

### Melting into Air

The fact that people have chosen to spend money on an item is generally taken as a valid indication that the item is what they want, and that it yields the satisfactions they expect it to. Behind this assumption is a seemingly appealing and democratic way of thinking. Who, the economist asks, is in a better position to determine what people want and what brings them satisfaction than the person who is choosing to buy or not to buy?

Up to a point, the economists are right: there are dangers in supposing that people make choices that are not consistent with their real interests. Paternalism or, even worse, dictatorial imposition of the leaders' views of what people should want, is at least a potential consequence of excessive zeal in this direction. But there are also dangers in failing to recognize the human capacity for self-deception.

A number of studies suggest that economic growth, and the increases in consumption it brings, do not yield an increase in feelings of satisfaction or well-being, at least for populations that are above a poverty or subsistence level. Although we may often experience considerable pleasure or satisfaction with regard to particular items we have purchased, we encounter paradoxical consequences when we look at the overall impact of these purchases on our satisfaction with our lives. Each individual item seems to yield an increment in satisfaction or well-being, but when totaled up the whole is much less than the sum of its parts. Like a wad of cotton candy, the seeming amplitude melts into thin air as we try to taste it.

Indeed, the sum of all our efforts to improve our lives through purchases may actually be negative. Taking into account all of the experiences and requirements associated with continually increasing consumption, we may well find ourselves worse off than before we began. For the ways we mobilize ourselves, both as individuals and as a society, in order to produce and to have "more," turn out to undermine some of the most important sources of enduring and sustaining satisfaction.

— Paul L. Wachtel

Paul L. Wachtel is the author of *The Poverty of Affluence: A Psychological Portrait of the American Way of Life* (New Society Publishers, 1989).

fails to price and incorporate environmental or natural capital — a failure which results in the underpricing of goods and services. As a result, there exists "excess" consumption of goods and services in general, as compared to what the optimal level of consumption would be if no external effects existed. (The extent of the excess consumption varies among goods and services, based on their respective environmental effects.) The intergenerational dimension of this market failure — future generations cannot express their preferences — increases the power of the environmental critique of consumer society.

*Market Failures in the Constitution of Community.* Robert Putnam's recent work on "social capital" shows that strong community ties yield substantial benefits in terms of efficient government, law-abidingness, and quality of life. Has consumerism led to a weakening of community, and thus to a loss of such benefits? Although there is little empirical evidence on this question, it has been argued that consumer society, by relying on marketized exchanges rather than reciprocity, reduces the bonds between individuals and makes community more difficult to sustain. Moreover, research indicating a decline of free time outside the workplace in modern consumer society suggests a further, indirect link between consumption and a decline in community ties, which depend on people's ability to spend time with one another.

*Failure to Meet Conditions of Worker and Hence Consumer Sovereignty.* New approaches to labor markets indicate that the standard model notwithstanding, conditions for worker sovereignty are not typically present. In the postwar United States, for example, employers did not offer workers the option of taking productivity increases in the form of increased leisure time. Instead, employers routinely shared productivity gains as higher income. Employees (as consumers) then spent that higher income and, in the process, adjusted their preferences through a process of habit formation. This "work and spend cycle," as I have called it elsewhere, led to an "inverse-neoclassical" world. In the neoclassical schema, workers get what they want. In the "work and spend world," they want what they get.

If employees do not have free choice in hours, one cannot infer that the current consumption path is even desirable, much less optimal. It may be that people would be better off with shorter hours and less money. At present, however, that is an unattainable equilibrium. If employers demand large penalties for shorter hours, they introduce a large pro-consumerist bias into the economy. Under these conditions, worker preferences may remain latent, and thus fail to exert much pressure in the labor market.

*Collective Action Failures.* Almost a half-century ago, Jim Duesenberry formulated a theory of consumption