dinary folks will be able to afford them if they are produced. The government role is about making a market for the new (just as government made a market for armaments), but it is also about providing the financial aid many families need to purchase the same high-quality and durable goods that the upper classes insist on having.

In the end, these are political questions, not economic barriers, and there is no need to despair. If human ingenuity can invent the predicate for our destruction, then surely smart, good people can invent our way out of the dilemma.

What's Wrong with Consumer Society?

Competitive Spending and the "New Consumerism"

Juliet Schor

WHAT'S WRONG with consumer society? Although survey data suggest that there is strong public unease with the increasingly consumerist cast of American society, intellectual arguments against consumer society have failed to gain wide popular currency. Some founder on the shoals of elitism, paternalism, or a view of consumers as overly manipulable. Others, such as the antimaterialist messages of religion and morality and, to some extent, environmentalism, avoid these problems but fail to speak powerfully enough to the concerns of the average American. Why? One reason must surely be that the national consciousness remains enslaved to a liberal ideology that takes consumerism as unassailable.

Nowhere is that liberal ideology so powerful as in the discipline of economics. For economists, the answer to the question "What's wrong with consumer society?" is "Not a thing." Far from a problem, consumption is posited as a solution, ensuring well-being by eliminating pain and creating pleasure, or, in technical terms, giving "utility." Thus, consumption is the "good" that solves the problem of various "bads" (hunger, cold, boredom, etc.). For the most part, this approach emphasizes the functional or utilitarian characteristics of goods and services. Clothing keeps one warm or is aesthetically pleasing; food satisfies hunger or a discriminating palate; transportation moves one from place to place. Although such an emphasis is not dictated by the theory itself, personal prejudice and a political preference for conclusions that celebrate a free consumer market have led economists to an uncritical and simplistic approach to consumer behavior: virtually without question, whatever consumers do is in their own best interest. Such a hands-off stance has led the field of economics away from the social and symbolic functions of spending that are so prominent in anthropological, sociological, and literary analyses. Once we introduce these dimensions, however, economic analyses become at once more interesting and more critical. I begin with an essential difference in the way in which spending is viewed—as primarily an individual or a social act.

In the neoclassical view, the pattern of consumption is thought to emanate from a random distribution of individual tastes and preferences, as well as obvious variables such as family structure and income level. By contrast, in a social approach the distribution of tastes and preferences is not random across the population but corresponds to a definite structure, among whose defining characteristics are social and economic class. People of like class background have common tastes and consumption patterns. These similarities cannot be attributed only to functional needs (e.g., people with large families buy station wagons) but also are present in situations in which no or few functional considerations apply (e.g., taste in art or music, food, style of decor).

The fact that spending patterns vary by social class is nothing new. A hundred years ago, Thorstein Veblen, in his classic *Theory of the Leisure Class*, argued that "conspicuous consumption," that is, the visible display of discretionary spending, was the means by which individuals revealed their economic resources and thereby established social position.[1] Commodities "trickled down" a vertical class hierarchy in an emulative process occurring at each level. A recent, albeit somewhat more complex, analysis can be found in Pierre Bourdieu's *Distinction: A Social Critique of the Judgement of Taste*.[2] Bourdieu argues that not only economic class but also what he calls "cultural capital" affect consumption patterns. In his view, people acquire cultural capital through family socialization and educational background, and this cultural capital shapes their tastes and preferences. Taste becomes an expression of class position, as do the consumer choices associated with it. Bourdieu argues:

> Whereas the ideology of charisma regards taste in legitimate culture as a gift of nature, scientific observation shows that cultural needs are the product of upbringing and education: surveys establish that all cultural practices (museum visits, concert-going, reading, etc.), and preferences in literature, painting or music, are closely linked to educational level (measured by qualifications or length of schooling) and secondarily to social origin. . . . To the socially recognized hierarchy of the arts, and within each of them, of genres, schools or periods, corresponds a social hierarchy of the consumers. This predisposes tastes to function as markers of "class."[3]

What is the empirical evidence for the view that social class structures consumption? In the American, and to a lesser extent the British and Continental literature, earlier traditions that emphasized the class nature of consumption have fallen out of favor. U.S. research such as the classic "Yankee City" studies by W. Lloyd Warner and his colleagues has not been repeated in recent decades.[4] Surveys comparable to those on which Bourdieu relies for France do not exist for other countries. (There have, however, been some smaller-scale attempts, such as the work of Douglas Holt in the United States.)[5] What does exist is market research.

Private-sector firms, whose aim is to catalog and predict consumer expenditures and tastes, have developed extensive empirical models. Most are classificatory schemes (zip code, census block, or psychographic) used to predict spending patterns among various subsegments of any given population. Although these models have not been subjected to rigorous academic analysis, they are nevertheless useful. The most interesting among them are residential models, in which the census block—a smaller unit than the zip code—is found to be a strong predictor of household spending patterns. What residential classification schemes teach us is that consumption does remain structured by recognizable variables, which themselves correlate with various measures of social class. The patterns are not as clear-cut as they were sixty years ago, when one could easily decode class from the contents of a living room. There is today far more variation in patterns, as well as many more goods to account for, and there are also clear differences in *how* consumption occurs as well as just *what* is consumed. Nevertheless, an underlying social structuration still persists. Styles of furnishings, tastes in food, whether or not one watches public television, and preferences in clothing, cars, vacation destinations, and a wide range of other product choices remain differentiated by class and other social measures.

Spending patterns not only reflect a structure of social inequality but also reproduce it. Having proper taste, wearing the right clothes, and displaying certain manners are all means of achieving and then maintaining membership in a privileged social group. In Bourdieu's words, daily life is filled with "micro" acts of claiming status that lead to both inclusion in and exclusion from favored groups. The privileged use their habits of consumption to maintain their group identities and to exclude the less prestigious. This, for example, was the purpose of centuries of sumptuary laws that proscribed modes of dress and other spending activities. Socially visible, or "conspicuous," consumption is a major strategy used by high-status groups to keep themselves intact.

The role of spending in reproducing inequality is in some sense very modern. In previous eras, when status was determined by birth, history, and caste, spending played only a subsidiary role in the maintenance of social position. Consumption was constrained more by status position, as evidenced by sumptuary laws, cultural taboos not to spend "out of one's station," and so on. By the twentieth century in the United States and somewhat later in Europe, the consumption system had become far more open, and it was possible for a much wider range of individuals to spend as the rich or middle classes did (if they could find the income). Indeed, in societies in which birth, history, and caste are less prominent and status is a more fluid currency, consumption becomes more important. Urbanization, formal education, and the disappearance of traditional social relationships render spending more salient in establishing social position and personal identity. Thus, in the modern consumer society, commodities take on a new kind of symbolic importance. (Consumption has symbolic importance in all societies, but in consumer society its role in establishing personal identity and social position to some extent eclipse its symbolic role in ritual, religion, and so on.) More and more, what you wear and what you don't wear define who you are and where you are located on the social map. Although the social fluidity of the present is to be applauded, it exacts a price. Individuals face more pressure to use their income to gain access to a desired social group. This is particularly problematic in contexts in which failure to achieve middle-class status dooms one to a low "quality of life." In those cases, the pressures on individuals and households to spend in order to achieve some measure of status can be intense.

Thus, belonging to a particular social class now entails consuming a requisite set of goods and services. In such a world, there is always a dynamic process by which that requisite set of goods and services is upgraded, expanded, and modified. Within economics, this dynamic process is variously referred to as status, relative, positional, or, in my language, competitive consumption. In such approaches, the key feature is that consumption yields well-being or satisfaction not on the basis of its absolute level but always in relation to the level of consumption others have achieved. Those others comprise what sociologists term a reference group. Thus, when my neighbor acquires a new product, my own level of well-being falls, merely by virtue of my having fallen behind relatively. In order to avoid such a decline, I, too, must buy the new product, thereby "keeping up." Typically, new or upgraded products are adopted by a small group of innovating consumers, who initially increase their status by raising their relative position. Eventually, adoption of products becomes general as people attempt to reverse the decline in their well-being that has resulted from their failure to adopt. Thus, products diffuse throughout the population. Advertising and marketing that promote information about the products or about their growing prevalence can speed up the diffusion process, but diffusion would occur even without these efforts of producers.

In such accounts, the process by which information is conveyed becomes crucial. How do I learn about my neighbor's new acquisition? In small, open communities, such information is more or less transparent. We know one another well enough to visit one anothers' homes frequently enough to know what's being bought and by whom. In anonymous settings, the informational requirements are more complex and give rise to a situation in which competitive consumption occurs not with all goods but with a particular set of products. In order to figure in the status competition, the goods must be visible, or public, in their use and ownership. Clothing, housing, and automobiles have traditionally been such important status symbols because they are all accessible to public view and their use is easily verifiable. Savings, leisure time, insurance, and household furnishings and appliances that are not seen by visitors play a small role in the status-conferring process. This distinction between visible and nonvisible goods means that the former play a special and privileged role in the dynamic process. Because the competitive dimensions of spending are confined to this subset of goods, consumers often reduce their expenditures on nonstatus products in order to keep up with status goods. This occurs especially during periods when competitive spending is intensifying.

Classic postwar descriptions of the keeping-up process, such as those of James Duesenberry and Robert Frank, emphasize the role of proximate comparison, that is, comparison between individuals or families who are near each other in economic condi-

tion.[6] In particular, Duesenberry's influential account evoked a middle-class suburban world characterized by inclusion rather than exclusion. There were Smiths and Joneses, and they were very similar. In such a world, the middle class was growing, and popular wisdom had it that it would encompass all other classes. The nation and its spending patterns were homogenizing.

Beginning in the 1980s, those conditions changed, and what I have termed the new consumerism emerged. The new consumerism is more upscale in the sense that there is more aggressive, rather than defensive, consumption positioning. (It is similar to Veblen's account of the turn-of-the-century positioning among privileged groups.)[7] The new consumerism is more anonymous and is less socially benign than the old regime of keeping up with the Joneses. In part, this is because reference groups have become vertically elongated. People are now more likely to compare themselves with, or aspire to the lifestyles of, those far above them in the economic hierarchy. Microsoft's Bill Gates or a senior vice president have become more prevalent emulative targets.

A major reason for this change is the decline of the neighborhood as a prominent reference group. Because neighborhoods tend to contain individuals of similar incomes (houses are most families' major assets, and neighborhoods tend to have houses of similar value), using the neighbors as a standard kept people rooted in a proximate comparison. But as the neighborhood has declined as a focus of social interaction, so has its anchoring role. In its stead, the workplace arose as a fertile site for consumption comparisons. This process was accelerated by the growing numbers of married women who took on employment, particularly in white-collar and professional jobs. In the workplace, they were exposed to a more diverse reference group than was the typical suburban housewife and therefore were more likely to engage in upward consumption comparison (e.g., comparing themselves with superiors who had significantly higher incomes.) This perspective is supported by data from my own survey of roughly 800 employees of a major telecommunications company (hereafter the Telecom survey): only 2 percent of the sample identified their neighbors as their primary reference group, but 22 percent named their co-workers.[8]

As people spent less time in the homes of neighbors and even in the homes of friends, face-to-face socializing came to be replaced by television watching. Viewing hours have risen by about 50 percent since the mid-1960s and now are thought to occupy as much as 40 percent of adults' free time. Simultaneously, Americans of all classes have become increasingly concerned with privacy, shielding their homes from view by means of attached garages, fences, and decks. Thus, television has become increasingly important in providing information about the spending patterns of others. Television characters, our 1990s "friends," are a major source of consumption ideas, expectations, perceptions, aspirations, and comparisons. For example, in a 1991 survey, Susan Fournier and Michael Guiry found that 35 percent of their sample identified television commercials and magazine advertisements; and 27 percent identified television shows as a "really great idea source" for their own fantasy wish lists of things to get or buy.[9] In the words of consumer researchers Thomas O'Guinn and L. J. Shrum, "Television commonly uses consumption symbols as a means of visual shorthand; what television characters have and the activities in which they participate mark their social status with an economy of explanatory dialogue. Viewers see and hear what members of other social classes have and how they consume, even behind their closed doors."[10]

But television (as do other popular media such as films, advertisements, and lifestyle magazines) gives a heavily skewed picture of spending patterns, portraying almost exclusively the upper middle class and the rich. This leads to an inflation of Americans' perceptions of others' lifestyles. For example, O'Guinn and Shrum found that the more time people spend watching television, the more likely they are to believe that other Americans have tennis courts, private planes, convertibles, car telephones, maids, and swimming pools.[11] Heavy television watchers also have an exaggerated perception of the proportion of the population who are millionaires, have had cosmetic surgery, and belong to a private gym. Furthermore, the types of programs viewed also affect this upward distortion: soap operas (daytime or prime time) yield a larger upward bias than do other programs.

In my Telecom survey, I found a direct effect of television watching: it is correlated with spending more and saving less. Social theories of consumption hold that the inflation of norms raises aspirations, thereby leading to more spending. In my analyses, I found that every hour of television watched per week raised annual spending by $208 per year.[12] Another piece of evidence for the link between spending and television viewing is that debt and excessive television viewing appear to be correlated. In a poll conducted by the Merck Family Fund in 1995, the fraction responding that they "watch too much TV" rose steadily with level of indebtedness. More than half (56 percent) of those who reported themselves "heavily" in debt also said they "watch too much TV."[13]

As a result of television watching and new comparison processes, nearly everyone has begun observing and aspiring to the standards set by the upper middle class and the rich. The lifestyles of this group, which accounts for the top 20 percent of the income distribution, are approaching the status of cultural icons, looked to by those with far less income as increasingly necessary and worth having. Researchers Susan Fournier and Michael Guiry found that 35 percent of their sample of consumers aspired to reach the top 6 percent of the income distribution and another 49 percent aspired to the next 12 percent. Only 15 percent of their sample reported that they would be satisfied with "living a comfortable life," that is, being middle class.[14]

Another indicator of upscaling is that people are now more likely to believe that the good life can be had from material goods. Growing numbers of people believe that vacation homes, swimming pools, travel abroad, really nice clothes, a lot of money, and second cars are symbolic of a good life. Finally, the proportion of the population identifying various consumer items as necessities rather than luxuries has increased substantially since 1973.[15] The increasing prevalence and importance of brand-name status goods (as well as their cheap counterfeit versions) is another indicator of the growth of affluent lifestyles. Visible labels appear to have proliferated to a whole range of products that were not previously heavily "branded" or symbolized.

One reason why the top 20 percent has become so important as a lifestyle target is that this segment of the population's share of national income has increased dramatically. The shift began in the 1970s but accelerated in the 1980s and 1990s. And as the top 20 percent gained more—nearly half of the total income earned each year now goes to them—the 80 percent below earned less. Similarly, within the top 20 percent, the pattern has also become more unequal, with more income flowing to the top 5 percent. One consequence of this change has been an intensification of competitive spending. As a result of their increased income, the rich and super-rich began a bout of conspicuous luxury consumption, beginning in the early 1980s. Members of the upper middle class followed suit with their own imitative luxury spending. (Thus began the so-called decade of greed.) The 80 percent below, while gaining some ground in absolute terms, lost relatively to those above them. Not surprisingly, they emanated dissatisfaction and pessimism and engaged in a round of compensatory keeping-up consumption.

Thus, the competitive spending process has undergone a major, highly problematic change since approximately 1980. As members of the bottom 80 percent of the population have fallen behind relatively, they have become more inclined to imitate those in the top income group. The difference between what they aspire to and the income they have available to spend—what I call the "aspirational gap"—has increased enormously. As upscale lifestyles dominate aspirations, the aspirational gap grows. A majority of consumers find themselves structurally frustrated because their incomes are always inadequate to satisfy their desires. This dynamic has hit households in the $50,000–$75,000 income group particularly hard, contributing to the widely noted middle-class squeeze. (Not surprisingly, this is the group in which credit card debt has risen most dramatically.) Whereas in the days of proximate comparison the aspirational gap might have been on the order of 20 percent, it is now much higher. One survey of U.S. households found that the level of income needed to fulfill one's dream, that is, to satisfy aspirations, doubled between 1986 and 1994 and is currently more than twice the national median household income.[16]

One can speculate about the relationship between the aspirational gap and a range of dysfunctional consumer behaviors that have increased markedly since 1980. I refer here to a decline in household savings, a rise in credit card debt (especially among higher-income households), an increase in shoplifting, an increase in violent crime carried out to obtain particular status goods (athletic shoes, leather jackets, designer sunglasses), and the incidence of (and possible increase in) compulsive buying syndrome.

Indeed, it is tempting to speculate about a longer-term problem of consumer control. Taking the perspective of the entire twentieth century, one might ask whether human beings can adequately discipline themselves in our modern consumer paradise. On the one hand, traditional (or so-called primitive) constraints on ostentatious and luxurious spending, as well as religious and moral strictures on consumption, have eroded dramatically. On the other hand, the efforts of producers, advertisers, and marketers to create an alluring, even irresistible, spending environment have become ever more pervasive and sophisticated. What is the long-term effect of the new "religion" of consumerism that emerged nearly a hundred years ago, in which spending, and spending without limit, was extolled as something positive, therapeutic, and of benefit to the economy? One answer may be that we just cannot control ourselves in such an environment.

I have confined my discussion thus far to the ways in which consumption dynamics have changed in the United States. I believe, however, that these developments are also relevant in the new global economy. The growing influence of multinational corporations that distribute American consumer products, the rise of a worldwide popular media and electronic communications system, and worldwide trends in inequality suggest that the new consumerism may be spreading beyond the shores of the United States.

Perhaps most obvious is the increasing influence of U.S. consumer product companies around the globe. They urge incorporation into a consumerist lifestyle: people are encouraged to give up domestic, nonstatus versions of products; to switch from noncommodified activities (such as teeth cleaning using a tree branch) to commodified provision (toothbrushes and toothpaste); or to acquire the new products offered by Western multinationals. This process is most highly developed in Europe, but it has been growing substantially in Asia, Africa, and Latin America as well, among both the middle classes and the poor. We are aware of the most dramatic and scandalous of these examples: the association of infant mortality with formula feeding; the existence of what has become known as commerciogenic malnutrition as people substitute Coca-Cola and potato chips for healthier traditional foods; or the Avon ladies who paddle down the Amazon River inducing poor women to spend large fractions of their meager incomes on cosmetics.[17]

But even apart from these dramatic examples, the long-term role of branded Western products is worth considering. Although it is true that branded products currently represent only a small fraction of total consumption outside the industrialized countries, they are central to the operation of a competitive consumption model, and their growth is laying the groundwork for its proliferation and deepening. Furthermore, other behavioral aspects of the American companies are worth considering. These include shortening of the product life cycle; high levels of advertising and marketing relative to production costs (i.e., a high symbolic content to goods); an emphasis on what has been called commodity aesthetics (i.e., high investment in the aesthetics of design); and ecological unsustainability in production and use.

Finally, as American and other Western popular media become more important around the globe, we can expect them to play an increasing role in setting consumer aspirations. The 20 percent group from the West may increasingly become the worldwide aspirational standard. Just as Americans who are heavy television watchers come to believe that a swimming pool or a luxury car is an American consumption norm, so, too, will villagers in China and Brazil. An affluent, out-of-reach lifestyle will increasingly

seem normal and hence necessary to attain. A profound aspirational gap has already appeared and may well grow. That gap will exacerbate pressures from elite and middle-class groups to increase their share of national income.

Thus, on a global basis, consumer culture may well intensify a competitive spending process in which there are few limits, in which the aspirational gap is ubiquitous and growing, and in which alternatives that have been shown to contribute far more to human well-being (leisure, savings, public goods) are crowded out by private status goods. This would constitute a profound failure at the heart of the global economy.

The foregoing analysis suggests a number of arguments for constructing a more rigorous, persuasive, and comprehensive critique of consumer society than is often found in the critical literature. Three arguments present themselves. First, there is a self-defeating aspect to competitive consumption. Where what matters are relative rather than absolute levels of consumption, general increases in spending do not raise utility but leave people in the same position as before the increase. In the extreme case, where all utility is positional, general spending increases confer no additional utility at all. This is the so-called prisoners' dilemma aspect of the model—everyone would be better off cooperating because consumption has costs such as labor expended, natural resources used up, and so on. But without an entity to create cooperation, a bad outcome for everyone results. The extent to which this prisoners' dilemma scenario actually characterizes current consumption is, of course, an empirical question, but the evidence on income and happiness suggests that general increases in income do not yield improvements in self-reported happiness and well-being. The evidence is very consistent with a self-defeating system, a treadmill, in effect.

A second problem with competitive consumption is that the pressure to keep up in acquiring visible, private status goods crowds out other, competing uses of income. The four major competing uses of income are leisure, savings, public goods (including the environment), and nonvisible private consumption. The experience of the past two decades in the United States suggests the plausibility of such a dynamic. Working hours have risen substantially; the 1997 household savings rate (3.9 percent) was the lowest in sixty years; public expenditures have been reduced dramatically in order to reduce taxes and the public deficit. If quality of life is produced by a variety of uses of economic resources including free time, high-quality public goods, and financial security, the intensification of pressures to spend on status items produces an unfortunate competitive outcome.

Finally, the rise of an aspirational gap creates a persistent dissatisfaction among consumers that cannot be cured at any level of absolute income. If what people want is determined largely by what an affluent group with rising incomes has, large numbers of people will be left with the belief that they have not achieved enough. This yearning, along with the sometimes destructive behaviors associated with it, creates an ongoing tragedy of modern consumer society.

Consuming for Love

Edward N. Luttwak

AMERICANS PROTEST their superior love of individual freedom, with much historical justification. Yet they enslave themselves to demon debt just to accumulate all sorts of far-from-essentials, from large, powerful trucks used as mere cars down to porcelain baubles advertised on late-night television ("Valuable instant heirlooms for only five easy payments of $19.99!"). To pay for their buying habit, Americans work more hours during each year than do members of any other advanced population on earth except for the Japanese. When it comes to vacations, the Japanese again are ahead, at twenty-five days per year as against the twenty-three