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Reviews of CRITICAL REVIEW on Tibor Scitovsky's *Joyless Economy*.

The following reviews appeared in the (London) ***Times Literary Supplement*** of November 14, 1997 and ***The Wilson Quarterly*** of Autumn, 1997.

From the ***Times Literary Supplement***:
Critical Review will shortly enter its twelfth year. It began as a "classical liberal" journal with libertarian leanings. Edited from Yale by Jeffrey Friedman, it boasts some big names (eg, Buchanan, Sen) on its advisory board, and also among its contributors. It describes itself as "an interdisciplinary quarterly that devotes special attention to understanding the nature, politics and history of modern states and societies, especially to help evaluate their effects on human well-being". Each number contains a symposium on some central theme or thinker. Of the three issues in front of me the most recent (which actually dates from the beginning of this year) is devoted to F.A. Hayek, the one previous to Tibor Scitovsky's *The Joyless Economy (twenty years on*) and the one before that to "Critics of Capitalism".

The last mentioned features three set-piece confrontations on market socialism between David Ramsay Steele (against) and an ex-Marxist, David Schweikart (for); on Keynes's contention that capitalism is not self-correcting, between Steven Horwitz (who disagrees) and Greg Hill (who agrees); and the third, between Liah Greenfeld (who thinks nationalism gave rise to capitalism) and two radical historians, Warren Breckmann and Lars Tradagrdh (who think the reverse). One notes that, Hill excepted, the Left's late reverses have not improved their intellectual manners, the reason evidently being that they still cannot believe in their opponents' good faith.

The Scitovsky issue is uneven hut interesting. Contrary to classical liberalism Scitovsky concluded that consumers are not necessarily the best judges of their own long-term interests. Modern capitalism's ability to satisfy every passing whim leads to comfort, monotony, boredom and a craving for unnatural and destructive forms of stimulation. The only answer says Scitovsky is "culture", which propels us towards pursuits which are difficult, demanding and creative. But how many in a liberal society will choose that in preference to easy, mindless distraction?

The most striking contribution here is by Michael Benedikt, an architect and architectural theorist who is also a dab hand at complex welfare

calculations. At the core of his graph festooned, but also eloquent and literate, argument is the idea that the vileness of the average American townscape is the outcome of the obsession with freedom, which has left us, he says rather movingly, with "no patience for trappings, for what lasts, closes options, speaks softly, or means too deeply".

There is also a splendid retrospect by Scitovsky. His reply to his critics is a masterpiece of Lifemanship, first cheerfully agreeing with them all and then suggesting that they have not gone far enough. He concludes with some uncompromising paragraphs on child rearing, commending rewards and (yes) punishments for their indispensable role in producing upright, useful and civilized human beings.

Finally, the Hayek number. Most of it is highly critical. Hayek is championed though by Peter Boettke, who defends him as a dynamic, real-world economist rather than (like his opponents) a mere mathematical modeller and by Ryszard Legutko, who defends him as a political thinker. Legutko teaches at Cracow University (where I heard him ten years ago), and anyone who thinks Hayek is a spent force would do well to visit Poland or the Czech Republic. What is true is that Hayek is no longer a novelty, and that many of his teachings, in particular that concerning the vital epistemic function of markets (which makes them incomparably superlor, for the satisfaction of most human wants and needs, to dirigisme), are so taken for granted, even among socialists, as nowadays to be virtually uncontested.

What socialists like Steven Lukes (featured here) do take issue with is Hayek's assault on so called "social justice". Certainly, whatever markets reward, it is not straightforward moral desert. (This poses, as Hayek saw, a serious legitimation problem,) But does that make them unjust? If they could be made to reward it, would they still function properly? Would they if their product were (as at present) significantly redistributed outside the market? What kind of distribution would be just?

These questions are all familiar, but I cannot see that Lukes really addresses them. He never tells us what "social justice" is. For David Johnston, on the other hand, social justice is "substanlive equality" of reward (irrespective of desert?) But as Johnston admits, it can only be directly secured by massive inequalities in power, which are even worse than material inequalities. So the only hope lies in as yet unknown "strategies of indirection".

Johnston is nevertheless excellent on Hayek's distinction between organized and spontaneous orders, and notes their paradoxical interdependence. In a searching piece, Gus diZerega notes that spontaneous orders (particularly the market) may have externalities which, despite claims to the contrary, make

them far from "value-neutral". "Precisely because it is not the outcome of deliberate decisions", he writes of the market order (which he distinguishes from the market place), "it cannot simply be assumed to reflect people's desires faithfully." If we could foresee the collective outcome of our choices, we might choose differently.

Juliet Williams finds Hayek's defence of law wanting, since, though law, being predictable, is generically preferable to arbitrary rule, he neglects to distinguish just from unjust laws. A point, strangely, which nobody makes is that riproaring capitalism can be as unpredictable as arbitrary rule, and thus equally makes nonsense of people's attempts to provide for the future.

Critical Review gives so much space to liberalism's critics that its original allegiance is barely detectable. It is, in short, impressively and scrupulously self-critical. But that, of course, merely vindicates liberalism's own claim that its errors, like capitalism's, are self-correcting, though one might query whether what remains is strictly liberal.

--R. A. D. GRANT

From ***The Wilson Quarterly***

ECONOMICS, LABOR & BUSINESS
What Do Consumers Really Want?
A Survey of Recent Articles

A little more than two decades ago, an economist named Tibor Scitovsky challenged a basic assumption of modern economics: "that the consumer is rational ... that whatever he does must be the best thing for him to do, given his tastes, market opportunities, and circumstances, since otherwise he would not have done it." It was "unscientific" to make this assumption. Scitovsky argued, and sustained observation of human behavior showed that it was frequently unjustified: people often fail to choose what is best for them. They watch too much television, for instance, rather than reading great literature.

Scitovsky's book, *The Joyless Economy* (1976), received scant recognition when it first appeared, but some now are hailing it as a prophetic masterpiece. It is among "The Hundred Most Influential Books Since World War II," according to a survey of prominent scholars by the *Times Literary Supplement* (Oct. 6, l996). More recently, in *Critical Review* (Fall 1996), seven

sympathetic critics and Scitovsky himself revisited the book's critique of consumer capitalism.

"Drawing on research in physiological psychology," Scitovsky began with the human inclination to avoid discomfort and seek pleasure, note Jeffrey Friedman and Adam McCabe, *Critical Review's* editor and research assistant, respectively. But he contested the notion that the dynamic is so simple. "In Scitovsky's view, there are two sources of displeasure: not only too much stimulus--pain, but too little--boredom." Affluent societies had produced widespread comfort--but too much comfort resulted in ennui. By seeking excessive comfort rather than stimulation, or by turning to such fleetingly satisfying types of stimulation as TV or shopping, people made "wrong" choices and got less enjoyment than they could out of life. "The remedy," Scitovsky said, "is culture" and the stimulation provided by music, painting, literature, and history. Consumers must be educated to make wiser choices.

Friedman and McCabe note "the paternalistic implications" of Scitovsky's work. If freedom has great intrinsic value, they say, "it is difficult to see why we should be concerned with Scitovsky's, or anyone else's, empirical findings about freedom's potentially unhappy effects." Unfortunately; they add, the conviction of freedom's intrinsic value "drains any urgency from the investigation of how we should live; indeed, it taints such investigation as suspect, because [it] might lead to 'elitist' conclusions." Unsurprisingly, "such investigation is rare, and . . . Scitovsky's example is a lonely one."

But Amartya Sen, a professor of economics and philosophy at Harvard University, denies that Scitovsky's book is "paternalistic in spirit." Rather, he says, his diagnosis has some affinities with "[the] Socratic claim that the 'unexamined life' is not worth living. If constructive stimulation is neglected in actual behavior, this is not because people have examined the alternatives and the range of choices that are in fact within their command, and have come to the considered conclusion that they really do want comfort rather than stimulation. Had that been the case, it would have been harder for Scitovsky to press stimulation on them, 'in their own best interest.'"

Juliet Schor, author of *The Overworked American* (1992) and a professor of the economics of leisure at Tilburg University, in the Netherlands, credits *The Joyless Economy* with pointing out the yawning gap between consumption and satisfaction. However, the solution, she believes, does not lie in better educated consumers but in a movement away from "consumerism" toward a different "system" with less private consumption and more "public goods, savings, leisure time, and environmental preservation."

Albert 0. Hirschman, a professor of social science, emeritus, at the Institute for Advanced Study, Princeton, New Jersey, also faults Scitovsky for "his utter neglect" of the public sphere -- of politics, participation in public life, and pursuit of the public interest -- as a welcome source of stimulation. Sometimes, Hirschman points out, public and private stimulations can be had at the same time. In ancient Greece, for example, banquets that originated in the religious sacrifice of a bull or ox not only offered the private pleasure of food but played a part in the emergence of Athenian democracy.

Scitovsky--whose academic career included stops at Stanford University, the University of California campuses at Berkeley and Santa Cruz, and Yale University--says in Critical Review that the criticisms of his book's narrow focus on the private domain are justified. "I dealt only with the desire for status, the comfort of belonging, and the stimulus of conversation in pubs and cafes, but was remiss in overlooking all the pleasure and stimulation provided by many public goods and activities, ranging from beautiful landscapes and cityscapes to one's public activities and duties as a citizen." These, too, have value, yet are slighted in the usual economic calculus.

Michael Benedikt, a professor of architecture at the University of Texas at Austin, criticizes Scitovsky on another front, arguing that his "simple dichotomy" of comfort and stimulation doesn't lead very far. What's needed, he says, is a hierarchy of human needs that would allow evaluation of the true "utility" of different things. Benedikt proposes six categories, from the need for survival to the need for freedom.

But Scitovsky gets the last word. A now-glaring shortcoming of his *Joyless Economy*, he says, is that it focuses on the problems of the affluent while neglecting those of the poor. They too--in addition to their more obvious privations--"suffer from boredom, just like the idle rich." But the boredom of the poor "is chronic, which makes it a deprivation as extreme as starvation, and with equally fatal consequences . . . violence and vandalism." Work, Scitovsky suggests, is "the main antidote to boredom for the majority of mankind," and one of our deepest human needs.