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The Problem of Affluence: The Affluent Society

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THE PROBLEM OF AFFLUENCE

THE AFFLUENT SOCIETY. By John Kenneth Galbraith. Houghton Mifflin Co. Boston. 1958. Pp. xii, 368.

A book on economics that makes the best-seller list is unusual indeed. This book deserves its high position in the best-seller list, both because of the way it is written and because of its analysis of the current situation in the western world, or at least in America. This Harvard economist presents the situation thus: an affluent society is one where the age-old problems of poverty, income inequality and insecurity are no longer problems. Production has been so well developed that the problem of scarcity consists not in *how* to supply needs but *which* need to supply. There is enough food, clothing and shelter for everybody. Those who are "poor" are only relatively so. Rather, there are the rich, the less rich, and the least rich. Security of job and income, insurance against old age, sickness, accident and death, and even the farmer's protection against an excessive decline in the price of farm products—those have come to be considered rights, no longer privileges. Despite this affluence, however, people are still pre-occupied with production. And since man's absolute needs have been met, production can only be increased by creating new needs. Production, then is no longer a means to satisfy a need. It is the other way around: needs are created to satisfy production. We do not produce to consume; we consume in order to allow more production.

This phenomenon was illustrated during the recent recession. The automobile industry's slogan was: "You auto buy now." That meant: you ought to buy a car now, not because you need a car, but in order to keep the car manufacturers busy at work. In this way, production remains at high level in Detroit, and employment will also remain at high level. The same attitude was reflected in Eisenhower's forceful (but less witty) advice to the American public: "Buy, buy, buy!" This state of affairs Galbraith calls the "dependence effect," and to it he attributes the cause of many problems of the affluent society. Thus, economic thinking is anachronistic, and it is anachronistic because of what he calls "conventional wisdom": the frame of mind which indiscriminately accepts the solutions of the past to the new problems of an ever-changing present.

The "dependence effect" (the key concept in the book) has created the need of increasing pressure from advertising and consumer credit, since consumer "needs" have to be induced. This results in great waste, for the main role of advertising is to create unnecessary wants. This accelerates the rise and fall of the economy due to the increase in consumer credit during inflationary booms, and the decrease in it during deflationary drops. Moreover, in emphasizing private goods, the "dependence effect" has neglected public goods. "The family which takes

its mauve and cerise, air-conditioned, power-steered and power-braked automobile out for a tour passes through cities that are badly paved, made hideous by litter, blighted buildings, billboards, and posts for wires that should long have been put under ground." (p. 253). Worse, the dependence effect has impeded the economy from providing itself with adequate margin for technological progress and a sound defense program. To solve the difficulty, Galbraith proposes a two-point program which includes the Cyclically Graduated Compensation, by which dependence of security on production may be broken, and an increased sales tax in order to correct the social imbalance between private and public goods.

Galbraith's analysis, basically sound, suffers perhaps from the overemphasis of exaggeration—as if the consumer's real wants no longer had any effect on the direction of production, or as if the consumers could not, by determined action, insist on buying the things they want, advertising pressure to the contrary (as happened in 1957 when consumers insisted on choosing the type of cars they wanted, not the type of cars most advertised.)

But Galbraith's book is interesting from a Southeast Asian economic point of view. Because national economies are isolated, there are affluent societies which have to create unnecessary wants despite the presence of other societies where the most elementary needs are not and cannot be supplied. A world economy perhaps is needed where production can be perpetually increased to meet the real needs of people everywhere.

ANTONIO V. AYALA

THE "PAGAN" RENAISSANCE

PAGAN MYSTERIES IN THE RENAISSANCE. By Edgar Wind.
Faber and Faber, Ltd. London. 1959. Pp. 230. 77 plates.

Not many students of the Renaissance will support M. Gilson's thesis that scholasticism and the 14th, 15th, and 16th century revival of interest in the classics are movements within the one Christian culture; but not a few modern scholars admit with him a positive influence upon the Renaissance by the much-maligned "Dark Ages." Historians not only of philosophy and of literature but also of art have published within the past three decades discoveries establishing conclusively a real and an organic relationship between the Middle Ages and the Renaissance. From definitely medieval traditions, indeed, have issued some of the peculiar characteristics of Renaissance culture. With