

## America and capitalism

*American Capitalism: Social Thought and Political Economy in the Twentieth Century.* Edited by Nelson Lichtenstein, Philadelphia, PA, University of Pennsylvania Press, 2006, 377 pp., \$24.95 paperback/ \$49.95 cloth.

In the introduction to this book, Nelson Lichtenstein notes the depth of the contrast between the debates about the viability of capitalism and its presumed submergence within broader social institutions that had agitated intellectuals during the first six decades of the 20th century, and “the power and pervasiveness of American capitalism” at the beginning of the 21st century with its presumed link between open markets and liberal democracy that Francis Fukuyama once proclaimed as “the only model” a state can follow. Toward the end of the 20th century period, Daniel Bell had announced “the end of ideology in the West”—the market having been constrained by a purposeful set of social and political compromises. The vulnerability of Bell’s dictum to powerful historical changes, Lichtenstein would argue as the premise of his book, is shared by the ideologies that have been upholding the “triumphalism” of 21st century capitalism.

The introduction is a thoughtful contribution to the work. The book itself consists of thirteen essays that deal mostly with the careers and ideas of some of the leading social thinkers of the first half of the 20th century. None of these thinkers, however, offers a thorough economic analysis of American capitalism. None probe its transformation since the Great Depression, or any of the policies addressing employment problems, budgetary allocations, or the prevention of excessive cyclical fluctuations.

The title of the book does not quite

capture some of the core concerns expressed. As Lichtenstein writes, “A central theme that runs through many of the contributions” is why and how capitalism was eclipsed by sociological and political constructs encompassing a “postindustrial” or even “postcapitalist” society. At the risk of oversimplification, this theme had its origin in and owed its development to the idea that the socializing tendencies inherent in capitalistic/industrial economies would in time lead to social democracy based on a “social economy”—ideas associated with Arthur Schlesinger, Andrew Shonfield, and European socialists such as Eduard Bernstein and Jean Jaures. The evident weakening of the power of property (documented by the highly influential work *The Modern Corporation and Private Property* by A.A. Berle and G.C. Means) gave impetus to the belief that a maturing corporate bureaucracy, directed by a class of trained managers, would make for a more reliable regulation of markets. The social thinkers represented in the discussion of the “postcapitalist vision” by Howard Brick, however, did not take into account the continued power of wealth and the manifestation of this power in the ownership of vast industrial and agricultural holdings. The “vision,” as Brick notes, was part of an intellectual revolution which posited “an autonomous social sphere that gained ascendancy over mere economics.” It can hardly be disputed that such an intellectual orientation ignored some of the fundamental forces underlying the American economy.

While all the essays presented in the book are worth pondering, space limits what follows to outlining but three of them.

**John Kenneth Galbraith.** Among the sharpest critics of the culture of mid-century America was John Kenneth Galbraith. In particular, he op-

posed and even denounced consumerism: that is, the near privatization of consumption, usually at the expense of public expenditures that would benefit society at large, which would have beneficial redistributive effects. Furthermore, he opposed the emphasis of economic policy on economic growth; for example, he argued against the tax reduction proposed by President Kennedy in 1961 designed to spur growth and reduce unemployment. Judging by an essay written by Kevin Mattson, Galbraith advanced no clear alternative to growth to deal with the employment problem. In his *New Industrial State*, published in the late 1960s, Galbraith more or less synthesized his conception of the corporation as an institution that builds its marketing power by influencing consumers, often with manipulative advertising. He did not deal with the possible impact of competition in limiting marketing power. He introduced the concept of technostructure: that is, a new class of technical and professional personnel as a social stratum, which was previously and more narrowly conceived by Thorstein Veblen. But the autonomous nature of this stratum, insofar as its employment is dependent upon corporate management, is dubious; its interests, it would seem, hinge on the success of its employers.

**Peter Drucker.** That the great corporations were the driving force of the American economy was fully realized and, in effect, accepted by John Kenneth Galbraith; and so it was by Peter Drucker, “the prophet of post-Fordism,” as the title of the essay (by Nils Gilman) calls him. Drucker, however, was less concerned with the economic role of the corporation than with what he construed as its legitimacy—its legitimization less in terms of property rights or as provider of goods and services, but rather in the

eyes of its employees. Drucker's many books have strongly influenced management strategies and organization, but his underlying philosophy was shaped by his experience of Nazism in the early 1930s. (He was born and raised in Austria and spent some time in Germany, then decamped to England and later to the United States). Reflecting upon the electoral success and psychological effect of the Nazis, Drucker came to believe that the "liberal capitalism" of the time had failed in that it gave rise to the alienation of masses of workers that found its response in the attraction of the Nazis. Believing that a harmony of interests exists between workers and managers he advocated teamwork wherever possible, and trained the workforce to be autonomous in all respects short of invading the authority of management. He was not opposed to unions, yet appeared unable (or unwilling) to grasp the unions' ceaseless efforts to limit precisely such authority (for example, the installation of labor-saving apparatus, often viewed by unions to threaten jobs or job security). Thus, Drucker's conception of capitalism did not embrace any notion that the system could give rise to sharp clashes of interest. Yet the legitimization of the corporation could not really build upon the workforce autonomy envisioned by Drucker.

**Lemuel R. Boulware.** In defending corporate interests against the demands of the workforce, an unforgiving stance was adopted by Lemuel R. Boulware. Boulware was a vice president for employee and community relations at General Electric Company (G.E.) during the 1950s, whose ideas and approach to labor relations are discussed by Kimberly Phillips-Fein. Boulware, a fervent advocate of the "free market," claimed that G.E.'s price and wage policies were completely subject to the free market, limiting or ruling out any concessions demanded by G.E.'s unions. Union membership at G.E. plants soared during and after World War II, and its wage demands had much public support.

Boulware challenged not so much the unions—the major one at G.E. was the United Electrical Workers—as their leadership. He considered the union leaders as rivals to management; a political threat to management's unfettered right to make decisions. He warned American business tirelessly of the threat unions and the New Deal legislation posed, calling upon businessmen to become politically active in fighting for their interests.

In his negotiating strategy, Boulware attempted to impose contractual conditions peremptorily, while insisting that G.E. was subject to market forces presumably beyond the firm's control.

Where worker resistance could not be broken—as at a major conflict at the firm's Schenectady, NY, plant—he would close all or part of a plant, moving it to a site where a more subservient workforce was available. These relocations were often to right-to-work States and incurred at great cost to communities affected by such closures.

The author of the essay notes that while the climate of public opinion during the 1950s accepted pluralism and the welfare state, small groups of right-wing businessmen and conservative intellectuals were increasingly asserting themselves.

This is an interesting book, but it lacks a common theme and cannot be readily summarized. The thinkers represented here proved unable to discern (or perhaps chose to ignore) the trend for which Lemuel Boulware so forcefully stood—the restoration of the free market unregulated by government, with the political threat of the labor movement reduced or eliminated. Their search, and even vision of a broader social interest as they defined it, obscured the underlying realities of American capitalism.

—Horst Brand

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