

A Crisis of Consumerism

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“Like many people, I was worried by the huge global imbalance caused by the US consuming more than it earned, and basically living off the savings from countries like China, Japan and Germany. Anyone could see that the American housing market was unsustainable. The financial repackaging would certainly, in one way or another, endanger the financial institutions. I believe that deregulation was a major intermediary variable that enhanced the vulnerability of the financial system, but I did not foresee the timing of the crisis or its impact.”

With the economic crisis currently at its peak, the time is ripe for a moral conversation on what defines a good society. Is a society governed by consumerism desirable? Can material objects be used to express affection and to seek self-esteem? How can self-actualisation best be realised? Is society ready to face the consequences of utilising a different – more transcendental and communitarian – definition of a good society? Do we dare to ask ourselves not only whether we think our children will be better off than we are, but also what exactly it means to be better off?

Cultural transformations have occurred throughout history – some have elevated and others have degraded the human condition. In this context, it is important to remember that society’s current obsession with work and commerce is not a timeless phenomenon; the primacy of these pursuits is only as old as the widespread acceptance of capitalism. Yet crises like the current one can help to initiate and accelerate such shifts into predominant cultural norms. In the words of Rahm Emanuel: “Never allow a crisis to go to waste.”

CONTAINING CAPITALISM

Recent economic theory has been guilty of misleading society by failing to explain societal phenomena in psychological or cultural terms. Instead, economists have unforgivably tried to incorporate these phenomena into their rational behaviour paradigm. Unfortunately, these economists were granted too much

latitude, allowing them to work in a vacuum where they were shielded from those offering alternative explanations. This prevented the emergence of a broader consensus or theory. Although economists were continually consulted on predicting the economic situation, they were almost always misguided, if not entirely wrong in their predictions, because they failed to incorporate the bigger picture.

Benefiting from capitalism is akin to exploiting nuclear energy: as long as it is well-contained by the walls of a normative culture that favours self-restraint and government regulations, capitalism can generate an abundance of good without undermining the society that surrounds it. Societies are based on normative cultures. This is not a philosophical abstraction, but rather a concept that is deeply embedded in human relationships. Over time, the normative culture that could contain capitalism became less and less discernable, particularly in the US. It was never all-pervasive, but following the Progressive Movement and the various reforms introduced during the New Deal and the Great Society, a measure of self-restraint was integrated into the normative culture, and underlined by various government regulations. Many advanced economies experienced a shift towards a culture based more on libertarian and hedonistic values in the course of the 1960s and 1970s. These changes are inextricably linked to various emancipatory currents, as for example embodied by the women's rights movement. Although different countries experienced different paces and styles of transition during this time, all experienced a move away from the self-restraint so dominant in the immediate post-war decades.

Self-restraint was further eroded under the influence of Reaganism and Thatcherism, which celebrated unfettered self-interest and weakened both government regulation as well as the importance of a self-regulating culture. In economic terms, the lack of self-restraint is reflected in the modern willingness to max out credit cards, whereas in the 1950s, debt was considered a sin. The lack of self-restraint is compounded by the fact that, over the past fifty years, the American public has held a strong yet schizophrenic ideology: on the one hand, Americans demanded low taxes and small government, yet on the other hand they appealed for a full range of public services in the fields of education, housing, and health policy. National security is another area of ideological discrepancies. While most people agree that the potential threat of terrorist attacks using nuclear weapons is real, they have difficulties accepting the restrictions government has to put into place to contain those security risks, such as security checks at the airport.

The metaphor of family groups is useful when we consider the normative structures of cultures at a societal level. A family – just like a society – cannot perpetually spend more than it earns. Moreover, a civil society requires some form of

self-government; citizens must have the capacity to restrain themselves. Citizens must undergo a learning process similar to that which is imposed on children, when they are corrected so as not to grow up without restraints or the ability to oversee their own actions. Many societies are concerned with an apparent lack of moderation and civility, which is manifested in the tendencies to consume without paying, or working for a brief period only to collect unemployment and pension benefits afterwards.

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All of this boils down to the inability to defer gratification and the inability to control impulse. When people feel the urge to do something inappropriate, two things are required to restrain it. First, the person must be able to delay the impulse long enough to examine it, requiring finely tuned psychological facilities. Second, they need to reflect on what is right and wrong and form a judgement based on their internalised values. The problem is that these internal controls have been eroded, while the external controls – for example priests, governments or other authorities – have simultaneously lost moral standing.

This brings us back to an age-old debate: what is the inherent nature of man? When societies lose their moral constraints, suddenly the Catholic view – that all people have inherent beasts that must be restrained and controlled – appears more feasible. This stands in clear contrast to the recent prevailing liberal view, which says that all people are good essentially, but are sometimes corrupted by society. Impulse control is something we must acquire, or else we can face situations where there is willingness to kill or steal based on incomplete and perilous ideologies.

A REVITALISED NORMATIVE CULTURE

The current consensus about the need for new, stronger, and more vigorously enforced regulations is somewhat misguided; it lacks a broader understanding of the way regulation works. There can never be enough regulators, inspectors, or police to ensure that all transactions are carried out legally and ethically. Instead, laws are designed to correspond to moral codes, and regulators try to focus their efforts only on the outlier cases that try to circumvent them. Despite claims that people only act positively when they fear punishment, numerous studies show that in orderly societies, most people engage in pro-social behaviour because they heed their internalised sense of right and wrong and their sense of duty and

responsibility. Of central importance is what a culture values, including its attitudes towards the economic behaviour that regulation aims to contain. Regulation is needed as a secondary enforcer when culture fails, but it cannot be the mainstay of good conduct. Sometimes legislation – or the attempt to implement legislation – can trigger a moral conversation on that topic, but on its own, legislation is insufficient to change behaviour. In the wake of the excesses that brought on the economic crisis, many have called for re-regulation. However, they fail to realise that re-regulation can only be successful if the underlying normative culture is also changed.

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The idea of normative culture is not a philosophical abstraction, but a concept that is deeply embedded in the web of human relationships. Its scale can vary from that of a small community to an entire nation. Unfortunately, the international normative culture that used to constrain capitalism has been largely eroded in many parts of the world, especially in the US. Although public leaders such as President Obama call for less consumption and more saving, his stimulus package was more aggressive than any in Europe, suggesting that a return to the status quo ante – of gross overconsumption – is quite feasible. Yet the American president finds himself in a difficult position. Most Americans believe they do not have enough money to provide for basic necessities, whereas in fact they do. Trying to educate the public to give up things they do not need is much too dangerous for a politician. Public intellectuals have a vital role to play in such a situation. Unlike the paralyzed politicians, they can initiate a new societal dialogue, thereby preparing the ground for politicians to take the lead in the future.

However, governments generally cannot be the primary agents in major cultural and social changes. These shifts tend to arise instead from social movements, such as civil rights movements, nationalist dynamics, or religious organisations. Nevertheless, governments still have to govern according to transcendent moral codes. Prime Minister Balkenende of the Netherlands is a good example in that respect. Although he was mocked for his actions, he did succeed in setting up an agenda on norms and values, engaging in a moral conversation while avoiding the pitfalls of a moral debate by acknowledging that the government could not provide all the answers. Balkenende even managed to continue this conversation at the European level, during the Dutch EU Presidency in 2004

There is no feasible alternative to the market system. Large redistribution of income from high earners to low earners conflicts with democratic values and goes against human nature. We should not expect too much from more moderate redistribution efforts either. Top executives cannot be monitored, and it is impossible to lift the lower classes out of poverty through income redistribution alone. On the other hand, large income disparities and asset inequalities stand in the way of strong social cohesion. Even though Europe has a more even income distribution in historical terms, that too is changing. Europe is becoming more Americanised, with bigger discrepancies between the largely immigrant underclass on the one hand and the middle and upper classes on the other. Japan is moving in the same direction. In the US, besides the black minority, which to some extent has moved up to the middle class, the Latino minority is growing rapidly. They came for economic reasons, work hard, have a strong family tradition and are more religious and communal. The Latino minority will have a profound effect on American society and may make it more communitarian.

Capitalism – in its rawest form – is centred on the quest for perpetually maximising one's utility (largely measured by the volume and quality of goods and services one consumes and by the income one garners to pay for them) by granting work priority over all other pursuits. In considering the question of at what point consumption turns into consumerism – that is, into obsession – and work becomes invasive, Abraham Maslow's hierarchy of human needs is a useful tool. At the bottom of this hierarchy are basic creature comforts; as these are sated, more satisfaction is drawn from affection and self-esteem, and finally, from self-actualisation. It follows that as long as one's consumption is focused on satisfying the need for creature comforts, it meets not only essential but the most basic human needs. Obsession with goods and services takes place once these are used to try to satisfy the higher needs. Consumption turns into an 'ism' when material objects are used to express affection and to seek self-esteem, and when they dominate the quest for self-actualisation. It is especially psychologically damaging when the labour required to pay for consumerism cuts into human relations that are sources of affection, by neglecting family and friends, and undermines non-material sources of self-esteem. It is this 'ism' that turns consumption into a social disease.

The desire to consume ever more leads to working weeks that leave too little time and energy to spend on those aspects that contribute to a good life: family, friends, community services and contemplation. Fulfilment should not be something deemed to be derived from work alone. Religious duties, family events and volunteerism are a few options to curtail the working week. Here we

see how culture influences the work ethic, and this explains why work is distributed unevenly across the globe. In the emerging countries and the Western world, people work very hard, sometimes too hard, whereas in some developing countries people approach work differently or suffer the consequences of too much idle time.

THE MEGALOGUES IMPERATIVE

There is a distinct possibility that the economic crisis is deep enough to have a serious impact on our cultural norms as well as to trigger the development of new shared understandings, or in other words, the revitalisation of a normative culture that extols positive meanings and purposes such as communitarian and transcendental sources of human flourishing. Communitarianism refers to investing one's time and energy in relations with the other, including members of one's family, friends, and members of the community. The term also encompasses service to the common good, generated by voluntarism, national service, and public life, politics included. Transcendental pursuits refer to spiritual endeavours including religious, contemplative, and artistic activities.

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There are numerous sociological hints that members of high-consumption societies are embracing some behaviours conducive to building a society that is less obsessed with consumption. These include: a decline in the purchase of luxury goods; a suspension or scaling back of lavish celebrations during holidays and rituals; voluntary caps on executive compensation; workers accepting fewer hours, lower pay, lower benefits and unpaid furloughs; a shift from cars to public transportation; more time spent with family and friends and less at work; decline in geographic mobility; a growing number of people opting to purchase smaller houses (McMansion sales have fallen even more than those of other houses).

What is needed next is to help people realise that contained consumption – one limited to creature comforts – is not a reflection of failure. It is rather the liberation of society that grants people new freedoms from an obsession; namely, to engage in projects that are more truly fulfilling. Thus, those who always wanted a modest wedding limited to close friends and family members, and recently using as the perfect excuse that they cannot afford a lavish wedding, now need to be held up as a model for sensible conduct. Dressing down was once the mark of the respected old money – only the nouveau riche displayed their wealth by dressing up. Dressing down must again become a source of communal approbations. We

are moving in the direction of a flourishing society, to the extent that such scaled-down levels of consumption are not viewed as deprivations but as positive expressions of a new lifestyle approved by a new normative culture.

Changing the normative culture would shift public perceptions to view these changes as an opportunity to abandon consumerism.

Critics argue that a modern economy cannot survive unless people consume ever more, and hence produce and work ever more. But there is no reason an economy cannot function well if both parts of the equation are scaled back: if people consume less and produce/work less. This is, in effect, what the French do, with their 35-hour workweeks and personal income per capita that is somewhat lower than that of the United States. To varying extents other 'old' European societies do the same. Mainstream American economists have long scoffed at these societies and urged them to Americanise. To some extent they actually did, especially the Brits. However, this assumed that these societies seek to scale back non-materialistic values and promote consumerism ever further. The opposite now recommends itself; the United States ought to move closer to the 'old' European model. This is happening during the current fiscal crisis, but so far much of this scaling-back has been involuntary and felt as a deprivation. Changing the normative culture would shift public perceptions to view these changes as an opportunity to abandon consumerism (by definition for those whose basic creature comforts are well and securely sated) and focus more on communitarian and transcendental pursuits.

The main way societies will determine whether the current crisis will serve as an event that leads to cultural transformation or merely constitute an interlude in the consumerism project is through a process that could be described as 'moral megalogues'. Societies are constantly engaged in dialogues on right versus wrong. Typically, only one or two topics dominate these megalogues in any given time period. Key recent issues included the legitimacy of the United States' 2003 invasion of Iraq, and whether gay couples should be allowed to marry. In earlier decades, women's rights, minority rights, the rights to asylum and to euthanasia were topics of such discussions. Megalogues involve millions of members of a society exchanging views with one another at workplaces, during family gatherings, in the media and at public events. They are often contentious and passionate, and while they have no clear beginning or endpoint, they tend to lead to changes in a society's normative culture and in its members' behaviour.

The megalogue about the relationship between consumerism and human flourishing and what might replace consumerism is now once again flickering, but has not yet become a leading topic like regulation. Public intellectuals, responsible media, and public leaders are those best positioned to focus the megalogue on the proper topic and, above all, on the proper scope. The main question is not how to pass some laws to keep the marketplace in check, shoring up the walls of the container that restrains capitalism from breaking out, but rather, "What makes a good life?" What purposes should replace the worship of consumer goods by those whose basic creature comfort needs have been sated?

Similar precepts have been explored often enough before, for instance by early socialists and by religious orders that favoured an ascetic lifestyle. Societies are constantly engaged in debates on right and wrong, for instance recently on environmental issues and climate change. However, it will not suffice to tell people what they cannot do; they need a positive agenda as well, by which to ensure the global character of moral dialogues.