

NORTHWESTERN UNIVERSITY
COLLEGE OF ARTS AND SCIENCES
EVANSTON, ILLINOIS 60201

DEPARTMENT OF ECONOMICS

December 5, 1964
Evanston -

Dear Kari:

Paul Bohannon showed me his copy of your
"Kare Polanyi + Co-Existence." If you should
have occasion to write similar pieces about
your father's work, I would be glad to
give you my reactions + suggestions when
they are in draft (*you may feel perfectly
free to ignore any of my suggestions!)

Should I have occasion to write such
a piece, of course I would send you
+ your mother drafts -

Life is busy + tolerable, but not
much else. At 38 I'm facing up
to segments of my inner life, for the
first time, + it is painful. I suppose

You have had such inner searchings as part
of your separation.

I should like to keep in touch, if
I may, & visit you when the opportunity
offers -

Best regards -

George

What work are you doing?

NORTHWESTERN UNIVERSITY
COLLEGE OF ARTS AND SCIENCES
EVANSTON, ILLINOIS 60201

DEPARTMENT OF ECONOMICS

January 16, 1965

Professor Kari Levitt
Department of Economics
McGill University
Montreal, Canada

Dear Kari:

I am to be chairman of one of the sessions at the meetings of the Economic History Association, to be held at Yale, next September 1-3. The U.S. economic historians are showing some interest --at long last--in parts of the world other than the U.S. and western Europe. The general theme of the ~~xx~~ meetings is to be the origins of economic growth and development, and particularly (for my session) colonial policy affecting development.

My notion ~~ix~~ of how to commission papers is to ask good people, and then let them write on what they want. The papers are published in a special number of the Journal of Economic History (if you look at the December 1964 issue, you will see the format of the last meetings. The papers appear in that issue).

Now, would you be willing to give us a paper on some topic concerning early economic growth, or development, or industrialization--or some such, in some part of Canada? You can be as quantitative as you like. The other paper in my session will be on Africa. I am trying to get Jan Vansina at Wisconsin to give one on early copper mining and trade in Katanga. Both papers will be discussed briefly by a first class ex-student of mine, Benton Messell, at Rand, who worked in east Africa, and is a good economist.

You never did tell me the details of what you are working on at present. My impression is that it has to do with regional development in eastern Canada. If so, could you carve out an historical portion of your current work to give us?

I'm giving a paper in April to a symposium of anthropologists, on your father's contribution to economic anthropology. I should be grateful for your comments (and your mother's). I'll send you both a typewritten draft as soon as I produce one.

Best regards,

George
George Dalton

Sunday, Feb. 14, 1965

Alvin Kori

I'm reading through your father's writings -- some of which I haven't looked at in years -- & am freshly astonished at how very many good ideas & brilliant insights he had, & think what a very great pity for us all that he got into academic life ^{& began to write} so late. He must have felt something of the sort because The Great Transformation is really 3 or 4 books jammed into one. That way Ricardo's England, Malmuski's ^{one} Industrial Revolutions, & Hitler's Germany imbold demands rather a lot of the reader. I'm glad to see that the paperback edition is in its 4th printing which must mean that the historians are recognizing its importance & are having their students read it.

Paul let me have a copy of ~~his~~ Karl's "Notes on Premature Resignation," that he got from you or your mother while preparing the Palmerly notice for the American Anthropologist. I don't know anything about what Karl's inner life

was able, but I wish I could summon the
imagination that his words suggest.

It is easy to look the wrong conclusion
that life is rather a God fail & to continue
narrow paths to tread -- work, meaningless
affairs, a daily ration of detritus fibers --
so as to minimize pain. To you he lies
& to embrow life anyway as his notes
suggest is so bloody different. At 38 I'm
beginning to see his point. What a special
conscience our inner lives are & how different
from our Public Life!

Work is a joy & has become a tool in
my life. I don't have many illusions about
the larger significance of it all. It
pleases me immensely to do it, & that is
enough. Being an authority in
economic anthropology is like being
the tallest midget in the world --
a dubious distinction.

It was good to talk to you on the telephone
I will most certainly arrange to visit
you this summer --

George

NORTHWESTERN UNIVERSITY
COLLEGE OF LIBERAL ARTS
EVANSTON, ILLINOIS 60201

DEPARTMENT OF ECONOMICS

March 28, 1965

Dear Kari:

Enclosed is a little paper I wrote for my students in comparative economic systems a couple of years ago, and never submitted anywhere for publication.

I have just come across it and upon re-reading it, it struck me that it might be suitable for CO-EXISTANCE. Please don't feel sheepish about turning it down if you think it unsuitable. I am thick-skinned on these matters. Indeed, I hope you will be very candid in giving me your criticisms of the rough draft on your father's work, that I sent off to you yesterday. I am very keen to make that paper as good as I am able. I sent off copies to Harry Pearson, Terry Hopkins, Paul Medow, as well as a number of intelligent outsiders--economists and anthropologists--for ~~you~~ their criticisms. I shall send you a final draft in a month or so, when I prepare a copy for publication and react to the criticisms I hope to receive in the meantime.

I'll look forward to seeing you in August or September when I drift east.

Best regards -
George.

July 12, 1965

Dear Kari:

I enclose two copies of a letter about the collection of KP's essays, so that you may send one on to your mother and keep one for your files. This note is meant for you only. I want to arrange it so that all royalties from the little book go to your mother--I would feel exceedingly uncomfortable at making any money out of it. I will try to arrange this directly, by having the publisher pay royalties directly to your mother in order to minimize any income tax. That is, it seems to me there are three possibilities: the royalties going directly to me, and my passing them on to your mother (or to you, to be given to your mother). But I pay about 25% of my gross income in tax. The second possibility is to have royalties paid to you--but you also, I assume, pay a significantly higher income tax rate than your mother does. So it seems best to ~~x~~ try to arrange it with the publisher that your mother ~~k~~ gets paid royalties directly. if, for any reason, this can't be done, I'll collect the royalties and pass them on to you (minus the amount I'll pay in tax on them), for you to give to your mother.

Please let me know your reactions and suggestions about this. There probably won't be very much involved, because some \$300-500 in fees to publishers allowing us to reprint, will come out of the royalty share. But if the little book should sell well, there may be \$/ 1,000 or more accruing in royalties over the first two years. Anyway, we'll arrange it so that Ilona gets whatever there is.

I will be here in Berkeley until about August 20th, when I'll drive back to Evanston. I will attend a meeting at Yale Sept. 1-3, and then visit a few days with friends in the east. I would like to visit you in Montreal on my way back to Evanston, sometime in the second week of September (say, between Sept. 7-14), for a day or two. If that is impossible for you, let me know, and I'll arrange to stop by Montreal on my way east, during the last week in August. if Neither time is convenient for you, I'll have to skip a visit this time. I'll be flying east from Evanston, so these arrangements can be made easily.

Best regards
George

Dalton

NORTHWESTERN UNIVERSITY
COLLEGE OF ARTS AND SCIENCES
EVANSTON, ILLINOIS 60201

DEPARTMENT OF ECONOMICS

November 22, 1965

Professor Kari Levitt
Department of Economics
McGill University
Montreal 2, Canada

Dear Kari:

I just got a letter from your mother saying that you are to sign the contract and receive the royalties on the volume of your father's essays. So be it. I've written my publisher telling him to make the contract with you and giving him your address. You may expect to receive it directly from him, and after signing it, to receive some advance over and above the \$360 I will pay out for permissions fees and manuscript typing.

I will try to have a copy of the finished manuscript in your hands before December 21, so that you can go over it with your mother. If I can't have it ready by then, I'll certainly have it some time in January.

Yours,
George

George Dalton

CD:rc

Daeton

Allen

January 26, 1966

Dear Kari:

I hope to send you in about two weeks, the entire manuscript of your father's essays. I am doing very little editorial work on them; I'm just inserting ~~an~~ footnote here and there, explaining something or referring the reader to some further writing.

I've just written off to M.I. Finley, at Jesus College, Cambridge, asking him to write a preface to the volume. He is by all odds the most distinguished economic historian who has made fruitful use of your father's work. I hope to hear from ^{Finley} within a week. I have been in correspondence with him on other matters.

I have two things to ask: I would like to include a photograph of your ~~x~~ father. The only one ~~of~~ I have is the profile shot, taken outdoors, about 1962, I would guess. Is this O.K., or do you have another photograph you would prefer that I use? (I recall now that we used the one I have for the obituary article in the American Anthropologist, which should be out soon.)

Could you supply me with a bibliography of your father's writings (and, preferably, writings about his work, as well/)?

Yrs.,

George

Terry

Dalton

Feb. 11, 1966

Dear Kari:

I was rash in mentioning to you that I asked M.I. Finley to write a Preface to the book of essays of your father. He has just replied and says he can't do it, for reasons that I wholly accept as honorable and just. Apparently things went on between him and your father ~~xx~~ that I know nothing about.

I'm sorry to keep announcing a different date of completion of the manuscript in each letter I write you. One reason is that I'm snowed under with other work. But also, I think it's worth taking great pains to see if I can improve my introductory essay, and to write an expository note to appear just before that highly important (and highly condensed) chapter, The Economy as Instituted Process. It should have been written as three chapters because he touched on so many matters. It is a difficult chapter for the uninitiated to understand, cold. Anyway, as soon as I finish my expository note to that chapter, and revising my introductory essay, I'll send you both, for your reactions.

I saw Terry Neale a couple of months ago. We discovered we liked each other, and have many professional interests in common. I will keep in touch with him, and send him a copy of what I send you, for his critique. I regard him as the most able of the student group I met at your father's weekend sessions in New York, ~~xx~~ in 1958-59.

Do write when you can, and tell me what you are doing and how your mother is. If you should come to Chicago, let me know.

Best regards
George

Montreal
KP Papers agenda.

Glenn
Kari
George

Jan. 1, 1967

11

I Papers ① 2 boxes from Columbia to be
kerofed.

② Papers at Pullerig + Potstein apartment

③ file cabinet in Nicholas' apartment.

[④ letters - Throughout] - to be held back

~~II~~

II Papers are in 3 forms

① Lecture notes in connected narrative.

② Finished, self-contained short articles
(e.g. Feudalism) -- all relating to
topic treated in lectures.

③ Fragments of important ideas with
publishing = unfinished essays

III The subjects treated throughout the
papers fall into the following categories.

① Concept, Method, + Theoretical Approach

② Medieval economy, Feudalism, Mercantilism, I Res.

③ Archaic Greece + Rome

④ Pre-Christian the middle east - Babylonia

⑤ Economic Anthropology

IV Procedures to be discussed

12

1. Three Xerox copies of all usable papers are to be made at NU: Ilana to have a complete set. George to have one too, + the third to be given to whomever handles a particular subject

2. George is confident that the ^{lecture notes + accompanying papers} subjects of his competence are publishable:

- ① Concepts, method, + theoretical approach
- ② Economic anthropology
- ③ Medieval European economy, feudalism, merc. etc.

③ Suggested. letters be written by Ilana to M. F. Finley + L. Oppenheim asking them to read the lecture notes, finished papers, + fragments of their specialties: Finley: ancient Greece + Rome
Oppenheim: Middle East

- + ④ Give their opinion on their publishability
- + ⑤ if their opinion is yes, asking if each would edit the volume in his specialty.

5. Publishers: George will approach
Commercial publishers first -- Doubleday,
Free Press - holding Northwestern UP +
Columbia UP in reserve.

6. Iona will undertake to collate the
various versions (copies) of the
lecture notes of the 3 courses
to construct a single best set
in each subject.

7. Round-robin letters + phone calls
throughout, to expedite matters.

8. If necessary, George will get a
small grant at Northwestern
for Secretarial services.

9. George will work closely with Iona
+ Kari, the managing director of
the enterprise, + with Walter Neal
+ Harry Pearson, on his
portion of the papers.

10. The published papers will kinbrace what is already in print
- all unhelpful

Doeth

November 16, 1970

Professor George Dalton,
Department of Economics,
Northwestern University,
College of Arts and Sciences,
Evanston, Illinois, 60201

Dear George:

Please excuse the delay in answering your request concerning the text of "Carl Menger's Two Meanings of Economics". There was a huge backlog of mail when I returned from Trinidad to Canada. I think you did a very nice job of editing the manuscript which is, in any event, in good shape.

The specific changes which I request you to consider are the following:

- p. 1 Please restore the economics of underdevelopment (for economics of development). My father had a particular aversion to the notion and terminology of "development". I realize that underdevelopment is little better but at least it is his original wording.
- p. 3 delete your insert (any society - anywhere, at any time). The meaning is clear without this, I feel.
- p. 9 whose underlining on p.9? If this is not in K.P.'s original text please delete.
- p.12 I suggest you delete subheads "Appendix: The Translation of Menger's Grundsatzte". The text reads continuously and it would make more sense to call the extracts from Menger etc. at the end of the piece "Appendix".

- p.13 Second para: Restore "one of the greatest feats of the human mind"

Suggest you let rest read "price results from human activity, and discarded forever the notion that value is intrinsic (deriving from the amount of work expended in making the thing)." i.e. delete "in Adam Smith's case, it was put there by the"

Third para: line 7 - change your to "a person" to read "whether a person will save, or invest, or whether he will spend".

Para 4, line 2 - insert "markets and" to read "system of interrelated markets and prices"

- p.14 Para 1, last line - substitute "stated" for "said"

Para 2, line 8 - substitute "should" for "does"

Para 3 - restore deleted reference to L.S.E. to read: "The second edition of Menger appeared posthumously, which was prepared by his son, a mathematician. When Hayek became the (intellectual) leader of the London School of Economics Group, L.S.E. published not the second, but the first edition of Menger's work. Hayek wrote etc.

- p.15 Para 1, line 3 & 4 - Put "principles of economics" in lower case.

Para 1, line 7 - "(although in German, the word also has the meaning of "economic" - relating to the substantive economy). Knight knew of the posthumous work but he and the translators rejected the second edition in favour of the first on the ground that it was the first edition which had influenced economics, and that the second contained much irrelevant material.

Para 2, line 2 - delete "then"

Para 3, line 1 - change "for" to "on"

- p.16 Para 1, line 9 - delete "altogether"

Para 2, line 8 - "scarcity definition" of economics -- as it came to be called. This was the period (i.e. delete "initiated by Menger").

Line 13 - restore to "Even a rationalist and utilitarian like Pareto indulged

- p.17 Para 3, line 1 - to read "It is easy to see that the expansion of the Grundsætze (was made) so as to make room for a theory of wants and needs; for the "distinctive determination of modes of production, but more than anything else for the purpose of providing a definition of the "economy" ... etc.
- p.18 Para 2, line 5 - "Robbins proceeds to ignore the consequences" ... etc. End piece at "itself"

Suggest that Appendix consists of all text following this: thus:

Appendix

The quotations given below are from Mengers Grundsætze ... etc.

Yours sincerely,

Kari Levitt

NORTHWESTERN UNIVERSITY
COLLEGE OF ARTS & SCIENCES
EVANSTON, ILLINOIS 60201

DEPARTMENT OF ECONOMICS

Feb. 19, 1973

Dear Kari:

Your mother asked me to send you these
prints of your father's Muzen article.
Should you need more copies, let me know.

I enclose also 2 articles I wrote
about village development in
India.

If you have a spare copy of the
article you wrote about your father in
Co-Existence, I would be grateful to
have a copy.

Regards -
George

March 20, 1975

Dear Kari:

If the French translation of **THE GREAT TRANSFORMATION** is already published, could you please send me a copy (or ask a Montreal book dealer to send me a copy), and let me know what it costs, and I'll send you (or bookdealer) a check. Thank you very much.

I was reminded of it because I've just received a French translation of **TRADE AND MARKET IN THE EARLY EMPIRES** (Larousse, Paris), and also have just seen the latest issue of Annales, which devotes some 70 pages to your father's work. The French economic historians have discovered his work through M.I. Finley (whom they all read), and through M. Godelier.

I'm in occasional touch with your mother, whom, I hope, continues to thrive. I'm working on a fat book in economic anthropology, which I shall be at for years.

One of your colleagues (in anthropological linguistics) is here this year, Gillian Sankoff, a splendid girl.

I return to Northwestern on June first.

Yrs.,

George
George Dalton

Mr. Gode

CENTER FOR ADVANCED STUDY IN THE BEHAVIORAL SCIENCES

202 Junipero Serra Boulevard • Stanford, California 94305

Telephone (415) 321-2052

April 10, 1975
~~March 20, 1975~~

Dear Karl:

If the French translation of THE GREAT TRANSFORMATION is already published, could you please send me a copy (or ask a Montreal book dealer to send me a copy), and let me know what it costs, and I'll send you (or bookdealer) a check. Thank you very much.

I was reminded of it because I've just received a French translation of TRADE AND MARKET IN THE EARLY EMPIRES (Larousse, Paris), and also have just seen the latest issue of Annales, which devotes some 70 pages to your father's work. The French economic historians have discovered his work through M.I. Finley (whom they all read), and through M. Godelier.

I'm in occasional touch with your mother, whom, I hope, continues to thrive. I'm working on a fat book in economic anthropology, which I shall be at for years.

One of your colleagues (in anthropological linguistics) is here this year, Gillian Sankoff, a splendid girl.

I return to Northwestern on June first.

Yrs.,

George

George Dalton

If the French edition of THE GREAT TRANSFORMATION is not yet published, would you please send me a copy whenever it is published?

also, do you know if a French translation of Primitive, Archaic & Modern

Economics is underway?

Hung.

NORTHWESTERN UNIVERSITY
COLLEGE OF ARTS AND SCIENCES
EVANSTON, ILLINOIS 60201

DEPARTMENT OF ECONOMICS
2003 SHERIDAN ROAD

August 19, 1980

Professor Kari Levitt
Department of Economics
McGill University
Montreal, Canada

Dear Kari:

The last time I visited your mother in Pickering, during the summer of 1976, she told me in some detail about the early papers published by your father in German and Hungarian, that she had been collecting over the years of her visits to Vienna and Budapest. My memory was that she had hoped to translate them into English, and produce two volumes of papers, one on economic topics and the other on all other topics, history, philosophy, politics, and such.

I am writing to ask whether she ever went ahead with the translation of those papers into English, and also, whether you have the originals she collected in German and Hungarian in your possession? I'll explain why I ask.

A very bright Japanese economic historian and economic anthropologist, Shinichiro Kurimoto, who is quite devoted to your father's work (it was Kurimoto who translated DAHOMEY AND THE SLAVE TRADE into Japanese) is quite keen to locate all the early writings of your father, because he would like to have them translated into Japanese and publish them, presumably as a book. Kurimoto has recently written me about whether I know of such papers, and I responded by telling him what your mother told me in the summer of 1976. I also told Kurimoto that I would write to you inquiring about all this.

Kurimoto is to visit me here in Evanston either late this year or early next year. He would also like to visit you in Montreal to talk to you about the possibility of his producing a volume in Japanese of your father's early papers. If you have your father's early papers in your possession, what he would like, of course, is to make xerox copies of those, and, with your permission, go ahead and produce a Japanese edition.

I'll enclose Kurimoto's address, should you prefer to write to him instead of writing to me. If you write to me, I will simply xerox a copy of your letter and send it on to him.

Best regards,

George

George Dalton

GD/fs

Professor Shinichiro Kurimoto, 1-25-19, Kukasawa
Setagaya-ku
Tokyo, Japan 158

UNIVERSITY OF GUELPH

ONTARIO AGRICULTURAL COLLEGE
Department of Rural Extension Studies

GUELPH, ONTARIO, CANADA N1G 2W1
Telephone (519) 825-4120

Reserum
Cognoscere
Causas



October 14, 1986.

Professor Kari P. Levitt,
Department of Economics,
Stephen Leacock Building,
McGill University,
855 Sherbrooke St. W.,
Montreal, P.Q.
H3A 2T7

Dear Professor Levitt:

Further to our July correspondence, I would be glad to cover the cost of a photocopy of your review of international development studies in Canada, if it is now available.

Yours sincerely,

Jim

J.C.M. Shute,
Professor.

JCMS:ss

*Reply
i.e. the cost of p.c.
will be \$*

January 23, 1987

Dear Karl:

I am dictating ^{the} the morning after having spoken to you on the telephone. When your letter arrives, probably next Monday, I will respond to it at once, and enclose with the materials I am sending you, ~~along with~~ this explanation I am now dictating.

It occurs to me that you will probably be writing the introduction to the volume coming out of the Budapest conference, or perhaps, contributing a paper yourself. Therefore, I wanted to tell you some things that might be of use to you, that I am not certain you know.

At the time I brought out your father's book of essays, PRIMITIVE, ARCHAIC, AND MODERN ECONOMIES, 1968, I did not know that your father had left a great mass of various manuscripts. On one of my visits to your mother in Skunk Hollow, she told me that after your father died, she gave to Columbia University's library a great mass of various manuscripts and papers of all varieties. I asked her whether any of it was in form to be published. She said she didn't know. She and I then arranged, my memory is at Christmas time, around 1968 or 1969, to spend a week together in Columbia University's library going over the papers. I culled out about 2,000 pages of typescript, which were sent to me at Northwestern University. I had three copies of the 2,000 pages xeroxed, and returned the original 2,000 pages to Columbia University's library.

Aside from the manuscript of THE LIVELIHOOD OF MAN, which Harry Pearson then took 10 years to edit into a book, there were three short papers I thought both excellent and publishable as they stood. With your mother's permission, I arranged for all three to be published, and the point of mentioning all this is to be certain that you know they exist, because you should read them if you do not already know about them.

1. "Carl Menger's Two Meanings of Economics" in G. Dalton, editor, STUDIES IN ECONOMIC ANTHROPOLOGY, American Anthropological Association, 1971.
2. "Primitive Feudalism and the Feudalism of Decay," in G. Dalton, editor, ECONOMIC DEVELOPMENT AND SOCIAL CHANGE: THE MODERNIZATION OF VILLAGE COMMUNITIES, Natural History Press, Doubleday, 1971.
3. "Traders and Trade," in J.A. Sabloff and C.C. Lamberg-Karlovsky, editors, ANCIENT CIVILIZATION AND TRADE, University of New Mexico Press, 1975.

I enclose a copy of my vitae, with an arrow inked in next to those articles that deal most directly with your father's work. I find that I have offprints of several of them, which I enclose, but not of all of them.

The shortest, which is the most recent, is headed Karl Polanyi (1886-1964). This brief biographical sketch, will appear in 1987 in THE NEW PALGRAVE DICTIONARY OF ECONOMICS, Macmillan. The printed version will be exactly like what I have enclosed, except that there is an additional opening paragraph, they asked me to add, of strictly biograph information, such as where he was born, educated, and his earlier work activities. I find I do not have a copy of that paragraph, or, accurately, I have filed it somewhere where I cannot put my fingers on it. But, as I say, the paragraph missing is simply the kind of information I got from your mother and your article in Co-Existence.

I want to call your attention especially to one of the pieces by me listed in my vitae, page 5, "Comment on Economic Anthropology and History: The Work of Karl Polanyi," in, "G. Dalton, editor, RESEARCH IN ECONOMIC ANTHROPOLOGY, Volume 4, 1981. Unhappily, I do not have an offprint of this piece. I assume you can find the volume in your library. Almost certainly you know, of course, that a 70 page symposium appeared in French in Annales, in 1974, about your father's work, written by a half dozen anthropologists and historians. I, of course, did not appear in that symposium. But when I read it, I got permission to have it translated, and published it in English in that series I edited at the time, RESEARCH IN ECONOMIC ANTHROPOLOGY, Volume 4. But, in the English version, I added a quite substantial, that is lengthy, comment of my own, hoping to clarify and improve what I thought was wrong or dubious in what some of the French writers were saying about your fathers work. I mention it, because I worked like hell to write that comment, rereading everything your father wrote, and trying to put it into extremely clear English. As I say, the French version that appeared in 1974, you almost certainly know. But I am not certain that you know about this English translation, or my lengthy comment.

About the article I enclose that I wrote with J. Kościel, "The Work of the Polanyi Group: Post, Preced, & Future": if you don't know it, you will find it informative, especially ~~about~~ the references to the economists, historians, anthropologists etc, who make direct use of your father's theoretical system.

Group

Department of Economics

2013 Sheridan Road
Evanston, Illinois 60201

February 3, 1987

Professor Kari Polanyi-Levitt
Department of Economics
McGill University
855 Sherbrooke Street, West
Montreal, P.Q., Canada H3A 2T7

Dear Kari:

Your letter dated January 21, 1987, arrived on February 2nd.

Of course, I shall be happy to contribute a paper to the volume, and will try like hell to meet your deadline, and to stay within the specified length.

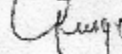
If you need a tentative title for my paper, you may use the following: "Extending Karl Polanyi's Work in Economic Anthropology and Early Economic History." Since I have only started to think about the paper since I received your letter yesterday afternoon, I am not certain the title I have just suggested will in fact be the most appropriate one by the time I'm through. But, I will start working on it instantly, and try to say something that I haven't already said.

I do not know whether persons were approached who are not listed in the proposed table of contents you sent me. It is a great pity that some of the very eminent persons who might have been willing to contribute papers, are not listed. If it is not too late, I would urge you to extend invitations to the following: M.I. Finley, Jesus College, Cambridge. Marshall Sahlins, Department of Anthropology, University of Chicago. Clifford Geertz, Institute for Advanced Study, Princeton, New Jersey. Charles Kindleberger, Department of Economics, Massachusetts Institute of Technology, Cambridge, MA.

I dictated the letter I enclose the morning after our telephone conversation a week or so ago. Please feel free to make use of what I say, or any of the enclosures I include, as you like.

If you think I can be of use in any other way, I will be only too glad to help out.

Best regards,



George Dalton

GD/fs
encls.

February 4, 1957
Grafton, Illinois

Dear Kari:

The best/most useful/freshest paper for me
to write is:

"Writings that Clarify the Theoretical
Disputes over Karl Polanyi's Work"

It is a topic on which I have done a lot
of work, but have not yet published it.

I hope the batch of stuff I mailed you yesterday
in a large manilla envelope, arrived O.K.

If it is possible for you to extend additional
invitations to contribute papers, another
excellent person is

Prof. IRMA ADELMAN
DEPT. of Economics
UNIV. of California
BERKELEY

(CALIF. 94305)

Mrs. Fudge

Please do consider
delaying the deadline
if it is possible to
get excellent
persons to →
(over)

contribute. Frankly, some of the contributors
are treat books. I mean

ABE ROTSTEIN
S. KURIMOTO
A. PEARSON

I say this not out of malice but of
knowledge of what they have written,

& I should like to compensate for
their mediocrity by including
the persons I named in my
letter to you yesterday & also
Dr. Ma Adelman, all of whom
are first-rate.

February 11, 1987

George Dalton
Department of Economics
College of Arts & Sciences
Northwestern University
Evanston, Illinois 60201

Dear George,

Thanks for your handwritten letter of Feb. 4, which arrived today. The larger letter with enclosures you refer to has not yet arrived. As I am leaving Montreal for 10 days, I want to let you know without delay that the title of the paper you propose is eminently appropriate for inclusion in the Macmillan publication of conference proceedings.

As for your suggestions of other additional contributors, I have not yet received our list of names, except for Irma Adelman - that will have to wait for the next round. The present volume will include all the invited participants to Budapest - including those who were unable to attend (essentially yourself, Harry Pearson and Szelenyi).

There appears to be an important new wave of interest in the work of Karl Polanyi and we are planning to follow up the Budapest conference with a second international Karl Polanyi conference, possibly in Montreal in 1988. Perhaps some of the people you suggested might be interested in accepting an invitation to such a conference.

As for the deadline - we have put forward the deadline to March 15 to accommodate the translators of the Hungarian papers. I expect your paper by March 15, and please do observe the space constraint of 15 pages double spaced typing because we are working to an agreement with Macmillan concerning total length of the book.

With best wishes,

Yours sincerely,

Karl Polanyi-Levitt
Professor of Economics

KL/lc

April 2, 1987

Professor Kari Polanyi-Levitt
Department of Economics
McGill University
Montreal, Province of Quebec
CANADA

Dear Kari:

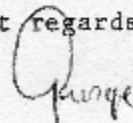
ZAG713
A small matter. I have just discovered that in June, 1988, there is to be a meeting of an international anthropological association, that, I believe, is held only once every four years. Next year's meeting is to be held in Yugoslavia. At the same time and at the same place, several smaller associations and symposia, will also be held, including one I have just been invited to give a paper to, about the economic aspects of the early state.

* The point of mentioning this to you, of course, is to suggest that if you do decide to hold another conference over Karl's work in Montreal in 1988, that you do not hold it in June. [Ⓢ] For North American academics, I should think very late August ~~could~~ or very early September would be the best time. My own preference would be to hold the conference over a weekend.

I enclose a ~~transcript~~ copy of that very brief paper I mentioned to you, that is to appear in THE NEW PALGRAVE DICTIONARY OF ECONOMICS, 1987.

I trust you received the two copies of my paper for the Budapest volume, which I sent to you in late February or early March.

Best regards,



George Dalton

GD/fs
encl.

Ⓢ unless you want to send
it in ZAG713
along with the other
meetings.

April 14, 1987

Professor George Dalton
Department of Economics
Northwestern University
2003 Sheridan Road
Evanston, Illinois 60201

Dear George,

Many thanks for yours of April 2, including the piece for the New Palgrave Dictionary of Economics. I didn't know that it was J.M. Clark who invited Karl to Columbia. As for next year's conference, thanks for the information regarding the Zagreb meeting in June 1988. We have not yet made plans, but I myself prefer very late August or very early September.

Please forgive my failure to acknowledge receipt of your contribution to the Budapest proceedings volume. I was delighted to get it, and it will be, I think, particularly useful to younger scholars unfamiliar with the bibliography you have provided.

We are slowly proceeding toward our goal. Concordia University, in Montreal will most likely agree to proposals regarding a Karl Polanyi Institute of Political Economy and we have a modest amount of seed money from a private foundation to get organized. The first thing we will do is produce a small newsletter. The conference will have to be held in Montreal and will coincide with the formal opening of the Institute.

The proposed theme of the Second International Karl Polanyi Memorial Conference will be "Market, State and Society in the Late Twentieth Century".

Again many thanks for your cooperation. Let us keep in touch!

With best wishes,

Karl Polanyi-Levitt

/lc

June 16, 1987

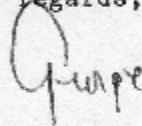
Professor Kari Polanyi-Levitt
Department of Economics
McGill University
Montreal, Canada

Dear Kari:

I mentioned to you in a recent letter that if you indeed organize a symposium in Montreal in the summer of 1988, that you would want to schedule it so as not to conflict with an International Anthropological Association meeting also scheduled for the summer of 1988.

I have just got word that the International Association meetings are now scheduled for the last week of July, July 24-31, 1988, at Zagreb.

Best regards,



George Dalton

GD/Es

From now until late
October, my address
will be

P.O. Box 171
MARLBORO
VERMONT 05344

Telephone 1-802-257-4403

July 8, 1987

George Dalton
P.O. Box 171
Marlboro, Vermont
05344
U.S.A.

Dear George,

Thanks for the note on the International Anthropological Association. We have shifted the Montreal Conference to late October 1988, over a weekend. The Macmillan volume is coming along nicely. The final manuscript will go ~~out~~ to England end August.

I note you are spending some time in Vermont which is very near to Montreal. We would be very happy if you would accept an invitation to address a meeting of the Karl Polanyi Institute, on any Friday from the middle of September on, perhaps Sept. 25? In fact, you would be the first speaker of the season, which is very appropriate. As for topic, any aspect of the reception of Karl's work in the United States would be appropriate, say "The Contribution of Karl Polanyi to economic anthropology" - or any other title you may wish to suggest.

On that occasion, we could greatly benefit from your ideas on the 1988 Conference. We do not yet have a real budget, but the convention here is we invite you to dinner after the talk, with whoever wishes to join us, and arrange your overnight accommodation on Friday in a downtown hotel.

I hope all goes well for you and that we will be able to see you in Montreal.

Yours sincerely,

Karl Levitt

Phone 1-802-257-4403

18
September 16, 1987
Marble, Vermont

Dear Kai:

I will be arriving in Montreal by bus
Thursday evening (6:45 pm) October 1st. Would you
please make a hotel or motel reservation for me for
2 nights -- if possible, a modest, un-poster
hotel or motel, close to Concordia (if I am to speak there).
If the university has guest rooms, fine.

I would be glad to spend any time Friday
(before I speak) with you or any of your colleagues
or students who want to chat about anything.

Would you please let me know
which hotel/motel I am booked into for
Thursday & Friday nights, & where
& when I am to give my talk?

Best regards

George Walker

July 4, 1988

George Dalton
Northwestern University
Department of Economics
2003 Sheridan Road
Evanston, Illinois 60201

Dear George,

Greetings from Montreal! I assume you are now back in Evanston and that this will reach you there. If you are in Vermont, I am sure they will forward your mail.

I was most grateful for the very strong, supportive letter you wrote in connection with my application for a Canada Council Killam Research Fellowship last year. Unfortunately, I was not successful in that competition, and have been advised to resubmit for next year's competition. I have once more put your name in my list of referees and I hope that you don't mind if you are again asked to evaluate the project. It is essentially the same as last year. I am still very enthusiastic about devoting a year of full time work to this project, but I absolutely need financial support because I cannot live on my pension and have to continue to teach if I cannot get a grant to write this book.

With very best wishes.

Sincerely,

Kari Polanyi Levitt
Professor of Economics

Department of Economics

2001 Sheridan Road
Evanston, Illinois 60208

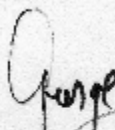
March 1, 1989

Professor Kari Polanyi-Levitt
Department of Economics
McGill University
855 Sherbrooke St., West
Montreal, P.Q. Canada H3A 2T7

Dear Kari:

Would you please let me know the exact status of the Budapest Volume of Essays? If the volume is not going forward, the contributors should be told so, in order that we can publish our papers elsewhere.

Sincerely yours,



George Dalton

GD/fs

Budapest
Volume of Essays



Department of Economics & Political
Science

McGILL UNIVERSITY
MONTREAL

Professor George Dalton,
Department of Economics,
Northwestern University,
Evanston, Illinois, 60201,
U.S.A.

Dear George:

I just returned from a brief visit to England where I attended the founding of the Institute of Development Studies at Sussex University, set up under the direction of Dudley Seers. It was an unusual experience in the sense that most of these institutes are hopelessly patronizing in their approach to the problems and the people from the developing countries. This one is really quite different.

I found your letter of September 16th and I am enclosing a typed version of German and Hungarian references. Please do send me the complete bibliography when it is drafted.

I'm sorry to have been of so little use to you in the past. I hope things will go better this year as the pressure is slightly less severe. I am very much looking forward to the anthology and feel, of course, greatly indebted to you for the massive work you have put into this really very important effort.

Affectionately,

KL:meq

Kari Levitt

NORTHWESTERN UNIVERSITY
COLLEGE OF LIBERAL ARTS
EVANSTON, ILLINOIS 60201

DEPARTMENT OF ECONOMICS

June 10th
Evanston

Dear Kasi:

When I lent you the little
note "Applying a Domestic Reform"
some time ago, I inadvertently
left out the final page of
text (p. 12 of the enclosed copy).

One again, please treat the
piece as from a stranger & refuse
it if it is not suitable for
Co-Existence.

I still hope to visit you in
Montreal in late August or early
September -

Yrs - George

AFFLUENCE AND DOMESTIC REFORM

by

George Dalton

Material ~~P~~overty provides the incentive to change precisely in situations where there is very little margin for experiments. Material ~~P~~rosperity removes the incentive just when it might be safe to take a chance. Europe lacks the means, America the will, to make a move. We need a new set of convictions which spring naturally from a candid examination of our own inner feelings in relation to the outside facts.

John ~~M~~aynard Keynes, 1926

I am convinced that [sociology] is the field, rather than the traditional fields of politics and economics, in which the significant issues for socialism and welfare will increasingly be found to lie.

C. A. R. Crosland, 1957

The social and cultural consequences of economic organization and materialist values in modern America is attracting a good deal of attention these days. A library of paperback sociology on the theme is easily acquired: The Lonely Crowd, The Crack in the Picture Window, The Grey Flannel Suit, The Organization Man, and The Sane Society are books which present aspects of the theme.

One such book--The Affluent Society--is of special interest because it is written by an eminent economist, it received a wide reading, and, on ~~o~~^e judges, a warm reception. It is not a book on technical economics, but rather on political economy. In the wider sense, it is about welfare economics, concerned with social, political, and ideological aspects of present-day economic organization in the United States. Above all it is concerned with policy. Galbraith describes what is so as to get support for what ought to be: it is an essay in persuasion.

The thesis of the book can be stated simply. The United States has achieved a position of affluence, or material abundance.¹ But our national and personal norms, attitudes, and ideology (our "conventional wisdom") still reflect the

Ricardian world of primary poverty and its crucial need for increasing production. It was the early nineteenth century world which gave birth to the classical economics with its prime emphasis on efficiency and maximum output. The tradition of orthodox economic theory leads to the illusion that we are still living in the Ricardian world by maintaining that narrow framework of analysis in which maximum output--and not the moral worth or the social utility of its components--is the central consideration. According to Galbraith, economic theory ignores the fact that the increased output which is its overriding concern increasingly is used to serve unimportant ends.

Galbraith's book is concerned then, with two basic themes: deriving a catalog of reasons why the central emphasis on maximum output persists despite the fact that our achieved affluence makes further material additions less important; and the costly social and cultural consequences of persistent blindness to our state of affluence.

Both themes are well-taken. Galbraith performs a useful service in elaborating them at full length; indeed, he performs it with that elegant prose which graces each of his books and assures them the wide reading they deserve. However, Galbraith is not always right for the right reasons, and his argument can be used to support policy changes beyond those he recommends.

A strong point in Galbraith's essay is his explicit description of the changes in economic organization and policy which have occurred in the United States in the last twenty-five years (changes in the "underlying reality"): the New Deal and Keynes have become accepted. No matter which party is in office, the Federal Government is committed to using fiscal and monetary policy to minimize periods of recession, and to diffuse material security through market controls and transfer payments. Unemployment compensation, social security pensions, farm price supports, the legal recognition of trade unions, a managed money supply--all are permanent parts of the present-day structure. Galbraith argues that

the traditional liberal policy of income redistribution has been rendered obsolete by growing affluence. The absolute increase in real income experienced by the many has acted as an alternative to income redistribution, and so has been a solvent of social tensions associated with inequality of income.

Galbraith's policy proposals derive from his criticism of the traditional priority (in the United States) given to the material fulfillment of privately generated wants over social needs.² He regards it as economic waste and moral disgrace that significant amounts of resources (including some highly skilled labor) are devoted to fabricating consumer demand for essentially trivial consumer products, while the nation suffers obvious shortages of educational and housing facilities, and health services. This condition he regards as a "social imbalance" which should be redressed by fiscal policies enlarging those shares of output devoted to publicly provided services, social capital, and economic aid to underdeveloped areas. In good Keynesian fashion he points out that such increased welfare service provision and foreign aid--in sustaining effective demand--would serve also as deterrents to depression. For reasons of personal welfare and income stability, Galbraith also urges a revision of the rules for unemployment compensation: an increase in the average amount paid, and the use of an anti-cyclical scale of variable payments; the scale to be increased in depression and reduced in times of high employment, so as to minimize the temptation to abuse. Such a device would tend to make a somewhat larger volume of unemployment tolerable, and so reduce the inflationary pressures inherent in a vigorously pursued full employment policy.

All this is not new but rather an extension of the New Deal-Fair Deal programs of employment security and increased welfare service provision. Keynes and Beveridge are still the holy ghosts.

What is new--at least for an economist of repute--is the further policy advocated by Galbraith which explicitly recognizes the social and psychological implications of work. Galbraith points to the increasing membership in "The New Class,"

a group which finds work gratifying in some degree independently of the monetary payments attached.³ Professors, scientists, business executives, social workers-- in a word, many of the highly educated and trained have learned that work can be a meaningful and prime source of gratification, and train their young to seek not necessarily the most lucrative work, but that which provides intrinsic fulfillment. Galbraith recommends that the expansion of this new class should be an aim of deliberate social policy the attainment of which requires widened access to higher education.⁴

In all this Galbraith is to be commended. He presents liberals in the United States with a well-reasoned program of policies which are attainable politically. This last point is not emphasized by Galbraith, but should be. Liberals in the United States suffer needlessly from nineteenth-century Marxian and Fabian hangovers. Neither nationalization of industry nor extremely progressive income taxation in order to redistribute income is politically feasible in the United States. Nor indeed is either necessary to attain the socio-economic goals of liberals. The British experience has not been reassuring. Nationalization is not necessary to maintain full employment, to increase social services (or, for that matter, to redistribute incomes). In the United States, markedly less unequal income distribution to be achieved through confiscatory tax rates has been made unnecessary by the absolute real income increases at all income levels. Further improvement for low income groups need not be accomplished by increased progressivity in tax rates, but rather through increased (absolute) governmental outlays for health, education, housing, and other welfare services from which low income groups would benefit disproportionately.⁵

There are a number of defects in the argument which should not go unnoticed.

Galbraith forgets at several points in his book that his problem and his solutions are peculiarly relevant to the United States. He sometimes writes as though the empirical reality of affluence and its unlovely concomitants reflect

some general law of development (see p. 158). Clearly, such is not the case. What is special to the United States is the traditional priority allowed to private consumption over public consumption, and a corollary, the reluctance to control the production of luxury goods of questionable utility, and their marketing in extravagant and costly ways. The result is a plethora of needlessly differentiated consumer commodities marketed in offensive ways, which, as part of their sales effort, carry a message of crude materialism as a way of life. Neither the unquestioned priority of private over public consumption nor the reluctance to control output of its marketing exist in such other (relatively) affluent societies as the Scandinavian countries, therefore, for which Galbraith's essay is somewhat irrelevant.

For a reason Galbraith mentions and another that he does not, his essay also is irrelevant for industrializing countries such as India. At the beginning of his book Galbraith points out that the underdeveloped areas are in the Ricardian world of primary poverty--the opposite of affluence--and so regard the achievement of rapid output growth and economic efficiency as principal goals. However, it is also so that the industrializing nations have no ideological tradition of laissez-faire, of orthodox finance, of minimizing government expenditures and taxation, of allowing the uncontrolled market to determine outputs and incomes--an ideology which we in the United States have not completely unlearned. Rather, from the start of industrialization, their governments have engaged in New Deal-Welfare State policies of control, ownership, and social service provision. Further, their awareness of the need to acquire increasing quantities of social capital (schools, roads, sanitation, housing, hospitals)--both as welfare measures and as means to aid industrialization--makes it unlikely that in their future approach to material affluence they will have those special conditions which, in the United States, result in primary emphasis given to the unlimited acquisition of private consumption goods. The likelihood is much greater that they will follow the British-Scandinavian model than that of the United States.

Before indicating how Galbraith's points can be used in support of policy measures beyond those he advocates, two background matters should first be mentioned.

It is well to remember that nineteenth- and twentieth-century reformers of "capitalism" sought to change a variety of material and social consequences produced by a complicated system: factory-organized industrialism integrated by a set of economy-wide markets which operated without significant social control. The reformers were keenly aware of what they regarded as the malevolent effects produced by the system, and urged a welter of organizational changes so as to increase the "welfare" of the population. Most reformers were quite aware that increased welfare had more than one dimension: it meant not only material (economic) betterment--increased real income and increased security of income--but "social" and "humanistic" improvement as well, such as lessening the social inequality among classes. However, the social and cultural aspects of market-industrialism are not only less tangible and less pressing, but more difficult to change than the economic. Further, some reformers assumed that social malaise would automatically disappear with economic structural reform. The Marxists, for example, thought that basic change in property relations and in productivity would be sufficient to change society and culture. Thus a classless society would automatically result from nationalizing the means of production and vastly increasing material output. In Marx's affluent society class discord disappears with private ownership and material poverty.

The orthodox tradition of Anglo-American economic theory--as Galbraith indicates--tended to concern itself solely with material improvement: "increased welfare" meant real income growth. Indeed, judgments concerning inequality of income were avoided because they rested on ethical preferences which, it was argued, are outside the proper business of the economist.⁶

Critiques of capitalist economy, then are of two kinds. The first emphasizes some aspect of structure or organization which yields material results which are judged inferior; for example, that the system produces depression, inflation, monopoly, or unequal income distribution. The economic analyst describes the mechanics of the system and derives policy proposals which, in changing the structural determinants, change the material results. Much socialist and non-socialist critique is of this variety.

The second critical emphasis focuses on the social and humanistic consequences of market-organized industrialism. There are many variants, each having in common an attempt to show that the system in some way is socially divisive and humanly unrewarding. Such organizational characteristics as the following, are singled out: that everyone's livelihood depends upon selling something to the market; material self-gain seeking is therefore institutionally ingrained as the primary incentive to work. Materialistic values are reinforced by the experience of material insecurity due to job specialization and trade fluctuation. The sales promotion apparatus for marketing commodities still further emphasizes materialistic values through the incessant urge to buy. The system is individualistic and impersonal: there is a built-in lack of social responsibility for the condition of others. Work alienation is endemic: the use of machine processes within the factory system reduces the number of jobs capable of yielding the creative gratifications of craft skill. The enforced primacy of material self-gain seeking within the market system and its ethic of individualism preclude the participants' experiencing work gratification derived from a sense of social purpose.⁷

From Robert Owen to Erich Fromm, social-humanistic critiques of industrial capitalism abound. As early as 1813 Owen clearly described the divisive social consequences of material self-gain as dominant motive within the factory and market systems.

The general diffusion of manufactures throughout a country generates a new character in its inhabitants; and as this character is formed upon a

principle quite unfavourable to individual or general happiness, it will produce the most lamentable and permanent evils, unless its tendency be counteracted by legislative interference and direction . . . the governing principle of trade, manufactures and commerce is immediate pecuniary gain, to which on the great scale every other is made to give way. . . . Today he labours for one master, to-morrow for a second, then for a third, and a fourth, until all ties between employers and employed are frittered down to the consideration of what immediate gain each can derive from the other.⁸

Seventy years later, in the first description by a professional historian of the impact of industrialism within the institutional context of unregulated market capitalism, Arnold Toynbee said the same.

There appears upon the scene for the first time the isolated individual, a figure unknown to mediaeval society, but who constitutes so striking a phenomenon in the modern world. . . . In the town there had come the introduction of machinery, the final establishment of cash-nexus, and the beginning of great fluctuations in trade. In the old days the employer maintained his men when out of work, nor he repudiated the responsibility. . . . When huge factories were established there could no longer be a close tie between the master and his men; the workman hated his employer, and the employer looked on his workmen simply as hands.⁹

Not only utopian socialists and Oxford dons, but the most important economist of the twentieth century spoke in the same vein. In 1926, ten years before his fundamental work on the causes and cures of depression, John Maynard Keynes said the following:

. . . what seems to me the essential characteristic of Capitalism, [is] . . . the dependence upon an intense appeal to the money-making and money-loving instincts of individuals as the main motive force of the economic machine. . . . The fiercest contests and the most deeply felt divisions of opinion are likely to be wages in the coming years not round technical questions, where the arguments on either side are mainly economic, but round those which, for want of better words, may be called psychological, or perhaps, moral. . . . There is a latent reaction, somewhat widespread, against basing society to the extent that we do upon fostering, encouraging, and protecting the money-motives of individuals. . . . Our problem is to work out a social organisation which shall be as efficient as possible without offending our notions of a satisfactory way of life.¹⁰

If one surveys the extensive reforms of the U.S. economy--especially those initiated within the last thirty years--it becomes clear that the material results of the system have been changed in significant ways. Key controls have been instituted, largely through central government, which reduce the degree and frequency of output and price fluctuations. Material security has been further enhanced by

welfare devices such as unemployment compensation and old-age pensions. Specific sectors of economy have been subjected to special controls which also infuse income and price stability: agricultural price supports and resale price maintenance are cases in point. In addition, private controls over market operation instituted through union and corporation policies have also been enlarged. In brief, pervasive market controls and an enlarged sphere of governmentally directed income and output redistribution have changed the material results experienced.¹¹

It is clear that the changed material results also have social consequences of importance. The ability of households to provide for health, education, and old age are markedly enhanced by the real income increases and the material security built into the system. The material penalties imposed upon the unsuccessful have been reduced. Both a minimum level of income and more secure income have been built into the system through the plethora of market controls and redistributive measures mentioned earlier. But it is also clear that many socially divisive and humanly unfulfilling aspects of the system still exist. It is these which contribute to the seeming paradox of social and psychological malaise in the midst of unprecedented material abundance--The Lonely Crowd, The Acquisitive Society, The Organization Man.

A central feature of market-organized economy is that everyone derives his material livelihood from selling something to the market. The institutional rules force everyone to comply. The motive of seeking material self-gain is thereby made primary for all. Not only do business managers seek profit, but laborers seek wages, property owners seek rent and interest. All incomes depend on successful market sale. The fact is so obvious and basic that some regard it as "natural" to man.¹² It is natural, but only in the sense that speaking English is natural to us: an early acquired, daily experienced, and pervasive feature of the system. Two aspects of material gain-seeking as institutionalized motive in present-day America, require emphasis.

Competitive rivalry among producers of branded products has increased markedly in the United States for several reasons. Technological innovations together with prosperity have increased the household use of expensive consumer durables--automobiles, television sets, washing machines. A decline in the number of firms in some industries has resulted in less price competition and more rivalry in sales promotion, styling, and innovation;¹³ cigarettes and automobiles are cases in point. Producers have learned that they can create a preference for their product--and thereby a following of habitual buyers--by advertising, and so make more secure a portion of their sales.


Several obvious effects of the growth of sales promotion activities are these. (1) Planned differentiation of products and planned innovation are now endemic: we are made to expect and told to value highly continual improvements (changes, better) in products; new brands and forms of cigarettes, yearly style changes in cars and refrigerators, new uses for synthetic materials. What is particularly disturbing is that gadgets which perform even trivial functions, or for which there exist old-fashioned, good, cheap substitutes, are continually innovated as well: pens, can openers, coffee pots, cigarette lighters. Even the umbrella--that most perfectly designed instrument--is not immune. It is not the material costs of such needless innovation and differentiation of unimportant goods that requires criticism (after all, we are rich and can indulge such whimsy¹⁴); rather, it is the fact that we are taught to value such improvements of trivia, taught to think them important.

A painfully obvious fact of daily life in mid-twentieth-century America is that one encounters a daily barrage of salesmanship. The printed word, the spoken word, the visual image, the cultured voice, and the flawless female physique, are all enlisted in the crusade to sell soap. One need not dwell on further description, but only on the effects. The basic message of advertising is that a human being cannot be happy without abundant equipment;¹⁵ ever such equipment as a pen

which does little that is new except to write over butter or under water, or a razor which gives nine choices of blade exposure, even such, we are told are necessary to happiness. A crude and frenetic materialism as a "way of life" is urged and argued incessantly. The pernicious message is that material abundance is a sufficient condition for personal happiness. Secondly, all advertising and sales promotion is rife with the white and grey lie. The half-truth has become a national institution: all cigarettes can't be the most mild; all cars can't be the most economical on gas; all soaps can't be the most kind to your skin. What is especially pernicious is that children are the most exposed. Every day of their lives they are told lies by authoritative adults; (can lying be bad when it is done by one's favorite cowboy?).

Lastly, a more serious effect on personal value attitudes and social institutions is what Erich Fromm has called the "marketing orientation"--the sad, common spectacle of people acquiring outward facades the better to "sell themselves" on the personality market. In some ways the most disturbing of all effects is the permeation of marketing techniques and values into the spheres of religion, education, and government. That it is offensive to morality and dignity that God should be "sold" like soap, is beyond question.

Insert
with
page
here



There are policy implications of an affluent society beyond those considered by Galbraith. The essential point is that material abundance increases the degrees of freedom of social choice. As long as poverty was endemic all-abiding concern was for efficiency in the use of material resources and labor so as to achieve maximum output. Poverty imposed clear-cut material priorities which disallowed concern with social betterment. [England and Soviet Russia during their periods of industrialization illustrate the point. In the former, an uncontrolled market system compelled the subordination of human values to material acquisition. The "economic whips" of hunger and pauperization compelled the labor force to comply with the market-registered needs of industry. Competition and the threat of bankruptcy induced entrepreneurs to pursue profit maximization (a component of which is cost minimization). The Soviet authorities with different ideological norms and using an entirely different system of economic organization enforced a similar subordination of human values to achieve industrial expansion. The exonerating rationale of the Soviets was also the crucial need for material output to which all other social goals had to give way.]

Just as the state has the unparalleled opportunity afforded by affluence to increase the nation's social capital and fulfill its welfare service needs--the message of Galbraith--so too does affluence afford the state the opportunity to change the rules of economic and industrial organization in order to enlarge the areas of humanistic welfare. Three broad questions immediately arise: (1) which human freedoms can be increased and how can they be instituted? (2) what will they cost in material goods? (3) what role does economics play in delineating the new possibilities afforded by material affluence?

(1) Specific Reforms

The enlargement of freedom in an industrial context freed from the constraint of poverty can be centered in three areas: (a) the provision of material security; (b) the conscious rearrangement of work organization so as to make work itself less dissatisfying; (c) a consequential corollary of the first two points, the weakening of the motive of material self-gain as the primary incentive to work, so that work is performed increasingly by attraction and not by compulsion (with, it is hoped, a diminution in crude materialism as a personal and social value).

It is obvious that all three conditions exist already in some measure for some parts of the population, but do not exist widely as conscious social goals.

FOOTNOTES

¹Galbraith points out that those in the United States still afflicted with primary poverty belong to special groups whose peculiar circumstances prevent them from sharing in the general and increasing abundance. Their amelioration requires special policies such as the "War on Poverty" programs entail.

²The recognized exception being the Government's acquisition of military goods.

³See D. Bell, "Meaning of Work," Dissent, Summer 1959.

⁴The policy of extending education performs a number of useful functions in Galbraith's scheme. Aside from reducing the number of jobs which yield disutility or negative psychic income, education will alleviate the condition of that unfortunate minority still experiencing primary poverty due to circumstantial debility or cultural immobility. Extended education will help redress the social imbalance, i.e., increase the proportion of national income devoted to social service provision. Also, of course, if subsidized by government, it will--in shoring up effective demand--diminish the frequency and degree of recession. Lastly, increased educational provision will enlarge the numbers of scientific and engineering personnel whose labors result in technological innovations and higher growth rates.

⁵At present federal tax rates, the increased provision of welfare services and social capital could be financed out of additions to national income, or, hopefully, by reducing military expenditures. On the state and local government levels Galbraith argues for increased sales taxation as a means of finance.

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¹¹The phrase redistribution of income and output is not an unintentional redundancy. Redistribution as conventionally used in the narrow sense to mean governmental (progressive) taxation and welfare service spending which reduces the degree of (after-tax) income inequality. However, for the United States especially, there is a second meaning which is relevant: increased governmental spending on unallocable benefits such as armaments, financed in such ways which do not importantly reduce income inequality; the main effect is in the changed components of output and the government's acquisition of a larger share of total output. In addition, the increasing importance of organized philanthropy carried on by private foundations is yet another kind of redistribution.

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¹⁵The illogical will immediately conclude that I am advocating poverty, which I am not.

AFFLUENCE AND DOMESTIC REFORM

by

George Dalton

Material Poverty provides the incentive to change precisely in situations where there is very little margin for experiments. Material Prosperity removes the incentive just when it might be safe to take a chance. Europe lacks the means, America the will, to make a move. We need a new set of convictions which spring naturally from a candid examination of our own inner feelings in relation to the outside facts.

John Maynard Keynes, 1926

I am convinced that [sociology] is the field, rather than the traditional fields of politics and economics, in which the significant issues for socialism and welfare will increasingly be found to lie.

and cultural consequences

C. A. R. Crosland, 1957

The social ~~aspect~~^{ist} of economic organization and material values in modern America is attracting a good deal of attention these days. ~~There is~~ a library of paperback sociology on the theme is easily acquired: The Lonely Crowd, The Crack in the Picture Window, The Grey Flannel Suit, The Organization Man are ~~both color~~^{ful prose} books which present aspects of the theme.

One such book--The Affluent Society--is of special interest for several reasons. It is written by an eminent economist, it received a wide reading, and, one judges, a warm reception. It is not a book on technical economics, but rather on ~~problems~~ political economy. In the wider sense, it is about welfare economics, concerned with sociological, political, and ideological aspects of present-day economic organization in the United States. Above all it is concerned with policy. Galbraith describes what is so as to get support for what ought to be: it is an essay in persuasion.

The thesis of the book can be stated simply. The United States has achieved a position of affluence, or material abundance.¹ But our national and personal norms, attitudes, and ideology (our "conventional wisdom") still reflect the Ricardian world of primary poverty and its crucial need for increasing production.

It was the early nineteenth century world which gave birth to the classical economics with its prime emphasis on efficiency and maximum output. The tradition of orthodox economic theory leads to the illusion that we are still living in the Ricardian world by maintaining that narrow framework of analysis in which maximum output--and not the moral worth or the social utility of its components, or yet other socio-economic criteria--is the central consideration. According to Galbraith, economic theory ignores the fact that the increased output which is its overriding concern increasingly is used to serve unimportant ends.

Galbraith's book is concerned then, with two basic themes: deriving a catalog of reasons why the central emphasis on maximum output persists despite the fact that our achieved affluence makes further material additions less important; and the costly ~~socio-economic~~ ^{social and cultural} consequences of persistent blindness to our state of affluence.

Both themes are well-taken. Galbraith performs a useful service in elaborating them at full length; indeed, he performs it with that elegant prose which graces each of his books and assures them the wide reading they deserve. However, Galbraith is not always right for the right reasons, and his argument can be used to support policy changes beyond those he recommends.

A strong-point in Galbraith's essay is his explicit description of the changes in economic organization and policy which have occurred in the United States in the last twenty-five years (changes in the "underlying reality"): the New Deal and Keynes have become accepted. No matter which party is in office, the Federal Government is committed to using fiscal and monetary policy to minimize periods of recession, and to diffuse material security through market controls and transfer payments. Unemployment compensation, social security pensions, farm price supports, the legal recognition of trade unions, a managed money supply--all are permanent parts of the present-day structure. Galbraith argues that the traditional liberal policy of income redistribution has been rendered obsolete by growing affluence. The absolute increase in real income experienced by the many has acted as an alternative to income

redistribution, and so has been a solvent of social tensions associated with inequality of income.

Galbraith's policy proposals derive from his criticism of the traditional priority (in the United States) given to the material fulfillment of privately generated wants over social needs.² He regards it as both economic waste and moral disgrace that significant amounts of resources (including some highly skilled labor) are devoted to fabricating consumer demand for essentially trivial consumer products, while the nation suffers obvious shortages of educational and housing facilities, and health services. This condition he regards as a "social imbalance" which should be redressed by fiscal policies enlarging those shares of output devoted to publicly provided services, social capital, and economic aid to underdeveloped areas. In good Keynesian fashion he points out that such increased welfare service provision and foreign aid--in sustaining effective demand--would serve also as deterrents to depression. For reasons of personal welfare and income stability, Galbraith also urges a revision of the rules for unemployment compensation: an increase in the average amount paid, and the use of an anti-cyclical scale of variable payments; the scale to be increased in depression and reduced in times of high employment, so as to minimize the temptation to abuse. Such a device would tend to make a somewhat larger volume of unemployment tolerable, and so reduce the inflationary pressures inherent in a vigorously pursued full employment policy.

All this is not new but rather an extension in scope of the New Deal-Fair Deal programs of employment security and increased welfare service provision. Keynes and Beveridge are still the holy ghosts.

What is new--at least for an economist of repute--is the further policy advocated by Galbraith which explicitly recognizes the sociological and psychological implications of the work process. Galbraith points to the increasing membership in "The New Class," a group which finds work gratifying independently of the monetary payments attached.³ Professors, scientists, business executives, social workers--

in a word, many of the highly educated and trained have learned that work can be a meaningful and prime source of gratification, and train their young not to seek the most lucrative work, but that which provides intrinsic fulfillment. Galbraith recommends that the expansion of this new class should be an aim of deliberate social policy the attainment of which requires widened access to higher education.⁴

In all this Galbraith is to be commended. He presents liberals in the United States with a well-reasoned program of policies which are attainable politically. This last point is not emphasized by Galbraith, but should be. Liberals in the United States suffer needlessly from nineteenth century Marxian and Fabian hangovers. Neither nationalization of industry nor extremely progressive income taxation in order to redistribute income is politically feasible in the United States. Nor indeed is either necessary to attain the socio-economic goals of liberals. The British experience has not been reassuring. Nationalization is not necessary to maintain full employment, to increase social services (or, for that matter, to redistribute incomes). In the United States, markedly less unequal income distribution to be achieved through confiscatory tax rates has been made unnecessary by the absolute real income increases at all income levels. Further improvement for low income groups need not be accomplished by increased progressivity in tax rates, but rather through increased (absolute) governmental outlays for health, education, housing, and other welfare services from which low income groups would benefit disproportionately.⁵

There are a number of defects in the argument which should not go unnoticed.

Galbraith forgets at several points in his book that his problem and his solutions are peculiarly relevant to the United States. He sometimes writes as though the empirical reality of affluence and its unlovely concomitants reflect some general law of development (see p. 158). Clearly, such is not the case. What is special to the United States is the traditional priority allowed to private consumption over public consumption, and a corollary, the reluctance to control the

~~the~~ production of luxury goods of questionable utility, and their marketing in shrill and costly ways. The result is a plethora of needlessly differentiated consumer commodities marketed in offensive ways, which, as part of their sales effort, carry a message of crude materialism as a way of life. Neither the unquestioned priority of private over public consumption nor the reluctance to control output or its marketing exist in such other (relatively) affluent societies as ~~Great Britain~~ ^{the} Scandinaviaⁿ countries therefore, for which Galbraith's essay is somewhat irrelevant.

For a reason Galbraith mentions and another that he does not, his essay also is irrelevant for industrializing countries such as India. At the beginning of his book Galbraith points out that the underdeveloped areas are in the Ricardian world of primary poverty--the opposite of affluence--and so regard the achievement of rapid output growth and economic efficiency as principal goals. However, it is also so that the industrializing nations have no ideological tradition of laissez-faire, of orthodox finance, of minimizing government expenditures and taxation, of allowing the uncontrolled market to determine outputs and incomes--an ideology which we in the United States have not completely ~~prevalent~~ ^{unlearned}. Rather, from the start of industrialization, their governments have engaged in New Deal-Welfare State Policies of control, ownership, and social service provision. Further, their awareness of the need to acquire increasing quantities of social capital (schools, roads, sanitation, housing, hospitals)--both as welfare measures and as means to aid industrialization--makes it unlikely that in their future approach to material affluence they will have those special conditions which, in the United States, result in primary emphasis given to the unlimited acquisition of private consumption goods. The likelihood is much greater that they will follow the British-Scandinavian model than that of the United States.

Before indicating how Galbraith's points can be used in support of policy measures beyond those he advocates, two background matters should first be mentioned.

It is well to remember that nineteenth and twentieth century reformers of "capitalism" sought to change a variety of material and social consequences produced by a complicated system: factory-organized industrialism integrated by a set of economy-wide markets which operated without significant social control. The reformers were keenly aware of what they regarded as the malevolent effects produced by the system, and urged a welter of organizational changes so as to increase the "welfare" of the population. Most reformers were quite aware that increased welfare had more than one dimension: it meant not only material (economic) betterment--increased real income and increased security of income--but "social" and "humanistic" improvement as well, such as lessening the social inequality among classes. However, the ~~non-economic~~ ^{social and cultural} aspects of market-industrialism are not only less tangible and less pressing, but more difficult to change than the economic. Further, some reformers assumed that social malaise would automatically disappear with economic structural reform. The Marxists, for example, thought that basic change in property relations and in productivity would be sufficient to change ~~social results~~ ^{society and culture}. Thus a classless society would automatically result from nationalizing the means of production and vastly increasing material output. In Marx's affluent society class discord disappears with private ownership and material poverty.

The orthodox tradition of Anglo-American economic theory--as Galbraith indicates--tended to concern itself solely with material improvement: "increased welfare" meant real income ^{growth} ~~betterment~~, only. Indeed, judgments concerning inequality of income were avoided because they rested on ethical preferences which, it was argued, ^{are} ~~is~~ outside the proper business of the economist.⁶

Critiques of capitalist economy, then are of two kinds. The first emphasizes some aspect of structure or organization which yields material results which are judged inferior; for example, that the system produces depression, inflation, monopoly, or unequal income distribution. The economic analyst describes the mechanics of the system and derives policy proposals which, in changing the structural

determinants, change the material results. Much socialist and non-socialist critique is of this variety.

The second critical emphasis focuses on the social and humanistic consequences of market-organized industrialism. There are many variants, each having in common an attempt to show that the system in some way is socially divisive and humanly unrewarding. Such organizational characteristics as the following, are singled out: (1) that everyone's livelihood depends upon selling something to the market; material self-gain seeking is therefore institutionally ingrained as the primary motive to work. Materialistic values are reinforced by the experience of material insecurity due to job specialization and trade fluctuation. The sales promotion apparatus for marketing commodities still further emphasizes materialistic values through the incessant urge to buy. (2) The system is individualistic and impersonal: there is a built-in lack of social responsibility for the condition of others. Work alienation is endemic: the use of machine processes within the factory system reduces the number of jobs capable of yielding the creative gratifications of craft skill. The enforced primacy of material self-gain seeking within the market system and its ethic of individualism preclude the participants' experiencing work gratification derived from a sense of social purpose.⁷

From Robert Owen to Erich Fromm, social-humanistic critiques of industrial capitalism abound. As early as 1815 Owen clearly described the divisive social consequences of material self-gain as dominant motive within the factory and market systems.

The general diffusion of manufactures throughout a country generates a new character in its inhabitants; and as this character is formed upon a principle quite unfavourable to individual or general happiness, it will produce the most lamentable and permanent evils, unless its tendency be counteracted by legislative interference and direction . . . the governing principle of trade, manufactures and commerce is immediate pecuniary gain, to which on the great scale every other is made to give way. . . . Today he labours for one master, to-morrow for a second, then for a third, and a fourth, until all ties between employers and employed are frittered down to the consideration of what immediate gain each can derive from the other.

Seventy years later, in the first description by a professional historian of the impact of industrialism within the institutional context of unregulated market capitalism, Arnold Toynbee said the same.

There appears upon the scene for the first time the isolated individual, a figure unknown to mediæval society, but who constitutes so striking a phenomenon in the modern world. . . . In the town there had come the introduction of machinery, the final establishment of cash-nexus, and the beginning of great fluctuations in trade. In the old days the employer maintained his men when out of work, now he repudiated the responsibility. . . . When huge factories were established there could no longer be a close tie between the master and his men; the workman hated his employer, and the employer looked on his workmen simply as hands.⁹

Not only utopian socialists and Oxford dons, but the most important economist of the twentieth century spoke in the same vein. In 1926, ten years before his fundamental work on the causes and cures of depression, John Maynard Keynes said the following:

. . . what seems to me the essential characteristic of Capitalism, [is] . . . the dependence upon an intense appeal to the money-making and money-loving instincts of individuals as the main motive force of the economic machine The fiercest contests and the most deeply felt divisions of opinion are likely to be wages in the coming years not round technical questions, where the arguments on either side are mainly economic, but round those which, for want of better words, may be called psychological, or perhaps, moral There is a latent reaction, somewhat widespread, against basing society to the extent that we do upon fostering, encouraging, and protecting the money-motives of individuals. . . . Our problem is to work out a social organisation which shall be as efficient as possible without offending our notions of a satisfactory way of life.¹⁰

If one surveys the extensive reforms of the U.S. economy--especially those initiated within the last thirty years--it becomes clear that the material results of the system have been changed in significant ways. Key controls have been instituted, largely through central government, which reduce the degree and frequency of output and price fluctuations. Material security has been further enhanced by welfare devices such as unemployment compensation and old-age pensions. Specific sectors of economy have been subjected to special controls which also infuse income and price stability: agricultural price supports and resale price maintenance are cases in point. In addition, private controls over market operation instituted through union and corporation policies have also been enlarged. In brief,

pervasive market controls and an enlarged sphere of governmentally directed income and output redistribution have changed the material results experienced.¹¹

It is clear that the changed material results also have social consequences of importance. The ability of households to provide for health, education, and old age are markedly enhanced by the real income increases and the material security built into the system. The material penalties imposed upon the unsuccessful gain-seekers have been reduced. Both a minimum level of income and more secure income have been built into the system through the plethora of market controls and redistributive measures mentioned earlier. But it is also clear that many socially divisive and humanly unfulfilling aspects of the system still exist. It is these which contribute to the seeming paradox of social and psychological malaise in the midst of unprecedented material abundance--The Lonely Crowd, The Acquisitive Society, The Organization Man.

A central feature of market-organized economy is that everyone derives his material livelihood from selling something to the market. The institutional rules force everyone to comply. The motive of seeking material self-gain is thereby made primary for all. Not only do business managers seek profit, but laborers seek wages, property owners seek rent and interest. All incomes depend on successful market sale. The fact is so obvious and basic that some regard it as "natural" to man.¹² It is natural, but only in the sense that speaking English is natural to us: an early acquired, daily experienced, and pervasive feature of the system. Two aspects of material gain-seeking as institutionalized motive in present-day America, require emphasis.

Material gain seeking as dominant ideology or value norm ("conventional wisdom" in Galbraith's terms) in some ways has been strengthened. One especially deserves description.

Competitive rivalry among producers of branded products has increased markedly in the United States, for several reasons. Technological innovations together with

prosperity have increased the household use of expensive consumer durables-- automobiles, television sets, washing machines. A decline in the number of firms in some industries has resulted in less price competition and more rivalry in sales promotion, styling, and innovation;¹³ cigarettes and automobiles are cases in point. Producers have learned that they can create a preference for their product--and thereby a following of habitual buyers--by advertising, and so make more secure a portion of their sales.

Several obvious effects of the growth of sales promotion activities are these. (1) Planned differentiation of products and planned innovation are now endemic: we are made to expect and told to value highly ^{al} ~~the~~ improvements (changes, better) in products; new brands and forms of cigarettes, yearly style changes in cars and refrigerators, new uses for synthetic materials. What is particularly disturbing is that gadgets which perform even trivial functions, or for which there exist old-fashioned, good, cheap substitutes, are continually innovated as well: pens, can openers, coffee pots, cigarette lighters. Even the umbrella--that most perfectly designed instrument--is not immune. It is not the material costs of such needless innovation and differentiation of unimportant goods that requires criticism (after all, we are rich and can indulge such whimsy¹⁴); rather, it is the fact that we are taught to value such improvements of trivia, taught to think them important. (2) A painfully obvious fact of daily life in mid-twentieth century American is that one encounters a daily barrage of salesmanship. The printed word, the spoken word, the visual image, the cultured voice, and the flawless female physique, are all enlisted in the crusade to sell soap. One need not dwell on further description, but only on the effects. The basic message of advertising is that a human being cannot be happy without abundant equipment;¹⁵ even such equipment as a pen which does little that is new except to write over butter or under water, or a razor which gives nine choices of blade exposure, even ^{such,} ~~such,~~ we are told are necessary to happiness. A crude and frenetic materialism as a "way of life" is urged and argued incessantly. Secondly,

The pernicious message is that material abundance is a sufficient condition for personal happiness.

all advertising and sales promotion is rife with the white and the grey lie. The half-truth has become a national institution: all cigarettes can't be the most mild; all cars can't be the most economical on gas; all soaps can't be the most kind to your skin. What is especially pernicious is that children are the most exposed. Everyday of their lives they are told lies by authoritative adults; (can lying be bad when it is done by one's favorite cowboy?).

(3) Lastly, a most serious effect on personal value attitudes and social institutions is what Erich Fromm has called the "marketing orientation"--the sad, common spectacle of people acquiring outward façades the better to "sell themselves" on the personality market. In some ways the most disturbing of all effects is the permeation of marketing techniques and values into the spheres of religion, education, and government. That it is offensive to morality and dignity that God should be "sold" like soap, is beyond question.

FOOTNOTES

¹Galbraith points out that those in the United States still afflicted with primary poverty are relatively few and belong to special groups whose peculiar circumstances prevent them from sharing in the general and increasing abundance. Their amelioration requires special policies.

²The recognized exception being the Government's acquisition of military goods.

³See D. Bell, "Meaning in Work," Dissent, Summer 1959.

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