

Lest our hearts, drunk with the wine of the world  
we forget thee;  
Shadowed beneath thy hand, may we forever stand  
True to our God, true to our native land.\*

## The Promise and Problems of a Consumer Society

### I. The Editors of *Fortune* Celebrate American Affluence (1955)

*No other nation had ever enjoyed a surge of prosperity as dazzling and as widely shared as Americans experienced in the two decades after World War II. In the selection below, the editors of the business magazine Fortune describe America's postwar affluence and some of its implications. What do they see as historically unprecedented in the postwar American economy? How well-placed was their faith in future prosperity?*

All history can show no more portentous economic phenomenon than today's American market. It is colossal, soaking up half the world's steel and oil, and three-fourths of its cars and appliances. The whole world fears it and is baffled by it. Let U.S. industry slip 5 per cent, and waves of apprehension sweep through foreign chancelleries. Let U.S. consumer spending lag even half as much, and the most eminent economists anxiously read the omens. The whole world also marvels at and envies this market. It is enabling Americans to raise their standard of living every year while other countries have trouble in maintaining theirs. And of course the whole world wants to get in on it. For it still can punish the incompetent and inefficient, and still reward handsomely the skillful, efficient, and daring.

The American market is all this mainly because it is a changed and always changing market. The underlying reason for the American market's growth and changeability is the nation's rising productivity, or output per man-hour—that cachet of efficiency without which no nation today is civilized or even modern. American productivity is of course the world's highest. For years it has been increasing unevenly but incessantly at an average rate of about 2 per cent a year, and it has done even better since 1947. And because productivity is rising so swiftly, the market is expanding much faster than the population. For rising productivity, in the long run, ends up as rising purchasing power, and the standard of living rises, palpably if not uniformly. People who could buy  $x$  amount of goods five years ago may buy  $x$  plus 8 or 10 or 15 per cent today, and  $x$  plus 16 or 20 or 30 per cent five years from now. Such is the dynamism that gives the American Dream its economic substance.

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<sup>1</sup>From the editors of *Fortune*. "The Changing American Market" (Garden City, NY: Hanover House, 1955). pp. 13-18, 73-74, 249-250. © 1955 Time, Inc. All rights reserved.

There is another important reason for the market's changeability. The market, after all, is the people. Their energy, efficiency, taste, and capacity for change at bottom are responsible for the American market's pitfalls and prizes. Most of the basic American characteristics are well understood—the restless, enthusiastic energy, the lack of traditional impedimenta, the almost dogmatic optimism, and the special delight in the brand-new....

The most important change of the past few years, by all odds, is the rise of the great mass into a new moneyed middle class—a rapidly growing market that seems bound, sooner or later, to become *the* American market. It is like no other middle class in history, either abroad or at home....

So late as 1929, the high-water market of that gaudy but optimistic era that hoped to abolish poverty altogether, the mass-and-class pattern [*an economy consisting of a great "mass," who had very little discretionary income, and a small "class" of wealthy consumers*], was disconcertingly evident. In 1929, *Fortune* estimates, 36 million family units got a total of \$118 billion in cash, in 1953 dollars, after taxes. To see just where the mass market was, let us break the \$118 billion down into three groups:

At the top were a million family units\* (3 per cent of them all) with more than \$10,000, who together received \$24 billion or 20 per cent of the total income. Just under them was the smaller \$7,500-to-\$10,000 group getting \$11 billion or 9 per cent of the total.

In the middle were 5,500,000 family units (15 per cent of them all) with between \$4,000 and \$7,500, who together received \$30 billion or 25 per cent of total income.

At the bottom were 29 million family units (80 per cent of them all) with less than \$4,000, who together received a total of \$53 billion or 46 per cent of total income.

The bottom group constituted the mass market of 1929. None of its members had a spendable income of more than \$4,000 or about \$2,500 in 1929 dollars. Few of them, manifestly, were in the market for many luxuries, or even much more than essentials....

See how all that has changed. There were in 1953 in the U.S., *Fortune* estimates, a total of 51 million family units, 42 per cent more than in 1929, who got \$222 billion, or 87 per cent more than in 1929. Plainly, the nation as a whole had gained enormously. But look at how this has pushed families above the \$4,000 level, where, economists agree, "discretionary" buying power becomes significant:

The \$4,000-to-\$7,500 group in 1953 contained 18 million family units or 35 per cent of the total. *And they got \$93 billion or 42 per cent of total income.* Since 1929, in other words, this group has more than trebled in both numbers and income....

All in all, 58 per cent of family units today have a real income of \$3,000 to \$10,000, against 31 per cent in 1929.

\*Family units include (1) families consisting of related persons residing together and (2) unrelated individuals—whether residing alone or with others.

...[T]he needs and buying power of the members of this group are remarkably homogeneous. Some spend more money on this thing, and some on the other, but essentially they buy the same things—the same staples, the same appliances, the same cars, the same furniture, and much the same recreation. The lesson is obvious. The marketer who designs his product to appeal to the whole group has hit the new mass market.

All this adds up to one of the swiftest and most thorough-going changes in economic history—and yet a relatively easy one for almost everybody. There are two forces behind it. One is a pervasive, complex rearrangement or redistribution of incomes; the other a sharp increase in the country's real per capita income....

...Suburbia [to which Americans were moving at an astonishing rate] is the exemplification of the new and growing moneyed middle class, which *Fortune* described as a market that seems bound, sooner or later, to become *the* American market. The average family-unit income of Suburbia is \$6,500, which is 70 per cent higher than that of the rest of the nation. Since 1940, real, spendable income of U.S. customers, in 1953 dollars, has increased by nearly two-thirds, and most of this increase has gone to expand the numbers and incomes of family units with more than \$4,000 a year. Not only are about a third of these families concentrated in the suburbs, the \$4,000-and-over group makes up two-thirds of the suburbs. Suburbia is already the cream of the market.

The middle-class Suburbia, rapidly growing larger and more affluent, is developing a way of life that seems eventually bound to become dominant in America. It has been a major force in the phenomenal rise in the nation's birth rate. It has centered its customs and conventions on the needs of children and geared its buying habits to them. It has made the "ranch house" nationally popular. It has kept whole industries busy making equipment for outdoor living. It has helped double the sale of raiment woven of once lowly denim, and caused the sales of sports shirts to overtake the sales of "dress shirts...."

[O]n the whole people seem more inclined to spend than they ever have been. Social security, pensions, and other fringe benefits, which doubtless hastened the decline in the savings rate, should accelerate the decline still further. The "readjustments" [recessions] of 1949 and 1954, which were short-lived mainly because consumers did not stop spending, have suggested that the nation is, or is pretty close to being, depression-proof. This will generate more confidence and more spending.

Moreover, the dynamic projection involves a tremendous expansion of the economy. The question is not whether the economy will expand, but how much it will expand....

...The trend of the consumer market today is not toward the development of new and startling products but the improvement, variation, and adornment of the old products. Thus people are spending 25 per cent more for food *per capita* (in 1953 dollars) than they were before the war, buying about 25 per cent more per car, perhaps 25 per cent more units (not value) of clothes, and so on. The challenge to business is to keep up with the market's potentialities not only by making and selling more of everything, but by improving, varying, and adorning everything—by blurring still further the already blurred line that distinguishes Americans' luxuries and Americans' necessities.

## 2. John Kenneth Galbraith Criticizes the Affluent Society (1958)

*America knew fabulous prosperity in the postwar era—or did it? In an influential book first published in the late 1950s, Harvard economist John Kenneth Galbraith probingly questioned the implications of the United States' apparent affluence. His ideas contributed significantly to discussion among policymakers about the kinds of social reforms that later were enacted as the Great Society programs. What is the distinction that Galbraith draws between the private and the public realms? How convincing is his argument? What does the relationship between private and public goods suggest about the character of American values?*

The final problem of the productive society is what it produces. This manifests itself in an implacable tendency to provide an opulent supply of some things and a niggardly yield of others. This disparity carries to the point where it is a cause of social discomfort and social unhealth. The line which divides our area of wealth from our area of poverty is roughly that which divides privately produced and marketed goods and services from publicly rendered services. Our wealth in the first is not only in startling contrast with the meagerness of the latter, but our wealth in privately produced goods is, to a marked degree, the cause of crisis in the supply of public services. For we have failed to see the importance, indeed the urgent need, of maintaining a balance between the two.

This disparity between our flow of private and public goods and services is no matter of subjective judgment. On the contrary, it is the source of the most extensive comment which only stops short of the direct contrast being made here. In the years following World War II, the papers of any major city—those of New York were an excellent example—told daily of the shortages and shortcomings in the elementary municipal and metropolitan services. The schools were old and overcrowded. The police force was under strength and underpaid. The parks and playgrounds were insufficient. Streets and empty lots were filthy, and the sanitation staff was underequipped and in need of men. Access to the city by those who work there was uncertain and painful and becoming more so. Internal transportation was overcrowded, unhealthful and dirty. So was the air. Parking on the streets should have been prohibited, but there was no space elsewhere. These deficiencies were not in new and novel services but in old and established ones. Cities have long swept their streets, helped their people move around, educated them, kept order, and provided horse rails for equipages which sought to pause. That their residents should have a nontoxic supply of air suggests no revolutionary dalliance with socialism.

The discussion of this public poverty competed, on the whole successfully, with the stories of ever-increasing opulence in privately produced goods. The Gross National Product was rising. So were retail sales. So was personal income. Labor productivity had also advanced. The automobiles that could not be parked were being produced at an expanded rate. The children, though without schools, subject in the playgrounds to the affectionate interest of adults with odd tastes, and disposed to increasingly

<sup>2</sup>From *The Affluent Society*, Fourth Edition, by John Kenneth Galbraith. Copyright © 1958, 1969, 1976, 1984 by John Kenneth Galbraith. Reprinted by permission of Houghton Mifflin Harcourt Publishing Company. All rights reserved.

imaginative forms of delinquency, were admirably equipped with television sets. We had difficulty finding storage space for the great surpluses of food despite a national disposition to obesity. Food was grown and packaged under private auspices. The care and refreshment of the mind, in contrast with the stomach, was principally in the public domain. Our colleges and universities were often severely overcrowded and underprovided, and the same was even more often true of the mental hospitals.

The contrast was and remains evident not alone to those who read. The family which takes its mauve and cerise, air-conditioned, power-steered and power-braked automobile out for a tour passes through cities that are badly paved, made hideous by litter, blighted buildings, billboards and posts for wires that should long since have been put underground. They pass on into a countryside that has been rendered largely invisible by commercial art. (The goods which the latter advertise have an absolute priority in our value system. Such aesthetic considerations as a view of the countryside accordingly come second. On such matters, we are consistent.) They picnic on exquisitely packaged food from a portable icebox by a polluted stream and go on to spend the night at a park which is a menace to public health and morals. Just before dozing off on an air mattress, beneath a nylon tent, amid the stench of decaying refuse, they may reflect vaguely on the curious unevenness of their blessings. Is this, indeed, the American genius?...

A feature of the years immediately following World War II was a remarkable attack on the notion of expanding and improving public services. During the depression years, such services had been elaborated and improved partly in order to fill some small part of the vacuum left by the shrinkage of private production. During the war years, the role of government was vastly expanded. After that came the reaction. Much of it, unquestionably, was motivated by a desire to rehabilitate the prestige of private production and therewith of producers. No doubt some who joined the attack hoped, at least tacitly, that it might be possible to sidestep the truce on taxation vis-à-vis equality by having less taxation of all kinds. For a time, the notion that our public services had somehow become inflated and excessive was all but axiomatic. Even liberal politicians did not seriously protest. They found it necessary to aver that they were in favor of public economy too.

In this discussion, a certain mystique was attributed to the satisfaction of privately supplied wants. A community decision to have a new school means that the individual surrenders the necessary amount, willy-nilly, in his taxes. But if he is left with that income, he is a free man. He can decide between a better car or a television set. This was advanced with some solemnity as an argument for the TV set. The difficulty is that this argument leaves the community with no way of preferring the school. All private wants, where the individual can choose, are inherently superior to all public desires which must be paid for by taxation and with an inevitable component of compulsion.

The cost of public services was also held to be a desolating burden on private production, although this was at a time when the private production was burgeoning. Urgent warnings were issued on the unfavorable effects of taxation on investment. . . .

Finally, it was argued, with no little vigor, that expanding government posed a grave threat to individual liberties. . . .

With time, this attack on public services has subsided. The disorder associated with social imbalance has become visible even if the need for balance between private and public services is still imperfectly appreciated. . . .

great literature of the past, teaching them the great traditions of freedom? There are some fine children's shows, but they are drowned out in the massive doses of cartoons, violence, and more violence. Must these be your trademarks? Search your consciences and see if you cannot offer more to your young beneficiaries whose future you guide so many hours each and every day....

#### 4. Women's Career Prospects (1950)

*In the 1940s and 1950s, American women faced a dilemma. An expanding economy and the demands of a consumer society continued to fuel women's entrance into the work force. Yet traditional notions of a woman's place remained strongly rooted in the culture. These surveys from a 1950s Gallup poll suggest a great deal about society's sometimes contradictory expectations of working women. Why were some occupations deemed more suitable for women?*

Interviewing Date 6/4-9/50

Survey #456-K

Question #14

*Suppose a young man came to you and asked your advice about taking up a profession. Assuming that he was qualified to enter any of these professions, which one of them would you first recommend to him? (on card)*

Doctor of medicine	29%
Engineer, builder	16
Business executive	8
Clergyman	8
Lawyer	8
Government worker	6
Professor, teacher	5
Banker	4
Dentist	4
Veterinarian	3
None, don't know	9

Interviewing Date 6/4-9/50

Survey #456-K

Question #15

*Suppose a young girl came to you and asked your advice about taking up a profession. Assuming that she was qualified to enter any of these professions, which one of them would you first recommend?*

#### Choice of Women

Nurse	33%
Teacher	15
Secretary	8
Social service worker	8
Dietician	7
Dressmaker	4
Beautician	4
Airline stewardess	3
Actress	3
Journalist	2
Musician	2
Model	2
Librarian	2
Medical, dental technician	1
Others	2
Don't know	4

The views of men on this subject were nearly identical with those of women.

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