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In contrast to scholars in other fields, economists have contributed relatively little to the emerging critiques of consumer society. This paper reviews the arguments offered by economists in the past, criticizes the treatment of consumer choice in conventional economic theory, and identifies four bases on which a new economic approach to consumerism could be grounded.

Thorstein Veblen's classic critique, The Theory of The Leisure Class (1899), had a tremendous but transitory influence on economic thought. A more sanguine approach to consumption ultimately triumphed within the discipline of economics, for example, that exemplified by Simon Patten's The Consumption of Wealth (1889). Patten argued that society was emerging from an age of scarcity to an age of abundance, and that it was ethically desirable to embrace the new consumer society.

Optimists such as Patten had to overcome not only Veblenesque critiques, but also the long-standing fear that society might not generate sufficient consumer demand to grow and prosper. Many economists believed that, as wages rose, people would find their needs for goods satisfied and reduce their hours of work.

Nevertheless, Patten's views did triumph. In the 1920s, economists such as Hazel Kyrk, Theresa McMahon, and Constance Southworth argued that a new type of consumer was (and should be) emerging. The possibility of unlimited wants appeared in their writings, and was soon taken for granted in business and marketing circles as well as in economic theory.

Debates about the nature of consumption and the quality of life virtually disappeared from economics after World War II. With a few notable exceptions, economists accepted neoclassical general equilibrium theory and its presumption that the relationship between goods and satisfaction was unproblematic and uninteresting. By the last quarter of the century, concern about underconsumption and stagnation was replaced with worries about insufficient savings. The turn away from studying consumption and home economics also constituted a shift away from studying women's economic behavior, and contributed to the marginalization of women within the economics profession.

In the general equilibrium model, competition ensures that workers and consumers find their preferences validated in the market. Workers' and consumers' sovereignties are crucial to the demonstration that market outcomes are optimal. If consumers want something else, they can change their buying patterns; if workers want either more or less leisure, they can change their working patterns. Consumer wants are assumed to be insatiable, and independent of other individuals' behavior. Economists have rarely done research that tested these assumptions.

Even a largely empirical defense of consumer society, in Stanley Lebergott's Pursuing Happiness: American Consumers in the Twentieth Century (1993), rests on economic theory at a crucial point. The fact that consumers buy new goods, for Lebergott, implies that the new goods yield more "worthwhile" experiences. "But the critique of consumer society is not about older versus newer goods, so much as it is about consumer society versus alternative ways of living." (6)

Market (and Other) Failures:
Four Bases for a Critique of Consumerism

There are four theoretical bases for a critique of consumer society. First, market failure in the labor market undermines the presumption of worker sovereignty. If most workers cannot choose their hours of work[1], then there is no sense in which the current tradeoff between leisure and income, or leisure and consumption, is optimal. In the neoclassical model, sovereign worker/consumers "get what they want." But workers who are constrained to work more than they would choose, and become habituated to spending the resulting income, end up "want[ing] what they get."

Second, the failure of environmental or natural capital to be priced and incorporated into the market results in the underpricing of goods and services. This means that there is "excess" consumption of goods and services compared to the optimal level that would exist in the absence of external effects.

Third, some critics argue that consumerism undermines community. Robert Putnam has shown that strong community ties yield substantial benefits in terms of efficient government, law-abidingness, and quality of life. However, the decline of free time outside the workplace diminishes opportunities to maintain community ties.

Finally, social interaction affects consumption, as shown by James Duesenberry as well as by Veblen. Duesenberry argued that what matters to consumers is not their absolute level of income, but their income relative to those around them. One of the few economists to follow up on this insight, Robert Frank, has shown that if leisure has lower status than consumer goods, then an optimal outcome (less money and less work) can only be reached by cooperation, not by competition.

Some past critiques of consumerism have been aesthetically based and elitist. Environmental critiques, on the other hand, often rely largely on moral appeals. The centrality of consumer goods in American society blunts the effectiveness of such appeals; structural limitations make it difficult for most consumers to respond to ethical persuasion. A new critique should be positive, arguing "in favor of a better way of organizing the economy and society. It should stress the costs of consuming - in terms of environment, time, community and quality of social interaction. It should offer people an appealing vision of an alternative society." (14)

Notes

1. As argued in Schor's research, summarized in chapter 2.