

## Volume Introduction

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Studies of the consumer society are valuable for the light they shed on two apparently opposed phenomena: affluence and poverty. Many of the earliest and loudest critics of such a society come from the side of affluence; their most general complaints are that they have been led to desire something (a lifestyle, a collection of goods) that does not bring them the promised satisfaction, or that leads them (or other people) away from development of their better, higher potential.

Less is currently being written in defense of the consumer society, in part because those who uphold the pillars on which it rests feel that they have a very strong position. They present it, implicitly, in the question: Then would you rather be poor? But this is an oversimplification. Poverty is not the only conceivable alternative to a consumer society. However, the affluence of modern industrialized countries as they are currently organized does depend upon a cultural, institutional, and economic "package" of industrial society, of which consumerism is a part. It is not always clear how to remove one part of this package and still enjoy the benefits of the rest.

### Consumer Society and Poverty: Solution or Cause?

Is a consumer society a good society? Does it achieve real human well-being? One way to approach these questions draws on the view of consumer society as part of an *industrial package*, and asks whether this package represents a good (or the best available) solution to the age-old human problem of poverty.

Consider the following passage from a book written by the American economist George Katona in the early 1960s:

Today in this country minimum standards of nutrition, housing, and clothing are assured, not for all, but for the majority. Beyond these minimum needs, such former luxuries as homeownership, durable goods, travel, recreation and entertainment are no longer restricted to a few. The broad masses participate in enjoying all these things and generate most of the demand for them.

What is known all over the world as the American standard of living does not consist of luxurious living by the wealthy. Prosperity by a thin upper class would be neither new nor envied by millions abroad. What is new is the common man's sharing in the ways of living that in the past were reserved for the few. The common man's ability to use some of his money for what he would like to have rather than for what he must have represents the revolutionary change.<sup>1</sup>

This statement, accompanied by a perhaps more arguable assertion that "higher living standards in turn appear to set the stage for, rather than to impede, cultural aspirations", leads Katona to conclude: "There is much cause to be grateful for the fact that ours is a consumer-oriented society."<sup>2</sup> Since most of the world agrees with this conclusion -- or would like to be able to have such cause for gratitude in their own societies -- it is hardly one to be dismissed offhandedly. It is not, however, a point of view that is much represented in this book. Why not?

One reason is precisely that it *is* the majority opinion, not only in the discipline of economics, but in the world -- and the purpose of the *Frontiers* series is to give exposure to alternative ways of understanding economic issues within the context of their social and physical environments. In justifying the investigation of alternative perspectives on consumption, the question we must address is the following: given the widely accepted humanitarian importance of a rapid increase in output and consumption in much of the developing world, as well as improved living conditions for the truly poor in the industrialized world, why do we think it is worthwhile to focus on the negative side of the consumer society?

Different authors will answer this question differently, and we, the editors and researchers associated with this book, do not agree with every one of the (sometimes mutually contradictory) critiques of the consumer society that we have summarized. Nevertheless, there are some broad statements that can be made to explain why it is not necessarily contradictory to wish to alleviate poverty, and even to promote a decent standard of comfort, while at the same time finding fault with the consumerist ethos that is so closely associated with many of the prevailing approaches to economic growth.

One way of doing this is to analyze the industrial package that was implicitly presented in the George Katona's work, cited earlier. Critical aspects of that package include: (1) higher output per worker, achieved by (2) technological and institutional innovations, along with (3) increased energy use and material inputs, accompanied by (4) higher average purchasing power, and supported by (5) a consumerist mentality which assures that the things produced will be purchased.

Of these factors, the environmental critique of the consumer society tends to focus on increased energy use and material inputs, an important part of the rising labor productivity that is the root of modern affluence but is a source of concern because of its impacts on the natural world. The optimistic response to the environmentalists ignores this in favor of technological and institutional innovations, which represent other major sources of increased labor productivity.

To the extent that improved technology, along with improved management and the accumulation of human, physical and information capital, can increase the productivity of energy and materials at the same time as it raises labor productivity - reducing throughput (the total flow of materials and energy through the economic system) - the technological optimists have a strong argument. It is weakened, however, by the observation that rising per capita consumption has, so far, stayed well ahead of any reduction in materials or energy per unit of output. Thus, throughput has continued to rise, with dangerous implications and impacts on the natural world. The bottom line of the environmental position is that it does not seem possible, based on any known technology, for the people of China, India or other large populations in the developing world to imitate the consumption patterns of the North.

This assertion raises a number of important questions; for example, what are the possibilities for future technological breakthroughs that will dramatically decrease the environmental impact of consumption? How far can we reduce the material and energy elements in the consumer's market basket without reducing the associated satisfaction? What does such a trend (i.e., towards service industries) do to the work experience? What does such a trend imply for the distribution

of consumer products and of power? Is it in fact true that there are environmental limits to how much the human race can consume; if so, how will these limits make themselves felt; and when will they have been surpassed - or have they been already?

There do not appear to be answers to these questions that will convince both sides - the environmental pessimists and the technological optimists. (We will address many of these questions in more detail in future volumes of the *Frontiers* series.) To the extent that the environmentalists are correct, there is a direct link between present high consumption and future (and some present) poverty. This link is the fact that an important effect of reduced environmental quality is a reduction in the amount of output that can be produced with a given amount of input. This suggests that environmental degradation will cause a rolling back of the successes of the industrial model, with reductions in the overall availability of consumption goods.

Meanwhile, however, the pressure for development continues, in most places, to mean pressure for "the good life" as exemplified by the high-consumption North. This brings us to another major critique, focusing on point five of the industrial package outlined above: the consumerist mentality that assures that the things produced will be purchased.

A variety of specific connections have been suggested by thinkers who see the ethos of the consumer society as exacerbating the fact, the effects, or the feelings of poverty. For example, poverty is created by a desire for more (Marshall Sahlins, Part I); poor people and poor countries make inappropriate decisions on what to consume, and reduce their savings and investment, because they are misled by seeing the consumption of richer people and nations (Ragnar Nurkse, Part V); and the driving force of profit-seeking capitalism creates pressures for poor countries and poor individuals to make and purchase commodities that respond to wants manufactured by consumer society-dominated media, rather than putting their efforts and resources into serving true needs (Russell Belk, Nathan Keyfitz, Part IX).

In addition to these suggestions, that the consumerist ethos directly increases the fact or the pain of poverty, there is a much larger body of criticism, aimed at the effect of this ethos on those who have achieved affluence. We will now turn to that subject.

### **Consumer Society and Affluence: Theoretical Predictions for an Optimal Outcome**

A salient characteristic of a consumer society is that it is one in which a principal focus of leisure of non-work time is the spending of money. These leisure activities may be both active and passive, including shopping, window-shopping, daydreaming about possessions, and purchasing and displaying possessions. A consumer society promotes the belief that ownership of things, and activities that require spending money - and the spending of money itself - are the primary means to happiness. A subtext in such a society is the assumption that happiness is the single real goal in life. (See the introductory essay to Part I for more definitions of consumption and a consumer society.)

A curious fact that has been alleged about consumer societies by a number of writers represented in this book is that the ostensible functions of the things purchased - their announced uses -

become less and less important, as compared to nonutilitarian or symbolic functions. The latter include the provision of novelty and status; provision of a basis for personal relationships of comparison, sharing, envy or social ranking; and provision of a sense of identity.

It is interesting to speculate, as an economist, on what forces might operate to bring about such a society. Who gains from it? Are there any losers? An obvious group of gainers in the micro economy are the producers who, through the advertising and media promotion of consumerist behavior, generate markets for the products and services that they sell. As to the losers, that issue is less obvious and harder to approach. Many (though by no means all) of the writings summarized in this volume will take the position that the consumers themselves are losing out.

It is hard for this idea even to be considered within economics. It is difficult for mainstream economics to confront the possible welfare implications of the notion that the consumer society, as it appears to be evolving, may not bring about the welfare maximization that was supposed to result from the discipline's assumption of an economy driven by consumer wishes.

Mainstream economics today views production as valuable primarily as a means to satisfy the needs and wants of consumers, but has taken a simple - some say, simplistic - approach to identifying those needs and wants. In fact, the desire to turn this issue into one that can be answered with objective, quantifiable data has caused the economics profession to accept, as the goal of the consumer, not his or her well-being, but the maximization of his or her consumption.

We may, for example, find this conclusion emerging from the following logic. In the neoclassical economic paradigm, the single overt value (aside from money values) is efficiency, but efficiency is only a means. When pressed to name the end to which efficiency is a means, neoclassical economists offer "the maximization of utility". However, in practice, most economic writings admit that utility is undefinable, and therefore use as a proxy goal the maximization of consumption (and therefore of production) within feasibility constraints. Thus the dominant economic paradigm has accepted a goal of increasing consumption, with no built-in concept of "enough".

The motivation of economics to be scientific, dealing with objective, quantifiable data, has dovetailed nicely with an important historical aspect of the creation of our present society. One of the most dramatic aspects of modern industrial experience has been the continuing increase in labor productivity. Growth in labor productivity means higher output for the same number of labor hours; each person, on average, produces more, so each person, on average, can consume more. The snag is that, for this to work, society as a whole *must* consume more - even if the things being consumed happen not to add to anyone's well-being, or to address genuine needs.

The theoretical bias of economics, coinciding with this core reality of industrialization, creates a logic that elevates the virtues of *competitiveness* and *profit maximization* (these characteristics are valued because they lead to efficiency, which we just discussed, as a means to an uncertain end). The forces that we have come to associate with these characteristics may result in loss of jobs or degradation of the work experience, but they are still desirable because they efficiently maximize output and, therefore, the possibilities for consumption.

## **Economic Goals in Theory and in the World**

We thus have a set of assumptions and facts which tie together in a tight circle consumption, production, and competition. Out of the assumption that consumer satisfaction is the ultimate goal of economic activity comes the use of productive and allocative efficiency as the ultimate standard for judging the success of an economic system. Where efficiency is the standard, the theory implicitly contains an evolutionary mechanism in which perfect competition is the system most likely to succeed. However, the competition for profits drives a system whose real world effects, while they maximize consumption, may not maximize the well-being of consumers.

This disturbing possibility is all the more consequential when we remind ourselves that the identity of the consumer is, after all, an artificial one. Most adult human beings are both consumers and producers, as well as being a number of other things, such as citizens, parents, and so on. When we think about the well-being of the whole person we must include all of these avatars. This realization adds to our reasons to question the announced goal of the neoclassical economics paradigm. That goal, remember, is to maximize consumer well-being. Does our experience in the real world suggest that this goal -- when it is not defined simply as consumption - is being met? Are consumers in fact getting what they *really* want? And is what (they think) they want really "good for them"?

We can launch ourselves into these issues by imagining that it is possible for a group of people, acting in one of their social roles (specifically, as marketers), to influence what the majority of the society (including themselves in another role, as consumers) believe that they want. Now we know that, for example, when people are persuaded to want drugs (whether for their thrill, or for an escape from mundane reality, or a cool image), society agrees that this is not in their best interests - this want should not be encouraged. But what if it were possible to persuade people not just to want some particular thing that will lessen their well-being, but to adopt a lifestyle that will continually offer temptations for short-term satisfactions while taking them ever further from a form of well-being that they would prefer if they actually experienced it?

The image here is of a situation in which a rather questionable good is the enemy of the best good in which people live in a topology where the loudest voices suggest they climb the nearest, easiest hills; and these drown out the voices that suggest it is better to look over the whole terrain to find and strive toward the global maximum.

To make this image more concrete: the amount spent annually on advertising in the United States is about \$150 billion. This is approximately equal to the total spent in the nation on higher education. By the time they are eighteen, most children will have spent more time watching television than they will have spent in school.<sup>3</sup> Children learn many things in school. They learn how to perform tasks that they will need in jobs and to survive in a highly complex society. Schools also devote some time (though this may have decreased over recent decades) to teaching children things that will make it possible for them to receive some of the more complex and demanding satisfactions in life, satisfactions that require the active and educated engagement of the mind or body in, for example, arts, literature, sports, science, or informed discourse.

The voice of formal education that teaches people how to live a good life by these standards is relatively small compared to the voice of commercialism. The results sought by the commercial interests are immediate, allowing very efficient feedback and fine-tuning of messages, while the results sought from formal education are spread over decades and affected by many forces. Also, as noted, schools teach many things, but the commercial interests have, basically, one message: shop! purchase! consume! What if that strong voice, dominating more and more of our society, is, in fact, leading people to accept a lifestyle that is, in important ways, much inferior to what is actually possible? To whom should such a possibility be of concern? Specifically, should economists worry about it? Should producers? If the issue is only relevant to "citizens", what about the citizens who are also economists, or producers?

Neoclassical economics, the current mainstream theory, leaps to a conclusion on many of these issues, for it contains core assumptions which state that, even without taking the difficult route of asking people to explain their actions, we can infer the answers to our questions by collecting certain simple data about behavior. These critically convenient core assumptions are: (1) that most people are rational; and (2) that rational behavior implies making decisions that will bring about the desired results.<sup>4</sup>

Buried in assumption #2 is a set of less well-examined beliefs. For it to be true that rational decisions will bring about the desired results it is necessary that people possess a high degree of understanding of the relationships between actions and their consequences. This implies something approaching complete knowledge about the circumstances that relate causes and effects. Moreover, if we include in "the desired results" a state of satisfaction with the consequences, this presumes that people will be glad, after the fact, that they have achieved what they set out to achieve. To put this another way, it assumes that the final goals which motivate action - e.g., the achievement of security, comfort, honor and amusement<sup>5</sup> - are actually reached by the consumption decisions that are taken for those ends.

The beliefs implied in the neoclassical assumption - that rational behavior implies making decisions that will bring about the desired results - are at the heart of most debates over whether the consumer society is "a good thing". Beyond the environmental questions, of how much economic activity (and of what kind) the earth can support, is the issue of whether this economic activity is what we really want. That accompanies another very large question: does the industrial package we described above have to be taken as a whole? If there were a way of eliminating the generation of a consumerist mentality by media and advertising, so that people were left alone to consume what they want, and not persuaded (as many of the authors in this book believe they are persuaded) to consume much that they do not really want, what would happen to the economy?

This line of questioning expands our subject into major philosophical, social and cultural as well as macroeconomic issues. It is similar to the task awaiting any systems-minded economist who inquires whether our economy has shaped itself into a form that is less than optimal for consumers, or for people in general. Enormous questions are then opened, such as: to what alternative - real or hypothetical - should we compare our economic system? Or, if we cannot imagine a full alternative, but don't like the direction in which we are going, what different direction should we head in? And how shall we go about changing our course?

We will not follow out these questions here. Some of them will be explored - though not as far as we might wish - in the concluding section of this volume. For now it is sufficient to note that the topic of the consumer society turns out to be a Pandora's box: open it, and you may end up reexamining everything.

### **The Scope of This Book and Its Place within Academic Thought**

This book, like the other volumes in the *Frontier Issues in Economic Thought* series is designed for a variety of readers. We expect it to be of interest and use to mainstream economists, non-standard economists, other social scientists, and activists, students, and other citizens -- who are concerned with the environmental, moral, and other social implications of a consumer society or of consumerist lifestyles. The projected *Frontiers* volumes obviously do not attempt to represent all possible alternative views: instead we have selected topics that seem of special salience, where there is a strong emerging body of writing providing alternatives that deserve to be taken seriously.

When we first conceptualized the "frontier areas" that would be examined in this series, we expected that, in this volume especially, we would be defining a field that had not been seen as such by anyone else. By the time we had finished writing Volume 1 and started work on *The Consumer Society* we found (with, on the whole, more pleasure than chagrin) that the salience of this topic had not only been recognized by many individual authors, but was being organized in a number of very useful ways. A leader in defining the field is Colin Campbell, who in 1991 published an article called "Consumption: The New Wave of Research in the Humanities and Social Sciences." It is worth quoting at length from his opening paragraph:

Occasionally a special combination of events causes a topic or field of study to spring into prominence in several disciplines at approximately the same time. This is indeed what has happened over the past decade with respect to 'consumption'. Previously deemed unworthy of much serious interest by academics within the social sciences or the humanities and hence largely the preserve of those in such applied fields as marketing or consumer affairs, it has quite suddenly become a major topic of academic study. Not surprisingly, this has been accompanied by a considerable inter-disciplinary exchange of ideas with scholars often feeling that they have more in common with researchers in other disciplines who are studying the same topic than with their erstwhile colleagues.<sup>6</sup>

In emphasizing the importance of interdisciplinary exchange, Campbell also notes that economics, which tends to ignore the other disciplines, has deprived itself of the richness of social and cultural analysis that is necessary for an appreciation of this topic. Economics has therefore lagged behind the other social sciences in broadening its understanding of consumption and of the consumer society.

The same point, about the relatively slower, more constricted movement of economics into this area, is made in an essay by Ben Fine, "From Political Economy to Consumption," which recently appeared in *Acknowledging Consumption*. Edited by Daniel Miller, this collection provides an excellent overview of the field, surveying the literature within such disciplines as sociology, history, anthropology, and others related to consumption. We are glad to be able to

point out the ways in which Miller's book and our own complement, rather than compete with, one another.

Each of the essays in *Acknowledging Consumption* provides a careful annotated bibliography of the literature in one area of study, along with thoughtful general reflections on the academic development of the topic. Where our methodology is different from Miller's - and is, indeed, (as far as we know), unique within any scholarly context - is in presenting relatively lengthy *summaries* of each article or chapter of a book that we finally select as one of the critical writings to define the field under review. We are aware, of course, that in most (not quite all) cases a summary, in its abbreviations, must give the reader less to think about than the original. We hope, and assume, that use of the *Frontiers* volumes will encourage readers to seek out the original works that especially match their interests. An important function of our work is to make it easier for others to identify such works.

While we would, ideally, wish to have been totally comprehensive in the literature we reviewed for this book, it is important to state what our boundaries are. First of all, we have limited ourselves to reading what is available in English. This is a decision that was driven simply by practicality. However, with regard to *The Consumer Society* we do feel that there is a particular justification for concentrating on U.S. material because of the special role played by this country in defining and setting the pace for our subject. (Note will be taken, below, of the areas where we would especially have liked to have found more material than we did on non-U.S. aspects of the topic.)

In the definition of our topic we have accepted several limitations that we thought useful, not only because they helped us avoid the temptation to include everything, but also because they fit with accepted economic theory.

- We have defined *consumption* as something that happens after the point of sale. We have limited ourselves to summarizing writings on the consumption of *final goods*, leaving out the large topic of the use by firms of intermediate materials that are made into goods for final sale. We have also excluded consumption by government, focusing, instead, upon the standard definition of the consumer as an individual or a household.
- Our focus has been micro- rather than macroeconomic. That means that we have not paid much attention to such Keynesian or aggregate concepts as consumption functions, aggregate propensities to consume, and so on. Thus we focus on the causes, interpretations and effects of consumer behavior, rather than on the economic relationships among consumption, savings, taxes and investment.
- Finally, we have paid very little attention to the consumer protection movement. Our reason for doing so was initially that we felt this movement did not stand outside of the consumer society; rather, it seemed to accept the goals of maximizing consumption, merely concerning itself with assisting consumers to get the most and the best for their money, while restraining the blind forces of competitive production only far enough to protect consumers from physical hazards. A closer look at the literature in this area, along with more recent trends in this country and elsewhere in the world, suggests that this characterization was not quite fair, ignoring the



diversity of consumer protection movements and the philosophical subtlety behind some of them. Nevertheless, the literature in this area did not seem central to our effort to find writings that could enrich economic theory while informing non-economists about the best thinking on a topic of everyday significance.

It should be noted, in this connection that the word *consumerism* is ambiguous, referring, as it does, both to the general ethos of the consumer society and to a vigorous consumer protection movement, not only in the United States, but in Japan, France, and other mostly developed parts of the world. We have, for this reason, tried wherever possible to avoid using this word.

In addition to areas where we intentionally limited the research on the consumer society, there are also a number of aspects of the topic that we would have liked to include, but where we were disappointed in not being able to find writing that advanced knowledge enough to warrant their inclusion. We would have liked to represent more work dealing with the effects on the poor of living in a consumer society; with the interactions between gender and consumption; and with technology and consumption. We would also have liked to find more grounded, empirical work on related international issues, especially from economists. Newspapers are full of comments on the role and effect of Western culture and Western goods in other cultures, but we did not manage to find as many academic papers on these issues as we had expected.

A final point has to do with the language in which the Frontiers summaries are written. As noted at the outset, this series is designed to be used by a number of audiences, including both economists and non-economists. As we have written the summaries that constitute the larger part of each book in the series, we have tried to avoid professional jargon. We might, for example, say that "twice as much of a good provides twice as much of each of its characteristics" when, if we had been writing only for an audience of economists we could have said "consumption activities are linearly homogeneous". Since the two statements amount to almost exactly the same thing, we hope our economist readers will not mind the use of more ordinary terms.

## Notes

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1. George Katona, Mass Consumption Society, McGraw Hill Book Company, NY, 1964, pp 5-6.

2. Ibid, p. 4. The text of this Introduction will not note all of the arguments that could be marshalled against Katona's optimistic view. While I believe that Katona's view of our society has much justification, I do want to argue against three points that he specifically makes. (1) In the 1960s there was good reason to cite growing equality as one of the virtues of the American model. This trend has been strongly reversed in the last fifteen years, in the U.S. and to varying degrees in other industrialized countries. The dissatisfaction associated with inequality is one of the themes appearing repeatedly in critiques of consumer society. (2) Many of the economic motivators on the producers' side in consumer societies seem to push toward a lowering, rather than a raising, of cultural standards. (3) The largest base for dispute is Katona's conflation of consumer society with the achievement of higher living standards. This relationship will be examined -- though by no means resolved -- in the following text.

3. Marketing Madness [A Survival Guide for a Consumer Society] by Michael F. Jacobson and Laurie Ann Mazur (Westview Press, Boulder, 1995); pps. 16 and 22.

4. For a thoughtful argument that the assumption of economic rationality alone has almost no observable implications, see Kenneth J. Arrow, "Economic Theory and the Hypothesis of Rationality", in John Eatwell, Murray Milgate, and Peter Newman, editors, The New Palgrave: The World of Economics (New York: W. W. Norton, 1991).

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5. This is a list of universal human aspirations that was provided by anthropologist Allan Hoben (in conversation, 1993).

6. Published in a special issue of the *Journal of Social Behavior and Personality*, vol. 6, No. 6, pp 57-74. The above quotation is from p. 57. This article is summarized in Section 1.