

---

Original Article

# Shifting grounds and evolving battlegrounds: Evaluative frameworks and debates about market capitalism from the 1930s through the 1990s

Jeremy Schulz<sup>\*,a</sup> and Laura Robinson<sup>b</sup>

<sup>a</sup> Institute for the Study of Societal Issues, UC Berkeley, 2420 Bowditch Street, Berkeley, CA 94720, USA.

E-mail: [jmschulz@berkeley.edu](mailto:jmschulz@berkeley.edu)

<sup>b</sup> Department of Sociology, Santa Clara University, 500 El Camino Real, Santa Clara, CA 95053, USA.

E-mail: [laura@laurarobinson.org](mailto:laura@laurarobinson.org)

\*Corresponding author.

**Abstract** This article probes the evaluative frameworks applied to the consumption and consumers in a large corpus of texts written between 1920 and 2000. Scrutinizing English-language texts dealing with the virtues and shortcomings of market capitalism, the analysis first dissects the representation of consumption and consumers and the consequential post-WWII transition from a conceptualization based on purchasing power to one based on the idea of consumer choice and consumer well-being. The article then explores the increasing centrality of consumption and consumer choice in the debates between market-critical progressives and the advocates of laissez-faire capitalism. It is only after the decline of neoconservatism and the rise of the consumerist libertarian stance that consumption comes into its own as the central point of contestation between progressives and those who pushed for a more laissez-faire brand of capitalism. Once the theme of consumption took center stage, it allowed the market-critical progressives and their laissez-faire adversaries to meet each other in a common thematic arena. When consumerist libertarianism began to dominate on the right-wing side of the debate, the contest between critics and proponents of expansionary market capitalism metamorphosed into a genuinely ideological struggle over the significance and meaning of consumer choice and consumer well-being.

*American Journal of Cultural Sociology* (2013) 1, 373–402.  
doi:10.1057/ajcs.2013.10

**Keywords:** capitalism; purchasing power; consumption; consumer choice; ideology

---

## Introduction

The article explores foundational frames and representations used to address the role of market-mediated consumption in texts weighing the pros and cons of market capitalism in the broadest sense as well as particular market capitalist institutions. In analyzing the renderings of market-mediated consumption in each of these texts, this textual analysis reveals important and revealing shifts in societal ‘models’ (Touraine, 1977) and ‘spirits of capitalism’ (Boltanski and Chiapello, 1999; Chiapello, 2003) unfolding during the tumultuous 80 years from 1920 to 2000. The study answers the call for cultural sociology to take up the question of ‘economic meaning-making’ at the level of generalized culture and large-scale institutions as well as to supply interpretively rich descriptions of economic discourse across different historical periods and empirical sites (Alexander, 2011; Spillman, 2012, pp. 172–174).

It may be true, as John Levi Martin has claimed, that market-mediated consumption in the American economy did not actually undergo any epochal transformations during this period (Levi Martin, 1999). However, the analysis leaves no doubt that representations of market-mediated consumption did shift radically during this turbulent era, particularly within this stream of writings about market capitalism.<sup>1</sup> Moreover, these changes did reflect the evolution of the underlying market capitalist ‘socioeconomic paradigm’ (Wagner, 1994), albeit in often complex and unexpected ways.

This article delves into a body of texts produced by polemicists, journalists, professional social scientists and others concerned with the character of market capitalism, both in the abstract and in its concrete manifestations. Borrowing Margaret Archer’s conception of ideologies as quintessentially sectarian sets of ‘competitive’ and contradictory ideas espoused by socially and often politically antagonistic groups (Archer, 1988, pp. 233–242), the article traces the emergence of such a competitive contradiction as it applies to the role of consumption and consumers within capitalism.

The texts under study deal with market capitalism – defined in a variety of ways – as the primary organizing principle of economic life in the United States and Great Britain during the twentieth century. The texts vary in their intent: while some are primarily polemical and contain very little factual or theoretical material, others serve up lots of factual material and put forward complex theories grounded in economics, sociology or psychology. Thematically, the texts cut across the divide separating higher-level and more abstract constructions

---

<sup>1</sup> Chiapello and Boltanski find evidence of changes in discourse about work under capitalism within a much smaller timespan in their examination of French management literature produced between 1960 and 1990. They find that 1990s texts gave a much greater emphasis than the 1960s texts on the subjective rewards of participation in capitalist society on the part of workers, employees and entrepreneurs (Boltanski and Chiapello, 1999, 2005; Chiapello, 2003).

from more 'operational' constructions associated with specific practices, aims and concrete groups of actors (Seliger, 1976). A large proportion of the texts are addressed, either explicitly or implicitly, to a lay readership, although there are important exceptions, particularly within the market-critical texts of the postwar progressives. Finally, the authors of such constructions also vary widely, ranging from professional polemicists affiliated with think tanks and partisan institutions to journalists, to social scientists, and self-educated members of the lay public without backgrounds in the academic or political worlds.

Relatively few of the texts advocate the complete overthrow of market capitalism and the establishment of a radically different economic system in its place, however. Thus, the vast majority of texts fall into one of the two categories mapped out by Chiapello and Boltanski. Most texts put forward justificatory (or legitimating) statements while others venture critical statements about capitalism and capitalist practice (Boltanski and Chiapello, 1999, 2005; Chiapello, 2003). Thus, while many of the texts focus exclusively on legitimizing the basic principles of capitalist practice such as the appropriation of the social surplus by a specific property-owning class, other texts present various rationales for limiting the scope of capitalist practice/institutions or reforming capitalism in the interest of making it more functional, equitable, rewarding, and so on. Even the most enthusiastic of the postwar texts advocating laissez-faire capitalism do acknowledge the legitimacy of some constraint on capitalist practices or institutions, if only to reinforce the underlying capitalist system (Chiapello, 2003, p. 166).

Our review of primary texts begins in the mid-1920s and ends with the conclusion of the twentieth century. The 1920s and 1930s were the decades that brought the consumer to the fore as an economic force to be reckoned with in its own right. FDR himself predicted in 1932 that, in the future, 'our popular economic thought' would assign a greater role to the consumer and consumption than was the case previously (Cohen, 2003, p. 24, notes p. 415). The interest in consumption on the part of commentators on market capitalism did not slacken during the Golden Era of postwar prosperity that ended in the mid-1970s (Cohen, 2003, p. 403) and continued unabated through the stagflation years and into the 'roaring nineties'.

When we look at the period as a whole, we see that the two biggest waves of texts coincide with socio-economic crises and historical moments of turmoil. These historical moments invited the reexamination of the market capitalist system from a variety of perspectives and vantage points, ranging from the most critical to the most laudatory (Barber, 1998, p. 53). The first wave of writing occurs during the run-up and the aftermath of the crash in 1929. This first wave of publications featured numerous books and articles authored by writers across the political spectrum concerned with the future of capitalism in the United States and beyond. Many of these writers elaborated a position on the future viability of the American capitalist system, as a system that had been recently resuscitated by the government through the first New Deal of 1933–1934 (Parmalee, 1935;

Strachey, 1935; Blair, 1938). These writers debated whether market capitalism could function effectively as a system of provisioning under the economic and technological constraints of a mechanized age (Chase, 1934; Jordan, 1994). The second wave of textual production peaked during the late 1970s, when the United States and the United Kingdom fell victim to the long-running 'stagflation' crisis. However, even during the relatively quiescent periods in the 1940s, 1950s and 1960s, texts dealing with consumption under market capitalist institutions proliferated.

## Methodology

We employed several complementary strategies in order to select the primary texts for analysis. By combining these two selection procedures, we arrived at a corpus of writing that included a broad cross-section of thematically appropriate works published during the entire span under consideration. The first strategy relied on a chain referral or 'snowball' sampling approach based on bibliographic citations. Although chain referral samples are typically employed in field research based on ethnography or qualitative interviewing, they can also prove useful in the analysis of texts and discourse. In this case, we started with major recent works and sampled backwards in time, using bibliographic citations to identify the titles of prior sources influential in shaping later discussions of market capitalism. In order to qualify for this selection procedure, the cited works had to fall within the chronological parameters in question (1920–2000) and had to deal with the themes of capitalism, consumption and consumers as they relate to market capitalism. Every relevant bibliographic citation that met the selection criteria was painstakingly tracked down. Through this procedure we assembled a body of texts addressing the themes set forth previously.

At the same time we pursued a complementary strategy grounded in a different selection logic. Here we began by turning to the body of texts derived from the Library of Congress classification system. In order to delimit the universe of printed texts thematizing capital and capitalism, we identified the universe of eligible texts as members of the HB501 section as defined by the Library of Congress. The section heading HB501 is defined as follows: H references the social sciences, B references economic theory and 501 references capital and/or capitalism. In identifying all of the texts classified under this subject heading, we included only printed English-language texts published between 1920 and 2000, a period that began at the conclusion of WWI and ended immediately before the economic contraction of 2001. The application of these selection criteria reduced the pool of eligible texts from a total of 1503 texts to a subset of 574 texts eligible for examination. Texts from this subset were reviewed

carefully to find discussions of consumers and consumption as they relate to market capitalist institutions and practices. By combining these two selection procedures, we arrived at a corpus of 129 texts representative of works from every period under consideration.

Finally, we carried out an automated lexical frequency analysis using the Ngram viewer in order to marshal complementary evidence about the relative preponderance of particular terms within a larger body of English-language texts. This analysis tracks the frequency of the search terms, ‘purchasing power’, ‘consumer choice’ and ‘consumerism’, within an immense corpus of over 8 million published books (Lin *et al*, 2012). It reveals the relative incidence of different conceptualizations of consumption within this very broadly defined universe of texts.

### **The Shift in Master Frameworks: From Purchasing Power to Consumer Choice**

Although writers in the 1920s and 1930s had concerned themselves with the key role of aggregate purchasing power and effective demand in sustaining the capitalist system, the postwar writers – depending on their political inclination – considered individual-level consumer choice as a defining feature of market capitalism and as a decisive criterion for its evaluation as an economic order. By sharing the same focus on the moral and psychological consequences of market capitalism, the progressives and their libertarian and neoconservative opponents converged on a common thematic arena where they could meet in battle over the worthiness of market capitalist institutions and practices. By the mid-1950s both camps had switched to a humanized framework. This framework is well-encapsulated in a passage from Mortimer Adler’s introduction to Louis Kelso’s 1958 treatise *Capitalist Manifesto*: ‘The goal of the capitalist revolution, as Mr Kelso sees it, is not economic welfare as an end in itself, but rather good human life for all’ (Kelso and Adler, 1958, p. xvii). In the postwar American society of the 1950s and 1960s, arguments about the merits or drawbacks of market capitalism were grounded in criteria that would have been out of place in the 1930s. In this environment of economic prosperity, commentators began to address the noneconomic ‘outputs’ of market capitalism. The new evaluative framework, which informed both the justificatory texts and critical texts, stressed the implications of market capitalist institutions for human welfare rather than economic performance. However, whereas not all of the adherents of laissez-faire market capitalism viewed consumer choice as central to the fulfillment of market capitalism’s potential to enhance human liberty and well-being, all of the progressives made consumer choice and well-being a central theme in their critiques of expansionary market



Figure 1: Ngram of the incidence of the term 'purchasing power'.

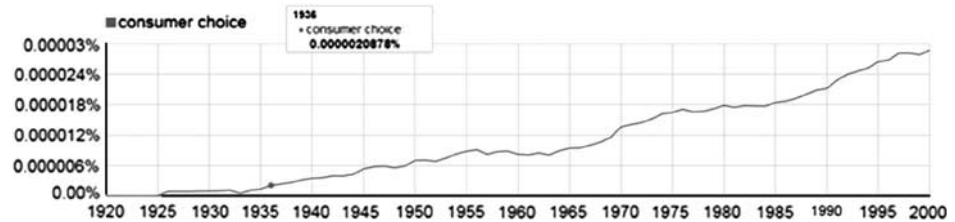


Figure 2: Ngram of the incidence of the term 'consumer choice'.

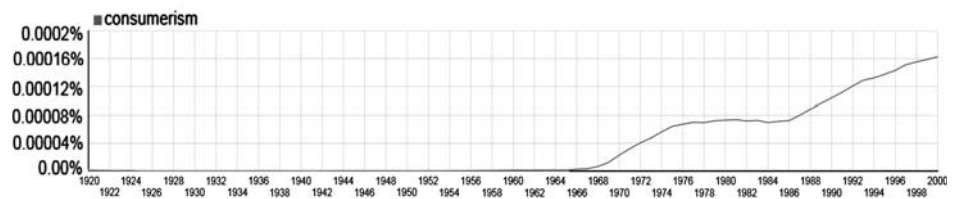


Figure 3: Ngram of the incidence of the term 'consumerism'.

capitalism. This shift in discursive frameworks is evident within the Google Ngram corpus,<sup>2</sup> as Figures 1–3 indicate.

The peak in references to purchasing power occurs right after the New Deal and declines from this moment forward. By contrast, the term ‘consumer choice’, despite plateauing a bit in the 1960s and 1980s, exhibits a steady increase in frequency from 1935 onwards.

Before and particularly after the crash of 1929, a particular framing of consumption predominated within the large outpouring of writings about market capitalism. This was a period when the conversation about the durability and stability of market capitalism focused on the adequacy of consumers’ purchasing power in relation to the proliferation of mass market goods issuing from an increasingly efficient and mechanized production process.

### The Purchasing Power Framework

To the writers of the 1930s, whether conservative or progressive, the consumption of goods and services figured only in their appraisals of capitalism insofar as

<sup>2</sup> See <http://books.google.com/ngrams/info> and <http://books.google.com/ngrams/info#advanced>.

it affected the capitalist machinery. For these writers the stability and justifiability of market capitalism hinges on the capacity of the system to maintain sufficient 'mass buying power' or 'mass purchasing power' (Chase, 1934; Davis, 1935, pp. 29, 185; Blair, 1938). One of the most fundamental weaknesses of the capitalist system – and the one that merited sustained and elaborated treatments – was its seeming inability to sustain adequate aggregate purchasing power on the part of capitalist consumers.

This preoccupation comes across most dramatically in the writings of leading technocrats such as Stuart Chase. In his manifesto *The Economy of Abundance* (1934), Chase takes pains to establish the centrality of consumers and consumption to the proper functioning of the industrialized market capitalism coming into existence. As he writes:

All citizens, in their capacity as consumers, move to the center of the stage. For the first time in history, eating becomes more important in the economic calculus than working.

(Chase, 1934, p. 272)

Much of *The Economy of Abundance* is dedicated to showing how the introduction of highly efficient mechanized production actually destabilizes capitalism by undermining consumers' purchasing power and destroying their capacity to acquire needed goods and services. The vast output of the mechanized production system operating at full capacity cannot be acquired by an underemployed and underpaid population of workers whose wages are continually suppressed by private enterprise. Indeed, the lack of sufficient purchasing power on the part of the average consumer is the cause of the imbalances threatening to derail the capitalist system:

As all the necessary drafts of labor and raw material can, in the power age, be supplied by fewer and fewer individuals, those squeezed out have no place in the market at all, and no way to secure adequate money to buy the goods they need.

(Chase, 1934, p. 139)

Thus, the surge in productivity resulting from the technologized production process 'throws the interests of money-makers at right angles to the needs and desires of consumers, who want low prices' (Chase, 1934, p. 27). In this book Chase complained that the American labor force lacked the buying power needed to realize the 'economy of abundance' that the efficient industrial economy promised to all Americans (Chase, 1934, pp. 1–15). In Arthur Dahlberg's, 1932 book *Jobs, Machines, and Capitalism*, a book written to help 'capitalism realize its social possibilities' (Dahlberg, 1932, p. 238), underconsumption, along with underemployment, is held to blame for the fragility of the capitalist machinery.

Even the introduction of ‘non-spontaneously wanted’ goods will not suffice to buttress demand. Spontaneous demand for goods could not, in his view, ever keep up with the ever-increasing volume of production. The only means of bringing the capitalist apparatus into equilibrium is the radical curtailment of the working day and the consequent boosting of the bargaining power of labor. The prominent attorney and state legislator, Guy Ward Mallon, put this point even more plainly in his manifesto entitled *Bankers vs. Consumers* in 1933. Contending that ‘consumers must be permitted to consume’ (Mallon, 1933, p. x), Mallon writes:

The economic reality of the automatic process and quantity production has a steadily declining use for human labor, particularly manual labor. What it does demand is efficient consumption of its fabulous output. Unless its serialized machines and processes are run at approximate capacity on the ‘balanced load’ principle, it cannot properly function; as in the present depression... . Slowly, under this imperative, consumption is becoming, as a matter of economic reality, more important than work; purchasing power more important than man-hours.

In the interest of restoring an equilibrium to the capitalist system, Mallon advocates a ‘national consumer’s dividend’ to raise this purchasing power directly.

Even the non-technocratic writers of this era, while steering clear of some of the more radical cures for shoring up the purchasing power of the typical consumer, also blamed the economic crisis engulfing the United States and Western Europe on the weakness of effective demand and shortfalls in workers’ purchasing power. These writers pondered how the business system and the government could bolster the faltering purchasing power of American consumers and thereby put the capitalist apparatus into balance. Gerald Barradas, a maverick writer and leader of the Barradas League, a loosely knit California-based group promoting the reformation of American capitalism, linked the durability of capitalism directly to the enhancement of consumers’ purchasing power. Rescuing capitalism was a matter of ‘augmenting’ this purchasing power and providing ‘continuously adequate demand for the supply of man-hours of labor’ (Barradas, 1956 [1932], pp. 17, 38–39, 57). William Kixmiller, a writer who did not see the need for the radical policies endorsed by Barradas, and who staunchly supported the market capitalist system and ‘business civilization’, nevertheless conceded that the market capitalist system had suffered because of the inability of business to ‘perfect the circulation’ of goods and services. Because ‘mass production requires mass consumption’, American capitalism would never run smoothly unless it could ‘supply purchasing power sufficient to carry an increasing flow of goods back and forth’ (Kixmiller, 1933, p. 63).

Even those texts that draw attention to the cultural dimensions of capitalism present the argument that the capitalist economic ‘machine’ has been derailed by



insufficient purchasing power. This idea appears in Jerome Davis', 1935 treatise, *Capitalism and its Culture*. Davis, a Yale professor of sociology who attends to the motivational roots of capitalistic behavior and lists 'freedom of enterprise' as one of the main 'points in favor' of the capitalist system, nevertheless closes the final chapter of the book by laying out the case for a radical broadening and democratization of the nation's productive capacity in order to boost consumers' purchasing power. It is only by augmenting this purchasing power that the nation can avert the collapse of the capitalist system. As he argues: 'The only kind of changes which will really fundamentally change our social order are those which effectively increase purchasing power in the hands of the masses of the people...'. It is for this reason that *Capitalism and its Culture* spends only a few paragraphs on the ethical flaws of the capitalist order, its reliance on 'selfishness' and its clash with Christianity (Davis, 1935, p. 516). At the same time, it lavishes hundreds of pages on the functional failings of the capitalist apparatus, especially its inability to provide the masses with adequate purchasing power to absorb the panoply of goods streaming from its factories and warehouses.

In the initial wave of texts written during the period under examination, market-mediated consumption was treated as a more or less problematic moment in the mechanical functioning of the capitalist apparatus. From the perspective of these texts, contemporary American capitalism had managed to maximize productivity through automation and the mass production of standardized commodities, but had solved the predicament of underconsumption, conceptualized as the lack of adequate effective demand relative to the economy's overall level of productivity. This insufficiency is presented as something akin to an engineering or accounting defect in the capitalist machinery. This defect had the potential to stymie the development of capitalism in the United States or even precipitate its collapse.

## The Consumer Choice Framework

The framing of market-mediated commodity consumption as a matter of purchasing power, however, did not survive WWII. When commentators writing after WWII took up this theme, they replaced this framing with a different rendering of market-mediated consumption. These commentators, whether polemicists or professionally trained social scientists, preferred to characterize consumption primarily as a fundamentally moral or psychological matter rather than an engineering or accounting issue. Progressive critics of American market capitalism, whatever their differences, pitched their claims about consumer choice, consumer sovereignty and consumer welfare in the language of psychology and moral philosophy rather than supply and demand. It is during the postwar period that the concern with purchasing power gave way to the preoccupation with 'quality of life' among progressives. At the same time that

Friedman was writing, progressive writers in popular outlets such as the weekly *The Nation* pointed to the discrepancy between the material affluence of American society and the alleged moral and psychic malaise afflicting the American population. The critic and writer Rita Hinden wrote in 1958 (Hinden, 1958, p. 442):

There are opportunities for entertainment and leisure pursuits before which our ancestors would have rubbed astonishing eyes. What at one time were the preserves of the favored few are now the commonplaces of everyday life for the vast majority. On the other hand, look beneath the surface and a ferment of discontent becomes visible – not the measurable discontents of poverty, wicked inequalities of wealth, wretched living and working conditions, or opportunities denied, but discontents which are unfocused and inarticulate, defying measurement in any quantitative terms.

Other progressive critiques of postwar market capitalism faulted the system for promoting forms of destructive economic growth that indirectly harmed the quality of life in capitalist society. Galbraith, already considered an authority on economic matters in 1956, testified before the Royal Commission on Canada's Economic Progress, claiming that 'sooner rather than later our concern with the quantity of goods produced – the rate of increase of Gross National Product – would have to give way to the larger question of the quality of life that it provides' (Collins, 2000, p. 63). Although the prewar commentators problematized the role of market-mediated consumption in equilibrating supply and demand, their postwar successors focused on the consequences of consumption for the moral and psychological condition of the individual consumer and producer in market capitalist society. Cultural commentators such as Daniel Bell blamed 'mass consumption' for the clash between the imperatives of a capitalist production process based on efficiency, specialization and bureaucratization and the culture of 'hedonism' and self-gratification Americans embraced in their private lives (Bell, 1978 [1976], pp. xvii, 65–70).

To the extent that the laissez-faire conservatives and their libertarian allies pressed their claims about the virtues of market capitalism by appealing to consumer choice and quality of life considerations – as opposed to raising the issue of purchasing power – they demonstrated their commitment to the same humanized evaluative framework as their ideological adversaries. From the late 1950s through the 1990s, neoconservatives and libertarians championing deregulated free market capitalism jostled with progressives over consumer choice and, in some cases, producer choice as well. We see the displacement of the mechanistic framework by this humanistic perspective within the texts embraced by the American and British writers of many political persuasions concerned with economic affairs and economic progress. These enthusiasts of laissez-faire also embraced the new humanized framework of evaluation.

Beginning in the 1950s and accelerating in the 1960s, arguments about consumers' purchasing power were overshadowed by arguments about the relative merits of consumer choice and consumerism as a set of individual-level practices and orientations. When it comes to assessing the virtues and shortcomings of market capitalism, consumption had to be framed in a noneconomic way, as more than mere effective demand and purchasing power. It had to be conceptualized as a matter of human well-being, happiness and freedom. In postwar discussions of market capitalism, the libertarian and neoconservative references to consumer freedom and consumer choice found their mirror image in the progressive charges of consumer manipulation and consumer unfreedom.

### **Within the Consumer Choice Framework: Progressive Critiques of Market Capitalism**

Beginning in the mid- to late 1950s, with Vance Packard's 1957 sensationalist exposé *The Hidden Persuaders* and John Kenneth Galbraith's *The Affluent Society*, progressive critics of expansionary market capitalism mounted a sustained attack on the idea of consumer choice. The idea of consumer choice and sovereignty endured considerable punishment at the hands of progressives. Although Mishan and Galbraith had first pioneered these critiques in the 1950s and 1960s, Hirsch, Wachtel, Lane and Scitovsky refined and developed the critique during the 1970s and 1980s, combining the critique of consumerism with a call for more meaningful and challenging work. Unlike the critics of the 1930s, they avoided the topic of inadequate purchasing power on the part of the workers, preferring to single out the issue of consumer choice as the decisive criterion on which judgments of expansionary market capitalism should be made.

As early as 1952 Galbraith was elaborating the idea that the consumer, no longer 'under the pressure of want' (Galbraith, 1952, p. 100), was clay in the hands of salespeople, advertisers and other agents of capitalism intent on maximizing their sales. Galbraith's influential 1958 book *The Affluent Society* staged a frontal assault on the idea of consumer sovereignty, asserting that American business, through advertising, salesmanship and other 'modern want creation' techniques, artificially stimulates the purchase and consumption of commodities, rendering consumer sovereignty illusory. The maintenance of the capitalist system thus hinged, not on the capacity of business and government to bolster the consumer's purchasing power, but on their capacity to reach deep into the consumer's psyche and alter her preferences. This idea was developed further in a series of influential books and articles that constitute the 'Galbraith variant' of the 'liberal' economic world view (Ward, 1979, p. 108).

One of the most well-known statements in this tradition, E.J. Mishan's 1967 book *The Costs of Economic Growth* scrutinized the 'spillover' effects of mass

production and ‘modern consumerism’ (Mishan, 1967, p. 125). Arguing that postwar market capitalist institutions and practices have metastasized to such an extent that they undermine aspirations for both the good society and the good life, Mishan charged that ‘we have paid dearly’ for the ‘material plenty’ provided by expansionary market capitalism in a variety of ways.<sup>3</sup> As other progressives argue during this period, a market capitalist system premised on the maximization of opportunities for the consumption of private goods, even when it delivers abundance, nevertheless also produces very harmful side effects that eat away at happiness, well-being and even survival. Not only is the consumer sovereignty a ‘myth’, but the process of private acquisition and consumption of mass market commodities exacts a toll paid by individuals as well as the broader society. As Mishan advises, ‘It is quite possible to arrange things so as to produce a good deal fewer gadgets and instead to enjoy more leisure...’ (Mishan, 1967, p. 14).

Through this ambitious line of critique, the critics of postwar American capitalism sought to show how increasingly sophisticated businesses ‘managed’ the consumer, rendering consumer choice an empty abstraction.<sup>4</sup> Profit-oriented corporate producers short-circuit consumer sovereignty by ‘making the goods and making the desires for them’ (Galbraith, 1952, p. 156), dictating the consumer’s buying decisions. Galbraith’s skepticism about consumer sovereignty is made abundantly clear in the following passage from *The New Industrial State* (Galbraith, 1967, p. 217), where he combats the claims of libertarians and others regarding the free American consumer:

A doctrine that celebrates individuality provides the cloak for organization. And this depends wholly on the accepted sequence [the idea that the individual is the ultimate decision-making agent in the economic sphere]... It is not the individual’s right to buy that is being protected [by the libertarian’s injunction against government regulation]. Rather, it is the seller’s right to manage the individual. The accepted sequence, with its emphasis on the assumed power of the individual, serves in other ways

---

<sup>3</sup> After assailing the neoclassical doctrine of allocative efficiency, a doctrine based on the theory of market-driven pricing, Mishan goes on to unmask the flaws in the theory. Mishan objects that when the market assigns prices to commodities that change hands in private transactions, it does not take into account the negative externalities, or ‘diseconomies’ (Mishan, 1967, p. 54) inflicted on individuals who are not party to the transaction. Thus, claims Mishan, an economy guided by market prices overproduces commodities whose social costs exceed their private benefits. Such an economy inevitably reduces social welfare even as it enhances the well-being of private transactors.

<sup>4</sup> From an analytical and philosophical standpoint, the thesis of ‘heteronomous needs’, interpreted as a statement about the sources of needs, wants and other motivating factors affecting consumer behavior, does not contradict the idea of a formally free consumer. Indeed, the second thesis presupposes the first. It makes little sense to manipulate the desires of legally or formally constrained consumers. For a discussion of this issue, see Slater (1997, pp. 47–50). However, even if these theses are not logically antithetical, they are nevertheless antithetical in spirit.

to sanction organization.... Industrial squalor, air and stream pollution, sacrifice of aesthetic values – even the rhythmical commercials and billboards which are part of the process of consumer management – expand the scope of quantity and variety of product.

Influential progressive writers such as John Kenneth Galbraith and E. J. Mishan made a point of questioning claims that consumers exercise genuine choice and experience genuine satisfaction through market exchange. In his exposé *The Hidden Persuaders*, Vance Packard unmasks the efforts of ‘depth manipulators’ to stimulate wants and desires for products irrespective of the consumer’s conscious wishes. At the conclusion of this hard-hitting foray, Packard rejects the ‘right’ that these depth manipulators implicitly claim to ‘invade the privacy of our minds’ (Packard, 1957, p. 266). Here we can see that Packard, Galbraith and Mishan find it useful to reject the supposition of consumer choice and consumer sovereignty, something which the critics of the 1930s never attempted. By claiming that the consumer cannot actually realize the freedom that the market capitalist system affords him or her, they invite the reader to reimagine the consumer as just another commodity produced by the market capitalist system.

This progressive attack on the benefits of market capitalism for the consumer was not limited to the attack on consumer choice. Beginning in the 1960s and continuing throughout the 1990s, progressive writers denied that expansionary market capitalism – even as it exponentially expanded the range and volume of consumable commodities – could provide an ever-increasing quality of life for the bulk of society. These critiques, typically penned by social scientists working as university professors, appeared in books such as E.J. Mishan’s 1967 *The Costs of Economic Growth*, Fred Hirsch’s 1977 *The Limits to Growth* and Tibor Scitovsky’s 1992 book *The Joyless Economy*. One important contribution, *The Poverty of Affluence* by the American clinical psychologist Paul Wachtel, puts forward this argument in a particularly straightforward way. Echoing the complaints of Mishan and Hirsch, Wachtel asserts that Americans are still overly preoccupied with economic growth at the expense of noneconomic kinds of societal and individual enrichment (Wachtel, 1989, pp. 2, 6, 42, 106):

So long as we persist in defining well-being predominantly in economic terms and in relying on economic considerations to provide us with our primary frame of reference for personal and social policy decisions, we will remain unsatisfied. A central task of this book will be to show how our excessive concern with economic goals has disrupted the psychological foundations of well-being, which in a wealthy society like ours are often more critical...our frantic pursuit of growth ends up working against the attainment of secure and lasting satisfaction...the very success of our economic enterprise has made the economic side of our lives less

important...today our problem is not to produce more, but to learn to enjoy what we have produced.

Scitovsky, writing a few years later, elaborates on these themes with the aid of insights drawn from empirical psychology. He applies psychological findings to differentiate between such satisfactions as pleasure, comfort and stimulation, identifying a number of factors that make it comparatively difficult for the majority of Americans to achieve satisfaction in their everyday lives despite the easy availability of goods and services. He opens the introductory chapter of *The Joyless Economy* by presenting the book's motivating question:

But is there not another reason for our increasing frustration with our freely chosen lives? Could it not be that we seek our satisfaction in the wrong things, in the wrong way, and are then dissatisfied with the outcome? That is the question this book is asking and trying to answer.

(Scitovsky, 1992 [1976], p. 4)

Scitovsky goes on to lay the blame for the dissatisfactions of middle-class American life on Americans' excessive expenditures of money and time on comforts relative to 'stimulative' pleasures (Scitovsky, 1992 [1976]). He also finds that the typical American consumer fails to cultivate real 'consumption skills' facilitating the enjoyment of more sophisticated goods and services (Scitovsky, 1992 [1976]). Scitovsky laments that even as mass consumption and the expansionary market capitalist system has widened the scope of consumer choice, defined as the options open to the individual in his role as consumer, it has rendered this freedom empty and meaningless.

In a particularly clever move, these writers broaden the conception of consumption to encompass not only the acquisition and usage of privately consumed commodities, but also the 'consumption' of work and the workplace. In 1966, the economist Victor Fuchs predicted that the growth of the service sector would result in the 'personalization of work' (Fuchs, 1966, pp. 12–13), making work more stimulating and meaningful for many millions of workers. In his 1970 Public Interest article on the 'new capitalism', the business school professor Peter Drucker celebrates the emergent job market created by the expansionary market capitalist economy. He lauded the advent of 'meaningful career choice' (Drucker, 1970, p. 60) for masses of young Americans. Wachtel the psychologist recommends subordinating consumption in the narrow sense to the aims of consumption, construed in this broad sense. As he writes, '...it is important for us to recognize the many and varied needs work serves beyond those of producing and providing income'.

I am suggesting, then, that despite our being a consumption-oriented society – or, as will be apparent to those who are following the trend of my argument,

precisely because the goals of consumption are so consuming – many members of our middle class are overly concerned with work productivity... any gains in available consumer goods must be weighed against the extra pressures and deprivations undergone during the heart of the day when we are at work...With a different set of assumptions, we might well conclude that we would all be better off if less were produced and if the workplace, where we spend so much time, were a more pleasant place to be... .

(Wachtel, 1989, pp. 45–47, 156–160, 250–258)

The person who is wholly occupied with earning enough money to underwrite the highest possible degree of consumer choice, as Wachtel argue, will inevitably find the door of happiness closed. Such a person will wind up overinvesting in a disagreeable work life and failing to offset this disagreeable work life with sufficiently satisfying consumer goods. For Wachtel and other progressives critical of unrestricted market capitalist commerce, the consumer who could not resist the lure of the limitless goods and services for sale actually undermined his own happiness in his endless quest for more. The overconsumption of private goods meant that people were actually putting their own happiness and well-being at risk as they made ever greater sacrifices to acquire desired commodities.

### **The Neoconservative Case for Laissez-faire Capitalism: Consumption as Sideshow**

As we have seen, the progressives fashioned critiques of American postwar market capitalism that put consumer well-being – or the lack thereof – at the core of their case against the expansionary system. The defenders of expansionary market capitalism, however, fell into two very different camps when it came to the importance of consumer choice and consumer welfare in their paeans to the system. Although the neoconservatives revered work and entrepreneurship – rather than consumption – as the most significant mode of engagement between individuals and the market capitalist system, the consumerist libertarians exalted consumption as the individual's most consequential arena of engagement with market capitalist institutions.

The neoconservative writers – Americans such as George Gilder, Michael Novak and Irving Kristol – writing in the 1970s and 1980s dismissed consumer choice and consumer welfare as incidental byproducts of the wonderful creative energies unleashed by a free enterprise system.<sup>5</sup> For Michael Novak, for instance,

---

<sup>5</sup> As the historian Jerome Himmelstein observes, early as 1964, neoconservative writers were concerned with overcoming the division between conservative and libertarian ideational elements. During the formative period 1965–1975, the anti-growth camp was developing critiques of the affluent market society that would appeal to the broader public. At this time their future adversaries, the free-market

the freedom that market capitalism affords the entrepreneur to create new goods and services eclipses the freedom of the consumer to acquire and use these goods and services. Novak writes in reverent tones when he discusses the liberating potentials of an economic system that allows people to apply their productive talents and energies wherever they are willing and able (Novak, 1982, p. 85), but has little to say about the freedoms enjoyed by the capitalist consumer, except to note that a 'wise society trusts individuals to spend their hard-earned dollars as they judge best' (Novak, 1982, p. 107). Like other neoconservative writers of this era, Novak places great emphasis on the morally and spiritually elevating effects of market capitalist institutions, particularly paid employment and entrepreneurship. The same devaluation of consumption and consumer choice as relatively insignificant and epiphenomenal compared with occupational freedom and openness to entrepreneurial initiative comes across clearly in George Gilder's landmark volume *Wealth and Poverty*. In this trailblazing paean to expansionary market capitalism,<sup>6</sup> we can see a similar privileging of entrepreneurship as the institutional site where market capitalism earns its highest marks. Consumption, the acquisition of goods and services, and the 'perfunctory act of purchase' (Gilder, 1981) necessarily stand in the shadow of the vaunted freedom of enterprise:

Money demand consists entirely of acknowledgement of debt for goods and services. It is therefore more valuable than the supplies of goods only because it confers freedom; it does not have to be spent on any particular good. In a capitalist economy every worker and businessman knows in the marrow of his bones that his buying power consists of his supplying power, no more, no less. He goes to the store and buys this book, not in essence with money, but with work transmuted into money...the demand [of any buyer] arises and is most vitally expressed not in the market where he performs the perfunctory act of purchase, but in the factory or office where he takes risks and suffers hardships in his vital creation of supply...material progress is ineluctably elitist: it makes the rich richer and increases their numbers, exalting the few extraordinary men who can produce wealth over the democratic masses who consume it...

---

conservatives, were engaged in a 'syncretic' project (Archer, 1988, pp. 158–159, 171). They wanted to weld together these potentially discrepant elements into a single 'fusionist' package (Meyer, 1962; East, 1980). Before they could present such a unitary ideology to the wider public, the neoconservatives had to complete this syncretic project. Both the more traditionalist conservatives and the libertarians understood that it was critical to set aside the intractable philosophical differences between libertarian and traditionalist orthodoxy and present a united front to the American public and to the world at large (East, 1980, p. 34). Their syncretic project (Archer, 1988, pp. 158–160) thus originated in the late 1960s as an attempt to overcome the differences between the traditionalist and libertarian wings of the conservative movement (Himmelstein, 1990).

<sup>6</sup> Along with Jude Wanniski's *The Way the World Works* (1978), Gilder's book was to serve as an inspiration for Reagan's 'supply-side' economic policies of the early 1980s (Peele, 1984, p. 13), despite the fact that Gilder was never trained in economics (Anderson, 1990, p. 155; Macfarquhar, 2000).



It is clear from these passages that the first-wave neoconservatives were relatively disinclined to make consumer freedom the centerpiece of their tributes to expansionary market capitalism. For the neoconservatives, market capitalism surpassed any other conceivable economic system because it liberated the individual from the bonds of dependence and facilitated self-reliance of a particular kind. Here we can see that the neoconservatives credited market capitalism with liberating and moralizing powers. But it did so primarily by creating opportunities for entrepreneurship and work, not by creating a consumer's paradise.

Many neoconservatives saw no need to associate market capitalism with consumer choice and consumer sovereignty. Indeed, in some cases such an association actually tainted market capitalism. Irving Kristol, the foremost neoconservative during the 1970s and the author of *Two Cheers for Capitalism*, denounced the libertarians' attachment to consumerist values in a *Wall Street Journal* editorial. Kristol derided the 'worship' of the 'Sears Roebuck catalogue' and all the 'alternative lifestyles' available to individuals in an affluent market-driven society (Kristol, 1979). In a 1974 interview Kristol characterized American society as 'vulgar, debased, and crassly materialistic' (Hoeverler Jr, 1991, p. 86), hardly a view that would resonate with economic libertarians. For Kristol, only in their roles as producers and workers did members of a capitalist society realize the bourgeois virtues – honesty, industry, diligence – which Kristol valued so highly. In their activities as consumers, members of market capitalist societies demonstrated 'moral corruption' (Hoeverler Jr, 1991, p. 95) more than anything else. In his 1979 book *Can Capitalism Survive?* the libertarian economist Benjamin Rogge makes it clear to his audience that he has completely repudiated the materialist justifications that previous generations of free-market conservatives had used as warrants for their free-market positions (Rogge, 1979, pp. 40, 53):

You may be puzzled, then, that I do not rest my case for economic freedom on its productive achievements; on its buildings, its houses, its automobiles, its bathtubs, its wonder drugs, its television sets, its sirloin steaks and green salads with Roquefort dressings. I neither feel within myself nor do I hear the testimony of others that any evidence that man's search for purpose, his longing for fulfillment, is in any significant way relieved by these accomplishments. I do not scorn these accomplishments nor do I worship them...I rest my case rather on the consistency of the free market with man's essential nature, on the basis of morality of its system of rewards and punishments, on the protection it gives to the integrity of the individual.

Like Kristol and the other neoconservatives, Rogge shared the neoconservatives' aversion to putting the emphasis on consumer choice and consumer well-being as key virtues of the market capitalist system.

Irving Kristol, Michael Novak, George Gilder and the other American neoconservatives wanted to make market capitalism's value apparent to constituencies

uninitiated into the finer points of neoclassical economics and libertarian philosophy. Although Kristol agreed with Hayek that freedom in the economic sphere arose from the formal freedoms of voluntary exchange integral to market capitalism, he felt that the legitimacy of capitalism could not be secured except by appeal to its efficacy as a promoter of moral conduct (Hoeveler Jr, 1991, pp. 94–95). Traditionalist neoconservatives like Kristol and Novak saw the desirability of imparting a heroic and moral dimension to market capitalism and tried to devise justifications of market capitalism rooted in values more resonant to the ordinary person than ‘freedom of exchange’ (Friedman, 1962). Less traditionalist neoconservatives like George Gilder championed market capitalist institutions because they unleashed the energies and creativity of entrepreneurial talent. The neoconservatives correctly guessed the public’s appetite for such arguments. The public of the 1970s and early 1980s was very receptive to the neoconservatives’ line of justification. *Wealth and Poverty* climbed onto the best-seller list in 1983 and made Gilder rich (Macfarquhar, 2000).

### **The Consumerist Libertarian Case for Laissez-faire Capitalism**

Although the neoconservatives sidelined consumer choice, the consumerist libertarians put it front and center. The consumerist libertarians parted company from the neoconservatives where consumer choice was concerned. These writers, typically professionally trained American or British economists, championed consumer sovereignty, going so far as to claim that market capitalism enhanced individuals’ lives precisely by subordinating worker welfare to consumer welfare. This line of argument put them in direct opposition to the progressive line of critique that debunked the alleged freedoms afforded the sovereign consumer. Just as the 1990s free-market enthusiasts idealized consumer choice and made it the cornerstone of their arguments about market capitalism, they were quite explicit, as Seldon was, about giving precedence to consumer choice over producer choice and entrepreneurship. This stands in dramatic contrast to the position adopted by the free-market enthusiasts of the 1960–1970 period. Even the earliest statements by these consumerist libertarians feature a reverence for the consumer that would have been anathema for Kristol or Gilder. These consumerist libertarians hailed from the economic libertarian wing of the conservative movement.<sup>7</sup> Consumerist libertarianism reached its peak in the late

---

<sup>7</sup> The libertarian party in the United States was founded in 1971 (LePage, 1982 [1978], p. 27), and the definitive statement of ultra-free enterprise libertarianism, David Friedman’s *The Machinery of Freedom*, was published in 1973. The libertarian movement had expanded dramatically during the 1980s and 1990s. By the mid-1980s the movement had diversified into a variety of factions, but remained strong and well-financed into the 1990s. But the period of the neoconservative efflorescence did not last for long. Two developments spelled the end of the neoconservative efforts to give capitalism a moral dimension. As the 1970s gave way to the 1980s, the communist threat receded, the

1980s to the end of the 1990s, even though its roots went back to the seminal libertarian works of the 1960s and 1970s, such as Milton Friedman's 1962 classic *Capitalism and Freedom* and David Friedman's 1973 volume *The Machinery of Freedom*. Early statements of consumerist libertarianism emanated from British writers, especially Samuel Brittan and Arthur Seldon. Both Brittan and Seldon were professionally trained economists exposed at an early age to the teachings of Hayek and other classic libertarians.

The adoption of this new consumer choice model is clear in many libertarian justifications for market capitalism published as early as the late 1950s. In his well-known 1959 treatise *The Roots of Capitalism*, John Chamberlain invoked Ludwig von Mises' term the 'consumer's plebiscite' in order to bring home the virtues of what he called 'competitive capitalism'. Chamberlain states this idea in a direct and forceful way:

The test of an economic system lies in the choices it offers, the alternatives that are open to the people living under it. When choices are limited by coercion of one sort or another, the system must fall short of meeting the test in greater or lesser degree...Every day, under [the system of competitive capitalism] a consumer's plebiscite is held, the vote being counted in whatever money unit is the handiest. With his votes the consumer directs production, forcing or luring energy, brains, and capital to obey his will.

(Chamberlain, 1959, p. 165)

When Benjamin Rogge makes the case for an unfettered 'pristine' (Himmelstein, 1990) capitalism in his 1979 book *Can Capitalism Survive?* he also deflects attention from its performance as an economic system and trains attention on its conduciveness to self-discipline and moral living instead (Rogge, 1979, p. 51). Leaving the 'productive achievements' of market capitalism in the background, he emphasizes the consonance of market exchange with 'man's essential nature' and its 'consistency with certain fundamental moral principles of life itself'.

When we read the triumphal account of the Reagan presidency written 9 years later by Reagan's domestic policy advisor Martin Anderson, we still find that the

---

neoconservative movement gained the positions of influence it had long coveted, and the neoconservative ideas lost their utility and became obsolete. Irving Kristol, George Gilder and the other neoconservatives moved on to other topics. After 1975, there were no more forums devoted to the wonders of capitalism in the neoconservative magazine *The Public Interest*. So, during the 1980s, the neoconservative movement ceased to exist as an intellectual production network dedicated to moralizing capitalism. The demise of the neoconservative position left a space for a different kind of ideological project. The well-known exchange between the British libertarian Chris Tame and the British neoconservative Michael Ivens in the pages of the right-wing journal *Free Nation* illustrates well the kind of factionalism that split the free-market right during the 1970s in Great Britain (Elliott and McCrone, 1987, pp. 495–496). Although the British 'New Economic Right', drawing on Hayek and Friedman, valued the market system in its own right as the very definition of social freedom and rationality, the neoconservatives were always more guarded in their appreciation of market capitalism.

productivity of market capitalism takes second place behind its 'moral' virtues as a point in favor of the capitalist system (Anderson, 1990 [1988], p. 36).

Consumerist libertarians parted company with their neoconservative cousins in a number of ways. One of the most striking divergences concerned the differing treatment of consumer choice and consumer well-being. As early as the 1970s, consumerist libertarians felt compelled to parry progressives' complaints about the illusoriness of consumer choice. Samuel Brittan's *A Restatement of Economic Liberalism*, first published in 1973 and republished in 1988, takes issue with the implicit theories of consumer behavior implied by Mishan's position on consumerism (Brittan, 1988 [1973], pp. 14–16, 187–189). Seldon's book *Capitalism* serves as a call to arms aimed at capitalist sympathizers in Britain as well as a rebuttal to the critiques launched by British socialists during the 1960s and 1970s (Seldon, 1990). In the book, Seldon makes several unequivocal statements about the necessity for subordinating the interests of economic actors in their role as producers to the interests of economic actors in their role as consumers (Seldon, 1990, pp. 119, 313):

The democracy of the market is based on the sovereignty of the consumer... The consumer is not a different man than the producer. Apart from the young and old, we are all both. The task is to devise institutions that subordinate our interests as producers to our own interests as consumers. Only capitalism can make the consumer in us sovereign, and has in varying degrees done so in history, because the competition of the market can prevent us from myopically asserting our interests as producers by protecting established but outdated industries...

Seldon's unwavering commitment to the prerogatives of consumer choice as against producer choice, and his indifference to the heroism of entrepreneurial activity, marks a sharp break with the position articulated by the American neoconservatives of the 1970s.

By the late 1990s consumerist libertarianism had gained a foothold in the United States as well as the United Kingdom. During the 1990s American consumerist libertarians joined the fray with texts extolling the contributions of laissez-faire capitalism to the freedom and well-being of the consumer. The 2001 book by libertarian economist Diane Coyle, *Paradoxes of Prosperity*, not only enumerates the immense variety of goods and services available to the consumer of the 1990s, but contends that the 1990s witnessed the emergence of a 'new kind of choice' (Coyle, 2001, pp. 19–20):

The more products and services consist of intangible elements and the more of an experience of performance every purchase becomes, the more difficult is the notion of a standardized unit of real output. There might well be more output in the economy, but it is not the same kind of 'more' we are used to.

Rather, it is diversity or choice, something whose value is increasingly personal to each consumer.

Here Coyle radicalizes the notion of consumer choice. No longer is the consumer constrained to purchase and consume standardized products. Each time the 1990s consumer acquires an ‘experiential good’ (Florida, 2002), she can remake the meaning of the good according to her own idiosyncratic tastes. Thus, according to Coyle, the consumption of intangibles – a development made possible by expansionary market capitalism – heralds a wondrous new era of personalized choice.

In the 1990s, the libertarian economist W. Michael Cox, an analyst for the Federal Reserve Bank of Dallas, teamed up with Richard Alm to pen the lay-oriented manifesto *Myths of Rich and Poor: Why We’re Better Off Than We Think*. In this book Cox and Alm try to rebut the arguments of the ‘pessimists’ by cataloguing all the consumer goods and services available to the average consumer of the 1990s and comparing this wondrous wealth of goods with the paucity of goods available to the rich man of the 1890s (Cox and Alm, 1999, pp. 23–24):

Would you rather be an average American of the 1990s or a millionaire in the 1980s? A 19th century millionaire couldn’t hop into a smooth-riding auto for a 70-mile an hour trip down an interstate freeway to the mountains. He couldn’t call up news, movies, music, and sporting events just by touching the remote control buttons...in a typical middle class household, Rip can find plenty of things he hasn’t even imagined.

Cox and Alm link the proliferation of consumer goods and services with the overarching goal of consumer choice (Cox and Alm, 1999, pp. 36, 55, 63) and declare that a greater variety of goods means ‘more ways to live one’s life’ (Cox and Alm, 1999, p. 187). They even put a postmaterialist twist on this development, tracing the emergence of desires for ‘intangible goods’ to the ever-increasing abundance of material goods made available to consumers by private enterprise. Cox and Alm are not the only libertarian commentators of the 1990s to romanticize consumer choice in their ideological writings. After a cursory analysis designed to show that service jobs really can’t be so bad, they make the same point as Seldon, only in even more strident terms (Cox and Alm, 1999, p. 156):

Although it’s become fashionable to disparage service industries and their jobs, the great truth of free-market economies is that we consumers dictate what we produce [as workers] and where we work. It’s inconsistent for us as consumers to want mostly services yet as workers to produce mostly goods. In the end, we’re going to work at the jobs that produce what we [as consumers] want to buy.

Cox and Alm acknowledge the unstimulating character of service-sector work and pin their defense of market capitalism on consumer choice.<sup>8</sup> When we contrast the consumerist libertarian writings with the writings of the neoconservatives, we can see a huge chasm between them in the relative weight accorded to occupational choice and entrepreneurship versus consumer choice and well-being. Like other consumerist libertarians, Seldon, Cox, Alm and Coyle praise a facet of expansionary market capitalism that their neoconservative allies found at best irrelevant and at worst slightly repugnant.

Paradoxically, by refocusing their arguments on consumer choice rather than producer freedoms, the consumerist libertarians accede to the fundamental point made by their progressive opponents. For them, judgments about the soundness and desirability of the market capitalist system turn on whether it supports the liberty and well-being of the individual consumer. Perhaps the clearest evidence of this curious alignment between the consumerist libertarian stance and the position of the anti-consumerist progressives can be seen in the book *The Future and its Enemies* by the polemicist and libertarian Virginia Postrel. Postrel seems to build on the ideas of the progressives in this book when she enthuses about the 'ludic' approach to work common among the creative elite. To make her point she presents the first-person testimonial of 'Bruce Ames', a highly successful research biochemist (Postrel, 1998, p. 183):

It is a delightful paradox. Play is what we do for its own sake, yet it is a spur to our most creative, most significant work. Athletes play, but so do scientists and surgeons. 'It's fun,' says the biochemist Bruce Ames, who studies causes of cancer and aging. 'I can't imagine a more enjoyable career. If you gave me \$20 million tomorrow, I'd go on doing just what I'm doing [now]...It's always a challenge. I'm 69 years old and I look forward to coming to work every morning'.

Here, Postrel embraces the same extremely broad definition of consumption put forward by the progressives. By conceiving of work as an arena for the consumption of valuable experiential goods – that is, 'fun' – she moves towards the progressives' position that it is the consumption of the work experience rather than the production of goods and services that provides the most important mode of engagement between the individual and market institutions (Lane, 1990). In this way, even as she opposes their position on the need for restricting laissez-faire market capitalism, she finds common ground with the progressives' arguments.

One can interpret the consumerist libertarians' arguments as acknowledgments of the appeal of consumer choice for audiences of many political persuasions. It also constituted an implicit rejection of the narrow conception of consumer

---

<sup>8</sup> It is surprising and interesting that Cox and Alm hit upon the exact same formulation as Seldon did 9 years before them, even though there is no evidence that they had read his writings.

sovereignty favored by the original libertarians such as Hayek and the two Friedmans. In the tracts of the consumerist libertarians, consumer choice encompasses more than the mere transactional freedom to buy and sell commodities and labor at agreed-upon prices. However, in trying to link the notion of consumer choice to substantive outcomes such as well-being and happiness, Cox, Alm, Coyle, and the other consumerist libertarians essentially accept the terms of the debate as framed by their adversaries. The free-market conservatives of the 1990s emphasized market-mediated purchasing and consumption as the liberating mode of engagement with market capitalism par excellence. Like the progressivism of the 1970s, but unlike the neoconservatism of the 1970s, the consumerist libertarianism of the 1990s represents market-mediated consumption as the institutional site where the market capitalist system allows individuals opportunities to realize their 'private life-projects' (Eder, 1993).

## Discussion and Conclusions

This article has traced the evolution of discourses regarding consumption as it relates to market capitalism within a large body of English-language texts spanning the 80 years between 1920 and 2000. In the years after WWII, something fundamental changed in the way that commentators from both the left and the right dealt with consumption in the context of market capitalism. After WWII, commentators on market capitalism no longer framed consumption in terms of its potential to stabilize or destabilize the capitalist system. What preoccupied writers from the right and the left in this period was how consumption – together with leisure and work – helped or hindered the liberty and well-being of individuals and groups rather than the functioning of the capitalist machinery.

This analysis reveals a dramatic and deep-rooted transition from an economic conception of consumption as aggregate purchasing power to a more psychologized conception of consumption as an activity and experience belonging to the realm of the individual person. Writers in the 1920s and 1930s concerned themselves with the key role of aggregate purchasing power and effective demand in sustaining the capitalist system. By contrast regardless of their political inclination, the postwar writers considered individual-level consumer choice as a decisive criterion for the evaluation of capitalism as an economic order. For this reason, when it came to discussions of consumption, the notion of purchasing power was eclipsed by the notions of consumer choice, consumer sovereignty and consumer well-being.

Regardless of their position on the future and soundness of the market capitalist order, writers in the 1920s and especially the 1930s, felt compelled to address the role of consumers' purchasing power in sustaining and stabilizing the capitalist apparatus. During the postwar period, this concern with purchasing

power gave way to a focus on consumer choice and well-being; consumption had been reconceptualized in line with a more humanized meta-framework. In the postwar discourses of progressivism as well as consumerist libertarianism (but not neoconservatism), the market capitalist system succeeded or failed according to whether it could facilitate the liberation and actualization of the individual consumer. The question of whether consumers could muster sufficient purchasing power to keep the economic engines running dropped out of sight. Evaluations of the market capitalist order during this period, whether approached from a left-wing or *laissez-faire* perspective, turned on the conceptualization of consumption as an activity with moral, psychological and cultural dimensions rather than a purely economic process.

Why did the conception of consumer choice displace the notion of purchasing power during this tumultuous period in American and British economic history? Multiple factors joined forces to trigger both the rise and fall of the purchasing power framework and the steady emergence of the consumer choice framework within the texts under consideration as well as the wider culture.

First, events and processes unfolding in the economic sphere made the conditions in the United States and the United Kingdom ripe for this development. During the years following the crash of 1929, vast increases in productive efficiency coexisted with unmet needs among individuals grappling with economic deprivation. This state of affairs fueled claims that the market capitalist system was failing to generate adequate employment for American workers, thereby denying them sufficient purchasing power to participate in the economy as consumers (Prasad, 2012, p. 50). Advocates of market capitalism tried to restore readers' faith in the economic potential of the system while critics attempted to persuade their audience that free-market capitalism was incapable of delivering the economic goods. The debate over capitalism taking place in the 1920s and 1930s, perhaps the most intense and inclusive debate over capitalism in the history of the United States, occurred in a unique historical context. The crisis of the 1930s, unlike previous economic crises, could easily be cast as a matter of disequilibrium between the ever-more efficient sphere of production and the faltering sphere of consumption that had become less and less inclusive. It was a wholesale crisis of an unprecedented scale and duration.

In the 1950s, however, the fears of another Great Depression faded in the new era of abundance in full swing. Goods and jobs were plentiful for the burgeoning middle classes who wielded unprecedented purchasing power. At the same time, the unemployment rate was relatively low, and productivity was relatively high. From 1947 to 1977 the average yearly rate of real GNP growth (3.5 per cent) exceeded the average yearly rate of real GNP growth in the first 40 years of the century (2.3 per cent) (Spulber, 1995, p. 7). Moreover, after the war mass consumption played a huge role in sustaining economic growth in the United States, with private consumption expenditures accounting for roughly two-thirds



of the nation's economic activity (Cohen, 2003, p. 121). As mass affluence and mass commodity consumption grew rapidly in the United States, concerns about the impact of high levels of private consumption on quality of life moved to the fore. The economic slowdown and productivity slowdown that afflicted Western Europe and the United States from the 1970s onwards inaugurated a boom in private consumption alongside the reign of the neoliberal consensus, the retreat from Keynesian macroeconomics and the contraction of the welfare state (Marglin, 1990; Antonio, 2000). The 1990s saw a surge in consumption, some of it fueled by rises in stock prices and consumer debt (Stiglitz, 2003), that enabled many individuals on the both sides of the Atlantic to participate in a broader range of consumption activities than ever before. By the end of the century, the economic environment provided a relatively receptive environment for the consumerist libertarians' exaltations of consumer choice.

More overtly political factors explain why the consumer choice framework recommended itself to the promoters of capitalistic institutions and practices during the early years of the postwar period. During these years, the Soviet Union's challenge to Western capitalism was viewed by commentators as a function of its claim to guarantee employment to all. The threat of the Soviet Union aroused insecurities about the preeminence of Western capitalism as the most viable system in economic terms. Given these insecurities, those praising American capitalism expanded the arena of competition by stressing the cultural virtues of capitalism as contrasted with a command economy that left little room for individual initiative or choice. Chief among these cultural virtues was what Keezer and his colleagues in the McGraw-Hill economics department called 'compatibility with personal freedom'. As they wrote, 'We believe that capitalism is best, both in terms of economic efficiency, and, far more important, in terms of its compatibility with political democracy and personal freedom' (Keezer *et al*, 1950, p. 2). According to these commentators, personal freedom was realized by economic actors both in their roles as entrepreneurs and as consumers.

From a broader perspective the transition from the purchasing power to the consumer choice model reflects a profound shift from a more object-centered to a more subject-oriented vision of society (Touraine, 1977; Wagner, 1994). As Touraine argues, prior to the postwar period Western European and American societies had 'thought of themselves as economic systems...based on the pursuit of productivity' first and foremost. James Rogers, a professor of political economy at Yale, opens his 1938 book *Capitalism in Crisis* by remarking that 'the chief function of an economic system is to provide a livelihood for the population' (Rogers, 1938, p. 1). In pre-WWII American writings on capitalism, the market capitalist system was conceptualized primarily as an economic machine analogous to a piece of physical machinery (Schulz, 2002). Chase likened the American economic system to a mechanical watch (Chase, 1934, p. 96) whereas Arthur Dahlberg compared the system with a boiler (Dahlberg, 1927, pp. 31–32). Both technocratic writers like Stuart Chase and more mainstream writers like John Blair

regarded the market capitalist system as a complex and delicate piece of machinery that required the equilibration of production and consumption or effective demand (Cross, 1993; Jordan, 1994). Such metaphors not only imply a mechanistic understanding of the economy, but suggest that consumption is an activity that belongs to what Touraine calls the 'collective order' (Touraine, 1995 [1992], pp. 98, 144–145). The behaviors and resources underlying consumption, on this construal, are controlled by the social and economic system, not by the choices and preferences of individuals.

In the texts written after WWII, there is little trace of either this conceptualization of consumption or the analogy between the economy and a piece of machinery. Just as consumption is reconceptualized as an activity belonging to the personal order rather than the collective order, the humanized meta-framework supplants the mechanistic-allocative meta-framework so dominant in the 1920s and 1930s. This humanized meta-framework anchors the progressives' pleas to restructure a consumer-oriented market capitalist system which threatened the well-being of workers and consumers alike. At the same time, this framework also undergirds the free-market libertarians' manifestos for the purification and expansion of the market capitalist economy.

In moving from a mechanistic-allocative understanding of the economy to a more individualistic and humanized understanding, these texts illustrate the profound 'mutation' in societal models identified by Touraine. No longer does the economistic vision of society as a system for producing and distributing nonsocial goods prevail. Instead, according to this model of postindustrial and postmodern society, the success or failure of the social order hinges on its capacity to realize individualistic and subjective ideals such as 'happiness, self-expression, and communication' (Touraine, 1977 [1973], p. 107).

The transition from the purchasing power to the consumer choice framework can also be apprehended as an attempt to mitigate the inherent tensions between two seemingly contradictory understandings of the economic sphere. As Charles Taylor argues, the 'objectifying account' of the market capitalist economic sphere as a system governed by impersonal and implacable laws inevitably conflicts with the modern ideal of individual self-determination and freedom (Taylor, 2004, pp. 73–82). Although this rift in the contemporary social imaginary cannot be bridged, it can be reformulated in such a way as to divert attention from its problematic aspects. The consumer choice framework – for both market-critical perspectives and champions of *laissez-faire* – implies that what happens in the consumer's sphere of self-determined subjectivity is what decides the soundness of the economic system. This framework, unlike the previous mechanistic-allocative framework, allows for a separation between the objectified sphere of economic exchange and purchasing and the protected sphere of individualized and subject-determined consumption. Even the market-critical progressives, who doubted the capacity of market capitalist consumption to facilitate genuine self-determination on the part of consumers, nevertheless shared their

adversaries' commitment to treating the economy as an instrument for assisting members of society in realizing their personal aspirations and acting as self-determining subjects.

This examination chronicles the twists and turns that led, over 80 years, to the crystallization of a binary opposition between market-critical and laissez-faire arguments about market capitalism. The advent of the consumer choice framework, first proposed by progressives in the late 1950s and early 1960s, set the stage for the eventual development of a truly ideological set of positions. But it was only after the decline of neoconservatism and the rise of the consumerist libertarian stance that the two sides started to debate one another rather than addressing different themes. By the end of the 1990s, progressives and proponents of laissez-faire were locked in a truly ideological battle in which their ideational antagonism mapped onto their mutual political hostility. Through this process, consumption came into its own as the central point of contestation between progressives and those who pushed for a more laissez-faire brand of capitalism. These politically antagonistic groups backed antithetical ideas, aligning their ideational productions with the sociopolitical cleavages that separated them.

In conclusion, this analysis sheds light on the historical background and discursive contours of this ideological opposition revolving around consumption and consumer choice. By connecting the internal dynamics of discourses to the economic and political realities shaping their production and reception, the analysis shows how particular perspectives on the economy derive from historical conditions. But the implications of the analysis extend beyond the study of discourse and ideology to touch on the character of consumption and capitalism. The analysis discloses that, whereas the fragility and instability of capitalism during the 1920s and 1930s led writers of all political persuasions to concentrate on the collective and (dys)functional aspects of consumption, the relative stability and prosperity of the postwar decades facilitated a common focus on its individualized and subjectivized aspects. The resilience and endurance of the market capitalist system made it plausible to treat consumption as more than a prerequisite for the continued functioning of the system. These conditions made it possible for both its critics and its most fervent supporters to address consumption as a means to achieving the most profound and deeply felt ideals of civil society, namely human happiness and freedom. By linking market-mediated consumption with these higher ideals, both camps made visible the depth and extent of their differences as to what capitalism could and could not do for the individual in society.

## Acknowledgements

We would like to thank the *AJCS* editor and reviewers for their insightful feedback that strengthened the final product. In addition, thanks go to Neil Fligstein and Kristin Luker for their comments on early drafts of the manuscript.

## About the Authors

Jeremy Schulz is a Visiting Scholar at the UC Berkeley Institute for the Study of Societal Issues. After earning his PhD at UC Berkeley, he launched a project exploring stances towards educational debt as an NSF Fellow at Cornell. His other work addresses sociological theory, work, family, culture, consumption, QCA and qualitative methods. Articles include 'Talk of Work' in *Theory and Society* and 'Zoning the Evening' given the Shils-Coleman Award from the ASA Theory Section. His Website is [www.jeremyschulz.org](http://www.jeremyschulz.org).

Laura Robinson, Chair-Elect of CITASA, is an Assistant Professor of Sociology at Santa Clara University. Her affiliations include UC Berkeley, Cornell, the École Normale Supérieure, Trinity College Dublin and USC. She earned her PhD at UCLA with a Mellon Fellowship in Latin American Studies. She studies new media in Brazil, France and the United States. Her publications examine digital and informational inequalities, interaction, identity work and disaster response. Her research has garnered awards from CITASA, NCA and AOIR. Her Website is [www.laurarobinson.org](http://www.laurarobinson.org).

## References

- Alexander, J. (2011) Market as narrative and character: For a cultural sociology of economic life. *Journal of Cultural Economy* 4(4): 477–488.
- Anderson, M. (1990 [1988]) *Revolution: The Reagan Legacy* Stanford, CA: Hoover Institution Press, Stanford University.
- Antonio, R. (2000) After postmodernism: Reactionary tribalism. *American Journal of Sociology* 106(1): 40–87.
- Archer, M. (1988) *Culture and Agency: The Place of Culture in Social Theory*. Cambridge, UK: Cambridge University Press.
- Barber, B. (1998) *Intellectual Pursuits: Toward an Understanding of Culture*. Lanham, MD: Rowman Littlefield Publishers.
- Barradas, G. (1956 [1932]) *Scientific Capitalism*. New York: Pageant Press.
- Bell, D. (1978 [1976]) *The Cultural Contradictions of Capitalism*. London: Heinemann Educational Books.
- Blair, J. (1938) *Seeds of Destruction: A Study in the Functional Weaknesses of Capitalism*. New York: Covici, Friede.
- Boltanski, L. and Chiapello, E. (1999) *Le Nouvel Esprit du Capitalisme*. Paris: Gallimard.
- Brittan, S. (1973) *Capitalism and the Permissive Society*. London: Macmillan.
- Brittan, S. (1988 [1973]) *A Restatement of Economic Liberalism*. London: Macmillan.
- Chamberlain, J. (1976 [1959]) *The Roots of Capitalism*. Indianapolis, IN: Liberty Press.
- Chase, S. (1934) *The Economy of Abundance*. New York: Macmillan.
- Chiapello, E. (2003) Reconciling the two principal meanings of the notion of ideology the example of the concept of the 'spirit of capitalism. *European Journal of Social Theory* 6(2): 155–171.

- Cohen, L. (2003) *A Consumer's Republic*. Cambridge, MA: Harvard University Press.
- Collins, R.M. (2000) *More: The Politics of Economic Growth in Postwar America*. New York: Oxford University Press.
- Cox, W.M. and Alm, R. (1999) *Myths of Rich and Poor: Why We're Better off Than we Think*. New York: Basic Books.
- Coyle, D. (2001) *Paradoxes of Prosperity: Why the New Capitalism Benefits All*. New York: Texere.
- Cross, G. (1993) *Time and Money: The Making of Consumer Culture*. New York: Routledge.
- Dahlberg, A. (1927) *Utopia through Capitalism*. Madison, WI: University of Wisconsin Press.
- Dahlberg, A. (1932) *Jobs, Machines, and Capitalism*. New York: The MacMillan Company.
- Davis, J. (1935) *Capitalism and its Culture*. New York: Farrar & Rhinehart.
- Drucker, P.F. (1970) The new markets and the new capitalism. *The Public Interest* 21(Fall): 44–79.
- East, J.P. (1980) The American Conservative Movement of the 1980s: Are traditional and libertarian dimensions compatible? *Modern Age* 24(1): 34–38.
- Eder, K. (1993) *The New Politics of Class: Social Movements and Cultural Dynamics in Advanced Societies*. London: Sage Publications.
- Elliott, B. and McCrone, D. (1987) Class, culture, and morality: A sociological analysis of neo-conservatism. *The Sociological Review* 35(3): 485–515.
- Florida, R. (2002) *The Rise of the Creative Class: And How It's Transforming Work, Leisure, and Everyday Life*. New York: Basic Books.
- Friedman, M. (1962) *Capitalism and Freedom*. Chicago, IL: University of Chicago.
- Fuchs, V.R. (1966) The first service economy. *The Public Interest* 2(199): 7–17.
- Galbraith, J.K. (1952) *American Capitalism*. Boston, MA: Houghton Mifflin Company.
- Galbraith, J.K. (1958) *The Affluent Society*. Boston, MA: Houghton Mifflin Company.
- Galbraith, J.K. (1967 [1963]) *The New Industrial State*. Boston, MA: Houghton Mifflin Company.
- Gilder, G. (1981) *Wealth and Poverty*. New York: Basic Books.
- Himmelstein, J. (1990) *To the Right: The Transformation of American Conservatism*. Berkeley, CA: University of California Press.
- Hinden, R. (1958) Golden age of misery. *The Nation* 13 December 187(20): 442–443.
- Hirsch, F. (1977) *Social Limits to Growth*. Cambridge, MA: Harvard University Press.
- Hoeveler, J.D. (1991) *Watch on the Right: Conservative Intellectuals in the Reagan Era*. Madison, WI: University of Wisconsin Press.
- Jordan, J.M. (1994) *Machine-Age Ideology: Social Engineering and American Liberalism*. Chapel Hill, NC: University of North Carolina Press.
- Kelso, L. and Adler, M.J. (1958) *The Capitalist Manifesto*. New York: Random House.
- Kixmiller, W. (1933) *Can Business Build a Great Age?* New York: Macmillan.
- Kristol, I. (1979) Two cheers for the profit motive. *The Wall Street Journal*. 21(February).
- Lane, R.E. (1990) *The Market Experience*. New York: Cambridge University Press.
- LePage, H. (1982 [1978]) *Tomorrow, Capitalism [translation of Demain de Capitalism]*. La Salle, IL: Open Court Press.
- Lin, Y. (2012) Syntactic Annotations for the Google Books Ngram Corpus. *Proceedings of the 50th Annual Meeting of the Association for Computational Linguistics* 2.

- Macfarquhar, L. (2000) The Gilder effect: He's not your ordinary techno-prophet. *The New Yorker* 29(May): 102–109.
- Mallon, G.W. (1933) *Bankers versus Consumers*. New York: The John Day Company.
- Marglin, S. (1990) Lessons of the golden age. In: S. Marglin and J. Schor (eds.) *The Golden Age of Capitalism*. New York: Oxford University Press.
- Martin, J.L. (1999) The myth of the consumption-oriented economy and the rise of the desiring subject. *Theory and Society* 28(3): 425–453.
- Meyer, F.S. (1962) *In Defense of Freedom*. Chicago, IL: Henry Regnery.
- Mishan, E.J. (1967) *The Costs of Economic Growth*. London: Penguin/New York: Prager.
- Novak, M. (1982) *The Spirit of Democratic Capitalism*. New York: Simon & Schuster.
- Packard, V. (1957) *The Hidden Persuaders*. New York: David McKay.
- Parmalee, M. (1935) *Farewell to Poverty*. New York: J. Wiley and Sons.
- Peele, G. (1984) *Revival and Reaction: The Right in Contemporary America*. Oxford, UK: Clarendon Press.
- Postrel, V. (1998) *The Future and Its Enemies: The Growing Conflict over Creativity, Enterprise, and Progress*. New York: The Free Press.
- Prasad, M. (2012) *The Land of Too Much*. Cambridge, MA: Harvard University Press.
- Rogers, J.H. (1938) *Capitalism in Crisis*. New Haven, CT: Yale University Press.
- Rogge, B. (1979) *Can Capitalism Survive?* Indianapolis, IN: Liberty Press.
- Schulz, J. (2002) Metaphorical and non-metaphorical meaning in ideological discourses. *Culture, Theory, and Critique* 43(2): 101–121.
- Scitovsky, T. (1992 [1977]) *The Joyless Economy*. Oxford, UK: Oxford University Press.
- Seldon, A. (1990) *Capitalism*. Oxford, UK: Basil Blackwell.
- Seliger, M. (1976) *Ideology and Politics*. London: Allen & Unwin.
- Slater, D. (1997) *Consumer Culture and Modernity*. Oxford, UK: Polity Press.
- Spillman, L. (2012) Culture and economic life. In: A. Jacobs and P. Smith (eds.) *The Oxford Handbook of Cultural Sociology*. Oxford, UK: Oxford University Press.
- Spulber, N. (1995) *The American Economy: The Struggle for Supremacy in the 21st Century*. Cambridge, UK: Cambridge University Press.
- Stiglitz, J. (2003) *The Roaring Nineties: A New History of the World's Most Prosperous Decade*. New York: Norton.
- Strachey, J. (1935) *The Nature of Capitalist Crises*. New York: Covici, Friede.
- Taylor, C. (2004) *Modern Social Imaginaries*. Durham, NC: Duke University Press.
- Touraine, A. (1977 [1973]) *The Self-Production of Society (translation of Production de la Société)*. Chicago, IL: University of Chicago Press.
- Touraine, A. (1992) Two interpretations of social change. In: H. Haferkamp and N. Smelser (eds.) *Social Change and Modernity*. Berkeley, CA: University of California Press.
- Touraine, A. (1995 [1992]) *Critique of Modernity*. Oxford, UK: Blackwell.
- Wachtel, P. (1989) *The Poverty of Affluence: A Psychological Portrait of the American Way of Life*. New York: The Free Press.
- Wagner, P. (1994) *Liberty and Discipline: A Sociology of Modernity*. London: Routledge.
- Ward, B. (1979) *The Ideal Worlds of Economics: Liberal, Conservative, and Radical Economic Worldviews*. New York: Free Press.