

them, and at us for giving them any hearing!

Stokes. Well; if we listen to them; we too can laugh at them.

Brad. My good fellow, it's no laughing matter, when you find these coxcombs influencing legislation, and actually getting restraints imposed on your personal freedom!

Stokes. There's something in that. But don't grind your teeth.

(Conversation closes.)

(*Punch*, 28th March 1868).

The irony of this sketch, of course, is that the *first* “antis” – alluded to in *Punch* with the remark about Exeter Hall—were actually *not* the opposition to political economy but the classical political economists *themselves*. Political economists, along with their coalition partners, the evangelicals, earned this epithet, because they agitated successfully against slavery in a complicated political deal that cost the British taxpayers £20 million. The same political economists became the targets of those about whom William Coleman's wonderfully revealing book teaches us, the successive waves of “antis” who have, since then, attacked economics from all directions.

Sandra J. Peart
Baldwin-Wallace College

REFERENCES

- Greg, W. R. (1869) Realities of Irish Life, *Quarterly Review* 126 (January and April), pp. 61–80.
- Mill, J. S. (1848) *Principles of Political Economy with Some of Their Applications to Social Philosophy*. Available at www.econlib.org.
- Peart, S. J. (2004) On the “Bitter Quarrel” between Economics and Its Enemies, *History of Economic Ideas*, XII(2), pp. 97–106.
- Peart, S. J. and Levy, D. M. (2005a) *The “Vanity of the Philosopher”: From Equality to Hierarchy in Post-Classical Economics* (Ann Arbor, MI: University of Michigan Press (Forthcoming)).
- Peart, S. J. and Levy, D. M. (2005b) Valuing (and Teaching) the Past. *Journal of Economic Education*, 36 (2), pp. 171–84.
- Smith, A. (1776) *An Inquiry into the Nature and Causes of the Wealth of Nations*. Available at www.econlib.org.

Kathleen G. Donohue, *Freedom from Want: American Liberalism and the Idea of the Consumer* (Johns Hopkins University Press: Baltimore, 2003) pp: xii, 326, \$45.95, ISBN 0-8018-7426-2.

This book came into my hands at a fortuitous moment: just as I was writing a paper that dealt with Walton Hamilton's ideas concerning the public control of business—ideas that placed significant emphasis on the need to protect the interest of the consumer in abundant production and low prices. During the New Deal, Hamilton was first a member of the Consumers' Advisory Board of the National Recovery Administration and later worked with Thurman Arnold on anti-trust. The explicit recognition of the consumer interest in the New Deal was even then understood to be a

new departure in regulation. Donohue's book deals exactly with this shift in economic and political thinking—from the “producerist” emphasis pervasive in the nineteenth century to a “consumerist” point of view that was ultimately brought into policy in the New Deal.

Donohue's story is built around this division between the “producerist” and “consumerist” points of view. The “producerist” view, for Donohue, can be revealed in a variety of ways: the view that saving and capital accumulation are the source of growth, Say's law, a critical view of luxury consumption, the use of invidious distinctions between “productive” and “unproductive,” the classification of people by their roles as producers, the legitimizing of income and social position by supposed contributions to productive activity, and so on. A “consumerist” view is revealed by an emphasis on the consumers' interest in quality goods at reasonable prices, a view that the consumer interest might not be adequately protected by the market alone, an emphasis on the need to maintain a sufficiency of aggregate demand, a view that some degree of abundance could be realized, and an identification of the public interest with the interests of consumers.

The argument traces the gradual development of a consumerist viewpoint from an initially strongly “producerist worldview.” The discussion begins with Adam Smith and classical economics. Donohue recognizes that Smith clearly stated that it was consumption that was the ultimate end of all industry and commerce. But despite Smith's clarity on this point, Smith and later classical economists are seen as a major source of producerism. Much of this has to do with the classical emphasis on thrift and saving and with Say's law. The main line of argument, however, focuses on the American literature from 1870 and takes us through the work of William Graham Sumner, Henry George, Richard Ely, Charlotte Perkins Gilman, Thorstein Veblen, Simon Patten, Edward Bellamy, and others. Some of this is a little stretched, but there is a key point in that in the earlier literature (in Sumner, George, and in Ely's early work) legitimate economic status is seen to come from a role as producer and not from being a consumer. For example, Ely expressed moral misgivings concerning luxury and was more concerned with the position of labor than that of the consumer. Gilman stressed the need to recognize and expand the role of women as producers, while Veblen, in his *Theory of the Leisure Class*, satirized the upper classes as unproductive conspicuous consumers. Gradually, more positive views of the consumer and consumption emerge, although they are still compromised in various ways. Patten and Bellamy provide examples here, and there is a considerable discussion over several chapters of Veblen's growing emphasis on the problems of the consumer.

In the progressive period, a concern with the consumer was frequently linked to a critique of the existing capitalist system, particularly in terms of the exploitation of the consumer by monopoly power, the existence of various kinds of “waste” or restriction associated with business, adulterated and shoddy goods, the use of salesmanship and advertising to manipulate consumer wants, and a lack of consumer information. Veblen is the obvious case in point. Progressive era consumerism also found expression in Florence Kelly's National Consumers' League. Here definitions concerning “immoral consumption” shifted from the consumption of luxuries to the consumption of goods produced in sweatshops. The need for the education of the consumer was also constantly stressed.

The narrative then takes a brief leave of economics to deal with the development of a consumerist version of liberalism at the hands of writers such as Walter Lippman, Herbert Croly, and Walter Weyl at the *New Republic*. This work, however, is seen as only “indirectly responsible” for the substantial growth of consumerist literature in the late 1920s. This development of a consumerist political economy came at the hands of a group of “left liberals,” almost all of whom had come to their consumerist ideas through Veblen. The emphasis is on Stuart Chase, Rexford Tugwell, and Robert Lynd, but George Soule, Paul Douglas, Gardiner Means, and Walton Hamilton also feature.

In the 1930s policy debates the key issue was that of the role of “planning” as the preferred way of ensuring the consumers’ interest. The history of the attempts to represent the consumer interest in the New Deal—both in the National Recovery Administration (NRA) via the Consumers’ Advisory Board, and in the Agricultural Adjustment Administration (AAA) with the Office of the Consumers’ Counsel—is a fascinating one. It has been told before (Campbell 1940), but it is well told here. In Donohue’s account, in the NRA the consumer interest in larger output and lower prices tended to be opposed to the business or producer interests in higher profits, resulting in conflict over the price provisions in the codes. This she contrasts with the case in the AAA, which perhaps because of its mandate had to find ways of reconciling the two. Within the AAA Donohue pays special attention to Mordecai Ezekiel’s industrial expansion plan as outlined in his books *\$2,500 a Year* and *Jobs For All*. These are seen as providing an approach to reconciling the producer and consumer interest by emphasizing the need for a balanced expansion of production and buying power—the common ground of abundance. Of course, such plans were never implemented in the form proposed, but Donohue sees the philosophy embedded within them as preparing the ground for the Keynesian approach to the economy and for the development of a “postwar Keynesian liberalism” with its emphasis on a consumption-orientated economy in which business can prosper and consumers can consume abundantly.

There is much to be said for this book, and it greatly helped me in my own work, but there are some problems and omissions. The discussion of Malthus is quite flawed, and contains no mention of his views on the need for unproductive consumption and the possibility of gluts. Indeed, except for some later discussion of Foster and Catchings’ work one would not know of the role of underconsumptionist ideas in American work. This is particularly evident in the lack of any mention of J. A. Hobson. Hobson’s underconsumptionist position influenced both Veblen and later institutional economists such as Rexford Tugwell and others. Hobson even taught for a term at the Robert Bookings Graduate School in Washington DC, where Walton Hamilton presided and Mordecai Ezekiel was a student. Hobson was one of the key influences on the Brookings Institution studies *America’s Capacity to Produce* and *America’s Capacity to Consume* that both appeared in 1934, and which were, in turn, the direct inspiration for Ezekiel’s industrial expansion plan. Donohue’s book also does not deal adequately with the transition from the “planning” stage of the New Deal to its later incarnation as a combination of Keynesian-type fiscal policy combined with a more active use of the antitrust laws. Indeed, the story seems to stop just short of its natural end point in the postwar Keynesian world.

Perhaps because of the focus on liberalism and therefore on political philosophy, there is also a failure to recognize the role of certain substantial *empirical* literatures in economics that dealt directly with the issues involved. The first of these is the literature on consumption and on standards of living that blossomed in the 1920s. William Ogburn was estimating consumption functions from household income and expenditure surveys using regression analysis as early as 1919. Others very much involved in this literature included Hazel Kyrk, Paul Douglas, Theresa McMahon, Jessica Peixotto, and many others. Kyrk's 1923 Ph.D. thesis from Chicago was entitled *A Theory of Consumption* (Kyrk 1923), and James A. Field, her thesis supervisor, had been teaching a course on consumption economics for some time. This literature was not based on neoclassical utility maximizing ideas about the consumer, but derived more from Veblenian notions of habitual standards of living and, to some extent, from Wesley Mitchell's 1912 article "The Backward Art of Spending Money" (Mitchell 1912).

On the more macroeconomic end of things, empirical work on price movements, productivity growth, and employment, done in the late 1920s by various Government departments and by the National Bureau of Economic Research, began to raise questions about technological change leading to unemployment, price rigidities, corporate savings, and the problem of maintaining a balance between production and consumption. The debate over technological unemployment involved Paul Douglas, Woodlief Thomas, Sumner Slichter Alvin Hansen, and Isador Lubin, while the most important work on price movements was done by F. C. Mills. All of this helped feed the type of underconsumptionism mentioned above and to prepare the way for Keynesian analysis.

Malcolm Rutherford
University of Victoria

REFERENCES

- Campbell, P. (1940) *Consumer Representation in the New Deal* (New York: AMS Press, 1968).
 Kyrk, H. (1923) *A Theory of Consumption* (New York: Houghton Mifflin).
 Levin, M., Mouton, H. and Warburton, C. (1934) *America's Capacity to Consume* (Washington, DC: Brookings Institution).
 Mitchell, W. C. (1912) The Backward Art of Spending Money, *American Economic Review*, 11 (June), pp. 269–81.
 Nourse, E. G. and Associates (1934) *America's Capacity to Produce* (Washington, DC: Brookings Institution).
 Ogburn, W. (1919) Analysis of the Standard of Living in the District of Columbia in 1916, *Publications of the American Statistical Association*, 16 (June), pp. 374–89.

Orhan Kayaalp, *The National Element in the Development of Fiscal Theory* (New York: Palgrave Macmillan, 2004) pp. x, 181, \$69.95, ISBN 1-4039-2077-X.

This book seeks to portray the development of fiscal theorizing over the period roughly bounded by 1880 and 1940 as a series of relatively independent efforts