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# The Decline and Fall of Consumer Society?

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Four decades have passed since social analysts first contemplated the unraveling of consumer society in the United States and other affluent countries. During the intervening years, the implementation of public policies based on economic deregulation, trade liberalization, and militarization forestalled, and then successfully reversed, the prospect of this transition. The political consensus that supported these strategies is now breaking down, and consumer-propelled economic growth is again becoming difficult to maintain. In conjunction with changes in once-favorable demographic, economic, social, cultural, and resource trends, the foundations of contemporary mass consumerism are eroding. Patterns of uncertainty and instability are encouraging numerous lifestyle innovations. This essay explores the hypothesis that recent developments constitute early signals of the decline and fall of consumer society, at least in the US (the focus of this essay), while recognizing that any such shift is likely to be a long, complex, and halting process.

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## Introduction

Strong government intervention during the years after World War II facilitated the rise of fully-fledged consumer societies in the US and other affluent nations. Starting in most countries with the provision of guaranteed pensions, which reduced the need to save for retirement and increased propensities to spend, governments enacted an expanding array of policies to bolster consumerist lifestyles. For example, in response to the weakening of consumer-propelled economic growth in the late 1970s and early 1980s, a grand political bargain favoring deregulation of key economic sectors (particularly finance), liberalization of international trade, and reassertion of military power abroad reinvigorated household consumption in the US, prompting a new wave of acquisitive social striving and overspending.

Ironically, at the same moment middle-class consumption has been accelerating in China and elsewhere, this mode of social organization shows signs of fatigue in the countries that pioneered it. Since 2008, the Global North seems caught in another period of slackening economic growth, and the accompanying turbulence is encouraging incipient expressions of “post-consumerism” that are challenging old assumptions. Feverish commitment to a perverse kind of anti-Keynesianism has attenuated consumer demand and exacerbated near-recessionary conditions in many G-20 countries. Moreover, prevailing circumstances appear unlikely to change any time soon. Liberal economist Joseph Stiglitz described the state of the US economy as a “long malaise.” “The American dream, a good life in exchange for hard work” he writes, “is slowly dying.”<sup>1</sup>

This sort of sober appraisal shifts public debate beyond normative claims about whether consumer society is good or bad, or right or wrong, to salient questions about the ongoing feasibility of an economic model founded on mass consumerism. At the same time, a wave of social innovation seems to be building as prevailing conditions both inspire and compel lifestyle reinventions. These experimental activities are starting to swell up and radiate outward because conventional arrangements are strained and people are reaching for—or fashioning for themselves—more workable options. Over time, these nascent socioeconomic forms may achieve sufficient scale to challenge, and perhaps even to supplant, incumbent structures.

## The Winding Down of Economic Growth

All economic systems rest on supportive pillars that require periodic reinforcement to maintain their viability. For instance, when supplies of critical raw materials run short, substitutes must be identified or technological changes introduced. Failure to do so in a timely way runs the risk of gradual attrition or, in certain more dramatic cases, precipitous decline. Current developments at the heart of contemporary consumer society suggest such outcomes may loom in the near future in the absence of significant revitalization.

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Over many decades, three mainstays have fostered American mass consumerism: favorable demographics, rising and relatively equal income distribution, and malleable cultural values. Buttressing these props have been reliable joists, most notably facilitative government policies that, since World War II, have privileged consumer-led economic expansion and guaranteed access to ample natural resources. Under these circumstances, few people questioned consumer society: they simply saw it as an indomitable condition of everyday life.

Several cross-cutting currents are now weakening the scaffold of American consumer society: the aging of the American population, the stagnation of household income (for middle- and lower-earning households), the permeation of less consumerist values (especially among youth), and the onset of various forms of resource scarcity. At the same time, the federal government is locked in a state of political paralysis and unable to perform its customary role of recharging the capacity of consumers to drive economic growth. Many state and local governments, caught in their own austerity traps, have implemented policies that perversely sap potential for meaningful rejuvenation. There are multiple reasons to question whether policymakers have the political will to reinvigorate the purchasing power of overspent consumers.

First, on the demographic front, the median age of the US population reached its post-World War II nadir of 27.7 years in 1970. It has since risen to 36.8 years today and is expected to level out at 39.0 by 2050. Driving this process has been the aging of the “baby boomers,” born between 1946 and 1964. The households raised in this generation launched the first truly mass wave of suburbanization during the 1950s and the related phenomenon of middle-class consumer culture. As the boomers retire, however, their preferences are shifting dramatically: toward smaller homes, fewer goods, and more healthcare services.

Second, household income dynamics are changing. In the years following World War II, robust industrial employment and relatively progressive tax policies lifted wages and reduced income inequality. Median household income attained a high of just under \$55,000 in 1999 (measured in 2011 dollars) but declined to approximately \$50,000 over the next decade. Income disparity fell to a historic low in the late 1960s but then reversed course.<sup>2</sup> While easy consumer credit cushioned some of the impacts of these developments, it also contributed to rising levels of household indebtedness, bankruptcy, and foreclosures, especially for the poor.

These income trends challenge an important premise of a well-functioning consumer society, prominently championed back in 1914 by Henry Ford: worker-consumers must earn an income beyond subsistence in order to purchase the products of their labor. For this strategy to be effective, however, a collective action problem must first be overcome. Capitalist-producers have an incentive to keep the salaries of their own employees low and to rely on other employers to raise wages to boost consumption, yet if they all act on this logic, demand will prove insufficient to absorb available production. Recent trends thus raise a related question: Can consumer society persist

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in the face of a shrinking middle class? Increasing societal divergence in income makes this unlikely, since it deepens the divide between the affluent cognoscenti of positional goods and cash-strapped shoppers of quotidian commodities.<sup>3</sup> Policymakers could try to alter this trend but do not seem to have motivation to marshal the political will to do so.

Third, research on generational cultural values suggests that twenty-somethings today have consumption preferences that are different from those of their predecessors, evincing diminished interest in material possessions, subscribing to less regularized employment practices (in part owing to prevailing labor-market conditions), and relying heavily on social media to manage relationships and daily affairs. A salient example is the millennial generation's attitude toward the most celebrated consumer good: the personal automobile. A growing proportion of the current youth generation has not even bothered to acquire a driver's license, let alone purchase a vehicle.<sup>4</sup> What has prompted this change? For a youthful driver, a car is first and foremost a means of maintaining connectivity with a social network, and motorized transportation is less essential in an era of ubiquitous mobile communications. Both the commodity fetishism and the status competition previously associated with cars now apply to digital devices. In addition, youth today lean toward urban lifestyles, which enable them to dispense with the cost and inconvenience of a personal automobile, or at least to reassign a less commanding role to it. Correspondingly, the suburban home is coming in for re-examination. For more than half a century, financial incentives like the mortgage interest tax deduction and generous public subsidies for land development fostered suburbanization and sprawl, but our ongoing ability to maintain these costly entitlements remains an open question.<sup>5</sup>

Finally, the global system faces several types of resource scarcity, ranging from shortages of precious metals to insufficient freshwater in densely populated regions.<sup>6</sup> Most recent attention has centered on "peak oil," the point at which global production reaches its zenith and then declines. We may be nearing this historic juncture. According to geologist Colin Campbell, we are consuming four barrels of oil for each one newly identified.<sup>7</sup> While deepwater drilling and the exploitation of tar sands and other nonconventional sources are picking up some of the slack, the era of readily exploitable supplies is waning. In the future, if we do not successfully transition away from fossil fuels, we will need to pursue more expensive (and environmentally problematic) sources. Meanwhile, over the medium to long term, demand will continue to grow in China, India, and emerging markets in the Global South. Increasing prices will over time pose pronounced difficulties for the US, which has not appreciably improved its energy efficiency or expanded renewable sources of supply. Ultimately, inexpensive oil has encouraged profligacy and waste, and significant price increases to come will have profound repercussions on economic growth and the viability of American consumer society.

If the US and other similar countries are now reaching the limits of this mode of social organization, the time has come to consider what might happen next.

## Toward a Post-Consumerist Future?

The winding down of mass consumerism can evoke the unsettling image of an indolent society, diminished and without much dynamism. However, such an inauspicious future is not inevitable, perhaps not even likely. With a longer-term perspective, we can envisage a stepwise developmental trajectory from agrarianism (pre-1800) to industrialism (1800-1945) to consumerism (1945-present). If the US and, conceivably, other similar countries are now reaching the limits of this mode of social organization, the time has come to consider what might happen next.

Although the challenge of envisioning a post-consumerist future has to date attracted little attention, if we look carefully, we can discern its auguries starting to come into view. We are seeing today in certain locales a notable upsurge in social innovation (see sidebar). Whether predicated on economic localism, self- and collective provisioning, shared ownership and use, peer-to-peer provisioning, or other expressions of post-consumerist interactions, these experiments challenge familiar means for delivering household goods and services and demonstrate potential for scaling up and extending their reach. This largely uncoordinated activity to build an economy that transcends current modes of mass consumerism is beginning what will likely be a long process. In coming years, a multitude of social innovations must evolve into a coherent systemic approach to compete with dominant economic institutions. Our inability to predict how this undertaking might develop should not detract us from considering how the fundamental conditions of contemporary consumer society are changing. Most likely, any societal transformation from mass consumerism to post-consumerism will proceed in fits and starts, with variance across regions. Some people will benefit and others will come up short, perhaps severely so. Earlier transitions of similar magnitude, such as from medieval European agrarianism to industrialism and then to global consumerism, provide valuable lessons. These prior shifts required extensive micro- and macro-scale adjustment over time, catalyzing significant disruptions in political power, economic institutions, and rhythms of everyday life.

By contrast, the defenders of the current paradigm argue that consumer society has confronted and overcome various challenges in the past and, in due course, will successfully do so again. Accordingly, declarations of decline and fall are unjustified, and talk of an impending transition is premature, if not dangerous. Some champions of consumer society go so far as to maintain that this system of social organization is essential to human flourishing and we cannot let it slip away.<sup>8</sup> The faltering of consumer-propelled economic growth and the fraying of consumerist lifestyles, though, give such assertions a hollow ring.

If a historic change in the structure of consumer society is afoot, where might one go to glimpse it in fledgling form? Someone in the late eighteenth century

Ongoing changes might progressively destabilize the dominant system as it continues to lose the capacity to deliver satisfactory livelihoods.

interested in the nascent industrial age would have been wise to head to Lancashire or Manchester. Los Angeles would have been a good place to observe the flowering of post-World War II mass consumerism. Today, a place like Williamsburg (Brooklyn), because of its social diversity, cultural creativity, and adaptable infrastructure, may carry vanguard status in the transition to post-consumerism.<sup>9</sup> In the US, other notable contenders include Bellingham (Washington), Portland (Oregon), Berkeley (California), and Burlington (Vermont).<sup>10</sup>

These cities are all destinations for “idio-cultural migration.”<sup>11</sup> In other words, the prevalence of alternative lifestyle practices in these places is now sufficient to induce the relocation of like-minded people, and this movement continues to expand in numbers and effects. Paradoxically, several of these locales are exploiting their geographic proximity to city-regions that are archetypes of the incumbent economic system. These ostensible forerunners of post-consumerism not infrequently draw on the financial and social capital of the mainstream economy and redirect a small measure of it to jumpstarting alternative systems of consumption (and production). A stylized example might be a household where one member is a partner in a Wall Street investment bank and the other engages in community gardening, clothing swaps, and other nascent forms of post-consumerism in the couple’s Brooklyn neighborhood. Such circumstances suggest a close entwining—perhaps even an inextricable linkage and an unavoidable dependency—between the old and the new.

Beyond the social sorting impelled by idio-cultural migration, how might a transition to post-consumerism plausibly gather momentum? Novel practices cannot spring into existence in whole form. Incipient routines will emerge out of prevailing forms in a halting and partial manner and will not quickly or thoroughly displace the customary institutions that support and facilitate contemporary mass consumerism. Industrialism, for example, only gradually supplanted agrarianism, developing a co-dependent relationship with it (industrial workers had to eat, and farmers increasingly needed tractors). Rather than leaving consumerist lifestyles completely behind, ongoing changes might progressively destabilize the dominant system as it continues to lose the capacity to deliver satisfactory livelihoods. These changes demonstrate that consumer society will not be the final chapter of human experience. The question then becomes what the following system will be and how we will make sure that it is equitable, just, and sustainable.

## Post-consumerist Social Innovations

**Collaborative consumption, or the sharing economy:** Collaborative consumption involves using durable goods more efficiently, often through collective use and rental arrangements. The Internet has facilitated these modes of exchange by reducing search costs and readily connecting buyers and sellers, owners and users, for short-term exchanges of cars, household space, tools, and much more.

**Community energy and food production:** An alternative to procuring energy and food from distant and anonymous producers, community energy and food production stresses the importance of relocalization and frequently features the establishment of collective ownership as a means of ensuring local control of energy and food supplies.

**Local living economy:** Developed in large part by the Business Alliance for Local Living Economies (BALLE), this approach facilitates the development of community-based systems of production and consumption, the strengthening of localized economic relationships, and the promotion of fair exchange.

**Mindful consumption:** Proponents of mindful consumption strive to make a business case for reducing the purchase and use of consumer products and enabling consumers to achieve lifestyle satisfaction in ways that do not involve material goods.

**Peer-to-peer provisioning:** P2P provisioning is an extension of Internet-based collaborative networks that allow participants to engage directly in transactional activities without the need for a retail intermediary. Vehicle sharing and social lending are two particularly prominent examples.

**Prosumption:** Prosumption refers to co-creation of economic value through the combined efforts of producers and consumers. The term was coined in 1980 by futurist Alvin Toffler and captures activities ranging from operation of an automatic teller machine (ATM) to community-supported agriculture.

**Self and communal cultivation/fabrication:** This area of activity denotes production and consumption activities that are carried out on an individual or collective basis. Notable examples include home-based and communal vegetable gardening as well as the personal manufacture of furniture and other artifacts. The advent of 3D printing technology could further this type of provisioning.

**Unconsumption:** Unconsumption refers to post-acquisition activities pertaining to the recycling, creative reuse, and repurposing of goods as well as to efforts to maximize satisfaction from the use of purchased products.

## Endnotes

1. Joseph Stiglitz, "Inequality is Holding Back the Recovery," *New York Times*, January 19, 2013, <http://opinionator.blogs.nytimes.com/2013/01/19/inequality-is-holding-back-the-recovery>.
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4. Refer to issue 33(3) of the journal *Transport Reviews* for a comprehensive overview of the "peak car" phenomenon, <http://www.tandfonline.com/doi/abs/10.1080/01441647.2013.804133#preview>.
5. A notable feature of the final report of the National Commission on Fiscal Responsibility and Reform (known as the Simpson-Bowles Commission) was its recommendation calling for elimination of the mortgage interest deduction. See <http://www.fiscalcommission.gov>. See also Robert Pozen, "Heretic Reality: Mortgage Interest Deduction Needs to Be Slashed," *Forbes*, March 25, 2011, <http://www.forbes.com/sites/greatspeculations/2011/03/25/heretic-reality-mortgage-interest-deduction-needs-to-be-slashed/>.
6. Michael Klare, *The Race for What's Left: The Global Scramble for the World's Last Resources* (New York: Metropolitan Books, 2012).
7. Global oil discovery peaked in 1965, when approximately two new barrels were identified for each barrel consumed.
8. See, for example, Doug Stephens, *The Retail Revival: Reimagining Business for the New Age of Consumerism* (Hoboken, NJ: Wiley, 2013) and James Livingston, *Against Thrift: Why Consumer Culture is Good for the Economy, the Environment, and Your Soul* (New York: Basic Books, 2011).
9. See Ben Schiller, "Brooklyn as a Lab to Amplify Urban Ideas," *Fast Co.EXIST*, November 10, 2011, <http://www.fastcoexist.com/1678795/brooklyn-as-a-lab-to-amplify-urban-ideas>.
10. At the country-scale level, interest in Japan as a potential progenitor of post-consumerism is beginning to coalesce. See, for example, Maurie Cohen, "Turning Japanese," *Sustainability: Science, Practice, and Policy* 7, no. 2 (2011), <https://sspp.proquest.com/turning-japanese-591125720569>.
11. Jason Kaufman and Matthew Kaliner, "The Re-accomplishment of Place in Twentieth Century Vermont and New Hampshire: History Repeats Itself, Until It Doesn't," *Theory and Society* 40, no. 2 (2011): 119-154, <http://link.springer.com/article/10.1007%2Fs11186-010-9132-2>.

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