In Praise of the Consumer Critic:
Economics and *The Affluent Society*
Consumption in Mainstream Economics

One of the enduring enigmas of contemporary economics is the fact that the discipline has almost nothing say about the nature of modern consumption. It has, of course, created a significant literature to determine the fraction of income and wealth that is consumed, and inter-temporal fluctuations in that fraction. Macroeconomists attempt to predict the path of aggregate consumption. But most of the issues that are addressed in both the disciplinary and inter-disciplinary literatures on consumption are absent in economics. I refer here to questions such as what motivates people to consume, the cultural meanings of consumption, how structures of inequality intersect with consumption, how people decide what products to consume, the role of advertising and marketing, impulse purchasing, compulsive purchasing, and so forth. (For an example, see Deaton 1992) This neglect is not something that has always characterized the field—in the early part of the 20th century, economists spent considerable effort trying to understand household needs and expenditures, and developed a sub-field of budget studies which looked at consumption expenditure trends by income class. That work continued for decades, but eventually died out. The economic theories that dominated after the second world war, such as general equilibrium theory and Keynesian macroeconomics, did not accommodate either the applied needs-based work, or the questions about motivation and meaning which currently dominate the literature. Of course, there have been some exceptions (and I will get to a prominent one shortly). Kelvin Lancaster attempted to reformulate consumption theory, with little success. Gary Becker proposed an activities-
based approach that had far more influence, but in the end the tautological nature of his model undermined its usefulness.

Why this happened is a fascinating question. I suspect there were a number of factors. In the first place, economists became convinced that focusing on income was a parsimonious way to study well-being, and neglected the specific uses to which income was put. This accorded well with the classical liberal bias against questioning people’s choices. Liberal theory, in both political science and economics became almost adamant about not looking at the content of consumer choices, defining its project as the expansion of means (i.e., income) and the range of choice. This provided an appealing democratic veneer to the theory, but left these perspectives unable to critically analyze consumption, even in cases where choice was obviously not welfare enhancing.

A second factor in the turning away from analyses of the content of consumption was the vexing problem of inter-personal influences on consumer preferences. In the standard model, agents’ preferences are independent of the likes and dislikes of others, i.e., preferences are formed and remain a-social. This assumption obviates unwelcome welfare conclusions such as the case where only relative consumption (or income) matters and therefore increases in consumption have no positive impact on welfare if they are general across the population. Economists remain deeply wedded to the idea that higher consumption yields higher well-being, and formulations which produce different welfare conclusions have had great difficulty gaining influence within the field.
Finally, and this is a related point, economics has retained what we might term a 19th century bias in which narrowly understood notions of usefulness are the standard of value. There is no proper word to describe this perspective—utilitarian (in its everyday sense) gives a sense of it, although strictly speaking it is not the right term. So too does functionalist, or rationalist, or practical. (The linguistic problem emerges because symbolic value can actually be useful, functional, rational and even practical, but let us set that aside for a moment and retain the everyday meanings of these words for the purpose of the discussion.) Another way to think about it is that economists tend to focus on the inherent qualities of goods and services, and how they meet practical needs. This is in contrast to the cultural qualities of goods, by which I mean their social, symbolic and cultural meanings. As an example, in the U.S. a car provides the practical value of transport, as well as being a heavily-laden symbolic consumption item. An example of the economist’s bias is Stanley Lebergott’s two-volume *Pursuing Happiness*, one of the rare post-WWII treatments of consumption by a mainstream economist. When Lebergott asks the reader to consider the things we now have that make us better off he lists automobiles and penicillin, electric washing machines, refrigerators, disposable diapers, electricity and television. (1993: 15).

Economists tend to the functional partly because symbolism necessarily entails that preferences are social, but also because the symbolic aspects of consumption are coded as belonging to a world where economists have not been too comfortable. Consumption is the terrain of women, as the cultural stereotypes of female shoppers attest, of sensuality, and embodiment. The men who dominated economics in the post WWII era were far
more comfortable with a no-nonsense attitude which emphasized the practical functions of products, a controlled and calculated approach to spending and saving, and a critical attitude toward what were considered frivolous consumption motives such as fashion, status seeking, and pure aesthetics.

I have discussed these issues in some depth because I believe they are crucial to understanding why, in an era when the failures of the consumption regime have become so manifest, economists are largely outside the conversation, and when they do enter it, they have difficulty moving beyond simplistic formulations such as more consumption automatically yields more well-being.

**The Affluent Society and the Consumer Critiques of the 1950s**

A prominent exception to this stance of economists is John Kenneth Galbraith, whose 1958 book, *The Affluent Society*, was perhaps the most influential discussion of consumption in the post WWII era. (See Horowitz 2004:102-108 on the impact of TAS) It was an instant (and long-lived) best-seller, the source of not only phrases which passed seamlessly into the national lexicon (such as “the conventional wisdom”) but also of a general orientation to consumption that persisted for decades. It was one of the earliest statements of what would become a multi-faceted and general critique of consumer society and consumerism (with related contributions in psychology, sociology, and other fields). It was also the most important treatment within economics of an alternative to the approach I have sketched above, and indeed it identified within the discipline many of the tendencies I have noted. Finally, its intellectual legacy helped define the “counter-
culture.” (After all, the culture that was being “countered” was consumer culture.) Its impact stretched beyond the 60s into the environmental and feminist movements of the 1970s. If, from the perspective of 2006, we have forgotten how influential this critique of consumerism was at that time, we may be forgiven. The last quarter-century has witnessed an unrelenting popular celebration of consumer culture and a series of academic critiques of the perspectives put forward in *The Affluent Society*. The new “conventional wisdom” is that consumers are sovereign, that advertising is of limited effectiveness, and that consumption can mainly be understood as effective action to create identity, meaning, value and well-being in individuals’ lives.

*The Affluent Society* makes three major claims about consumption—that the production side creates consumer desire, that the relationship between consumption and utility has become weak or perhaps even negative, and that the structural pressures to increase private consumption drive out the provision of public goods.

First, Galbraith takes aim at the standard formulation of the relation between production and consumption, which is that consumer desires (or preferences) are given from outside the economic system, that firms respond to this given set of consumer preferences and that the economy’s success is measured by its ability to satisfy these consumer desires. In *The Affluent Society*, the model is reversed. Having established the paramount position of production” in which increased production becomes an almost obsessive goal, he argues that consumers’ desires are no longer urgent, or intrinsic, because once a society is affluent, urgent needs have been met, and wants are created by the sales and marketing
efforts of corporations. Advertising creates the “craving for more elegant automobiles, more exotic food, more erotic clothing, more elaborate entertainment—indeed for the entire modern range of sensuous, edifying and lethal desires.” And of course he also identified the famous “bigger and better tailfins” which the critics made so much of. This process is called “the dependence effect.” “…If production creates the wants it seeks to satisfy, or if the wants emerge pari passu with the production, then the urgency of the wants can no longer be used to defend the urgency of the production. Production only fills a void that it has itself created…” (p 125) With the dependence effect, the welfare conclusions of the standard model collapse, although the profession has failed to recognize the importance of these changes. Economists, Galbraith notes, “have closed their eyes (and ears) to the most obtrusive of all economic phenomena, namely modern want creation.” (p 129).

Third, the system has is no longer in “social balance,” because the emphasis on private consumption is crowding out public goods. Galbraith was especially prescient on the natural environment. This is the most quoted passage of the book, a vivid example of the pitfalls of contemporary consumer society, which he reports he almost excised.

The family which takes its mauve and cerise, air-conditioned, power-steered and power-braked automobile out for a tour passes through cities that are badly paved, made hideous by litter, blighted buildings, billboard and posts for wires that should long since have been put underground. They pass on into a countryside that has been rendered largely invisible by commercial art. (The goods which the latter advertise have an absolute priority in our value system. Such aesthetic considerations as a view of the countryside accordingly come second. On such matters we are consistent.) They picnic on exquisitely packaged food from a
portable icebox by a polluted stream and go on to spend the night at a park which is a menace to public health and morals. Just before dozing off on an air mattress, beneath a nylon tent, amid the stench of decaying refuse, they may reflect vaguely on the curious unevenness of their blessings. Is this, indeed, the American genius?” (p. 187-188)

Critique and Counter-Critique: Corporate v Consumer Power

As noted above, when TAS was published it had an enormous impact. In part, its timing was fortuitous, because it rode a wave of anti-corporate sentiment and a widespread backlash against Madison Avenue. (Frank 1997, Holt 2002, Horowitz 2004) Until this point, what Douglas Holt has called the “cultural authority’ of Madison Avenue seemed secure. The emergence of modern advertising in the 1920s, with the shift from text-based to visual advertising and the use of psychologically sophisticated messages created a powerful cultural resonance for ads among consumers. Madison Avenue represented the new and the modern, and ads helped consumers figure out what was necessary to achieve an up-to-date middle class lifestyle. In the early postwar decades, Americans were eager to embrace the cultural authority of Madison Avenue and the client companies. But by the late 1950s, they were feeling differently. Along with affluence and increased security came the critique of corporate conformity in the workplace. The contradictions of 1950s culture were beginning to emerge, and one of them was the inordinate influence advertising and sales appeared to have in American culture. The cold war and rise of psychological warfare helped feed fears of corporate brainwashing through ads. Vance Packard’s 1957 *The Hidden Persuaders*, with its discussion of subliminal ads and Betty Friedan’s *The Feminine Mystique*, which exposed Ernest Dichter’s attempts to martial the
unconscious in the service of selling washing powder, fuelled paranoia about Madison Avenue. Packard’s later books (*The Status Seekers* and *The Waste Makers*) were also influential in mobilizing popular sentiment against advertising and marketing.

Within the academy, the critique of consumer culture had begun earlier—the most influential work was that done by the Frankfort School, and especially Theodor Adorno and Max Horkheimer, whose classic 1944 piece “The Culture Industry: Enlightenment as Mass Deception” formed the core of academic consumer critique for decades, in both the US and Europe. Although far more Marxian than Galbraith, Packard or Friedan, the Frankfort School and the Americans shared some important perspectives. In both, the imperatives of the production side were central, and in both consumers were relatively powerless, even “manipulated” and victimized by advertisers. (Adorno and Horkheimer talked about the “circle of manipulation and retroactive need.” 1944:121) In these accounts, the powerful and active agents were corporations, not individuals. This perspective was dominant until roughly 1980. At that point a marked ideological shift on consumerism began, most graphically symbolized by Nancy Reagan’s public embrace of luxury, fashion, and wealth. In the academy it was accompanied by a full-spectrum attack on the consumer critics, that is, from both right and left.

The first line of argument was against the idea of a passive consumer, uncritically accepting the messages of advertisers and marketers. The critics, and Galbraith especially, were accused of having a “hypodermic needle” theory of need, in which advertisers shot desire into consumers who were devoid of intrinsic wants. In studies of
cultural products, audiences were no longer seen as accepting the meanings that authors or producers intended for texts, but were portrayed as activist consumers, interpreting and transforming cultural products on their own. Similarly, goods consumption came to be seen as an active process, in which individuals rejected the meanings intended by advertisers, even of mass produced items, and re-inscribed them with alternative symbolism. Post-modern analyses emphasized the idea that consumption was a creative process of identity construction; even left wing critics saw the resistant possibilities of creative consumption. (Jameson 1984, de Certeau 1984) Consumption shifted from being a functional appendage of production to its antithesis.

By the time the pendulum swing was well underway, the arguments of Adorno, Horkheimer, Galbraith, et al were virtually impossible to defend, whatever their merits. The ideology of consumers’ independence and intelligence had become deeply naturalized. Few academics would admit to being manipulated consumers themselves, and those who took that view were vulnerable to charges of elitism. Furthermore, the insatiability of demand appeared to be so firmly established that the need for producers to “create” wants seemed like a quaint early 20th century idea. With mall parking lots filled to capacity, credit card debt soaring, and consumers trampling each other in holiday shopping stampedes, biological determinist arguments of desire had become hegemonic. (See Twitchell for an influential version 1999) The de-legitimation of modern liberalism, paternalist state policy and Keynesian economics (with its passive workers), plus the right-wing celebration of the individual combined to further undercut the consumer critics. The growth of corporate power was accompanied by an ideology that posited the
reverse—it’s the consumer who is king and the corporation is at his or her mercy. In marketing circles, the failure of the New Coke became the canonical example of this view.

But the attack on the consumer critics reflected more than just these political changes. As Douglas Holt has argued, there were transformations in the real relations between consumers and marketers that undermined the credibility of the simple desire-creation model of the 1940s and 1950s. (Holt 2002) To understand them, we must return to the very trend that made the critical accounts so popular—the breakdown of the cultural authority of marketers. When people rebelled against Madison Avenue and corporate conformity, industry responded. Marketers adopted the critique as their own, and re-positioned themselves as allies of ordinary people, and critics of manipulation and desire-creation. They became anti-advertisers, paying obeisance to the awesome power of the consumer. (Frank 1997, Goldman and Papson 1996) This became a key factor in the naturalization of the sovereign consumer. But the shift was more than a clever advertising campaign. Marketers and advertisers also re-structured their relationship to the consumer, replacing the top-down process in which innovation came from Madison Avenue with an iterative relation in which cultural meaning and innovation was discovered at the grass roots, re-formulated and packaged, and sold back to consumers. (Holt 2002) Market researchers fanned out to discover the trends that were emerging organically and passed them on to the creative departments. (Gladwell 2000) The literature has mainly treated the relation between producer and consumer as fixed (or “theoretical”) when it is
actually historically evolving. This recognition helps to understand why critiques that were so culturally resonant at one period seem so off-base at another.

However, while the active consumer school may be right that advertising is not a source of desire in the ways posited by the critics of the 1940s and 50s, they are wrong to argue that consumers are sovereign or powerful, in relation to corporations. While consumers have gained one kind of power (market innovations begin with them), they have lost the power to reject consumption as a way of life. (Baudrillard 1991, Holt 2002). We are trained from the earliest ages to be consumers (Schor 2004) and identity is deeply bound up with consumption choices. Even those who choose to live as anti-consumers cannot escape the fact that theirs has become an advertised and marketed lifestyle, with magazines, courses, clothes and accoutrements to promote simplicity and a rejection of consumerism. While he could not have exactly foreseen exactly this development, Galbraith’s predictions in TAS are remarkably on target here.

**Assessing the Content of Consumption: High v Low and Related Questions**

The second line of argument is that the consumer critics are hypocrites and elitists. Here Professor Galbraith is singled out for special nastiness. His singular status as an academic celebrity must have exposed his personal consumption habits—ski trips to Gstaad and summers in Vermont were apparently well-known by the defenders of consumer culture and they appear repeatedly in the attacks. (Lebergott 1993, Twitchell 1999) But these
charges against the consumer critics are more general, and figure in much of the literature.

The tendency to make the conversation personal is noteworthy. How often are moral philosophers attacked in print for adulterous behavior or ungenerous actions toward colleagues? Within economics at least, the charge of hypocrisy has been applied extremely selectively. Where is the outrage against Robert Barro for accepting tenure, rather than exposing his own career to the efficiencies of the free market he so passionately believes in? Why are consumption habits fair game, in contrast to most personal behavior? The power of the liberal taboo against questioning the consumer choices of others may be part of the reason—it’s a dangerous norm to violate.

The charge of elitism is more interesting. The Frankfort School’s affection for high culture, and disdain of popular culture is well-known, and that bias is sometimes reproduced in the later, American critiques of consumer culture. But it is worth noting that all discussions of specific consumption choices cannot escape class. As we have learned from Bourdieu (1984), there is no consumer product, service, or activity that is not implicated in the class coding which characterizes the consumption regime. It is simply impossible to discuss specific consumption practices independent of their class nature. As individuals, we cannot escape our class positions, in much the same way that we cannot avoid being part of the consumer system. We must be aware of our positionality, and recognize that as academics, we are particularly endowed with high cultural capital, and therefore especially vulnerable to elitism. (Bourdieu 1984) This
creates a serious dilemma because we are also charged with analyzing the critiquing social problems and structures.

There have been a number of responses to this dilemma. As I noted above, the dominant one from economists has been to retreat to the extremist position that no consumer choices can be questioned. Goods are good, ipso facto. It’s a comfortable position, because it is superficially democratic and anti-elitist. One’s personal integrity remains unassailable. But it is also a de facto defense of the status quo, and an enormous abdication, in a world where consumption is so pervasive and consequential.

On the other hand, some economists have addressed the volume of consumption, rather than its content. It has been argued that due to various market failures, there is too much private consumption, relative to saving, or public goods, the natural environment or leisure. *The Affluent Society* can be read as mainly making this argument. Interestingly, for all the ink that has been spilled on Galbraith’s famous tailfins, the book has relatively little discussion of particular consumer choices, and far more about consumption in general. Other examples in this tradition include Duesenberry (1949), Hirsch (1976), Easterlin (1973, 1995), Frank (1985, 1999) and Schor (1992, 1998). These arguments have come in for their share of criticism as well, for a variety of reasons, which frequently fall into the “if people chose these outcomes” they must be superior variety. (Lebergott 1993) Lebergott also repeatedly invokes the “what if we had listened to the consumer critics 100 or 200 or 300 years ago argument, when people thought that consumption was already sufficient?” (1993:3-6) This position assumes that the path we
have followed is so self-evidently superior that the mere suggestion of living as people did in the past is sufficient to prove the point. Such reasoning lacks content, and reflects the profound naturalization noted above.

But can we go farther? Are there viable grounds on which to address specific consumption choices and practices? As Veblen did 50 years earlier, Galbraith identified uselessness as an indicator of consumption excess, but has been repeatedly condemned for this judgment. For example, Twitchell warns, “Think carefully when they [tenured economists] criticize the size, waste, indebtedness, and cultural depravity of what they take to be tailfin culture. The butt end of the 1958 Cadillac is now considered a work of industrial art, not a sign of outrageous profligacy.” (1999: 34-5) Lebergott makes a similar point, although his position is somewhat curious, given the functionalist bias of his book. (See also Schudson 1991) Consistency aside, the critics of Galbraith and Veblen have a point—consumption need not be useful, or practical in the everyday sense of the word. One can reasonably defend purely aesthetic consumption. Indeed, as I noted above, the overly utilitarian orientation of economics is a weakness of the discipline, part of its inability to incorporate the social and cultural aspects of consumption. But this is a matter for debate, not a settled question. The existence of widespread poverty and ecological constraints on resource use are strong counter-arguments.

In any case, we should not let questions about the particular criterion of functionality undermine the general attempt to analyze specific consumption choices. There are other grounds to consider. One example is goods whose primary purpose is to express
exclusiveness and high social position, including pure status goods and positional products that are available to only a select few. Analysts who have critiqued these consumer choices on the grounds that they reproduce inequality have also been subject to counter-critique. (Schor 1998, Frank 1999) But why is that any less legitimate than criticizing the distribution of income itself, a common practice which draws little scrutiny? Or consider a related example. In the antebellum period, white consumers shifted from purchasing colored items to a preference for “white goods” such as white linens, white gravestones, while household decorations and white clothing, as a way of differentiating themselves from slaves and other people of color. (Hennigan 2004) Is it illegitimate to critique this consumption for its role in expressing and reproducing the system of racial domination?

These examples help to make the general point that consumption is always socially consequential, not only for its class meanings, but for its role in the symbolic reproduction of other inequalities such as race, gender, age, and sexual orientation. And these are only the most familiar of the social structures and practices that consumption is related to. Consumption also reflects and reproduces other categories, such as national identities, rural culture, etc. The general point is that virtually all consumption goods and practices have social meanings and effects. They are therefore fair game for analysis and critique. The liberal ideology that cordons off this particular sphere as purely private, or a-social, and therefore not a legitimate subject for analysis, is simply untenable. This also means that economists’ unwillingness to consider inter-dependency of preferences is not
merely inaccurate, it is also pernicious, because it undermines an important ground on which to criticize noxious social practices.

**Concluding Thoughts**

We can now return to the stance of mainstream economics. I have identified three features of its attitude toward consumption—its unquestioned assumption that consumption yields well-being, its unwillingness to interrogate the content of consumption choices, and its utilitarian bias. With respect to the first, it is perhaps obvious that the relationship between consumption and well-being should be an empirical question, not an article of faith. The arguments of Galbraith and allied critics on corporate and consumer power and the volume of consumption speak directly to this question—even if consumption yields substantial benefits, there may be too much of it, relative to the alternatives. The accumulating evidence from the literatures on happiness, relative income, inequality, human development indicators, and ecological degradation should give all but the most dogmatic pause about the current consumption path. If the critics are right, the project of examining the content of consumption is even more urgent than I have suggested. For if welfare can be enhanced with lower aggregate consumption, the question of how to change the mix is crucial.

And what of the third? The utilitarian bias needs to be understood in the context of contemporary marketing practices. Galbraith, Packard, Friedan and others focused on the expansion of advertising expenditures and the proliferation of venues in which ads are
delivered. The effectiveness of ads on consumer demand has been the crux of the conversation, and this is an important question. But advertising can also be understood as expanding the symbolic content of consumption, relative to the functional. It injects meaning and culture into objects and practices. This can be seen in the intense branding of functionally equivalent products which have few quality differences (eg., soda, beer, water and other foods; financial services; vehicles; drugs). In apparel, “fashion content” has increased substantially relative to “basics.” High symbolic content is typically associated with the social motivations such as fashion and emulation that mainstream theory has assumed away. By focusing so heavily on function, the discipline is unable to contribute to understanding much, perhaps even most of what is happening in the consumer sphere today. Indeed, a truly fruitful approach to consumption must appreciate that consumption always has both symbolic and utilitarian aspects and analyze the changing relationship between the two. Economists could bring tremendous insight to these questions, of a kind that is often missing from the heavily cultural disciplines. But to do so, they must abandon the biases and silences that have characterized the field for the last 50 years.

References


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