

John Kenneth Galbraith

THE
GOOD
SOCIETY

The Humane Agenda



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For Sissela and Derek Bok

The Good Society

AMONG THE GREAT NATIONS of the world none is more given to introspection than the United States. No day passes without reflective comment — by the press, on radio or television, in an article or book, in compelled and sometimes compelling oratory — on what is wrong in the society and what could be improved. This is also, if in lesser measure, a preoccupation in the other industrial lands — Britain, Canada, France, Germany, elsewhere in Europe and in Japan. No one can deplore this exercise; far better and far more informative such a search than the facile assumption that all is well. Before knowing what is right, one must know what is wrong.

There is, however, another, less traveled course of thought. That is to explore and define what, very specifically, would be right. Just what should the good society be? Toward what, stated as clearly as may be possible, should we aim? The tragic gap between the fortunate and the needful having been recognized, how, in a practical way, can it be closed? How can economic policy contrib-

ute to this end? What of the public services of the state, how can they be made more equitably and efficiently available? How can the environment, present and future, be protected? What of immigration, migration and migrants? What of the military power? What is the responsibility and course of action of the good society as regards its trading partners and neighbors in an increasingly internationalized world and as regards the poor of the planet? The responsibility for economic and social well-being is general, transnational. Human beings are human beings wherever they live. Concern for their suffering from hunger, other deprivation and disease does not end because those so afflicted are on the other side of an international frontier. This is the case even though no elementary truth is so consistently ignored or, on occasion, so fervently assailed.

To tell what would be right is the purpose of this book. It is clear at the outset that it will encounter a difficult problem, for a distinction must be made, a line drawn, between what might be perfect and what is achievable. This task and the result may not be politically popular and certainly not in a polity where, as I shall argue, the fortunate are now socially and politically dominant. To identify and urge the good and achievable society may well be a minority effort, but better that effort than none at all. Perhaps, at a minimum, the comfortable will be afflicted in a useful way. In any case, there is no chance for the better society unless the good and achievable society is clearly defined.

It is the achievable, not the perfect, that is here identified and described. To envision a perfect society has not in the past been an unattractive exercise; over the centuries it has been attempted by many scholars and not a few of the greatest philosophers. It is also, alas, a formula for dismissal. The predictable reaction is the statement that one's goals are "purely utopian." The real world has constraints imposed by human nature, by history and by deeply ingrained patterns of thought. There are also constitutional restraints and other long-established legislative procedures as well as the controls attendant on the political party system. And there is the fixed institutional structure of the economy — the corporations and the other business enterprises, large and small, and the limits they impose. In all the industrial countries, there is the firm commitment to the consumer economy — to consumer goods and services — as the primary source of human satisfaction and enjoyment and as the most visible measure of social achievement. There is also the even more urgent need for the income that comes from production. In the modern economy, a slightly bizarre fact, production is now more necessary for the employment it provides than for the goods and services it supplies.

Any useful identification of the good society must therefore take into consideration the institutional structure and the human characteristics that are fixed, immutable. They make the difference between the utopian and the achievable, between the agreeably irrelevant and the ultimately possible.

To define the achievable is the most difficult problem with which an essay such as this contends. It is also the most controversial. To call some urgently required action politically or socially impossible is the first (and sometimes the only) line of defense against unwanted change.

This book tells of the good society that is the achievable society. It accepts that some barriers to achievement are immobile, decisive, and thus must be accepted. But there are also goals that cannot be compromised. In the good society all of its citizens must have personal liberty, basic well-being, racial and ethnic equality, the opportunity for a rewarding life. Nothing, it must be recognized, so comprehensively denies the liberties of the individual as a total absence of money. Or so impairs it as too little. In the years of Communism it is not clear that one would wisely have exchanged the restraints on freedom of the resident of East Berlin for those imposed by poverty on the poorest citizens of the South Bronx in New York. Meanwhile, nothing so inspires socially useful effort as the prospect of pecuniary reward, both for what it procures and not rarely for the pleasure of pure possession it accords. This too the good society must acknowledge; these motivations are controlling.

As there are shaping forces, some deep in human nature, that must be accepted, so there are constraints that the good society cannot, must not, accept. Socially desirable change is regularly denied out of well-recognized self-interest. In the most important current case, the com-

fortably affluent resist public action for the poor because of the threat of increased taxes or the failure of a promise of tax reduction. This, the good society cannot accept. The seemingly decisive constraint here, in fact, is a political attitude that supports and sustains the very conditions that require correction. When it is said that some action may be good but is politically impractical, it must be understood that this is the common design for protecting a socially adverse interest.

It is the nature of privileged position that it develops its own political justification and often the economic and social doctrine that serves it best. No one likes to believe that his or her personal well-being is in conflict with the greater public need. To invent a plausible or, if necessary, a moderately implausible ideology in defense of self-interest is thus a natural course. A corps of willing and talented craftsmen is available for the task. And such ideology gains greatly in force as those who are favored increase in number. The pages that follow contend with but do not respect this broad tendency. Their purpose is to challenge it wherever, as is often the case, it stands against the larger and more urgent public need.

The Wider Screen

IN A BOOK published a few years ago,* I observed that in the rich countries of the world, and notably in the United States, there was a new political dialectic. Once there was employer versus employed; the capitalist, great and less great, versus the working masses, the latter in varying relationship with landlords, peasantry and in the United States the independent farmers. There was always effort to put the opposing interests in benign terms: the system as a whole served the interest of all; the overriding role of constitutional democracy protected liberties and ensured a reasonably peaceful resolution of the inherent differences; everything was for the best.

There was, nonetheless, conflict implicit in all reputable economic and political thought. It shaped the development of modern politics in the United States, Western Europe and Japan. On the one hand, there were the liberals, as they were called in the United States; the socialists and social democrats, as elsewhere they were named;

* *The Culture of Contentment* (Boston: Houghton Mifflin, 1992)

on the other, asserting or accepting the business interest, the conservatives. There were many variants in practical politics, concessions from one side to the other, often reluctantly extracted. Wider issues — peace and war, religious commitment, ethnic and racial equality — intruded. In the United States a large rural population helped to mellow the conflict. Always present, however, was the basic, the ultimate, dichotomy: capital versus labor. That, to repeat, was assumed in all political discourse and action.

Now it can be assumed no longer. The old dichotomy survives in the public psyche — the residue of its long and ardent history. But in the modern economy and polity the division is very different, and this is so in all the economically advanced countries. On one side, there are now the rich, the comfortably endowed and those so aspiring, and on the other the economically less fortunate and the poor, along with the considerable number who, out of social concern or sympathy, seek to speak for them or for a more compassionate world. This is the economic and political alignment today.

The rich and the well situated are now far more numerous and diverse than the erstwhile capitalist class, and they are also politically much more articulate. (The great capitalists were often slightly reticent as to their public role and interest.) The less favored are the poverty-stricken of the great cities, those who staff the service industries, the unemployable and the unemployed. And those who suffer from residual racial, gender or age dis-

crimination or who are recent and sometimes illegal immigrants. All are largely without political voice except as they are supported and represented by the considerable number in the more fortunate brackets who feel and express concern.

Here in briefest form is the modern political dialectic. It is an unequal contest: the rich and the comfortable have influence and money. And they vote. The concerned and the poor have numbers, but many of the poor, alas, do not vote. There is democracy, but in no slight measure it is a democracy of the fortunate.

A defining issue between these two groupings, as is well recognized, is the role of government. For the poor, the government can be central to their well-being, and for some even to survival. For the rich and the comfortable, it is a burden save when, as in the case of military expenditure, Social Security and the rescue of failed financial institutions, it serves their particular interest. Then it ceases to be burdensome and becomes a social necessity, a social good, as certainly it is not when the government serves the poor.

In the congressional and state elections in the autumn of 1994, there was a massive swing to the political right in the United States. The principal issue was the just mentioned role of government and its cost, always with the exceptions already noted. The victory was not quite as significant in quantitative terms as has sometimes been suggested. Fewer than half of those eligible went to the polls; the prevailing candidates won with slightly less than one quarter of the eligible vote. While *The Good*

Society had been under way for some time prior to the election, the outcome of the latter sharply affirmed the purpose of the book, which is to state in as clear terms as possible what should be the goal not for the fortunate but for all.

This may now seem outside the limits of the achievable as they were earlier discussed. One may be sure that those who define politics in terms of the seemingly practical will so believe and certainly so say. The trend of the time is in the opposite direction. Let romance not disguise reality: in the United States one influential part of the media defines as truth the currently popular political attitude.

This is to ignore a far deeper truth — to fail to appreciate the more fundamental thrust of history, which is greater than current action and reaction and has a controlling influence of its own. It is the pride of liberals and the political conviction of conservatives that they shape the social agenda; in fact, it is shaped by the deeper trends of history. To these there must be accommodation, and liberals, social democrats and those called socialists in the advanced countries have traditionally made or guided this accommodation. In consequence, to them has been attributed the larger change; some, indeed many, have taken credit therefor, and conservatives have all but universally awarded them responsibility and blame. But, in reality, it is history that is in control. The briefest look at the basic circumstances readily establishes the point.

Until the early decades of the present century the United States was predominantly a rural country. As late as the

Great Depression, approaching half of all gainfully employed workers were in agriculture. Many more were in small-scale merchant, service and other village enterprises. In this economic and social context there was no urgent need for Social Security, one of the great transforming steps of the time, for here the next generation looked after the last. Or from the sale of the farm or small business came the wherewithal, life expectancy being what it was, to support the relatively brief retirement. It was the longer life span provided by modern medicine but, more important, the rise of urban industry and employment, not liberals or socialists, that created the pressure for Social Security.

It was also industrial and urban development that made unemployment a problem. In traditional agriculture it did not exist; there was always work to do on the farms and in the supporting rural services. (In the Depression farm employment or farm existence of a sort was the resort of some millions of urban workers in the United States.) Because of industrial development and urbanization, unemployment compensation became essential.

Modern medical insurance is also the offspring of history. Until relatively recent times medical knowledge was limited, as was the possibility of remedial effect. The local doctor had little to sell; death was early, inevitable and inexpensive. It was the enormous growth and improvement in medical and surgical procedures that made health insurance both necessary and desirable. This was the ultimate and motivating force. Death would no longer be the

automatic prognosis for the poor or the only moderately affluent.

The simple living standard of earlier and by no means distant times posed few problems as to product safety or reliability. Basic foods, clothing, house room could all be appraised quite adequately by the purchaser; no deeper information was required. Until recently agriculture and elementary industry had little adverse environmental effect, and neither did their marketing outlets and suppliers. Now, with the expansion and complexity of the economy, consumers must be protected, along with the environment.

But there is more. The poor in the United States, while none could doubt their degradation and misery, were once largely invisible — poor blacks were hidden away on the farms and plantations of the rural South with primitive food, clothing and shelter, little in the way of education and no civil rights. Many poor whites were unseen on the hills and in the hollows of Appalachia. Poverty was not a problem when distant, out of sight. Only as economic, political and social change brought the needy to the cities did welfare become a public concern, the poor now living next to and in deep contrast with the relatively affluent.

The force of history extends to foreign policy. Before the United States became a world power, the Department of State was a small, comfortable enclave of well-bred gentlemen pursuing an effortless routine of no great consequence. It was only with the emergence of the United

States as a major player on the international scene and the breakup of the colonial world, leading on to the problems and the conflicts of the poor countries, to the question of economic assistance and the more than occasional necessity for intervention to restore peace and tranquillity, that foreign policy became a major preoccupation.

Here then is the error: in the common view of both liberals and conservatives in the United States, it is the liberals who have made government a large, intrusive force. Both groups wish to believe that it is political decision and action that are controlling. And from this comes the prime conservative notion that social and economic policy can be reversed, a view held not alone in the United States but in France, Canada and for long years in Britain, where there is or has been a similar belief among the Tories.

History, the truly relevant source of change, will not be reversed. The new Congress that came to office in the United States in early 1995 representing the conservative will expressed its intention to dismantle much of the welfare state, much of the modern regulatory apparatus of government, and to limit drastically the role of government in general. This was the broad promise broadly enunciated. Then came the specific legislation, the assault on particular functions and regulations. As this is written, these are proving far from popular; once more we see the not unusual conflict between broad theory and specific action. Some dramatic and well-publicized exceptions possibly apart, the welfare state and its basic pro-

grams will survive. The larger force of history is still at work.

The public and political actions to be proposed in these pages are in keeping with the controlling forces just cited, and consistent with them there is much to be urged, much to be done. The accommodation to historical trends can be improved, made more compassionate in order to provide a better life for the more vulnerable elements. This, to repeat, is the theme of what will follow. There are two questions to be answered. Within the larger historical framework, what is the nature of the good society? How can the future be made safer and better for all?

The Age of Practical Judgment

ANCIENTLY AND STILL, the economy has been defined ideologically. There is liberalism, socialism or capitalism; the speaker is a liberal or a socialist or is for free enterprise. He or she favors public ownership or, as in recent times, privatization. These are the controlling rules within which we live.

There is in the present day no greater or more ardently argued error. In the modern economic and political system ideological identification represents an escape from unwelcome thought — the substitution of broad and banal formula for specific decision in the particular case. A look at the most elementary of present circumstance proves the point.

An evident purpose of the good economy is to produce goods and render services effectively and to dispense the revenues therefrom in a socially acceptable and economically functional manner. There can be no question that the modern market economy in the economically advanced countries does produce consumer goods and serv-

ices in a competent, even lavish fashion. Not only does it supply food, clothing, furniture, automobiles, entertainment and much else in diverse abundance, but it goes far to create the wants that it so satisfies. The sovereignty of the consumer is one of the most cherished ideas in orthodox economics; that this sovereignty has, in substantial degree, been surrendered to those who serve it is the most resisted. Yet nothing is more apparent than modern advertising and merchandising effort. Economists committed to the more rigorous levels of accepted thought do not watch television.

It therefore defies all sense that the supply of consumer goods and services, this lush operation, should somehow be taken over by the state. The revelation by television and other modern communications of the manifest abundance and variety of material possessions in the Western countries was one factor unsettling the socialist regimes of Eastern Europe and the former Soviet Union. The weakness and rigidity with which they had supplied their citizens with such goods and services in the required quantity, styles and changing fashions had more than a little to do with their downfall. To speak for socialism, public ownership, in the consumer-goods economy verges on the fanciful, and it is equally fanciful to urge the case on the producers of the plant and equipment — the capital goods — that manufacture this consumer abundance.

The traditional argument for socialism had a deeper claim on public attention. It revolved around the possession of

power, and this remains important in some cellular recesses of social thought to this day. The private ownership of capital, of the means of production; the mass of workers thus employed and in great measure so controlled; the personal wealth resulting; the intimate association with the state; did once accord decisive power. Of this there can be no doubt. Marx and Engels, in *The Communist Manifesto*, said with no great exaggeration that "the executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie."

It is not doubted that power still resides with the ownership of capital. But in the enormous business enterprises of today ownership and control are, in the normal case, no longer united. The great capitalist entrepreneurs who both owned and commanded — Vanderbilt, Rockefeller, Morgan, Harriman in the United States and their counterparts in other countries — are gone forever. In their place is the massive, often immobile corporate bureaucracy and the financially interested but functionally ineffective stockholders. Monopoly power — exploitation of the consumer by prices unrestrained by competition and once in the United States the object of the antitrust laws — has surrendered to international competition and also to explosive technological change. Today's eminence and economic influence are tomorrow's obsolescence. Replacing the one-time anxiety about corporate power is the frequent concern about corporate stasis and incompetence. Some of the effort that corporate managers once directed at exploiting workers and consumers is now committed to

gaining, sustaining or advancing their personal corporate position and, quite specifically, their own compensation. Personal profit maximization, that universally acclaimed motivation, can and does extend to those who effectively head the firm.

None of this means that the exercise of political power — the bringing of influence to bear on the state and the public at large — has disappeared. Business firms small and large, individually and collectively as industries, still manifest their economic interest strongly and effectively in the modern polity. But they are now part of a much larger community with political voice and influence that economic development itself has brought into being.

Once, apart from the capitalists, there were only the proletariat, the peasantry and the landlords. These, the landlords apart, were subordinate and silent. Now there are scholars, not excluding students; journalists; television impresarios; professionals of the law and medicine; many others. All lay claim to influence. The voice of the business enterprise is now one among many. Those who would single it out in order to urge the benefits of social ownership are lost in the deeper mists of history. Nor does the experience of the countries for whom public ownership became policy over the last eighty years — the Soviet Union, the Eastern European lands, China — suggest that it enlarges the liberties of the citizen. On the contrary. Accordingly, the principal case for socialism has dissolved. This is recognized. Socialist parties still exist, but none of them is assumed to advocate public ownership in

its traditional and comprehensive sense. The British Labour Party's Clause Four, which affirmed support for such a policy and was long seen as a romantic link with the past, has now been formally deleted from the party program.

If socialism can no longer be considered the controlling framework of the good or even the plausible society, neither can capitalism in its classical form. Central is the fact that as the modern economy has developed and expanded, ever more responsibilities have been imposed on the state. There are, first, the services that the private economy does not, by its nature, render and that, with economic advance, create an increasing and increasingly embarrassing discrepancy between the private and the public living standards. Expensively produced television programs are shown to children who attend bad public schools. Houses in the better sections of the city are elegant and clean, while the streets and sidewalks in front are filthy. Books are widely and diversely available in the bookstores but not in the public libraries. Of this, more later.

There is also the wide range of public activities that are necessary for the effective functioning of the private economy. With economic development these also grow in urgency. More commerce requires more highways; more consumption means more waste disposal; for more air travel there must be more airports and more men, women, and sophisticated machinery to ensure the safety of flight.

With higher levels of economic activity, the better protection of the citizen and of the business enterprise also

becomes important. Before highways and automobiles there was no need for highway traffic police. As foods have increased in variety, there is increasing consciousness of their nutritional effect — of fats and of being fat. It has become necessary to specify their content, regulate additives and prevent possible contamination. At higher living standards and with greater enjoyment of life, people seek protection as to health and safety from what were once considered and dismissed as the normal hazards of human existence. With economic development, social action and regulation become more important even as socialism in the classical sense becomes irrelevant.

And there is the further fact that the modern economy cannot, without government intervention, ensure a satisfactory and stable overall economic performance. There can be intense and damaging speculation, painful and enduring recession or depression. The appropriate action to control them is much debated, but that it is a responsibility of the state so to do few doubt. Any president or prime minister knows that he or she will be held rigorously and often disastrously accountable at election time for the performance of the economy.

As comprehensive socialism has diminished and disappeared as an acceptable or effective ideology, an opposing, if more limited, doctrine has emerged. This is privatization, the generalized return of public enterprises and functions to private operation and the market economy. As a broad rule, privatization ranks with comprehensive so-

cialism in irrelevance. There is a large area of economic activity in which the market is and should be unchallenged; equally, there is a large range of activities that increases with increasing economic well-being where the services and functions of the state are either necessary or socially superior. Privatization, therefore, is not any better as a controlling guide to public action than is socialism. In both cases the primary service of the doctrine is in providing escape from thought. In the good society there is in these matters one dominant rule: decision must be made on the social and economic merits of the particular case. This is not the age of doctrine; it is the age of practical judgment.

There are, of course, broad tendencies of the modern social and economic system that do bear on public policy and the need for public action. Today's market economy, which so competently supplies consumer goods and services, does so in pursuit of relatively short-run return; that is its measurement of success. It does not invest readily, sometimes not at all, for long-run advantage. Nor does it invest to prevent adverse social effects from its production or its products, which is to say it does not assume responsibility for environmental damage. Of this there will be later mention.

Other examples of public investment beyond the time constraints of the private firm are evident on all sides. The modern jet aircraft is, in substantial measure, the product of military research and development. Much medical dis-

covery has come from publicly supported effort; it could not have occurred within the time and cost limitations to which the private firm or researcher is subject. The most spectacular gain in productivity in modern times has been in agriculture. This was largely the result of state participation — in the United States the work of the publicly supported land-grant college system, the state and federal experiment stations and the publicly supported extension services.

In the years since World War II, economic advance in Japan has been effectively assisted by state-supported research and investment; this has been seen as completely normal. And in all countries the economic system depends on and develops from the state financing of highways, airports, postal services and urban infrastructure of the most diverse and essential sort.

Here then is the lesson. In the good and intelligent society policy and action are not subordinate to ideology, to doctrine. Action must be based on the ruling facts of the specific case. There is something deeply satisfying in the expression of an economic and political faith — “I am firmly committed to the free enterprise system”; “I strongly support the social role of the state” — but this, to repeat, must be seen as an escape from thought into rhetoric.

The matter here urged is especially relevant as this is written. The Republican majority that came to legislative power in the American Congress after the 1994 election was committed to the exceptionally rigorous doc-

trine formally designated the Contract with America, a present-day equivalent in inspiration if not in content of *The Communist Manifesto*. First came the comprehensive ideological commitment that was aimed primarily against the state, a few favored functions — defense, Social Security, provision for penal institutions, numerous corporate benefits — always excepted. Then followed consideration of the specifics — of the relevance, even urgency, of the public services and functions that were being deleted or curtailed. Now, as of this writing, the retreat from controlling doctrine is under way, allowing for the intervention of practical judgment. This must continue. It is by such means that social decency and compassion, perhaps even democracy itself, are preserved.

The Social Foundation

IF PUT in sufficiently general terms, the essence of the good society can be easily stated. It is that every member, regardless of gender, race or ethnic origin, should have access to a rewarding life. Allowance there must be for undoubted differences in aspiration and qualification. Individuals differ in physical and mental facility, commitment and purpose, and from these differences come differences in achievement and in economic reward. This is accepted.

In the good society, however, achievement may not be limited by factors that are remediable. There must be economic opportunity for all, a matter the next chapter will adequately emphasize. And in preparation for life, the young must have the physical care, the discipline, let no one doubt, and especially the education that will allow them to seize and exploit that opportunity. No one, from accident of birth or economic circumstance, may be denied these things; if they are not available from parent or family, society must provide effective forms of care and guidance.

The role of economics in the good society is basic; economic determinism is a relentless force. The economic system in the good society must work well and for everyone. Only then will opportunity match aspiration, either great or small.

Very specifically, the good society must have substantial and reliable economic growth — a substantial and reliable increase in production and employment from year to year. This reflects the needs and desires of a people who seek to enjoy greater economic well-being. In popular discussion and formal economics an improving living standard is an accepted good. More important, socially more urgent, is the fact that such economic performance is essential for the employment opportunity and the income that it offers. To this end, there must be more employment and production, an expanding economy. Economic stagnation cannot be accepted or openly urged as a condition of the good society, although this does, in fact, reflect the quiet preference of many of the better-situated citizens, who prefer it to the risk of inflation or to the stimulative public action that accompanies or ensures steady economic advance.

So long as there is opportunity, there is also social tranquillity; economic stagnation and privation bring with them adverse and widespread social consequences. When people are unemployed, economically deprived and without hope, the most readily available recourse is escape from harsh reality by way of drugs or violence. The practical manifestation is crime and revolt met by futile efforts

at repression. The relation of these to deprivation is inescapable. The comfortably affluent parts of the cities and their suburbs are relatively peaceful in the United States, as are those in the other advanced countries. It is on the poverty-ridden streets that the threat or reality of violence exists. This is taken for granted; the only difference of view comes from those, not a few, who blame the disorder on race and ethnic tradition, never on poverty. After the rioting in California in the spring of 1992, the citizens of South Central Los Angeles were held to be given, in some anthropological sense, to antisocial behavior. Not so the superior citizenry of Beverly Hills or Malibu.

The same is true on the larger world scene. It is the poor of Africa and Asia and Central America who slaughter each other; the people of the prosperous lands, on the whole, live peacefully together at home and abroad. It was economic distress in the 1920s and 1930s that helped bring fascism and eventual catastrophe to Italy and Germany. In more recent times, since the fall of Communism, it has been economic hardship and insecurity that have nurtured political conflict and social disorder in the countries of the former Soviet Union.

The lesson for the contemporary American policy and polity is clear. Crime and social convulsion in our great cities are the products of poverty and a perverse class structure, later to be examined, that ignores or disparages the poor. The presently accepted solution is police action, the warehousing of the criminally inclined, an expensive and futile attack on the drug trade. In the longer run and

over time, the humane and quite possibly the less expensive solution is to end the poverty that induces to social disorder.

A strong and stable economy and the opportunity it provides are thus central to the good society. There is a further basic requirement. Under the best of circumstances, there are some men and women who cannot or do not participate. In the good society no one can be left outside without income — be assigned to starvation, homelessness, untreated illness or like deprivation. This, the good and affluent economy and polity cannot allow.

For those kept from economic participation by age, the goal of the good society has been long evident and, indeed, is no longer greatly controversial. Ample and secure retirement income for the old is accepted in all the advanced countries. No American politician, however eccentrically motivated, speaks in forthright opposition to Social Security pensions.

But there must also be support for other groups in the society to whom the economy does not provide revenue. The single mother of young children is clearly a case in point. (Possible future starvation for the mother and the young has never been a valid inducement to sexual restraint or birth control.) Similarly the medically or mentally infirm and physically and mentally incapable. And, as now, those who are between jobs and temporarily without income. That all so situated should be accorded basic support must be accepted. Nor should there be anything

socially derogatory about being dependent — “being on welfare.” Those in need have enough to suffer without being socially stigmatized.

The more obtrusive problem concerns those who, because of neither age, physical disability nor lack of opportunity, choose not to work; of those so disposed there will always be a certain number. They are in conflict, however, with the most frequently cited, socially most compelling of behavioral norms — namely, the work ethic. Nothing is more acclaimed than the latter. Nothing is thought more sharply to define the middle class, normally referred to as the hard-working middle class, as its commitment to the work ethic and, in consequence, its unwillingness to support idleness in the class below.

The avoidance of harsh toil is not, in fact, consistently condemned. In the income structure leisure is not thought socially unacceptable if sought by those in the upper reaches. On the contrary; for the affluent and the rich it has a large measure of approval; it can be a personal and a social virtue. Thorstein Veblen, in his enduring classic, *The Theory of the Leisure Class*, saw well-considered idleness as the prestigious social hallmark of the rich, and so it remains. Intellectuals, not excluding college professors, are known to need recurrent and sometimes extended relief from the pressures of mental toil. We must be tolerant of the preference for leisure as it manifests itself at all levels of our economic system.

In the good society no one can be allowed to starve or be without shelter. The first requirement is that there be

ample employment and income opportunity, not enforced inactivity. The major part of the solution thus lies in the overall performance of the economy. Resort to public support must not become necessary because there are no jobs available. But adequate employment being ensured, there must still be a safety net for all. That some will choose not to work must be accepted. Socially compensated idleness unquestionably affronts deep-seated social attitudes; public pressure may, indeed should, be exerted to get able individuals into the work force, the exercise of such pressure being undoubtedly enjoyed by some. Starvation is not, however, a tolerable sanction. Some abuse, as it will be regarded, is inevitable in this part of the welfare system and must be tolerated.

The good society does not seek equality in economic return; that is neither a realizable nor a socially desirable goal. There are those for whom income and wealth and their public manifestation or private contemplation are the ultimate goal and satisfaction; there are others for whom they are not. The Wall Street operative measures the quality of life by his or her income; the poet, actual or aspiring, does not. It is the essence of liberty that these differences in motivation and reward be accepted.

On the other hand, there are sources of income that the good society cannot defend. It is a marked feature of the modern economic system that it provides many opportunities to make money that are either socially indefensible or intrinsically damaging to the economy. Much cele-

brated in the past was the income from monopolistic exploitation. And more recently the income from larcenous operations in the savings-and-loan industry. And that of the trader on inside information and of the corporate raider and leveraged-buyout operative who leaves a corporation under a heavy burden of debt, with cost to future operations and employment. And, as indicated, the earnings of the corporate executive who, empowered by secure position and controlling fully his board of directors, maximizes his own compensation in accordance with the oldest of motivations in economics. And income from the sale of products that endanger or defraud the consumer or damage the public health or the environment.

The good society must distinguish between enrichment that is socially permissible and benign and that which is at social cost. The energy and initiative of the individual who devotes himself to the often barren goal of personal enrichment can be serviceable to the economy. They can also result in methods that are socially damaging. The good society must therefore assume the essential, difficult and intensely controversial task of making and making effective the distinction. Informed pursuit of gain is benign. Use of insider information or the conveying of false information is not. The past experience with highly leveraged corporate takeovers and, in the main, with junk bonds has been bad, and there has been heavy damage from various alluring investment designs. There are, as I have noted, no universal rules in these matters — nothing can be decided by a recourse to free-market, capitalist,

liberal or socialist principles. Here again the world of intelligent thought and action, not of adherence to controlling doctrine.

There is also as regards income the matter of what may be called the social claim. In the good society there is, must be, a large role for the state, and especially on behalf of the less fortunate of the community. This need must be met and paid for in accordance with ability to pay. Basic justice and social utility are here involved. A loss of income at the margin is less painful for the rich than for the less affluent. It also contributes to the efficient functioning of the economy. The poor and those of average income spend reliably from what they earn; the rich do not. Thus, progressive taxation has a stabilizing role in helping to ensure that what is received as income is returned to the market as demand for goods produced. It has been suggested that the attempt to maintain after-tax income serves to induce the rich to economically productive effort; that, however, may be carrying the case too far.

While the economy must accord everyone a chance both to participate and to advance according to ability and ambition, there are two further requirements. There must be a reasonable stability in economic performance; the economic system cannot recurrently deny employment and aspiration because of recession and depression. And it may not frustrate the efforts of those who plan diligently and intelligently for old age and retirement or for illness or

unanticipated need. The threat in this case is, of course, inflation — the diminished purchasing power of money — and with it the loss of provision for the future.

Future security in life is based normally on the assumption of stable or reasonably stable prices. There are some who have the protection of indexing, income that rises along with prices; many do not. The good society therefore must honor the expectation of reasonable price stability. This cannot, in a well-functioning economy, be absolute; some price inflation is inevitable. It must, however, be within close and predictable limits. The good society does not accept what John Maynard Keynes called the euthanasia of the rentier class.

Finally, the good society must have a strong international dimension. The state must live in peaceful and mutually rewarding association with its trading partners on the planet. It must be a force for world peace; it must work cooperatively with other nation-states to this end. War is the most unforgiving of human tragedies, and is comprehensively so in an age of nuclear weaponry. There must also be recognition of, and effective support for, the needs and hopes of the less fortunate members of the world community.

Such are the broad specifications of the good society in its social dimension. Employment and an upward chance for all. Reliable economic growth to sustain such employment. Education and, to the greatest extent possible, the

family support and discipline that serve future participation and reward. Freedom from social disorder at home and abroad. A safety net for those who cannot or do not make it. The opportunity to achieve in accordance with ability and ambition. A ban on forms of financial enrichment that are at cost to others. No frustration of plans for future support and well-being because of inflation. A cooperative and compassionate foreign dimension.

The specifications are rather evident, even commonplace, and, with some very notable exceptions, acceptable, especially in the oratory of the time. It is the actions necessary to achieve these ends that are more controversial.

The Good Economy

HERE IS no serious doubt as to the economic basis of the good society. As sufficiently noted, there must be employment opportunity for all willing members. This means, with a growing population and greater aspiration, a steady expansion of the economy and therewith a steady and reliable increase in the number of workers employed.

The central problem with which the good society must here contend is the painful tendency of the modern economy to periods, sometimes prolonged, of recession and stagnation, accompanied, inevitably, by more unemployment. These recurrent episodes, not continuous vigorous expansion, are a basic feature of the market system. So in modern times is continuing unemployment, even in periods of marked growth and well-being.

Few matters have been subject to more relentless study than economic fluctuations, what anciently were called the business cycle. The essence of the phenomenon is not at all obscure. The modern economy requires a steady flow of purchasing power — in economic terms, aggre-

