

Reducing or Redirecting Consumption: Political and Economic Challenges

Begin with a fundamental clash between theory and political reality. Suppose that there are compelling reasons — prudential, aesthetic, and moral — for rich countries to limit their consumption, and for developing countries not to emulate current consumption patterns in the developed world. Suppose, second, that reducing rich-society consumption implies slowing economic growth within these societies, and that stable levels of consumption imply a steady-state economy. Place these suppositions next to the view of every democratic politician in the world: that economies must grow robustly, that an economy growing at “merely” 2 or 3 percent annually is underperforming, that improving its underperformance counts as the chief problem facing government, and that failure to solve this problem invariably turns a political leader into an ex-leader.

The contrast could hardly be more stark. It raises the first question of this essay: do existing political systems, and in particular liberal-democratic political systems associated with largely capitalist (free enterprise) economies, have the capacity to reduce existing levels of consumption — to realize the *no-growth/slow-growth* model developed two decades ago by writers such as Kenneth Boulding and Paul Ehrlich? These writers assumed that global stewardship requires more-or-less static levels of consumption. But what are the prospects for creating a steady-state economy?

The second question of this essay concerns the prospects for *redirecting* consumption, thereby achieving what I shall call a *safe-growth* model of economic life. This model implies rapid technological advances in environmentally safe directions, coupled with the cultural changes implicit in transformed consumption habits. Would such an approach be politically viable in a society such as ours?

Obstacles to the Steady-State Society

I start with what is probably the most pessimistic answer to the first question: Robert Heilbroner’s much-discussed 1975 speculation on the future of

humanity in the face of the environmental crises that Heilbroner assumed would inevitably accompany rising population, expanding technology, and shrinking resources, as well as the strains that managing all of these would impose on political systems.

According to Heilbroner, liberal-democratic politics cannot move us to a steady-state society, and a steady-state society could be maintained only under an autocratic authoritarian regime. Here, in a nutshell, are Heilbroner’s conclusions:

The problem is that the challenge to survival still lies sufficiently far in the future, and the inertial momentum of the present industrial order is still so great, that no substantial voluntary diminution of growth, much less a planned reorganization of society, is today even remotely imaginable. What leader of an underdeveloped nation . . . would call a halt to industrial activity in his impoverished land? What capitalist or socialist nation would put a ceiling on material output, limiting its citizens to the well-being obtainable from its present volume of production?

From [a] period of harsh adjustment, I can see no realistic escape. . . . Nor is it easy to foresee a willing acquiescence of humankind, individually or through its existing social organizations, in the alterations of lifeways that foresight would dictate. If then, by the question “Is there hope for man?” we ask whether it is possible to meet the challenges of the future without the payment of a fearful price, the answer must be: No, there is no such hope.

What arguments support Heilbroner’s remarkably gloomy conclusions? I shall focus on three. The first concerns the difficulty of achieving a no-growth economy without severe economic crises. Reduced consumption implies reduced production; reduced production implies increased unemployment; and, historically, widespread unemployment has proven to be a persistent source of political instability. Regardless of any other benefits, real or perceived, that high levels of consumption impart to members of a society, the connection between consumption and jobs provides an overwhelming political motive against limiting consumption. Plummeting employment levels typically launch societies into an all-too-familiar cycle of political extremism, scapegoating, and official repression,

which often culminates in authoritarian regimes regardless of who wins.

A second point, noted by Mancur Olson, is that no-growth policies would most likely freeze not only the *level* of output, but also the *composition* of output. Suppose, for example, that in one year conditions warrant an increase in the production of some good — flu vaccine, for example. To maintain a no-growth policy, augmented flu vaccine production must be compensated by diminished production of something else. But what else? And who decides what else? And what if consumers want the good whose production is deliberately rolled back? Within market economies, fluctuations in demand affect supply through market mechanisms, though of course with some delay. What, then, if market response to increased demand for one good must be conjoined with a government-mandated decrease in the production of some other goods? One way to address this problem is simply to ignore all but the most persistent and urgent fluctuations in demand, and fix the composition of total output by fiat. But this would mean the creation of something like a command economy.

The third point is that a steady-state economy is likely to experience bitter distributional struggles. After all, one person's upward mobility necessarily implies another's downward mobility. We might expect increasing resistance on the part of the upper and middle classes to redistribution downward, and increasing resentment and suspicion among different economic interest groups. Indeed, Lester Thurow argued compellingly in 1980 that even *with* economic growth, America had become a "zero-sum society":

For most of our problems there are several solutions. But all these solutions have the characteristic that someone must suffer large economic losses. No one wants to volunteer for this role, and we have a political process that is incapable of forcing anyone to shoulder this burden. Everyone wants someone else to suffer the necessary economic losses, and as a consequence none of the possible solutions can be adopted.

Clearly, no-growth policies are analytically equivalent to a compulsory zero-sum society.

For these reasons, among others, democratic processes are likely to reject any efforts to achieve a steady-state economy. Thus, efforts to limit growth may have to proceed extra-legally and with very little democratic mandate. As Heilbroner speculates, "the passage through the gauntlet ahead may be possible only under governments capable of rallying obedience far more effectively than would be possible in a democratic setting." Just as a steady-state society may be a repressive and conflict-ridden one, the transition to such a society may well be impossible for any but an authoritarian government to manage.

Redirecting Consumption

Thus far I have examined the disturbing political and economic features that considered reflection fore-shadows with respect to efforts to *limit* consumption and achieve a steady-state society. But what about efforts to *redirect* consumption rather than limit it — through technological efficiencies in production, soft energy paths, biotechnological advances, and the replacement of environmentally unsafe technologies with environmentally safer ones? As Herman Daly observes elsewhere in this issue, advocates of a steady-state economy would certainly endorse these efforts. My assumption here, however, is that new technologies, developed in an enlightened way, might make "safe growth" a viable approach for the long term.

What about efforts to redirect consumption rather than limit it?

Assume that safe growth is technologically feasible, and that redirecting consumption would be less disruptive to our political and cultural commitments than moving toward and maintaining a steady-state economy. Nonetheless, safe growth would confront enormous political obstacles — obstacles that, once again, are likely to strain the capacity of democracies. Transforming an economy invariably costs jobs in the short and even medium run. The trauma undergone by California since the end of the Cold War cut into its defense industry gives some idea of how difficult it may be to move from current patterns of production and consumption to safe-growth patterns. Safe growth may require us to beat swords into plowshares and plowshares into environmentally safer surrogates. Millions, perhaps billions of workers worldwide, will face threats to their accustomed livelihoods, and it is not at all clear that resources will be available to retrain and reemploy them. As we have already seen, the linkage of economic redirection with unemployment poses challenges that may be insurmountable by liberal democratic regimes. Special interests aiming to defend their members' share of the pie will mobilize to stifle reallocation and realignment of the economy. Those devoted to innovative, safe-growth technologies are likely to be less well-organized and more diffuse than existing special interests, and therefore less influential in the political process.

Conditional Cooperation

It may be possible, however, to counteract the logic of interest-group formation through shared belief,

moral and spiritual commitment, and participation in communities of principle. Under such conditions, as Michael Taylor has shown, diffuse groups can successfully organize to provide themselves with a public good, such as an effective political voice on behalf of safe growth. Diffuse groups can organize when their members decide to follow a strategy of *conditional cooperation* — agreeing to cooperate in a group endeavor provided enough other members participate (either conditionally or unconditionally). Admittedly, conditional cooperation does not resolve all collective action problems. It is difficult, in large groups, to monitor the behavior of other members; the temptation to “cheat” by free-riding on other members is ever-present. But where there is a commitment to a community of faith and principle, we have some basis, however imperfect, for trust. Shared and mutually transparent moral commitment can lead to the formation of organized groups able to counteract special interests aiming to protect their distributive shares.

The possibility of cooperation is not important only because it helps counteract the logic of selective interest-group formation. Conditional cooperation can play a direct role in reducing consumption. As Judith Lichtenberg notes elsewhere in this issue, we consume many goods primarily because others consume them. Often these goods become the functional equivalents of necessities: in a telephone culture, one cannot unilaterally forgo owning a telephone. If, however, many people are able to coordinate a reduction in consumption, no one incurs a real disadvantage, and the goods change their status from necessities to dispensable luxuries. In that case, lower levels of consumption become practically possible and politically feasible.

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According to survey data, many workers in modern economies would prefer to trade some consumption for additional leisure time. In her essay for this issue, Juliet B. Schor examines this preference and offers an explanation why current economic institutions do not reflect it. Let me propose three further reasons here.

First, there is the tradition of regarding more money and higher consumption as automatically valuable. Second is the phenomenon that Judith Lichtenberg discusses: reductions in consumption will inevitably impose genuine hardships unless they are collectively borne. Third is an argument developed by Marc Galanter and Thomas Palay in their study of large law firms:

Why do big-firm lawyers insist on taking the gains of firm growth in the form of more money income rather than as sabbaticals, time for child-care, political involvement, greater work satisfaction, or whatever? . . . Money is not all that partners want. But as firms get bigger, securing and monitoring agreement about . . . the mix of “goods” they want as their return from practice becomes ever more complex. Since “money” is high (even if not first) on everybody’s scale, it is almost always possible to get agreement on more money over any other competing good.

The same is plainly true in other sectors of the economy: it is easier for workers to agree on the importance of money and consumption than on forms of non-monetary compensation, so institutional inertia preserves the long-week/high-pay/high-consumption value scheme.

If leisure/consumption trade-offs were institutionalized and legislated, it is quite possible that they would attract widespread political support, on largely self-interested grounds. If so, consumption and production could perhaps be reduced without massive unemployment. Instead of dividing the work force into fully employed and unemployed sectors, lower-hour partial employment would spread the costs of downsizing the economy while simultaneously satisfying workers’ preferences for leisure over consumption.

Of course, it is equally possible that limited-workweek proposals would be regarded by many workers as unacceptable intrusions, de facto transfer payments from them to their unemployed brethren. Moreover, such proposals assume that work can be parcelled out among larger numbers of employees working shorter shifts. They assume, in other words, that tasks are endlessly divisible and workers largely fungible. This presupposition may be true of routine jobs, but it plainly makes no sense for, say, composing a symphony. Limited-workweek proposals thus run the political risk of legislatively enshrining status differences between routine and non-routine work, thereby undermining the democratic acceptability of compulsory leisure/consumption trade-offs.

This should remind us that even on the rosiest scenarios the political tasks involved in achieving safe growth will be painful and daunting. To a dispassionate observer, the odds that democracies will be able to rise to the challenge must seem tragically slender. The connections between long-term needs and short-term consumer desires are far from transparent, and yet the connections must be made transparent if democratic consensus can be forged for meeting those needs. In the end, then, our attention must turn to the formation of public opinion.

At present, most Americans express a deep commitment to environmentalist principles and values; and yet these do not translate into altered consumption patterns — we talk green but live brown. Yet talking green is a precious first step, and the possibility of

drawing explicit bridges between our principles and our practice surely offers the greatest promise. Such an effort, however, will require herculean exertions on the part of public officials, religious and civic groups, educators, philanthropies, and the media. Otherwise, sane consumption policies must be rammed down the throats of unwilling populations by central authorities, and that means the end of democracy.

— David Luban

Sources: Mancur Olson and Hans H. Landsberg, eds., *The No-Growth Society* (W.W. Norton, 1973); Herman E. Daly, *Steady-State Economics: The Economics of Biophysical Equilibrium and Moral Growth* (W. H. Freeman, 1977); Robert L. Heilbroner, *An Inquiry into the Human Prospect* (W. W. Norton, 1975); Kenneth E. Boulding, "The Shadow of the Stationary State," in *The No-Growth Society*, edited by Olson and Landsberg; Paul Kennedy, *Preparing for the Twenty-First Century* (Random House, 1993); Lester C. Thurow, *The Zero-Sum Society: Distribution and the Possibilities for Economic Change* (Basic Books, 1980); Marc Galanter and Thomas Palay, *Tournament of Lawyers: The Transformation of the Big Law Firm* (University of Chicago Press, 1991)

Consumption as a Theme in the North-South Dialogue

In connection with consumption, three issues seem especially relevant for the North-South dialogue: (a) What is the relation between mass consumption in the North and mass destitution in the South? (b) Is there an ongoing discussion in the South on the influence of patterns of Northern consumption and, if there is one, what can we learn from it? (c) Is there something like a perspective on consumption typical of the South?

Two remarks may be useful before any answer to these questions is attempted:

(1) "North" and "South," like "West" and "East" before them, are to be taken as very imprecise designations. In addition to the truism that there is no correspondence between geography and economics (New Zealand is in the geographic South but in the economic North; Russia is in the geographic North but in the economic South), there is another, more important fact: intra-regional differences are almost as great as regional ones. Any characterization of "the South," then, must be understood as an approximation. The only justification for the use of such terms is usual practice and lack of a better terminology.

(2) Twenty years ago in Latin America, many theorists tried to explain the underdevelopment of the South by pointing to its extreme dependency on developed countries. One answer to this dependency, they argued, was the creation of a non-consumerist society.

Such a society would affirm local traditions against the encroachments of modernization, and insist that development in imitation of the North was not necessarily the best course for the non-industrial world.

Dependence theory argued that development in imitation of the North was not necessarily the best course for the non-industrial world.

This "dependence theory" was undoubtedly one-sided. In stressing Southern dependency, it failed to consider the ways in which relations between developed and underdeveloped regions are reciprocal; and in placing so strong an emphasis on external dependency, it tended to miss the internal contradictions that are characteristic of the developing world. Nonetheless, the theory performed a useful function by asking what an alternative model of development, and thus an alternative society, might look like. It is not difficult to locate examples of wasteful consumption, on the one hand, and severe deprivation, on the other. But is there not a third option, one that would be open to the majority?