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ECONOMICS IN THE AGE OF CONSUMER CAPITALISM

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The classical economists set themselves the task of analysing and helping to solve what they referred to as 'the economic problem', that is, how an economy can provide for the needs of the population. It was natural for them to assume that the objective of economic actors is to increase their level of income, and therefore to focus on the factors that contribute to economic growth. Although political economy deviates sharply from neoclassical economics in some fundamental ways, it nevertheless shares with the latter a basic presumption that the object of human endeavour is above all to increase the level of material comfort. The fact that it emphasises the distribution of annual output as well as its absolute size does not diminish this shared preoccupation with the standard of living and therefore the production side of the economy.

Some early political economists challenged the preoccupation with material deprivation and abundance (Veblen 1925; Galbraith 1958; Mishan 1967) but their interventions have not caused the ground to shift from the production of goods and services. The fundamental question of what determines human welfare has been answered by default – the consumption of more goods and services improves welfare. This assumption was well-founded in the era of the classical economists when poverty and deprivation were the norm. But it is manifestly inadequate now. The 'economic problem' that preoccupied classical economists has been solved. After five decades of sustained economic growth the dominant characteristic of contemporary Australia is not deprivation but

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abundance. By any standard Australia is an enormously wealthy country. Average real incomes are three times higher than they were in 1950 and the great bulk of Australians are prosperous beyond the dreams of their parents and grandparents (Hamilton and Denniss, 2000).

The driving forces of society have shifted from the production sphere to consumption – from workers to consumers, from want to excess, from class politics to identity politics. While the production sphere is associated with increased material output and conflict between suppliers of labour and owners of capital, the shift to the consumption sphere forces us to ask new questions about politics and social change.

Instead of asking how best to increase the rate of economic growth, the social objective under consumer capitalism must focus on the things that improve well-being in a post-scarcity society. But this is not a simple matter (Frey and Stutzer 2002; Myers and Diener 1996). At one level, the answer to the question is simple: the distance between what people have and what they want determines how contented they are. But this raises some awkward questions. How are people's wants determined? Is there a difference between what people say they want, and what they really want? Is what people want independent of what people have? Or does more 'having' drive up the level of wanting, so that the two can never meet and consumption is doomed to be a labour of Sisyphus?

While neo-liberal economics imagines that consumption of goods is a straightforward process of satisfying human wants or desires, in fact the relationship of people to their possessions is full of psychological complexity. It is almost impossible today to buy any item that its producer has not attempted to invest with symbolic meaning (see Csikszentmihalyi and Rochberg-Halton, 1981; Schor 1998). Clothing, for example, is designed to send signals. Even underwear that may be seen by no-one is bought and sold because it makes the wearer feel a certain way about themselves – a pair of underpants can be sexy, sensible, muscular, vibrant, suave or whimsical. It can communicate a variety of sexual connotations – demure but willing, titillating, brazen, romantic or naughty – and the particular signals they are designed to send are the subject of meticulous commercial calculation.

That is the hallmark of consumer capitalism. For those without wealth in pre-industrial society, personal identity was derived from their daily activities, from their occupations. Surnames such as Smith, Fletcher, Farmer and Cutler remind us of this. Today this is much less true. In consumer society people attempt to create an identity not from what they produce but from what they consume. Yet people today must hide the fact that they manufacture their selves from what they consume. We don't expect that people will take to naming themselves 'John Four Wheel Drive' or 'Barbara Georgian Mansion'. But in the words of the CEO of one of the world's largest producers of consumer products: 'the brand defines the consumer. We are what we wear, what we eat, what we drive.'

Market ideology asserts that free choice allows consumers to express their 'individuality'. But the individuality of modern urban life is a pseudo-individuality, an elaborate pose that people adopt to cover up the fact that they have been buried in the homogenising forces of global consumer culture. The consumer self is garishly differentiated on the outside, but this differentiation only serves to conceal the dull conformity of the inner self. To discover true individuality it is necessary to stage a psychological withdrawal from the market economy, since the latter is a place where one can buy only manufactured identities, masks purchased to provide clones with the appearance of difference. The pseudo-individuality of modern consumer culture is profoundly isolating. The more isolated we are, the more we are preoccupied with what other people think of us, and the more inclined we are to manufacture an identity to project onto the world. The dramatic increase in the incidence of depression over the last few decades can be interpreted as a normal reaction to the conflict between the compulsive need to project an acceptable manufactured self onto the world, and the deep human need to live out who we are.

Consumer capitalism will flourish as long as what people desire consistently outpaces what people have. It is therefore vital to the reproduction of the system that people are constantly made to feel dissatisfied. The irony of this should not be missed: while economic growth is said to be the process by which people's wants are satisfied, in reality economic growth can be sustained only as long as people remain

discontented. Economic growth does not create happiness; unhappiness sustains economic growth. Discontent must be fomented unrelentingly if modern capitalism is to survive, and this explains the indispensable role of the advertising industry.

The greatest danger to consumer capitalism is the possibility that people in wealthy countries will decide that they have more or less everything they need. For each individual this is a small realisation, but one with momentous social implications. For an increasingly jaded population, deceived for decades into believing that the way to a contented life is material acquisition, the task of the advertising industry becomes ever more challenging. Consequently, a large portion of the creative genius of wealthy nations is channeled into the marketing machine (leaving us to speculate on the truly enriching cultural outpouring that would be possible if this genius were devoted to more productive ends).

Advertising long ago discarded the practice of selling a product on the merits of its useful features. The advertisers know that when consumers are at the point of making a purchase they are subconsciously asking themselves two questions: who am I, and whom do I want to be? These questions of meaning and identity are the most profound questions humans are capable of posing, yet today they are manifested through the lines of a car and the shape of a softdrink bottle.

To protect itself the advertising industry hides behind an elaborate façade. The official story is that advertising helps discerning consumers make informed choices about how best to spend their money. The fiction is maintained in advertising codes of practice that verge on the risible. The British Code of Advertising Standards and Practice declares that 'no advertisement may contain any descriptions, claims or illustrations which expressly or by implication mislead'. In particular, 'no advertisement may misleadingly claim or imply that the product advertised, or an ingredient, has some special property or quality that is incapable of being established'.

If governments were serious about this criterion of ethical behaviour then the advertising industry would effectively be abolished. For is not the very purpose of advertising to give people the impression that the product has some special property or quality that is in fact entirely

unrelated to the product itself? Do not advertisers attempt to persuade us that cars can give us sexual potency or express our level of achievement, that a certain tub of margarine can create happy and loving families, and that a certain brand of beer confers hard-working manhood? These claims are all manifestly and demonstrably misleading. Indeed, an advertising agency that *failed* to mislead potential consumers into believing that they could derive enhanced personal qualities from the product would not be in business for long.

Any reasonable assessment must conclude that the vast majority of advertising exploits public ignorance and perpetuates popular misconceptions. It is explicitly designed to mislead the reasonable consumer, and should therefore be banned. Moreover, since the bulk of advertising is designed to persuade consumers to shift from one brand to another where the material differences between the brands are minimal, the resource savings would be enormous, resources that could make a large contribution to human well-being, such as public health programs in the Third World. In addition, banning advertising would begin the process of undoing the association between material consumption and happiness, an association that, because it is untrue, causes so much personal disappointment among the mass of ordinary people.

One result would be that over time people would simply consume less, a process that must begin sooner rather than later if there is to be any hope of sustaining the material basis of human existence on Earth. By persuading people to buy more and more, advertising inevitably promotes continued degradation of the environment. While governments exhort their citizens to protect the environment through the slogan 'reduce, re-use and recycle', a vast advertising industry persuades people to engage in the practice of 'increase, discard and dump'. Needless to say, this is a massively unequal battle, particularly as it is a matter of life or death for the corporations, whereas, for most governments, urging people to 'do the right thing' is little more than a sop to voter concern about the parlous state of the environment.

Modern capitalism, then, differs in essence from capitalism as it emerged in Europe two to three hundred years ago. For the great majority of people in rich countries the human condition is no longer dominated by the ever-present need to provide for survival and accumulate assets to

guard against lean times. The defining struggle today is no longer between proletarians and capitalists over how to divide the surplus of the production process; the defining struggle is how to live an authentic life in a social structure that manufactures 'individuality' and celebrates superficiality.

Now that the economic problem has been solved and people are immersed in abundance, the great question is: 'What do we do now?' (Beck 1998). Before history allowed time for the populace to find answers to this question, the marketers instinctively seized on the vacuum of consciousness created by the new state of abundance. Thus the problems of modern society are not due to inadequate incomes but to the social structures, ideologies and cultural forms that prevent people from realising their potential and leading fulfilling lives in their communities. The conjunction of Western society's preoccupation with economic growth and the manifest failure of higher incomes to improve well-being is the great contradiction of modern capitalism. The refusal to recognise the contradiction is the reason for the decline of the political Left. For by implicitly conceding that more growth is the measure of success, it became increasingly difficult for the Left to argue that various forms of socialism could out-perform 'turbo-capitalism' on its own territory.

When progressive thinkers consider possible alternatives to neo-liberalism, they are conditioned to think in terms of rival structures of ownership and organisation of production. Thus classical socialists advocated workers cooperatives or communes, twentieth-century communists created state enterprises along with soviets and collective farms, and social democrats have defined their philosophy as a judicious mix of public and private ownership. Supporters of capitalism, and especially its purified neo-liberal form, identify private ownership of the means of production as the defining feature of the system. The terminology speaks for itself. Political philosophies whose competing claims have defined the history of the world for the last two centuries have been at one in identifying the central social problem – what form of ownership will better produce and distribute material wealth. But in rich countries the economic problem has been solved; consequently the axis

of political debate and social change must shift away from the production sphere.

For the most part, capitalism itself has answered the demands that inspired nineteenth-century socialism – the demands for the end to exploitation at work, for an end to widespread poverty, for social justice and for representative democracy. But the attainment of these has only uncovered deeper sources of social unease – manipulation by marketers, environmental degradation, endemic alienation and loneliness.

In contrast to the historical trend – in which economic considerations have invaded and come to dominate more and more aspects of life and social organisation – a post-growth society would see the displacement of economic rationality by other forms of rationality so that economics would be confined to a smaller and smaller domain, indeed, to the domain where it properly belongs. It would see the flourishing of the rationality of community over that of self-interest, and the spread of the ecological rationality of intrinsic value in place of the instrumental exploitation of the natural world. True sustainability would become possible in a society that had gone beyond economic growth and ever-increasing consumption. A post-growth society would not set out to destroy capital: it would simply ignore it, and its ideological power would be vanquished.

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