

THE SOUL  
*of*  
CAPITALISM

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## This New Moment

**F**IRST, we pause to acknowledge the ancestors. The discomforts of present day American life are real enough but can seem quite trivial and self-indulgent when laid alongside the American past. Modern pressures lack the hard and often tragic bite of earlier Americans commonly endured. Three or four generations ago most Americans lived in dwellings that lacked indoor plumbing to mention electricity and central heating. Most families were tenants, not owners. Life was simpler, certainly, but also much sicker. Half of the children born in 1900 were dead by the age 40 (in 1900, 95 percent of the new babies will live to 40 and half will be alive at 79). People, it is said, were more God-fearing in olden times and probably so, since their lives were ruled by stark, random intricacies that dwarf our own: bad weather that could destroy livelihood or abrupt waves of economic disorder; unspeakably harsh working conditions and inadequate incomes; the blind cruelties of incurable diseases. Parents regularly experienced the sudden death of children, an event that no doubt encouraged faith in an afterlife promise of a heavenly reward.

What would they make of us, surrounded as we are by luxuries, goods and plentiful variety, the profusion of entertainments and

tronic machines that allow our minds to leap freely across time and space? The departed ancestors naturally would be astonished by the reckless speed of modern life and the hedonism. They might be alarmed by our size (Americans are taller now) and amused by the preoccupation with fitness (many of our leisure activities would look to them like unnecessary work). They surely would be puzzled by contemporary obsessions with inner pain and personal ghosts, by the various "syndromes" that describe new maladies, and by the new drugs invented to treat them. Their descendants are fabulously wealthy by comparison—bizarrely wealthy—and the ancestors might insist that even our poor people are rich in everyday comforts and exotic possessions. How can a child be truly poor who owns \$125 sneakers and a GameBoy?

Before there were designer labels the distinctions of class status were recognized easily by all because they were delineated bluntly in terms of the most basic amenities. In 1918, only a third of laboring families had a bathroom in their dwellings (though often not hot water), while three-fourths of the salaried class enjoyed this new convenience of indoor plumbing. The peculiar social habits and artifacts of luxury Thorstein Veblen identified in the early twentieth century as tribal markings of the "leisure class" have since become generalized throughout the population (though the leisure class still manages to distinguish itself with a higher order of conspicuous consumption). Our humble forebears might recognize a brave, new cosmopolitanism in our everyday tastes (Episcopalians who eat Mexican food, truck drivers who vacation on Caribbean cruises), but they would perhaps also see us adrift in a sea of empty follies.<sup>1</sup>

One feels awe for the past, yet also estranged. It was so different. The extraordinary changes in American lives—especially life spans that are now twenty-five or thirty years longer—are the universal bounty delivered by industrial capitalism during the last century and before. The deep transformation in living conditions and expecta-

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tions was wrought by the wealth-creating processes of investment and production—the rewards of mass consumption. It is mistaken, however, to think that the architects of plenty came only from business and banking. Scientists and doctors developed the great life-saving cures, often with no profit to themselves beyond the satisfaction of aiding humanity. It was government, not private enterprise, that built the sewers and water systems that eradicated common illnesses and thus extended longevity; government also built the roads and schools and financed technological development. Life-enhancing changes also were wrought by social reformers, from working-class labor organizers to the martyred advocates of racial equality to upper-class humanitarians—all morally angered by obvious injustices, pointless brutalities. And we also should mention the brave politicians who took up these social causes before they were in fashion, who coaxed business enterprise to behave more responsibly, and who, finally compelled them to do so with new laws.

All the while, the plain people struggled. Their stories usually get left out of the history texts, since they are too diffuse to describe easily, too small and pedestrian as experiences of hope, defeat, triumph. Rachel Bella Calof was one among the millions, a young woman who left a miserable orphan's life in Russia in the 1890s to take up an even more harrowing existence as an American farm wife homesteading with her new husband, Abraham, on the trackless prairie of North Dakota. They lived in a 12-by-14-foot shack that each winter was crowded with relatives, livestock, and babies (Rachel had one after another, it seemed), all struggling to get through the desperate, cold months without starving. *Rachel Calof's Story* is an unsentimental narrative she wrote late in her life, the original in Yiddish. It is one of those honest, richly descriptive texts that modern children might read to understand where American life actually came from (if Rachel Calof had not been a homesteader, she might have been a writer):<sup>2</sup>

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The wheat grew well and, at last, was ready for cutting. . . . Our spirits soared. A better life awaited just ahead. Dear reader, it was not to be. . . . Shortly after the noon meal a dark cloud suddenly boiled up in the northwest sky. We both knew what such a formation could mean and we watched in fear and trembling as the sky became darker and assumed an ominous hue. Then suddenly the hailstorm, the scourge of the prairie farmer, was upon us. It was of such intensity that in a few minutes all for which we had suffered and labored so long was destroyed. The wheat crop was hammered into the ground. The storm water washed away the grain which had already been cut. . . . Our two horses were killed running frantically into the wire which surrounded their pasture. The windows of the shack were smashed. Destruction was everywhere. We all, children and parents, huddled under the table for protection, but the shack became so filled with water we feared we would be carried away.

A century later, North Dakota still has hailstorms—but also crop insurance and well-built houses. Farmers need not submit family and self to the naked terror of nature. Life's dangers are managed in our time through the science of risk assessment. Yet, strangely enough, Rachel Calof discovered a sense of triumph in the terrible storm that destroyed everything: "I suppose this was as good a time and reason as any to give up the long unequal struggle. But we had become resilient and tempered by hardships and, surprisingly, our first emotions were joy and thankfulness that we had been spared. We knew now that we could win out."

These hard stories are numerous in the American past—incredible stories usually passed along within families—and they can be read as a rebuke to the present. We seem so soft. Most immigrant families did stick with it, and eventually most did "win out," as Rachel Calof put it, and achieved the secure, prosperous life that was the original purpose of their sacrifices. So we may choose to believe that the ances-

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tors would be happy for us. They might be pleased to see that their struggles were not repeated by later generations but have been rewarded fulsomely. Are we happy for ourselves? The stories reveal the heart and fiber of becoming American. We are left to ponder whether we inherited their strengths along with the legacy of plenty.

When I consider the profusion of goods and recreational delights of our time, I think of my own grandfather, a Scotch-Irish farmer named Franklin S. McClure whose well-ordered life now seems eccentric in its simplicity. Never rich, never poor, but moderately prosperous in their own terms, the McClures had farmed in the hill country of western Pennsylvania since the 1790s, an area established by Revolutionary land grants, and the name had come to be well regarded in the vicinity. His lifetime was overtaken by the first waves of industrialization during the first half of the twentieth century—overwhelmed by modern life. But he stood his ground, resisted what seemed frivolous to him, defended what seemed most valuable. I can still see an occasional puzzlement in his face as he contemplated the newness of things.

Grandpa kept a small dairy herd and pasteurized his own milk, selling some to the coal miners' families living along the hollow. On two hundred acres, half woodlands, he grew feed for the livestock and food for the family, maybe sold some grain when market prices were good. He never attended college but read law books as the township's justice of the peace, and enjoyed a well-developed cultural life, music and classical literature, the Bible. He was self-sufficient unto his time and place, his sense of independence anchored in the fact that he owned his own land, managed and operated his own means of production. In 1900, when steel and coal were already booming along the Monongahela River valley, this young farmer (my mother was a newborn) reported to a U.S. census taker that he was "unemployed." So did the other neighboring farmers in Forward Township. They meant, I assume, that they worked for themselves, not for coal mines or steel mills or any other employer.

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As a child, when I spent summers on that farm, it was a living window on an already vanished past. For whatever reasons, never fully explained to us, my grandfather and grandmother declined to participate in the modernizing luxuries of their own era. Other farmers around him became mechanized, bought the first tractors and trucks, later the large threshing machines and combines. Grandpa continued to farm with his horses. He plowed and spread manure and harvested with horse-drawn implements, milked the cows by hand. When he grew too old to farm, he turned the horses out into the woods every day and leased the fields to neighbors with their machines and chemical fertilizers.

The center-hall farmhouse had no electricity, no telephone or plumbing (an indoor toilet and tub were installed once but never functioned properly). Twice a week, we went into town to purchase a new block of ice for the white-enamel icebox in the kitchen. The parlors and bedrooms, with lofty Victorian ceilings, were softly illuminated by the glow of gaslights, each mantle lit by hand everyday at dusk, the natural gas supplied by a well on the farm. The outhouse was a long, dark walk from the kitchen porch, past the washhouse and chicken coop, by the far end of a double-sided corncrib.

Grandfather did decide once to install electricity at the farmhouse. But, when Grandmother saw the first poles marching up the lane, she objected. The wires ruined her view from the kitchen window, the gentle vista across fields and woods rising to a distant ridge dotted with white farmhouses, unpainted barns. She was strong-willed, too. He took down the poles. They lived on with gaslights and the icebox. Empty bleach bottles accumulated under the corncrib where she stored them. It seemed a waste to throw them away, though Grandmother had no use for them. The new age of packaged goods was creeping into their lives, with quite different values about what was useful, what was wasteful.

I admire the stubbornness of their resistance—their willingness to stare down intrusions—but this is not a romantic lament for the lost

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simple life. The truth is, after a week or two on the farm, my brother and I would turn quarrelsome, tired of toting pails of water from the spring, sharing in hot field work, listening over and over to the same old phonograph records on the windup Victrola. We were bored silly by the simple life. We longed to return home to suburban civilization.

In their own terms, however, this well-ordered life on the farm was not at all simple for my grandparents. Like most farmers, even today, my grandparents were, by necessity, workers with numerous skills. They knew animal husbandry (hogs, chickens, horses, cows) and horticulture (vegetables and fruit orchard, maple sugaring and crop rotation). They did carpentry, bookkeeping, occasional school teaching, mending, and sewing. Grandma used to bake daily when she was younger (bread and fresh pies for breakfast). Grandpa was a machinist who fixed axles and other gear in his small blacksmith shop (though he never got the plumbing right).

Though I never heard this said, my hunch is that what my grandparents resisted was the encroaching loss of self-reliance, the steadily vanishing complexity of their own self-contained lives, the capacity to do many things well and provide well enough for themselves. Put in those terms, it seems a huge and frightening loss. They were unwilling to accept the trade-offs.

Their situation illustrates, first, how far the concept of economic necessity has traveled in two or three generations, and how greatly we have been liberated from hard daily labor by the fruits of industrial production. Yet, oddly enough, their sense of encroachment also parallels the modern experience. The new technologies of this era are much more complex, far too esoteric for common understanding, much less to repair at home, but the disorienting effects may be similar. When my grandfather rejected the obvious comforts produced by the previous industrial revolution, he must have recognized, perhaps with a hint of terror, that his very own personal qualities were being commodified by the new inventions—his tasks and skills converted into products that are bought and sold, machines and manufactured

goods that would be many times more efficient (cheaper) and more effective (uniformly reliable and productive) than the labor of a single, skillful farmer could possibly match.

The same alienating exchange is occurring in our own time, and not just for those workers displaced by new technologies. Life's daily chores—cooking dinner, rearing children, even walking the dog—are commodified as services we hire others to do for us or as goods we purchase instead of making ourselves. Of course, it requires more cash income to acquire these liberating conveniences, and often the "time-saving" devices become needs, not luxuries, and some of the saved time will be devoted to more work, not leisure. Since we are by now several generations removed from any illusions of self-reliance, people may experience this dread of personal loss less starkly, as a small kernel of inner doubt and helplessness. One recognizes a deepening dependence on the mysterious new machines and on the complicated organizations of modern economic life, which are operated by distant systems of decision making, themselves opaque and mechanical. One paradox of the information age is that, while we are able to find out instantly so many more things than the ancestors could ever know, the anchor of self-knowledge—who we are and where we fit in, what we count for in this new scheme—seems to be weaker.

In historical perspective, however, the technological changes of the present era, even the astonishing advances in telecommunications, do not involve life transformations as profound as what those earlier generations experienced—they were confronted by cars, airplanes, telephones, electric lights, indoor plumbing. Nor do the social and economic upheavals seem as severe for most of us (though they are still brutal for some). We can resist the machines (and many choose to do so), but we cannot blame them. Anyway, the machines are not going to go away because they do deliver, reliably, what many want in their lives, what people soon find they need. My digression into the distant past is intended to stimulate a little doubt and suspicion about our modern pretensions. Despite the progress of machines and

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money incomes, the fundamental terms of human existence do not change over time or even across centuries (see Ecclesiastes on this point). But we have perhaps forgotten some important elements of life that the ancestors readily understood.

IF THE NEW TECHNOLOGIES do not explain what is distinctive about the modern American condition, then we have to look elsewhere for an explanation of what agitates the social discontents and tensions. The answer is a breathtaking new fact of history, so simple and obvious one hesitates to announce it as news. The United States has solved the economic problem.

America, that is, has solved the ancient economic problem known to all previous millennia of human toil. We have escaped the elemental struggle that has stalked human societies since the origins: hunger, scarcity, the burdens of producing enough for human survival and a general standard of well-being that is not restricted to the powerful few, the king and high priests. The United States is not alone in this happy condition but still the rare case in the world. The constant threat of scarcity is what sowed the desperation, but also inspired the invention and enterprise. For the fortunate minority who live in the most advanced nations, the fundamental economic threat is now, quite literally, extinguished. Indeed, basic human needs are now eclipsed—even overwhelmed, like my grandparents—by the overflowing abundance and variety produced by the modern economic system.

The problem is solved. Yet the United States pushes on strenuously, like a long-distance runner who has won the race yet keeps running beyond the finish line, not looking back and not quite sure who or what drives him on. A similar observation arguably could have been made about the United States thirty or forty years ago, but it would not have been taken seriously by a population that had lived through the sufferings of the Great Depression or the deaths and sac-

rifices required by the mobilization for World War II. The point of overwhelming abundance is now plainly in our face and beyond argument, yet seldom discussed as the new central premise of the economic condition. The incompleteness at the core of American life, I believe, is also about this new fact of history. Our situation is unique—learning how to live amid endless plenty and, ironically, how to live well in spite of it. Our ancestors never had to face such a struggle. We cannot escape it.

In 1893, Samuel Gompers, the first president of the American Federation of Labor, was asked: What does labor want? "More," he answered. Of course, more. At the time, it sounded vaguely belligerent and greedy. Gompers's business adversaries used the one-word answer to demonize labor unions as a monstrous threat to civil order. But what organized labor sought—more—was merely the general ambition of all Americans and a deeply held objective of the nation. It still is. From the beginning, one could say "more" was the organizing principle for American life—the goal of immigrant sacrifices, the motivation for ferocious contests in economic life. It drove the expansion westward (pushing aside indigenous peoples who did not live by acquisitive precepts). It spawned great inventions; it justified the hard work and bountiful production. "More" is the bluntest expression of how we have defined the "pursuit of happiness." Only during the last several generations have dissenting voices begun to articulate a different question: more of what?

The question is answered easily and imaginatively. More of the old and more of the new. More cars and urban pickup trucks; more off-road vehicles for adventure. More and larger houses and, for some of us, two houses, or even three. More electronic connections, worldwide, handheld, and 24/7, as tech hipsters say. More wealth, more food, more travel, more wilderness, more money and more work, more sports channels, more movies, more miracle drugs, more ailments to be cured, more incinerators and landfills, more bottled water, more fat, more sugar, more lakes, more security guards, more

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toys. The chase of modern life can be exhilarating and gorgeously satisfying, also exhausting and terribly wasteful. One recalls the mordant bumper sticker that used to be seen on suburban pickup trucks: "Whoever Finishes with the Most Toys Wins."

All Americans across the differences of class and status—all but the very poor—achieved self-sufficiency in basic needs (food, shelter, clothing, and so forth) nearly a half century ago. Clair Brown, an economist at the University of California–Berkeley, meticulously tracked consumption patterns across the last century in *American Standards of Living* and found the spending for the basics declined steadily as a share of incomes from the 1950s onward, replaced by goods and services that are increasingly recreational or described as "variety" or "status." Scholars have engaged in a dense sociological controversy over exactly what drives the material desires—who is keeping up with whom in modern America? The designer labels, for instance, suggest that people of modest means strive to participate in the tribal markings of the leisure class, even if the identity of refined taste is determined at a superficial level. On the other hand, the consumption of cultural goods seems often to work in reverse, with the affluent mimicking lower-class tastes. Think of those white suburban teenagers, alone in their rooms, listening to rap music and identifying with insistent lyrics derived from violent urban life. The questions of class mimicry can be intriguing but go past the larger point. At nearly every station and status level, most Americans share, one way or the other, in the common experience of plentiful consumption, notwithstanding the differences in content and volume. Brown evoked the reality with these details:

In 1988, typical working families with incomes between \$30,000 and \$50,000 (in 1998 dollars) owned their homes, had air-conditioning, owned at least one car, spent a quarter of their food budget away from home, and went on 1.5 vacations annually that cost \$655 each. . . . They spent \$1,140 yearly on a vari-

ety of household furnishings such as sofas, refrigerators and decorative items, and another \$1,635 on household operations, including telephone service, gardening, and cleaning supplies. . . . From a world viewpoint or a historical viewpoint, these families were not living a meager life style; yet in modern-day America thoughtful commentators find it lacking.<sup>3</sup>

What could possibly be lacking? Time, most obviously. Americans on average work longer hours than their counterparts in other leading industrial economies, as much as three hundred or four hundred more hours per year. The pressures on time, combined with the need for rising incomes to maintain these patterns of consumption, undermine personal lives and family, but also deny any stable sense of fulfillment, given the erosion of job security, family savings, and pension rights. Indeed, for a broad swath of Americans, who are not themselves poor, it sounds wildly wrong—and offensive—to talk about the extraordinary comfort levels of modern life. For them, the economic problem remains a month-to-month struggle of keeping up with the rent or mortgage payment. The statistics suggest a general affluence that is undeniable, yet they know and feel precariousness in their condition.

Federal Reserve Chairman Alan Greenspan expressed his own puzzlement when he discovered that levels of anxiety and insecurity seem to be rising inversely to the supposedly healthy conditions of the economy. "As recently as 1981, in the depths of recession, International Survey Research found 12 percent of workers fearful of losing their jobs," Greenspan told the American Council on Education in early 1999. "In today's tightest labor market in two generations, the same organization found 37 percent concerned about job loss." How could this be so? Plausible explanations are not exactly a secret. They start with the rigorous new style of management that adjusts to transient fevers from financial markets by discarding long-experienced and well-paid employees. This helps the stock price while it sows doubts and fears in the society.

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For a time, the rising price bubble in stock markets was thought to be an antidote to these rising insecurities, the way in which even small investors could accumulate sufficient assets to make their lives secure for the distant future. A TV commercial for Scudder Investments adroitly captured the ironic tensions embedded in contemporary prosperity: "What if you want to stop working for a living? What if you want to start living for a living?" The new passion for stock-market investments became an alluring kind of substitute for many people—a defense against the pressures on family, an escape from the immediate worries. It was not to be. When the bubble burst, American households swiftly lost \$3 or \$4 trillion in putative wealth. The mutual funds where they had parked their savings fell back to the same levels of four or five years earlier, before share prices had begun their great—but temporary—inflation.

The illusions were deeply felt, however. A popular financial guru for middle-class investors, Suze Orman, instructed her followers: "Money is a living entity and it responds to energy exactly the way you do. It is drawn to those who welcome it, those who respect it." Her insight sounds plain wacky now that stock prices have collapsed, despite the sincere devotion of share owners. In my grandfather's time, describing money as a "living entity" would have been regarded as blasphemy. His financial balance sheet was trivial compared to modern standards of personal wealth. Yet somehow he was able to feel more secure and more independent, despite his relative poverty. This is not a trivial anomaly, but the new paradox created by America's extraordinary abundance.<sup>4</sup>

One could go on at length cataloging similar symptoms of distress and social disorder—the dysfunctional qualities of "more"—but many other books have already filled that purpose. Most Americans, I am convinced, have at least a vague sense that something is wrong in the contours of their supposed prosperity. In my experience, I do not find these complaints restricted to the poor or struggling working-class, though their struggles are obviously more stark and often des-

perate. In affluent living rooms one hears the same conversations about stress and disappointment, the same exasperation and futility, often laced with an edgy bitterness toward those who are supposed to be in charge. Despite the class differences, I have heard people from nearly every income level express an oddly similar sense of confinement, as if their lives were trapped by the "good times" rather than liberated. Short of renouncing modern life and going off to live in the woods, they do not see any sure way to break free of what binds them. Think of the paradox as enormous and without precedent in history: a fabulously wealthy nation in which plentiful abundance may also impoverish our lives.

Brown's study suggests a set of resigned choices people have made during the last generation, especially the working families whose hourly wages have been steadily depressed in purchasing power since the early 1970s. "Feeling powerless to influence public problems that significantly undermined their own standard of living, people have turned inward to focus on their private consumption," she wrote. "Disillusioned with society's ability to tackle social problems, much less solve them, people have withdrawn to their private lives and sought solace in consumption of variety and status. For many people, the demands in their private lives of going to work and taking care of family deplete their time and energy. Yet social pressure to maintain consumption norms prevents them from expanding leisure time or focusing on social problems."

Even the cycles of rising prosperity can begin to feel tyrannical. As each new generation of products (and subsequent upgrades) appears, the context surrounding one's circumstances is altered and there's no easy escape. A family may decide to keep its food in an icebox, but where do they buy the block of ice? One does not actually *need* a television for entertainment, but without one you are utterly lost in office conversations. Some people do opt for the simple life and clear away the gadgets and unnecessary complexities (a virtuous choice surely, though not one I would choose). Achieving the simple life

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requires stern character and a kind of solitary withdrawal, like my grandparents' resistance. The willpower will be easier to sustain if the children do not watch TV (and are not allowed to visit friends who do).

Character and values can guide people toward wiser choices, but neither individuals nor the society can easily escape the present system because the principles of "more" are everywhere. "More" is embedded in the behavior of every business enterprise and the principles of marketing, in the self-interested decisions of every investor and consumer. The pursuit of "more" guides politics and government policy and describes the core objective of formal economics. Faith in "more" as a blunt instrument for achieving the greater good for the greatest number is what legitimizes the confinements and social distress, from families to communities. It does require real character to step back and question what others regard as natural law.

The regime of "more," individual grievances aside, also leads to an unfulfilled society, as some people are beginning to recognize. This was actually the point Samuel Gompers was trying to make back in 1893, though his remarks were maliciously caricatured. What the labor leader said in full was: "Labor wants more schoolhouses and less jails; more books and less arsenals; more learning and less vice; more constant work and less crime; more leisure and less greed; more justice and less revenge; in fact, more of the opportunities to cultivate our better natures." Gompers's list of "demands" seems uncannily relevant to our present dilemma. It suggests a *social* definition of "more"—a general prosperity that does not confuse and destroy life itself.<sup>5</sup>

The British economist John Maynard Keynes, who was wise about the human condition as well as money matters, predicted this dilemma of plenty more than seventy years ago in an essay entitled, "The Economic Possibilities for Our Grandchildren." Capitalism, Keynes observed, was generating surplus wealth for investment at such a rapid pace that, combined with scientific discovery and sound

engineering, the process of wealth creation should eventually eradicate the ancient afflictions of human want and material suffering. This, he thought, could occur for the advanced countries within one hundred years, notwithstanding occasional setbacks from war or depression. At the point of triumph, Keynes declared, people would at last be free—truly free of the old fears and struggles—but would then face the larger, more permanent questions of mortal existence.

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What does it mean to be truly human?

“For the first time since his creation,” Keynes wrote, “man will be faced with his real, his permanent problem—how to use his freedom from pressing economic cares, how to occupy his leisure, which science and compound interest have won for him, to live wisely and agreeably and well.” The prospect of such liberation can be deeply frightening since, without the well understood burdens of economic struggle to define our lives, what are we to do? We will face “the panic of having to create our own lives,” as Raoul Vaneigem explained in *The Movement of the Free Spirit*. Our social challenge—discovering how to live “wisely and agreeably and well” with our abundance—is more elusive than whatever the ancestors endured, also less harsh and threatening, but it is fundamentally a pioneering frontier beyond anything they faced. Like earlier pioneers, it will require a kind of forward-looking courage—stubborn faith in a future that does not yet exist.<sup>6</sup>

America clearly has arrived at the threshold Keynes described. There is plenty to go around, more than enough for everyone by any reasonable measure. Yet the accomplishment does not prompt great celebration because, as everyone knows, the overflowing abundance is obvious in the economic data but not in the society. One-sixth of the population, the government reports, still lacks the means to provide even the minimum essentials of food and shelter for themselves. By official measure, one-fifth of America’s children live in this old-fashioned condition of poverty.

Yet the burdens of inequality are spread more broadly than that

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and are more central to the discontents amid the abundance. Amartya Sen, a Nobel Prize-winning economist, has described a more supple social definition of poverty that is more relevant to our condition. Poverty, he suggests, is when people lack the means to appear in public without shame. By that standard, many more Americans are impoverished than the government has calculated, and Sen's definition perhaps captures the real inner dynamic driving mass consumption beyond acquiring the basic necessities. It is not simply a matter of keeping up with the Joneses or mimicking refined tastes. The consumption is required to keep up with American life itself. To avoid experiencing public shame in this society a family needs far more than food and shelter and, whatever personal desires one feels, the marketing mechanisms of commerce continuously reelaborate the social definition of what "more" means.

Looking backward, one can say that the mass consumption society constructed during the twentieth century was an egalitarian triumph in the sense that nearly all were enabled to participate, albeit at vastly different levels of luxury. But the future of mass consumption is now, paradoxically, threatened by the growing inequalities of wealth and incomes. As Clair Brown reported, a large portion of Americans, mainly in the laborer and wage-earner classes, is now faltering, diverging in their consumption patterns from the better-off classes. This fissuring of the middle-class—first noted with alarm in the 1980s—is driven basically by the diverging fortunes of American families in personal wealth and the widening gulfs in incomes. People, to put it crudely, don't have enough money to keep up. Nevertheless, they are trying—struggling heroically, one might say—to remain good consumers and thus avoid the public shame.

From the 1950s to the early 1970s, Brown explained, virtually all classes enjoyed a robust expansion in their discretionary spending on "variety" and "status" consumption. Even the poor gained a much improved standard of living, thanks to more generous public subsidies. However, during the last three decades, as hourly wages stag-

nated in real terms, working families were squeezed in their ability to maintain an expanding participation in the mass consumption. They more or less succeeded, though at a steadily slowing pace. How did they accomplish this? First, they worked harder and longer, mainly with women, wives and mothers, entering the full-time workforce and other family members taking on part-time jobs. Second, they borrowed against their savings, with credit cards and lines of bank credit that steadily drew down the accumulated equity they owned in their homes. This process explains the mountainous debt levels households built up amid the booming nineties. After storing up savings through home ownership during the sixties and seventies, the average homeowner drew down home equity dramatically during the last two decades, from 70 percent to 51 percent of mortgage value.

The problem with both of these strategies—working longer hours, spending the family savings—is that neither can be repeated during the next twenty years. Sooner or later, people will run out of the time to take on another job or additional overtime shifts. Sooner or later, they will run out of savings. An economic crunch seems unavoidable unless the distribution of incomes is altered significantly. When this reckoning occurs in sufficient numbers, the normal assumptions of our mass-consumption economy should be severely challenged, as broad ranks of working people are compelled to change their values as consumers—to get by with less and endure the social shame. Professor Brown is not sanguine about how this rancorous transition will unfold. “Continued wage stagnation will eventually translate into stagnation of living standards,” she predicts. “In the absence of a major transformation of social values, our class conflicts over income and what it buys can be expected to intensify.”<sup>77</sup>

In those circumstances, Americans might at last be compelled to reconsider the underlying economic assumptions of “more.” The internal logic of economic theory is derived, after all, from the historic expectation of permanent scarcity—scarcity confronted by infi-

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nite potential for human needs and wants. Thus, capitalism ingeniously strives to produce more output from less input—the efficiency that demands (according to its own definitions) the most effective allocation of resources and capital. The assumption that scarcity is with us always claims the highest priority in public affairs and efficiency regularly trumps social aspirations. An impossible burden of proof confronts intangible social goals that are not marketable commodities and thus have no priced value. What is the rate of return? How much might this social improvement damage the production of “more”? Both liberals and conservatives accept these efficiency premises; their policy arguments in macroeconomics are generally over the best way to achieve the “more.”

The standard assumptions of efficiency, however, are regularly mocked by real life outcomes. The faith in efficiency was shaken most recently by the horrendous disintegration of stock prices that destroyed somewhere between \$6 and \$8 trillion in capital, including especially the retirement savings of working families. The financial system’s managers shrugged this off as an unfortunate occurrence and lamely explained that these things are to be expected in the tides of free-market capitalism. But where does one find “efficiency” in this process, the stern disciplinarian who designs lean production systems and squeezes costs down to the penny?

The system, remember, arduously accumulates its surplus and savings by imposing painful sacrifices and brutal dislocations on innocent participants such as workers or communities. Then it artificially inflates the supposed value of those savings as invested in the assets of financial markets. Then it abruptly collapses those assets, leaving millions of families with devastating losses and a much bleaker future. The savvier big players are able to accumulate still larger fortunes while the ignorant herds experience the bracing tonic of free-market insecurity. Where, for that matter, is the “social efficiency” in such a system? One thing is obvious: Because ordinary people lost still more of their financial cushion, the reckoning that Professor Brown fore-

mass consumption likely has been hastened by these events. More of what? The question does not much interest formal economics. Abundance and its social consequences are regarded as a matter of consumer taste—let people decide for themselves what makes them happy. If you don't want it, don't buy it. This sounds vaguely democratic until one remembers that in the economic realm the power to decide things is distributed in dollars, not as individual rights, so many lose their voice by consequence of their meager assets. Some citizens, furthermore, have examined the accounting principles behind the economists' efficiency and found huge fallacies in the justifications. The destruction of nature by enterprise, they discover for instance, is regarded as cost-free by the economic model, an archaic premise of capitalism that lives on despite contemporary understandings of ecological crisis. Thus, what looks like "growth" in orthodox accounting terms may actually be "decline" when the broader social considerations such as environmental destruction are included in the bookkeeping. In any case, goods-producing activities that generate increased economic output do not necessarily generate what the society wants and needs.

The house of economics is due for major renovations, if not a complete tear down, because the economic order has lost one of its main emotional suppositions: the motivating fear of scarcity and deprivation. The dread of scarcity lives on, however, in public consciousness, in law and politics and civic ambitions. As people come to terms with this new condition (and there is scattered evidence that some young people are asking themselves, More of what?), many fruitful questions about the future are opened for discussion. What now justifies the harsh personal sacrifices imposed on people's lives in the name of sustaining the abundance? Why does the capitalist process continue to defend or ignore its many forms of social injury—especially the ecological destruction—when the pursuit of accumulation is no longer a matter of human survival but more often an elaboration of surplus? If there is plenty to go around (as there clearly is), why does

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the economic order still require a permanent subcategory of the impoverished and dependent—Marx's famous "reserve army" of the unemployed? For that matter, why must society accept a capitalism that persists in generating greater inequalities, generation after generation, as the required terms for sustaining general abundance? If ever greater concentrations of wealth and power are the inescapable result of our economic system, then what future is there for ever achieving genuine democracy in place of an elite plutocracy? These matters and other systemic disorders usually are blamed on people, on human error or weakness, on the failure of schooling or the political system or society itself. The only remedy, we are assured, is achieving still "more."

Many Americans no longer believe this. Skeptics are found especially among those who see the ongoing ecological destruction as the most critical contradiction overshadowing our prosperity. There are others who protest that the quality of private lives is degraded needlessly by the terms and conditions of work, even as society's commonly shared assets, from parks to communication airwaves, are reduced by enterprise to private commodities. Still others object that the growing maldistribution of power reflected in private wealth steadily degrades public confidence in democracy, capturing the representative self-government as a private asset. These perspectives and some others are active in politics certainly, but also largely frustrated. It is not so easy to think through plausible, equitable solutions because the various discontents generated by "more" are tangled up together and the supposed reforms often interact at cross-purposes. After all, the engine that reliably produces "more" and distributes its goods so broadly is the same engine that devours nature at a pace that logically cannot continue. It is the same economic machinery that cannot be slowed down without severely injuring masses of ordinary working people. And yet, even in its most robust phases, it generates an ever greater maldistribution of assets and incomes and, not coincidentally, imposes on most citizens the sense of loss of self-sufficiency and independent control over one's own destiny.

This historical moment allows us—in fact, impels us—to look directly at the engine itself, that is, at the nature of American capitalism. The purpose of this book is to examine more deeply how and why our brilliant economic system collides with so many of society's broader aspirations and regularly frustrates them. The subject is daunting, of course. Yet we are able to ask these questions now, and probably for the first time in American history, without the shadow of desperation and scarce necessity hanging over the answers. The terms of inquiry, however, must be very different from the standard politics of the past, as I will explain in the next chapter. Our objective is to identify the functional routines and relationships within the system itself that might be altered—in fact, must be altered—in order to achieve the more fulfilling society that ought to be possible now, given our great wealth.

The idea of reinventing American capitalism sounds far-fetched, I know, and especially improbable considering the market-centered orthodoxy that reigns in conventional thinking. I can report, nevertheless, that many Americans are already at work on the idea in various scattered ways (though usually not with such sweeping declarations of intent). They are experimenting in localized settings—tinkering with the ways in which the system operates—and are convinced that alternatives are possible, not utopian schemes but self-interested and practical changes that can serve broader purposes. This approach seems quite remote from the current preoccupations of big politics and big business, but this is where the society's deepest reforms usually have originated in the American past. The future may begin among ordinary people, far distant from established power, who are brave enough to see themselves as pioneers.