

Jan. 15/59.

GAIBRAITH'S FAREWELL TO POVERTY

No one in the wealthy West feels like ringing ^{a peal} ~~the bells~~ at the good news
 and shouting - "Lo! The affluent society has come." First of all there is, of
 course, doubt of the truth of the message; ~~but~~ then, if true, there is still
 fear, - fear of the unknown. Even the millionaire finds ^{it} possible to nourish a
 good conscience as long as the certainty of basic poverty offers a justifica-
 tion for universal factory discipline in the name of efficiency. Not so long
 ago, the sage of Yale and prophet of rugged individualism, taught his pupils
 that "Poverty was Nature surviving in Society". Malthus and Ricardo had estab-
 lished ^{the} ~~an~~ Iron Law of Wages, which made sure that Poverty could not disappear
 from Society as long as ^{the} population was bound to press on man's food supply.
 Fortunately, poverty fostered crime, pestilence and war - ~~the~~ 'positive checks'
 on the growth of population, and hence ^a ~~the~~ hope of stabilizing the curse of
 poverty. Economists firmly believed that ^{abstinence} ~~the~~ ~~assistance~~ of the rich and starvation
 of the poor were the founts of capital, and that only ~~the~~ ruthless sweating
 enforced by the laws of competition could relieve the dearth of capital. Even
 Karl Marx whose healthy suspicion of Malthusian doctrine should have made him
 safe against the myth of inescapable poverty, was misled by the scenes of mass
 destitution to the point of accepting the delusion of an Iron Law of Wages.
 Hence the unanimity with which ^{an} increase of production was postulated as a
 main ^{inborn} ~~native~~ motive to capitalism, ^{by} ~~the~~ rich and poor, ^{the} ~~the~~ ^{un} ~~un~~ ^{enlightened} ~~enlightened~~
~~and~~ ~~rich~~ ~~and~~ ~~poor~~. Over more than a century the dogma of material welfare ruled the ~~mind~~ ^{mind and}
 souls, and the ever growing efficiency of productive methods ^{advanced} ~~supported~~ by ~~the~~
 scientific technology became ^{recognized} ~~the~~ panacea. Luddism which hoped to save the
 worker from servitude to the machine by attacking bodily the knitting frames in ^{the}
 Nottingham sheps, was ridiculed for an epitome of ignorance which imagines it
 can dam the tide of ^{similar to} ~~technological~~ progress, ~~like~~ the children who build sandcastles
 against the surging ^{sea} ~~ocean~~. Progress was inescapable, ^{for} ~~and~~ it meant ~~the~~ rising
 productivity due to ever growing efficiency. Competition under capitalism,

material security through market controls and to transfer payments: unemployment compensation, social security pensions, farm price supports, the legal recognition of trade unions, a managed money supply --- are all permanent parts of the present-day structure. They are measures of economic security equivalent in effect to other market control devices which yield security to property owners, e.g., retail price maintenance laws, and oligopoly. Also, they are alike in indicating the de facto preference for material security to allocation efficiency. Secondly, the liberal policy of income redistribution has been rendered obsolete by growing affluence. The absolute increases 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.

The policy proposals derive from Galbraith's criticism of the priority given to the fulfillment of private wants over social needs -- the exception being military goods. He regards it as economic waste and moral disgrace that resources are devoted to trivial consumer products, while the nation suffers shortages of educational and housing facilities and health services. He calls this a social imbalance which should be redressed by fiscal policies enlarging these 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 increasing effective demand -- would also serve as deterrents to depression. Also for reasons of personal welfare and income stability, he urges a revision in the rules for unemployment compensation provision: 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 policy would also 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. 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.

MALTHUSIAN PARADOX TO POVERTY

No one in the wealthy West feels like ringing the bells at the good news and shouting - "Lo! The affluent society has come." First of all there is, of course, doubt of the truth of the message; but then, if true, there is still fear, - fear of the unknown. Even the millionaire finds possible to nourish a good conscience as long as the certainty of basic poverty offers a justification for universal factory discipline in the name of efficiency. Not so long ago, the sage of Yale and prophet of rugged individualism, taught his pupils that "Poverty was Nature surviving in Society". Malthus and Ricardo had established an Iron Law of Wages, which made sure that Poverty could not disappear from Society as long as population was bound to press on man's food supply. Fortunately, poverty fostered crime, pestilence and war - the positive checks on the growth of population, and hence the hope of stabilizing the curse of poverty. Economists firmly believed that assistance of the rich and starvation of the poor were the founts of capitalism, and that only a ruthless sweating enforced by the laws of competition could relieve the dearth of capital. Even Karl Marx whose healthy suspicion of Malthusian doctrine should have made him safe against the myth of inescapable poverty, was misled by the scenes of mass destitution to the point of accepting the delusion of an Iron Law of Wages. Hence the unanimity with which an increase of production was postulated as a maxim native to capitalism by rich and poor, the unenlightened and the enlightened minds. Over more than a century the dogma of material welfare ruled the souls, and the ever growing efficiency of productive methods fostered by a scientific technology became the panacea. Luddism which hoped to save the worker from servitude to the machine by attacking bodily the knitting frames in Nottingham shops, was ridiculed for an epitome of ignorance which imagines it can dam the tide of technological progress like children who build sandcastles against the surging ocean. Progress was inescapable, and it meant a rising productivity due to ever growing efficiency. Competition under capitalism,

planning under socialism, would increase the forces of efficiency. Nothing could withstand their triumphant march because they embodied the vital interests of the whole of Mankind. Socialism itself was upgraded to the level of a science for having accepted the creed of progress through machinery. Communism, the fullness of a socialist society, was promised as the fruit of abundance. "From everyone according to his abilities, to everyone according to his needs". How otherwise could this hope be redeemed than in the promised land of affluence, and what other key would open its gates than rigid adherence to the discipline of efficiency?

In this formulation the fundamental demand of the present world was submerged and postponed to an a distant and uncertain future. For freedom cannot be a supreme requirement as long as efficiency is enthroned as the arbiter of social ethics.

Galbraith inadvertently throws open to discussion the burning issue of the day - Freedom. Industrial society had all too long accepted efficiency as a material alternative to freedom. Neither capitalism nor socialism faced up to the issue of personal life, which became an ever more remote subservient to an ever greater material endowment of man. There seemed to be no end of the road to technological progress which carried with it an ever decreasing freedom.

Let us stop here, to think. How much abundance is needed to be free? The question is bedevilled by the organization of our economy which postulated efficiency as an absolute and thereby destroys the liberating force of abundance in the womb. For no increase in goods allows us to stop the mill-race and reach sufficiency. The competitive system has roused the spectre of unemployment, which makes production a means of distributing income to the members of society, whether they personally need the goods produced or not. Destitution limited only by the "dole", is the condition of the unemployed. Not the abundance promised by super production, but the averting of the loss of income is

the driving force. But quite apart from the daily requirement of the mass of the people - recession, depression, a general crisis are the outcome of a stoppage of business. The immediate consequence is that however "rich" the society grows in more or less "useful" products, the farther it is from the freedom to cut loose from the treadmill of money-motivations. True, leisure may grow, as "freedom from work". But the change to a life where the alternative to a monetarized existence is merely the empty leisure of the "absence of work" is not the freedom man's heart desires.

As a human society we want to be able to shape our common existence in a manner that enriches life. A manufacturing society must create work opportunities on pain of restricting employment. But the conditions we need more than most of the fantastic varieties of unwanted luxuries are the chance to be able to follow our inclinations, develop our talents, choose between money making and personal relations, enjoy the shaping of our own existence above the meaningless conformity to a commercialized entertainment industry. Even in the material field, not the manufactured objects but the collective services offer the prime enrichments of our daily life. What our children need is a better education, a wider opening for self-improvement, the opportunities of travel, studying, research, creative activity; what we all need is a broader contact with nature, art and poetry; the enjoyment of languages and history, the perspectives of science and exploration, security against the avoidable accidents of life and above all a self-respecting person's assurance that he can lead his life without a humiliating dependence upon an employer or upon the constricting interferences from a poorly educated, unenlightened community. Not another car, a more expensive suit of clothes, an of sales pressured pseudo-commodities, but the services provided by the village, the town, the government, the voluntary association that add up to those preconditions of a true life.

This is one of the aspects of freedom. Each of these we could master

The invisible bar to freedom is the obsession of infringing on efficiency.

We should from the start, resist this insane response to the machine. For once accepted, it destroys the true fruit of the machine, the chance of freedom.

Technology should provide us with the minimum of material welfare, and that minimum should be attained by ~~as~~ the methods of maximum efficiency.

But does this entail the dominance of that one norm? No, efficiency must compete with the other norms that give meaning to life. They may demand - and often do demand - a sacrifice of efficiency in one or another regard, to some definite limited extent.....

Of all such norms freedom stands highest.

How has duplicate

2.00X, for Book 5.00
Pub. 5/53

Copy for
Diana

ARISTOTLE AND GALBRAITH ON AFFLUENCE

No economist can afford to ignore a book that is a best seller, particularly if its author is an economist. Rather he will expect from the success of a book like *The Affluent Society*, something in the nature of a chain-reaction - affluence spreading from the author to at least those of his colleagues who join in the spreading of the good news. This crack at the book - or at ourselves - is of course sheer illusionism. The book is controversial. Its theoretical implications do not appear as very substantial. Its policy implications hardly go beyond traditional liberal demands for a considerable extension of public services. True, some more specific proposals are also made such as a grading of the amount of unemployment benefit to increase and decrease according to the level of unemployment - very high in time of depression, low under conditions of full employment.

Actually, the book arouses less enthusiasm than its electrifying message - farewell to poverty - would make one expect. There is certainly no ringing of bells: "LO! The age of abundance has come!" To begin with, there is doubt about the truth of the message. In spite of the alleged affluence, most people find it as hard as before to make both ends meet. This, of course, is not a true paradox; it falls under the trivial ambiguity of the subjective and the objective meanings of some terms. But quite apart from a rational reluctance of acclaiming abundance as long as budgets refuse to balance, there is in play a quite different and more deeply seated emotional damper, namely, fear of the unknown. The mere proclaiming of affluence carries disturbing psychological implications. Poverty was our oldest companion, how are we going to live without it? No more radical change could have come to challenge our accustomed way of life.

In the field of what one might call the philosophy of life, Galbraith's book is indeed an event. Only remove, in thought, the imaginary shackles of poverty - and we experience a stark shock of unpreparedness. Take Galbraith's message

a la lettre and in the year 1959 we may have to decide what we are going to do with our new material freedom. What dare we wish if our wishes are self-fulfilling? And what dare we do, once we are free to do anything? Unwittingly, we have been loitering at the cross-roads. Our suppressed fears of indigence on which our Puritan discipline largely rested are catching up with us. They call to mind the futility of much of the excuses we are used to making when putting off the decision of entering on a fuller life.

Anyway, as long as poverty was supreme, that decision was not urgent. After all, we could feel safe. Malthus and Ricardo had decreed the iron law of wages which made sure that indigence could not disappear from society as long as the population was bound to press upon food supply. And only recently William Sumner, the prophet of Yale, proclaimed the creed that "Poverty is Necessity surviving in Society". Economists had believed that abstinence of the rich and starvation of the poor were the founts of capital accumulation, and that only ruthless sweating enforced by the laws of competition could relieve our dearth of capital. Even Karl Marx, whom a healthy suspicion of Malthusian doctrine should have made safe against the myth of inescapable poverty, was deluded by the scenes of mass destitution to the point of accepting some substitute of the iron law of wages. Neoclassical theory since Menger defined economics as the allocation of scarce means. That sounded reassuring.

Admittedly, such sardonic overtones, like utopian ones, are metaphysical on the verge of that psychological, and - almost - metaphysical range where scientific analysis reaches its limits. All too easily the argument shifts from factual and strictly logical grounds to the nebulous realms of the moral and philosophical. In this circle it must seem therefore somewhat strained to analyze Galbraith on affluence, and even more so to invoke Aristotle's ghost from its metaphysical slumbers for a spectral dialogue between these two authors on the moral aspects of economics.

This, however, is not quite the view to be taken here. Rather, it is maintained that the interest aroused by Galbraith's book is not due either

to its importance for economic theory, or for economic policy but precisely to some broader - moral and philosophical - implications of his thinking. And this should emerge, as I hope, from a discussion of views propounded some twenty-five centuries ago. Aristotle's criticism of Solon's views of affluence is the classical passage. We will come to it presently.

There is no intention to impose a pedantic parallel on Aristotle's and Galbraith's respective approaches to the questions mooted here. Such an attempt would be anachronistic and substantively indefensible. The technologies of their periods differ as sharply as can be. And Galbraith's criticism of an unregulated market system relates to an economic organization that in Aristotle's time was not existent.

Yet Aristotle's and Galbraith's theses are structurally comparable, and that at least in points: their purpose is economic criticism, hence they require a normative idea of society of which the economy forms a part, and a theory of man's wants and needs. Galbraith fixes on full employment as his criterion of an acceptable society, and his charge against our unregulated market system with its mistaken policies is that it distorts the order of wants and needs, (that's the substance of his social balance). Aristotle's concept of society is that of a community which creates the good life, that is, a life that satisfies not only bare animal life but also the fulfillment of man's true wants and needs. This is the framework of his critical argument in Book I of Politics, and Book V of Nicomachean Ethics.

Hence the broad similarities between our Authors' argumentations. Not only Aristotle but also Galbraith must be credited with an implicit concept/ of society as well as man's wants and needs. To reap the benefit of the comparison it should be neither unduly pressed but neither should it be underrated.

Let us have a look on Galbraith's argument. His postulate in regard to industrial society is that for a full (or near full) employment. This postulate is presented as a politico-moral norm of a fundamental order. The distinction between norm and fact is swept away in the name of an allegedly general empirical acceptance of the norm as the constitutive factor in our industrial modern age. Analogies to such creative axioms offer-~~him~~ in Rousseau who proclaimed society to owe its existence

to some kind of freely concluded contract between individuals who have their being in the state of nature, or, previously, in Hobbes - in an opposite sense - who declared society to consist of free individuals, bent on each others' destruction. Coming to the economy, for Galbraith it follows that the organization of production and distribution is subject to full employment. Production must be kept on ~~an~~ a maximum level, lest employment fall off, but profitable distribution involves under an unregulated market system a ceaseless pressure towards the creation of corresponding wants and needs. Eventually, basic wants and needs are made to adjust to the requirements of full employment. This is the core of Galbraith's criticism.

Aristotle's economic philosophy hinges ~~on~~ on the concept of the human "community" and criticises some of the contemporary developments mainly in regard to money and commercial trade as contrary to the "good life". Community (koinonia) and good life (eu zen) are the pillars of his theory. Koinonia - on whatever level we meet it - sums up for him the human group in its positive aspects. It is maintained by a kind of good will (philia) obtaining between the members. Every Koinonia has its philia. It is expressed in reciprocating, that is, doing things in turn, sharing the necessaries as well as carrying the burdens mutually. Man's natural wants and needs are as we said, epitomized in the "good life", (eu zen) that is, the ways in which man seeks happiness over and above the elementary requirements of animal life (Zen) such as food and shelter. His criticism was directed against what he called kapelike, which was ^{nothing} no else than the hunt for money and commercial trading. The city state (polis) had, since ancient times possessed an agora but this was no more than a place for the sale of fresh food, cooked or uncooked. There was neither wholesaling, nor credit, nor arbitrage. No general concept of a supply-demand-price mechanism nor the institution that embodied it, was known. The kapelos, a modest huckster or innkeeper was despised for two reasons. First, because he sold things for more than he had paid for them; secondly, because he remained nevertheless poor. But now by the middle of the 4th ^{century} Cty. citizens in good standing were frankly making money in trade. To Aristotle this commercial trade was nothing else but hucksterism written large. A utilitarian value scale was undermining and displacing the good life.

refers to the

Pericles' Funeral Oration, ^{is} an epitome of Aristotle's good life. The normal day of the Athenian citizen ^{was made up of} reflected his service on mass juries, ^{and} ~~was~~ in various offices held in turn, canvassing and electioneering, putting motions in the Assembly, participating in the festive processions, the national games, day-long ~~theater~~ theater performances, apart from business transactions, professional dealings, sporting events and public discussions in the streets and squares in surrounding resplendent with the beauty of ~~the~~ public buildings. ^{And} such endlessly varied and recurrent activities, ^{which} sometimes highlighted by the thrill of campaigns ~~and~~ and seamanship in naval combat.

This unnatural form of trade which transcended autarky, so Aristotle charged, arises out of the use of money, accompanied by a distortion of the good life deflecting it from interest in an exciting public activity to a false urge of having more and more of everything. For money differs from other goods in that it is an end in itself, and under the sway of a utilitarian value scale the craving for money is boundless. Yet apart from the necessities the objects money can buy do not form part of the good life.

Galbraith's refreshing attacks on "conventional wisdom" are not quite so futile as they must appear to the traditional economist. Galbraith pushes aside the basis of its analysis. Maybe without being quite conscious of the fact. By relating production pressure to full employment, and not directly to aggregate demand, he disconnects the crankshaft. For under a market system distribution also hinges on aggregate demand. Galbraith thus destroys the accepted concept of human wants and needs ~~which has been developed~~ which has been developed through market analysis. In effect, no other theory on wants and needs exists in the range of economics.

Keeping this in mind, we now turn to Aristotle's procedure. In the absence of a market system our analysis of wants and needs did not occur to him. The concepts of supply and demand are foreign to Greek thought and literature. We can, of course, find many references to resources as well as to requirements, but their relating through price is unknown. Changes of equivalencies must have and actually did, in one or two known cases happen precisely as if a market ~~mechanism~~ mechanism had been acting. But as a matter of fact, it had not yet been instituted.

Aristotle, then, ignored market analysis because he knew it not. Galbraith ignores it, because the postulate of full employment breaks the link between production and market-expressed wants and needs. Unless we reverse the action, and allow the market mechanism to press on wants and needs.

Now we are ready to look into the different and yet not so different ways in which Aristotle and Galbraith, respectively, reach the conclusion, that the broader concept of the good life is the key to the trouble. Both writers, in effect, point to the causes which reduced the good life to an aggregate of mere utilitarian want-satisfaction.

Aristotle may prove the more thorough of the two. If so, we will try to apply the insight to improve on Galbraith's thesis, and bring this concept of the good life to the modern requirement of a deepening and broadening of freedom in society. We must be careful however, not to associate ourselves unduly with Aristotle's time-bound preferences.

Aristotle's ~~text~~ starts with an attack on "conventional wisdom". Solon has justified things as they are by singing "but of riches no bounds have been fixed to man." The word is plutos / - treasure, heirloom, valuables, the ~~meaning~~ *vaygu'a* of the Trobrianders. Aristotle rejects outright the idea of boundless human wants and needs. Why, he says, true riches are no else than ^{the chremata -} the "necessaries of life, which keep". Neither the family, nor the polis, that is, the city-state, need unlimited amounts of them. The staples here meant are grain, oil, and pieces of useful metals. Not abstract individual wants are meant, but culturally defined wants, as anthropology and psychology understand ~~them~~ ^{again,} (which, ^{again,} implies concrete instituted norms). Remember Hobbes' ridiculing of the "freedom of the wild ass" which exists only in the desert. Aristotle calls the non-political man ~~non-political~~ *akrasios* quoting the poet, "clanless, lawless, ^{ef} harthless," ~~non-political~~ *akrasios*. Here is the famous passage: "it is clear, therefore, that the polis is also prior by nature to the individual... A man who is incapable of entering into community or who is so self-sufficing that he has no need to do so, is no part of the polis, so that he must be either a ~~man~~ lower animal, or a god"

In Aristotle's logic, of course, all means are limited by ends - tools, serving a purpose, are limited by their purpose. Hence he concludes that the introduction of money and monetary gain must unsettle

the concept of the good life, and reduce it to utilitarian items.

Money is an end in itself, the craving for it is therefore limitless. Once accepted as the means of acquiring more and more enjoyable things the idea of the good life is perverted. While originally trade is "natural", serving only self-sufficiency, with the entrance of money-making commercial trade ~~makama~~ develops, the purpose of which is not self-sufficiency, but money as an end in itself.

It has been thought that Aristotle was blind to the developing monetization of the economy and to the forces driving towards commercial trading. Undoubtedly, he did not understand what possible good these could do, and was utterly out of sympathy with commercialism. Yet the view that his attitude was futile is erroneous. His understanding of the limitation of the contemporary economy proved a crucial factor in the history of polis culture for centuries to come, and was not refuted but rather confirmed by Hellenism, which anchored in the good life tradition of the polis. The magistracies, the boule, the ecclesia, the juries, the democratic suffrage and public support system, the gymnasium, the theater were its mainstay.

Maybe it is the disquieting implications of a good life philosophy which make for our best seller, semi-consciously sustained by fast changes of scene in whole continents in our day.

The flash of light that illuminates our subject, may be sparked by returning to Galbraith, after having trained our eyesight on Aristotle's ^{the} vistas. What is good life in an industrial society? Once the crankshaft is broken, no tinkering with the gearshifts or the parking lights will suffice. Above all, there is a need of re-thinking the position. The job of the intellectual and expert is to re-explore the theoretical situation, Not to streamline irrelevant reassurances. Two cardinal considerations: First, our society employs a technology of

Three cardinal considerations: First, our culture employs a technology of efficiency, infinitely more complex than that of fourth century Greece. Secondly, the totalitarian or conformist tendency inherent in a technology of mass production and mass communications makes freedom the issue of the good life. Thirdly, the significance of money for efficiency and for freedom is the decisive ^{intellectual} advance over Aristotle. That of ~~the~~ ^{the} symbolic systems - language, writing, measurement, etc. - the system and device of money has been not sufficiently understood appears now clear to us. At both poles of the problem, efficiency and freedom, the money device is indispensable. For freedom of consumption, i.e., of individual choice this is generally recognized. But as a vehicle of finance it may be gaining a similar importance for society as a whole. The relating of production to the other, vital spheres of human society that have been starved, may depend on finance for the channeling of economic means into the culture spheres of education, government, defence, health and communication, travel and research, art and taste, nature and privacy.

Manuscript of the author's work on the subject of the economic process

I. Accountancy of production and finance emerges as a major problem of economic science. The costs of freedom may take on two very different forms: on the material goods and services required ^{our} by a human and libertarian needs; of the lessening of efficiency which may be carried into the economic process.

The dethroning of efficiency as a unique directive principle is inevitable in free society. Only in competition with other aims, values and ideals can efficiency be accepted.

II. Ratiocination should not stop here. To carry freedom into the industrial field itself should be given thought. An extension of the realm of freedom from the political and purely intellec

tual field into that of everyday life is the ~~unshakable~~ demand.

a. The extension of the principle of conscientious objection is valid not only for the convinced pacifist in wartime, ~~but~~ where-
ever compulsion or semi-compulsion is employed ^{as it is in the} ~~in~~ field of in-
dustry with its unified directions and discipline in technological
production, ~~and is vital there to even a~~ ^{and is vital there to even a} minimum efficiency, the ~~libertari-~~
an principle of the "hardship case" must be recognized. There must
be for the deviant a choice of a bona fide second best, ^{set} not/as a
subterfuge for victimization, but as a protected niche which offers
a genuine alternative. If only one in a thousand recurs to it, -- the
society as a whole benefits immeasurably by the climate of freedom
thus instituted.

b. Habeas corpus extended to industry shall permit the consti-
tutionalization of the rights of unionized labour by vesting ultimate
industrial freedom in the person of the worker, -- effective against
the corporation itself after other remedial means have been exhausted.
All-round protection by the Courts against abuse of corporate power
of a representative character.

c. Room in ^{labour} ~~contract~~ contract of differential needs of individuals
in regard to arbitrary freedom, for instance, ^{free} three days with or with-
out compensation or compensated by additional out-of-routine services.
Such a recognition by employers and unions would give the very need
for freedom in the individual's life an indispensable status.

d. Extension of market-free areas from government . corporation
and union to the social strata of educational, defence, medical,
and artistic dedications. ~~minimum~~

e. Efforts to adapt technology to human needs through a minimal
loss of efficiency to be caused by freedom in industry.

It has been asked recently:

Why compete in terms of efficiency with new countries , primarily needful of the material affluence which the West has achieved? Why not instead set the good life of a new and nmore human culture as the aim?

2. error for Box 5a
Feb. 27/59

ARISTOTLE AND GALBRAITH ON AFFLUENCE

duplicate
for envelope # 2

The undoubted success of Galbraith's book should give food for thought. It arouses less enthusiasm than its electrifying message - farewell to poverty - would make one expect. There is no ringing of peals: "Lo! The age of abundance has come!" To begin with, there is doubt about the truth of the message. In spite of the alleged affluence, people find it as hard as before to make both ends meet. This, of course, is not^a/true paradox; it falls under the trivial ambiguity of the subjective and the objective meanings of a word. But quite apart from a rational reluctance of acclaiming abundance as long as budgets refuse to balance, there is in play a quite different and more deeply seated emotional damper, namely, fear of the unknown. The mere proclaiming of affluence - though we prefer to deny this - carries disturbing psychological implications. Poverty was our oldest companion, how are we going to live without it? No more radical change ~~could~~ could have come to challenge our accustomed way of life.

It is here in the field of what one might call the philosophy of life that the key to its success should be sought. What makes Galbraith's book an event that at the mere mention of material affluence our moral world is shaken in its stability? Only remove, in thought, the imaginary shackles of poverty - and we experience a stark shock of unpreparedness. Take Galbraith's message a la lettre, and in the year 1959 we may have to decide what we are going to do with our new freedom. What dare we as a collectivity wish if our wishes are self-fulfilling? And what dare as a collectivity we do, once we are free to do anything? Unwittingly, we have been loitering at a cross-roads. Our suppressed fears of indigence on which our Puritan discipline solidly rested are catching up with us. They call to mind the futility of much of the excuses we are used to making when putting off the decision of entering on a fuller life.

Anyway, as long as poverty was supreme, that decision was not urgent. After all, we could feel safe. Malthus and Ricardo some time ago had decreed the iron law of wages, which made sure that indigence could not disappear from society as long as the population was bound to press upon food supply. Only recently William Sumner, the

prophet of Yale, laid it down that "Poverty is Nature surviving in Society". He still relied on economists who believed that abstinence of the rich and starvation of the poor were the founts of capital accumulation, and that only sweating enforced by the laws of competition could relieve our dearth of capital. Even Karl Marx, whom a healthy suspicion of Malthusian doctrine should have made safe against the myth of inescapable poverty, was deluded by the scenes of mass destitution to the point of accepting some substitute of the iron law of wages. Neoclassical theory since Menger defined economics as the allocation of scarce means. That sounded reassuring.

Admittedly, such sardonic overtones - similarly to utopian ones - take us to the verge of that psychological, and - almost - metaphysical range where scientific analysis is bound to reach its limits. All too easily the argument shifts from factual and logical grounds to the nebulous realm of the moral and philosophical. It must seem therefore somewhat strained to seriously analyze Galbraith's impact on the general public, and even more so to invoke Aristotle's ghost from its scholastic slumbers for a spectral dialogue between these two authors on the moral aspects of economics.

This, however, is not quite the view to be taken here. Rather, it is submitted that the interest aroused by Galbraith's book is due less to its importance for economic theory, or for economic policy than precisely to some broader - moral and philosophical - implications of the way he poses the problem. This should emerge, as I hope, more clearly from a discussion of critical views propounded some twenty-five centuries ago, by Aristotle. His emphatic disagreement with Solon's views on affluence uttered some two and a half centuries earlier is the classical passage. We will come to it presently.

There is no intention to impose a pedantic parallel on Aristotle's and Galbraith's respective approaches to the questions mooted here. Such an attempt would be wildly anachronistic and substantively indefensible. The technologies of their periods differ as sharply as can be. And Galbraith's remarks on an unregulated market system relate to an economic organization that in Aristotle's time was not existent.

Yet Aristotle's and Galbraith's elaborations are comparable, logically and

- 3 -

structurally, at three points: their purpose is economic criticism, hence they comprise a normative principle of/desirability in regard to the society of which the economy forms a part, and a theory of wants and needs to link the society with the economy. Galbraith fixes on full employment as the normative criterion of a modern industrial society and his criticism of our unregulated market system culminates in the that it distorts the order of wants and needs (confer his "dependence effect" and "theory of social balance"). Aristotle's concept of society, broader and more basic, is that of a community which creates the good life, that is, which satisfies not only the requirements of bare animal life but more than that. ^{is the} This/framework of his criticism of kapelike - commercial trading - in Book I of Politics, and Book V of Nicomachean Ethics.

Hence the striking similarities between our Authors' argumentations. To reap the benefit of the comparison they should be neither unduly pressed nor should they be underrated.

Let us have a look at Galbraith's argument. His dominant postulate in regard to industrial society is that of a full (or near full) employment. This postulate is presented as a politico-moral norm of a fundamental order. The distinction between norm and fact is swept away in the name of an allegedly general empirical acceptance of the norm as constitutive to our age. Analogies to such creative axioms offer as with Rousseau who proclaimed society to owe its existence to some kind of freely concluded contract between individuals who have their being in the state of nature, or, previously, with Hobbes - in an opposite sense - who declared society to consist of free individuals, ready to devour one another. For Galbraith, the postulate of full employment governs the organization of production and distribution. Production must be kept on a maximum level, lest employment fall off; profitable distribution however, involves a ceaseless pressure towards the creation of corresponding wants and needs. Eventually, wants and needs are made artificially to adjust to the requirements of full employment. This is the core of Galbraith's criticism of a socially unbalanced market system.

Aristotle's economic philosophy, as already noted, hinges on the concept of the human "community", and criticises some of the contemporary developments mainly in regard to money and commercial trade as contrary to the "good life". Community (koinonia) and good life (eu zen) are then the pillars of the theorem. Koinonia - on whatever level we meet it - is the essence of the human group in its positive aspects. It is maintained by a kind of good will (philia) obtaining between the members. Every koinonia has its philia. It is expressed in reciprocating, that is, doing things "in turn", sharing the necessaries as well as carrying the burdens mutually. Man's natural wants and needs, again, epitomized in the "good life" (eu zen), that is, the ways in which men in community seek a life over and above the elementary requirements of animal life (zen). His criticism was directed against what he called kapelike, which was no else than making money in commercial trading. The use of the word with Aristotle is rather puzzling. The city state (polis) had, since ancient times possessed an agora but this was no more than a place for the retailing of fresh food, cooked or uncooked. There was neither wholesaling, nor credit, nor arbitrage. No general concept of a supply-demand-price mechanism nor the institution that embodied it, was known. The kapelos, a modest huckster, was despised for two reasons. First, because he sold things for more than he had paid for them; secondly, because he remained nevertheless poor. But by the middle of the 4th Cty. citizens in good standing were frankly making money in trade. To Aristotle this appeared as unnatural, almost scandalous; it was hucksterism written large. It certainly did not deserve social acclaim. This unnatural form of trade which transcended autarky, so Aristotle charged, arose out of the wrong use of money, accompanied by a distortion of the good life deflecting it from interest in an exciting and satisfying public activity to a false urge of having more and more of everything. For money differs from other goods in that it is an end in itself, and under the way of a utilitarian value scale the craving for money is boundless. Yet apart from the necessaries, the objects money can buy do not form part of the good life.

Pericles' Funeral Oration, is an epitome of Aristotle's good life. Even an hundred years later the normal day of the Athenian citizen reflected his service on

mass juries, in various offices held in turn, canvassing and electioneering, putting motions in the Assembly, participating in the festive processions, in the national games, in day-long theatre performances, apart from business transactions, professional dealings, sporting events and public discussions in the streets and squares in surroundings resplendent with the beauty of public buildings, an endlessly varied sequence of activities, sometimes highlighted by the thrill of campaigns and oresmanship in naval combat.

To sum up the structural parallel: Galbraith's refreshing attacks on "conventional wisdom" are not quite so inconsequential as they must appear to the traditional economist of our days. Logically Galbraith removed the very basis of economic analysis, maybe without being quite conscious of the fact. By relating production pressure to full employment, and not directly to aggregate demand, he disconnected the crankshaft since under a market system production and ~~distirub~~ distribution too hinge on aggregate demand. Galbraith thus destroys outright the accepted concept of human wants and needs as it has been developed through market analysis. Yet no other theory of wants and needs exists in the range of economics.

As to Aristotle, in the absence of a market system our analysis of wants and needs did not occur to him. The concepts of supply and demand are foreign to Greek thought and literature. We can, of course, find references to resources as well as to requirements, but their relating through price is unknown. Changes of equivalencies - of fixed rates - happened of course, and in one or two known cases we know they happened as if a market mechanism had been in action. But as a matter of fact, no price making markets had as yet been instituted.

Aristotle, then, ignored market analysis because he knew it not. Galbraith ignores it, because the postulate of full employment breaks the link between production and market-expressed wants and needs - unless we include reverse action, and allow the market mechanism directly or indirectly to press on wants and needs.

We are now ready to look into the different, and yet not so different ways, in which Aristotle and Galbraith, respectively, reached the conclusion, that the restoration of the concept of the good life is the key to the solution. Both writers attempted to point up the causes which reduced the good life to an aggregate of mere utilitarian want-satisfaction. Aristotle's analysis may prove the more thorough of the two. If so, we will try to apply the insight thus gained to improvement on Galbraith's formulae. We may then have to add to his concept of the good life the truly modern requirement of a deepening and broadening of freedom in an industrial society. We must be careful however, not to associate ourselves unduly with some of Aristotle's time-bound preferences.

Aristotle~~s~~ like Galbraith, starts with an attack on "conventional wisdom". Solon had justified things as they are by singing "but of riches no bounds have been fixed to man." The word is plutos - treasure, heirloom, valuables, the vaygu'a of the Trobrianders. Aristotle contemptuously rejects the notion of boundless human wants and needs. Why, he says, true riches in the economy are no else than the chremata - the "necessaries of life, which keep". Neither the family, nor the polis, that is, the city-state, needs unlimited amounts of them. The staples here meant are grain, oil, and pieces of useful metals. Not abstract individual cravings are meant, but culturally defined wants, as anthropology and psychology understand them (which again implies concrete instituted norms). Remember Hobbes' ridiculing of the "freedom of the wild ass" which exists only in the desert? Aristotle similarly calls the non-political man, quoting Homer, "clanless, lawless, hearthless." Here is the passage: "It is clear, therefore, that the polis is also prior by nature to the individual...A man who is incapable of entering into community of who is so self-sufficing that he has no need to do so, is no part of the polis, so that he must be either a lower animal, or a god."

In Aristotle's logic, of course, means are always limited by ends - tools, serving a purpose, are limited by their purpose. Hence he concludes that the

introduction of money and monetary gain must unsettle the concept of the good life, and reduce it to utilitarian items.

Money is an end in itself, and craving for it is therefore limitless. Once accepted as the means of acquiring more and more enjoyable things the idea of the good life is perverted. While originally trade is "natural", serving only self-sufficiency, with the entrance of money-making commercial trade develops, the purpose of which is not self-sufficiency, but money as an end in itself.

It has been thought that Aristotle was blind to the developing monetization of the economy and to the forces driving towards commercial trading. Undoubtedly, he did not understand what possible good these could do, and was utterly out of sympathy with commercialism. Yet the view that his attitude was futile is erroneous. His understanding of the limitation of the contemporary economy proved a crucial factor in the history of polis culture for centuries to come, and was not refuted but rather confirmed by Hellenism, which anchored in the good life tradition of the polis. The magistracies, the boule, the ecclesia, the juries, the democratic suffrage and public support system, the gymnasium, the theatre were its mainstay.

Maybe it is the disquieting implications of a good life philosophy which made Galbraith's "Affluent Society" a best seller, semi-consciously sustained by the fast changes of cultural scene in whole continents in our day.

The flash to illuminate our subject, may be sparked by returning to Galbraith, after having trained our eyesight on Aristotle's vistas. What is the good life in an industrial society? Once the crankshaft is broken, no tinkering with the gearshifts or the parking lights will suffice. The job of the intellectual and expert is to re-explore the theoretical situation, not to streamline irrelevant reassurances. Moral and philosophical questions are posed.

Three cardinal considerations enter. First, our culture employs a technology of efficiency, infinitely more complex than that of fourth century Greece. Secondly,

the totalitarian or conformist tendency inherent in a technology of mass production and mass communications makes freedom the issue of the good life. Thirdly, the significance of money for efficiency and for freedom is the decisive intellectual advance over Aristotle. That of the symbolic systems - language, writing, measurement, etc. - the system and device of money has been not sufficiently understood appears now clear to us. At both poles of the problem, efficiency and freedom, the money device is indispensable. For freedom of consumption, i.e., of individual choice this is generally recognized. But as a vehicle of finance it may be gaining a similar importance for society as a whole. The relating of production to the other, vital spheres of human society that have been starved, may depend on finance for the channeling of economic means into the culture spheres of education, government, defence, health and communication, travel and research, art and taste, nature and privacy.

The program of freedom: I. Accountancy of production and finance emerges as a major problem of economic science. The costs of freedom may take on two very different forms: on the material goods and services required by our human and libertarian needs; of the lessening of efficiency which may be carried into the economic process.

The dethroning of efficiency as a unique diremptive principle is inevitable in a free society. Only in competition with other aims, values and ideals can efficiency be accepted.

II. Ratiocination should not stop here. To carry freedom into the industrial field itself should be given thought. An extension of the realm of freedom from the political and purely intellectual field into that of everyday life is the demand.

a. The extension of the principle of conscientious objection is valid not only for the convinced pacifist in wartime, wherever compulsion or semi-compulsion is employed as it is in the field of industry with its unified directions and discipline.

in technological production, and is vital there to even a minimum efficiency, the libertarian principle of the "hardship case" must be recognized. There must be for the deviant a choice of a bona fide second best, not set as a subterfuge for victimization, but as a protected niche which offers a genuine alternative. If only in a thousand recurs to it, -- the society as a whole benefits immeasurably by the climate of freedom thus instituted.

b. Habeas corpus extended to industry shall permit the constitutionalization of the rights of unionized labour by vesting ultimate industrial freedom in the person of the worker, -- effective against the corporation itself after other remedial means have been exhausted. All-round protection by the Courts against abuse of corporate power of a representative character.

c. Room in labour contract of differential needs of individuals in regard to arbitrary freedom, for instance, free days with or without compensation or compensated by additional out-of-routine services. Such a recognition by employers and unions would give the very need for freedom in the individual's life an indispensable status.

d. Efforts to adapt technology to human needs through a minimal loss of efficiency to be caused by freedom in industry.

e. Extension of market-free areas from government, corporation and union to the social strata of educational, defence, medical and artistic dedications.

It has been asked recently:

Why compete in terms of efficiency with new countries, primarily needful of the material affluence which the West has achieved? Why not instead set the good life of a new and more human culture as the aim?

ARISTOTLE AND GALBRAITH ON AFFLUENCE

The undoubted success of Galbraith's book should give food for thought. It arouses less enthusiasm than its electrifying message - farewell to poverty - would make one expect. There is no ringing of bells: "Lo! The age of abundance has come!" To begin with, there is doubt about the truth of the message. In spite of the alleged affluence, people find it as hard as before to make both ends meet. This, of course, is not^a true paradox; it falls under the trivial ambiguity of the subjective and the objective meanings of a word. But quite apart from a rational reluctance of acclaiming abundance as long as budgets refuse to balance, there is in play a quite different and more deeply seated emotional damper, namely, fear of the unknown. The mere proclaiming of affluence - though we prefer to deny this - carries disturbing psychological implications. Poverty was our oldest companion, how are we going to live without it? No more radical change ~~could~~ could have come to challenge our accustomed way of life.

It is here in the field of what one might call the philosophy of life that the key to its success should be sought. What makes Galbraith's book an event that at the mere mention of material affluence our moral world is shaken in its stability? Only remove, in thought, the imaginary shackles of poverty - and we experience a stark shock of unpreparedness. Take Galbraith's message a la lettre, and in the ~~year~~ year 1959 we may have to decide what we are going to do with our new freedom. What dare we as a collectivity wish if our wishes are self-fulfilling? And what dare as a collectivity we do, once we are free to do anything? Unwittingly, we have been loitering at a crossroads. Our suppressed fears of indigence on which our Puritan discipline solidly rested are catching up with us. They call to mind the futility of much of the excuses we are used to making when putting off the decision of entering on a fuller life.

Anyway, as long as poverty was supreme, that decision was not urgent. After all, we could feel safe. Malthus and Ricardo some time ago had decreed the iron law of wages, which made sure that indigence could not disappear from society as long as the population was bound to press upon food supply. Only recently William Sumner, the

prophet of Yale, laid it down that "Poverty is Nature surviving in Society". He still relied on economists who believed that abstinence of the rich and starvation of the poor were the founts of capital accumulation, and that only sweating enforced by the laws of competition could relieve our dearth of capital. Even Karl Marx, whom a healthy suspicion of Malthusian doctrine should have made safe against the myth of inescapable poverty, was deluded by the scenes of mass destitution to the point of accepting some substitute of the iron law of wages. Neoclassical theory since Menger defined economies as the allocation of scarce means. That sounded reassuring.

Admittedly, such sardonic overtones - similarly to utopian ones - take us to the verge of that psychological, and - almost - metaphysical range where scientific analysis is bound to reach its limits. All too easily the argument shifts from factual and logical grounds to the nebulous realm of the moral and philosophical. It must seem therefore somewhat strained to seriously analyze Galbraith's impact on the general public, and even more so to invoke Aristotle's ghost from its scholastic slumbers for a spectral dialogue between these two authors on the moral aspects of economics.

This, however, is not quite the view to be taken here. Rather, it is submitted that the interest aroused by Galbraith's book is due less to its importance for economic theory, or for economic policy than precisely to some broader - moral and philosophical - implications of the way he poses the problem. This should emerge, as I hope, more clearly from a discussion of critical views propounded some twenty-five centuries ago, by Aristotle. His emphatic disagreement with Solon's views on affluence uttered some two and a half centuries earlier is the classical passage. We will come to it presently.

There is no intention to impose a pedantic parallel on Aristotle's and Galbraith's respective approaches to the questions mooted here. Such an attempt would be wildly anachronistic and substantively indefensible. The technologies of their periods differ as sharply as can be. And Galbraith's remarks on an unregulated market system relate to an economic organization that in Aristotle's time was not existent.

Yet Aristotle's and Galbraith's elaborations are comparable, logically and

structurally, at three points: their purpose is economic criticism, hence they comprise a normative principle of society in regard to the society of which the economy forms a part, and a theory of wants and needs to link the society with the economy. Galbraith fixes on full employment as the normative criterion of a modern industrial society and his criticism of our unregulated market system culminates in the that it distorts the order of wants and needs (confer his "dependence effect" and "theory of social balance"). Aristotle's concept of society, broader and more basic, is that of a community which creates the good life, that is, which satisfies not only the requirements of bare animal life but more than that. This ^{is the} framework of his criticism of kapelike - commercial trading - in Book I of Politics, and Book V of Nicomachean Ethics.

Hence the striking similarities between our Authors' argumentations. To reap the benefit of the comparison they should be neither unduly pressed nor should they be underrated.

Let us have a look at Galbraith's argument. His dominant postulate in regard to industrial society is that of a full (or near full) employment. This postulate is presented as a politico-moral norm of a fundamental order. The distinction between norm and fact is swept away in the name of an allegedly general empirical acceptance of the norm as constitutive to our age. Analogies to such creative axioms offer as with Rousseau who proclaimed society to owe its existence to some kind of freely concluded contract between individuals who have their being in the state of nature, or, previously, with Hobbes - in an opposite sense - who declared society to consist of free individuals, ready to devour one another. For Galbraith, the postulate of full employment governs the organization of production and distribution. Production must be kept on a maximum level, lest employment fall off; profitable distribution however, involves a ceaseless pressure towards the creation of corresponding wants and needs. Eventually, wants and needs are made artificially to adjust to the requirements of full employment. This is the core of Galbraith's criticism of a socially unbalanced market system.

Aristotle's economic philosophy, as already noted, hinges on the concept of the human "community", and criticises some of the contemporary developments mainly in regard to money and commercial trade as contrary to the "good life". Community (koinonia) and good life (eu zen) are then the pillars of the theorem. Koinonia - on whatever level we meet it - is the essence of the human group in its positive aspects. It is maintained by a kind of good will (philia) obtaining between the members. Every koinonia has its philia. It is expressed in reciprocating, that is, doing things "in turn", sharing the necessaries as well as carrying the burdens mutually. Man's natural wants and needs, again, epitomized in the "good life" (eu zen), that is, the ways in which men in community seek a life over and above the elementary requirements of animal life (zen). His criticism was directed against what he called kapelike, which was no else than making money in commercial trading. The use of the word with Aristotle is rather puzzling. The city state (polis) had, since ancient times possessed an agora but this was no more than a place for the retailing of fresh food, cooked or uncooked. There was neither wholesaling, nor credit, nor arbitrage. No general concept of a supply-demand-price mechanism nor the institution that embodied it, was known. The kapeles, a modest huckster, was despised for two reasons. First, because he sold things for more than he had paid for them; secondly, because he remained nevertheless poor. But by the middle of the 4th Cty. citizens in good standing were frankly making money in trade. To Aristotle this appeared as unnatural, almost scandalous; it was hucksterism written large. It certainly did not deserve social acclaim. This unnatural form of trade which transcended autarky, so Aristotle charged, arose out of the wrong use of money, accompanied by a distortion of the good life deflecting it from interest in an exciting and satisfying public activity to a false urge of having more and more of everything. For money differs from other goods in that it is an end in itself, and under the sway of a utilitarian value scale the craving for money is boundless. Yet apart from the necessaries, the objects money can buy do not form part of the good life.

Pericles' Funeral Oration, is an epitome of Aristotle's good life. Even an hundred years later the normal day of the Athenian citizen reflected his service on

mass juries, in various offices held in turn, canvassing and electioneering, putting motions in the Assembly, participating in the festive processions, in the national games, in day-long theatre performances, apart from business transactions, professional dealings, sporting events and public discussions in the streets and squares in surroundings resplendent with the beauty of public buildings, an endlessly varied sequence of activities, sometimes highlighted by the thrill of campaigns and seamanship in naval combat.

To sum up the structural parallel: Galbraith's refreshing attacks on "conventional wisdom" are not quite so inconsequential as they must appear to the traditional economist of our days. Logically Galbraith removed the very basis of economic analysis, maybe without being quite conscious of the fact. By relating production pressure to full employment, and not directly to aggregate demand, he disconnected the crankshaft since under a market system production and distribution too hinge on aggregate demand. Galbraith thus destroys outright the accepted concept of human wants and needs as it has been developed through market analysis. Yet no other theory of wants and needs exists in the range of economics.

As to Aristotle, in the absence of a market system our analysis of wants and needs did not occur to him. The concepts of supply and demand are foreign to Greek thought and literature. We can, of course, find references to resources as well as to requirements, but their relating through price is unknown. Changes of equivalencies - of fixed rates - happened of course, and in one or two known cases we know they happened as if a market mechanism had been in action. But as a matter of fact, no price making markets had as yet been instituted.

Aristotle, then, ignored market analysis because he knew it not. Galbraith ignores it, because the postulate of full employment breaks the link between production and market-expressed wants and needs - unless we include reverse action, and allow the market mechanism directly or indirectly to press on wants and needs.

We are now ready to look into the different, and yet not so different ways, in which Aristotle and Galbraith, respectively, reached the conclusion, that the restoration of the concept of the good life is the key to the solution. Both writers attempted to point up the causes which reduced the good life to an aggregate of mere utilitarian want-satisfaction. Aristotle's analysis may prove the more thorough of the two. If so, we will try to apply the insight thus gained to improve on Galbraith's formulae. We may then have to add to his concept of the good life the truly modern requirement of a deepening and broadening of freedom in an industrial society. We must be careful however, not to associate ourselves unduly with some of Aristotle's time-bound preferences.

Aristotle~~s~~ like Galbraith, starts with an attack on "conventional wisdom". Solon had justified things as they are by singing "but of riches no bounds have been fixed to man." The word is plutes - treasure, heirloom, valuables, the vaygu'a of the Trebrianders. Aristotle contemptuously rejects the notion of boundless human wants and needs. Why, he says, true riches in the economy are no else than the chremata - the "necessaries of life, which keep". Neither the family, nor the polis, that is, the city-state, needs unlimited amounts of them. The staples here meant are grain, oil, and pieces of useful metals. Not abstract individual cravings are meant, but culturally defined wants, as anthropology and psychology understand them (which again implies concrete instituted norms). Remember Hobbes' ridiculing of the "freedom of the wild ass" which exists only in the desert? Aristotle similarly calls the non-political man, quoting Homer, "clanless, lawless, hearthless," Here is the passage: "It is clear, therefore, that the polis is also prior by nature to the individual...A man who is incapable of entering into community of who is so self-sufficing that he has no need to do so, is no part of the polis, so that he must be either a lower animal, or a god."

In Aristotle's logic, of course, means are always limited by ends - tools, serving a purpose, are limited by their purpose. Hence he concludes that the

Three cardinal imperatives:

First, our culture and technology of efficiency, infinitely more complex than that of fourth century Greece.

Secondly, the totalitarian or conformist tendency inherent in such a technology of mass production and mass communication make freedom a prime issue of the good life.

Significance of money

both for efficiency and freedom. With the crucial importance of money, both for efficiency and freedom is the

and accountability and importance advance over Aristotle. That with caution, knowledge and judgment we have to consider the meaning of the fact that the good life in an industrial society ^{direction} is ~~concerned~~ to be ~~for~~ ~~the~~ ~~purpose~~ ~~of~~ ~~our~~ ~~economy~~ ~~production~~ ~~has~~ ~~is~~ a matter of deliberation. ~~For~~ ~~unexplained~~ reasons.

(a) That ~~at the same time~~ the need for freedom — both freedoms in the sense of civil liberties and an even more basic need for freedom in an industrial society as a ~~ridiculous~~ ~~of~~ ~~the~~ ~~conformity~~ ~~pressure~~.

That of all symbolic systems — speech, writing, measurement etc the symbolic systems and operational devices of MONEY has been ~~NOT~~ ~~sufficiently~~ ~~understood~~. Both for efficiency and freedom of consumption. ~~It is vital~~

indispensable

It may even be that in an other way — as the vehicle — of finance it is gaining a ^{new} ~~similar~~ ~~importance~~. For the freedom we desire in the economy is NOT only for consumption — i.e. individual choices — but the relation of production to the other vital spheres that have been ~~stalled~~ depends on finance — the channel

of economic meaning into the cultural spheres of

March 13/59

ARISTOTLE ON AN AFFLUENT SOCIETY

I intend to use, John Galbraith's best seller, "The Affluent Society", to popularize Aristotle's views on very similar subjects.

To bridge the gap I will approach the matter from an oblique angle. Why, I ask myself, is Galbraith's book so successful though economists seem agreed that theoretic-ally it brings no advance, and politicians hold that its policy proposals are by no means new? I submit that contrary to current views it is above all the ^{nowadays} moral issues that attract the interest of the general reader, an opinion which brings me straight in line with Aristotle's assessment of the human economy in Book I of his "Politics" and Book V of his Ethics.

Fashionable utilitarian psychology had of course a ready answer to Galbraith's success which safely buries the issue. Interest in moral problems in regard to the economy springs from wishful thinking. If true, such a utilitarian view would indeed explain why the general public acclaims the author's discovery that affluence is already with us. Yet emotionally Galbraith's Farewell to poverty had a mixed reception. There was no ringing of bells "Lo! The Age of Affluence has come." The sales success was not accompanied by any signs of public rejoicing. To begin with there was the doubt about the truth of the message. In spite of the alleged affluence, people found it as hard as before to make both ends meet. This, of course, was not a true paradox; it belongs to the trivial ambiguity of words ~~that~~ ~~carries~~ like wealth or height that carry both an absolute and ~~in~~ a relative meaning. But quite apart from a rational reluctance of acclaiming ^a collective abundance as long as industrial budgets refuse to balance, there is also a quite different, an emotional danger, namely, fear of the unknown. The mere proclaiming of affluence - it would be vain to deny this - carries disturbing psychological implications. Poverty was our oldest companion, how are we going to live without it? No more radical change could have come ~~than~~ to challenge our accustomed way of life.

It is then, as we said, in this field of what one might call the philosophy of life that the key to its success should be sought. What makes Galbraith's book an event is that at the mere mention of material affluence our moral world is shaken in its stability. Only remove, in thought, the imaginary shackles of poverty - and we experience a stark shock of unpreparedness. Take Galbraith's message a la lettre, and in the very year 1959 we may have to decide what we are going to do with our new freedom. What dare we wish if our wishes are self-fulfilling? And what dare we do, once we are free to do anything? We may discover ^{that} unwittingly, we have been loitering at a crossroads. Our suppressed fears of indigence on which our Puritan discipline solidly rested are catching up with us. They call to mind the futility of much of the excuses we are used to making when putting off the decision of entering on a fuller life. Ultimately they all rest on the central excuse that we cannot afford it.

Anyway, as long as poverty reigned supreme, that decision was not urgent. Malthus and Ricardo a long time ago had decreed an iron law of wages, which made sure that indigence could not disappear from society since the population was bound to press upon food supply. Only recently William Graham Sumner, the prophet of Yale, laid it down that "Poverty was Nature surviving in Society". He still relied on economists who believed that abstinence of the rich and starvation of the poor were the founts of capital accumulation, and that only sweating enforced by the laws of competition could relieve the dearth of capital. Even Karl Marx, whom a healthy suspicion of Malthusian doctrine should have made safe against the myth of inescapable poverty, was deluded by the scenes of mass destitution to the point of accepting some substitute of the iron law of wages. Neoclassical theory since Menger defined economies as the allocation of scarce means. That sounded reassuring.

Admittedly, such sardonic overtones - similarly to utopian ones - will take us to the verge of that psychological, and - almost - metaphysical range where scientific analysis is bound to reach its limits. Are goods scarce by definition or can ~~then~~ it be said that universal scarcity is capable of empirical proof? And,

if not, what can philosophical considerations contribute to the solution of economic problems? It must seem therefore somewhat strained to seriously analyze Galbraith's impact on the public, and even more so to invoke Aristotle's ghost for a spectral dialogue between these two authors on the moral aspects of economics.

This, as you know, is not the view to be taken here. Rather, it is submitted that the interest aroused by Galbraith's book is due much less to its importance for economic theory, or even for economic policy than precisely to some broader - moral and philosophical - implications of the way he poses the problem. This will emerge, as I hope, more clearly from a discussion of critical views propounded some ~~twenty~~ twenty-five centuries ago, by Aristotle. His emphatic disagreement with Solon's views on affluence uttered some two and a half centuries earlier is the classical passage. We will come to it presently.

There is certainly no intention to impose a pedantic parallel on Aristotle's and Galbraith's respective approaches to the questions mooted here. Such an attempt would be wildly anachronistic and indeed perhaps somewhat out of proportion. The technologies of their periods differ as sharply as can be. And Galbraith's remarks on an unregulated market system relate to an economic organization that in Aristotle's time was not existent.

Yet Aristotle's and Galbraith's elaborations are formally comparable. Their purpose being economic criticism, they imply some view of the society that the economy serves and also a view of ~~the~~ the wants and needs that link the economy with the society. Galbraith starts from full employment as the criterion of a modern industrial society and his strictures on our unregulated market system culminate in the charge that it distorts the order of wants and needs. Aristotle's concept of society, broader and hence more basic, is that of a community that eventually creates the good life, that is, which in the state satisfies not only the requirements of bare animal existence but more and differently that. This is the framework of his criticism of commercial trading in Book I of Politics. At first sight the analogies seem somewhat vague. Nevertheless the comparison may

be useful as long as it is not unduly pressed, nor underrated.

Let us have a look at Galbraith's argument. He postulates that an industrial society offers full (or near full) employment. This with him is a politico-moral norm of a fundamental order. The distinction between norm and fact is swept away in the name of an allegedly general acceptance of the norm in our age. Analogies to such pseudo-empirical axioms offer with Rousseau who proclaimed society to owe its existence to some kind of freely concluded contract between individuals having their being in the state of nature, or previously, with Hobbes - in an opposite sense - who ~~declared~~ declared society to consist of free individuals, eager to devour one another. For Galbraith, the postulate of full employment governs conjointly the organization of production and distribution in our modern society. Production must be kept on a maximum level, lest employment fall off; distribution then involves a permanent pressure towards the creation of corresponding wants and needs, i.e., such as will be satisfied by the goods produced at the prices required to clear the market. To achieve this, wants and needs have eventually to be adjusted to the requirements of full employment. This is the core of Galbraith's criticism of an unregulated market system.

Aristotle's economic philosophy hinged on the concept of the human community, and criticised the nascent commercial trade as contrary to the "good life". Community (koinonia) and good life (eu zen) are the twin pillars of the theorem. Koinonia - on whatever level we meet it - is of the essence of the human group in its positive aspects. Community is maintained by a kind of good will (philia) obtaining between the members. Every koinonia has its philia which is expressed in reciprocating behavior, that is, doing things "in turn", sharing the necessities as well as carrying the burdens mutually. Man's natural wants and needs, again, are epitomized in the "good life" (eu zen), that is, the ways in which men in community seek a full life over and above the elementary requirements of animal life (zen). Aristotle's criticism was directed against what he called kapelike, which was no else than money making in commercial trade. The use of the word kapelike with Aristotle is rather puzzling. The city state (polis) had, since ancient times possessed a market place

(agora) but this was no more than a place for the retailing of fresh food, cooked or uncooked. There was neither wholesaling, nor credit, nor arbitrage. No concept of a supply-demand-price mechanism nor the institution that embodied it, was known. The kapelos, a modest huckster, was despised for two reasons. First, because he sold things for more than he had paid for them; secondly, because he remained nevertheless poor. But by the middle of the 4th cty. citizens in good standing were frankly making money in trade. ~~XXXXXXXXXXXX~~ To Aristotle this appeared as unnatural, almost scandalous. Certainly it did not deserve social acclaim. It was simply hucksterism written large. This unnatural form of trade which transcended autarky, so Aristotle charged, arose out of the urge of money making accompanied by a distortion of the good life which was deflected from exciting and satisfying public activities to a craving for material goods - more and more of everything. It follows that under the sway of a utilitarian value scale the craving for money is boundless.

Pericles' Funeral Oration contains an epitome of Aristotle's good life. Even an hundred years later the normal day of the Athenian citizen reflected his service on mass juries, in posts and offices held in turn, canvassing and electioneering, putting motions in the legislature, participation in festive processions, attending the national games, and day-long theatre performances, apart from business transactions, professional dealings, sporting events and discussions in the streets and squares often resplendent with the noble beauty of public buildings - an endlessly varied sequence of civic activities, highlighted by the thrill of campaigns and the excitement of seamanship in naval combat.

Logically Galbraith removed the very basis of economic analysis, maybe without being quite conscious of the fact. By putting production under the postulate of full employment, he disconnected the crankshaft of the analytical machinery since under a market system production and distribution are functions of demand. Galbraith thereby destroyed the concept of human wants and needs as developed in market analysis. Yet no other definition of wants and needs exists in the range of economic theory.

As to Aristotle, in the absence of a market system our analysis of wants and needs was not available to him. The correlatives supply and demand are foreign to Greek thought and literature. References to resources as well as requirements are frequent, but their relating through price is unknown. When changes of equivalencies - fixed rates - happened of course, and in one or two cases on record we know that the changes took place as if a market mechanism had been in action. As a matter of fact, no price making markets had as yet been instituted, and equivalencies were altered by the same institutional procedure by which these had been established in the first place.


Aristotle, then, ignored market analysis because he knew it not. Galbraith ignores it, because the postulate of full employment governs production and this direct link between production and market-expressed wants and needs is broken - unless we include reverse action, and allow production to shape wants and needs, instead of the other way round.

We are now ready to compare the ways in which Aristotle and Galbraith offer the concept of the good life as the key to their problems. Aristotle's analysis may prove the more ~~thorough~~ thorough of the two. If so, we will apply the insights thus gained to improve on Galbraith's formulae.

Aristotle-like Galbraith - starts with an attack on "conventional wisdom". Solon - whose economies were by that time older than Adam Smith is today - had justified things as they are by singing "but of riches no bounds have been fixed to man". The word for riches is plutos - treasure, heirloom, valuables, the vaygu'a of the Trobrianders. Aristotle contemptuously rejects the notion of boundless human wants and needs. Why, he says, true riches are no else than chremata - "necessaries of life that keep". Neither the household, nor the polis (that is, the city-state), needs unlimited amounts of them. The staples Aristotle had in mind are grain, oil, and base metals. Not abstract individual cravings are referred to, but culturally defined wants, as anthropology and modern psychology understand them (which again implies concrete instituted norms). Remember Hobbes' ridiculing of the "freedom of the wild ass" which exists only in the desert? Aristotle calls the non-political

man, quoting Homer, "clanless, lawless, hearthless." "It is clear, therefore", he says, "that polis is also prior by nature to the individual...A man who is incapable of entering into community of who is so self-sufficing that he has no need to do so, is no part of the polis, so that he must be either a lower animal, or a god."

In Aristotle's logic as we know, means are always limited by ends - tools which as such serve a purpose, are limited by that purpose. Hence he was permitted to conclude that the introduction of money and monetary gain must unsettle the concept of the good life and reduce it to utilitarian items. Since money is an end in itself, the craving for it is not limited by any definite end. And once money is accepted as the means of acquiring more and more enjoyable things the idea of the good life is perverted. While originally trade is "natural", serving only self-sufficiency, with the entrance of money making commercial trade develops, the purpose of which is not self-sufficiency, but money as an end in itself.



introduction of money and monetary gain must unsettle the concept of the good life, and reduce it to utilitarian items.

Money is an end in itself, and craving for it is therefore limitless. Once accepted as the means of acquiring more and more enjoyable things the idea of the good life is perverted. While originally trade is "natural", serving only self-sufficiency, with the entrance of money-making commercial trade develops, the purpose of which is not self-sufficiency, but money as an end in itself.

It has been thought that Aristotle was blind to the developing monetization of the economy and to the forces driving towards commercial trading. Undoubtedly, he did not understand what possible good these could do, and was utterly out of sympathy with commercialism. Yet the view that his attitude was futile is erroneous. His understanding of the limitation of the contemporary economy proved a crucial factor in the history of polis culture for centuries to come, and was not refuted but rather confirmed by Hellenism, which anchored in the good life tradition of the polis. The magistracies, the boule, the ecclesia, the juries, the democratic suffrage and public support system, the gymnasium, the theatre were its mainstay.

Maybe it is the disquieting implications of a good life philosophy which made Galbraith's "Affluent Society" a best seller, semi-consciously sustained by the fast changes of cultural scene in whole continents in our day.

The flash to illuminate our subject, may be sparked by returning to Galbraith, after having trained our eyesight on Aristotle's vistas. What is the good life in an industrial society? Once the crankshaft is broken, no tinkering with the gearshifts or the parking lights will suffice. The job of the intellectual and expert is to re-explore the theoretical situation, not to streamline irrelevant reassurances. Moral and philosophical questions are posed.

Three cardinal considerations enter. First, our culture employs a technology of efficiency, infinitely more complex than that of fourth century Greece. Secondly,

- 8 -

the totalitarian or conformist tendency inherent in a technology of mass production and mass communications makes freedom the issue of the good life. Thirdly, the significance of money for efficiency and for freedom is the decisive intellectual advance over Aristotle. That of the symbolic systems - language, writing, measurement, etc. - the system and device of money has been not sufficiently understood appears now clear to us. At both poles of the problem, efficiency and freedom, the money device is indispensable. For freedom of consumption, i.e., of individual choice this is generally recognized. But as a vehicle of finance it may be gaining a similar importance for society as a whole. The relating of production to the other, vital spheres of human society that have been starved, may depend on finance for the channeling of economic means into the culture spheres of education, government, defence, health and communication, travel and research, art and taste, nature and privacy.

The program of freedom: I. Accountancy of production and finance emerges as a major problem of economic science. The costs of freedom may take on two very different forms: on the material goods and services required by our human and libertarian needs; of the lessening of efficiency which may be carried into the economic process.

The dethroning of efficiency as a unique directive principle is inevitable in a free society. Only in competition with other aims, values and ideals can efficiency be accepted.

II. Ratiocination should not stop here. To carry freedom into the industrial field itself should be given thought. An extension of the realm of freedom from the political and purely intellectual field into that of everyday life is the demand.

a. The extension of the principle of conscientious objection is valid not only for the convinced pacifist in wartime, wherever compulsion or semi-compulsion is employed as it is in the field of industry with its unified directions and discipline

in technological production, and is vital there to even a minimum efficiency, the libertarian principle of the "hardship case" must be recognized. There must be for the deviant a choice of a bona fide second best, not set as a subterfuge for victimization, but as a protected niche which offers a genuine alternative. If only in a thousand recurs to it, -- the society as a whole benefits immeasurably by the climate of freedom thus instituted.

b. Habeas corpus extended to industry shall permit the constitutionalization of the rights of unionized labour by vesting ultimate industrial freedom in the person of the worker, -- effective against the corporation itself after other remedial means have been exhausted. All-round protection by the Courts against abuse of corporate power of a representative character.

c. Room in labour contract of differential needs of individuals in regard to arbitrary freedom, for instance, free days with or without compensation or compensated by additional out-of-routine services. Such a recognition by employers and unions would give the very need for freedom in the individual's life an indispensable status.

d. Efforts to adapt technology to human needs through a minimal loss of efficiency to be caused by freedom in industry.

e. Extension of market-free areas from government, corporation and union to the social strata of educational, defence, medical and artistic dedications.

It has been asked recently:

Why compete in terms of efficiency with new countries, primarily needful of the material affluence which the West has achieved? Why not instead set the good life of a new and more human culture as the aim?