

A New, Blue, Cheerless

Whether or not they like John Kenneth Galbraith's *The New Industrial State*, reviewers agree that the book will have important impact. Past performance supports the expectation. For more than 20 years Galbraith's views of U.S. society have been influential in shaping attitudes of intellectuals. In 1958, with *The Affluent Society*, he broke through to a wider audience. Today Galbraithian notions circulate within movements of social protest and, more significantly, contribute to the vague uneasiness and self-distrust that befog the American scene.

In tone, his new book is quietly, ingratiatingly plausible, a soft sell lightened by flashes of donnish humor and flights of hyperbole. The unwary reader who does not keep a sharp eye on Galbraith's manipulation of such words as "control," "manage," "power" and "plan" may find himself stuck with a very large bill of goods, some of which is true but not new and more of which is new but not true.

Galbraith, an economist, assaults the accepted principles of economic theory. The facts of business today, he says, no longer permit the assumption that economic decisions are made through a free market where competing entrepreneurs, each trying to maximize his profit, vie for the favor of the "sovereign" consumer. According to Galbraith, the outworn myth of the market is kept alive to mask an uglier reality. The mainstream of economic life is now coffered against disturbing tides of supply and demand. Technology, determining the shape of the industrial state, requires huge planning units. The five or six hundred largest corporations

control their markets, deciding what products they will sell in what quantities and at what prices. The consumer, dethroned, is "managed" by advertising and other arts of merchandising strategy. The stockholder has little influence.

Power, to Galbraith, is concentrated in the group, usually called management, which he names "the technostructure." It does not seek greedily to maximize profits, for it has darker desires: to survive, to grow and to father yet more technological advances. This Galbraith abhors, as earlier moralists of austerity abhorred the World, the Flesh and the Devil.

The Galbraithian construct is achieved by a single-minded concentration on those 20th Century changes that fit his case. Among many trends he ignores: managers are increasingly sensitive to declines in the market price of their corporation's stock—a very real kind of stockholder influence; the intensifying business effort to cut cost and improve product indicates that competition is lively and that the consumer is regarded with respect and even fear; rising income has vastly increased the consumer's range of choice and, thereby, increased his relative power.

This last trend Galbraith stands on its head in an astounding sentence: "The further a man is removed from physical need the more open he is to persuasion—or management—as to what he buys." The movement from necessity to persuasion is surely an enormous advance on the scale of freedom, but Galbraith, by inserting "or management," suggests that coercion of the consumer has increased. Here as

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elsewhere he discloses a conservative preference for the necessitous past and against the prosperous present.

Modern corporations do indeed plan strenuously, and with increasing skill. Frequently the planning of one corporation thwarts that of another. It is very doubtful that their efforts will ever get them back to the position of security and market power enjoyed by most firms a century ago when local monopolies were common and the miller did not fear the competition of the shoemaker. The race is more open now and the pace faster.

Galbraith hopes that "the educational and scientific estate" will take a political lead in slowing the rate of growth that the technostructure has imposed on U.S. government and business. Wistfully, he recalls that in 1939 the U.S. had what was then regarded as a high level of income. By now, we could have cut the work week in half while maintaining the 1939 income levels. Instead, we doubled the living standard. Galbraith's kind of planning would slow the pace of material progress in favor of esthetic and other goals he deems superior. If, as he contends, U.S. society is already planned and managed, this would merely be a shift of power from one elite group to another. That's why the "if"—Galbraith's premise—should be cautiously scrutinized.

The truth is that markets are now more competitive than they ever were, that the range of consumer choice is increasing, that power is more and more widely distributed and that this society—belatedly, perhaps—is tackling the problems that lie beyond material progress.