The Creative Society – and the price Americans paid for it

The Creative Society is the first history to look at modern America through the eyes of its emerging ranks of professional experts including lawyers, scientists, doctors, administrators, business managers, teachers, policy specialists, and urban planners. Covering the period from the 1890s to the early twenty-first century, Louis Galambos examines the history that shaped professionals and, in turn, their role in shaping modern America. He considers the roles of education, anti-Semitism, racism, and elitism in shaping and defining the professional cadre and examines how matters of gender, race, and ethnicity determined whether women, African Americans, and immigrants from Europe, Asia, Latin America, and the Middle East were admitted to the professional ranks. He also discusses the role professionals played in urbanizing the United States, keeping the economy efficient and innovative, showing the government how to provide the people a greater measure of security and equity, and guiding the world's leading industrial power in coping with its complex, frequently dangerous foreign relations.

Louis Galambos is Professor of History at Johns Hopkins University, where he also serves as Editor of the Papers of Dwight David Eisenhower and Co-Director of The Institute for Applied Economics, Global Health, and the Study of Business Enterprise. He is the author of numerous books on modern institutional development in America, the rise of the bureaucratic state, and the evolution of the professions, most recently *Medicine, Science, and Merck* (with Roy Vagelos, 2002). He is coeditor of two Cambridge University Press series and has received widespread recognition for his development of the "organizational synthesis" of modern U.S. history.

"Louis Galambos delivers a dazzling history of the modern United States as formed by its managers, scientists, diplomats, planners, and lawyers. The hopeful message is that, more often than not, American expertise and innovation will save the day."

– Jay Hancock, economics columnist, *The Baltimore Sun*

The Creative Society – and the price Americans paid for it is a bold, provocative, and compelling reinterpretation of perennial dilemmas in American society written by a historian at the top of his game. Louis Galambos brings his 'organizational synthesis' to life by evoking the experiences that animated the new professionals – in education, business, government, foreign policy, and urban life – who have made America work since the 1890s. This is history at its best: thoughtful, captivating, witty, and wise. Everyone who reads *The Creative Society* will gain a new understanding of key crises in American history – and novel insights to make sense of the challenges we face today."

– Jeffrey L. Sturchio, Senior Partner at RabinMartin, former president and CEO of Global Health Council

"Louis Galambos is equally adept as storyteller and historian. Witty, readable, illuminating, and sometimes highly personal, this is a history book with the drama of a novel. Professor Galambos charts twentieth-century American development in four broad areas – urbanization, innovation, economic security, and internationalism – and weaves throughout these concurrent narratives an astonishing array of detail. His cast of characters is America's self-proclaimed and educated professionals. Lawyers, economists, nurses, urban planners, mining engineers, teachers, and even military strategists act out a historical pageant that boasts winners and losers. Most vividly, Galambos stirs his own family story into the mix. His small-town Ohio clan of bustling Hungarian emigrants shares the stage with prominent twentieth-century figures like Emma Goldman, George Marshall, and Robert Moses. And in a masterstroke of history writing, he invites us, his readers, to enhance his storytelling with reflections on our own American experience."

– Mary Yeager and John Lithgow, Los Angeles, California

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To my four wonderful daughters, Denise, Jennifer, Katherine, and Emma

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Preface

If you are reading this book, you are probably a professional or a wannabe professional in training. Training and practice in the professions require literacy and, to some extent, the curiosity that might encourage you to buy or borrow a book of essays on "The Creative Society."[1] Odds are you live and work in a city or suburb. If you have a job right now, you probably get paid by a relatively large organization and most of your income – like mine – comes to you in the form of regular paychecks. If even a few of these guesses are accurate, you should keep reading because you're the central subject of this history.

How could that be true? History, we were told in school, has always been shaped by presidents and prime ministers, by generals and dictators, by the people who make it into the headlines of newspapers, the TV news, and the blogs. If you don't believe that, just borrow your daughter or son's history text and skim through the index. You'll recognize many of the names even though it may take you a while to remember exactly what they did or when they did it.

The Creative Society looks at history from a different angle and comes to different conclusions about the American experience and the people who did the most to shape it in the twentieth and twenty-first centuries. That's where you come in. Or to be more precise, people like you, who practiced a profession and created new ideas that helped America cope

[1] Reaching for a counterslogan to President Johnson's Great Society, Ronald Reagan announced in the 1960s his quest for a Creative Society. My own quest is for a new historical paradigm, and I am not running for office.

with some of the major problems it faced in the twentieth century – and still faces today. Many of those professionals didn't produce entirely new ideas but instead negotiated the compromises that enabled the society to move on to the next big problem. That too is a creative process, but we usually only notice it when it doesn't work. Then the media grinds out heroes and villains. We worry. But we usually don't do anything because we leave most of those problems in the hands of the experts, the professionals.

Not all of the nation's major problems were solved with equal skill, and this book also looks into failure: institutional failure, personal failure, and intellectual failure.[2] That's why the subtitle guides you to "the price Americans paid" for their brand of creativity. We'll look into that "price" and try to get a handle on who paid and how much they paid for the choices the society made. Even great success comes with a price tag. Some paid more dearly than others, especially those who paid with their lives. I apologize for bringing up these negative themes, especially given that your professional ideology, like mine, gives overwhelming emphasis to success.[3] The American story is supposed to be a success story, and the modern professions have always been the yellow brick road to a better life. But that's not all of the American story. The history is also filled with moral struggles, collapsing policies, and bankrupt businesses. Just like the newspapers.

Don't worry, the United States is not sinking. Not right now. If it were, I'd have to use a different title. This book was conceived and most of it written before the nation's current economic crisis hit, but our financial turmoil today is a perfect example of how Americans handle and sometimes mishandle these painful situations. As the following pages should help you recall, our creative society has been challenged before.

[2] For an engaging account of American failure see Scott A. Sandage, *Born Losers: A History of Failure in America* (Cambridge, 2005). As the author observes (265), "Ours is an ideology of achieved identity; obligatory striving is its method, and failure and success are its outcomes. We reckon our incomes once a year but audit ourselves daily, by standards of long-forgotten origin." Sandage relates this to business, but we will find traces of this ideology sprinkled throughout the professions.

[3] Success is the central theme in Richard Florida, *The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community and Everyday Life* (New York, 2002). His creative class is different than my professional experts, but our categories overlap to some extent. Florida did not write a history, but when he does venture into the past, he describes social transitions that seem painless and almost automatic. Mine are usually accompanied by pain and considerable confusion about means as well as ends. See also Richard Florida, *Cities and the Creative Class* (New York, 2005).

This history may even prepare you to deal with our future challenges at home and abroad. We'll surely have them.

The central subject of this book is how Americans tried to deal with four of those problems and how a new class of experts – the professionals – came to play a central role in all of the country's crises. The problems the experts were dealing with were very complex and very large; they were the sort of problems that are never solved quickly or completely. That's why they're so interesting.

One of the problems America had to face was learning how to cope with urban life. The cities and suburbs have been growing very rapidly since the nineteenth century, and the nation was just beginning in the twentieth century to lose its primary identification with rural and small-town life. Millions of immigrants were crowding into the cities. Viewed from the vantage point of the 1890s, it was not at all clear that the American style of helter-skelter growth would work as well as it had for the previous three centuries of our history. Nor was it clear that the cultural values and political styles inherited from an agrarian society would be suited to city life. To many Americans, the city seemed to be both intriguing and dangerous. In one regard, at least, they were right about the danger: cities were indeed dangerous to your health.[4]

The second problem involved finding new ways of keeping the U.S. economy innovative, changing to cope with new situations at home and abroad, adapting to new patterns of competition, and adopting new technologies and new types of organizations while finding and serving new markets. This was the problem that Joseph A. Schumpeter long ago pinpointed as the primary historical process in capitalist societies.[5] Capitalism evolves, Schumpeter said, through the "creative destruction" launched by entrepreneurs who destroy old forms of doing things by creating something that's new, more efficient, and more effective. We'll use some of Schumpeter's ideas. But we'll twist some of them into new shapes, reject others, and put them in a context that he wouldn't have liked.

[4] Some critics have suggested that the suburbs were dangerous to your intellect, if not your sanity. We explore this issue in Chapter 10.

[5] For recent developments of this theme see William J. Baumol, Robert E. Litan, and Carl J. Schramm, *Good Capitalism, Bad Capitalism and the Economics of Growth and Prosperity* (New Haven, 2007) also available at http://www.yalepresswiki.org/gcbc/GCBC_Entire.pdf. Also see Carl J. Schramm, *The Entrepreneurial Imperative: How America's Economic Miracle Will Reshape the World (And Change Your Life)* (New York, 2006).

We will, for instance, look at innovation in public organizations and nonprofits, as well as in business and agriculture. Expertise in government and in universities, as in business, involved closing the gap that always exists between new ideas and action. In a highly organized society like the United States, this entrepreneurial gap had to be narrowed by working through institutions, all of which came to be populated with professionals just like you. In analyzing these institutions and the manner in which they impacted our history, we'll trace the distinctly American style of balancing the need for innovation against the need to balance the books. That's where the auditors creep in and organization charts start to cover the walls.

The third big problem was a result of the second industrial revolution.[6] In their rush to take advantage of the great opportunities U.S. resources offered, Americans gave little thought to the growing need for economic security in a more equitable society. Most were preoccupied with the creative side of creative destruction. Neither security nor equity was a salient political issue in the United States until near the end of the nineteenth century. Otherwise, slavery wouldn't have persisted as long as it did. Otherwise, Americans would have created a government that was as good at protecting its weakest citizens as it was at providing new opportunities to get ahead. Near the end of the nineteenth century, however, issues involving equity and security began to float up toward the top of America's political agendas in the nation and most of the states.

The fourth problem was even more complex and certainly more dangerous. No longer focused on continental expansion, the United States had to decide how it would relate to the European powers, to the nations of Asia, to Latin America, and to the Caribbean countries. America had become the world's leading industrial power and was the largest and most populous of the developed nations. The manner in which it exercised its newly acquired power was important to the rest of the world and certainly to America's citizens. It wouldn't be a simple matter to define our national security and to determine exactly how it should be defended.

[6] The first industrial revolution is usually associated with machine-production and water power and is dated from the late 1700s through about 1840. The second industrial revolution was driven by steam power and later electricity; the leaders were in the electrical, chemical, and electrochemical industries and in mass-production and distribution of products like automobiles. Historians usually date this development from the 1870s through the 1960s. The third industrial revolution – the information-age revolution – began about that time and continues today. It is driven by the transistor, the integrated circuit, the computer, and, more recently, the Internet and wireless communication.

As must be apparent, none of these problems lent themselves to quick solutions. Insofar as this very large, rapidly growing, highly diverse society worked out solutions, they would take decades, not months or years, to emerge. Then, the problems and American responses would both continue to evolve. Nothing, this history suggests, is permanent, including your job and maybe even your entire profession.

But we don't need to be gloomy. For the present, America is still the wealthiest, most powerful, and one of the most open nations in the world – something for which we all should be grateful. It could have been otherwise, as you'll see in the following chapters, had Americans not been creative – economically, politically, socially, and culturally.

What about the many other forms of creativity that I haven't mentioned? Are they included in this book? What about art and literature, music and architecture? Where are they? They aren't dealt with in the chapters that follow, although I believe they could easily be added to this version of America's modern history.[7] Those forms of creativity didn't generally have an impact on the four great problems at the heart of this narrative. Great art, great poetry, music, and architecture were and are extremely important, but they couldn't solve the problems that we're discussing. Professional expertise and the political and institutional leadership and brokering that would enable Americans to make use of that expertise might solve those problems. We'll see.

Along the way through more than a century of America's history, we'll meet some real people, including the author's family. I only have two excuses for using my family. First, I know them better than I know any of the other individuals who people these pages, and this enables me to capture some nuances that I might otherwise have missed. Second, four generations of the family became involved in the changes in America that I'm discussing. In researching my family, I have used the documentary record, including census materials, newspaper accounts, material now available on the World Wide Web, family memories, and my own experiences.

Many of you will see a place for your own families in this history. Mine could perhaps have avoided some of the changes I'm describing, but they didn't. Nor did I, and I mention some of the ways a society in transition shaped and reshaped my understanding of the nation's history. My family and the other individuals included became engaged in the evolution of a

[7] We will touch on architecture but only deal with its role in shaping responses to urban problems.

professional class and the institutions that train and support the society's experts. I don't mean to suggest that these individuals or others were typical of their ethnic group, social class, or occupation. They're in this book merely because they, like you, were caught up in this history of a changing, frequently challenged society.

The "they" in this book – the professionals – constitute a very broad and growing segment of American society. The lure of professional status and the power and income that it frequently offers have been attractive. So attractive, in fact, that they have drawn in many who have fallen short of meeting society's standards for bestowing power and prestige on a specialized occupation. I have included many, but not all, of these various groups of professionals in this history even though many of them haven't mastered the intricacies of brain surgery or quantum mechanics. Many of them can only practice within an organization (military officers, public officials, and teachers, for example), and many have important roles in history even though the theoretical aspects of their professional knowledge are limited (as is the case with business management). They nevertheless help keep the society running and their expertise has become deeply engaged with the major problems we're discussing here.[8] Throughout, I have occasionally rendered strong judgments on some of those professionals and the society's culture and institutions. I think my readers deserve those evaluations. But given that I haven't tried to prove each of these statements in a formal sense, you should read this account as an extended essay – an essay in historical interpretation.

But enough of this introduction. Let's get settled into the history by looking at some of the specific problems that existed in a specific small town in Ohio in 1931.

[8] If we use the U.S. Department of Labor, Bureau of Labor Statistics figures for 2006, their narrower class of "professionals and related occupations" constitutes about 20% of the work force. If we add "management, business, and financial occupations" to that figure, as I do, it jumps to more than 45 million persons, about 30% of those employed at that time in the United States. http://www.bls.gov/news.release/ecopro.t04.htm.