



“Summary of article by Juliet Schor: The Insidious Cycle of Work and Spend” in Frontier Issues in Economic Thought, Volume 2: The Consumer Society. Island Press: Washington DC, 1997. 46-49.

Social Science Library: Frontier Thinking in Sustainable Development and Human Well-being

“Summary of article by Juliet Schor: The Insidious Cycle of Work and Spend”

In order to afford the "good life" of materialism, Americans must work long hours. Traditional economic analysis suggests that Americans have freely chosen to work longer to afford high consumption levels. This paper argues that the traditional analysis is incorrect and that a causal relationship exists between increasing levels of consumption and the inability of workers to freely choose their schedules.

Shop ‘Til You Drop

Today the average American is consuming twice as much as she did forty years ago. Increasingly, when people are not at work, they are shopping. Leisure activities, like visiting museums or national parks, which used to be free of shopping opportunities are now consumer destinations. Computers, televisions, and telephones have made households into veritable retail outlets, where the desire to buy can be instantly gratified. In conjunction with such technological innovations, the option to buy on credit has made consumption easy, accessible and in some cases dangerous to consumers (e.g. to those who become debt-ridden shopping addicts).

The United States as a whole has become a wealthier nation in the past 40 years. However, during the 1980s, the material standard of living rose for the wealthy and dropped substantially for the poor. For those in the middle, longer hours at work became necessary to maintain their living standards. The average worker's real hourly wages declined, so that, in the absence of longer hours of work his/her annual earnings would have bought less than at the beginning of the 1980s.

Most importantly, the pursuit of ever higher material standards of living has eroded the desire for leisure time. Economic growth has resulted in less leisure time to pursue the "higher" life. Instead, the American worker has sought meaning and satisfaction through increased consumption.

While consumption increases have improved the material aspects of the quality of life (especially for poor households), it is not clear that consumption has increased the overall quality of life. For example, the quality of public life in the areas of safety, education and community has diminished. Forty years of increasing consumption has not made the population any happier than it was in the 1950s; nevertheless, attachment to consumption and consumerist values has intensified. In fact, since there are always more desirable goods to be had, consumerism seems to result in dissatisfaction with the standard of living at every income level. Even people who make six-figure salaries complain that they feel poor.

Capitalism's Squirrel Cage

The crucial period for the formation of modern American consumerism was in the 1920s, when manufacturers confronted the possibility that once basic needs were met mass consumption might not follow mass production and rising productivity levels. In response, business helped create the "American Dream," a materialistic image of success to which everyone might aspire. But for many families, this dream was a moving target, always out of reach. Households would aspire to one level of material affluence, attain it and become habituated to it, and then aspire to the next level. The role of business in promoting this cycle of aspiration and habituation is essential to understanding the cycle of work-and-spend.

Through advertising, consumer credit and the concept of the American dream, business developed the means for its own survival and success. Since consumer behavior was no longer directed only at satisfying basic needs, business could fill the American dream with a never-ending supply of luxury needs. For each socio-economic class, goods were linked by advertising to needs for self-esteem, status, friendship and love. As a result, people's psychological and social identities were associated with the possession of goods. Consumption of goods brought short-lived satisfactions, since new and improved products were continually being developed. For instance, the business strategy of planned obsolescence promoted consumer dissatisfaction by creating desirable new products which left consumers unhappy with current possessions.

Trade unionists and social reformers objected unsuccessfully to business's campaign to bind the American consumer to the satisfaction of unlimited wants. These groups recognized that increased consumption levels would require more income, achieved through more work time, so they argued that the benefits of productivity increases should be offered in the form of leisure time so that workers could pursue cultural and spiritual development. However, business came to be adamantly opposed to conceding increases in leisure time, preferring long hours and growth and output. Eventually, the economic and political power of business prevailed over labor interests.

Pitfalls of Consumerism

Consumerism has two significant problems. First, consumerism cannot bring about long-term satisfaction for all because it promotes the value of relative consumption. Suppose you buy a large screen television that is the first on the block and find it very satisfying for that reason. Your satisfaction with the television diminishes when large screen televisions become commonplace on your block. Relative consumption concerns the satisfaction derived from comparing what you consume with what others in your socio-economic group consume. "Keeping up with the Joneses" is fruitless because Jones is keeping up with you at the same time. Even if you were to jump far ahead into a different income bracket, you would find a higher income incarnation of Jones with whom to compete.

The second significant problem with consumerism is that consumption-based satisfactions are short-lived. Rotary telephones were an improvement over previous phones, but soon became unsatisfying when touch-tone phones came on the market. Now simple touch-tone phones are

becoming obsolete as numbers can be pre-programmed into newer phones and "dialing" requires only the press of one button. Luxuries are taken for granted as we become habituated to the roles they occupy in our daily lives. This process of habituation explains, in part, why even the wealthy are unsatisfied with their lot.

Causes of the Work-and-Spend Cycle

Employer reaction to productivity growth drives the work-and-spend cycle. When productivity increases, employers offer higher wages and/or longer hours, rather than leisure time. Increases in wages then initiate consumption cycles. As workers become accustomed to more income and habituated to new spending patterns, their standards of living change. As a result, exchanging income for leisure time becomes undesirable. Thus, attitudes toward consumption come to be determined by the interdependent process of earning and consuming.

Neoclassical economic theory assumes that workers have control over their work schedules and that they freely choose higher wages over increases in leisure time. On this view, firms are passive and *workers get what they want*. In contrast, various studies show that workers do not have free choice concerning their work time. By having their schedules dictated to them, workers become habituated to certain spending patterns that do not reflect freely chosen behaviors. In effect, *workers want what they get*, rather than get what they want. In a 1978 Department of Labor study, 84% of workers were willing to trade off some or all of future increases in income for additional free time. Yet average hours of work have continued to increase since then.

The Social Nature of Work-and-Spend

Social and market forces make it difficult to break out of the work-and-spend cycle. Those who seek part-time work suffer harsh economic penalties, loss of benefits, social alienation and fewer employment opportunities. Men and women are bound differently to the cycle of work and spend. Since there are few part-time jobs available for men, most males will be unable to obtain managerial, professional or administrative positions that provide benefits and high pay. Men cannot leave well-paid full-time employment for slightly lower paying part-time jobs because there are none. For women, the transition to part-time labor is less traumatic because women are already discriminated against in full-time work. But women's part-time work offers few avenues to career advancement.

Traditional economics represents human beings through the theoretical construct of *homo economicus* - a rational individual whose every action is designed to maximize his well-being, and whose preferences are organized around the principle that more is always better than less. Unfortunately, *homo economicus* is trapped in a never-ending, vicious cycle of acquisition because the only way he can think about becoming satiated is to acquire more goods, and these acquisitions soon leave him dissatisfied and wanting more. This results in perpetual economic growth, which has dire effects on the planet's limited resources. The answer lies in reducing our desires and limiting our preferences to items that are durable, do not harm the environment and promote a sense of well-being that is not dependent on trends and fashions.

Instead of craving novelty in consumer goods, we could cultivate attachments to possessions that were high-quality and long-lasting, from clothes to automobiles to gadgets. We would use things until they wore out, not until they went out of fashion or we just grew tired of them. Foresight would be necessary, in order to avoid new products that ultimately leave us no better off. Maybe the Joneses and the Smiths could even cooperate rather than compete. If they were less concerned about acquiring, the two families could share expensive household items that are used only intermittently. (138)