Malone decides, "had the ring of truth."

OK, but did Malone hunt down the former PARC researchers or former Apple employees who might be able to shed light on the subject? Again, no evidence of it. Besides, the Macintosh that came to market after Jobs took over was a very different product than the one he inherited from Raskin. So Malone's interpretation comes off as much as a reflection of his anti-Jobs bias as an insight.

The author's picture of Jobs as an empty vessel is often contradicted in his own book. Malone portrays Jobs as a person without any real gift for technology. But repeatedly, Jobs displays his technical acumen, showing that he is far more than a sleazy salesman who happened to be in the right place at the right time. Even when he was working for Atari, before Apple, Jobs once flew off to the company's German subsidiary to solve a critical engineering flaw in the computer game machines it was producing. To Malone, this is an example of Jobs' cunning. "Though he had no apparent natural aptitude for electronics," Malone writes, "his mind was so quick that he could learn what he needed to know faster than anyone around him."

The real story in *Infinite Loop* has little to do with character and just about everything to do with strategy. If there is a lasting lesson from high-technology businesses, it is that if you make the big decisions right the payoff is so great it takes care of everything else—egomaniacs, wasteful management, and on and on.

The mistake Apple made again and again was its inability to see the wisdom of unbundling software and hardware. Apple had several opportunities to unleash its superior Macintosh software. For a decade, the Macintosh operating system was clearly superior to Microsoft's Windows, until 1995 with the introduction of Windows 95. As Peter Schwartz of the Global Business Network once told me, "If Apple had licensed its software years ago, the Justice Department would be suing Apple today, not Microsoft."

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Containing Consumerism

by Robert de Neufville

IF ROBERT FRANK HAD HIS WAY, we would have spent a lot less over the last holiday season. According to Frank, we are in the grip of "luxury fever," a kind of mania for fancy things we don't need. Echoing Juliet Schor's recent book *The Overspent American*, Frank argues that we are driven by a need to keep up with our neighbors, sacrificing time better spent with friends and family to work long hours, just so we can buy an impressive car or house which does little to make us happier. The sad consequence is that our unprecedented wealth has not brought us unprecedented happiness.

Although it has a puritanical edge, *Luxury Fever* is not a moralizing book. In fact, Frank's use of the word "luxury" suggests an indulgence he doesn't intend. The real subject of his book is not luxury, but rather what Thorstein Veblen famously called "conspicuous consumption"—anything we buy primarily because of the status owning it confers. By "luxury," then, Frank means not only Patek Philippe watches and $5,000 gas grills, but also less extravagant items like wide-screen TVs, Nike sneakers, and gourmet coffee beans. What matters is not how much something costs, but whether we are more interested in the thing itself or in what owning it says about us.

LUXURY FEVER
Why Money Fails to Satisfy in an Era of Success
By Robert Frank
The Free Press, $25.00

Conspicuous consumption seems superficial, but may not be something we can so easily do without. As Frank points out, our concern with status is not necessarily selfish or shallow, but often sensible: What we own helps determine what social worlds we can enter, what jobs we can get, who we can marry, and so on. An expensive suit, for example, is hardly frivolous if it makes the wearer look more professional or competent in a job interview. Indeed, this is precisely the problem. While certain kinds of ostentation make sense from the individual's perspective, they may be tremendously wasteful from the perspective of society as a whole. The reason is that conspicuous consumption is not productive, but competitive. No matter how hard we compete, the same number of people come out on top.

The real problem with conspicuous consumption is not that it is selfish, but that it is ultimately unsatisfying. Because the Joneses are trying to keep up with us as much as we are with them, it is fruitless to expect any lasting satisfaction from gold watches and expensive gas grills. Nevertheless, Frank estimates—although it is hard to imagine how he arrives at this remarkable number—that Americans squander trillions of dollars in the attempt. This money would be better spent on what he calls "inconspicuous consumption," that is, on things we enjoy in themselves. If we gave up our expensive cars or large houses, for example, we wouldn't have to work as hard and would have more time to spend with our families. We could also use a greater share of the money we do earn to address pressing social issues, either by giving to charity or by accepting a higher level of public spending. As a society, in other words, we could do more to keep our air and drinking water clean, educate our children, employ the poor, maintain our roads, treat and prevent drug addiction, save for the future, and so on. Indeed, if Frank is to be believed, we already have the resources to solve almost all of our major social problems. We have only to spend more wisely than we do.

This argument seems to cut against the received wisdom of neoclassical economics that if everyone simply pursues his or her own interest, the resulting competition for profits will bring about the greatest material satisfaction for all "as if by an invisible hand." Of course, even Adam Smith recognized (to a greater extent, in fact, than some of his disciples) that the invisible hand of the free market is far from perfect. Among other things, Smith saw that individuals acting on their own would be unlikely to carry out large public tasks. Frank suggests that minimizing conspicuous consumption is a public good like maintaining an army. Since conspicuous consumption is competitive—the more one person spends, the more others have to spend to keep up—my choice to buy or not to buy something is not merely a private decision but also a public act. If personal spending is thus a public issue, it may make sense to regulate it.

Frank's point is worth considering carefully. The current boom in luxury spending comes even though our national savings rate—always among the lowest of the industrialized countries—recently dropped below zero. In other words, by some measures, we have been spending more than we earn. Not surprisingly, personal bankruptcies are on the rise. Moreover, since 1973 the average incomes of the worst paid 40 percent of the population have steadily declined (although this trend has showed some sign of reversing in recent years) even as the incomes of top earners have risen dramatically. It is easy to see something obscene in the way we choose to spend our money.

According to Frank, one way to straighten out Americans' priorities would be to tax conspicuous consumption. Of course, governments have tried without much success to restrict luxury spending through the use of sumptuary laws and luxury taxes (many of which were more aimed at reinforcing class distinctions than at reducing social waste) at least since the days of the Roman republic. These laws have generally failed because they take on the impossible task of identifying what counts as a luxury and what doesn't and thereby encourage people to find or invent luxuries that fall outside the law. Frank thinks we can get around this problem by levying a tax on all consumption, rather than just on luxury spending. Instead of paying the tax at the register like an ordinary sales tax, we would file an annual consumption tax return as we now do an income tax return. In order to ensure the tax would mainly affect luxury items and not fall heavily on the poor (who have to spend a larger proportion of their incomes on necessities), the tax would be steeply progressive.

Luxury Fever is on the whole a fine, thought-provoking book. Frank draws on an impressive range of fields to make his argument, and writes with an enviable clarity. The progressive consumption tax he proposes may be an excellent idea, and certainly has advantages over the income and sales taxes it is presumably meant to replace. We should be skeptical, however, that such a tax could be a panacea for all our social ills. The high value-added tax already used in much of Europe hasn't had the kind of effect on spending patterns that Frank would like. A progressive tax might be more effective, but it would also almost certainly slow the economy by reducing our incentive to earn money. Of course, if the tax really reduced the amount of money we waste, this would be a small price to pay.

A deeper problem is that a tax may not be an appropriate or effective way to address what is essentially a cultural issue. To begin with, the idea that everything we do that affects others—in other words, almost everything we do—is potentially subject to regulation is a dangerous one. Frank is right to suggest that we already use similar grounds to justify other kinds of public action, but wrong if he believes there should be no further limits on the public sphere. If individual rights are to have any meaning, there has to be a class of private decisions over which the majority has no say. Although conspicuous consumption may nevertheless be a public issue, it is by no means clear that a tax could really get at the most fundamental problem. One way or another, people are going to continue to try to impress one another. Even if much of this concern for status is unproductive from the perspective of society as a whole, it is hard to believe that we could ever tax away our competitive instincts.

Perhaps the real problem is not that we are competitive but rather that we live at a time when what we earn is seen as the measure of our contribution to society, and the question "How much are you worth?" is understood to be about how much money you have. Acquisitiveness itself, which the ancient Greeks saw as a terrible failing, has become the paramount virtue of ***homo economicus***—even though acquisition is certainly not the highest achievement to which a human being can aspire. If this is the fever that afflicts us, it is not something an instrument of social policy as blunt as a tax is by itself likely to change. By at least raising the issue, however, books like *Luxury Fever* may start to set the change in motion.

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Tidbits & Outrages

Now the Children Glow with Promise

A Chicago teacher has been accused of punishing disruptive students with prolonged electric shocks, using a spark-plug and a current-producing crank.

Death-Styles of the Rich and Famous

The Green River Cemetery in East Hampton, Long Island, is now so popular as a gravesite among the rich and famous that all future gravesites have been booked in advance.

Spoken Like a Veteran

[illegible] Cameron, a Christian [illegible]vative psychologist, told Rolling Stone magazine that he [illegible] gay sex would supplant heterosexual sex because [illegible]sexual sex is boring, and generally it doesn't deliver the [illegible] of sheer sexual pleasure that homosexual sex [illegible] The evidence is that men do a better [illegible] on men and women on [illegible]

He Thought the Sign Said Yanni...

[illegible] suit against the rock band Aerosmith, claiming he [illegible] loss after attending one of their concerts.

Those Walkers Can Do a Lot of Damage

An insurance company filed suit against the family of an 81-year-old woman who was killed by a truck. The company sought $2,800 for damages they claim the woman's body did to the truck.

And It Offends the Natives

New York subway conductors have been encouraged to stop saying "please," as in "please stand clear of the doors," because it takes too much time.