The Affluent Society Study Guide

The Affluent Society by John Kenneth Galbraith

Contents

Introduction

The Affluent Society (1958), John Kenneth Galbraith's most broadly influential book, stands out among works of economic analysis for its accessible writing style, which makes complex economic concepts and arguments understandable to the popular reader. Galbraith's phrase "conventional wisdom," a key concept introduced in *The Affluent Society*, has entered common parlance so pervasively that it is now used to describe a variety of concepts not necessarily related to economic theory.

Galbraith asserts that the conventional wisdom of economic thinking in the United States is based in nineteenth-century European economic theory and is no longer suited to the unprecedented phenomenon of mass affluence achieved by American society in the twentieth century. He criticizes the overemphasis on high rates of production as a measure of economic prosperity, suggesting that other factors may be of greater importance. He further asserts that economic theory must take into account the importance of advertising in artificially creating high rates of consumption to support high rates of production.

Galbraith's central concerns in reassessing the American economy include: the nature of American affluence; the relationship between production, consumption, and advertising; the abiding issue of poverty and economic inequality; and changing factors in such economic concerns as employment, inflation, and consumer debt. He ultimately advocates a greater emphasis on sales tax over property tax; greater government expenditure on such public services as education and health care; and a national goal of expanding the "new class" of citizens able to pursue work they find inherently enjoyable.

Author Biography

John Kenneth Galbraith is one of the most influential economists of the twentieth century. His more than forty books bridge the gap between academic economic theorists and the common reader, with witty, insightful, and accessible bestsellers such as *American Capitalism* (1952), *The Affluent Society* (1958), and *The New Industrial State* (1967). He is credited with having coined key phrases now in common parlance, most notably, "conventional wisdom." His works include memoirs, novels, and art history books as well as the economic treatises for which he has made his name. Galbraith is a liberal who, in addition to writing and teaching, has played an active role in American politics. He has held various government posts and worked as a speech writer for United States Presidents Franklin D. Roosevelt, John F. Kennedy, and Lyndon B. Johnson as well as presidential candidates Adlai Stevenson, Robert Kennedy, and George McGovern.

Galbraith was born on October 15, 1908, on a farm in Iona Station, Ontario, Canada. His parents were Catherine (Kendall) Galbraith and William Archibald Galbraith (a farmer and politician). Galbraith graduated from the Ontario Agricultural College of the University of Toronto in 1931, with a bachelor's degree in animal husbandry. He received a master of arts and a doctorate in economics from the University of California at Berkeley in 1934. From 1934-1939, he was an instructor at Harvard University, in Boston, Massachusetts. During this period, in 1937, he became a naturalized American citizen and married Catherine Atwater, with whom he had four children. From 1939-1942, he worked as an assistant professor of economics at Princeton University, in Princeton, New Jersey. From 1941-1946, during World War II and the post-war years, Galbraith occupied a variety of United States government posts, including the National Defense Advisory Commission, the Office of Price Administration, the United States Strategic Bombing Survey, and the Office of Economic Security Policy. He also served on the editorial board of *Fortune* magazine from 1943-1948. After the war years, Galbraith resumed his academic career teaching as a lecturer at Harvard University from 1948-1949 and as professor of economics at Harvard from 1949-1975. During the 1960s, he also held various government posts - a key adviser to President John F. Kennedy and a United States Ambassador to India from 1961-1963. From 1967-1968, he served as national chairman of Americans for Democratic Action. From 1970-1971, he was a visiting fellow at Trinity College, Cambridge University, in Cambridge, England. He served as president of the American Economic Association in 1972. In 1975, he became professor emeritus at Harvard University. He and his wife live intermittently throughout the year in Cambridge, Massachusetts; Newfane, Vermont; and Gstaad, Switzerland.

Plot Summary

American Affluence and Conventional Wisdom

Asserting that the United States in the twentieth century is an anomaly in world history due to its unprecedented affluence, Galbraith states that economic theory up to this point is based primarily on societies characterized by poverty and is, therefore, inadequate to addressing the economic condition of the United States in the twentieth century. He introduces the concept of conventional wisdom, which refers to the generally accepted ideas within any given society. Galbraith asserts that conventional wisdom is based primarily on tradition and does not accommodate changes in society and so must be viewed with skepticism. He observes that the early economic theorists - the leading fires being Smith, Ricardo, and Malthus - of the previous centuries based their theories in a world economy characterized by poverty. Galbraith then provides an overview of major currents in economic theory since the Industrial Revolution in the mid-nineteenth century. A predominant current of twentieth-century thought - the "central tradition" of economic theory - was the idea that financial crises, such as the depression, are a normal occurrence of economic cycles.

Production

Galbraith traces the major currents of American economic thought in the twentieth century, particularly the influence of Social Darwinism and Marxism. Galbraith argues that the issue of inequality in the distribution of wealth has become less and less of a concern in American conventional wisdom. Focus has moved instead to the benefits of increased production at all levels of society. He points out that since the 1930s, economic security, both for the business owner and the worker, has steadily increased, as has overall production. With the decrease in concern for economic inequality and the relative elimination of extremes of economic insecurity, Galbraith argues, production has become the foremost concern in economic thought. He elaborates upon the extent to which conventional wisdom in the United States regards production as the essential measure of economic vitality. However, Galbraith notes that, in fact, this concern with production is irrational and inappropriate to the realities of the economy. He stresses that the conventional wisdom is selective in evaluating various types of production so that private sector production is deemed good for the economy while social services provided by the government are considered bad for the economy.

Consumption

Galbraith further observes that, with the steady increase in wages in the United States, luxury items have come to be considered consumer "needs," equivalent to the need for food and shelter in less affluent societies. He points out that it is inaccurate to claim that the production of these luxury items is determined by the "needs" of the consumer;

rather, it is the extensive advertising efforts that accompany production, which creates the "need" in the consumer. Galbraith insists that contemporary economic theory has failed to take this dynamic, which he calls the "dependence effect," into account. He explains that, after the 1930s, the conventional wisdom of economic thinking became dominated by a stress on the value of high production rates. He observes that, although in recent times the focus on production as a measure of economic vitality has given way to a broader range of concerns, it remains, in the conventional wisdom, the be-all and end-all of national prosperity. He goes on to describe the steady increase in consumer debt from the 1920s to the present, warning that massive consumer debt, while potentially hazardous to the economy, is encouraged in the United States as a corollary to high rates of production and consumption.

Inflation

Galbraith examines economic attitudes about inflation, which, since World War II, has clearly become an inevitable factor in the United States economy. Economists disagree on the cause of inflation, as well as on the possible means of regulating it, conservatives being primarily concerned with the level of product demand in the economy and liberals with the "wage-price spiral," according to which increased wages have a snowball effect on the growth of inflation Galbraith examines the role of the Federal Reserve System of monetary policy in the United States with which attempts are made to regulate inflation. He goes on to note that the Federal Reserve's primary method of raising interest rates does more to harm small businesses than to protect the consumer against inflation. He concludes that monetary policy is "a blunt, unreliable, discriminatory and somewhat dangerous instrument of price control." He describes the relative merits of monetary measures (as advocated by conservatives) and fiscal policy (as advocated by liberals) in regulating inflation.

Social Balance

Galbraith elaborates upon his argument that the conventional wisdom of American economic thought values high production in the private sector as a measure of a strong economy while denigrating the value of goods and services provided by the government. Thus consumer expenditure on personal goods and services is valued above government expenditure funded by taxes. Galbraith coins the term "social balance" to describe an acceptable relationship between private and public expenditure. He argues that an affluent society is dependent, for the public good, on state expenditures in the areas of the police force, education, public sanitation, public transportation, roads, and the regulation of safety standards for air and water. He argues that public education is an area of government expenditure that is ultimately an investment in private-sector industry. In an age of technology, citizens with a higher education in the areas of science and engineering are necessary to the advance of industry. However, the conventional wisdom, Galbraith observes, does not consider public education to be a valuable investment in economic prosperity. Galbraith further asserts that finding employment for the unemployed is not the best way to cure economic downturns or high inflation. Rather, he argues, an increase in unemployment benefits provided by government would accommodate the unemployed without adding to the problem of inflation. He further contends that a greater emphasis on sales taxes (rather than income taxes) would lead to a greater social balance of private and public sector production. He makes clear that income taxes should remain but that greater sales taxes would fund government at the state level, thus enabling greater expenditure on such vital public services as education. He asserts that greater government spending in the public sector is the most important factor in reducing poverty.

Education and the New Class

Galbraith puts forth the idea that a "new class" of workers has emerged in the "affluent society" of twentieth-century American life - a class characterized by the opportunity to seek enjoyable employment. He argues that the enjoyment of work is of greater value than either increase in pay or decrease in total hours spent at work. He suggests that the expansion of the class of people who are able to find work they enjoy - rather than the senseless expansion of production rates - should be a national priority. He argues that the most important factor that makes the expansion of this new class of workers possible is increased access to quality education for all citizens. He points out that while the conventional wisdom regards excessive spending on military as a necessity, spending on education is considered a waste. However, he argues that spending on education ultimately increases quality of life while spending on the military - particularly the build-up of nuclear arms - hastens the mass destruction of life.

Characters

Henry Charles Carey

Henry Charles Carey (1793-1879) was an American economist and sociologist, who is considered to be the founder of the American school of economics. His major works include: *Essay on the Rate of Wages (1835), Principles of Political Economy (1837-1840), Principles of Social Science (1858-1860), and The Unity of Law* (1872). Galbraith refers to Carey as one of the three "distinctly American figures" in the history of economic theory. Of these three, Galbraith notes, Carey was the exception in that his views were optimistic as to the economic future of society. In contrast to earlier theorists, Galbraith observes, Carey argued that wages had increased over time. Galbraith points out, however, that Carey was not a particularly influential figure in economic theory. He concludes that Carey's work is not a significant factor in the "tradition of American economic thought," and that his books, receiving little serious attention, "moldered and died."

Henry Ford

Henry Ford (1863-1947) was an American entrepreneur who founded the Ford Motor Company. His early success was due to his development of the assembly line as the most efficient means of manufacturing a product. Galbraith mentions Ford as an example of the cultural status enjoyed by early industrialists based solely on their success in the realm of business and regardless of their level of education or intellectual sophistication. Galbraith points out that, in modern America, successful business entrepreneurs no longer hold such celebrity status unless they have distinguished themselves in other realms.

Henry George

Henry George (1839-1897) was an American economist who advocated various measures of tax reform. His major work is Progress and Poverty (1879), subtitled "An Inquiry into the Cause of Industrial Depressions and of Increase of Want and Increase of Wealth." Galbraith mentions George as one of the three significant American economic theorists of the last century. He describes George, along with Veblen, as a "prophet of gloom" in his pessimistic outlook on the evolution of economic conditions. Although George did suggest a remedy to these conditions, Galbraith observes, he predicted "continuing poverty combined with increasing inequality and increasing insecurity." Galbraith further notes that the "mood" of those who advocated George's theories "was often one of misanthropic and frustrated radicalism."

Herbert Hoover

Herbert Hoover (1874-1964) was the thirty- first president of the United States, holding office from 1929-1933, during the first few years of the depression. Hoover had earned a widespread reputation for his humanitarian efforts during and after World War I. However, his inability to successfully stem the tide of economic devastation in the early years of the depression caused him to lose public favor, and he lost a second term election to Franklin D. Roosevelt. Galbraith observes that Hoover, in his attempts to address the problem of the depression, subscribed to the conventional wisdom that a balanced budget at the federal level was the most important factor in achieving national economic prosperity. Galbraith points out that this conventional wisdom was soon challenged by economic theorists.

John Maynard Keynes

John Maynard Keynes (1883-1945) was an English economist whose theories became known as Keynesian economics. His major work, *The General Theory of Employment, Interest and Money* (1935-1936) argues that widespread employment of the masses is one of the most important factors in attaining national economic stability and affluence and that, conversely, widespread unemployment spells economic devastation. During the 1930s, his theories had a revolutionary effect on economic thought. Keynes was the most influential economist of the twentieth century. Economists and political leaders from all ideological spectrums were quickly, if reluctantly, convinced of the wisdom of Keynesian economics. Galbraith was greatly influenced by Keynes and mentions his work throughout *The Affluent Society* for its powerful influence in altering the conventional wisdom of economic theory. Galbraith argues that Keynesian economics has become the new conventional wisdom.

Thomas Robert Malthus

Thomas Robert Malthus (1766-1834) was an English economic theorist whose ideas centered on the effect of population growth on economic stability. His major work was An Essay on the Principle of Population as it *Affects the Future Improvement of Society, with Remarks on the Speculations of Mr. Godwin, M. Condorcet, and Other Writers (1798)*. Malthus's theories were largely pessimistic, arguing that widespread poverty is an inescapable reality of human economic conditions. Galbraith refers to Malthus, along with Smith and Ricardo, as one of "the founding trinity" of economic theory in English-speaking nations. Galbraith observes that Malthus was extremely influential in spreading an attitude of pessimism throughout the field of economic theory. He further notes that although Malthus proclaimed massive human poverty to be inevitable, he showed no great concern for the suffering of the masses and proposed no possible solution for their economic condition.

Alfred Marshall

Alfred Marshall (1842-1924) was an English economic theorist who was one of the founders of the school of neoclassical economics. His major work was the *Principles of Economics* (1890). Galbraith mentions Marshall as a significant influence on the prevailing conventional wisdom of economic thought.

Karl Marx

Karl Marx (1818-1883) was a German-Jewish economist, historian, and sociologist, whose extraordinarily influential analysis of political and economic history is known as Marxist theory. His major works include *The Communist Manifesto* (1848), which was written with Friedrich Engels and *Das Kapital* (translated as: *Capital*). Galbraith refers to Marx throughout *The Affluent Society* in terms of his profound influence on modern political movements.

John Stuart Mill

John Stuart Mill (1806-1873) was an English economic theorist and philosopher known as an influential exponent of Utilitarianism. Mill was an early advocate of women's suffrage and was one of the founders of the first women's suffrage society, later known as the National Union of Women's Suffrage Societies, in 1867. In 1869, he published the now classic pamphlet, *The Subjection of Women*. Galbraith mentions Mill as one of the economists whose ideas formed the basis of American economic theory.

J. P. Morgan

See John Pierpont Morgan

John Pierpont Morgan

John Pierpont Morgan (1837-1913) was an extremely powerful American industrial magnate of the early twentieth century. His banking house, J. P. Morgan and Company, organized in 1895, became one of the most powerful in the world. Morgan eventually controlled most of the railroad industry in the United States and was head of one of the most powerful railroad businesses in the world. Morgan organized a variety of mergers and consolidations in major industries, heading such powerful corporations as United States Steel, General Electric, and the International Harvester Company. His industrial empire included banking and insurance companies. Galbraith mentions Morgan among several American business magnates of the early twentieth century. He points out that industrial moguls such as Morgan once held celebrity status and that their business ventures were associated in the public mind with the men who headed them. Galbraith observes that successful business magnates are no longer such visible public personalities in the eyes of the American people.

David Ricardo

David Ricardo (1772-1823) was an English economic theorist credited with systematizing economics as a field of scientific inquiry in the early nineteenth century. He is known for his theory of the "Iron Law of Wages," which asserts that the working wages of the masses of humanity will never rise above subsistence level. Galbraith lists Ricardo, with Smith and Malthus, as one of the "founding trinity of economics." He refers to Ricardo as "the man who first gave economics its modern structure." Galbraith observes that Ricardo, like Malthus, subscribed to the pessimistic theory that massive poverty was an inevitable condition of human economic systems. This conviction became a part of the conventional wisdom of economic theory, formulated in the nineteenth century, which continued to dominate economic thought in the early twentieth century. Galbraith notes that, like Malthus, Ricardo asserted that there was no possible remedy to the condition of subsistence level poverty suffered by the majority of the human population. Galbraith states that, from the mid-nineteenth century, Ricardo's central ideas remained dominant in economic theory but faced competition from the theories of Karl Marx, which offered a remedy to conditions of mass poverty.

John D. Rockefeller

John D. Rockefeller (1839-1937) was an American industrial magnate who founded the Standard Oil Company. His successful business conglomerations led to legislation against monopolies in industry, known as the Sherman Anti-Trust Act of 1890. Later in life, Rockefeller became a philanthropist, and his generous contributions, totaling some $500 million, financed the founding of such institutions as the University of Chicago in 1892, Rockefeller University in 1901, and the Rockefeller Foundation in 1903, among others. Galbraith mentions Rockefeller as an example supporting the theory that, in capitalist society, the rich get richer and richer, thus exacerbating economic inequality between rich and poor. He cites Rockefeller's justification of his extremely aggressive business practices as based on the theory of "survival of the fittest," which suggests that it is the natural order of things for certain people to become financially successful at the expense of many others.

Franklin Delano Roosevelt

Franklin D. Roosevelt (1882-1945) was the thirty-second president of the United States, holding office from 1933-1945. Roosevelt's New Deal policies were designed to bring the United States out of the depression that began with the 1929 stock market crash. Galbraith notes that, at the beginning of the depression, the conventional wisdom of economic theory was that a balanced national budget was the most important factor in achieving economic stability. He points out that Roosevelt was elected in 1932, at the height of the depression, based on this theory. However, by the end of the depression, Roosevelt, reflecting a change in the conventional wisdom, announced that reducing unemployment was the most important remedy to the crisis of the depression.

Adam Smith

Adam Smith (1723-1790) was a Scottish political economist and social philosopher of the Enlightenment. His major work, *An Inquiry into the Nature and Causes of the Wealth of Nations (1776)*, put forth the first systematized theory of political economy. During his lifetime, Smith was internationally recognized for his influence on both social science and economic theory. Galbraith refers to Smith, with Ricardo and Malthus, as one of the "founding trinity of economics." He describes Smith as "the first great figure in the central economic tradition." Galbraith notes that Smith was the first influential economist to put forth the idea that the economic condition of the mass of humanity could never rise significantly above subsistence level. Galbraith asserts that this pessimistic economic view is "the most despairing dictum in the history of social comment."

Herbert Spencer

Herbert Spencer (1820-1903) was a highly influential thinker of the English Victorian era. Spencer's writing and ideas ranged from the fields of biology to psychology to philosophy to sociology. He was a vocal advocate of individualism. His major work was *The Synthetic Philosophy* (1896). Although Charles Darwin formulated a more accurate theory of evolution, Spencer had put forth an earlier, less developed, theory of evolution; he quickly accepted Darwin's theory as superior to his own. It was Spencer, however, who coined the phrase "survival of the fittest" to describe the process of "natural selection." Spencer applied evolutionary theory to social and economic competition, developing a school of thought that came to be known as Social Darwinism. Galbraith refers to Spencer in terms of the influence of Social Darwinism on American economic thought.

John Strachey

John Strachey (1901-1963) was a British Socialist writer and politician in the Labour Party. Strachey published many influential works on Marxist theory. Galbraith describes him as "the most articulate contemporary English Marxist" of the early twentieth century.

William Graham Sumner

William Graham Sumner (1840-1910) was an American economic theorist, influential as an exponent of Social Darwinism. His major work was *Folkways* (1907). Galbraith refers to Sumner as the "major prophet" of Social Darwinism in the United States.

Frank Taussig

Frank Taussig (1859-1940) was an American economic theorist whose theories of international trade were highly influential in the formulation of American policy during the tenure of President Woodrow Wilson. Galbraith describes Taussig as "the leading figure in the central tradition" of American economic theory.

R. H. Tawney

R. H. Tawney (1880-1962) was an English economic historian. He was a highly influential socialist in the British Labour Party during the1920s and 1930s. He was also a social reformer and many of his ideas were put into practice during his lifetime. His most influential works were *The Acquisitive Society (1920) and Religion and the Rise of Capitalism* (1926). Galbraith refers to Tawney in a discussion of the relative value of high levels of production to the social good.

Thorstein Veblen

Thorstein Veblen (1857-1929) was an American economic theorist whose ideas are based in the theory of Social Darwinism. His most influential work was *The Theory of the Leisure Class* (1899). He coined the now commonly used phrase "conspicuous consumption." Galbraith describes Veblen, along with George, as a "prophet of gloom" in regard to his economic outlook. Galbraith notes that Veblen's economic theory suggests that economic inequality is inherent to human society and that "there is not hope for change" in this fundamental structure.

Themes

Conventional Wisdom

Perhaps the most widespread and lasting impact of The *Affluent Society* is the entrance of Galbraith's phrase "conventional wisdom" into common parlance. The effect of conventional wisdom on attitudes about the economy is a key theme in this book. Galbraith explains that the conventional wisdom about the economy stems from nineteenth-century economic conditions and is, therefore, no longer relevant to the American economy in the twentieth century. However, he observes that many people in positions of power have a "vested interest" in the conventional wisdom in that it serves to maintain the status quo. He also claims that economists have a vested interest in conventional wisdom because it represents the basic assumptions upon which economic theory is based. Throughout the book, Galbraith asserts two main points about conventional wisdom. The first is economists, as well as the general public, must look beyond the outdated assumptions of conventional wisdom to formulate a more realistic assessment of the current American economy. Secondly, Galbraith points out that the conventional wisdom often functions as a cover for economic policies that in fact run counter to this "wisdom." In essence, Galbraith views conventional wisdom as a mass delusion that must be dissipated to gain a clearer picture of the current status of the economy.

American Affluence

Galbraith's title, The Affluent Society, refers to the economic conditions in the United States in the mid-twentieth century. He argues that American society represents a new level of mass economic prosperity never before seen. Because of this unprecedented prosperity, Galbraith argues, economic theory based on the conditions of a population whose great masses of citizens live at a subsistence level is no longer appropriate when applied to the United States in the twentieth century. Galbraith asserts that, given the status of American affluence, economic instability has ceased to be a real issue, either at the private or industry level. In other words, he claims that there is little reason for either the individual citizen or the corporate world to fear economic disaster.

Poverty and Economic Inequality

While Galbraith asserts that the United States enjoys unprecedented affluence, he does not deny the continuing issue of economic inequality. He criticizes current attitudes about the economy, which reinforce a habit of discounting the issue of economic inequality. Rather, Galbraith believes that poverty should continue to be at the forefront of national concerns with the economy. He advocates diverting greater sums of tax revenue into public services to compensate for the disadvantages of poverty. Galbraith is especially concerned with providing the children of poor families with the public services, such as education, health care, and proper nutrition, which would allow them to overcome the poverty suffered by their parents.

Production

A central theme throughout Galbraith's argument is the over-emphasis, according to the conventional wisdom, on the value of high rates of production to a healthy economy. He observes that the near worship of high production rates in the American economic attitude is a major hurdle that must be overcome. He provides a variety of arguments demonstrating the fallacy of the common belief that high production rates are the most significant factor in a prosperous economy. He points to a variety of examples of current and past economic conditions which, he argues, demonstrate that production is not the most important factor in the economy. Rather, Galbraith points out that the focus on production causes most people to overlook other values, such as the importance of public services and job satisfaction.

Consumerism and Advertising

In a discussion of the relationship between production and consumption, Galbraith points out what he views as a major fallacy in the conventional wisdom of economic thinking about the United States economy. He notes that, according to conventional wisdom, production rates are determined by a society's *need* for various products, as indicated by rates of consumption. However, he points out that economists continue to overlook the power of advertising in actively *creating* artificially high levels of consumer demand. High rates of production, he argues, do not simply satisfy preexisting needs or desires in the consumer; rather, the industries that produce consumer products simultaneously produce advertising campaigns designed to convince consumers of their need for this product. Galbraith argues that the factor of advertising has to be taken into account to accurately assess the real value of high rates of production.

Work and Education

Galbraith argues that yet another fallacy of conventional wisdom is the assumption that a primary benefit of affluence is the opportunity to work fewer hours per week. He asserts that working less is not necessarily the most greatly desired benefit of affluence; rather, he contends, the desire for *enjoyable* work is greater than the desire for *less* work. He claims that there is now a new class of workers who have the luxury of pursuing jobs that satisfy their own interests. He does not deny that income is an important factor in job satisfaction, but notes that interest and pleasure are of at least equal importance. Galbraith observes that the most important factor in membership to this new class of workers is access to higher education. It is primarily with education that citizens are allowed the opportunity to pursue a career that involves work that is enjoyable. He argues that greater expenditure in the area of public education would make it possible for a larger and larger portion of the population to find occupations doing work they like to do. Galbraith asserts that there is no reason an affluent society cannot afford to make this possible.

Style

Stylistic Flourish

Throughout The *Affluent Society, Galbraith* makes use of stylistic flourish to make his points more entertaining and understandable to the general reading public. Robert Lekachman explains, in an introduction to *John Kenneth Galbraith* and *His Critics* (1972), by Charles H. Hession, "As even casual readers and severe critics of Galbraith usually attest, the man writes a lovely English prose - witty, supple, eloquent." The use of figurative language and Biblical reference, for example, demonstrates Galbraith's frequently praised talent for word play and for coining catchy, original phrases. For example, in the opening chapter, he warns the reader that his book puts forth controversial and original ideas that may challenge generally accepted notions held to be the norm. He criticizes the social atmosphere in which "the bland lead the bland." Galbraith here refers to a Biblical parable from which the commonly used phrase "the blind leading the blind" is often quoted. Thus, through a humorous turn of phrase, Galbraith condemns the "bland" conformity that characterizes defenders of the status quo. While this comment in itself is not central to Galbraith's discussion of economic theory, it demonstrates the stylistic flourish by which he successfully communicated complex ideas to the general public, creating a popular bestseller of what could have been a bone-dry economic treatise.

Epigraphs

Galbraith begins two chapters with epigraphs, or short, pithy quotes, that reflect upon the content of that chapter. In opening chapter 10, for instance, Galbraith quotes from W. Beckerman's article, "The Economist as Modern Missionary" (1956). Beckerman asserts that "the problem of creating sufficient wants . . . to absorb productive capacity may become chronic in the not too distant future." This quote illuminates Galbraith's assertion that high levels of economic production have come to be considered the "keystone" of economic stability, which is a problem in an affluent society because, in essence, no one really "needs" to buy much more than they already have. Galbraith elaborates upon this epigraph in this chapter by proposing that the industry of advertising has grown astronomically as a means of "creating sufficient wants," which the consumer does not naturally possess. Galbraith thus begins his chapter with an epigraph, a quote from another economist, as a basis upon which to develop his own arguments. In the opening to chapter 17, Galbraith begins with an epigraph quoted from economist R. H. Tawney. Tawney's quote, in essence, asserts that money cannot buy human health and happiness. Throughout the chapter, Galbraith builds upon Tawney's statement in arguing that a sense of "social balance" is needed, whereby the state addresses needs of society not necessarily fulfilled by consumer abundance, such as education and other social services. As Tawney was a well known social historian, Galbraith lends legitimacy to his own argument through opening his chapter with Tawney's words.

Historical Context

The Industrial Revolution

The Industrial Revolution was not a political revolution but rather a conglomeration of significant historical changes that took place in the economic, social, and political spheres of European culture over the course of the nineteenth century. The changes most commonly associated with the Industrial Revolution were in the transition from primarily agrarian economies, employing farm labor, to primarily industrial economies, employing factory labor. Significant advances in technology also characterize the Industrial Revolutionfrom transportation technology to energy sources to labor- saving machines. The creation of an urban working middle-class led to new political trends emphasizing reform and increasingly democratic political systems. The Industrial Revolution began in Britain, developing between the years 1760 and 1840. In the early nineteenth century, it began in Belgium, reaching France by mid-nineteenth century and Germany in the late-nineteenth century. The twentieth century saw the United States and Japan take the lead in the Industrial Revolution as well as strong development in such nations as Russia, China, and India. Galbraith refers frequently to the transformations brought about by the Industrial Revolution, particularly in regard to the historical evolution of economic theory.

The Depression

Galbraith frequently refers to the economic conditions of the depression in the United States, which began with the stock market crash of 1929 and lasted roughly until the beginning of World War II in 1939. The depression era was characterized by extremely high rates of unemploymentas much as 25-30 percentand a severe decline in rates of industrial production. Through its effects on international trade relations, the depression soon spread from the United States throughout Europe. President Roosevelt, who became president in 1933, initiated a series of policies, collectively known as the New Deal, designed to address the concerns of the depression era. The extent to which the New Deal was effective is debatable. However, with the advent of World War II in Europe, the demand for wartime materials from American industry effectively ended the depression.

The Cold War and the Launching of Sputnik

Galbraith attributed the success of *The Affluent Society*, upon its first publication in 1958, in part to a key event affecting the period of United States relations with the Soviet Union known as The Cold War: the launching of Sputnik. The Cold War can be dated from the end of World War II, in 1945, until the collapse of the Soviet Union in 1991. During this time, the United States and Russia engaged in a "war" of international relations pitting the communist East against the democratic West. A chief characteristic of the Cold War was the arms race, in which each side expended national resources to stockpile more and more destructive nuclear weapons. A significant event in the Cold War was the successful launching of Sputnik, the first man-made satellite, by the Soviet Union in 1957. Although it had no immediate military application, Sputnik represented, in the American psyche, the potential of the Soviet Union to outdo the United States in technological advances. The subsequent crisis in American public opinion involved a tendency to question the quality of American advances in science and industry, given the economic prosperity of the nation. Galbraith's book was thus published at an opportune historical moment when Americans were hungering for answers to the question of where America may have gone so wrong as to allow a communist nation to outshine the United States in technological achievement.

Critical Overview

"Galbraith may well be the most famous economist of the last half century," observes James Ronald Stanfield, in *John Kenneth Galbraith* (1996). Galbraith's celebrity status with the popular reading public may be indicated by his appearance in a February 16, 1968, Time magazine cover story, entitled "The Great Mogul." David Reisman, in *Galbraith and Market Capitalism* (1980), sums up Galbraith's widespread influence in stating that he has "succeeded . . . in stimulating more popular discussion of economic, social and political questions than has any other intellectual of his generation." Senator Edward M. Kennedy, in a foreword to *Perspectives on Galbraith* (1978), by Frederick J. Pratson, exemplifies the level and degree of respect and influence Galbraith has achieved in the realm of public policymakers: "As economist, ambassador, philosopher, professor, writer, skier, and public scold, he has had a continuing and extremely influential impact on an entire generation of American life and national economic policy." Kennedy concludes:

Galbraith has been a profound, persuasive, and progressive influence on all who care about the future of this country. His role is secure as a giant in the contemporary, intellectual, and political history of America.

Pratson sums up Kennedy's assessment in asserting, "John Kenneth Galbraith is one of the world's most influential individuals." If nothing else, all agree that Galbraith's popular influence, for better or worse, is indicated by the number of phrases he coined which have made their way into common parlance, such as "affluent society," "conventional wisdom," "countervailing power," and "techno structure." In acknowledgment of his accomplishments, Galbraith in 1997 received the Robert Kennedy Book Award for Lifetime Achievement.

The Affluent Society is the first of a series of books often referred to as the Galbraithian trilogy, the other two being *American Capitalism* (1952) and *The New Industrial State* (1967). First published in 1958, *The Affluent Society* was an immediate popular success, becoming second on the *New York Times* bestseller list and translated into numerous languages. By 1990, it had sold nearly one and a half million copies. Accordingly, reviews in popular periodicals tended toward favorable. Pratson observes that *The Affluent Society* "helped make [Galbraith] an international celebrity, a position which he has held and reinforced ever since."

Among his fellow economists, however, Galbraith's work was given a generally harsh reception. Charles H. Hession, in *John Kenneth Galbraith and his Critics* (1972) comments, "In the years following its publication, ,*The Affluent Society* stirred up a considerable amount of controversy and debate, in the course of which some basic issues in its analysis and interpretation became evident." At its extreme, criticism of Galbraith by other economists may be exemplified by Sir Keith Joseph and Sir Frank McFadzean in the telling title, *The Economics of John Kenneth Galbraith: A Study in Fantasy* (1977). In a foreword, Joseph exclaims of Galbraith: "His views are idiosyncratic and partisan. He does not support them with any evidence." McFadzean adds, "one searches in vain for evidence to justify his lofty claim that he is actuated by a spirit of scientific inquiry." McFadzean further claims, "His beguiling prose style can easily so anesthetize the critical faculties of the unwary that they finish by believing that he is making a new and vital contribution to economics."

In his defense, critics commonly point to Galbraith's "unconventional" approach to economics, an approach that challenges the very basis of current economic theories, as a threat to those "conventional" economists whose ideas are in question. Pratson notes that *The Affluent Society* "made great waves because it indicated a harsher and a more complex reality in the so-called happy days of the late 1950s." Stanfield states that *The Affluent Society*

seized the minds both of those who found its message palatable and those who did not, and became the lightning rod on the discourse about the habitual inclination to identify the good life with the goods life.

On Galbraith's behalf, his defenders point out that he has with difficulty challenged members of his profession to bring their theories more in line with the realities of contemporary political, commercial, and economic life in the twentieth century; as Myron E. Sharpe, in *John Kenneth Galbraith and the Lower Economics* (1973), observes, "Galbraith's job is to push, drag, cajole and finesse economics into the latter half of the twentieth century." Others have noted, however, that Galbraith tends to insult his fellow scholars by neglecting to attribute some of his ideas to the work of those who preceded him; it has been pointed out that he frequently omits footnotes citing the sources of ideas not his own - a legitimate complaint on the part of his critics. Even those who champion Galbraith's ideas concede that his arguments are frequently ambiguous, overstated, or over-general.

The Affluent Society was re-issued in 1998 as a fortieth anniversary edition with a new introduction by the author. It was subsequently named one of the New York Public Library Books of the [twentieth] Century. Stanfield assesses the long-term impact of *The Affluent Society* on American thought, observing, "John Kenneth Galbraith's *The Affluent Society* is one of the most famous books of the last twenty-five years." Stanfield further notes, "The issues of values and public policy raised in *The Affluent Society* remain not only very fresh but also indispensable reading."

Criticism

- Critical Essay #1
- Critical Essay #2
- Critical Essay #3
- Critical Essay #4
- Critical Essay #5
- Critical Essay #6
- Critical Essay #7
- Critical Essay #8
- Critical Essay #9

Critical Essay #1

Brent has a Ph.D. in American culture, specializing in .lm studies, from the University of Michigan. She is a freelance writer and teaches courses in the history of American cinema. In the following essay, Brent discusses Galbraith's place in the history of economic theory.

To appreciate the significance of *The Affluent Society* to economic theory, it is useful to place the work of Galbraith within the broader history of economics as a field of inquiry. Galbraith is associated with the American Institutionalist school of economic theory, which arose in the early twentieth century. Below is a brief overview of the history of economic theory, beginning in the late-eighteenth century, and a brief discussion of Galbraith's influence on the conventional wisdom of attitudes about the role of the economist in American society and culture.

The first stage in the history of economic theory has come to be called the English school of classical economics or simply classical economics. The Englishman Adam Smith is generally considered to be the father of classical economics, which is dated from the publication of his seminal text, *An Inquiry into the Nature and Causes of the Wealth of Nations* (also referred to as *Wealth of Nations*) in 1776. Although economics had been a topic of discussion in previous centuries, Smith was broadly influential in developing economics into a distinct field of inquiry. Smith posited that economic conditions, such as price levels, are determined by objective principles that he referred to collectively as the "invisible hand" of the market. Thomas Malthus followed up on the work of Smith with his *Essay on Population*, published in 1798. Malthus's "Malthusian principal" was that the economic conditions of the mass of human populations could not be improved beyond a level of subsistence. David Ricardo was the next prominent figure in the family tree of economic theory. Ricardo's *Principles of Political Economy and Taxation*, published in 1817, elaborated upon many of the ideas first put forth in Smith's *Wealth of Nations*. Ricardo further systematized Smith's early theoretical propositions and developed the idea that an "economic model" could explain market conditions based on a few basic variables. Ricardo's "law of diminishing returns" posited that ever-increasing population expansion cannot ultimately be sustained by a corresponding expansion in the food supply. His "law of comparative costs" described the relationship between price levels in different nations□a set of ideas that became the basis of free trade policies in nineteenth-century Europe.

Because their ideas form the foundation of economic theory, Galbraith refers to Smith, Ricardo, and Malthus as "the founding trinity of economics." He further labels both Ricardo and Malthus "prophets of doom" because of their assertions that widespread poverty is inevitable and without remedy. The classical economists were advocates of *laissez-faire* economics. According to *laissez-faire* (which in direct translation from the French means "allow to do") the economy is best left to run its "natural" course without the intervention of governmental monetary policies. In 1848, John Stuart Mill published his *Principles of Political Economy*, which further systematized Ricardo's theories, even more clearly articulating support for *laissez-faire* economics. By the late-nineteenth century, however, classical economics had ceased to dominate economic theory.

The period of classical economics is generally said to have ended around 1870. In the late-nineteenth century, modern economics arose out of the theories of "marginalism," which developed into three distinct schools of thought in Austria, Britain, and France. The marginalists were concerned with the value of a product in terms of its use-value to the consumer. William Stanley Jevons was the leading economist of the British school of marginalism. In his major work, *The Theory of Political Economy* (1871), Jevons put forth the "marginal utility theory of value." The Austrian school of economics, another branch of marginalism, was founded by Carl Menger. His major work, *Principles of Economics* (1871), put forth a theoretical model for the relationship between value, price, and utility, known as the "theory of value." Léon Walras developed the French school of marginalism with his seminal work, *Elements of Pure Economics* (1874-1877). He was noteworthy among economists for his formulation of a mathematical analysis combining theories of capital, production, exchange, and money. Between 1870 and the stock market crash of 1929, these three schools of economic theory merged as their ideas were more fully developed and elaborated.

The 1930s was another turning point in the history of economic theory during which several new schools of economics became prominent. The German historical school of economics developed throughout the late nineteenth and early twentieth centuries. The historical economists criticized classical economics for its efforts to formulate abstract theories of market behavior, regardless of specific social, national, and historical conditions. In the 1920s and 1930s, the American school of institutional economics, in which tradition Galbraith is categorized, was highly influenced by German historical economics. The institutionalists saw economic conditions as a function of ever-changing social, cultural, and political contexts, rather than a matter of abstract, objective principles (as did the classical economists). Thorstein Veblen is considered to be the father of institutional economics.

The depression era also gave rise to an increasing concern with "macroeconomics"□the study of the economic conditions of an entire nation as a single system. In "microeconomics," by contrast, economists are concerned with the economic behavior of individual industries and with the population as individual laborers and consumers.

Social Darwinism was a popular theory of economic competition that arose in the 1920s and 1930s, particularly in the United States. The most influential proponents of Social Darwinism were William Graham Sumner and Herbert Spencer. Social Darwinism applied the theories of evolution developed by Charles Darwin to economics. The theory of evolution, which posits that nature functions according to the principal of "survival of the fittest," was applied to societal conditions, with the now-debunked conclusion that those who are wealthy represent a biological imperative according to which they are naturally superior to those who are poor. By corollary, this theory asserts that those who are poor are naturally inferior. Social Darwinism was thus used to justify fierce free-market competition, regardless of its impact on economically disadvantaged segments of society. Social Darwinism is now considered to be without scientific basis and is seen as a justification for racist and classist attitudes regarding socioeconomic inequality.

Perhaps the most widely and significantly influential economist of the twentieth century was the Englishman John Maynard Keynes, whose theories became known as Keynesian economics. His major work, *The General Theory of Employment, Interest and Money* (1935-1936), is described in *Encyclopaedia Britannica* (1994-2000) as "the most influential treatise composed by an economist thus far in the century." Keynes shook the world of economic theory with his assertion that ongoing unemployment should be a central concern in analysis of economic recession (such as the depression). He advocated greater government intervention in creating policies to boost flagging employment rates. Keynes's insight was recognized by economists across the political spectrum, who had no choice but to acknowledge the value of his ideas. Keynes thus completely transformed economic theory. Further, his revolutionary theoretical propositions led governments throughout the world to adopt monetary policies in support of actively addressing high unemployment rates. This commitment to greater government intervention in stabilizing economic conditions led directly to the creation, in the 1940s, of such international institutions of monetary policy as the International Monetary Fund and the World Bank.

During the post-war era of the 1940s and 1950s, the field of economics became increasingly standardized and professionalized. Economists became prominent public figures in the political realm, including economic advisors holding governmental posts. Separate "schools" of economic thought lost significance, as the field of economics burgeoned into a unified discipline with distinct sub fields. New developments in the field of economics included the increasing use of mathematical models. The new field of "econometrics," developed by Norwegian economist Ragnar Frisch, combined mathematical modeling and statistical analysis to support theoretical propositions. Another new branch of economics that arose in the post-war period was the study of developing, not fully industrialized, nations□a field known as development economics.

During the 1960s, traditional economic theory came under .re, considered a conservative force concerned with justifying the status quo of economic inequality. Economists were challenged to question the social relevance and value of their theoretical propositions and statistical models. The Galbraithian trilogy□*American Capitalism* (1952), *The Affluent Society* (1958), and *The New Industrial State* (1967)□written in the tradition of institutionalism□struck a chord in the politically active, socially concerned counterculture that arose in the United States during the 1960s. Galbraith's emphasis on increased government spending for social services as beneficial to the common good struck at the heart of a generation of youth concerned with social and economic inequality.

Source:

Liz Brent, Critical Essay on *The Affluent Society*, in *Nonfiction Classics for Students*, The Gale Group, 2002.

Critical Essay #2

In the following essay, Karier discusses how Galbraith's progressive economic ideas, as expressed in The Affluent Society *and other works, are "heretical" to followers of the free market doctrine.*

One of the less-recognized accomplishments of the New Deal was its displacement of scores of entrenched bureaucrats, following twelve years of Republican administrations. Believers in balanced budgets and free markets were out, while believers in jobs programs and government regulation were in. In this atmosphere of change, many liberal reformers were swept into the federal government, including a young Harvard professor named John Kenneth Galbraith. With a degree in agricultural economics from Berkeley, Galbraith was employed by the Agricultural Adjustment Administration in the summer of 1934. Thus began a long and illustrious career - one that included Director of the Office of Price Administration during World War II, Editor at *Forbes*, President of the American Economic Association, and Ambassador to India.

As a Democratic administration once again reorients itself in the wake of twelve years of Republican rule, the life and ideas of John Kenneth Galbraith take on renewed importance. Galbraith is not just another "progressive" economist. His major works, *American Capitalism* (1952), *The Affluent Society* (1958), *The New Industrial State* (1967), and *Economics and the Public Purpose* (1972) contain the foundations of an enlightened economic tradition. Call it progressive, liberal, or socialist - the viewpoint that emerges from these 1,293 pages offers both a theoretical justification for enlightened government intervention and a blueprint for action.

The importance of a theoretical rationale to justify public policy should not be underestimated. Adam Smith continues to stand as a symbol for almost any policy in which the government is asked to do nothing. He is regularly cited by the opponents of affirmative action, import quotas, minimum wage, union recognition, Social Security, Medicare and Medicaid, government training, farm supports, and welfare. The fact of his death (more than two hundred years ago) has done little to dissipate the enthusiasm of his followers. Some of the most zealous have even been known to wear Adam Smith neckties.

While no one can expect Bill Clinton to distribute Galbraith neckties to his new appointees, a copy of *Economics and the Public Purpose* would be of far greater practical value. The progressive program described in this book is essential to deal with the backlog of social problems inherited from the past twelve years of essentially disengaged administrations. Not only has the concept of progressive public policy atrophied from years of neglect, it has been jolted by the implosion of the planned economies and further diluted by an infiltration of conservative ideas. Galbraith's work provides a model of analysis that could prove useful, if not essential, for resuscitating a progressive agenda.

Critical Essay #3

The influence enjoyed by opponents of enlightened public policy clearly peaked during the 1980s with the ascendance of monetarism, supply-side economics, and Reaganomics. But the popularity of this view has always been strong in policy circles, and has provided Galbraith with a consistent target over the years. And, like Galileo, whose work made him a heretic in the eyes of the church, Galbraith has, on many occasions, found himself in violation of accepted doctrine. He confessed in his autobiography that "One of my greatest pleasures in writing has come from the thought that perhaps my work might annoy someone of comfortably pretentious position." His assault on those wearing the Adam Smith necktie—advocates of laissez-faire and neoclassical economics—must have provided a particularly rich source of enjoyment.

A principal belief of the opponents of public policy concerns the alleged superiority (if not perfection) of the unimpeded market. While many economists (even liberals) are quick to concede this point, Galbraith does not. The problems with competitive markets are fundamental—they are technologically backward. Preoccupied with ensuring their own survival, the typical farmer, the bituminous coal company, and the shoe manufacturer have little interest in devoting huge sums of money to risky endeavors with possible payoffs that are put off many years into the future. Hence, those industries that come closest to meeting the conditions of perfect competition also conduct the least amount of research. Even in agriculture, technological deficiency has been avoided only by the concerted efforts of government and large suppliers.

One of the oldest arguments in defense of markets rests on the belief that markets have an unrivaled capacity for meeting consumer needs and desires. Unlike producers in centrally planned economies, their counterparts in free markets are merely the servants of consumers who remain masters of their own demand. A comforting image, says Galbraith, but not one with much relevance. It is no secret that large firms dedicate substantial funds to advertising and related selling efforts. Firms are in the business of shaping the very demands they are supposed to meet. The obvious conclusion is that actual production is some combination of what individuals desire, and of what firms want to produce.

Among the various strategies devoted to marketing, one must include most research and development devoted to new products. The idea that firms engineer socially useful products is a comforting notion that appeals to industrial engineers and business economists, but the reality is that firms design new products because they are salable. Galbraith asserts that even a comparatively useless product can be salable when its demand responds well to advertising campaigns that promise "greater sexual opportunity, less obesity, or some significant escape from the crypto-servant role of the housewife." Product development and market research are seldom very distant from each other in the corporate organization chart.

While these simple observations take much of the luster off the argument that maintains the perfection of free markets, Galbraith proceeds one step further. If many of the goods currently produced could not be sold without advertising, then how important are these goods? The possibility that some portion of private production is superfluous raises serious doubts about its virtue. We are led to the unavoidable conclusion that private businesses are just as capable of providing unnecessary goods and services as the commonly maligned government sector.

In addition, market defenders insist on painting a picture of firms as if they had no power over the government, consumers, or even their own prices. Once again, according to Galbraith, the image scores higher for the comfort it affords the powerful than for its relevance. Many large firms not only influence consumers and the state, they also exercise considerable discretion over the prices they set. While liberals can applaud this position, both because of its obvious wisdom and the discomfort it inflicts on the conservatives, they may find themselves in less than full agreement with the remainder of Galbraith's argument.

The problem with power, according to Galbraith, is not that firms produce too little (as suggested by conventional monopoly theory), but that they produce too much. The result is that resources are not underutilized by large firms who make up the planning structure, but are overused. This is a heresy of Galbraithian proportions—one that demands a proper explanation. While the planning sector may lose some sales by charging a higher price, the loss is more than offset by the additional sales arising from massive expenditures on advertising and research and development. Where the conventional monopoly model implies that the U.S. auto industry of the 1960s was underproducing, the reality, in this view, was just the opposite. At the time, more resources were devoted to the manufacture of automobiles than could be justified reasonably. The result was more cars and their complements—roads, parking lots, gas stations, pollution, and highway deaths— than would have existed in a more competitive and less profitable market that did not have the resources to put out a new model every year and advertise it on all the major networks.

Critical Essay #4

For those opposed to government intervention, a special place is reserved for the role of market incentives. Supply-side economics of the 1980s was based largely on the belief that taxes sullied these pure incentives and resulted in a stark reduction of productive activity. But this notion has been around for a long time, or at least since 1956. In that year, an address to the National Association of Manufacturers claimed that the prevailing tax structure "destroys the incentive of people to work . . . It makes it increasingly difficult, if not impossible, for people to save."

In response, Galbraith pointed out the obvious (if not inconvenient) fact that the tax structure had changed little for two decades; and yet, the country had enjoyed "years of rapid economic growth." The disincentives associated with the tax system were devastating in theory, but fortunately, nearly invisible in reality. Savings were not particularly low, observed Galbraith, nor would "many businessmen wish to concede that they are putting forth less than their best efforts because of insufficient pecuniary incentive."

Another violation of market incentives, according to government opponents, is the welfare system. Where, they lament, is the motivation to work when one can remain idle and collect welfare? But in Galbraith's view, "The corrupting effect on the human spirit of a small amount of unearned revenue has unquestionably been exaggerated as, indeed, have the character-building values of hunger and privation." His proposal to alleviate poverty included a sizable increase in the average welfare grant; and rather than spending less on the education and development of poor children, as is the common practice, he argued that more should be spent.

While the poor are left to suffer the costs of a poorly functioning labor market, the rest of society has, in Galbraith's estimation, largely distanced itself from the insecurity and risk of the market. The planning system of large corporations and the complementary function of trade unions tend to push risk farther down the corporate ladder. Social Security eliminates much of the risk associated with old age, and federal farm-support programs greatly reduce the anxiety in agriculture. Even Keynesian macroeconomic policy alleviates much of the risk inherent in the overall economy. But unlike most economists who lament the loss of market forces and their highly prized incentives, Galbraith recognizes this development as the product of a progressive economy. After all, human beings are strongly averse to risks involving serious deprivation□especially those related to unemployment, bankruptcy, or depression. It is understandable that a relatively affluent society would develop institutions with the explicit purpose of lessening the impact, or likelihood, of such calamities.

As for the incentives discarded with the risks, the loss is again hardly evident. "The most impressive increases in output in the history of both the United States and other western countries have occurred since men began to concern themselves with reducing the risks of the competitive system." But it will take more than obvious facts to break the spell that the concept of market incentives holds over the average economist. The preservation of market incentives has become a calling for many academics—even those on government payrolls, or with tenure. The irony was not lost on Galbraith, who noted, "Restraints on competition and the free movement of prices, the principal source of uncertainty to business firms, have been principally deplored by university professors on lifetime appointments."

Critical Essay #5

Among the most profound accomplishments of economic conservatives has been their ability to establish a positive image for private production, matched by an equally negative one for public production. While politicians are well-regarded for any increase of the gross domestic product that occurs during their tenure, they are attacked for expansions of government spending. The fact that government spending may be necessary to stimulate economic growth has never been sufficiently appreciated by the populace. The myth that private production is, in some way, superior to public production has persisted long past its usefulness. "Comic books, alcohol, narcotics, and switchblade knives are, as noted, part of the increased flow of goods, and there is nothing to dispute their enjoyment," added Galbraith.

He continued that the prevailing view flies in the face of common sense and makes "education unproductive and the manufacture of the school toilet seats productive . . . Presumably a community can be as well rewarded by buying better schools or better parks as by buying bigger automobiles." The results of such perverse priorities are occasionally so striking that they can't be ignored. In the 1950s, "Some . . . even pointed out that, in the same week the Russians launched the first earth satellite, we launched a magnificent selection of automobile models, including the uniquely elegant new Edsel." But unfortunately, recognition of the problem has been infrequent and fleeting. Private production continues to enjoy an undeserved reputation vastly superior to its public counterpart.

What is the source of this discrepancy that Galbraith would call the social imbalance? One answer is that the private sector does a much better job of promoting itself. It leaves only positive images in the minds of consumers through extensive advertising, sales promotion, and company public relations. There is no comparable advertising by the public sector. Elementary schools, police, social-welfare agencies, public housing, city parks and pools, public transportation systems, and state universities are not at liberty to spend large amounts of their budgets on self-promotion. An exception is the advertising conducted by the government for military recruiting. But, this exception only proves the rule, since military spending has traditionally enjoyed a deeper level of support and funding than other government activities. As such, the public sector is at a distinct disadvantage, leaving it especially vulnerable to the ravages of anti-government pundits.

Critical Essay #6

Economists are fond of examining the role that self-interest plays in economic decisions. Most recently, some economists identified with the publicchoice school have won acclaim for examining the self-interest of politicians. But conspicuously absent from the spotlight exposing self-interest are economists themselves. If ever they succumb to a moment of self-examination, they become inclined to view themselves as participants in the honorable pursuit of knowledge, objectively applying the scientific method to questions of great social importance. The suggestion that their work might be slanted in some perverse fashion in order to favor the powerful in society - those in positions to provide jobs, contracts, or grants - is regarded as a profound insult.

Galbraith has ensured himself a reputation as a heretic by applying the same assumption of self-interest to the economist that the economist applies to others. For example, Galbraith has argued that "mainstream economics has, for some centuries, given grace and acceptability to convenient belief - to what the socially and economically favored most wish or need to have believed." The rewards for embracing the conventional view may be subtle - for instance, in improving access to jobs or obtaining promotions and tenure. In other cases, direct pecuniary rewards may be involved, as occurs when an economist engages in a consulting or research contract with a large corporation. It is seldom clear in such a relationship whether it is the research or the conclusions that have been purchased.

In addition to questioning the motivation of economists, Galbraith has presented repeated challenges to the profession. Neoclassical economics, he observed, fails to describe the big picture only because its proponents are hopelessly engrossed in irrelevant details. It is characterized by "refinement with relevance." Galbraith begins a chapter in *Economics and the Public Purpose* with a quotation by Joan Robinson: "The purpose of studying economics is not to acquire a set of ready-made answers to economic questions but to learn how not to be deceived by economists."

Critical Essay #7

Conventional economists routinely evaluate the merit of economic policies by determining how much the results diverge from those of a competitive market. But once one recognizes the shortcomings of such an approach, how does one distinguish between good economic policies and bad ones? Galbraith again serves as an example.

Any economic argument should not only be believable, it should also hold up over time. "The enemy of the conventional wisdom is not ideas but the march of events." Similarly, "For being right, one may perhaps conclude it is better to have the support of events than of high scholarship." By this criterion (admittedly his own), Galbraith is worthy of a very high score.

In 1952, Galbraith described the inability of centrally planned economies to contend with the wide variety of consumer goods and services necessary to support a modern economy. The problem is largely resolved in the United States by a division of labor. A planning system that encompasses large corporations controls the production of consumer durable goods and natural resources, while a more decentralized market system handles the myriad complexities associated with smaller consumer goods and services. The Soviet economy had no comparable mechanism to handle these latter demands - a shortcoming that Galbraith claimed would only get worse with time. The eventual collapse of the Soviet system in the 1980s was widely believed to be related to this particular deficiency.

Also in 1952, Galbraith observed that very little stood in the way of organizing by government employees. He wrote, "Schoolteachers, clerical workers, municipal employees, and civil servants have generally avoided organization . . . It seems to me possible that the next group to seek to assert its market power will be the genteel white-collar class. In any case, we cannot assume that efforts by presently unorganized groups to seek market power . . . is finished business." In 1962, unions represented only 14 percent of all government employees, but by 1980, the percentage had soared to 36 percent.

While government-sector unions advanced, the overall unionization rate retreated. In 1967, Galbraith wrote: "The loss of union membership is not a temporary setback pending the organization of white collar employees and engineers but the earlier stages of a permanent decline." Some twenty-five years later, there is still no sign of a let-up in the overall decline of unions.

Time has also been kind to a number of Galbraith's ideas that have been rediscovered by other economists. In 1958, Galbraith discussed the importance of investment in individuals - a precursor of the concept of human capital. "Since investment in individuals, unlike investment in a blast furnace, provides a product that can be neither seen nor valued, it is inferior. Even the prestige of the word investment itself is not regularly accorded to these outlays." Galbraith dedicated an entire chapter in *The Affluent Society* to discussing the underinvestment in public education. He correctly noted the problem: The young have no collateral on which to borrow for an investment in their future. As a result, he concluded, the market, by itself, fails to provide enough investment in education. All of this was in print three years before Theodore Schultz legitimized the notion of investment in human capital with his 1961 article in the *American Economic Review*, entitled "Investment in Human Capital." (Galbraith was not cited.)

This is only one of many instances when Galbraith's work anticipated a contemporary economic theme. America's apparent aversion toward leisure was analyzed in *The Affluent Society* in the 1950s, only to be resurrected in the valuable work of Juliet Schor, *The Overworked American: The Unexpected Decline of Leisure* in the 1990s. Galbraith pointed out the excessive compensation of corporate executives in the 1970s, but it didn't become a subject of popular debate until the late 1980s. And in *Economics and the Public Purpose*, Galbraith presented a comprehensive account of a dual economy with considerable relevance to later work on dual labor markets and persistent wage differentials in the 1980s. Galbraith's theories have shown remarkable resilience over the years.

There is one more aspect of Galbraith's work that qualifies him as a heretic - his occasional appeal to decency and compassion. Why is this a heresy? An essential lesson in the economics curriculum asserts that the only legitimate defense of a public policy is efficiency. Since efficiency and laissez-faire are often equated by definition, the bias against government intervention is assured. One way to escape this trap is to broaden the criteria for evaluating public policy. This solution is not unknown. The recently formed Society for the Advancement of Socio-Economics is committed to "alternative approaches" that are "morally sound." For instance, we could apply compassion, thereby giving more weight in economic policy to those with the least income. It is a value that Galbraith has used effectively in his arguments for government intervention. "An affluent society, that is also both compassionate and rational, would, no doubt, secure to all who needed it the minimum income essential for decency and comfort."

Critical Essay #8

There was a time during the Great Depression when conventional wisdom condemned government intervention in any form as inimical to economic recovery. As the economy spiraled downward, scholars and pundits alike continued to advocate a balanced federal budget and a tight rein on the money supply. This view was highlighted in a letter written by Herbert Hoover to President-elect Roosevelt in 1932, and later quoted by Galbraith: "It would steady the country greatly if there could be prompt assurance that there will be no tampering with or inflation of the currency; that the budget will be unquestionably balanced even if further taxation is necessary; that the Government credit will be maintained by refusal to exhaust it in the issue of securities."

At the time, these policies were based on solid theoretical principles and thus earned the widespread support of the economics profession. Objections were not unheard of and could be entertained in polite company, but it was the turn of events that dealt this view a swift and decisive blow. The economy responded to the immense budget deficits and currency inflation of World War II, not with a relapse, but with an explosion. In fact, the recovery was so profound that growth rates in real GNP that were experienced during the first three years of the War have yet to be replicated.

In hindsight, it is easy to account for this egregious and costly error. Many in the profession were opposed resolutely to government intervention a commitment that stood above practical evidence and common sense. In Galbraith's view, it reflected "a marked achievement□a triumph of dogma over thought." In this case, it was the "march of events," rather than the consensus of scholars that discredited the prevailing doctrine.

If the "march of events," rather than the support of scholars, is to be the basis for evaluating economic theories, then Galbraith undoubtedly ranks among the leading economists of the century. Opponents of government intervention have benefited immensely from using the work of Adam Smith as a symbol of market efficiency. Progressive advocates of an enlightened government would do well to employ John Kenneth Galbraith in a similar fashion. His work serves as a useful symbol, even if his visage has yet to grace a necktie.

Source:

Thomas Karier, "The Heresies of John Kenneth Galbraith," in *Challenge*, Vol. 36, No. 4, July-August 1993, pp. 23-28.

Critical Essay #9

In the following essay, Heilbroner analyzes The Affluent Society *thirty years after its initial publication and finds that it can serve as a model for "widening the scope of considerations to which the economic scenarist must pay heed."*

The Affluent Society was written to awaken American public opinion from its complacent worship of mindless economic growth. It succeeded in its purpose beyond all expectation. Almost immediately upon publication in 1958 the book leaped onto the best-seller list, where it remained for twenty-eight weeks. It was considered of such special importance that the Elmo Roper organization conducted a poll of 'businessmen/trustees" and economists - the latter selected randomly from the membership list of the American Economic Association, along with an undesignated number of "unusually prominent" representatives of the profession - asking for their opinions with respect to its findings. Overall, the business community voted four to one against the book, either categorically or with some reservations; economists rejected it only by the margin of 41 to 38 percent. A fifth of both groups was unable to make up its mind whether it agreed or not.

Thus *The Affluent Society* made its author, already well known, famous, and may indeed be considered the first step of his subsequent triumphant progress into infamousness. Perhaps most important of all, the book has remained alive both in the intellectual domain and on the public policy agenda to this very day. Whatever corrections we may apply from the privileged position of hindsight, its message remains as relevant as it was on its publication thirty years ago.

In this retrospective consideration and appraisal, I intend to pay Kenneth Galbraith the never entirely welcome compliment of taking his book more seriously than it was perhaps intended to be taken. *The Affluent Society* is a polemic, a tract for its times, but I shall reread it as the first statement of a new theory of capitalist malfunction. Such a change in perspective will inevitably discover things that should be amended or rethought, but Galbraith, who relishes irony, will appreciate that signal achievement is more likely to call down criticism than to win praise. With clear conscience, then, let me get down to business.

The Affluent Society covers many aspects of American society, social and political as well as economic. Not the least of its memorable features are a series of *obiter dicta* of which the best known is doubtless the stinging description of the Conventional Wisdom - the received knowledge, the most important attribute of which is not its truth but its acceptability - as well as a volley of rifle shots that any intellectual gunslinger must envy: "Wealth," the book says on page one, "is the relentless enemy of understanding." I shall leave all these matters aside, however, to concentrate on two propositions that underpin the theory I wish to educe from the work. The first is the assertion that the conventional justification for production - its capacity for fulfillment of inherent human needs - no longer applies to the stage of capitalism in which we live. The second is that the cultivation of private consumption leads to a peculiar kind of economic imbalance.

These two propositions interact to form a novel and potentially important theory - or, for reasons I shall come to in due course, meta-theory - of capitalist malfunction. Thus my aim in rereading *The Affluent Society* is to move from the level of polemic to that of theory, losing a great deal of the book's appeal along the way but perhaps gaining another reason for maintaining it on the intellectual agenda.

From this Olympian viewpoint, one consideration strikes us immediately. This is the first time in the history of economic thought that anyone has traced capitalist malfunction to too much, not too little consumption. There is certainly no lack of theories attributing capitalist difficulties to over- or underinvestment, and a powerful train of theory, beginning with Malthus and developing through Marx and Keynes, designates under consumption as the cause of economic stagnation or crisis. But never to my knowledge has an excess of consumption (not, please note, too high a level of wage payments) been called on to play this role.

Moreover, the nature of the malfunction also changes. The familiar theories of capitalist crisis or stagnation usually lead to the conclusion that the level of expenditures will fall. Nothing of this enters *The Affluent Society*. Instead we find a malfunction of an entirely different kind, namely a tendency for the division of outputs between private and public goods and services to lose their necessary complementarity, with results that do not affect the quantity of short-run output or the immediate division of functional income payments, but whose consequences for long run growth and quality of life may be very serious.

I shall not spend a great deal of time examining or expanding on the Dependence Effect, as Galbraith entitles his proposition that consumer "wants" are not a given aspect of the human condition, but are conjured up as part of the activity of production itself. In Galbraith's words:

As a society becomes increasingly affluent, wants are increasingly created by the process by which they are satisfied. This may operate passively. Increases in consumption, the counterpart of increases in production, act by suggestion or emulation to create wants. Or producers may proceed actively to create wants through advertising and salesmanship. Wants thus come to depend on output.

Behind Galbraith's proposition are two vexing questions. The first recalls the long philosophical argument over the division between "needs" and "wants," "necessities" and "luxuries," "entitlements" and "desires," an argument that goes back at least to Bernard Mendeville's designation of all superfluities above subsistence as "luxury" and of the ministration to these luxuries as "vice." Galbraith's position here smacks of a certain moralism (or perhaps Veblenianism), evident in his frequently derisive description of the consumption generated by the Dependence Effect: "The family which takes its mauve and cerise, air-conditioned, power-steered, and power-braked automobile out for a tour." I am myself happier with Adam Smith's spirited attack on Mandeville for blurring the distinction between "self-love" and selfishness. Not all advertising- or emulation-associated consumption merits scorn; and Galbraith makes no attempt to estimate the amount or the proportion that does.

Prior to these admittedly difficult distinctions there is, of course, the question of whether the Dependence Effect exists - that is, whether the "demand" for increased production is itself "produced," whether through the cultural pressures of emulation or by direct contrivance. I see no reason to challenge Galbraith's view on the matter, noting only that it refers to the long-run, not the short-run theory of consumption - that is, to the configuration of preference sets over time, rather than to the convexity or other characteristics of utility functions in a given period. This inter-temporal aspect of the rising level and changing character of demand means that it is difficult to specify the Dependence Effect in quantitative terms, a matter of some importance to which we will return. Nonetheless, the fact that an economic force eludes our capabilities for measurement does not negate its existence or deny its potential explanatory importance.

Let us then proceed to the second, and more important, of the propositions in question - namely that a socially encouraged expansion of private consumption leads to serious imbalance in the system. This hypothesis must be examined from two points of view: the causes for the imbalance, and the nature and importance of the difficulties it raises.

The Affluent Society suggests that three processes link the Dependence Effect to social malfunction, although only one of them leads to the particular kind of malfunction designated as Social Imbalance. The first of these ties the encouragement of consumption to the exacerbation of inflation. To cite Galbraith:

If inflation is caused by output pressing generally on capacity, then [the Conventional Wisdom tells us] one need only get more capacity and more output and thus insure that this tension no longer exists. But . . . additional all-around production, even when it can be easily obtained from existing capacity, will pay out, in wages and other costs, the income by which it is bought. We have seen, however, that wants do not have an origin that is independent of production. They are nurtured by the same process by which production is increased. Accordingly, the effect of increased production from existing plant capacity is to increase also the purchasing power to buy that production and the desires which insure that the purchasing power will be used.

The argument strikes me as weak. It assumes that a steady stream of consumer expenditures will continue to generate what Galbraith calls the "unliquidated gains" that allow corporations to raise prices. The argument is cavalier with respect to the countervailing force of market saturation. Saturation is surely the common fate of individual commodities merely as an illustrative instance, the percentage of homes with television sets rose from 9 percent in 1950 to 87 percent in 1960 - which rules out the steadily rightward moving demand curve necessary to produce un-liquidated gains for a single company or industry. The analysis therefore comes to hinge on whether a general condition of excess consumption demand could be perpetuated by the Dependence mechanisms. This requires the positing of consumption spending, energized and encouraged by emulation and advertising, as an independent variable in the economic system. As with all theories of consumption-led economic movements, it begs the question of how the desire to increase consumption is translated into sufficient actual purchasing power if investment falters *despite* rising levels of consumption, as can surely be the case with the advent of unfavorable expectations.

A second suggested influence of consumer spending on systemic functioning involves consumer debt. Galbraith ties consumer debt ratios directly to the encouragement of consumption:

It would be surprising indeed if a society that is prepared to spend thousands of millions to persuade people of their wants were not to take the further step of financing these wants, and were it not then to go on to persuade people of the ease and desirability of incurring debt to make these wants effective. This has happened. . . The Puritan ethic was not abandoned. It was merely overwhelmed by the massive power of modern merchandising.

The dangers of this process are obvious enough. Households increase their indebtedness beyond the limits of prudence, with destabilizing results: "The effect of the expansion of consumer credit is to add an uncertainty, paralleling that which business borrowing brings to business spending, to the hitherto more reliable consumer spending."

The evidence is mixed with respect to this second difficulty. Unquestionably the debt/income ratio has risen, as Galbraith expected; and living in an age of payment by plastic, we can appreciate the merits of his claim that a high consumption economy activates its own mechanisms for financing the consumption it encourages. Again merely as illustration, the ratio of household (non-mortgage) debt to disposable income has risen from 8.5 percent in 1929 to 23.6 percent in 1986.

The evidence is less conclusive, however, with respect to the instability added to the system by increased consumer debt. Delinquency ratios from 1979 through 1986 - years that included two years of unprecedentedly high interest rates and a very serious recession - range from a low of 1.94 to a high of 2.32, a considerable percentage increase but hardly a level of failure such as to generate alarm. Indeed, Galbraith himself is guarded as to the destabilizing influence of a high consumer debt society:

In fact, we really do not know the extent of the danger. A tendency to liquidation of consumer debt, with accompanying contraction in current spending, could be offset by prompt and vigorous government action to cut taxes, increase public outlays, and so compensate with spending from other sources.

I turn now to the last, and to my mind incomparably the most important analytic concept in *The Affluent Society*, namely the hypothesis that the encouragement of consumption leads to social imbalance. Galbraith does not spell out this central tenet of the book in any detail, or in analytic form. The glaring contrast between the opulence of the private sector and the squalor of the public is set forth in striking images (the mauve and cerise automobile drives through a squalid public sector), but the causal analysis needed to raise these images above the level of anecdote is sparse.

The principal argument is that the dependence effect operates with full force on the expansion of private wants and their associated satisfaction by private production, but that no comparable process keeps the public sector abreast of the private. The needed complementarity of private and public goods is illustrated by reference to the externalities of crowding, pollution, and the like: "As surely as an increase in the output of automobiles puts new demands on the steel industry, so, also, it places new demands on public services. Similarly, every increase in the consumption of private goods will normally mean some facilitating or protective step by the state." But whereas "every corner of the public psyche is canvassed by some of the nation's most talented citizens to see if the desire for some merchantable product can be cultivated, [n]o such process operates on behalf of the non-merchantable services of the state . . . The inherent tendency will always be for public services to fall behind private production."

Galbraith is not explicit about the extent or severity of the consequences of social imbalance. There a few remarks about the consequences of the neglect of education and research, the misconception of the relation of national security to production, the neglect of possibilities for improving the non-material standard of living, especially in occupations, and a withering scorn for the quality of the environment that social imbalance brings: "Just before dozing off on an air mattress, beneath a nylon tent, amid the stench of decaying refuse, [the inhabitants of the cerise and mauve vehicle] may reflect vaguely on the curious unevenness of their blessings." Withal, the indictment is general rather than specific; pointed at rather than specified. "In all cases, if these [public] services are not forthcoming," Galbraith writes, "the consequences will be in some degree ill," and again, "Failure to keep public services in minimal relation to private production and use of goods is a cause of social disorder or impairs economic performance." The extent of this disorder or impairment is left unexplored. Nor is there any suggestion of its possible cumulative tendencies over time.

Nevertheless, in my opinion, it is here that the principal theoretical contribution of *The Affluent Society* must be sought. The under-supply of public goods is, of course, a familiar theme from the theory of public goods. What is novel and interesting in the Theory of Social Imbalance are two implications not previously advanced, to my knowledge. The first is that this imbalance constitutes more than a static "misallocation" of resources. It contains the basis for a self-induced qualitative decline in the standard of living. In other words, an important malfunction of advanced capitalism may lie in a deterioration in the quality of life brought about by an endemic tendency of the output of public goods to lag behind that of private goods - a malfunction as specific to capitalism as interruptions in trajectory of growth, although quite different in its source.

A second implication is the possibility that the systematic undernourishment of the public sector becomes more aggravated as a capitalist society achieves higher levels of private affluence. This would be the consequence of rising "required" complementary public spending, accompanied by static or laggard flows of actual expenditure. One would therefore expect that an "affluent" economy would experience a growing awareness of unmet public needs, without, however, any corresponding awareness of the linkage of these needs to private consumption. I should add that such an extension of Galbraith's theory of social imbalance appears to accord very well with the tendencies in modern American capitalism, including that of a near total lack of understanding between the scandal of inadequate infrastructure and the encouragement of private consumption.

Is there, then, the basis for a new, possibly important, theory of economic malfunction in *The Affluent Society*? I shall begin by conceding what might seem to be the game. I do not think it is possible to construct such a theory if we must do so within the rules of the game that have become conventional for our discipline. The reasons for this are several. The empirical basis for the dependence effect, as we have seen, is extremely difficult to isolate and identify. One does not know, therefore, what proportion of consumption flows can be attributed to institutionalized encouragement, the crucial element of the Dependence Effect. In addition, any "gap" between the private and public spheres defies - or at least resists - measurement because one cannot not assume that it is accurately depicted in the ratio of gross national product to gross public expenditures, not all of which, by any means, can be counted as redressing the social imbalance.

At a yet different level of difficulty, the sociopolitical response that generates public compensatory expenditure varies widely from one nation to the next, as witness the contrasts between the reach and depth of the public sector in Sweden or the Netherlands, compared with that in the United States. This would require us to construct theories of differential public responses, a task that is still well beyond the capabilities of public choice economics.

Thus I am not sanguine with regard to the possibility of formulating a theory of Social Imbalance on a par with models of capital crisis or stagnation such as over- and under-investment, wage squeeze, and the like. The necessary elements are too "political" (not to say "social"), the degree of conceptual clarity too loose, the imaginable functional connections too complex. We are left with a scenario, a plausible extension of historical trends, political generalizations, and socioeconomic behavior patterns. This may be the basis for insight or action, but it is not what we are accustomed to call a theory.

Does this then relegate Galbraith's thesis to the discard pile? The question raises issues that are of central importance. At their nub is the capacity of economics to claim for itself a privileged position in the task of social prognosis. From *The Wealth of Nations* forward, economics has held such a position, based on its unique capability of reducing social movements to the analytic level of systems - that is, to schematized representations of motivation and response that can be depicted as having something of the regularity of physical systems of interaction. On the basis of this remarkable hypothesis, economics has built its castles, however Spanish in design or insecure as to footings.

The challenge issued by an effort to embrace a tendency to social imbalance into these theoretical edifices is that of incorporating behavior-response mechanisms that cannot be depicted or even conceived in the clear functional relations of economic laws. Propositions such as the Dependence Effect or the tendency to Social Imbalance are better viewed as meta-theories - causal frameworks that have a prima facie claim to plausibility, but that cannot, both for conceptual and mensurational reasons, be reduced to the clarity of functional equations. There are, in fact, many such meta-theories. Examples that come to mind are the beliefs of the Enlightenment as to the natural "life span" of nations and civilizations, or of the corrupting power of luxury; Lord Acton's famous dictum that "All power tends to corrupt and absolute power tends to corrupt absolutely"; Friedrich Hayek's contention that in bureaucracies "the worst get on top"; Schumpeter's conviction that the bell-shaped curve of talent always prevails; and a dozen other such generalizations respecting social behavior, some enunciated formally, many embedded in the common lore. The behavioral linkages that would enable us to put forward a theory of social imbalance as a tendency of advanced capitalism fall into such an enlarged form of social theorizing.

Is this enlargement possible? Is it desirable? It is certainly not without its risks. Generalizations about historical experience, or political attitudes, or human nature are fragile at best, and more often than not, rationalizations for unannounced, perhaps even unknown, preferences on the part of the judge. I have caught Kenneth Galbraith himself in such a featherweight law of history when he writes: "Conservatives will always prefer inflation to its remedies." Nonetheless, I have two reasons for favoring meta-theories. The first is that, as in the case of Lord Acton's generalization with respect to power, or Joseph Schumpeter's with respect to talent, some meta-theories appear not only to apply with disconcerting force to many cultures and periods, but to emerge from plausible roots in what we know of human socialization. The second reason is that, whether we admit it or not, meta-theories of "history," "human nature" and the like are almost always discernible in the background of our efforts to explain or project the course of things. Better to bring these ideas out into the open, using them where possible to construct scenarios that can thereafter be subjected to the usual barrages of criticism, than to pretend that such scenarios do not in fact constitute an important means by which we seek social understanding.

A few last words. I have said that I would pay *The Affluent Society* the perhaps unwelcome compliment of examining it as basis for a general hypothesis with regard to capitalist malfunction. Clearly the book does not purport to be such a theory. The word "capitalism" scarcely appears in it. Its moving forces are described as "we," always a screen against deeper analysis. The tone of raillery gives charm, but serves as a substitute for more demanding considerations.

Nonetheless, I think there is a core of social generalization that gives *The Affluent Society* an importance greater than that of a tract of social indignation. A recognition of complementarities of public goods and private endeavor can be traced back to Adam Smith, who approved of the need for public education as a means of remedying the condition of general ignorance to which he believed a commercial society gave rise. The direction in which Galbraith's book points is that of widening the scope of considerations to which the economic scenarist must pay heed. It is thus an attack against the assumption that one can write penetratingly about society when one's perceptions are constrained by the narrow slits through which economists peer out from their theoretical castles. Better to mount to the turrets, whatever the difficulties of seeking to take in the vast social landscape. The result may not have the rigor of the models of conventional economic theory, but (if I may be forgiven for repeating a line I wrote some years ago), it may also escape the fate of such models, which is mortis.

Source:

Robert Heilbroner, "Rereading *The Affluent Society*," in *Journal of Economic Issues*, Vol. XXIII, No. 2, June 1989, pp. 367-76.

Adaptations

Galbraith contributed to the television series, *The Age of Uncertainty* , broadcast by the British Broadcasting Corporation (BBC) in 1977.

Topics for Further Study

Galbraith frequently refers to the effect of the depression on American ideas about economics. What economic conditions led to the stock market crash of 1929? What effect did it have on the American society and the American economy? What governmental policies were instituted in response to the depression? To what extent were these policies effective?

Galbraith makes frequent reference to the status of the American economy during World War II. Learn more about the impact of the war on the American economy. What effect did the war effort have on employment rates, inflation, and consumer spending? To what extent did these changes persist in the post-war era?

Find out more about the current state of the American economy. What are considered to be the strengths and weaknesses of the current economy? What measures are under consideration for addressing current economic issues?

Galbraith mentions a number of different economists from throughout European and American history. Pick one of the key figures he mentions and learn more about this person. What are the central ideas of this economist? To what historical and national context was this person responding? To what extent do you find this person's ideas relevant today?

Galbraith's discussion focuses primarily on the American economy of the twentieth century. Find out more about the economy of another nation. What is the current status of the economy in that nation? What are the central economic problems of that nation today? What measures are being implemented or considered to address these problems?

Compare and Contrast

1950s: Following the communist victory, a rapid transformation takes place, and the Industrial Revolution belatedly makes its way to China.

Today: Some consider the age of the Industrial Revolution to have passed into the Information Age - in which advances in computer and information technology have transformed the conditions of labor and production.

1950s: During this post-war period, the United States enjoys an era of booming economic prosperity.

Today: Although the United States continues to enjoy a period of economic prosperity characterized by the lowest unemployment rates in decades and many average Americans profit from stock market investments during the late nineties, the stock market takes a downturn and workplace layoffs begin in 2001.

1950s: The Soviet launching of the first man-made satellite, Sputnik I, causes the United States to question its own achievements in science and technology. The "space race" begins, and the United States creates the National Aeronautics and Space Administration (NASA) to conduct research and development of space exploration capabilities. The first United States satellite, Explorer, is launched.

Today: The United States and Russia agree to a joint space station program, part of which involves the United States space shuttle and the Russian Mir space station combining efforts in space exploration.

What Do I Read Next?

In *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776), economist Adam Smith (whom Galbraith describes as "one of the founding trinity of economics") puts forth the first systematized theory of political economy.

In his *Essay on Population* (1798), Thomas Robert Malthus (whom Galbraith describes as "one of the founding trinity of economics") offers his theory of the relationship between population growth and economic stability.

In *Principles of Political Economy and Taxation* (1817), David Ricardo (who is also described by Galbraith as "one of the founding trinity of economics") outlines his highly influential theories of trade and taxation.

In *American Capitalism: The Concept of Countervailing Power* (1951), Galbraith argues against the over-valuation of competition in industry structure.

In *The Great Crash* (1955), Galbraith provides an explanation of the economic conditions of the stock market crash of 1929, which led to the Great Depression.

The New Industrial State (1967) is Galbraith's sequel to *The Affluent Society*. It concerns the role of advertising in formulating patterns of consumption and suggests alternatives to the emphasis on competition in the American economy.

In *The Culture of Contentment* (1992), Galbraith argues for the importance of addressing economic inequality in maintaining a healthy economy

In *A Journey through Economic Time: A Firsthand View* (1994), Galbraith provides a survey history of the American economy from World War I to the present, focusing on the impact of war on the economy, the economic policies of American presidents, and significant changes in the study of economics.

The World Economy since the Wars: An Eyewitness Account (1994) is Galbraith's introduction to American economic history, written in the style of a memoir.

In *The Good Society: The Humane Dimension* (1996), Galbraith argues for the importance of public expenditure on programs designed to aid the poor.

Further Study

Galbraith, John Kenneth,*Name-Dropping:* From FDR On, Houghton Mifflin Co., 1999.

Galbraith offers personal anecdotes about his encounters with a variety of United States presidents and other high-level government officials.

□□□, *A Tenured Professor*, Houghton, 1990.

A Tenured Professor is Galbraith's novel about a professor and his wife who discover a stock market scam that allows them to spend their enormous earnings on liberal causes.

Marx, Karl, and Friedrich Engels, *The Communist Manifesto*, W. W. Norton, 1988.

The Communist Manifesto (originally published in 1848) is the widely read pamphlet outlining Marx's and Engels's basic theories of socialism.

Reisman, David, *Tawney, Galbraith, and Adam Smith*, St. Martin's Press, 1982.

Reisman provides a comparative analysis of the economic theories of Galbraith, Adam Smith, and R. H. Tawney.

Sasson, Helen, ed., *Between Friends: Perspectives on John Kenneth Galbraith*, Houghton Mifflin Co., 1999.

Between Friends is a collection of essays by a variety of people who have encountered Galbraith, both at the professional and the personal level.

Bibliography

Beckerman, W., "The Economist as Modern Missionary," in *Economic Journal*, March 1956.

"The Great Mogul," in *Time*, February 16, 1968, p. 24.

Hession, Charles H., *John Kenneth Galbraith and His Critics*, New American Library, 1972, pp. x, 95.

McFadzean, Sir Frank, *The Economics of John Kenneth Galbraith: A Study in Fantasy*, Centre for Policy Studies, 1977, pp. vii, 1.

Pratson, Frederick J., *Perspectives on Galbraith: Conversations and Opinions*, CBI Publishing Company, Inc., 1978, pp. ix-xiii, 49-50, 54.

Reisman, David, *Galbraith and Market Capitalism*, New York University Press, 1980, p. 6.

Sharpe, Myron E., *John Kenneth Galbraith and the Lower Economics*, International Arts and Sciences Press, Inc., 1973, p. x.

Stanfield, James Ronald, *John Kenneth Galbraith*, Macmillan, 1996, pp. ix, 41-42, 59.

Copyright Information

This Premium Study Guide is an offprint from *Nonfiction Classics for Students*.

Project Editor
David Galens

Editorial
Sara Constantakis, Elizabeth A. Cranston, Kristen A. Dorsch, Anne Marie Hacht, Madeline S. Harris, Arlene Johnson, Michelle Kazensky, Ira Mark Milne, Polly Rapp, Pam Revitzer, Mary Ruby, Kathy Sauer, Jennifer Smith, Daniel Toronto, Carol Ullmann

Research
Michelle Campbell, Nicodemus Ford, Sarah Genik, Tamara C. Nott, Tracie Richardson

Data Capture
Beverly Jendrowski

Permissions
Mary Ann Bahr, Margaret Chamberlain, Kim Davis, Debra Freitas, Lori Hines, Jackie Jones, Jacqueline Key, Shalice Shah-Caldwell

Imaging and Multimedia
Randy Bassett, Dean Dauphinais, Robert Duncan, Leitha Etheridge-Sims, Mary Grimes, Lezlie Light, Jeffrey Matlock, Dan Newell, Dave Oblender, Christine O'Bryan, Kelly A. Quin, Luke Rademacher, Robyn V. Young

Product Design
Michelle DiMercurio, Pamela A. E. Galbreath, Michael Logusz

Manufacturing
Stacy Melson

For more information, contact
The Gale Group, Inc
27500 Drake Rd.
Farmington Hills, MI 48334-3535
Or you can visit our Internet site at
http://www.gale.com

Introduction

Purpose of the Book

The purpose of Nonfiction Classics for Students (NCfS) is to provide readers with a guide to understanding, enjoying, and studying novels by giving them easy access to information about the work. Part of Gale's□For Students□ Literature line, NCfS is specifically designed to meet the curricular needs of high school and undergraduate college students and their teachers, as well as the interests of general readers and researchers considering specific novels. While each volume contains entries on

□classic□ novels frequently studied in classrooms, there are also entries containing hard-to-find information on contemporary novels, including works by multicultural, international, and women novelists.

The information covered in each entry includes an introduction to the novel and the novel's author; a plot summary, to help readers unravel and understand the events in a novel; descriptions of important characters, including explanation of a given character's role in the novel as well as discussion about that character's relationship to other characters in the novel; analysis of important themes in the novel; and an explanation of important literary techniques and movements as they are demonstrated in the novel.

In addition to this material, which helps the readers analyze the novel itself, students are also provided with important information on the literary and historical background informing each work. This includes a historical context essay, a box comparing the time or place the novel was written to modern Western culture, a critical overview essay, and excerpts from critical essays on the novel. A unique feature of NCfS is a specially commissioned critical essay on each novel, targeted toward the student reader.

To further aid the student in studying and enjoying each novel, information on media adaptations is provided, as well as reading suggestions for works of fiction and nonfiction on similar themes and topics. Classroom aids include ideas for research papers and lists of critical sources that provide additional material on the novel.

Selection Criteria

The titles for each volume of NCfS were selected by surveying numerous sources on teaching literature and analyzing course curricula for various school districts. Some of the sources surveyed included: literature anthologies; Reading Lists for College-Bound Students: The Books Most Recommended by America's Top Colleges; textbooks on teaching the novel; a College Board survey of novels commonly studied in high schools; a National Council of Teachers of English (NCTE) survey of novels commonly studied in high schools; the NCTE's Teaching Literature in High School: The Novel;and the Young Adult Library Services Association (YALSA) list of best books for young adults of the past twenty-five years. Input was also solicited from our advisory board, as well as educators from various areas. From these discussions, it was determined that each volume should have a mix of □classic□ novels (those works commonly taught in literature classes) and contemporary novels for which information is often hard to find. Because of the interest in expanding the canon of literature, an emphasis was also placed on including works by international, multicultural, and women authors. Our advisory board members□educational professionals□ helped pare down the list for each volume. If a work was not selected for the present volume, it was often noted as a possibility for a future volume. As always, the editor welcomes suggestions for titles to be included in future volumes.

How Each Entry Is Organized

Each entry, or chapter, in NCfS focuses on one novel. Each entry heading lists the full name of the novel, the author's name, and the date of the novel's publication. The following elements are contained in each entry:

- Introduction: a brief overview of the novel which provides information about its first appearance, its literary standing, any controversies surrounding the work, and major conflicts or themes within the work.
- Author Biography: this section includes basic facts about the author's life, and focuses on events and times in the author's life that inspired the novel in question.
- Plot Summary: a factual description of the major events in the novel. Lengthy summaries are broken down with subheads.
- Characters: an alphabetical listing of major characters in the novel. Each character name is followed by a brief to an extensive description of the character's role in the novel, as well as discussion of the character's actions, relationships, and possible motivation. Characters are listed alphabetically by last name. If a character is unnamed□for instance, the narrator in Invisible Man-the character is listed as □The Narrator□ and alphabetized as □Narrator.□ If a character's first name is the only one given, the name will appear alphabetically by that name. □ Variant names are also included for each character. Thus, the full name □Jean Louise Finch□ would head the listing for the narrator of To Kill a Mockingbird, but listed in a separate cross-reference would be the nickname □Scout Finch.□
- Themes: a thorough overview of how the major topics, themes, and issues are addressed within the novel. Each theme discussed appears in a separate subhead, and is easily accessed through the boldface entries in the Subject/Theme Index.
- Style: this section addresses important style elements of the novel, such as setting, point of view, and narration; important literary devices used, such as imagery, foreshadowing, symbolism; and, if applicable, genres to which the work might have belonged, such as Gothicism or Romanticism. Literary terms are explained within the entry, but can also be found in the Glossary.
- Historical Context: This section outlines the social, political, and cultural climate in which the author lived and the novel was created. This section may include descriptions of related historical events, pertinent aspects of daily life in the culture, and the artistic and literary sensibilities of the time in which the work was written. If the novel is a historical work, information regarding the time in which the novel is set is also included. Each section is broken down with helpful subheads.
- Critical Overview: this section provides background on the critical reputation of the novel, including bannings or any other public controversies surrounding the work. For older works, this section includes a history of how the novel was first received and how perceptions of it may have changed over the years; for more recent novels, direct quotes from early reviews may also be included.
- Criticism: an essay commissioned by NCfS which specifically deals with the novel and is written specifically for the student audience, as well as excerpts from previously published criticism on the work (if available).

- Sources: an alphabetical list of critical material quoted in the entry, with full bibliographical information.
- Further Reading: an alphabetical list of other critical sources which may prove useful for the student. Includes full bibliographical information and a brief annotation.

In addition, each entry contains the following highlighted sections, set apart from the main text as sidebars:

- Media Adaptations: a list of important film and television adaptations of the novel, including source information. The list also includes stage adaptations, audio recordings, musical adaptations, etc.
- Topics for Further Study: a list of potential study questions or research topics dealing with the novel. This section includes questions related to other disciplines the student may be studying, such as American history, world history, science, math, government, business, geography, economics, psychology, etc.
- Compare and Contrast Box: an □at-a-glance□ comparison of the cultural and historical differences between the author's time and culture and late twentieth century/early twenty-first century Western culture. This box includes pertinent parallels between the major scientific, political, and cultural movements of the time or place the novel was written, the time or place the novel was set (if a historical work), and modern Western culture. Works written after 1990 may not have this box.
- What Do I Read Next?: a list of works that might complement the featured novel or serve as a contrast to it. This includes works by the same author and others, works of fiction and nonfiction, and works from various genres, cultures, and eras.

Other Features

NCfS includes □The Informed Dialogue: Interacting with Literature,□ a foreword by Anne Devereaux Jordan, Senior Editor for Teaching and Learning Literature (TALL), and a founder of the Children's Literature Association. This essay provides an enlightening look at how readers interact with literature and how Nonfiction Classics for Students can help teachers show students how to enrich their own reading experiences.

A Cumulative Author/Title Index lists the authors and titles covered in each volume of the NCfS series.

A Cumulative Nationality/Ethnicity Index breaks down the authors and titles covered in each volume of the NCfS series by nationality and ethnicity.

A Subject/Theme Index, specific to each volume, provides easy reference for users who may be studying a particular subject or theme rather than a single work. Significant subjects from events to broad themes are included, and the entries pointing to the specific theme discussions in each entry are indicated in boldface.

Each entry has several illustrations, including photos of the author, stills from film adaptations (if available), maps, and/or photos of key historical events.

Citing Nonfiction Classics for Students

When writing papers, students who quote directly from any volume of Nonfiction Classics for Students may use the following general forms. These examples are based on MLA style; teachers may request that students adhere to a different style, so the following examples may be adapted as needed. When citing text from NCfS that is not attributed to a particular author (i.e., the Themes, Style, Historical Context sections, etc.), the following format should be used in the bibliography section:

□Night.□ Nonfiction Classics for Students. Ed. Marie Rose Napierkowski. Vol. 4. Detroit: Gale, 1998. 234-35.

When quoting the specially commissioned essay from NCfS (usually the first piece under the □Criticism□ subhead), the following format should be used:

Miller, Tyrus. Critical Essay on □Winesburg, Ohio.□ Nonfiction Classics for Students. Ed. Marie Rose Napierkowski. Vol. 4. Detroit: Gale, 1998. 335-39.

When quoting a journal or newspaper essay that is reprinted in a volume of NCfS, the following form may be used:

Malak, Amin. □Margaret Atwood's □The Handmaid's Tale and the Dystopian Tradition,□ Canadian Literature No. 112 (Spring, 1987), 9-16; excerpted and reprinted in Nonfiction Classics for Students, Vol. 4, ed. Marie Rose Napierkowski (Detroit: Gale, 1998), pp. 133-36.

When quoting material reprinted from a book that appears in a volume of NCfS, the following form may be used:

Adams, Timothy Dow. □Richard Wright: □Wearing the Mask,□ in Telling Lies in Modern American Autobiography (University of North Carolina Press, 1990), 69-83; excerpted and reprinted in Novels for Students, Vol. 1, ed. Diane Telgen (Detroit: Gale, 1997), pp. 59-61.

We Welcome Your Suggestions

The editor of Nonfiction Classics for Students welcomes your comments and ideas. Readers who wish to suggest novels to appear in future volumes, or who have other suggestions, are cordially invited to contact the editor. You may contact the editor via email at: ForStudentsEditors@gale.com. Or write to the editor at:

Editor, Nonfiction Classics for Students
Gale Group
27500 Drake Road
Farmington Hills, MI 48331-3535