



## The Good Society: The Humane Agenda

*John Kenneth Galbraith*

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Galbraith also recognizes human weakness, differences in ability and motivation, and the formidable obstacles facing those who challenge the status quo. No one else explains the interplay of economic and political forces with Galbraith's exquisite clarity.

## **The Good Society: The Humane Agenda Details**

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## **From Reader Review The Good Society: The Humane Agenda for online ebook**

### **John says**

Finally, an economics book that doesn't confuse is with ought. This book contends that it is possible for people and democracies to make a difference in the economy that governs our lives, to offset greed with justice, and that we should. Why not? It's so good to read an economist who doesn't kneel before the golden calf of the Market. I believe in math like the next guy, but screw you Chicago school...

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### **Anni says**

This was a very interesting book. Basically Galbraith argues that for a truly good society to take over in America, a truer expression of democracy is needed - a democracy in which the poor, lifted up by a social safety net and educated well enough to encourage democratic participation, are impossible to silence.

This is definitely a liberal vision but not an extreme or far left one. It urges the reader to cast aside political dogma and actually LOOK at the issues in question. it would be truly nice if people actually did that today.

Although this book does suffer a bit from being dated (1996), there is a great deal that is still relevant and it is definitely worth reading.

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### **Dusty says**

Given the downward trajectory of the current United States economy, this book, which treats heavily the responsibility of the "nation-state" for the care of its poor and employed, may well be more relevant in 2009 than it was when it was first published in 1996. The book is a short one -- just under 150 pages -- but it is a nevertheless complete description of what Galbraith, an economics professor, considers the obligations of a "good" society. In that, the book is something of an economist's manifesto.

My only problem with the book, which I liked very much for the first 120 or so pages, is that it ends with a brief and half-hearted call to arms that is directed at the impoverished people of the world who too frequently refuse to vote (and are unlikely to be reading this book). Galbraith also specifically conjures the Democratic Party as the savior of America's under-served impoverished masses, and that I felt cheapened his argument, lessened what is otherwise a solid book into propaganda.

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### **kate says**

I would have never imagined myself reading a book on economics for entertainment, let alone liking one as much as I did this one. I will be rereading it in the future to absorb more.

for instance, did you know that "balanced budget initiatives" are a terrible idea? if you read this book, you

will be a better voter and a better citizen. aside from how onerous that sounds, it's an enjoyable read.

I admit, when I first picked it up, I was unaware that economists could be considered liberals. Those reagan years had an impact.

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### **Barry says**

A great reminder of the ideals of Liberal Democracy but also very thought provoking in terms of global and social issues that remain relevant today. The book is written at a populist level and meant to be accessible to the majority. It is a great primer for further study on topics like the Military Industrial Complex, mass migration, the environment, and economic equality.

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### **Papa Mbaye says**

A good read. I thought that the general premise of the book is sound, the ideas proposed however would have to be revised to take into account recent debates and facts about climate change, an even higher level of inequality, proposals about a better governance of aid, a rising world population and the pressure it puts on natural resources, etc....

A case should also be made for an alternative way of procuring the goods and services needed by society.

The role of non-state actors (such as Al-Qaida) and their disruptive capacities needs more mention; these groups are upending the traditional way of governing the world. The UN also needs an upgrade; genuine criticism of the way it works and the role of the P5s is in order.

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### **May Ling says**

A part of me rejected this book a bit as too pie in the sky until I realized the book was written in 1994, when Western political philosophy was still Cold War driven. The book attempts to define good in terms of a highly specific way of thinking about how a country should treat its citizens and those outside it borders. It talks of things we ought to have. Nice. Very fluffy. Painful if you've actually worked a day in your life outside of academia and have to produce.

That said, it's not terrible. One does in fact need to/should start with a concept of where you're trying to get to and in that regard I was able to swallow it and give the man a very deserved 3 stars. In 1994, the idea of whether foreign and domestic policy should care about people was at risk. Even more so, the idea of Capitalism had taken odd form in the light of rampant abuse of markets coming from the shortages of the 70's, market manipulations of the 80s, and emerging market crisis that were contemporary to his publishing.

My main issue is the forgone conclusion that Capitalism is the solution to creating this type of society. Not that it's wrong so much as what the heck does that mean? What definition are you exactly using for Capitalism? Do you mean the old Capitalism laissez faire opportunism of the 1800s? We know that just leads to graft and exploitation of the masses by a few. Are we talking the further developed, highly criticized libertarian Capitalism of the 1900s, which results in big governments and a need for innovation to fund

them? Are we discussing the the oddly expanded market-based Capitalism of the mid-1960s, or the convolutedly mixed with governmental forms concept that we have at the end of the 1990's, i.e. Capitalism and democracy are necessarily the same thing aka a definition that only makes sense in a Cold War bi-polar world.

The thoughts are fine, even potentially genius for 1994-1999, but it become dated quickly as we enter the information age. As a result, Capitalism as a solution rings of a poorly formed solution that is attempting to rally the masses without any real substance... sadly like much of our politics today. Catch phrases with no instructions or real plan.

For those reading it as anything other than the way thinking has transformed, particularly those with experience outside of Western culture, historical bias and flawed definitions will make one struggle to finish. The world has transformed as we enter 2018. Possibly - despite my own reaction - because of enlightened writers like Galbraith attempting to add a moral compass concept. Indeed, if he'd just said that I could have gotten on much better. I can't give less than 3, but I can't really say it's relevant any longer either.

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### **Walter says**

Galbraith is in rare form in this well-reasoned, constructive and insightful exposition of *The Good Society*. He is so logical and humane in his reasoning that it is hard to disagree with his views, except for the reality that, even though he claims to be focusing on the pragmatic and possible, by the end of the book, he has too often shared observations without suggestions, theory without implementation, strategy without tactics.

I wanted to rate this book a full five stars (because it is beautifully - if formally - written and evenly and elegantly argued), but this omission, this failure to delve a level deeper to elucidate best practices to implement his vision, is disappointing indeed. At times it feels like he has the answers but won't share them, leaving it to readers of different dispositional bents to fill in the blanks. (The problem with this is that one suspects that the partisan views that JKG had cut through so deftly in his analysis will creep back in when we are left to interpret the "how" to do it by ourselves.)

This being said, if you want to be inspired by a vision of what could and should be in our country and our world, this is an excellent elucidation. Now if only he were still with us to write the follow-up on how to achieve it....

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### **Joanne says**

"*The Good Society. The Humane Agenda*", published in 1996, is an essey in which John Kenneth Galbraith presents some of his economical and social ideas and proposes a perfect society. On one hand he makes a comparison with Mark's and Engels' "perfect society" described in the book called "Manifesto of the Communist Party" and on the other hand, he links with the current society of 1996 from United States of America, Canada, Japan and other economical developed countries and brings some modifications that can make it evolve to perfection.

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## Will Byrnes says

Galbraith attempts to lay out what a good, humane society might look like, what values it might espouse, how it would treat people within and outside of its borders. He lists general principles and it is cheering that so many of them seem to have found their way into the Obama Administration's plans. He holds as good things like stable currency, full employment, no discrimination based on race, gender or age, intelligent caretaking of planetary resources, availability of a safety net for all, including health care, reasonable regulation of markets to ensure fair dealing, reasonable regulation of food and products for safety. A nice list.

I had a few bones to pick though. The absence of any mention of sexual preference was glaring, but I imagine that were he writing this today it would be included.

I found at times that it felt as if the underpinnings might be a bit squishy. Galbraith makes many statements about extant reality that appear as revealed wisdom. And while I know that in a piece such as this, one cannot really expect a detailed undergirding to be presented for each and every good thing that he presents. Each tenet could easily justify and has justified many detailed treatments. Still, my radar perked up here and there.

He thinks a free flow of all "higher level" workers between nations is non-controversial and that the military sets its own budget level. While arguments might be made in support of those notions, they are not presented here. Personally, I have my doubts. I take some issue with a presumption that expansion of the economy is always a good thing. One thing the green movement might teach is that often it is better to find more efficient ways of doing things.

One thing Galbraith notes is that class conflict is alive and well in the USA

P 8

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.

He claims that the social trends that occur in history are a result of inevitable forces and are not particularly reflective of liberal or conservative ability to define social agendas.

Sometimes his information is dated. In talking about the differences between the more physical working class work and non manual-labor he claims that the influx of technical skills from abroad is not viewed as a problem for American labor while the influx of low-skill labor, particularly from Mexico and Central America as it pertains to the USA is viewed as problematic. As someone who was excessed out of the computer trade while corporations were besieging Washington with demands for increases in the number of allowable imports, I beg to differ. For all his economics acumen, Galbraith makes the mistake of differentiating white collar from blue collar as a particularly meaningful separation. In fact, work is work, whether it is by the sweat of one's manual or mental labor, and what binds both sorts is the fact that white and blue collars both report to ownership, that their labor is a commodity and that with increasing globalization, the value of that commodity, in the absence of organized legal and union protection, has been declining precipitously.

P 18

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 dismissed as the normal hazards of human existence...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.

P 21

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.

P 23

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. Allowances 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.

[notable by its absence is any mention of sexual preference:]

P 24

...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.

[Why must there be continuous expansion? Why not, instead, improve the quality and utility of available tools and conditions of living with a stable population? Why not encourage better instead of more?:]

P 24

So long as there is opportunity, there is also social tranquility; 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. [ Really? What about escape via entertainment media, computer games for example?:]

P 25

It is the poor of Africa and Central America who slaughter each other; the people of prosperous lands, on the whole, live peacefully together at home and abroad. It was economic stress 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.

[And are not the mobs that are set loose organized by members of the uppers. Were not the slaughterers in Africa brought about by a lust for power by members of the upper class?:]

P 30

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

[Agree:]

P 31

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. [And Galbraith should know that games are played to minimize the reality of such “keeping up” when it comes to recipients of social security and other government benefits:] This cannot, in a well-functioning economy, be absolute; some price inflation is inevitable. [Why? No reason is offered:] It must, however, be within close and predictable limits.

P 45

...in the modern economy and polity those who have political voice and influence are more damaged by inflation than by unemployment. Unemployment is suffered by those afflicted and by their families; their pain can readily be tolerated by those who do not experience it.

Unemployment has, in fact, some socially and economically attractive effects; services are well-staffed by eager workers forced thereto by the lack of other job opportunity; employed workers, fearing unemployment, may well be more cooperative, even docile, as may their unions. And, even more significantly, for most citizens, including those with influential political voice, joblessness is not a threat.

Inflation, in contrast, spreads its net widely in the modern economy. The many who lived on fixed incomes, on pensions, on accumulated savings, fear it as they do not unemployment. Even if income return is indexed to rising living costs, a sense of insecurity is still instilled by higher prices. The increases are seen every day; the indexed adjustment comes only at intervals of as long as a year. Price stability seems far better.

Prominent among those preferring price stability over unemployment is the financial community. This includes central banks in which, in the case of the Federal Reserve system, the bankers are accorded a statutory voice. And commercial banks, investment firms and the larger financial world. All who lend money wish to have it returned with more or less equivalent purchasing power.

P 61

It is held that there is a moral entitlement: the man or woman in question has the right to receive what he or she earns or, more precisely, what he or she receives. This can be asserted with emphasis, on occasion with asperity and often with righteous indignation. It encounters opposition, however, in both history and hard fact.

Much income and wealth comes with slight or no social justification, little or no economic service on the part of the recipient. Inheritance is an obvious case. So also the endowments, accidents and perversions of the financial world. And the rewards that, from its personal empowerment, modern corporate management bestows on itself.

P 76

There are four factors that force public intervention and regulation. There is, first, the need for contemporary and long-run protection of the planet, regulatory requirements commonly described as preventing environmental destruction...Second, there is the need to protect the vulnerable among those employed in the

productive apparatus from the adverse affects of the economic machine...third, there is the more than occasional propensity of the economy to produce and sell technically deficient or physically damaged goods or services. And, finally, the system incorporates within itself tendencies that are self-destructive of its effective operation. Each of these factors...produces a sharp conflict, with ideological overtones, between those who see the system as a fully independent force and themselves as deservedly rewarded thereby and those who advance the case for protective or corrective action.

P 79

The economic system operates effectively only within firm rules of behavior. The first is common honesty—truth must be conveyed as essential information to investors, the public at large and...to consumers. In the field of finance, however, it is especially likely that, misconduct being both remunerative and damaging, this will not occur. [ Oh yeah?:] Regulation must, accordingly, prevent false or misleading reporting as to business performance and earnings and as to investment prospects.

P 84

...environmental concerns, both those which are contemporary and those affecting future generations, especially the latter, are inherently in conflict with the motivating force of the market economy, which is immediate foreseeable return to the producing firm.

P 93

The migration of the socially, culturally and economically well endowed encounters no serious objection. On the contrary it is greatly praised and, in practical fact, is subject to few legal constraints...a liberal immigration policy in the good society serves those who seek to come, and it serves no less substantively those who are already here.

An important question remains, however. Given the responsibility of the national state for its own working force, should migration be at least controlled in its favor?

The practical answer is yes. There need be no effective limitation on international or internal movements in the higher brackets of achievement—on the immigration of literary, artistic, scientific, technological, athletic and like talent, those engaged in business and, quite possibly, those primarily committed to leisure and its enjoyments.

[My concerns with this rest on the false notion that merely because one may have achieved a higher level in school, or earns a higher salary, or receives a bit more respect in the community, one becomes somehow divorced from the basic underlying dynamics of the capitalist system. We are all defined by our relation to ownership and control of our work. You can make a lot of money and still, in a meaningful way, remain working class. Take, for example, those of who are, or in my case once were, technical professionals. Corporation screaming for relaxation of immigration quotas for computer programmers has led to thousands like myself who were cast out of the market in favor of lower-waged workers from India, China and other parts of the world. This is less a way of making a society good than it is a mechanism for keeping wages low. Labor is labor is labor. Until and unless you own your own shop you remain a worker regardless of how much money you earn.

In a similar manner, my son was interested in working in the graphic arts industry in Berlin. Yet he was only allowed to remain for a few months before he had to leave. Why should we in America allow in high level skills when other nations work to close their borders to our high-skill people?:]

P 95

The private living standard...is the beneficiary of enthusiastic, often relentless advocacy; that is the function of all salesmanship, all advertising, all product and service promotion. By contrast, the public living standard—schools, parks, libraries, law enforcement, public transportation, much else—has no such support. The consequence, one that is wholly familiar, is expensive television and meager schools, clean houses and dirty streets.

But within the allocation to public purpose itself there is an especially egregious error in resource distribution. That is as between military and civilian needs, and it is the result of a serious failure in the democratic process.

In the United States the decision as to public expenditure is made through a combination of legislative and executive power. The defining and controlling factor in all public action is the money thus provided....there is one major exception to this exercise of democratic control, and that is the military power. ...The American military establishment effectively and independently decides on its own budget...the claim on public funds by the military and its plenary power over their disposal are routinely accepted in the executive branch of the government. It is tacitly agreed that civilians in nominal authority do not tangle seriously with the military

#### P 107 – re bureaucracy

An internal dynamic leads to the relentless proliferation of managerial and other personnel. The controlling circumstances that govern personnel policy in both sectors of the modern economy are simple and wholly obvious, but they normally go uncelebrated, with the tacit consent of those involved. There is, first, the desire of anyone in a position of hierarchical responsibility to want a seemingly sufficient body of supporting staff. The workers so acquired have, in turn, their own desire and apparent need for assistance. Specialization then adds to the need; there must be personnel of suitably varied knowledge and competence. The whole process, as indicated, has a dynamic of its own.

...from numerous and suitably deferential subordinates come both the reality and enjoyment of power. Also prestige within the organization and a claim on higher pecuniary compensation an accepted measure of an individual's worth is the number of people over whom he or she presides...To add subordinates is thus to enhance in the most visible way position, prestige, and pay.

There are, of course, efforts to limit the expansive process. To this end budgets are prepared and budget limits imposed. These, however, can be largely symbolic. In all great organizations a strong and even irresistible tendency is to add managerial, technical, professional, and other employees. Only as one gets to the shop floor in the industrial corporation—to, as significantly as they are called, working levels of the enterprise—is the proliferation dynamic held in check. Only at these levels—the worker on the assembly line, the elementary school staff—is there a close, continuing assessment of needed workers to product.

He notes further that bureaucracy, whether private or public, has a tendency to grow and to resist change. Power is displayed by the number of direct reports one has, whether or not that many direct reports represents optimal efficiency. It is certainly true that public institutions that already exist develop a base of backing superior to a demand for another bureaucracy and

#### P 114

The economic threat of globalization...can seem especially urgent. Those countries with better social and working conditions invite competition from lands with lower wages, less effective protection of the economically vulnerable and hence lower production costs. To them the transnational corporation can readily move its operations.

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### **D.L. Morrese says**

Although this was written 20 years ago, the topics it touches on remain disturbingly current. America has made little if any progress toward becoming what Galbraith calls a 'good society'. That's not to say that America doesn't have a lot to be said for it, but we could have done better. We just didn't. In some ways, wealth disparity being perhaps the most notable, we've actually gotten worse.

This is a work of philosophy written in an academic style. It's short, but not a light or easy read. Neither is it scientific. No hard data are presented. There are few examples for the points being made. There is also a little argument for what Galbraith calls 'good' or things that 'should' be done. He seems to take it as given that everyone will agree that all people should enjoy peace, a living wage for a full day's work, access to health care, adequate housing, food.... Alas, it seems there are some who disagree. Perhaps they would argue that people who can be exploited should be exploited. To them, maybe economic disparity is the mark of a 'good' society. I can't say I understand why they might, but it does seem that there are people who do. I tend to agree with Galbraith that universal peace, prosperity, and education are 'good' things, but I doubt this book will convince those who don't.

What really stuck with me as I was reading this is what I alluded to first in this short review. The 'current' issues of two decades ago are still current today. We've made little progress in addressing them, but we have shown a surprising ability to ignore them. I have to wonder how long that can continue and what the consequences might be if we delay too long.

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### **Glen Stott says**

This was only 130 pages, but a real slog for me. Galbraith writes in Professor-ese. This is writing where you pull in words nobody ever uses. For example; instead of "nickname," use "sobriquet" (mildly ok) or "cognomen" (I definitely had to stop and look up that one). Or construct sentences so they sound impressive but are so maladroitly formed you have to read them over to figure out what the point is. Example: "... it is the responsibility of the state so to do few doubt." When one innocently cruises through the paragraph to this, a short, disruptive stop is required to sort out if a comma is missing. Or more egregious, "In the good and intelligent society policy in action are not subordinate to ideology, to doctrine." Maybe the problem here is an editor should have looked at it. Let's see, I'll move a coma and change a couple of words: "In the good and intelligent society, policy and action are not subordinate to ideology and doctrine." Yeah, that works. But figuring that out took me out of the flow – I had to go back and reread the paragraph and make sure my correction fits. In many cases, I was stumped and simply wrote "the rhetoric here is not decipherable" in my notes. I had seven years of University education and had reached a point where I could decipher Professor-ese, but that was in the 1960's and 70's; I'm a bit out of practice.

Galbraith's basic premise is that "socially desirable change is regularly denied out of well-recognized self-interest." He maintains that ideology should not be considered when a problem is confronted. Each problem should be examined separately, and the most appropriate solution should be selected without considering ideology. I can easily agree with that concept. However, as Galbraith drags us through examples of his separate examination and his non-ideological solution, he veers strongly to the left.

An example: "In the most important current case, the comfortably affluent resist public action for the poor because of the threat of increased taxes or the failure of a promise of tax reduction. The problem to be addressed therefore is his self-interest." This is not looking at the problem individually to come up with a non-ideological solution. The problem is defined through the lens of his progressive ideology. The simple solution also springs from his ideology. He ignores the fact that the "comfortably affluent" have provided more than twenty trillion dollars (with a "t") to the War on Poverty. The funds have been administered primarily by progressives using progressive ideology with the result that poverty has worsened. Galbraith, using progressive ideology, has improperly defined the problem and focused upon a solution that is way out in left field. (pun intended).

He makes a detailed explanation for why more federal government involvement is needed in today's world compared to when the Constitution was written. My life's experience causes me to agree with him. The Constitution provides the amendment process to make needed changes. This is an arduous process. Instead of following the Constitution, government has simply passed laws that grow it. The problem is how to control that method. I worked with the EPA extensively in the 1980s to battle water pollution in small towns. The EPA was essential in funding and overseeing the process. The problem is that EPA has grown into a bureaucratic, out of control behemoth. As government takes upon itself more responsibility it begins to run amuck, corruption infiltrates everything.

Galbraith says he believes in capitalism but wants it controlled with Keynesian economics. He says he believes in equal opportunity but doesn't think government should force equal outcome, however, government should provide a minimum outcome – minimum wage. This should be provided even to people who simply do not want to work but want government to provide a pleasant lifestyle. He believes the American work force has moved up the economic chain and open immigration should be allowed to fill the jobs Americans have left behind. War and rumors of war on Earth will cease once the rich nations have banned together to lift all the poor on the planet out of poverty. Galbraith's non-ideological conclusion is that only the Democratic Party is situated to look out for the needs of the poor. In order to create a good society and a true democracy, actions must be taken to get the poor to vote, and they should vote for the Democratic Party. For the most part, Galbraith's reasoning was pretty shallow and despite his early claims, the book was an ideological exposition.

"The Good Society" is technically difficult to read. It has some good ideas, but, generally, the applications proposed run exactly opposite of the basic premise. It's not worth a star except the arguments for bigger government make some sense. It fails to address how that could be done constitutionally, but I'm giving him a couple of stars anyway. Started 2018.02.16 - Finished 2018.02.21

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## **Scott says**

More of the same from Galbraith. It's so bad it's good.

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## **Kelly says**

Written after the Republican takeover of Congress in the mid 1990s, Galbraith discusses what a "good society" should be.

Most of his political, economic, and sociological arguments stand up well against today's current events. The only major exception to that is a section on wars and reasons for wars in the late 20th century.

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## Cooper Cooper says

At the age of 86, John Kenneth Galbraith set out his vision of the “Good Society.” In it there is nothing new; he enunciates the conventional wisdom of the practical (as opposed to the doctrinaire) liberal. According to Galbraith, the objectives of the good society are 1) world peace, and 2) the well-being and “the opportunity for a rewarding life” for all individuals. These goals he considers achievable within a capitalist system, but only with strong government participation to compensate for defects in capitalism itself, and to ensure that the well-off do not (by sins of commission or omission) oppress the poor.

What are the inherent defects of capitalism that must be compensated for? A couple of examples:

\*Employment. Ideally the good society would offer full employment, but in the market system full employment increases demand for labor, which in turn leads to wage increases, which in turn increases prices—and this is spelled i-n-f-l-a-t-i-o-n. So there is always a tradeoff: level of employment versus price stability/inflation. Galbraith: “It must be understood that there cannot be full employment and stable prices at the same time.” In a healthy U.S. economy, unemployment apparently can’t drop much below 4% without endangering price stability. This means that even in good times a lot of folks are unemployed and hurting. (Not to mention the unemployables.) In the good society the government steps in to minimize suffering by guaranteeing financial support. The current problem: much of the well-off middle class conveniently pretends that unemployment and poverty are the fault of its victims (“Get them off welfare!”)—except, of course, the middle classers who have themselves been “downsized.” These sing a different song. Galbraith: “Unemployment is suffered by those afflicted and their families; their pain can be readily tolerated by those who do not experience it.”

\*Boom and Bust. If left to its own devices, capitalism rollercoasters from boom to bust to boom to bust... Why? Because the whole scheme depends on adequate “aggregate demand” (consumer spending + business spending+ government spending), and aggregate demand in turn depends on business judgment in investment, availability of money and consumer and business confidence in the economy. If businesses overproduce and build up huge inventories, then have to cut back production and investment and lay people off, they shake confidence and also reduce the consuming power of their employees—and the economy contracts. As for availability of money, lack of it at reasonable rates reduces borrowing for both investment and consumption, and thus triggers contraction. And that great intangible, consumer and business confidence, can be shaken in many ways: large-scale layoffs, natural disasters, political uncertainty, threats of war, fears of rising interest rates (higher cost of money), sudden drops in the stock market (e.g., corrections from “irrational exuberance”), reports of major scandal in the financial community, etc. Galbraith makes the point that the only really effective way to support flagging aggregate demand is through government spending—if necessary, deficit spending. The call for a balanced budget in a falling economy is utterly absurd, because it would prevent government action precisely when such action is most needed (the proposed balanced budget amendment to the U.S. Constitution that almost passed awhile back would have been a disaster perpetrated by politicians with no understanding of basic economics).

Some Galbraith observations on the good society:

\*One Rule. In the good society there is...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.

\*Importance of Education. Nothing will so improve future income and output—the yield of the economy in general—as the educational qualifications of the people.... Education not only makes democracy possible; it also makes it essential.... It is known that a certain percentage of the population [the uneducated:] is available to support virtually any form of political and social disaster.... There is no test of the good society so clear, so decisive, as its willingness to tax in order to develop and sustain a strong educational system for all its citizens.... In this world there is no literate population that is poor, and no illiterate population that is not.

\*Unequal Distribution of Income. The good society does not seek equality in economic return; that is neither a realizable nor a socially desirable goal.... It is the essence of liberty that differences in motivation and reward be accepted. [But:] the modern market economy accords wealth and distributes income in a highly unequal, socially adverse and also functionally damaging fashion.... There is the protection that the peculiar class structure of the United States accords the affluent and the rich. All reputable reference concerning class structure emphasizes the middle class. There is an upper and a lower class, but these are back in the shadows. Although it is rarely so designated, for practical purposes we have a three-class system consisting of only one class, an arithmetic novelty.... Money, voice and political activism are now extensively controlled by the affluent and the business interests, and to them the political talent is inevitably drawn. The expression of their goals is then accepted as public opinion and, a significant point, is so designated by the media every day.

\*Government Regulation. From few matters has modern society more suffered than from the excesses and errors of what is now called the financial community.... In the financial world the good society must assume less than perfect performance, especially as each generation returns with enthusiasm to the derelictions and frequent insanities of the one before.... If there is a rule, it is only that when a specific regulation is being considered, there should be a search to see if self-serving pecuniary interest is the motivating factor in the argument.

\*The Bureaucratic Syndrome. Established bureaucracies tend to substitute discipline for thought, and also tend to suffer from Parkinson's Law—relentless proliferation of personnel. A comfortable and disciplined culture resting often on past success takes the place of innovation and change.... Bureaucratic stasis is...an omnipresent fact in the great private, as in the great public, organization.

\*Transnational Future. The economic and social responsibilities of the nation-state are in a transitional phase. The ultimate goal is a transnational authority with the subsidiary powers, not excluding the raising and spending of revenue, that go with it.

Galbraith strongly makes the point that substantially assisting both the domestic unemployed and disadvantaged and the struggling Third World countries constitutes not charity but enlightened self-interest. Poverty domestic and foreign breeds unrest, demagogery, violence and terrorism—strongly in our interest to eliminate, especially in an age of cheap chemical and biological weapons that can quickly (and painfully) decimate entire cities.

This book is a good reminder of obvious common sense notions—and equally a reminder of how rarely common sense is put into practice without the stimulus of crisis or catastrophe.

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