THE INTELLECTUAL SOCIALISM OF JOHN KENNETH GALBRAITH *

The Affluent Society. New York: The New American Library, 1958. Pp. xii, 286, $.75. Referred to as AS.

The New Industrial State. Boston: Houghton Mifflin Company, 1967. Pp. ix, 423, $4.95. Referred to as NIS.

Economics and the Public Purpose. Boston: Houghton Mifflin Company, 1973. Pp. xiii, 334, $10.00. Referred to as EPP.

The Age of Uncertainty. Boston: Houghton Mifflin Company, 1977. Pp. 365, $15.95. Referred to as AU.

What makes the work of John Kenneth Galbraith vital is that for over twenty-five years he has vigorously opposed the severance of economics from its historical and philosophical moorings. He is not a good economist if we use the methodology and content of contemporary social science as our standards of excellence. Galbraith is more than an economist. He is primarily a reflective intellectual who thinks that the central concern of scholarly discourse should be what is good for human beings.

Galbraith is also a political activist who believes that strategies for the implementation of the good society deserve top priority. For over twenty-five years, however, he has been highly critical not only of political conservatives but also of political liberals, socialists, and Marxists. Association with the Kennedy clan, journalistic battles with conservative Milton Friedman, membership in the liberal Americans for Democratic Action, an ambassadorship to India, and his recent public television series gave to Galbraith an exposure which few other scholars or activists can attain. This exposure also gave to Galbraith the reputation of being a liberal.

But Galbraith is not a good liberal if we use the programs of recent American liberals as our standards of liberalism. (Contemporary liberalism is in so much definitional disarray that it is difficult to understand the thrust of political liberalism.) Galbraith is

*I wish to thank the Earhart Foundation for supporting my work in American political and economic thought.

more than a liberal. He is primarily a "neosocialist" who believes that political conservatism, liberalism, socialism, and Marxism are obsolete and, by implication, that neoconservatism as well as neoliberalism are inappropriate.

Within the last fifty years, the study of economics and the study of politics have been severed from their historical and philosophical dimensions, separated from each other, and carefully subdivided into distinct internal fields of specialization. This fragmentation of the study of society is due in large part to the widespread acceptance in the intellectual community of the notion that a theoretical understanding of society based upon deductive reasoning is considered more scientific than (and therefore superior to) an historical or a philosophical understanding. A quick glance at the catalogues of the leading institutions of higher education, including small liberal arts colleges, as well as the table of contents of association-supported professional journals in economics and political science, will demonstrate the extent to which the scientific understanding of society has become the "conventional wisdom."

According to this understanding, *a good* social scientist ought to be a neutral observer rather than an impartial judge and *should* avoid the pitfalls of common sense, ordinary language, and value judgments because they are either prescientific or unscientific. Instead, the modern social scientist builds and refines abstract models of "social reality" based on given assumptions about the physical and human universe. With these models, our quantitative expert can "correlate variables," and, by assuming that other things are equal, predict "trends." With the assistance of "empirical evidence," or historically observed data, hypothetical propositions may even attain the stature of "laws." Accordingly, definitions of political science and economics which are derived from this scientific approach are free from the impediments of an historical or philosophical perspective. Thus from Robert A. Dahl we learn that political science is the study of "the persistent pattern of human relationships that involves to a significant extent, power, rule, or authority."[1] And from Paul A. Samuelson we learn that economics is the study of "how...we choose to use scarce productive resources

1. Robert A. Dahl, *Modern Political Analysis.* (Englewood Cliffs: Prentice-Hall, Inc., 1963), p. 6.

with alternative uses, to meet prescribed ends." [2]

That economics and political science should be concerned with means rather than ends, and the behavior of existing relationships rather than the origin and quality of relationships, was stated boldly by Lord Robbins:

> The subject-matter of Economics is essentially a series of relationships-relationships between ends conceived as possible objectives of conduct, on the one hand, and the technical and social environment on the other. Ends as such do not form part of this subject-matter. Nor does the technical and social environment. It is the relationships between these things and not the things themselves which are important for the economist.'

Who, then, determines the ends? Are human relationships which have not been persistent and are more difficult to measure less significant? On behalf of what goals or values are power, rule, authority, production, and consumption exercised or promoted? These are the kinds of questions which do not constitute a fundamental part of the content of contemporary social science. These questions, however, are central in Galbraith's treatment of American society.

The studies of economics and'politics were not always so antiseptic, detached, and professional. Plato, Aristotle, Locke, and Marx argued that politics is concerned with the problems of excellence, virtue, liberty, and community. Politics, in short, dealt with the ticking of the polis, and they were interested in discovering not only how a particular polis ticked but whether it was ticking in an appropriate manner towards appropriate ends. They were concerned with what is good for. human beings. Household management (and the art of money making) was integrated with politics and infused with such philosophical and historical concerns as the common good, distributive justice, comfortable preservation, and dialectical change.

But that was when social philosophy and history were understood to be identical to social science because the method and content of philosophy and history were identical to science. Today, science is not only different from philosophy and history, it is held to be superior. One consequence is that the philosophical and historical

2. Paul A. Samuelson, *Economics,* 8th ed. (New York: McGraw-Hill, 1970), p. 13.

3. Lionel Robbins, *An Essay on the Nature and Significance of Economic Science,* 2nd ed. (London: The Macmillan Co., 1948), p. 38.

study of politics and economics have become subdivisions of political science and economics. And that was also before intellectuals and activists accepted a massive truncation in the political-economic arrangements and "belief systems" facing mankind. Why and how this truncation occurred is beyond the scope of this paper. Suffice it to note here that contemporary social scientists *assume* that the choices are between "democracy," or "totalitarianism;" "freedom," or "control;" "markets," or "bureaucrats;" "capitalism," or "communism;" "individualism," or "collectivism." Some even present models which assume mixtures of the two basic types. American social scientists assume the historical triumph and permanence of these categories. They also demonstrate a preference for those values mentioned first in the above mentioned couplets. In other words, they have a bias in favor of liberal capitalistic democracy.

Galbraith, in contrast to contemporary economists, embraces the world of common sense, ordinary language, and value judgments. He criticizes both the intellectual presuppositions of contemporary economics as well as the social consequences which follow from the models of economic science. He rejects the notion that liberal capitalistic democracy is permanent or preferable while also rejecting the notion that contemporary socialism or Marxism is the necessary or appropriate alternative. And he disagrees with the way the human alternatives and "belief systems" are usually presented. To be sure, others have criticized both the methodological approach and the consequences of contemporary social science. Within the last ten years, for example, seminars, caucuses, articles, and books have articulated the views of pre-behavioralists and post-behavioralists.[4] Some of these people even receive tenure and have awards named in their honor. But no one has managed to attain the reputation and persistent success as has John Kenneth Galbraith. He has managed to synthesize the ideas of others and present them in a comprehensive and readable form. His critique of neoclassical consumer demand theory and the theory of firm, as well as his critique of both monetary and fiscal policy, are even mentioned in standard microeconomic and macroeconomic textbooks.

4. Valuable contributions in contemporary political science which are critical of the behavioralist perspective can be found *in* George J. Graham, Jr., and George W. Carey, ed. *The Post-Behavioral Era: Perspectives on Political Science* (New York: David McKay Co., 1972).

Galbraith would probably be the first to admit that his position of prominence is not due solely to the quality of his scholarship. But it is by his scholarly work that he should be judged, and Galbraith would want it that way. In this regard, three of his numerous books stand out as important contributions in contemporary social history and philosophy. Galbraith himself suggests that his *Economics and the Public Purpose is* "in descent, the last in line." (EPP, ix) with *The Affluent Society* being the point of departure, and *The New Industrial State* being the summit, or centerpiece, in his triology. That contemporary economics is intellectually bankrupt and politically reactionary is Galbraith's constant point of departure and return.

II

In *The Affluent Society,* Galbraith criticizes one of the two central characteristics of microeconomics. The prevailing presentation assumes that it is possible to construct an individual or a community demand curve which shows the alternative quantities which the consumer is willing and able to consume at alternative prices, other things equal. The construction of this demand curve has generated considerable disunion in the economics profession over the last fifty years. Most of the argument, however, has been over such technical issues as the problem of making interpersonal aggregations between different individuals as well as the issue of aggregating substantially different commodities. Galbraith, by contrast, refuses to abandon the distinction between wants and needs; he is unwilling to permit the exclusion of philosophical and historical considerations from the construction of the demand curve.

Galbraith is sufficiently pragmatic to realize that the introduction of the ethical dimension will not go far in persuading practicing economists whose profession, as we have already observed, is grounded in the superiority of the scientific approach. Thus, he attacks the demand curve in terms of concepts established by contemporary economics. Again, his attack is not frivolous or pedestrian. In other words, he does not rely on the fact that other things are seldom equal or that people often lack the perfect information necessary to make the rational decisions suggested by consumer demand theory.

He argues, instead, that the consumer demand curve and the producer supply curve are not really independent of each other; in fact consumer wants are created by the process by which they are satisfied. It is central to microeconomic theory that the demand and

the supply curves are independent of each other; the forces which underlie each curve are different. Without this assumption of independence, it is mathematically impossible to derive a solution to the economic problem. Galbraith thus strikes at the heart of the basic microeconomic model: since producers influence strongly what people are willing and able to purchase it is simply bad economics to go ahead and pretend that no such influence exists in order to get a model which works.

Galbraith carries his critique further. The presence of this "dependence effect" of individual demand on producer influence demonstrates for Galbraith that America is an affluent society. In a non-affluent society, by contrast, there is no need for high powered salesmen and huge advertising budgets; consumers know already that they want basic food, shelter, and clothing. Thus microeconomic demand theory fails not only to describe economic reality but also perpetuates the myth that the efficient allocation of increased production to satisfy urgent wants independently expressed is still the critical economic objective. He reminds us that microeconomics was born in the nineteenth century when poverty and scarcity prevailed; increased production and efficient resource allocations were indeed of paramount importance. Instead of reflecting the reality and addressing the problems of the twentieth century, contemporary microeconomists perpetuate a nineteenth century vision by means of a twentieth century technique. How, Galbraith asks, can increased production be of paramount importance when what is produced is usually frivolous and deliberately induced. Furthermore, according to demand theory the satisfaction or utility of consumption decreases the more people actually consume. We should, says Galbraith, be talking instead about decreasing toil, reducing social tension, and emancipating the mind. We need to free ourselves from the belief that we are still living in the age of poverty and scarcity and recognize instead that we are living in the age of affluence and opportunity. We need to liberate ourselves from the "conventional wisdom" which supports "private affluence" and "public squalor" (AS, esp. ch. XI).

In the *New Industrial State,* he criticizes the second central characteristic, namely, the theory of the firm which underlies the producer supply curve. Microeconomic theory assumes that there are a large number of small sellers each guided by an entrepreneur who seeks profit in a market subject to consumer sovereignty. By contrast, Galbraith argues that over fifty per cent of the Gross Na-

tional Product of the United States is produced by one thousand large corporations. These corporations are guided by an organized technostructure which seeks not profit but rather the "protective purpose" of their own survival through minimizing loss and the "affirmative purpose" of their own importance through maximizing growth (NIS, esp. VII and XV; also, EEP, X and XI). They manage to accomplish these purposes in a market whose prices and outputs they control by such devices as vertical and horizontal integration. The critical feature of modern production, says Galbraith, lies not in the market system where twelve million firms produce less than fifty per cent of the Gross National Product but in the industrial system where the five hundred largest industrial corporations account for sixty-four per cent of all industrial sales in the United States. These few corporations control prices, costs, demand, and the technology for such products as tobacco, oil, soap, rubber, automobiles, steel, power, and television.

Yet economists continue to build, refine, and use models which assume the world of entrepreneurial capitalism. Even the introduction of the models of monopolistic competition and oligopoly, argues Galbraith, assume a difference in degree rather than kind has taken place in the organization of production. Economists still treat the presence of a few large firms as if they were unfortunate deviations. Instead, says Galbraith, we should recognize that the modern corporation is an efficient and integral part of economic reality as well as a powerful force in public policy. The essential feature of this new industrial, or planning, system is that those who make the decisions do not own the corporation. "Few other developments can have more fundamentally altered the character of capitalism" than the fact that the managers are independent of the owners (NIS, p. 81). Instead of the "accepted sequence" implied by microeconomics, namely, that consumers influence producers through free markets, Galbraith articulates a "revised sequence," namely, that producers influence consumers through controlled markets (NIS, XVIII and XIX). Producer sovereignty, not consumer sovereignty, is Galbraith's description of economic reality.

Galbraith's argument in the *New Industrial State is* derived from the one articulated in *The Affluent Society*. The theory of the firm was constructed in the nineteenth century when there were a large number of producers, where the producer owned the firm and where the profit motive was the critical reason for production. Again, Galbraith's attack is not based on narrow technical con-

siderations of interpresonal comparisons and aggregations. His critique goes to the heart of the supply side of contemporary microeconomics. Again, microeconomists have adapted twentieth century scientific methodology to help explain a situation which no longer prevails. Yet contemporary economists ignore these changes in historical reality and go right ahead refining their models.

In *Economics and the Public Purpose,* Galbraith continues his criticism of contemporary economics and extends it to contemporary political science. Political reality, Galbraith argues, demands that we recognize the absence of political sovereignty. The government is not really run by elected representatives who make sure that the true interests of the citizens prevail in public policy. Instead, there is a "Bureaucratic Symbiosis" where corporate bureaucracy and government bureaucracy form an association to preserve and enlarge bureaucratic goals (EPP, esp. XIV). As a consequence, the government is not independent of the economy it is intended to regulate. The goals or purposes of the public become identical to the purposes of the industrial technostructure. The macroeconomic tools-fiscal policy and monetary policy-perpetuate the unequal development and the unequal distribution of income between the industrial system and the market system as well as the myth that economic forces work for the best. But "on no conclusion is this book more clear: Left to themselves, economic forces do not work out for the best except perhaps for the powerful" (EPP, xiii) . Economics, unfortunately, perpetuates the alternative and, accordingly, discourages intelligent discourse on what needs to be done to advance human welfare. Finally, if "macroeconomic policy reflects the needs of the modern corporation" then the distinction between macroeconomics and microeconomics "is a distinction without meaning" (EPP, 25). The discipline of economics, even when judged on its own terms, not only fails to describe and predict economic reality, but also can no longer justify the way in which areas are subdivided for specialized observation. One might say that economics provides a poor paradigm in the Kuhnsian sense of the word. Or in Galbraith's own words, "scientific truth in economics is not always what exists; often it is what can be handled by seemingly scientific methods." [5]

If economics fails adequately to describe reality, diagnose ills,

5. *NIS,* p. 146. See also Thomas S. Kuhn, *The Structure of Scientific Revolutions,* 2nd ed. (Chicago: The University of Chicago Press, 1970). p. 37.

suggest solutions, and predict trends-areas where it defines its own character and strength-what, then, is economics good for? It provides, says Galbraith, an "instrumental function:"

> If the reader...suspects that economics, as it is conventionally taught, is in part a system of belief designed less to reveal truth than to reassure students and other communicants as to the benign tendency of established social arrangements, he will be right. (NIS, 167)

What is this "system of belief" for which economics provides "high moral and scientific sanction?" (NIS, 364).

> ***It is a prime tenet of modern economic belief-one that is central to the established economics and powerfully reinforced by advertising and salesmanship-that happiness is a function of the supply of goods and services consumed.*** *(EPP,* 36, *italics added)*

In short, "economics, as a discipline, has extensively and rather subtly accommodated itself to the goals of the industrial system" (IS, 293) .

His treatment of the relationship between economics and politics is the weakest part of his threefold coverage of contemporary affairs. Galbraith has an image of what a good republic should look like, namely, one where the public good is determined after considerable public debate by enlightened citizens and their representatives. His model has never existed in post-revolutionary America on a substantial basis. "Symbiotic" relationships have been the rule rather than the exception in American politics; the public interest has rarely been determined independently of the clashing interests and personal motives which operate in both the public and private sectors of American life. But more on this later.

The arguments which Galbraith presents in his trilogy were made accessible to millions by means of his thirteen-part television series entitled *The Age of Uncertainty.* His main point is that both economic and political commentators rely on concepts and models which were appropriate, if at all, for the nineteenth century. That century was the age of certainty: starvation, malnutrition, absolute monarchy, privilege, colonialism, and a sense of place. World War I, the Great Depression, and the nuclear bomb have fundamentally altered the world, so that we now live in an age of uncertainty. Galbraith emphasizes the contrast between the great certainties in

economic thought which prevailed in the last century with the massive uncertainty with which problems are confronted in the contemporary era. Yet, economists and political scientists fiddle while Rome burns. His criticism is very similiar to the one which the late Professor Leo Strauss made of contemporary social scientists: they don't know that they fiddle, and they don't know that Rome burns.

In *The Age of Uncertainty,* Galbraith pulls together and expands his arguments. David Ricardo and Thomas Malthus turned economics into a dismal science because their view of the prospects of the human condition were dismal. A few people, however, did manage to acquire considerable wealth and their accumulation was justified by the works of Herbert Spencer and William Graham Sumner. The conspicuous way in which the wealthy consumed and displayed their wealth became the subject matter for Thorstein Veblen's commentaries on American society. Of all the social commentators with which Galbraith deals, it is Veblen whom he holds in special regard.

Changing circumstances gave birth to the dissent of Karl Marx. Yet even Marx gave his primary attention to the advanced capitalist state. No one paid attention to the colonial world. Galbraith's treatment of colonialism, both western and communist style, leads him to the conclusion that the attempt by some people to rule other people at a distance will fail, and the departure will reflect the wishes of the rulers as well as the ruled. I think that Galbraith underestimates the extent to which the conquering spirit is still very much alive and how successful, over the course of history, certain countries have been able to place other countries in a situation of considerable dependency.

With World War I, Galbraith continues, the Age of Uncertainty began. The class structure and the associated exercise of power became unglued with the cracks appearing in Eastern Europe rather than in Western Europe, as Marx had predicted. And the revolutions which occurred pursued paths which neither Marx nor Lenin could foresee. Again, Galbraith emphasizes the role of circumstances rather than the role of ideas in changing the human condition.

World War I not only introduced new social alignments and new governing coalitions, it also demonstrated that "the new reliability of money was an illusion." The monetary system also came unglued leading ultimately to the crash of 1929. The Great Depression, in turn, led to the work of Irving Fisher and John Maynard Keynes. To

the former we owe the lesson, which Galbraith reminds us is often forgotten, that there are "no cheap and easy inventions involving money alone that will solve any, or all economic problems." Fisher paved the way for the more complex and imaginative step taken by Keynes: the government would *ensure* the use or velocity of money by spending it.

Although Keynesianism saved capitalism from itself, Galbraith points out that Keynesianism has its severe limitations. Here we see Galbraith arguing that to accept Keynesianism as conventional wisdom is as dangerous as accepting classical economics or Marxism as conventional wisdom. Galbraith was once a Keynesian, but no more. Keynesianism, for Galbraith, has come to mean heavy spending for arms, the promotion of "many automobiles, too few houses; many cigarettes, too little health care." In short, the confident years have come to an end. We must go beyond the Age of Keynes.

The greatest contemporary uncertainty, according to Galbraith, is the arms competition between the United States and the Soviet Union. Galbraith rejects the idea that the differences between communism and capitalism are irreconcilable. He also argues that "it is no longer" believed that the conflict is necessary or inevitable; there is ground for hope that sensible people on both sides will prevail and turn the resources to more human enhancing ends. This observation by Galbraith is one of many which reveals that he does not have a firm grasp on the march of events. It reveals that, ultimately, there is a very strong utopian strain in Galbraith's work.

Another major source of uncertainty, says Galbraith, is the Big Corporation. "It leaves men wondering how and by whom and to what end they are ruled." But Galbraith is not out to break up the large corporation. It is here to stay. Nor does he blame it for all the world's ills. "The only answer is a strong framework of rules that align the exercise of corporate with public purpose. This is not an exercise in hope and prayer. It is one of the dominant trends of the time." On the contrary, this is another example of Galbraith's utopianism. To expect that the large corporation can be made subordinate to a public interest state is to misread the character of the American political system.

III

It is clear that Galbraith does not fit into the conventional categories. He is neither a neoclassical economist nor a political con-

servative. Nor, despite his reputation to the contrary, is he a Keynesian or a liberal. He thinks that Keynes was wrong because he did not see that power would pass from the consumer to the producer (EPP, 323). The consequence of this is that inflation cannot be controlled by reversing policies designed to combat depression. Moreover, the purpose of the planning system is identical to the purpose of the state, meaning that the government no longer plays an independent and limited role in the regulation of the economy. The industrial system needs the state to remove the risk from technological investment and through government spending to support aggregate demand at a high level. Unlike liberals, and like conservatives, he believes that inflation is the number one problem in the modern economy and that government spending aggravates the problem. Unlike either, he sees inflation to be an "organic feature of the industrial system" (NIS, 251). Galbraith argues that inflation is not a temporary illness which can be cured by the right kind of governmentally approved antibiotic. Thus neither monetary policy (the conservative remedy) nor fiscal policy (the liberal remedy) will work. Monetary policy, if it works at all, hurts that part of the economy which conservatives favor, for only the small businessman is affected by changing interest rates in the capital market. The large corporation remains unaffected because it is large enough to finance its own operations. When fiscal policy is used to fight inflation, either increased taxes or reduced government expenditure, or a combination of both, is required. Galbraith doubts that the former will be applied, and the application of the latter will mean cutting public service expenditures-those things which liberals support-rather than expenditures which favor the corporate technostructure. Only stiff wage and price controls, in association with structural reform, will control inflation. The very "character and structure" of the American economy must be transformed.

Does that make Galbraith a Marxist or a socialist? Central to Galbraith's analysis is that entrepreneurial capitalism has been replaced by corporate technological bureaucracies. Thus power lies with the managers rather than the owners of capital. The state is not the executive committee of the capitalist because the capitalist no longer runs the show. Instead, the state is the executive committee of the corporate technostructure. In other words, the Marxist framework, just like the neoclassical and Keynesian framework, is obsolete and inadequate. He denies that the critical battle is between the few who are rich and the many who are poor, or between

capital and labor. "When capital was the key toy economic success, social conflict was between the rich and the poor. Education now is the difference which divides" (NIS, 246). For Galbraith, "power goes to the factor which is hardest to obtain or hardest to replace" (NIS, 55), and today "organized intelligence is the decisive factor of production" (NIS, 70). Moreover in the industrial system, labor unions work harmoniously with the corporate technostructure. He totally rejects the renewed interest in Marx, even as a way of explaining the relationship between developed and under-developed countries. The relationship of third world countries to the modern multinational corporation is the international analogue of the relationship between the market system and the industrial system inside America. Thus the unequal development and unequal income distribution between the developed and undeveloped countries is to be explained not in terms of imperialist American capitalism but in terms of the natural workings of the technostructure abroad. Americans are in the lead because America has the most advanced technological organization (EPP, esp. XIII).

Conservatives claim that Big Government is undermining the right of the consumer to purchase. In fact, argues Galbraith, conservatives are protecting "the seller's right to manage the individual," and supporting the autonomy of the industrial system which is the real enemy of their beloved free market system (NIS, 219). Conservatives also see government controlling the entrepreneur, but Galbraith argues that we no longer have entrepreneurial capitalism. "The danger to liberty lies in the subordination of belief to the needs of the industrial system. In this the state and the industrial system will be partners" (NIS, 401). Liberals claim that Big Business is the problem but they continue to see the problem in terms of monopoly. Galbraith argues that the conventional liberal solutions of antitrust laws and government regulation are futile because they do not affect the planning system. Socialists, like liberals, see monopoly power as the central problem to be solved by public ownership of the means of production. But traditional democratic socialism is also obsolete, according to Galbraith, if the state is controlled by a technologically organized bureaucracy rather than by an elected legislature. The central problem of the modern economy, says Galbraith, is not monopoly capitalism, but the unequal development and income distribution which occurs in the economy. This inequality takes two forms: first, between the industrial system and the market system, and second, between government spending which supports the in-

dustrial system and that which supports the "true needs" of the people. Traditional socialism is defunct because traditional capitalism is defunct. Big Government *and* Big Business together are the problem and a new solution is needed.

IV

What manner of man, then, is Galbraith? He is a social philosopher and a historian rather than a contemporary social scientist. He is also a "new socialist" rather than a contemporary conservative, liberal, Marxist, or socialist. With respect to the former, the happiness of the human being is Galbraith's central concern. He laments the fact that in contemporary America, happiness is defined as "the possession and use of goods," most notably those provided by the planning system (EPP, esp. XIV and XXII). Why, he asks, are more goods better than fewer goods, why can't we distinguish between real and false needs, and how "can the bill collector be the central figure in the good society?" (AS, 160). Instead of emphasizing the quantity of goods, we should be emphasizing the "quality and safety of life." Galbraith calls for "a safer and more durable as well as a more eclectic, agreeable and intellectually and aesthetically progressive society" (NIS, 381). In this regard, economists, with their attachment to the quantifiable and the objective, as well as their alliance with the industrial system, are poor guides.

To accomplish the objectives of his progressive society, Galbraith calls for a new socialism. The critical element in this program is an emancipation from the belief that the purposes of the planning system should be identical to the purposes of the individual and the community. Such emancipation or "Public Cognizance" (EPP, 229) must "now be recognized as the major issue-indeed *the* issue-in all electoral process *(sic)"* (EPP, 242), and election of left wing Democrats to the Congress must be the major objective. Galbraith's new socialism has as its goals the equalization of development and income in the economic system between the planning and market components, the assurance that public expenditures do not serve the planning system, and the control of the planning system in order to alleviate the instability of the modern economy. This requires a radical increase in the power and competence of the market system, the setting of government expenditures in accordance with public need as well as realizing that the "major task of the modern legislature" (EPP, esp. XXI, XXIV) is to specify the parameters

within which economic growth can occur, and finally complete emancipation from neoclassical microeconomics and Keynesian macroeconomics (EPP, 288).

The most novel feature of Galbraith's new socialism as far as public policy is concerned is the support which the government, now controlled by the legislative branch, should give to the market system. Conservatives have no reason to believe, however, that Galbraith has seen the error of his ways. Nor should liberals or radicals feel that Galbraith has abandoned "the cause." He has simply left them behind to fight irrelevant battles. His reforms to strengthen the bargaining position of the market system include the exemption of small business from antitrust legislation, direct government regulation of prices and production in the market system, government support to education as well as capital and technological needs in the market system, and finally an increase in minimum wages and trade union activity in the market system. His support of the market system is to be understood as an attempt to alter the unequal development, and particularly the unequal income, which exists between the two component parts of the modern economy.

> The most general and urgent problem of the modern economy is not the production of goods but the distribution of income. That accordingly is the first thing to be remedied. (EPP, 260)

Galbraith's work, of course, has been subject to criticism. Most of the criticism points out that he is either a poor economist or an arrogant elitist or both. These criticisms, however, demonstrate the extent to which the narrow scientific study of society as well as the morality of the twentieth century liberal capitalistic democracy dominate the minds of the critics. As this essay has demonstrated, Galbraith is not primarily an economist and he does not accept the contemporary morality as either preferable or permanent. Irving Kristol is one of Galbraith's critics who is not guilty of simplistic criticism. He sees Galbraith as more than an economist. He also fumes that Galbraith is not recognized as more than a liberal.° Yet Kristol's description of Galbraith as "a reluctant rabbi"[7] is also

6. Irving Kristol, *Two Cheers for Capitalism* (New York: Basic Books, Inc., 1978), pp. 9, 50, 60-61, 137, 194, 245.

7. *Ibid., p. 60.*

defective; a more appropriate description, I think, is that Galbraith is "an intellectual socialist."

For over twenty-five years Galbraith has held fast to the belief that the march of events will undermine the attachment to increased production and its association with toil and consumption as personal and public goals. He believes further that a new educated class has emerged in America which embraces leisure, reflection, and aesthetic values, and they will be the agents by means of which American society will be transformed.[8] "Nothing," says Galbraith, "in our time is more important" than whether the new "educational and scientific estate" will identify with the industrial system or take the lead in emancipating America from an oppressive belief system (NIS, 338). For Galbraith this intellectual transformation is no idle hope:

> There is no reason, a priori, to suppose that scientific and engineering achievements serve the ultimate frontiers in human enjoyment. At some point, as consumption expands, a transcending interest in beauty may be expected. This transition will vastly alter both the character and structure of the economic system. (EPP; 68)

Ancient social philosophers thought that the actualization of the good society was virtually impossible. Modern social philosophers, by contrast, emphasized actualization and, accordingly, lowered the grandeur of the ends. Galbraith not only wants, but expects, the non-material purposes of life to be actualized. And this expectation is articulated further, more without the aid of a thoroughly developed philosophical and historical dialectic concerning the march of events. These are the greatest flaws in Galbraith's argument. To be sure, Marx expected the ideal to be actualized but this expectation was clearly grounded in a well constructed dialectic.

What Galbraith fails to understand is that the American polity was not founded to achieve the best; rather it was founded to avoid the worst. Moreover, America has not departed from this founding principle. Galbraith is wrong; increased production is not a myth

8. I wish to thank Richard Andrews for pointing out the relationship between Galbraith's views and those articulated by middle-class reform movements in America since 1900. See Christopher Lasch, *The New Radicalism in America: The Intellectual as a Social Type* (New York: Random House, 1965), and James Weinstein, *The Corporate Ideal in the Liberal State* (Boston: Beacon Press, 1968).

which can be discarded because basic needs have been met. Rather it is endemic to the very character of American society. From James Madison's *Federalist #10* to the present, the American polity has relied on, increased production to solve the most common and durable source of faction, namely, the distribution of the amount and variety of property. It is the American way of avoiding the proletarian revolution, muffling social discontent, securing rights, and providing for equality. To accomplish this objective, a system of "opposite and rival interests" replaces the promotion of "better motives." Also the deliberate exclusion of the people from the ordinary and regular operations of government replaces direct citizen involvement. °

The American population seems firmly entrenched in its commitment to the Founders' idea of commodious self-preservation, a perspective within which contemporary conservatives, liberals, and radicals continue to articulate their arguments. Galbraith's claim that increased affluence will transform (and has already partly transformed) America from a society dedicated to economic ends to one dedicated to loftier purposes is not supported by political and economic reality, or by philosophical and historical reflection. The amount and distribution of affluence in America never seems to be sufficiently fitting and proper. In addition, American society seems to be currently marching in a conservative rather than a progressive direction. The spirit of Proposition 13, the call for an amendment to balance the federal budget, the continued use of monetary policy to fight inflation, the reluctance to impose mandatory wage and price controls, and the poor electoral performance of left wing Democrats are but a few examples which illustrate that America is in no mood to travel Galbraith's progressive road.

Again, Galbraith to the contrary, there is no such phenomenon as an intellectual class united and motivated by a common opinion, passion, and interest to undermine material values and replace them with immaterial values. If such a class did exist, the classrooms would probably be empty and the intellectuals placed in the course of ultimate extinction. Talent, rather than capital, may indeed be

9. Jacob E. Cooke, ed. *The Federalist* (Middletown: Wesleyan University Press, 1961), nos. 10, 51, 63. See also Martin Diamond "Democracy and *The Federalist: A* Reconsideration of the Framers' *Intent," The American Political Science Review* (March, 1959), pp. 52-68.

the decisive factor of production because it is in shorter supply, but that does not mean that the spirit of intellectualism has replaced the spirit of capitalism. Moreover, there is a strong relationship between level of income and level of education in America. Thus Galbraith's claim that "education is now the difference which divides" actually supports rather than refutes the idea that the essential political conflict is still between the few who are rich and the many who are poor. Despite their disagreements, Plato, Aristotle, Locke, and Marx were in agreement concerning the practical longevity of this basic social disharmony between the rich and the poor. Galbraith has failed to incorporate his observations concerning the march of events into a comprehensive dialectical framework. Progressive intellectuals have not, do not, and probably will not set the tone for American society.

Galbraith may well be correct concerning consumer demand theory, the theory of the firm, as well as the inadequacy of monetary and fiscal policy. But such discoveries do not mean that the debate can, or should, be shifted to a post-capitalistic phase which is progressive in character. His argument that the structure of the modern economy is fundamentally different from that of the nineteenth century is convincing. That economists continue to side step this is indeed dismal. His argument that changing circumstances, particularly those of a critical nature, have a way of undermining conventional economic wisdom is also convincing. The Great Depression, for example, gave birth to Keynesian macroeconomics whose central premise was that the economy, if left to its own devices, will not necessarily achieve equilibrium at full employment. A tendency toward depression was, in short, an "organic feature" of entrepreneurial capitalism. What Galbraith has demonstrated is that inflation is an "organic feature" of the modern economy which is run by Big Business *and* Big Government together. His argument is persuasive, and the march of events supports his contention. Yet economists continue to fiddle with their accepted models while the American economy has transformed itself. Granted that the American economy has undergone two structural transformations, the Great Depression and now what we call the Great Inflation, there is little reason to suspect that the American people will undergo a transformation in character. The trading spirit is the defining characteristic of American mores. Instead of being on the frontier of a new epoch of intellectual socialism dedicated to aesthetic beauty, we are more likely to be on the verge of a new

round of a bitter political division over the amount and distribution of goods and services, income, and wealth.

Galbraith's initial fame came, in part, from his opposition to the "conventional wisdom" which existed in the 195O's. To his credit, Galbraith has not fallen into the trap of adopting the "conventional wisdom" of liberalism, Marxism, or Keynesianism. His social criticism includes a critique of ideas which he held to be plausible at various stages of his career. Most notable among these, of course, is his critique that Keynesianism is incapable of managing an economy subject to endemic inflation. His main point is that Keynes did not understand the role which circumstances and the march of events play. As Galbraith points out, the discovery that the Keynesian remedy was asymmetrical is still denied by many economists most of whom can be described as liberals. His willingness to explore alternative paths is the reason why he is both controversial and successful. He has been attacked from all sides of the economic and political spectrum; yet he has achieved the status of a social guru who combines wit with erudition.

I have argued that the way to read Galbraith is in terms of a new brand of intellectual or utopian socialism. It's no surprise, therefore, that conservatives, liberals, and Marxists find hit- both enjoyable and disagreeable. Incorporated into his framework are the conservative opposition to Big Government, the liberal opposition to Big Business, and the Marxist opposition to the distribution of wealth and income under capitalism. Yet each side is suspicious of Galbraith's intent because he is unwilling to "go all the way." He is, in short, his own man. His comment on the nature of idealists is pertinent here:

> It is my unhappy observation that idealists, including liberal reformers in our own time, are frequently less endangered by their enemies than by their preference for argument. Their righteous feeling, very often, is that everything should be sacrificed to a good row over first principles or a fight to the finish over who, if anyone, is to be in charge. (AU, 30)

He is even-handed in his criticism of economists:

> What economists believe and teach, whether in the United States or in the Soviet Union, is rarely hostile to the institution-the private business enterprise, the Communist Party-that reflect the dominant economic power. Not to notice this takes effort, although many succeed. (AU, 90)

Nevertheless it is possible to discern a coherent perspective to Galbraith's work, one moreover which has a strong idealist component. He is firmly committed to the idea of the improvement of the human condition. This commitment permits him to rise above the prevailing ideologies or conventional wisdom and discuss their approaches in a rational and nonapologetic fashion. Neither is Galbraith ideologically committed to public expenditure rather than to private expenditure.

> The question is which returns the greatest satisfaction at the margin and serves the best sense of the community as to what is good. If the satisfaction from public services is higher than that from private goods for the typical urban dweller, there will obviously be more social good in accepting the fact than in resisting it. Not ideology but the social character of the Metropolis is the controlling circumstance. (AU, 321)

At the same time, however, Galbraith is utopian in the sense that he believes erroneously that what ought to prevail is actually coming into existence.

In this regard, his claim that an educated class with essentially immaterial values has emerged which class, in turn, will transform the nature and operation of American society is sheer folly. This folly is due to the fact that he places enormous emphasis on the part which changing circumstances play without developing a dialectical framework within which these changing circumstances unfold.

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