Why Didn't Galbraith Convince Us That America Is an Affluent Society?

ROBERT M. WHAPLES

Galbraith's Affluence Argument

John Kenneth Galbraith's *The Affluent Society* (1958) was immensely popular—a book by an *economist* that reached number 2 on the *New York Times* Nonfiction Best Seller List, stayed on the list for six months, became a main selection of the Book-of-the-Month Club, sold more than one million copies, and was translated into more than two dozen languages (Parker 2005, 292, 720). Four decades after it was published, the Modern Library placed it at forty-sixth on its list of the top-one-hundred English-language nonfiction books of the twentieth century ("100 Best Nonfiction" n.d.), and the *Guardian* rated it as the century's twenty-fourth best nonfiction work (McCrum 2016). More than one leading high school American history textbook has a chapter on the 1950s titled "The Affluent Society."

The book was widely reviewed, widely discussed, and even widely read. *The Affluent Society* is certainly a good read. Economists lauded Galbraith's prose as "bold, readable, quotable," "a model of how economics should be written," with "bristling insights." It was "a penetrating tract," full of "clever and vivid prose," "urbane and

Robert M. Whaples is professor of economics at Wake Forest University and co-editor and managing editor of *The Independent Review*.

The Independent Review, v. 24, n. 4, Spring 2020, ISSN 1086–1653, Copyright © 2020, pp. 579–592.

engaging," "brilliant and often moving" (quotations respectively from Parsons 1959; Clairmonte 1959; Sosnick 1960; Thomson 1959; Boulding 1959). The reviews, however, were sometimes critical and often quite mixed, praising the volume as a "tremendous achievement" in one breath but complaining in the next that its "argument is not close-knit" (Parson 1959).

A quarter-century after it was published, when I was in college, I found a seventy-five-cent paperback copy of it in a used bookstore. Sixty years after its publication, I decided to reread it. The time was well spent and prompted the question given in my title: Why haven't people taken Galbraith's argument to heart?

The book has an unusual message—not John Maynard Keynes's alluring message that an economy can spend its way to prosperity and full employment, not that Americans should be proud of their prosperity, but that we have become so prosperous that we no longer actually need or even benefit from more production, that we are so rich that our well-being no longer rises appreciably when we produce more. A single paragraph summarizes much of the argument:

> The situation is this. Production for the sake of the goods produced is no longer very urgent. The significance of marginal increments (or decrements) in the supply of goods is slight. We sustain a sense of urgency only because of attitudes that trace to the world not of today but into which economics was born. These are reinforced by an untenable theory of consumer demand, an obsolete, erroneous and even somewhat dangerous identification of production with military power, and by a system of vested interests which marries both liberal and conservative to the importance of production. . . . When men are unemployed, society does not miss the goods they do not produce. The loss here is marginal. (Galbraith 1958, 157)[1]

There are two variants of the argument. The more extreme hypothesis—call it Strong Affluence—is that the marginal utility of production (or consumption) is *zero* for many/most Americans and for Americans as a whole. The less-extreme hypothesis—call it Weak Affluence—is that additional production/consumption is no longer "urgent" (a term that Galbraith uses more than a dozen times), that the marginal utility of production/consumption for many/most Americans is very low, below the marginal utility of other uses of our resources and time. Strong Affluence is a bold, iconoclastic claim. Weak Affluence is less revolutionary but still rather unconventional. Galbraith's task was to convince his audience of the Weak Affluence idea and possibly even of the Strong Affluence idea so that they would be willing to divert their resources to the uses that he recommended and they had overlooked.

1. Subsequent citations to *The Affluent Society* are to the original edition (Galbraith 1958) and give page numbers only.

Galbraith explained in his memoirs that he reached this startling conclusion about affluence while traveling during a sabbatical from teaching at Harvard. Visiting India, he saw true poverty for the first time:

> Few can forget their first sight of India. . . . [I]n the shadows . . . were the hovels of those lucky enough to have a roof. . . . Visible too were the charpoys or rope cots of those who lived and slept without shelter of any kind. . . . Heaps of refuse were everywhere. . . . A few days later . . . my wife and I saw a baby, emaciated, half-prostrate, venting a long white stool beside the road. The infant was obviously very sick. . . . Elsewhere, even in the South Bronx, one would have rushed to call an ambulance. Thus do one's eyes glaze on exposure to India. (1981, 326)

Confronted with this numbing poverty, Galbraith saw the United States in a new light.

Two core chapters of *The Affluent Society,* "The Paramount Position of Production" and "The Dependence Effect," explain his central hypothesis, his new insight. Galbraith acknowledges that "[w]e are, to be sure, regularly told that production is not everything. We set no small store by reminders that there is a spiritual side to life; those that remind are assured a respectful hearing" (102). But these reminders are soon forgotten or simply ignored. "We take production as the measure of our achievement" (112), so that for most people today "the first reaction to any questioning of this attitude [that production isn't everything] will be 'What else is there?' So large does production bulk in our thoughts that we can only suppose that a vacuum must remain if it should be relegated to a smaller role" (103). Galbraith concludes that once one thinks through the nature of what Americans produce and why they produce it, one "can no longer . . . assume[] that welfare is greater at the all-around higher level of production than at a lower one" (128).

Because of our "irrational" fixation with production (and equally with consumption), we overdo it. "We view the production of some of the most frivolous goods with pride" (109). "Now goods are abundant" (103)—too abundant: "In the contemporary United States the supply of bread is plentiful and the supply of bread grains even redundant" (119). There is a "national disposition to obesity" (199).

> More die in the United States of too much food than of too little. Where the population was once thought to press on the food supply, now the food supply presses relentlessly on the population. No one can seriously suggest that the steel which comprises the extra four or five feet of purely decorative distance on our automobiles is of prime urgency. For many women and some men clothing has ceased to be related to protection from exposure and has become, like plumage, almost exclusively erotic. Yet production remains central to our thoughts. There is no tendency to take it, like sun and water, for granted; on the contrary, it continues to measure the quality and progress of our civilization. (103)

Galbraith knew he faced an uphill battle in convincing people that American society had become truly affluent—that extra production was adding nothing (or almost nothing) to well-being. He admits in his opening sentence that "[w]ealth is not without its advantages and the case to the contrary, although it has often been made, has never proved widely persuasive" (13). But he rises to the challenge to make the argument with vigor and panache.

How Americans Were Tricked into Becoming an Affluent Society

Why do Americans produce so much that our additional output is virtually worthless? Galbraith argues that we have been deceived into thinking we need more production—tricked by history, by economists, and by Madison Avenue.

This deception is possible in part because our affluence is so recent: "Until he [the rich man] learns to live with his wealth, he will have a well-observed tendency to put it to the wrong purposes or otherwise to make himself foolish" (1). Our ideas and ideals haven't kept up with the times and are still haunted by memories of poverty.

Another major source of this deception is "economics and the tradition of despair" (the title of the third chapter of *The Affluent Society*). Galbraith argues that our ideas are warped by a history in which our ancestors faced dull lives of deadening poverty and by early economists (especially Thomas Robert Malthus and David Ricardo), who explained that such poverty must *always* be so because nothing can be done about it—the Iron Law of Wages.

More important than the influence of dead economists' ideas is the relentless and ubiquitous "dependence effect." Galbraith argues that if it weren't for advertising (broadly construed), people wouldn't have the urgent need to consume: "We have wants at the margin only so far as they are synthesized" (113). The individual's wants "cannot be urgent if they must be contrived for him. . . . One cannot defend production as satisfying wants if that production created the wants" (124). Our passion to buy more goods may have been stirred up by demons, but we wouldn't consider it worthy to follow these passions if we had invited the demons to torment us in this manner, observes Galbraith, making advertising seem diabolical. More gently, he compares modern consumption to a humanitarian who is persuaded of a shortage of hospital facilities and so who begs for funds for more facilities and refuses to notice that the town doctor is running down pedestrians with his car to keep the hospital full.

It is in this chapter that Galbraith pushes Strong Affluence the hardest, seeing modern consumption as akin to a squirrel trying to "keep abreast of the wheel that is propelled by his own efforts" (125). "Production only fills a void that it has itself created" (125). He summarizes that

> [a]s a society becomes increasingly affluent, wants are increasingly created by the process by which they are satisfied. . . . 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. In technical terms it can no longer be assumed that welfare is greater at the all-around higher level of production than at a lower one. It may be the same. (128)

If welfare remains the same as income rises, Strong Affluence reigns.

Galbraith doesn't supply any concrete evidence that demonstrates the dependence effect—perhaps he assumes that readers won't need such convincing, that they have felt the effect for themselves and simply need to have it pointed out. However, it isn't clear what evidence *could* incontrovertibly demonstrate or refute the dependence effect, unless there's a natural experiment in which a society were to forego all advertising and salesmanship, holding everything else constant—something that's unlikely to ever occur in human history.

Finally, Galbraith expends considerable energy attempting to demonstrate the nation's "social imbalance"—the underfunding of collective goods amid an over-funding of private goods. Defending the reality of a social imbalance is the central goal of the entire volume. He argues that Strong or Weak Affluence holds only for privately purchased goods because we have a deep-seated bias against government, making for only anemic support of public goods. Juxtaposing the private with the public, Galbraith explains how Americans feel that "[v]acuum cleaners to insure [*sic*] clean houses are praiseworthy and essential to our standard of living. [But] [s]treet cleaners to insure clean streets are an unfortunate expense. Partly as a result our houses are generally clean and our streets generally filthy" (110). Surveying the preceding decade, but with the implication that most of the same problems persisted when he wrote the book, he offers a woeful litany: "Schools were old and overcrowded. The police force was under strength and underpaid. The parks and playgrounds were insufficient. Streets and empty lots were filthy. . . . Internal transportation was overcrowded, unhealthful and dirty. So was the air. Parking on the streets had to be prohibited, and there was no space elsewhere" (198–99). Then, with rousing hyperbole, Galbraith imagines that

> [t]he family which takes its mauve and cerise, air-conditioned, power-steered, and power-braked automobile out for a tour passes through cities that are badly paved, made hideous by litter, blighted buildings, billboards, and posts for wires that should long since have been put underground. They pass on into a countryside that has been rendered largely invisible by commercial art. . . . They picnic on exquisitely packaged food from a portable icebox by a polluted stream and go on to spend the night at a park which is a menace to public health and morals. Just before dozing off on an air mattress, beneath a nylon tent, amid the stench of decaying refuse, they may reflect vaguely on the curious unevenness of their blessings. (199–200)

In fact, "alcohol, comic books and mouth wash all bask under the superior reputation of the market. Schools, judges, and municipal swimming pools lie under the evil reputation of bad kings" (111).

Some of these examples may sound quaint to the modern ear, including complaints that advertisers and the media are responsible for the tendency toward juvenile delinquency, with "dubious heroes" of the movies and TV replacing the schoolteacher, Miss Jones, as the "idols of the young" (203), in part because of austere spending on public schools and on wholesome community facilities. "Comic books, alcohol, narcotics, and switch-blade knives are, as noted, part of the increased flow of goods and there is nothing to dispute their enjoyment" (203). Nothing! (Capitalists of all stripes, even drug dealers and pornographers, were apparently the paragons of the era.) Scanning the horizon, Galbraith sees "an atmosphere of private opulence and public squalor" (203) because "advertising operates exclusively, and emulation mainly, on behalf of privately produced goods and services" (205). He even takes an implicit swipe at rising female labor-force-participation rates as driven by the gnawing desire to consume more, unnecessary goods.

Implications of Galbraith's Argument

The conclusion that the marginal utility of production and consumption of private goods is zero has revolutionary consequences. If it is true, it would make sense to reallocate resources to places where marginal utility isn't zero. If it is true, there would be no real trade-off involved. If it is true, then free lunches would abound. "A poor society . . . had to enforce the rule that the person who did not work could not eat. . . . An affluent society has no excuse for such rigor" (255). If it is true, Galbraith argues, money should go to solve the "social imbalance"—that is, money can painlessly be redistributed by government or spent on public goods or both. In an affluent society, money must be spent, says Galbraith, to eradicate remaining pockets of poverty—spent on "first-rate schools" for the poor, nourishment at school, community health services and recreation, "slum clearance and expansion of low and middle-income housing" (256), and similar programs.

If marginal utility hasn't fallen all the way to zero but is merely very low for private consumption (and lower than elsewhere), many would agree that virtually the same conclusions follow. In other words, if Galbraith's central claims are correct, it is much easier to argue in favor of a significant expansion of the state along the lines of Lyndon Johnson's Great Society programs—the affluent won't really miss the lost private consumption, and the money may be much better spent on government programs.[2] If we already have enough, the world is turned on its head: "[O]ne could indeed argue

2. There are obviously other objections to this conclusion—issues of fairness, freedom, and government's ability to carry out such projects without causing problems, including the other "dependence effect," when the poor become dependent on government largesse.

that human happiness would be as effectively advanced by inefficiency in want creation as efficiency in production" (225). If we shackle the want creators (the advertisers and salesmen), we would be better off. "A system of morality is at stake" (226).

Although Galbraith's favorite, idiosyncratic suggestion—a form of unemployment insurance without time limits that varies compensation countercyclically—didn't attract much attention, his broader suite of proposals to increase domestic government spending across the board was enacted into law in the next decade.

However, although *The Affluent Society* may or may not have had a small role to play in the passage of the Great Society measures, the fact is that the vast majority of Americans still don't think they are affluent, nor did they think they were in 1958. Most Americans recognize that their standard of living is very high by global standards, but they don't feel that the marginal utility of consumption is zero or near zero. They feel that having more money to spend is a very good thing—worth working long hours to obtain; worth fighting against coalitions that threaten to levy higher taxes or wish to reduce government benefits; worth ruing when they have less than others; and often worth borrowing to acquire things. Spending the marginal dollar on one's own goods and services is still in fashion. Americans want nicer cars, bigger houses, and more goods in general. They want to travel more, dine out more often, and consume more services in general.

Why Didn't Galbraith's Argument Sell?

One reason why Galbraith's big argument failed may be that it simply violates human nature—deep down, most people simply want more and are hard-wired so that the marginal utility of consumption never drops to zero.

Even if this isn't true, the argument may have failed because its main building blocks weren't strong enough or concrete enough. Galbraith's case that the marginal utility of production/consumption was near zero was built on thought-provoking speculative assertions, not on nearly universal, hard-to-deny, easily observable economic facts, such as how the quantity of individual goods demanded falls when rising production costs cause the goods' prices to rise. In some sense, this core argument has to be suggestive because it involves the hidden recesses of the mind. There is no utility meter that can be hooked up to the brain like an EEG, and utility doesn't reveal itself in the clear manner that demand does. Common sense says that if the marginal utility from something is very low, a person won't bother working for it or spending on it.[3] But Galbraith was trying to overturn this common sense. He did so mostly with anecdotes

3. The average American workweek declined significantly into the early twentieth century, but it had plateaued by the time Galbraith wrote, and Galbraith largely ignored this fact. *Historical Statistics of the United States* reports that the average weekly hours of workers in private, nonagricultural jobs was 41.1 in 1950 and 41.0 in 1960 (Carter et al. 2006, series Ba4575, 2:304). The personal savings rate was relatively high by historical standards during the 1950s (Carter et al. 2006, series Ce126, 3:313), although lower than during World War II (when goods were rationed) and much higher than in recent decades (even though average incomes are much higher now).

and stories. In a later era, he might have been able to examine evidence on subjective well-being. These later studies tend to show that happiness and other measures of subjective well-being do rise when people have higher incomes, but the correlation between subjective well-being and income per person gets very weak at high income levels (see, for example, Ortiz-Ospina and Roser [2013] 2017). Some would say that this result supports Galbraith's ultimate argument—though he may have called it too soon. In the decade preceding the publication of *The Affluent Society,* average incomes in the United States were about 25 to 30 percent of their current level. In modern studies, there is a universally positive correlation between rising levels of income per person and rising levels of average subjective well-being in this income range. The positive correlation becomes much weaker for average incomes higher than about 75 percent of current income per person in the United States.

Galbraith's Strong Affluence argument is surely worth pondering at the individual and societal level. But whether Americans have pondered it or not, few of them have taken Galbraith's argument to heart. Our houses are getting bigger, as have the horsepower (and comfort) of our cars, our desire for the latest technology, and our waistlines. Indebtedness has soared, while the workweek has stopped falling.[4] We want our marginal consumption so much that we work hard for it, go into debt for it, and complain that we don't have enough to make ends meet and that we don't feel affluent.

Many observers have pointed out that Americans never swallowed this part of Galbraith's argument—even his adulatory biographer, Richard Parker, who noted that the "1980s Yuppies and their 1990s successors—the SUV-driving, McMansion-dwelling suburbanites and inhabitants of chicly restored urban lofts, whose chief passions are for expensive restaurants, exotic vacations, and . . . the latest technological trends . . . show how wrong he may have been" (2005, 292). It's interesting that Galbraith treated his own high income as if extra money did buy things that made him better off. He traveled the globe, skied, hired a full-time housekeeper, bought the biggest house in Cambridge, Massachusetts, bought a farm in Vermont, and collected Indian art (Parker 2005).

Building Blocks of *The Affluent Society* That Don't Stack Up

The problem with *The Affluent Society* is not just that its central argument—that the marginal utility of production/consumption is at or near zero—fails but also that many of the building blocks of Galbraith's case don't stack up.

4. Household debt was 24 percent of gross domestic product in 1952 and reached 38 percent in 1960. It continued its long climb, reaching 98 percent in 2008 before subsiding to 75 percent in 2019 ("United States Households Debt" n.d.). The National Association of Home Builders estimates the size of the average new home built in 1950 at 983 square feet. It increased to 1,500 square feet in 1970 and 2,230 in 2002 (2004, 11). Average horsepower data don't go back to the 1950s, but horsepower has risen more than 60 percent according to the U.S. Environmental Protection Agency's (2018) series, which runs from 1975 to 2017.

The early building blocks to the argument concern how we obsess over production because of the ideas pushed by defunct, scare-mongering (*scarce*-mongering) economists. This part of the argument doesn't work—not because Galbraith oversimplifies these early economists' ideas (he does), but because (contra Keynes) these dead economists' ideas didn't actually haunt Americans. If anything haunted them when Galbraith wrote, it was the fact that the Great Depression was so recent, not a fear that Americans' incomes would fall to Third World levels. The parents, grandparents, neighbors, and teachers I knew, growing up in the years after *The Affluent Society*'s publication, articulated a belief that the United States had found a formula for economic growth and permanent prosperity. None thought that there was an Iron Law of Wages that forced the masses down to subsistence; rather, they witnessed a rising tide that had lifted all the boats, and they thought that the causes of poverty were usually ignorance and lack of freedom. Americans had won World War II, invented great things, mass-produced automobiles, almost eradicated hunger, and would soon reach the moon. We were the world's leader, inviting and encouraging everyone else to copy us. How many Americans actually lived under the pall of the social Darwinist idea that economic competition is a "mortal struggle," in which economic losers must "accept the full consequences of loss," including death (57)? Not many. Rather, American success was based on our system, our culture, and our innovative ideas—and none of these things would disappear if we defended them. Thus, Galbraith's early chapters on economists' ideas are interesting, opinionated, and even sometimes insightful, but ultimately superfluous. Real people saw an economy that had been growing relentlessly (except during that anomalous Depression decade), and well before 1958 they were convinced such growth would last—convinced by the march of time rather than swayed much by the ideas of economists, living or dead.

Another building block, chapter 12, "The Illusion of National Security," cannot have won many converts because it too bluntly overstated its case. Galbraith's point was that too much money went to the military in the 1950s, at the height of the Cold War, and that the money could be better reallocated to domestic needs. However, he went as far as to argue that increasing national output had *no* impact on military success and to attack "the myth that military power is a function of economic output" (143). He applied this argument to the Korean War, but one wonders if he would have been willing to apply it to the American Civil War, World War I, or World War II—regarding which almost everyone agreed that the losing side ultimately had little chance once the winning side tapped into its economic advantages. He couldn't have predicted it, but the end of the Cold War in the late 1980s, which many observers explain by the United States outspending the Soviet Union in a military buildup, belies his argument.

Equally unconvincing is chapter 15, "Inflation," in which Galbraith bemoaned the existence of inflation, saying that it's easy to conquer but that we don't do so because "some reap material benefit from inflation" (168). Perhaps his idea was to explain that policy makers needn't constantly stimulate aggregate demand—it's okay to increase taxes—because the marginal utility of extra output is so miniscule. But Galbraith apparently didn't consider the idea that inflation could arise on the supply side (inflation "is obviously a phenomenon of comparatively high production" [169]). The odd aspect of the chapter is that inflation wasn't much of a concern in the late 1950s, and readers may have wondered why he spent so much time worrying about it. Inflation spiked at the beginning of the Korean War (as it does during many wars), but in the years preceding the publication of *The Affluent Society* it ambled along at annual rates of 2.3 percent (1952), 0.8 percent (1953), 0.3 percent (1954), −0.3 percent (1955), and 1.5 percent (1956), before surging to a not-so-daunting 3.3 percent in 1957 and subsiding to 2.7 percent and 1.1 percent as the decade expired. It's not clear why Galbraith toyed with the idea that wage-and-price controls might come to the rescue. Perhaps to assert that government can fix almost any problem? Readers must have wondered how this chapter was actually related to the idea of an affluent society.

One of the frustrating (or is it endearing?) aspects of *The Affluent Society* is that Galbraith takes breathtakingly long and contradictory asides. In one chapter, he complicates our obsession with production by saying that we fight with one hand tied behind our back. We agonize about increases in gross national product but don't do commonsense things to help boost production. "We stress the evils of idleness and bad resource allocation which were relevant . . . a century ago," but we "do little or nothing in peacetime to increase the rate of capital formation or the rate of technological progress in backward industries" (113). This failure apparently shows that we secretly know we don't need more. However, the argument collapses except from a statist point of view. That "[w]e do little or nothing" to encourage capital formation and technological progress seems to mean that the *state* doesn't allocate more resources there with subsidies. The fact is that "we" do a great deal to encourage capital formation and technological progress—by allowing firms to earn great profits in areas where capital and new technology have a sufficient payoff. (Ironically, despite the lack of substantial subsidies, total factor productivity growth was at one of its highest levels in American history during the late 1950s [Field 2011].)

Later building blocks also topple. Galbraith argues that "[t]o create the demand for new automobiles we must contrive elaborate and functionless changes each year and then subject the consumer to ruthless psychological pressures to persuade him of their importance" (240). That's an unconvincing picture of why Americans went out to buy new cars in the 1950s. Like today, newer cars were *better* every year. They were clearly safer and easier to drive. The death rate per million miles traveled fell from 7.24 in 1950 to 5.06 in 1960 (Carter et al. 2006, series Df415, 4:841). New automobiles had desirable features, including automatic transmissions, unibody chassis, V8 engines, power steering, power brakes, improved suspensions, and even air conditioning (in 20 percent of them by 1960). The purple passage about the family that "takes its mauve and cerise . . . automobile out for a tour" actually notes a couple of these new features, but it also has an important logical lapse. Galbraith's example of the filthy campground seems to imply that there were no private campgrounds (only the public sector is starved of funds), when in fact there were and are many.

Likewise, Galbraith's argument about the tendency to starve the public sector is belied by historical statistics on government spending. He frequently decries underfunded schools, mentioning schools dozens of times—"Presumably a community can be as well rewarded by buying better schools or better parks as by buying bigger automobiles" (204). But real spending per pupil rose at a strong pace in the decades preceding the publication of *The Affluent Society*: by 97 percent in the 1920s, 21 percent during the Depression decade, 38 percent in the 1940s, and 46 percent during the era of affluence itself from 1949 to 1959 (Carter et al. 2006, series Bc925, 2: 482–83). The rise during the 1950s is even more impressive when one realizes that enrollments were soaring with the Baby Boom (whose existence Galbraith inexplicably ignores). Similar numbers—for both education and overall federal, state, and local spending—were raised by numerous early critics of *The Affluent Society* (see, for example, Hession 1972, 110–14, which includes Walter Rostow's observation about "the quiet, unexpected choice of postwar Americans for enlarged families over enlarged stocks of durable consumer goods and services").

The last important building block is erected in the book's penultimate chapter, "Labor, Leisure, and the New Class," which explains how the Affluent Society can reorient itself to live the good life. This pinnacle block also crumbles. The book opens by quoting economist Alfred Marshall, "The economist, like everyone else, must concern himself with the ultimate aims of man" (vii), and Galbraith finally returns to this argument at the end of the volume, but he barely scratches the surface. He is nowhere explicit about what he considers to be man's ultimate aim, and he doesn't say much about leading a virtuous life or the blessing of eternal life, two ultimate aims that most Americans embraced at that time. Rather, he implicitly portrays the ultimate purpose to be leading a life of economic security and freedom from toil, with jobs that are "interesting and rewarding" (269) and with high levels of education—all laudable things. Education allows one to turn attention to "more esoteric desires—music and fine arts, literary and scientific interests" (219). The irony, which F. A. Hayek (1961) pointed out, is that these desires are just as contrived as the desires Galbraith laments—just like the "acquired taste" for larger autos. Does this show that their marginal utility is zero because producers must cultivate them, too?

In contemplating the ultimate ends of man, Galbraith laments that most of us are incapable of seeing our affluence problem or escaping from it. "Our preoccupation with production is, in fact, the culminating consequence of powerful historical and psychological forces—forces which only by an act of will we can hope to escape" (p. 103). Galbraith writes as if the goal of a life well lived doesn't rest upon this very thing—acting willfully. Many of his readers, inculcated by parents, teachers, and clergy in the virtues of controlling one's passions, might have wondered why "an act of will" was something they were inherently incapable of.[5]

5. Many additional, nonessential comments by Galbraith must also have led to numerous raised eyebrows. For example, he briefly defends the position that "[g]overnment expenditures are likely at any given time to

One cannot omit "conventional wisdom" (a phrase Galbraith coined) from a discussion of *The Affluent Society*. Galbraith has fun with thought patterns, "esteemed at any time for their acceptability," that he labels "conventional wisdom" (p. 18). He explains that old conventional wisdoms, such as mercantilism, the superiority of laissez-faire economic policies, and the importance of a balanced budget, were often destroyed by the "march of events" (21). This insight can be applied to Galbraith's own ideas. Sixty years is a fairly long march in the modern world. What parts of Galbraith's wisdom—largely the conventional wisdom of political liberals during his era—have succumbed to the rigors of this long march? One casualty is the naive Keynesianism of the 1950s, which lives in the book. History has not been kind to the idea that government can effortlessly guide and engineer the economy, that high tax rates have unimportant downsides, that the welfare state is basically a free lunch. The book reveals no worries about the costs of Great Society programs such as Medicare and Medicaid or expansions in Social Security, no fear that they may eventually become unsustainable as demographic conditions change or that the national debt would eventually reach levels seen only in time of war as society tries to have it all and borrows to achieve it. Galbraith warns that "the bill collector cometh" (the title of another chapter) when the race for affluence eventually unleashes a borrowing binge, but he doesn't recognize that the temptation can be even greater for the state than for individuals. It takes decades for the termites of the state to do their damage, but rising entitlement spending is the primary reason why the U.S. national debt is projected to rise unsustainably into the future (Henderson and Hummel 2014). Rather, he derides "the conventional wisdom of conservatives" that "the modern search for economic security" may be a real "threat to economic progress" (p. 85).

A Final Assessment: Time for a New Galbraith

In summary, when *The Affluent Society* was published, Galbraith failed to convince most readers of his central argument—that the marginal utility of consumption has fallen to zero—and many of the book's other supporting arguments crumble upon examination. Yet people loved the book. It may be that they read *The Affluent Society* because Galbraith was an extraordinarily interesting writer who had numerous memorable insights, even if his bigger arguments failed. One early reviewer even predicted that within twenty years *The Affluent Society* would "exercise an influence comparable . . . to that exercised by *The General Theory*" (Hession 1972, 89). Clearly it did not. In a very Galbraithian twist, readers may have bought his product even though its ultimate

be near the minimum [of what] the community regards as tolerable" (190), an idea that no one versed in public-choice economics (a field that developed shortly after he wrote the book) would accept. On monetary policy, he asserts that "[i]n the political spectrum of modern economic policy, monetary measures are the instrument of conservatives. The weapon of liberals is fiscal policy" (189). Paradoxically, Galbraith makes Franklin Roosevelt a conservative here in that Roosevelt fought the Great Depression by the monetary policy of revaluing the dollar and abandoning the gold standard—while his fiscal policy wasn't very expansionary. Galbraith even puts in a good word for feather bedding!

usefulness was very low, but buy it they did—possibly because he was such a good salesman. "Perhaps no economist has ever been able to write better than Galbraith. . . . But he was a literary figure, not a scientific one" (Boettke 2006). In this interpretation, many of Galbraith's arguments are like the tailfin on a 1958 Cadillac—so interesting and impressive but not very useful.

Every reader will see different successes and failures in *The Affluent Society*. Despite all my criticisms of the book, I am glad to have reread it. Recent trends in happiness and subjective well-being suggest to me that the marginal utility of additional consumption and income continues to fall. We keep getting closer to the point Galbraith thought he saw in 1958, the point where the marginal utility of consumption has become very close to zero. Because relative status matters, this is less true on an individual basis but truer at the aggregate level. However, even if the marginal utility of consumption falls close to zero (or all way to zero), it needn't support Galbraith's "social balance" argument and imply that additional resources should go to the state because the marginal dollar spent by the government also has a very low value. Moreover, many people now have the enjoyable jobs that Galbraith imagined.

What are we to do when the marginal utility of leisure, private goods/services, and public goods/services are *all* near zero? How do we "fill the seemingly vast vacuum which abandoning this [production] race would leave in our lives" (221)? It's time for a new Galbraith to tackle this issue. He or she would be wise to emulate the engaging prose in *The Affluent Society* but be careful to avoid its missteps.

References

100 Best Nonfiction. n.d. Modern Library. At http://www.modernlibrary.com/top-100/100-best-nonfiction/.

Boettke, Peter J. 2006. Review of *John Kenneth Galbraith: His Life, His Politics, His Economics* by Richard Parker. EH.Net, November. At https://eh.net/book_reviews/john-kenneth-galbraith-his-life-his-politics-his-economics/.

Boulding, Kenneth. 1959. Review of *The Affluent Society*. *Review of Economics and Statistics* 41, no. 1 (February): 91.

Carter, Susan B., Scott Sigmund Gartner, Michael R. Haines, Alan L. Olmstead, Richard Sutch, and Gavin Wright, eds. 2006. *Historical Statistics of the United States: Millennial Edition*. 5 vols. New York: Cambridge University Press.

Clairmonte, Frederick. 1959. Review of *The Affluent Society*. *Indian Economic Review* 4, no. 4 (August): 192–94.

Field, Alexander J. 2011. *A Great Leap Forward: 1930s Depression and U.S. Economic Growth*. New Haven, Conn.: Yale University Press.

Galbraith, John Kenneth. 1958. *The Affluent Society*. New York: New American Library.

———. 1981. *A Life in Our Times: Memoirs*. Boston: Houghton Mifflin.

———. 1998. *The Affluent Society*. Fortieth anniversary ed. Boston: Houghton Mifflin.

Hayek, F. A. 1961. The Non Sequitur of the Dependence Effect. *Southern Economic Journal* 27, no. 4 (April): 346–48.

Henderson, David R., and Jeffrey Rogers Hummel. 2014. The Inevitability of a U.S. Government Default. *The Independent Review* 18, no. 4 (Spring): 527–41.

Hession, Charles. 1972. *John Kenneth Galbraith and His Critics.* New York: New American Library.

McCrum, Robert. 2016. The 100 Best Nonfiction Books: No. 24—*The Affluent Society* by John Kenneth Galbraith (1958). *Guardian,* July 11. At https://www.theguardian.com/books/2016/jul/11/100-best-nonfiction-books-affluent-society-jk-galbraith.

National Association of Home Builders. 2004. *Housing Facts, Figures, and Trends 2004.* Washington, D.C.: National Association of Home Builders. At http://www.smartblockplus.com/documenti/National-Association-of-Home-Builders.pdf.

Ortiz-Ospina, Esteban, and Max Roser. [2013] 2017. Happiness and Life Satisfaction. Our World in Data. At https://ourworldindata.org/happiness-and-life-satisfaction.

Parker, Richard. 2005. *John Kenneth Galbraith: His Life, His Politics, His Economics.* New York: Farrar, Straus and Giroux.

Parsons, Kenneth. 1959. Review of *The Affluent Society. Journal of Farm Economics* 41, no. 1 (February): 144–47.

Sosnick, Stephen. 1960. Review of *The Affluent Society. Journal of Economics and Sociology* 19, no. 3 (April): 323–29.

Thomson, Proctor. 1959. Review of *The Affluent Society. Journal of Political Economy* 67, no. 2 (April): 201–2.

United States Households Debt to GDP. n.d. Trading Economics. At https://tradingeconomics.com/united-states/households-debt-to-gdp.

U.S. Environmental Protection Agency. 2018. *Automotive Trends Report.* Washington, D.C.: U.S. Environmental Protection Agency. At https://www.epa.gov/fuel-economy-trends/highlights-co2-and-fuel-economy-trends#report.