States.


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