

Discontenting Contented Capitalists

A B&S Action Plan

John Kenneth Galbraith, *The Culture of Contentment*. New York: Houghton Mifflin, 1992.

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What politician or society would not be content if a majority of citizens was happy? After all, isn't this what Aristotle suggested was the primary goal of politics: a happy, stable community? For many conservatives, this is a major accomplishment; the glass is more than half full.

In *The Culture of Contentment*, John Kenneth Galbraith argues that this is a tragic problem; the most vulnerable portion of the glass remains empty. In 1989, 12.8% of the entire U.S. population, approximately 34 million people, lived in poverty. Over 62 million Americans earned less than \$20,000. In 1987, 27% of the adult population could not afford food, clothing, or medical care at some point during the year. In terms of future generations, 20% of all children live in poverty, many of whom are supported by parents earning a minimum wage of \$4.25 an hour (\$8,840 a year).

Galbraith describes how, during the past century, U.S. capitalism has evolved into a moderately successful economic system, particularly for those who vote. Liberal, reform-minded politicians representing the interests of discontented voting majorities have continually saved capitalism by acting in very uncapitalistic ways. They have opposed the best efforts of contented conservatives, such as one leading congressional spokesman who argued in reference to the 1935 Social Security Act that "never in the history of the world has any measure been brought in here so insistently designed as to prevent business recovery, to enslave workers, and to prevent any possibility of the employers providing work for the people" (pp. 160-161). To the chagrin of the contented, liberal reformers have legislated "old-age pensions, unemployment compensation, public health care, antitrust legislation, housing for the poor, environmental and consumer protection, progressive income taxation and support to trade unions," all of which "have clearly

mitigated the inequities and cruelties of the system and, in doing so, have gone far to ensure the survival of capitalism" (p. 52).

The end result of this progress is a system wherein the majority of the voting population, that group of Americans who politicians want to please the most, have attained contentment. Public policy is now initiated and justified based on how it affects this contented majority. It ignores, for the most part, the interests of those nonvoters who are socially, economically, or politically alienated from mainstream society.

According to Galbraith, this is a unique situation in U.S. history. In the past, politicians had two constituencies: contented, self-destructive capitalists—the minority of voters to whom conservatives appealed; and discontented low-income families—the majority of voters to whom liberals appealed. During the past two decades, the size of these opposing groups has been reversed, causing Democrats to abandon their old constituencies and sound more like Republicans in order to win elections. The ballooning of the middle class and the attempts by both major political parties to appease its interests does not fare well for those who have been left behind by capitalism.

Galbraith argues that

What is new in the so-called capitalist countries—and this is a vital point—is that the controlling contentment and resulting belief is now that of the many, not just of the few. It operates under the compelling cover of democracy, albeit a democracy not of all citizens but of those who, in defense of their social and economic advantage, actually go to the polls. The result is government that is accommodated not to reality or common need but to the beliefs of the contented, who are now the majority of those who vote. A consensus old as democratic government itself still prevails. (p. 10)

This book is aimed at two types of power elites: youthful liberals who are now contented professionals and youthful liberals who are now discontented professionals. Many Business and Society professors are attracted to this area of study because of problems associated with neoclassical economic theory. As such, we are most likely members of one of these two groups. In this book, Galbraith offers very little hope that the currently discontented elites can transform their now contented brethren back into radical action.

How does the transformation from discontentment to contentment occur? Every generation of Americans has its waves of campus liberals who, young and discontented, claim that capitalism worsens the situation of the worst off and protest on their behalf. Then, they receive their college degrees, obtain well-paying jobs, start families, buy a house, become contented members of the elite (less than 20% of the U.S. population has an undergraduate college degree), readjust their life goals, complain about high taxes, and modify their political views to support only incremental improvements for the worst off.

An example of such incremental improvement not mentioned in the book is the Family Leave Act of 1993. One of the biggest problems facing all families, particularly low-income ones, is child care. Only 10% of the nation's employers offer any help with child care. To make matters worse, nationally, yearly salaries

for child-care workers range from \$9,000 to \$15,000—at or slightly above poverty level. In an occupation where customers depend on stability, the national turnover rate for child-care workers is a tragic 40%.

The current generation of disoriented liberals has lobbied federal and state governments to adopt such policies as required prearranged classes, paid parental leave for six months, job protection for one year, subsidized child care wages to a livable \$9 an hour (\$18,800 a year), guaranteed access for low-income families to quality child care, and an increase in the minimum wage for adults to \$5.25 an hour, among others.

But what type of political legislation did the youthful 1960s liberals—who now dominate the White House, Congress, public policy institutes, economic think tanks, the media, and academia (which is rumored to be exploding with tenured radical professors)—develop in response to this national tragedy? President Bill Clinton claimed that the Family Leave Act was a triumphant victory, symbolic of the type of changes he wants to legislate. The new law permits 40% of the workforce to take up to 12 weeks of unpaid leave from work to care for newborns. Just what a low-income family needs: no income for the twelve stressful weeks they are nurturing newborns, adjusting to new family dynamics and making child-care decisions.

Now that the former youthful liberals have obtained political power they develop and implement public policy linked in arms with their conservative brethren rather than with the economically worst off. When asked to bear the burden of costs for public policies aimed at benefiting the worst off, they say nay: We cannot afford it and it cannot be done. This contented crowd, a group for whom conservatives have long spoken, acts powerfully when their personal interests are violated.

Galbraith develops his caricature of the contented majority according to four strongly held beliefs: I present them from the perspective of a fictitious Business and Society professor who entered the profession to make the world a better place for those not members of the power elite. Let us say this professor is employed by a research university to teach two Business and Society classes a semester and publish articles in level "A" journals. I will use the first-person pronoun for stylistic convenience.

1. *I deserve my just deserts.* I worked hard to get where I am. I paid my dues and deserve my \$50,000 a year salary for nine months of work. It wasn't easy getting the Ph.D. or fighting with the business school faculty who occasionally threaten to eliminate my class or my position. I teach future business leaders who pay large sums of money to business schools. I deserve my share of the pie.
2. *Why should I pay high taxes to implement policies that have diffuse, uncertain, debatable, and fantastical benefits?* Most government programs do not aid their intended beneficiaries. The few people who deservingly benefit from these policies are unknown to me. It just isn't fair that I must pay higher taxes when the money doesn't really benefit the people I want to see benefited. I think we need more research on government policies by blue-ribbon committees that use the services of objective people like myself.

3. *Government is a tremendous, unnecessary burden on the backs of hard-working taxpayers.* Costly government committees, some of which I have been on, move at a snail's pace and accomplish very little. The few things that government does well, and that just barely, include social security, medical care, deposit guarantees, and a strong military, expenditures that just happen to be very beneficial to me.
4. *Very little can be done about large income differentials.* Intolerance toward the economic gap between the rich and poor means more government intervention and higher taxes. Government is an inadequate intervenor and much tax money is wasted. The best way to help the poor is to cut taxes on people in my income bracket so that we can use the extra money to create more jobs.

According to Galbraith, the public policy implications of politicians catering to these contented sentiments is capitalism for the poor and socialism for the rich. On the one hand, government is significantly defunding public services used by the majority of disoriented and nonvoting low-income families, such as public libraries, schools, hospitals, parks, and inner-city police departments. On the other hand, government is significantly increasing subsidies for public services used by the majority of contented and voting middle- to upper-income families, such as S&L bailouts, social security, and farm income supports.

How will the nation's power elites be pulled away from this dangerously distorted form of utilitarian elitism, where the "greatest good" calculations are limited to impacts on people who vote? Galbraith maintains that "the present age of contentment will come to an end only when and if the adverse developments that it fosters challenge the sense of comfortable well-being" (pp. 156-157). He offers three tragic scenarios that may cure us of this mental disease: a depression (similar to the 1930s), an unpopular military action (similar to the Vietnam War), or a revolt by the underclass (similar to the 1960s riots). Galbraith ends the book wondering why "the obvious fact that people of comfortable circumstance live peacefully together and those afflicted by poverty do not goes largely unnoticed" (p. 172).

Importantly, Business and Society professors are part of the problem and solution. Galbraith appropriately lists professors as members of the "contented majority" and "culture of contentment." It is to us, probably more so than to politicians, that Galbraith speaks. Many Business and Society professors, drawn to the field because the free market system does not produce socially optimal results, are former youthful liberals in thought if not in deed. Becoming university professors provides us with the freedom and income to actively write, research, and lobby on behalf of those who are getting the short end of capitalism. As such, Business and Society professors have special obligations to public welfare, even more so than doctors, lawyers, and skilled craftsmen. Improving social welfare is one aspect of our professional mission, and we are freer to act on it than politicians who must cater to the contented majority to get reelected.

Rather than merely waiting for one of Galbraith's national catastrophes to wake up the contented, below are 12 steps that liberal and conservative Business

and Society professors can take to help the nation come to grips with the problem of elitist contentment and nonelitist poverty. Unfortunately, my call to engage conservatives, as well as liberals, in this adventure may shock some readers. Nonetheless, conservative policy developments that clearly benefit the worst off and disorient the contented should be encouraged as well, including Jack Kemp's urban renewal plans and William F. Buckley's recent call for national service.

First, we need to reflect on our own contentment. This is probably the most difficult step to take. Have we sold out? Do our attitudes parallel the beliefs of the contented? Has the pursuit of tenure driven us away from radical research? Are we the ivory-towered hypocrites that others accuse us of being?

Second, we need well argued and researched attacks on neoclassical theory in new journals such as this one. Similarly, we need well argued and researched attacks on government interventionist theories. When do they fail? Why? Under what conditions do they generate desirable outcomes?

Third, we need well argued and researched counterproposals to neoclassical and totalitarian theories, along with the development of alternative and creative models for managing organizations, such as workplace democracy. In this sense, we need to take greater risks with the antithesis part of the dialectic and explore new ways of organizing work-related life.

Fourth, we need increased social interaction between ourselves and the worst off. To the best of our limited abilities, we should experience their lives. We should stabilize their neighborhoods and schools rather than fleeing from them. We should serve them rather than expect them to serve us.

Fifth, we need increased social interaction between our students and the worst off. As professors, we are in a unique position to require and/or inspire future business leaders to serve in homeless shelters, improve neighborhood community centers, advocate for the politically alienated, and design action plans that help alleviate the problems of poverty. We should encourage our students to obtain feedback on their liberal or conservative solutions to poverty from residents of low-income neighborhoods and to test their solutions with aid from universities, government, businesses, and/or foundations.

Sixth, we need to unweil, challenge, and influence the values of our contented students. In a democracy, politicians wanting to win elections naturally cater to the largest voting constituency. As educators, we can design classroom experiences that unweil our students' value systems and then challenge them from the perspective of disoriented nonvoters. We can point out the problems of contented majoritarianism and introduce future leaders of this voting bloc to policies, such as six months' paid parental leave or enterprise zones, that research studies show to be beneficial to disoriented nonvoters and the broader society.

Seventh, we need to unify functional business school departments through the concept "business and society." Every functional area affects the lives of the worst off. We can provide the integrating forum in which accounting, marketing, finance, and management professors discuss and debate socially relevant issues. Many business schools are reconsidering their communal mission. We can provide the common theme that weaves through all departments.

Eighth, we need to serve as the conscience of our business schools and universities. The glances we receive from our colleagues whenever ethical issues arise at faculty meetings indicate that they expect us to provide ethical leadership. We should link arms with schools of social work, political science, economics, psychology, anthropology, law, journalism, and others to determine how the university can aid the worst off in our local communities and increase student awareness of ethical issues.

Ninth, we need to determine how to politicize nonvoters through their everyday work experiences. We ought not to expect, nor encourage, these nonvoting employees to adopt a particular liberal or conservative ideology. A special warning should be given to liberals, who will be disappointed when many of these nonvoters express their primarily conservative viewpoints. The majority of all U.S. adults, including many nonvoters, support conservative proposals, such as sentencing murderers to death, sending occasional drug users to military-style boot camps, banning movies with foul language or nudity, requiring government to keep lists of people who participate in protest demonstrations, making homosexual relations between consenting adults illegal, and mandating the reading of the Lord's Prayer in schools, among others. Nonvoters should be encouraged to participate in our great democratic experiment, regardless of their economic and social political agendas. Politicians, academicians, and interest groups should provide fact-based arguments that persuade the economic and social sentiments of the discontented rather than accept their apparent voluntary exclusion from public debate.

Tenth, we need to develop strong linkages between specific taxes and specific public policies. Those who lean to the right and left do not want to pay their fair share of taxes because their hard-earned money funds some government programs they oppose. Businesses and citizens should be given some latitude to choose what social programs they want to fund with their tax payments. The eventual advent of referendums on taxation may be one way for millions of people to sign their individual social contracts.

Eleventh, we need to support the development of social and political movements, just as Galbraith did during the 1950s and 1960s. In particular, universities should be incubators for evolutionary social and political movements. They should be places of policy research, debate, and action. They should never become propaganda machines for any particular political perspective. Radical conservatives, as well as liberals, may have appropriate policy solutions that, if properly implemented, could improve the conditions of the 34 million U.S. citizens living in poverty. These policies should be pursued because they favorably impact the discontented, not because they support the political and social views of liberals or conservatives. Most important, scholars and national political leaders should not be primarily concerned with appeasing the contented by incrementally implementing these urgently needed policies. Rather, they should shape the democratic debate and policy implementation process by advocating what appears to be right, not what is politically correct or expedient.

Twelfth, we need to become social and political activists. In addition to searching for truth regarding relationships between business and society, we should take our temporary scholarly answers seriously by following through with

action. In this sense, we should participate in some form of activism, whether liberal or conservative, local or federal. Social activism should naturally flow from good scholarship, although it should never be substituted for good scholarship.

The Culture of Contentment tells a sad story that has an unhappy ending. Hopefully, Galbraith will contradict this book's pessimistic conclusion and propose a great manifesto that prescribes how to constructively change society such that public policies and voluntary private actions actually do benefit the worst off. William F. Buckley should do the same from a conservative perspective. Most likely, the policy answers will be neither pure capitalism nor pure socialism but a combination of the two.

Capitalism and democracy have greatly improved the standard of living for many people in the United States, and they should continue to gradually do so in the future. Capitalism directly benefits the economically skillful, protects the wealth of the wealthy, and indirectly raises the standard of living for everyone else. Democracy directly benefits the middle class (assuming they comprise the largest voting bloc), protects the political power of the wealthy, and indirectly raises the standard of living for everyone else. If the middle class is economically discontented, political policies will tend to economically benefit the poor as well. If the middle class is economically contented, the immediate economic needs of the poor will be, for the most part, ignored. For example, as long as the middle class remains politically unreactive to the nation's child-care tragedy, the child care situation for the middle class and poor will remain pitiful.

In U.S. history, capitalism and democracy received essential shocks to their systems when excluded groups, such as nonlandowners, Blacks, and women, were given the right to vote. But, as pointed out by Galbraith, the current situation differs in that the discontented fail to use their right to vote. Unless new incentives are devised that significantly increase the percentage of people who fulfill their voting obligations, a very slow pace of constructive change is inevitable. Politicians and contented elitists will continue to develop and adopt incremental, watered-down versions of "family friendly" policies when more radical family-friendly policy alternatives are essential for societal well-being. The Founding Fathers intended the United States to be a land of happiness, where, according to Aristotle, citizens are healthy, wealthy, wise, and moral. Most Business and Society professors have appropriately focused their efforts on trying to develop wise and moral managers. It is time for us to expand our analysis. We should examine the impact of business policies on the health and wealth of the poor. There is much work to be done.