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Source: *The American Economic Review*, Vol. 62, No. 1/2 (Mar. 1, 1972), pp. 267-278

Published by: American Economic Association

Stable URL: <http://www.jstor.org/stable/1821552>

Accessed: 24-09-2016 12:57 UTC

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# Consumer Behavior and the Concept of Sovereignty: Explanations of Social Decay

By HERBERT GINTIS\*

This paper deals with the way alternative economic models interpret important aspects of modern capitalism. What is to be explained is the clear tendency of capitalist societies to generate vast quantities of goods and services—both public and private—while social life falls into progressive decay. Work remains bureaucratic, fragmented, and unfulfilling; communities are rendered architectural, social, and ecological monstrosities; the natural environment is destroyed; cultural activity becomes a mere passive consumption item in our daily lives; education remains unequalizing and unliberating; and the list continues.

The three alternative “paradigms” I shall discuss are the traditional neoclassical, the widely held Galbraithian, and the more heterodox “radical,” with its heavy debt to Karl Marx. The neoclassical view takes social outcomes as the reflection of individual preferences, constrained by available resources and knowledge of technologies, perhaps distorted by ultimately correctible organizational “inefficiencies.” For instance, the undesirability of work reflects the nature of technology and the preferences of individuals for yet higher levels of consumption rather than creative work. The fragmentation of com-

munities reflects the individual’s preference for private expenditure over increased tax dollars for community development. And so on.

The Galbraithian views social outcomes partly as the result of the direct power of those who control large productive organizations, and partly as the result of consumer choices *manipulated* by those who control production. In short, while neoclassical theory holds that “citizen, worker, and consumer sovereignty” obtain, Galbraith replaces them with a theory of “producer sovereignty.”

In contrast, radical theorists hold that social decay is a normal result of the development of capitalism and cannot be reduced to the irrationalities of consumer preferences or the autonomous and socially irresponsible exercise of power by controllers of production. This radical paradigm involves two basic assertions.

First, the choice-set of socially feasible options in the areas of work, technology, and public policy does not extend over all technologically feasible alternatives, but is constrained to those compatible with the reproduction of the social relations of capitalist production. In this sense, worker and citizen sovereignty fail to hold, and social outcomes tend to follow the requisites of capitalist accumulation rather than the preferences of individuals. Second, observed consumer behavior in capitalist society is a rational reaction to the structure of available alternatives for social activity open to the individual. No theory of “con-

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sumer manipulation" is needed to explain this behavior. Indeed, the ability of socializing institutions (family, schools, advertising) to affect behavior must be explained by the verification of their "message" in the realities of day-to-day social life. If consumer behavior seems odd or perverse, this is due less to any irrationality of individual preferences than to the restricted choice-sets of social activities they face, and to the fact that rational individuals will develop capacities to utilize what is in fact available. What does require explanation in consumer theory, however, is why people put up with a social system which consistently ignores their daily registered preferences.

The contrasting political implications of these models deserve at least a word. The neoclassical view exhorts individuals to "reappraise" their preferences and economists to search out inefficiencies and new administrative technologies. The Galbraithian view urges the electorate to "reassume" its control over government activity and prohibit consumer manipulation. The radical view argues that significant social improvement requires the replacement of capitalism by a set of economic and political relations in day-to-day life which give people power over the determination of social outcomes. The irrationality of individuals lies in the first instance not in their behavior *within* capitalist society, but in their continued acceptance of capitalist organization as a means toward their ends.

#### **The Three Sovereignties: Three Alternative Views**

I shall formally define a sphere of social activity as *sovereign* when the historical development of this sphere—the way it changes from one point in time to the next—corresponds to the manifest preferences of concerned individuals under "demo-

cratic aggregation." The content of the aggregation criteria is quite important but will be left open in this short treatment. The reader should be aware, however, of the narrowness of this definition, which avoids the question of the ethical acceptability of the ways preferences are formed.

When sovereignty extends to all social spheres, society develops not according to the interests of ruling elites, oppressive traditionalism, or blind chance, but to the conscious struggle of all people toward molding their world in the image of their collective needs and aspirations, subject to the constraints of available knowledge and resources. This is the broad context within which spheres of economic sovereignty must be analyzed. I shall discuss economic sovereignty in three social spheres: consumption, work and technology, and policies of state intervention into economic affairs. I shall refer to the corresponding mechanisms of consumer, worker, and citizen sovereignty, respectively.

The neoclassical treatment of consumer and worker sovereignty is well known. Individual choice over bundles of work and consumption activities determines social outcomes, mediated by profit-maximizing competitive firms and market-determined commodity and factor prices as the basis for preference aggregation. Thus consumer and worker sovereignty in economics parallels that of citizen sovereignty in liberal democratic political theory.<sup>1</sup> The aggregation of individual preferences through market demand functions in

<sup>1</sup> Since work is treated in the same manner as consumption, neoclassical theory requires—and employs—no separate category of "worker sovereignty." While workers have no direct jurisdiction over the determination of work activities, their preferences are reflected in the wage structure itself. The profit-maximizing capitalist will then include in the choice of material and organizational technologies the fact that more desirable work roles can be staffed at lower cost.

economic theory harmonizes with the aggregation of political preferences through majority rule, universal suffrage, individual liberty, and institutional protection of minority rights. In both cases, the free individual voter or utility-maximizer acts within the context of sovereign (i.e., ultimately preference-responsive) political and economic institutions.

In recent years the admission of externalities, social goods, and redistributive programs in economic theory has led to a *fusion* of economics and politics, with citizen sovereignty an increasingly integral element of overall economic sovereignty. This is codified in the economists' "social welfare function." In simple formulations, citizen sovereignty is required only to perform an initial distribution of factor ownership, and to insure that the state in all succeeding periods intervenes only where "market failures" occur, choosing its policies as a pseudo computer, the technical algorithm being benefit/cost analysis. Citizen sovereignty merely keeps the government honest.

However, the actual requirements of citizen sovereignty are far deeper. First, a "correct" redistribution of factor ownership requires perfect knowledge of future technologies, aggregate factor supplies, tastes, etc. Small order! Realistically, the state must be concerned with the redistribution of market outcomes *in each period*, in line with rules of justice and equity. Further, these policies must be compatible with the institutions of capitalist society, particularly with the operation of factor markets. Second, benefit/cost analysis requires that individual preferences be known to the state *in their totality* (i.e., as curves rather than points on curves). At best these may be revealed piecemeal in each time period *through an acceptable political mechanism*.

The economic requirements for citizen

sovereignty are thus threefold. First, state action must be *responsive* in the sense that it must reflect some democratic aggregation of individual preferences. Second, the state must be *powerful* vis-a-vis the private economy: the choice-set of feasible policies must be sufficiently wide to embrace the desired outcomes of any reasonable pattern of preferences. Third, the state must be an *efficient and equitable instrument* in implementing these outcomes. That is, the social cost (in the broadest sense) of producing outcomes by placing localizable restrictions on the operation of the private capitalist economy must be acceptably small and equitably distributed as compared to potential social alternatives (e.g., community control of the relevant resources).

The "three sovereignties" in economics extend over fundamental spheres of social activity: goods and services, work and technology, the structure of communities, the quality of natural environment, the educational system, the distribution of income, and the provision of social services. Thus the political and economic mechanisms recommended by neoclassical theory must be tested against a sweep of social outcomes of the broadest scope. If the social system develops historically in directions palpably counter to reasonable standards of welfare, this must be due either to their incomplete implementation or to irrationalities or areas of incomplete knowledge in individual preferences. But there are two major alternative explanations of the progressive deterioration of work, community, environment, and other social spheres: the radical and the Galbraithian. I shall sketch these in turn.

The Galbraithian position denies that competitive profit maximization is even a rough approximation to economic reality. Protected by its oligopolistic position from the need to maximize profits, and largely

outside the control of capitalists, a “technostructure” internal to the modern corporation organizes its activities on the basis of criteria of security, autonomy, market power, technical achievement, and public prestige. Since the technostructure need respond only incompletely to the structure of commodity demand when it conflicts with these objectives, consumer sovereignty fails to hold. Similarly, citizen sovereignty fails to hold, because of the inordinate political power of these corporate technostructures in directing public policy toward their own ends. In addition, technostructures employ persuasive advertising and other forms of psychic manipulation to mold preferences in furthering their internal goals. Thus consumer and citizen sovereignty fail as *desirable welfare criteria*, in that individuals are impelled to choose what is not in their own interest.

Galbraith’s “producer sovereignty” alternative embodies a basic conflict between an economic elite and a disenfranchised citizenry. But, unlike radical theories, it is basically reformist in nature: the sovereignty of the masses can presumably be restored without threat to the basic political and economic institutions of capitalist society and neoclassical theory. Psychic manipulation must be prohibited, the independent power of technostructures must be attenuated through state intervention, and citizens must reassert their sovereignty over public goods decisions.

Radical theory first argues that worker sovereignty does not hold in capitalist society. Galbraith merely argues that worker sovereignty is not a proper criterion, because workers are “manipulated” to prefer consumption to desirable work. Second, it does not take the failure of consumer sovereignty (either to obtain or to be a valid welfare criterion) to be a major social problem compared to those of worker and citizen sovereignty. Third,

radical theory locates the failure of citizen sovereignty not in the inordinate power of a technostructure, but in the very way state and private economic activity interrelate, even in the most “democratic” and “competitive” of situations.

The radical tradition in economics is highly influenced by Karl Marx, for whom the concept of *alienation* is an important theoretical tool. One interpretation of this concept—one faithful to Marx’s own usage—is the precise *negative* of the concept of sovereignty developed above. Marxist theory argues that basic spheres of social activity (work, community, environment, education, culture, etc.) are *alienated* in the sense that their historical development does not reflect even the *manifest* preferences of individuals affected by their operation. The discrepancies between individual preferences and social outcomes do not arise through a failure of consumer sovereignty, but rather because the choice-sets of technologies, organizational forms, and government policies in these social spheres exclude alternatives which are inconsistent with the social relations of capitalist production (Richard C. Edwards et al.).

First, radical theorists emphasize that worker sovereignty fails to obtain because the enterprise responds to the prices at which workers will supply their services in alternative types of work only insofar as the resulting work-organization is compatible with secure control by capitalists or managers. There are several aspects to this argument. First, it is held that the motivational basis of those in control of the production process is not profit making per se, but maintenance of their class position in production. While profit making is a crucial instrument toward this end, when the two come into conflict, their option is for maintenance of control. In conditions of perfect competition, such a conflict is unlikely to arise, but in a dynamic and

oligopolistic setting, such considerations become important.<sup>2</sup>

In more general ways, however, the restriction of the choice-set of work and technology is part of profit maximization itself. Thus a second argument holds that profit maximization cannot be equated with choice of “technically efficient” solutions because the latter term loses its essential meaning in the production process, as the concept of Pareto optimality is based on the postulate of preferences as exogenous. But worker preferences are *endogenous to the production process* and hence affected by the boss’s choice of work-activities. Some constellations of preferences are more compatible with productive efficiency than others. One of the goals of the enterprise, then, is to choose work-organization so that “productive” worker preferences are reproduced and refined in successive production periods, whatever their impact on workers themselves. Moreover, that worker preferences (in this case attitudes and values) remain compatible with the *political* (in this case totalitarian) relations of control in the enterprise is a prerequisite of profit maximization itself. Work-organization must convince workers, at every turn, of their inability to collectively organize their work and of the illegitimacy of their so doing. In all such cases, the concept of technical efficiency is meaningless, because preference change is an integral part of the choice of technologies (see Gintis 1972a).

Third, even abstracting from the ques-

<sup>2</sup> Paul Blumberg and André Gorz report several examples of the increased efficiency and worker satisfaction resulting from worker control, but argue that such schemes are introduced, even in limited ways, only when firms are in dire financial straits, and are eliminated when their economic position improves. For an overview, see Herbert Gintis (1972b) and Victor Vroom. William F. Whyte reports an instance where the control of assembly line speed was turned over to the operators’ control, with ensuing increase in output and satisfaction. Nevertheless the plan was withdrawn due to its incursion on managerial prerogatives.

tion of preference change, profit maximization is not equivalent to technical efficiency. Radical theorists argue that the worker’s wage is not determined by the market value of his or her personal attributes. Rather, internal wage rates are significantly affected by the struggle between workers and employers within the enterprise and hence are *endogenous variables* in the choice of a profit-maximizing work-organization. Thus to supply jobs giving workers more solidarity and control over their activities, while in the short run more productive and involving a lower wage bill, might in the long run lead to the usurpation of boss’s prerogatives—including their share of net revenues.<sup>3</sup> In other words, the “give them an inch and they’ll ask for a mile” consideration is basic to the choice of work-activities.<sup>4</sup>

These considerations offer three major implications. First, the worker’s choice-set of alternative work-activities and technologies is restricted by the dominant social relations of production in capitalist society. Second, the choice-set cannot be expanded through state regulation of enterprise behavior—worker sovereignty will fail whoever controls production, as long as it is an elite of nonworkers. Third, the

<sup>3</sup> Clearly it is difficult to separate empirically the propositions that capitalist behavior involves an emphasis on control independent from and prior to profits and that secure capitalist control is simply an important part of keeping worker preferences “in order” and keeping the wage bill down. Thus the example in footnote 2 can be interpreted in conformance with either of these.

<sup>4</sup> The proposition that the hierarchical division of labor and fragmentation of tasks serves the purpose of “divide and conquer” on the part of employers is argued, with historical illustrations, in Stephen Marglin. Antonio Lettieri documents a contemporary Italian case of workers demanding the broad elimination of wage differentials as a means of providing worker solidarity across lines of authority. Klaus Offe provides a theoretical and empirical argument that employers associate higher pay with higher hierarchical position and discriminate according to social class in these positions, simply to legitimate the system of hierarchical authority. Thus higher wage costs are purposely incurred and jobs are staffed on criteria unrelated to technical efficiency, as a part of the logic of profit maximization.

present extent of hierarchy and job fragmentation in production is inefficient. Worker control, decentralization of authority, job enlargement, and work teams are often both more productive and satisfying than bureaucratic and hierarchical control. Indeed, Blumberg concludes his survey of research in social psychology by saying: "There is scarcely a study in the entire literature which fails to demonstrate that satisfaction in work is enhanced or . . . productivity increases accrue from a genuine increase in workers' decision-making power. Findings of such consistency, I submit, are rare in social research. . . ." But these techniques seem to entail a level of worker consciousness or power incompatible with capitalist control.

Turning from worker to citizen sovereignty, the radical argument holds that all three of the assumptions behind the social welfare function concept (responsiveness, power to basically alter the outcomes effected in the private economic sphere, and equity/efficiency in feasible state intervention) fail to obtain. Concerning responsiveness, radical theory concurs with Galbraith that the economically powerful enjoy far more political prerogatives than justified in democratic theory by their number. More important, it is argued that the correspondence of political and economic power is a *necessary* aspect of capitalist organization and functional to the reproduction of the system itself. For the political power of those who control production must be exercised to minimize voter incursions into the core economic institutions through which the hegemony of capital is maintained and to implement policies necessary to the smooth expansion of capital (e.g., education, social infrastructure, war materiel).

More important for the development of my argument, however, is that in capitalist societies the choice-set of feasible state

policy instruments is severely limited. Specifically, it does not include options demanded by citizen sovereignty (e.g., altering the overall development of work and technology, or producing a liberating and equal educational system), or it renders the cost of these options exorbitantly high and/or inequitably distributed compared to such institutional alternatives as community control of land, capital, and resources.

It is on this point that the three types of explanation—neoclassical, Galbraithian, and radical—seem most divergent. Neoclassical theorists are likely to explain the deterioration of an important social sphere (say, communities) from the tastes of citizens for more personal income rather than higher taxes for community development. The Galbraithian will see the tastes of producers, who avoid the channeling of social spending in directions incompatible with their corporate expertise, at the root of the problem. The radical argues that integral community development is incompatible with capitalist accumulation. Thus the feasible policies facing a community government are limited so as to exclude numerous options which would be valuable to members of the community. Because of the government's constrained choice-set, the welfare payoff of development programs of the tax dollar is low. The citizen is therefore impelled to avoid increased taxes and use his additional savings to *move* to a more desirable community, or at least to purchase consumption goods that do have some welfare payoff.

The radical view, to sum up, is that the choice-set of state activity is limited to (a) cleaning up after the private sector has taken its toll (e.g., quantitatively minor income transfers, urban renewal, anti-pollution projects), (b) correcting the operation of basic economic institutions when their normal functioning threatens the smooth reproduction of the social rela-

tions of production (e.g., child labor and compulsory education laws, zoning regulations, collective bargaining), and (c) supplying social services outside and not competitive with the private economy.

### On Welfare and Consumer Behavior

In neoclassical theory, consumer preferences are exogenously given. In Galbraith's schema, preferences are determined by the psychic manipulation of corporate technostuctures. In radical theory, consumer preferences are generated through the day-to-day experiences of individuals in their social activity. Thus any radical theory of consumer behavior must be firmly grounded in a prior analysis of the structure of social activity. In particular, consumer theory begins with the fact that basic spheres of social activity under conditions of capitalist development follow alienated paths of historical development.

In this section I shall sketch a model of individual welfare apposite to these considerations. On the basis of this model, allegedly "consumption-biased" behavior (e.g., that individuals attempt to maximize their earning capacity and minimize their tax burden) appears as substantially independent from the individual's preferences among consumption, desirable work, and social goods. Nevertheless, individual preferences are molded through social activity, often in such a way as to reinforce the consumer-goods orientation of capitalism. I shall sketch some salient mechanisms of preference formation intrinsic to the economic system. This is required not primarily to explain why individuals act as they do *within* capitalist society, but rather why they *bear allegiance* to the system—i.e., why people come to view the kind of economic satisfaction capitalism provides as sufficient to their well-being. Finally, by elucidating the mechanisms through which preferences are formed, I shall show why individual choice behavior

is not likely to be affected by externally imposed forms of socialization (e.g., consumer education or advertising), save insofar as they validate and confirm truths already made evident to people through their everyday social participation.

A radical model of welfare posits that well-being flows from the individual *activities* undertaken in social life. The contribution of an activity to individual welfare depends on (a) the personal *capacities* (physical, cognitive, emotional, aesthetic, and spiritual) the individual has developed to carry out and appreciate the activity, (b) the *social contexts* (work, community, family, environment, educational institutions, etc.) within which the activity takes place, and (c) the commodities available to the individual as *instruments* in the performance of the activity (Gintis 1972a). In this model, preferences are endogenous in that the individual's choice behavior will reflect the pattern of capacities he has developed for different social activities, and the path of capacity development is conditioned by social activity (Gintis 1971a).

The impact of capitalist development on welfare must be assessed through its effect on each of these three components. First, social activity-contexts (element (b) in the above formulation) are treated under capitalism as *instrumental* to the preservation of the social relations of production and the expansion of capital, rather than as welfare ends in themselves. Second, capitalist development normally effects a vast, sustained increase in the mass of *instruments* of welfare (commodities). In this section I shall argue that capitalism, in addition, furthers individual *capacity-development* in directions compatible with its treatment of social activity-contexts. Bringing these three strands together, we may view capitalist development as involving a rigorous means/ends inversion: the ends—performance of welfare-relevant



social activity—becomes a *means* toward the maximization of the instruments of performance (commodities).

What are the behavioral implications of this welfare model? Let us begin by holding individual preferences constant and ask how individual choices will be manifested. First, since social activity-contexts deteriorate in the process of development (or at least in the best of cases improve at a far slower pace than marketed commodities), individuals will perforce manifest choices for more commodities. People emphasize consumption in capitalist society because it's the best thing going, and it is the area over which they have the greatest degree of control. Such social spheres as work, community, environment, and education are objectively undesirable, and must be viewed either instrumentally in the maximization of consumption, or are relevant only as *pain-avoidance areas*. Second, in capitalist society a worker's access to the most positive social activity-contexts is dependent on "income-earning capacity." The most desirable jobs by and large pay best and exhibit highest status and personal control. Moreover, the worker can "trade off" income for desirable work; the higher the earning capacity, the more desirable are the work options open to him. Similarly, communities may in general deteriorate, but access to the more desirable is by and large predicated on ability to pay. Likewise, access to decent environment takes the form of a commodity, a *vacation* from work and community, and desirability is closely linked to cost. In all cases, the rational individual is induced to maximize his or her earning power and take a significant portion of this out in the form of income.

Still holding individual preferences constant, it is clear in this model why the individual "votes" for higher disposable income rather than more provision of social services. As described in the previous sec-

tion, the failure of citizen sovereignty implies that the rate of transformation between social activity-contexts and commodities is such that the opportunity cost of desirable social activity-contexts is higher than would be the case under alternative social arrangements. The individual interested in social outlets does better to use his or her money to gain personal access to those positive social activity-contexts *which exist*, rather than slightly increase their total supply.

Thus whatever the preferences of individuals, their objective behavior within capitalist society is likely to exhibit the same means/ends inversion performed objectively by the social system. To arrive at this result, we need no theory of the greediness of human nature (which must be imputed to neoclassical theory) or of superficial consumer manipulation (à la Galbraith).

But, in fact, individual preferences must be treated as endogenous, if only because the reproduction of the social system requires certain paths of capacity development and is incompatible with others. In particular, individuals must develop capacities which render them *competent* in performing in essential (but alienated) roles as worker, citizen, and consumer (Gintis 1971b). In addition, the social system must inhibit individuals from developing capacities to lead meaningful lives *outside* the capitalist work-consumption nexus. Equally important, *allegiance* of individuals to the overall social system must be secured by inducing them to view the "successes" of the system as fundamentally important, and its "failures" as lamentable, but not ultimately sufficient reason for seeking alternatives. While individuals may *want* good work, decent community, and healthy environment, their capacities must be developed in such directions that they come to *need* only more consumption.

These observations are central to the oft-asserted Marxist proposition that individuals are “alienated from themselves” in capitalist society, in the sense that paths of individual development are conditioned by alienated social-activity-contexts.

But what are the structural mechanisms conditioning the expansion/repression of individual capacities along functionally necessary lines? The manipulation of tastes via advertising and product stylization, alone compatible with Galbraith’s model of “producer sovereignty,” is clearly only the icing on the cake of socialization instruments. Radicals consistently seek more fundamental sources *outside*, but related to, the economic system—sources such as family and school. On a deeper level, radical theory argues that socialization theory is inadequate to explain the way individuals develop their priorities, competencies, capacities, personalities, and overall preferences. Rather, socialization agencies can instill particular psychic patterns only when they are consistent with and reinforce people’s *everyday social experience*.

Through everyday life, some values and beliefs promoted by socialization agencies are *reinforced* (e.g., material acquisition as the path to Salvation), while others (e.g., personal fulfillment, creativity, peace, spiritual activity) are led to effective behavioral extinction. Socialization agencies explain little in themselves, because they must in turn be reproduced through their correspondence with everyday life. Thus we must ask the Galbraithian why individuals are *susceptible* to advertising at all, if not because its ministrations correspond to truths we see around us in our more mundane experiences.

What is the economic aspect of these everyday experiences? Essential mechanisms of capacity development and preference formation can be captured by viewing the individual’s choice-set extending over alternative “economic bundles” consisting

of not only private goods and services, but the constellation of alternative social activity-contexts as well (Gintis 1972a and 1971b). Corresponding to the “price structure” in market sectors, we can then speak of the generalized “structure of availabilities” of alternative economic bundles—the rates at which the individual can trade off among goods, services, and social activity-contexts, given his or her initial endowments. If we interpret individual preferences over economic bundles as “use values,” and the structure of availabilities as extended “exchange values,” then the neoclassical assertion of economic sovereignty reduces in this model to the assertion that use values determine exchange values within the constraints of available resources and technologies. Both Galbraithian and radical theories, on the other hand, seek more realistic explanations of the determinants of these generalized exchange values, as expounded above. But from the point of view of preference formation, the central economic mechanisms are revealed by simply *inverting* the neoclassical prescription: *exchange values, by influencing the process of capacity development, become essential determinants of use values* (Gintis 1972a and 1971a).

The structure of availabilities manifested in everyday life is adequate to explain how capacity development comes into harmony with the functional requisites for the reproduction of class relations under capitalism. We can distinguish two mechanisms: associative and cybernetic patterning (Gintis 1972a). By associative patterning we mean that individuals naturally develop their capacities to derive welfare from those economic bundles that they have habitually come into contact with. Hence, insofar as individual preferences depend on physical, cognitive, emotional, aesthetic, and spiritual capacities for undertaking activities, individuals come to “prefer” those social contexts and

instrumentalities which (at least for that individual) have had low exchange value (i.e., have been highly available). In particular, individuals are unlikely to set high priority on those economic bundles which lie outside their experience.

For example, capitalism does not provide decent natural environments, and hence "city folk" do not develop capacities to relate to natural environment. Thus decent environment becomes less "preferred" and not a major priority in individual goal-orientations. In this manner individual "use values" fall into line with predominant "exchange values." As another example, an individual's capacity to appreciate types of musical activity derives from the actual constellation of musical instruments and musical-activity-contexts with which he or she associates. The extent to which types of musical activity come to be preferred or achieve the status of high priority depends on the actual pattern and concentration of musical forms in his or her day-to-day community experience.<sup>5</sup>

But individuals develop their capacities not only by direct association with economic bundles but also through *conscious programs of self-development*. That is, individuals choose certain activities of an "educational" nature, with full knowledge that they may incur certain immediate costs (in terms of foregone economic bundles) and lead to forms of capacity development leading to the individual's future competence in assuming available social roles (e.g., work) or power to derive wel-

fare from future association with available economic bundles. Crucial to the individual's decision as to educational capacity development will be *the expected future structure of availabilities* of alternative economic bundles and the present nature of costs of acquisition of capacities. Thus paths of individual development are cybernetically patterned by the structure of availabilities. Through cybernetic patterning, individuals develop their capacities so as to "prefer" those economic bundles which are or will be relatively "available," and hence functional patterns of capacity development tend to be reproduced (Gintis 1972a and 1971a).

The principle of cybernetic patterning is of the deepest importance in understanding the way in which economic activity structures preference development. Indeed, the structure of availabilities of economic bundles embodies nearly every basic structural aspect of a social system. What, for example, is the difference between the United States and the Soviet Union, or France and the Fiji Islands? By and large, their structure of availabilities.

Some examples will elucidate the principle of cybernetic patterning. First, if important activity-contexts follow alienated paths of historical development, individual activities will be predominantly "commodity-intensive." Individuals will thus develop their capacities to undertake commodity-intensive activities, as a normal part of lifetime welfare maximization. Similarly, if capitalism destroys certain types of social activity-contexts, individuals are unlikely to spend a great deal of their time developing their capacities in directions whose activity-outlets require such contexts for performance. Again, although the wage structure is an alienated outcome, it induces individuals to develop their capacities to conform to the personality requisites of adequate job performance (Gintis 1971b).

<sup>5</sup> This point will perhaps seem strange to traditional economists, who emphasize that people want what is scarce and what they do not have. This is true only if preferences are taken as given. In fact, associative patterning is compatible with the observation that people want what they have and more of it—the pervasive "Duesenberry effect"—and suffer deprivation when separated from what they have grown accustomed to have and have learned to "use." In advanced capitalism, consumer goods are relatively plentiful and *therefore* people want more of them.

To sum up, the structure of availabilities of economic bundles is a basic determinant of preference development and produces the manifestations which Galbraith attributes to psychic manipulation and neoclassical theory (by inference) to "human nature" or "Western culture."

### Conclusion

I have argued that capitalist society produces an historical path of social decay in the very process of reproducing itself as a social system. If this is correct, it poses a series of distressing problems for the economist. First, it implies that we must devote a vastly increased effort to explaining the *mechanisms* of reproduction and a correspondingly smaller effort in devising immediate panaceas. This seems to vault economics once again to the status of the dismal science it had in the Ricardian Era and the economist to the status of prophet of despair. Second, it effectively divorces the economist from his or her traditional practical role in social affairs. Neoclassical economists have viewed themselves primarily as advisers to those who wield power—corporate and political. Radical theory holds that the behavior of even state institutions must be analyzed positively rather than normatively and certainly must not be considered as the ultimate repository of the economist's beneficent advice. Third, it places the economist truly concerned with making a better society (as well as with scientific truth) in the position of social outlaw—the exponent of revolutionary social change. Why accept this position?

These dilemmas can be handled only when we accept that the "theory of reproduction" is but one aspect of a total theory of social evolution. The theory of reproduction explains how the social system works *when* it works. Central to the Marxist theory of social change is that, in the process of reproducing itself, the economic

system regularly throws up contradictions which threaten its own further reproduction. Dialectical analysis is required to reveal the logic of development of these contradictions, for which the theory of reproduction is merely a *tool*.

In radical theory, contradictions are the rays of hope amidst a general prophecy of despair. Contradictions in the fabric of social life release people from the mystification of dominant ideology, allow them to seek themselves, and lay them open to alternatives in the organization of social life. A dialectical economic theory thus becomes not a dismal science, but a tool toward liberated social strategies.

Thus the problem of the economist's role in social affairs is resolved. With the understanding that our ultimate service is to a *social movement* grounded in everyday work and community life, the radical economist is nonplussed by his or her separation from the dominant sources of power. Radical theory exists today in America only because of the depth of the contradictions of capitalist society, and will wither and disappear if and when the ruling elites succeed in temporarily attenuating and/or suppressing these contradictions. We hold our jobs and disseminate our thought only insofar as we are part of a movement.

Dialectical analysis must also be used to explain why increasing numbers of economists are willing to assume the status of outlaw (a rather mild type of outlaw compared to the George Jacksons, Angela Davis's, and Vietcong fighters, but outlaw just the same). In essence, we are subject to the same dialectical laws which produce black rebellion, wildcat strikes at General Motors, as well as counter-culture and radical student movements. We must be outlaws to preserve our sanity and to seek a decent world for our children. We must be outlaws because, along with other workers, the rationality of our expertise is otherwise divorced from us and perverted

toward ends incompatible with our personal self-realization in our work. But we will not be outlaws forever. Join us.

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