

# From Industrial State to Entrepreneurial State: Big Company and Entrepreneurs in John Kenneth Galbraith

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**Abstract** Unlike the neoclassical model, the political economy of John Kenneth Galbraith distinguishes between the planning system directed by the large company, and the market system in charge of the entrepreneurs. «The institution that changes our lives the most is the one we least understand, or, more accurately, the one we try harder not to understand. It is the modern corporation», he pointed out. Technological change and changes in economic life in industrialized countries have made inevitable the role of large corporations in connivance with the State, from the second world post-war to our days, according to the american keynesian and institutionalist economist. However, despite what is commonly admitted, the individual company maintained a certain relevance in the galbraithian work. For Galbraith, the arts and design in their many facets are the stronghold of small business and an expansive part of economic life. Despite their limitations, he noted that the entrepreneurs are admired by almost everyone, in contrast with the multinational firm. Over time, the debate has moved towards the necessary innovative role of the State that visualizes risks and operates daringly in the way of entrepreneurs, catalyzing private investment into disruptive sectors (examples: Apple's iPhone, renewable energy sector, etc.) perhaps showing a mutual interaction that Galbraith advocated throughout his economic thought.

**Keywords** John Kenneth Galbraith, Capitalist Enterprises, Entrepreneurship, Firm Size.

**JEL Classifications** B31, P120, M130, L250

## 1. "A life of our time" to understand the firm

In *The Age of Uncertainty* (1977), a history about the consequences of economic ideas, the result of the homonymous television series of the BBC that he starred a few years before, John Kenneth Galbraith (1908-2006) pointed out that the big company is an institution by many little understood. «Week by week, month by month, year by year, it exercises a greater influence on our livelihood and the way we live than unions, universities, politicians, the government. There is a corporate myth which is carefully, assiduously propagated. And there is the reality. They bear little relation to each other. The modern corporation lives in suspension between fiction and truth» (Galbraith 1977, 257). In such a way, the institutionalist and keynesian economist wanted *The New Industrial State* (1967) –in which he studies, among other issues, the crucial economic importance of the firm's size-, was his great theoretical work, where «planning entails not only coordination, as with Coase; it is also about how the firm prepares for and attempts to control unforeseen events» (Dunn & Pressman 2005, 173).

Born in southern Ontario (Canada), the son of a farmer and local liberal leader, after his stint at Berkeley and Harvard, he published in 1938 *Modern Competition and Business Policy* with Henry S. Dennison, a manufacturing entrepreneur close to Roosevelt's New Deal, who introduced him to the environments of the lobbies of Washington. Galbraith was director of the Office of Price Administration (1941-1943) during the Second World War, with an execution that doubled industrial production, without inflation or unemployment. In the OPA he reached an unsatisfactory opinion about the big businessmen that contributed the war effort. Then, until 1948, and before his return to Harvard, as editor of *Fortune* - the business magazine par excellence of the time - as told in *Memoirs. A life of our time*, he was permanently immunized «against the mythology of neoclassical economics manuals, and its image of a world of competitive companies, in which authority and property coincide in a single person and the guidance corresponds to a single brain» (Galbraith [1981] 1982, 304).

From *American Capitalism* (1952) to *The Economics of Innocent Fraud* (2004), his intellectual testament, Galbraith recorded his concern about the great company. But it is in *The Affluent Society* (1958) - the first of his most recognized works - where the emerging director of the company is glimpsed. Here he discovers a primordial myth. «Precisely because he lives an orderly and careful life the executive is moved to identify himself with the dashing entrepreneur of economic literature (...) Nothing has been more central to the purpose of General Motors or General Electric than to encompass and eliminate the perils to which the one-time entrepreneur was presumed to be subject» (Galbraith [1958] 1964, 87-88). As we will see below, Galbraith dedicated part of his long career to prove it.

## **2. *The New Industrial State* (1967): the big company in the planning system.**

Galbraith commented in his foreword to the first edition of *The New Industrial State*, that this work was to *The Affluent Society* what a house to a window: «this is the structure: the earlier book allowed the first glimpse inside». The thesis is known. Robert Solow, at that time professor at MIT, and one of the first and main critics, who said on that occasion that economists should be «determined little-thinkers» (Solow 1967, 100), synthesized it in half a dozen sections: 1) the characteristic form of organization in any modern industrial society is not the petty firm but the giant corporation; 2) the giant corporation is in no sense run by its owners, the common stockholders, but by a bureaucracy, organized in a series of overlapping and interlocking committees; 3) It is the nature of the highly-capitalized bureaucratically controlled corporation to avoid risk; 4) Instead of the classic "profit maximization", the big company pursues its own survival and independence, concentrating on the constant growth of sales, the predictability in profits, the technological virtuosity and the isolation against any adverse interference by the government; 5) modern industry produces mainly things, and it wishes to grow. Everyone will be happier if everyone believes that a growing production of things is the main object of the national life; and 6) the key resource in the modern industrial state is organized intelligence, especially scientific and managerial intelligence (Solow 1967, 101-102).

For Galbraith, there is a bimodal character within the modern industrial economy, where millions of small businesses coexist with half of the US private economy, then dominated by around a thousand firms that also controlled half of manufactures and almost all most relevant services (banks, telephony, electricity, railways, airlines, insurance, department stores, food chains). Galbraith argued, with statistical data in hand, that what was worth for the United States was also valid for the other industrialized nations:

«The imperatives of technology and organization, not the images of ideology, are what determine the shape of economic society. This, on the whole, is fortunate, although it will not necessarily be welcomed by those whose intellectual capital and moral fervor are invested in the present image of the market economy as the antithesis of social planning. Nor will it be welcomed by their disciplines, who, with even smaller intellectual investment, carry the banners of free markets and free enterprise and therewith, by definition, of the free nations into political, diplomatic or military battle. Nor will it be welcomed by those who identify planning exclusively with socialism. The ideas here offered have, in one form or another, been gaining ground» (Galbraith [1967] 2007, 8).

In the industrial State, the era of the small entrepreneurs is over, although the most romantic defenders claim that monopolies are the cause of their debacle, instead of technological conditioning. «The enemy of the market is not ideology but the engineer» (Galbraith [1967] 2007, 40). The professor of Harvard recognizes that -in contrast to the great industrial and commercial organization- the private entrepreneur is the economist's hero. However, power has passed from the individual to the corporation: it has passed to the technostructure, «not the narrow management group, is the guiding intelligence- the brain- of the enterprise» ([1967] 2007, 40). Therefore, is the large dimension essential for the achievement of economies of scale? Or is it to monopolize the markets in this way? According to Galbraith, it is neither one thing nor the other. He sets the example of General Motors: its size is not in the service of monopoly or large-scale production economies, but

rather in the service of planning. «It is also large enough to have the market power associated with monopoly. But consumers do not seriously complain of the exploitation classically associated with monopoly» ([1967] 2007, 95-96).

And in what way does the technostructure achieve its objectives? Galbraith formulates a general theory of motivation in large organizations. «Pecuniary compensation need not be the sole or even the main motivation of members of the technostructure. Identification [*the aims of the group are superior to the personal ones*] and adaptation [*the objectives of the group are accepted to make them coincide with the individual*] may be driving forces» ([1967] 2007, 174).

The regulation of aggregate demand, the maintenance of a broad public sector, the guarantee and subsidy of advanced technology, in addition to the supply of a trained workforce, are the main attributes of the New Industrial State. Given this scenario, is there then a place for the entrepreneur outside planning?:

«The entrepreneur can survive a substantial degree of industrial development. Running a large mine may as well be within his reach as a small one. In the early and elementary stages of Steel-making he could exercise as much authority over several Bessemers converters as over one. The vital requirement is that both technology and planning remain relatively simple –or limited» ([1967] 2007, 110).

However, Galbraith notices an imposture, which was already announced in *The Affluent Society*. «Until recent times, senior officials of the mature corporation found much personal pleasure in the public mantle of the entrepreneur. Their picture of themselves was of self-reliant men, individualistic, with a trace or justifiable arrogance, fiercely competitive and with a desire to live dangerously» ([1967] 2007, 115-116). But let's not kid ourselves. «This assertion of competitive individualism by the corporate executive, to the extent that it is still encountered, is ceremonial, traditional or a manifestation of personal vanity and capacity for self-delusion» (Galbraith [1967] 2007, 116).

Then, the technostructure wants to seek the qualities of the entrepreneur.

### **3. Economics and the Public Purpose (1973): the entrepreneurs in the market system.**

After *The New Industrial State*, Galbraith - together with *The Affluent Society* completed his trilogy with *Economics and the Public Purpose* (1973), at the dawn of the first world oil shock, where he made explicit the political and economic agenda of the postindustrial society to come. Here he defended the value of multinationals. «By re-creating itself in other countries the technostructure, in effect, follows its product to those countries. In so doing, it enters into the same understanding on prices with the other market participants in the foreign country that it has on its home turf (...) General Motors, operating through Opel in Germany, becomes part of the general oligopolistic convention that proscribes price competition in Germany. Volkswagen and Mercedes-Benz, selling in the United States, become similarly subject to the convention that outlaws destructive price competition in the United States» (Galbraith [1973] 1975, 163) He also criticizes the accusations of hegemony of North America in charge of the of the leftists. «What has been called the American challenge is not American; it is the challenge of the modern planning system. This, because of the size of the country, absence of adverse feudal tradition, legal system, geography, resource and much else, has reached its highest development in the United States» ([1973] 1975, 165-166).

In this work, the author looks beyond the technostructure. Among other issues, it deals with the extension of entrepreneurs within the market system. «Numerous service enterprises are the by-product of the rise of the large firm. They are, in effect, a subsidiary and supporting development of the planning system» ([1973] 1975, 53). An example of this, as he maintains, are franchises, «by which an individual is made responsible for a local enterprise and is thus subject to the comprehensive incentive system that is associated with individual entrepreneurship» ([1973] 1975, 54). He will appreciate new opportunities conditioned by the industrial system:

«It is sufficient that with economic development and consequent social change, the service sector of the economy does survive and expand – and that this is the result, in very important part, of the

development of the planning system and the need to administer, facilitate and service its consumption. In further consequence opportunity for the small entrepreneur and firm will continue. And so, *pari passu*, will this part of the market system» ([1973] 1975, 58).

If the services resist the organization - he observes- the arts do the same. A matter very little then treated, the relationship between the market system and the arts, in his opinion. «The artist is, by nature, an independent entrepreneur. He embraces an entire task of creation: unlike the engineer or the production-model scientist he does not contribute specialized knowledge of some part of a task to the world of a team. Because he is sufficient to himself, he does not submit readily to the goals of organization» ([1973] 1975, 59). Where manufactures requires a measure of artistic effort, that artistic superiority often allows the small business its survival in front of the large organization. The big company -say- achieves continuous production, technical efficiency, low costs and a good market strategy, at times at the expense of lack of finishing. Despite its small size, the entrepreneur can achieve the advantage of a superior art. «In the manufacture of apparel, jewelry, timepieces, furniture, other household artifacts and in cooking, house construction and publishing this advantage can be considerable», argues. «Invariably the small firm serves what is called the upper end of the market, i.e., that providing a more expensive product to more affluent costumers who have superior taste or (perhaps the more common case) superior guidance thereto» ([1973] 1975, 61).

Galbraith recognizes that the answer of the market to technical innovation tends to be more favorable than the response to artistic innovation. But that innovation increases in its demand as social preferences evolve. Engineering and science are socially necessary, and art, therefore, is a luxury. However, at the highest levels there is a growing tendency to the artistic sense, which will show the rise of the entrepreneur:

«As a consequence an appreciate volume of modern economic activity depends not on the technical efficiency with which it is produced of the product or the efficiency with which it is produced but on the quality of the artists associated with the design. Some industries are so based (...) The postwar renaissance of Italian industry had a similar basis. Italian products excel not in engineering but in appereance. And there is a similar if less visible development in the United States. It is a yet little recognized -no one would think of encouraging the artist as opposed to the engineer, scientist or business manager as the foundation of future industrial development. But its monopoly of artistic achievement provides an important assurance of the survival of the small firm» ([1973] 1975, 65).

In this sense, the arts and products that express an artistic work will, for a long time, have an increasingly central role in economic development. They will continue to be «a major stronghold of the individual and the small firm», and their expansion will be greater if the arts have a similar right as science and technology over public and private resources.

Although Galbraith does not hide a problem over the entrepreneur: self-exploitation within the small business. While in the great company people work according to rules (law, customs) nothing regulates the hours of work of the individual entrepreneur, and nothing at all regulates the intensity of his effort. «He is, to put the matter differently, almost wholly free, as the organization is not, to exploit his labor force since his labor force consist himself» ([1973] 1975, 70). Self-exploitation, he says, is extremely important for the survival of small businesses in agriculture, retail, restaurants, repair services, household services and the like:

«The small entrepreneur, being comparatively powerless in his market, cannot with certainty pass higher wage costs or benefits along to the public in his price. And he correctly senses that he survives by being able to reduce the wage that he receives for the effort he expends. He seeks to retain the same right as regards those whom he employs. Thus his resistance to unions, mínimum wage legislation or wathever might increase his wage costs» (Galbraith [1973] 1975, 71).

However, the large corporation is not well considered by society, unlike the entrepreneur. «The small businessman is the modern counterpart of the small firm of the clasically competitive economy» ([1973] 1975, 72). Although that admiration reflects the convenient social virtue. «What is praised is what serves the confort and convenience of the community». Nobody gives orders to the entrepreneur outside the organization, but that situation is no more than «caution, conformity, obeisance, even servility, of a man whose livelihood is at the mercy of his customers» ([1973] 1975, 72). The entrepreneur is a public

benefactor and a model for young people, but «such toil is compelled by the circumstances of the market system is not remarked» ([1973] 1975, 73).

Given this situation, what will happen to the small business? There are tasks - agricultural, geographically dispersed services, artistic activities-, that do not adapt easily to the organization. And where there is organization, the entrepreneur will even subsist if he reduces his salary and increases his effort. Such effort leads to an evident divergence between the different parts that make up the economic system:

«The convenient social virtue adds to this presumption by helping people to persuade themselves than they should accept a lesser return –that some part of their compensation lies in their social virtue. Needless to say, the presumption of inequality becomes much stronger if one part of the system has power over its prices and costs, and these, in turn, are the costs and prices of the other part. That means it can, in effect, force exploitation on the other part» ([1973] 1975, 74).

#### **4. From Galbraith to Mazzucato: Risk-Taking State**

If it took only 125 workers to launch the Ford T, as well as an investment of \$ 28,500, whereas the Ford Mustang came out in 1964, 317,000 workers and \$ 6,000 million were needed. As an example of the technological imperative, Galbraith detailed in *The New Industrial State* the effort devoted to the new automobile: the costs of engineering and design work were nine million dollars; the cost of equipment for the production of the Mustang was fifty million dollars. The increase of time elapsed from the beginning to the accomplishment of the task, the increase of the capital committed in the production, the necessary specialized work force, in addition to the time and the risky capital, among other factors, made the planning inevitable.

In the Cold War years, faced with the soviet challenge of the space race, Galbraith recognized that «the word planning acquired grave ideological overtones» ([1967] 2007, 25). But it was an inopportune reaction. When the company commits more capital, it can not remain at the absolute desire of the consumer. The fact that planning is necessary does not mean that it is always done well, he accepted. However, problem solving that incorporates planning «it graces all present-day economic discussion under the cachet of 'Research and Development'», leading to the fight against Sputnik and other scientific projects of the time that the Harvard professor highlighted:

«One answer is to have the state absorb the major risks. It can provide or guarantee a market for the product. And it can underwrite the costs of development so that if they increase beyond expectation, the firm will not have to carry them. Or it can pay for and make available the necessary technical knowledge. The drift of this argument will be evident. Technology, under all circumstances, leads to planning; in its higher manifestations it may put the problems and associated cost of planning beyond the resources of the industrial firm. Technological compulsions, and not ideology or political will, will require the firm to seek the help and protection of the state. This is a consequence of advanced technology of no small interest» ([1967] 2007, 23-24).

Almost five decades later, the representative sample was not the Apollo Project but the Apple iPhone. In *The Entrepreneurial State* (2013), Mariana Mazzucato (1968- ), professor in the Economics of Innovation and Public Value at University College London (UCL), and Leontief Prize for advancing the frontiers of Economic Thought (2018)-, asserted that entrepreneurial spirit is not just about start-ups, venture capital and "garage inventors". «Most of the radical, revolutionary innovations that have fuelled the dynamics of capitalism – from railroads to the Internet, to modern-day nanotechnology and pharmaceuticals – trace the most courageous, early and capitalintensive 'entrepreneurial' investments back to the State» (Mazzucato 2013, 15). She endorses the words of Keynes in the *The End of Laissez Faire* (1926): «The important thing for Government is not to do things which individuals are doing already, and to do them a little better or a little worse; but to do those things which at present are not done at all».

In this sense, *The Entrepreneurial State* goes from conceiving the State as a bureaucratic and inertial "Leviathan" to being the true catalyst of private investment. Ensures that both in the development of aviation, nuclear energy, computers, Internet, biotechnology and green technology, «it is, and has been, the State – not the private sector – that has kick-started and developed the engine of growth, because of its

willingness to take risks in areas where the private sector has been too risk averse» (Mazzucato 2013, 23). Mazzucato does not deny the existence of entrepreneurial activity in the private sector, where there are new companies that stimulate new sectors (Google), as the important source of private financing such as venture capital. What the author objects is that it is the only version that is counted:

«But how many people know that the algorithm that led to Google's success was funded by a public sector National Science Foundation grant (Battelle 2005)? Or that molecular antibodies, which provided the foundation for biotechnology before venture capital moved into the sector, were discovered in public Medical Research Council (MRC) labs in the UK? How many people realize that many of the most innovative young companies in the US were funded not by private venture capital but by *public* venture capital, such as that provided by the Small Business Innovation Research (SBIR) programme?» (Mazzucato 2013, 29).

Therefore, in her opinion there is no 'crowding out' effect, but a free-riding problem. The entrepreneurial State invests in areas in which the private sector would not invest or have resources. On the contrary, the strategies of repurchase of shares in charge of the managers of the big technological firms, thus increasing stock prices, reinforces the free-riding. «Shareholders and executives are thus 'rewarded' for riding the innovation wave the State created» (2013, 34). This problem of financialization, boosting share prices, is an increasingly growing phenomenon<sup>1</sup>.

Nevertheless, there is sufficient evidence that the State develops catch-up policies with specific objectives, orienting resources towards certain industrial sectors, the author describes six myths that oblige the State to limit itself to financing basic research and provide an infrastructure that supports the private sector. Such myths lead to their consequent reply:

- a) "Innovation is about R&D". Only those pharmaceutical companies that patent five years in a row -investigated Mazzucato- and that are allied, manage to generate some growth through their R&D expenditure.
- b) "Small is Beautiful". The strongest evidence does not highlight the role of small businesses but that of young companies that grow rapidly. Grants, soft loans or tax exemptions to many start-ups lead to waste.
- c) "Venture Capital is Risk Loving". The government financing (SUBIR, ATP) of technology companies in the initial stage exceeds two to eight times the amount invested by private venture capital.
- d) "We Live in a Knowledge Economy: Just Look at all the Patents!". However, this exponential increase in patents has been made by including research with public resources, basic research tools (instead of only final products and services) and even "discoveries" such as genes.
- e) "Europe's Problem is all about Commercialization". There is no european NASDAQ, but that imitation ignores how the excessively speculative model weakened innovation in the United States.
- a) "Business Investment Requires '*Less Tax and Red Tape*'". The progress of the frontiers of knowledge does not imply subsidizing per se the R&D of individual companies: it is more effective to use part of the expenses in tax deductions for R&D to directly commission the technological advance in question (tax deductions for R&D Works; not tax deductions for the income from R&D, easily fudged).

The State assumes a knightian uncertainty -says Mazzucato- when it comes to investing in the development of technologies in its early phase (Internet, nanotechnology, nuclear energy, pharmaceutical industry, etc.). An entrepreneurial State was born from the Second World War until today, through the creation of the Agency for Advanced Research Projects in Defense (DARPA) in 1958 (which led to the boom in the IT industry in Silicon Valley). This State has allowed the United States to be able to lead innovation in large and small companies, the university and government laboratories.

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<sup>1</sup> Paul Krugman, "Apple and the Fruits of Tax Cuts" (2018): <https://www.nytimes.com/2018/05/03/opinion/apple-tax-cuts.html>

Mazzucato estimates that the United States is a country that uses a "pro market" rhetoric that does not coincide with reality. It is the State «that is behind the iPhone». Therefore, we must set aside the arguments of Steve Jobs ("stay hungry, stay foolish"). The successes of Apple thanks to their personal computers were remarkable, but with the launch of the iPhone and iPod Touch in 2007 global sales increased by almost 460%. And Mazzucato draws a convincing explanation throughout his book relating the different components of the technologies that can be found in the first generation of iPods directly related to basic and applied research conducted by the United States government. Perhaps the ultimate key to Apple's success lies in a source other than the one usually known:

«In sum, 'finding what you love' and doing it while also being 'foolish' is much easier in a country in which the State plays the pivotal serious role of taking on the development of high-risk technologies, making the early, large and high-risk investments, and then sustaining them until such time that the later-stage private actors can appear to 'play around and have fun'. (...) Without the frequent targeted investment and intervention of the US government it is likely that most would-be 'Apples' would be losers in the global race to dominate the computing and communications age. The company's organizational success in integrating complex technologies into user-friendly and attractive devices supplemented with powerful software mediums should not be marginalized, however it is indisputable that most of Apple's best technologies exist because of the prior collective and cumulative efforts driven by the State; which were made in the face of uncertainty and often in the name of, if not national security, then economic competitiveness» (2013, 99).

After examining other similar situations, around the "green industrial revolution" and the wind and solar energy, the author is pessimistic about the benefit obtained by the State for such risky investments, given the fiscal loopholes, «and the fact that tax receipts often do not accurately reflect the source of earnings (e.g. income vs. capital gains), taxes have proved a difficult way for the State to get back its return for innovation investments» (2013, 145).

Going back to Apple, Mazzucato acknowledges that Steve Jobs, unlike his successors, did not apply short-term policies, «like stock-repurchase or dividend programmes, which use up money that could be employed on research and design», but «ignoring how such innovation depended greatly on State-funded radical components, and denying the State its reward will not help future shiny apples to emerge» (Mazzucato 2013, 145). It is the everlasting problem of risk socialization and the privatization of profits; Mazzucato asks, beyond the ideology of the shareholder: can the Entrepreneurial State eat its cake too?

The author appreciates the extensive literature on the changing dynamics between large companies, small businesses, government research and individuals in the innovation process, but «there is very little understanding on how rewards are divided» (Mazzucato 2013, 161). Three quarters of the recent molecular biopharmaceutical entities exist thanks to public laboratories. The technologies that make the iPhone "smart" were financed by the State (Internet, wireless networks, GPS, microelectronics, touch screens, the Siri personal voice assistant, etc.), without having yet reached solutions that propitiate the "smart", inclusive and sustainable growth that the author asks for. Given that the history of new technologies shows that private investments tend to wait until the State has made the first risky investments, Mazzucato insists that it is not enough to talk about the "Entrepreneurial State", but that it must be built. The time has come for the roles not to be falsified:

«As anyone who has worked in the private sector knows, there are plenty of 'bureaucratic' and inertial businesses. There is nothing in the DNA of the public sector that makes it less innovative than the private sector. But equally, encouraging innovation and creativity in public sector institutions requires thinking about organizational dynamics. Instead, by dismissing the ability of the public sector to be an innovative force from within; most thinkers on *strategic management* and organizational change have focused more on the private sector, leaving the public sector to simply focus on 'creating the conditions' for innovation to happen in the 'revolutionary' private sector. And, as discussed above, this has created a self-fulfilling prophecy, where the smartest young graduates think that it will be more exciting and fun to work at Goldman Sachs or Google rather than a State investment bank or a ministry for innovation» (2013, 99).

## 5. Conclusion

Is there a "Galbraith for entrepreneurs"? Considering *The New Industrial State*, it would seem that no. Notwithstanding, the keynesian economist was an intellectual entrepreneur, always working alone. «Meanwhile the academic phalanx who scorned his ideas were organization men, conformist in view, careful tenders of their departmental franchise (...) Galbraith's heresies triumphed in the open market; within the university they were repressed by methods on which he literally wrote the book» (Galbraith 2008, 496). In the theory of the firm of John Kenneth Galbraith there is a space for the small entrepreneur, especially in *Economics and the public purpose*, with its opportunities and restrictions: a question perhaps not highlighted when studying the galbraithian work. Given the dominant position of the large firm because of the planning that brings technology, he advocated the improvement in design and the arts as a professional path for the progress of entrepreneurship.

He saw fifty years ago the symbiotic relationship between the modern corporation and the State. And Mariana Mazzucato in *The Entrepreneurial State* asks «how to transform that ecosystem so that it is symbiotic rather than 'parasitic', so that public-private partnerships increase the stake, commitment and return of all players investing in the innovation game» (2013, 99). Galbraith wrote about the technostructure of the Ford Motor Company after Henry Ford. Mazzucato studies the trajectory of Apple after Jobs. It is possible to appreciate a certain line of continuity, not necessarily a complete identification, about the performance of the large company and the entrepreneurs. Galbraith even asserted that Ford - a presumed technical genius - was a fraud; a myth of entrepreneurship. Mazzucato is not so clear about Jobs. But both authors have detected a certain usurpation of roles that makes difficult the debate about the size of the firm: the technostructure that wants to be enterprising, and the entrepreneurs who want to be a big company. The directors of the big companies that identify themselves as heroes at the risk of the demand, and the entrepreneurs who do not know their limits.

In *Time and the New Industrial State* (1988) Galbraith described aspects that he did not see (the tendency of organizational obsolescence, the faith in monetarism). However, if function of change - as he expressed on several occasions-, transforms the conclusions regarding economic life, as also seems to be appreciated in Mazzucato's work, we should avoid an old fallacy that is used to reconcile one's own prejudices: «what does not always exist without exception never exists».

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