

3 Consumption. How to buy and use things responsibly

Consumption is the key to resource-sapping growth, yet also towards more sustainable ways of living. Innocuous and petty as it may seem: What we buy and how we use it has so frequent, immediate, direct and far-reaching consequences on our own lives and the lives of others as well, that its importance compared to other activities can hardly be overestimated. As markets are intruding into almost every aspect of our lives, we find ourselves willy-nilly in the position of “consumer citizens”: people whose buying power is about to outstrip their traditional political power – while at the same time, as consumers, we may fail to live up to the ideals which we value as political beings.

What & how we consume creates immediate & far-reaching, individual and global impacts – and dependencies.

In this ambiguous, challenging context, we will review the old role model of the “sovereign consumer” – where it comes from and what it implies – as an ideal and an ideology. Next, we will look at the ethical problems that are associated with “consumer culture”: in short, that we buy the wrong stuff, that we buy too much, and that we may be nothing but consumers. Then, we will explore the claims and limits of consumer responsibility: what “greed is great” implies and why “cheapville” may eventually cost the world. Finally, we will review consumer sovereignty as a normative ideal and probe its new meaning and potential in the context of “cultural capitalism” and a “moralized market”.

Consumer sovereignty needs to be revamped from an ideology of greed into an ideal of responsibility -- based on the moral right to make good decisions.

Consumption?

The “key role” of consumption that was identified at the outset also marks its basic challenge. From a consumer point of view, it means to figure out how to lead a “good life” that’s at the same time “sustainable” – meaning that it could be the rule for billions of global contemporaries and future generations, in terms of ecological footprint. From a “systems point of view”, the problem is quite similar: How to reconcile the need for increasing growth, when our consumption patterns, already today, are far from sustainable?

There's a basic challenge to our consumer lifestyle: It supports our way of life, yet it's not sustainable.

Collaborative Consumption – the new, *Social Network*-based edition of an old idea: *using without owning* – promises exactly that: A new way of consuming that’s less resource-sapping, making us happier and – on top of that – a growth industry. The future will show whether the buzz about collaborative consumption is justified. Its recent success certainly stems from the fact that it offered a new answer to the question what “consumption” actually is, in the first place.

Economists got used to limit consumption, as a concept, to the aspect of *buying something* – while it is actually (not only etymologically) much more than that. Most fundamentally, all life is based on consumption: It’s about what we take in, as organisms, metabolize and give off through the orifices of our body – our most original and penetrating connection to the outside world (Sorgo 2014). As an *economic* act, it comprises the whole process of acquiring, using and getting rid of something. The “acquiring” part can not only mean buying, but also sharing, passing on, lending, bartering or just giving something to somebody else. And then, consumption is certainly not only about goods and services, but also about infrastructures, “means of production” or “commons” that enable us to do or produce something ourselves.

Consumption means much more than just buying things and using them (up).

In developed consumer capitalism, we need to buy most of what we need – and we need to work for the needs of others: this is very efficient, but it creates dependencies – and it needs to create needs.

So, how come that conventional economics is so focused on the *buying* and blinds out all the rest? Well, it basically has to do with one of its basic tenets: the *division of labour* which – as we saw in the last unit – also inspired the idea of *free trade*. Both imply the actual *decoupling* of consumption from production, which boils down to the effect that 1) an economy gets more productive and capable of satisfying many more needs, while, at the same time, 2) we are less and less able to satisfy those needs ourselves: We are getting increasingly dependent on others to produce what we need, and we need to *buy* it on the market – for the *wage* that we get for the labour that's involved in producing for others. In this process, *what we use has become more or less identical with what we are able to buy*.

So, it does not come as a surprise then that in such a highly complex, differentiated economy – in which most of the production is being “outsourced” to a market economy – the consumer is supposed to play such a crucial role, as its “sovereign”.

The sovereign consumer

“[A]s an ideal consumers’ sovereignty has the same sort of validity as a ballot box decision.” (Hutt 1990 : 311) British-South African economist William Harold Hutt (1899-1988) is credited with having introduced the notion (or at least the *word*) “consumer sovereignty” into economic and political debate, in his 1936 book *Economists and the Public*. In a nutshell, the given quote spells out three things that are characteristic for the concept: it is meant to *legitimate* a liberal market economy, to identify it with liberal *democracy*, and to be a normative *ideal*.

First, in the confrontation with other political economies, consumer sovereignty served as a basic legitimation for liberal market capitalism – already long before Hutt gave it a proper name. This was the case in the times of Adam Smith, whose claim for consumer sovereignty – *avant la lettre* – was directed against the inefficient and illegitimate protectionism, privileges and producer sovereignty of mercantilist state capitalism (Smith 2008 : 501 – cf. also chapter 2):

”Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to only so far as it may be necessary for promoting that of the consumer.“

In Smith's view, the consumers represented the “general interest” and therefore it should be them – not the producers, and not the state – who had the final say about what was produced, traded and sold at what price. The state's major task would be to protect the consumers against the privileges of producers, which basically amounted to deregulation, promising lower prices and more efficiency.

While Smith's argument for consumer sovereignty marks the beginning of the liberal age, Hutt's statement, from a contemporary perspective, was probably seen to mark its coming end – a desperate effort to redeem liberal capitalism in the aftermath of the *World Economic Crisis*, and in view of an apparent economic superiority of socialist and fascist regimes, and of far-reaching state intervention (“New Deal”) and the “Keynesian turn” in the capitalist homelands.

Hutt's outspoken claim for “consumer sovereignty” needs to be seen in this world historic context of an ideological confrontation, in which the three “revolutionary subjects”

“Consumer sovereignty” lies at the very heart of liberal market capitalism: it provides its most fundamental justification.

The “sovereign consumer” is to represent the “general interest” in a market economy – and to guarantee its efficient workings.

of political modernity were to match each other, “bringing history to an end”, as it were: The liberals’ “mass” of consumers was to be pit against the socialists’ “class” of the *proletariat* and the fascists’ “race” of the *folk community*.

Sovereignty in politics, law and everyday life Etymologically, the word “sovereign” was derived from the Latin *superanus*, which literally means “superior” or just “overlying”. The word “soprano” for the highest voice has the same root. In political philosophy, where the concept was first introduced into the modern debate, the “sovereign” is the natural or legal person that holds absolute political power in a state. Different political systems – such as a monarchy, aristocracy or democracy – derive their legitimacy from different sovereigns, respectively. In a democracy, it is the people who are sovereign. They retain all power and may delegate it – in a representative democracy – to elected deputies. Still, in theory, all rights and laws draw their legitimacy from the people’s will.

Sovereignty in this context carries two meanings that are intrinsically tied to each other: Internal legitimacy of power, under constitutional law, and external self-determination as a state, under international law. Actually, a similar double meaning comes up when we refer to somebody as a “sovereign person” in common speech, but also under the law: What it means is that a person is “in control”: not just responsible, but also ready and capable to act on this responsibility, *deliberate* and *liberated* at the same time.

As we will see, “consumer sovereignty” also carries this dual meaning. And as in politics, law, and everyday life, “sovereignty” is a *normative ideal*: Not only does it imply the *duty* to use this sovereignty wisely and responsibly, but also the *right* to use it, which has to be acknowledged and assured by others in order to become a reality.

Secondly, liberal capitalism was to be clearly identified with democracy – that’s what’s being signalled by the mere use of the term “consumer sovereignty”. Indeed, the concept of sovereignty has a much longer history in political discourse (cf. the box on *sovereignty in politics, law and everyday life*). By using it as an analogy, this affinity was to be emphasized. Consumer sovereignty, therefore, from its very beginnings carried a deeply political message: It served to identify capitalism and democracy, consumer and citizen.

As we will see later, this very political dimension of consumption and the analogy of economic and political choice have recently – in a profoundly changed context – found expression in concepts such as *political consumption* or the *consumer citizen*.

Third, consumer sovereignty was clearly seen as an “ideal” that, as such, was supposed to mark the difference to other – politically illegitimate and economically inefficient – systems: an ideal that was closely linked to the models of the *perfect market* and of *economic wo/man*. Indeed, these are the two basic theoretical and ethical premises on which consumer sovereignty is based – up to the present day.

Two ideal premises of consumer sovereignty

Indeed, there’s at least an *analogy* between the concepts of “sovereignty” in politics and economics: With every choice they make, sovereign consumers can be said to “delegate” the supply of goods and services available on the market to the producers. By doing so, they opt for an economic system that’s constituted so as to *assure* their very sovereignty: a liberal market economy (cf. chapter 2). Usually, all three aspects – the “constitutional” vote for the



Consumer sovereignty also served the ideological aim to identify capitalism with democracy.

Consumer sovereignty remains an ideal that’s closely linked to the models of perfect market & economic wo/man.

economic system, the “representative” vote for a particular producer or seller, and the “direct” vote for a particular product or service – do not appear as separate choices, but they are focused in the last aspect: the choice of a certain commodity.

The sovereignty of consumers, therefore, is supposed to assure the efficient allocation of resources in a liberal market economy. To that end, this sovereignty rests on two presumptions, pertaining 1) to the *generation* of consumer's needs and 2) to their actual *satisfaction*.

1) **Consumers need to be sovereign with respect to their *preferences*.** This claim is based on microeconomic consumption theory and its model of *economic wo/man* – the rational, self-interested utility maximizer that's endowed with exogenous, fairly ordered and stable preferences. The sovereign consumer that's modelled after this *homo oeconomicus*, therefore, has to decide rationally, in isolation, and based on perfect information about all possible alternatives. Sovereignty, in this sense, is first and foremost a *theoretical ideal*.

2) **Consumers need to be sovereign with respect to their *decisions*.** Consumer sovereignty is not simply about economically rational or deliberate decisions – it may not be reduced to individual capacities, such as rationality, knowledge or stable preferences, or to the *quality* of those decisions. Sovereignty also depends on the *relationships* between people, the power involved in these relationships and the capacity of consumers to “act out” their preferences in a self-determined way – regardless of their individual properties. Sovereignty, in this sense, is first and foremost an *ethical ideal*.

Theoretical discussions and critique of consumer sovereignty usually focus on the first assumption, claiming that – in real life – consumers are by far not as well informed, as rational and as isolated (“exogenous”) in defining their needs as the theory would require them to be. What these objections do rightly address is the limited *rationality* of consumer choice – which, however, is but one aspect of its sovereignty: For one, even the inability to maximize one's own interests does not necessarily imply a limitation to sovereign decision – nor does it justify its infringement. Similarly in politics, citizens regularly do not live up to the high standards that the theory of democracy ideally would expect them to meet. In both cases, *cognitive* limitations of his sort do not *per se* justify an outright denial or an infringement on sovereignty – it just suggests that every effort be taken to *empower* consumers to be sovereign, which means first of all to provide them with the information and understanding to do so.

Ethical discussions, on the other hand, usually focus on the second aspect, claiming that consumers' preferences in a market economy would be heavily *manufactured* by the producers – the “captains of consciousness” (cf. the box on *the manufacture of the consumer*). While, therefore, *liberal proponents* (such as Smith or Hutt) call for a liberalization of markets, so that consumers could act out their sovereignty, their opponents fear that this same situation would expose them to the organized power of producers – just because preferences (and this objection strikes at the first set of assumptions) may not only change, but *be changed*.

Consumers, ideally, need to be sovereign both with respect to their preferences & decisions – it's both a theoretical and an ethical ideal.

Both theoretical and ethical discussions converge in the claim to provide the necessary means for consumers to make & act out sovereign decisions.



The Manufacture of the Consumer In a classic account on the rise of consumer culture in the 1920's, US historian Stuart Ewen analyzed what he called the “manufacture of consent” (Ewen 1977): An effort, initiated by captains of industry and politics, and scientifically “engineered” by early marketing and PR agents, that was supposed to appease and transform a potentially subversive working class into a “mass” of consumers. According to Ewen, this campaign was not only supposed to meet an economic goal: create a mass market for the mass-produced consumer goods that left the production lines at increasing rates. It was – at least rhetorically – meant to be a cultural and political mission as well. The masses were to be “educated”. This, first of all, meant they had to get rid of traditional values such as thrift, frugality and abstinence – values that stood in the way of this new era of mass production and consumption. In a word of that day, people – as consumers – were to attain “full citizenship” and “culture”, by way of getting their share of this brave new world of mass-produced consumer goods. The material world of mass consumption was to be the forum of *social integration* – over and above all socio-economic, ethnic and political differences.

So, liberals and their critics in this ethical discourse about consumer sovereignty basically disagree on *who actually steers the ship*. Historian Stuart Ewen clearly sees the producers at the steering wheel (Ewen 1977 : 19):

“Beyond standing at the helm of the industrial machines, businessmen understood the social nature of their hegemony. They looked to move beyond their nineteenth-century characterization as captains of industry toward a position in which they could control the entire social realm. They aspired to be captains of consciousness.”

Economist Ludwig v. Mises, on the other hand, in his 1949 *Human Action. A Treatise on Economics*, gives the typical liberal's view of the situation (Mises 1998 : 270):

“The direction of all economic affairs in the market society is a task of the entrepreneurs. Theirs is the control of production. They are at the helm and steer the ship. A superficial observer would believe that they are supreme. But they are not. They are bound to obey unconditionally the captain's orders. The captain is the consumer.”

Interestingly, a few pages earlier, Mises had openly praised the merits of “business propaganda” as a variety of “applied psychology” supposed “to attract the attention of slow people, to rouse latent wishes, to entice men to substitute innovation for inert clinging to traditional routine.” (ibid. : 267f.) It was exactly this “well-financed management of the public response” which John Kenneth Galbraith, one of the most important and longest-serving post-War economists (and critics of “consumer sovereignty”) led to his late reckoning: “Belief in a market economy in which the consumer is sovereign is one of the most pervasive forms of fraud.” (Galbraith 2005 : 15) Galbraith made this statement at high age, shortly before his death. His basic, economic argument against consumer sovereignty, however, Galbraith did develop not long after Mises' praise for the – even if psychologically consulted – *captain consumer*.

Galbraith's basic argument, developed in his 1958 *Affluent Society*, rests on the assumption that needs are actually being molded and “aroused” by production – the so-called the “dependency effect” (Galbraith 1958 : 129):

“As a society becomes increasingly affluent, wants are increasingly created by the process by which they are satisfied. [...] Wants thus come to depend on output. In technical terms, it can no longer be assumed that welfare is greater at an all-round higher level of production than at a lower one.”

Apologetics and critics of consumer capitalism disagree on who really “steers the ship”.

What Galbraith describes here, in the very middle of post-War recovery, is a circular relationship between rising production and consumption, at decreasing marginal utility: a “*squirrel wheel*” in which consumers would be caught by economists and the captains of consciousness. Just the previous year, “muckraker” Vance Packard, in his 1957 *The Hidden Persuaders*, had exposed the subliminal, manipulative practices of advertising and their consequences on mind, society and the natural environment (the latter being the focus of his 1960 *The Waste Makers*).

Our needs, so Galbraith, would increasingly be made dependent on the requirements of industrial production. Consumption, therefore, would actually amount to a mere *function* of production. The aggregate utility of satisfying these “aroused” needs, at the same time, would approach zero. So, what actually was at stake was to operate industrial production at full capacity. This same point was made quite openly by US economist and marketing consultant Victor Lebow, in 1955 (Lebow 1955 : [3]):

“Our enormously productive economy demands that we make consumption our way of life, that we convert the buying and use of goods into rituals, that we seek our spiritual satisfactions, our ego satisfactions, in consumption. The measure of social status, of social acceptance, of prestige, is now to be found in our consumptive patterns. The very meaning and significance of our lives today expressed in consumptive terms. The greater the pressures upon the individual to conform to safe and accepted social standards, the more does he tend to express his aspirations and his individuality in terms of what he wears, drives, eats- his home, his car, his pattern of food serving, his hobbies.

... We need things consumed, burned up, worn out, replaced, and discarded at an ever increasing pace. We need to have people eat, drink, dress, ride, live, with ever more complicated and, therefore, constantly more expensive consumption.”

Consumer culture – in a word – is first and foremost a product of industrial development and capitalist growth, a *product of the producers*, as it were. The same counts when we look at the role we as consumers are supposed to have in that context: Our very *sovereignty* – our needs and the means to satisfy them on the market – may be equally molded by the producers and their marketing machinery. Nevertheless, *as a normative ideal*, theoretically and ethically, consumer sovereignty still has its merits. Not only when it comes to claim the appropriate responsibility of the consumer. But also, and even more so, when it comes to claim the necessary conditions to be met in order for consumers to act out their sovereignty.

Consumer sovereignty, to sum it up, actually is about more than just economically rational or deliberate decisions. It cannot be reduced to individual properties alone – such as rationality, knowledge or responsibility. It just as well addresses relations of *power* between different actors on the market. This said, it is not only a *theoretical ideal* – modeled after *economic wo/man* – but also an *ethical ideal* – modeled after the perfectly competitive free market (cf. Chapter 2). While proponents and opponents may disagree about the *actual* power held by producers and consumers in real markets, the discussion on consumer sovereignty eventually boils down to the claim that consumers certainly *ought* to be sovereign – regardless of their actual individual properties, and within certain limits.

First and foremost, this implies that consumers have a *moral right* to be fully informed about what’s on offer – the more so as markets and actors today do depart from their normative ideals probably more than ever before: Not only do prices fail to be true and transparent – and thus to provide the necessary information. Not only are the goods and

Consumption, in consumer capitalism, increasingly becomes a function and prerequisite of production – it needs to be *produced* to keep the economy running and growing.

Consumer sovereignty often serves an ideological purpose – at the same time, it’s a valuable normative ideal that needs a proper legal framework to provide necessary information, choice & limits.

services on the market being charged with all kinds of *meanings* – which, even though they may seem roughly homogeneous, materially, renders them somewhat “unique” and hard to compare. Also, we as consumers have developed preferences and whole “consumer lifestyles” that are a far cry from the *economic wo/man* of the textbooks. At the same time, claims to change, limit or outright stop our consumption have come to stay. That’s what we will discuss in the next section on *consumer society*.

Consumer Society

In today’s society – probably more so than ever before in history – consumption has become an integral part of our daily lives. More precisely, the consumption of goods and services that are *produced* by others and *traded* on the market has become an integral part of our daily lives.

Indeed, consumption is actually much more than just buying stuff – *shopping*. It basically just means that we make use of some material object or service – regardless of how we got it in the first place. Later on, this more general meaning will be important to reflect upon ways how to consume better – not just in terms of making *better buying* decisions, but also in terms of how we may make *better use* of things. At the same time, this focus on the buying part exposes our focus on objects – some call it an “object fetish” – that may blind us for what we, as subjects, actually do with them: Using your old car in more responsible ways, e. g., will probably turn out to be more eco-friendly than regularly buying the fist-in-class eco-car and driving it at every occasion.

However, our focus on the “shopping part” also tells us something about what’s called the “consumer society”. This notion does not actually convey that we would *use* more things or services – even though this is clearly the case, thanks to the unseen productivity of our economy. Still, “consumer society” first of all simply means that we *buy* more of them. This is actually a telling illustration (or an extension) of Galbraith’s image of the “squirrel wheel”. While Galbraith put the finger on the many “aroused” needs for which new, innovative products and services were supposed to be the answer, many of these needs are actually quite old: Our need for food, for care or for a clean home may be as simple as they can be – still, what’s new in a consumer society context is that these needs are increasingly being satisfied *on the market*.

A generation ago, many of these things – child or geriatric care, the production of food, the preparation of meals and other chores – were still *produced* by the households themselves, i. e. usually by “housewives” who didn’t get paid for this kind of work. This very traditional (modern) division of labour between the sexes – men joined the productive labour force, women did the reproductive housework – has since been altered significantly, in line with individual needs and rights to personal freedom and emancipation, but also in line with the needs of a growing service industry whose ranks needed to be filled.

The satisfaction of needs, in this process, has increasingly been “outsourced” to suppliers on the market, from where we may now “buy back” these goods and services – ready-made or convenience food, child or geriatric care, and other “services close to home” – for good money. So, while the net utility from buying these goods and services may not be bigger than when we still produced and consumed them in the same household, buying them on

Consumption -- meaning to buy stuff that's been produced by others and traded on the market -- has become an integral part of our daily lives, and of our economy.

What's specific about a consumer society is that most of our needs -- material & immaterial ones -- are increasingly satisfied on the market.

the market certainly increased the amount of money around: This way, *welfare in monetary terms and economic growth is being generated* – all the more so since, in order to get the extra money needed to buy all these things, we also need to earn more.

Consumer society is based on an ongoing commodification of our needs – and, at the same time, on the very production of needs.

Therefore, in more general terms, consumer society – and notably the economic system on which it is based – rests on a peculiar dynamics that feeds from an increasing *commodification* of more and more of our needs and realms of life, their inclusion into and satisfaction through the market: *their transformation into commodities*.

When it is true that capitalism – as an *ideal type* – is not about the production of goods, *but profits*, then we may agree with Benjamin Barber's polemical stance that “consumer capitalism” doesn't actually produce goods, *but needs* (Barber 2007 : 18). Therefore, efficient consumption is at the same time a *function* (when we recall Galbraith) and a *prerequisite* of a constantly growing economic system.

In a consumer society, we tend to need more & produce less of it ourselves – so we grow increasingly dependent on consumption, individually and as a society.

So, there is actually a growing *mutual dependency* there between production and consumption. What's even more important, from the consumer point of view: In a consumer society, on average and in the long run, we tend to *need more and produce less of it*. So, we are growing increasingly dependent on markets to satisfy our needs. All the more so since it is no more only material needs that we long to satisfy on the market, but increasingly *immaterial* needs as well. We get back to that in a second.

If we try to pin down what a consumer society actually stands for in a more systematic way, we can do that based on three observations: We tend to give – on average and in the long run – *more money, more time and more room* to consumption.

More money to consume This observation is based on statistics that show that “consumer spending” – in Austria, on average and in the long run – is on a constant rise. While these figures may conceal the growing inequality in income and wealth, they still show that we are spending more money every year on consumption (cf. Table 1 – numbers taken from *Statistics Austria*).

In a consumer society, we tend to have more money available for things that we “actually don't need”.

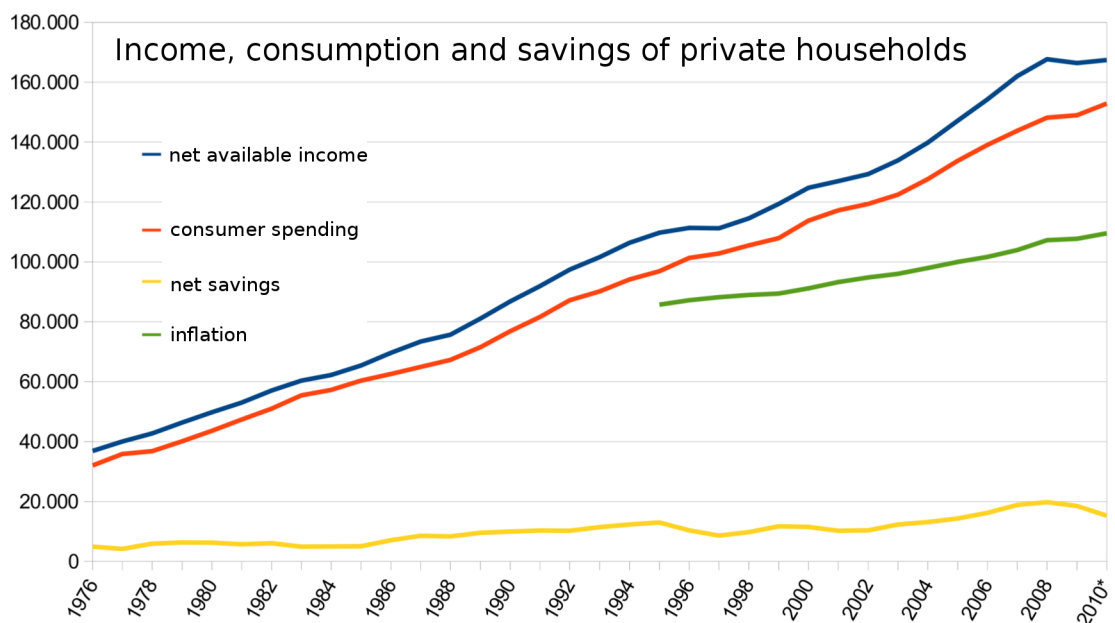


Table 1: Income, consumption and savings of private households

At the same time, and probably more striking, the share of money that's spent to satisfy our basic needs (such as food, clothes and shelter, including furniture) is already below 50% and decreasing. Notably, the share of money spent on food and non-alcoholic drinks is on a constant decline: It's down to just 12%, already less than what we spend on hobbies and leisure activities (numbers taken from *Statistics Austria*, for 2009/10).

In a consumer society, then, there's increasingly more money "freely available", i. e. disposable for consumption that transcends the satisfaction of our most immediate needs. We may spend an increasing share of money for things that we do not "really need". Actually, what do we "really need"?

What are "real needs"? Much of the critique of consumer capitalism rests on a distinction between what are "real" or simply "aroused" or "false" needs. Such a distinction is not only difficult, but really problematic, because it may likely be based on an overly static, essentialist idea of wo/man – and on a somewhat elitist attitude. Indeed, it may be said that – beyond our need for food and drink, shelter and sex – there are no "false" needs, but only "cultural needs". Where these needs come from – whether they've come from "within ourselves" or been "aroused" by the advertising machinery – is not important from an ethical point of view. *What really counts is what their satisfaction involves.*



More time to consume There's a general suspicion there that we spend increasingly more time with "shopping" – even though it's become much easier and actually less time-consuming to get what we want. Shopping has become a popular *leisure activity*: Increasingly, it is not a mere means to "do the shopping", but to "go shopping" has become a *pastime*.

Indeed, the numbers – taken from the "time usage statistics" for the years 2009/10 issued by *Statistics Austria* – do somehow affirm this suspicion: Accordingly, we spend more time with shopping, including ways (33 minutes/day, Monday till Friday) than with friends and family (24'/d), actively with our children (31'/d) or even with making phone calls (5'/day).

Even if these numbers may seem somewhat implausible, they show a clear tendency. Shopping has become an integral part of our lifetime: If we sum it up, we spend roughly *six days non-stop every year with shopping*.

More room to consume As mentioned earlier, while our needs have constantly grown, our capacity to satisfy them ourselves – by our own work – has decreased dramatically at the same time. Private households have almost completely lost their function as important economic units that do not only consume, but also at least in part produce what they need for themselves. This means that we have grown increasingly *dependent on consumption*.

This does not merely concern the material goods and services we have become used to need to lead good lives. We have become used to look at the market to satisfy many of our "immaterial" or "ideal" needs as well. And there is indeed a market that promises to match our longing for recognition, individuality, identification, authenticity, status and self-value. It consists of goods and services that are being charged with "cultural" meaning and values. They convey a certain "lifestyle" that may be consumed.

In a consumer society, we spend a lot of time with buying things – and deliberately so.

In a consumer society, we give more room to the market – and what we buy & have stretches into what we are (or wish to be).

Problems and Critique of Consumer Society

Indeed, this aspect of consumer society – *that we may buy who we wish to be* – was probably the first to be criticized, by cultural pessimists: The classical polemic against such *consumed identity* is Thorstein Veblen's 1899 *The Theory Of The Leisure Class* (Veblen 1953). It was basically a sarcastic critique of what he called “conspicuous consumption”: consumption that basically served the need to distinguish oneself by the mere possession of certain status symbols or “positional goods” – today these are also called “Veblen goods”. Over the 20th century, and with the rise of consumer society, what used to be a rather aristocratic attitude and linked to class status has since been “democratized” and become general practice. Today's status symbols are less linked to class than to certain “lifestyle communities” that cut across the class lines. Still, this new, generalized *consumer lifestyle* faced quite similar critique – such as in Erich Fromm's 1976 seminal polemic *To Have or To Be* (Fromm 1976): As consumers, who we are in other realms of life would be increasingly replaced by what we *have* – by what we are able to buy.

In a consumer society, we would lead increasingly superficial, estranged lives – lives that come “off the shelf”: We'd be *nothing but consumers* & should strive to *become more subsistent*.

So, this is probably the most fundamental ethical critique that can be brought forth against consumer society: When markets are becoming our dominant social reality, when consumer goods are becoming our dominant symbols for identification, and when consumption is becoming the dominant means to take part in this system of objects, then we will define ourselves predominantly through what we buy: We are then nothing but consumers – that's why, so the critique goes on, we are so obsessed with the acquisition, possession and use of stuff. The opposite claim would be to be (more) *subsistent*, i. e. to regain some of our capabilities and our independence, to produce ourselves, to reconcile what we are with what we do.

The second problem with consumption, and the one that's probably the most prominent one today, is the problem that *we consume too much*. According to this objection, our ecological footprint is way too big, we produce way too much garbage, and we deplete our planet's resources – in short: Our consumer lifestyle cannot be generalized, it cannot be sustained. The opposite claim would be to be (more) *sufficient*, i. e. to buy less, to do without a lot of stuff, and thereby to decrease our ecological footprint.

In a consumer society, we would *consume way too much* & should strive to *become more sufficient*.

The third problem is that *we consume the wrong stuff*. According to this objection, we buy stuff that's produced in non-sustainable ways, because it's production violates human rights, basic workers rights and animal rights or it damages natural habitats and depletes natural resources. The opposite claim would be to *substitute*, i. e. to opt for alternatives – such as fairly traded goods, organic or “sweatshop-free” products – that do not produce the same problems.

In a consumer society, we would *consume the wrong stuff* & should strive to *substitute it with better alternatives*.

The Problem with Greed

Consumer society promises *a better life through consumption*. It provides us with a constant flow of “innovations” that meet our insatiable need for newness, excitement and diversity – and lets us have our share in the “progress” of society. Still, the gap between what's on offer and what we can afford to buy is getting bigger – this phenomenon is called *multi-optionality*. It basically means that we have to decide how to further increase our utility when our basic needs are satisfied, when options are abundant yet our means limited.

The more there's on offer, the higher the opportunity costs – and the more we strive to consume “more efficiently”.

So, this also means that deciding for one option implies forgoing another option. What's at stake is to minimize "opportunity costs". The most promising strategy to do so is going for the lowest price. It will likely let us realize most options at the same time, therefore reducing opportunity costs and maximizing utility. The preference for the lowest price is the most *efficient* way to consume. Therefore, price sensibility is a basic tenet of classical consumer sovereignty – and of the ethics of the market (cf. chapter 2).

This is exactly what the *greed is great* mentality stands for. While there are many ethical objections that can be made against this peculiar "ethos" (cf. the box on *Why "Greed is great" – or not?!*), what's basically wrong with it is that – while it's poised to follow the role model of the sovereign consumer (a.k.a. *homo oeconomicus*) – the market in which it operates is by no means perfect. So, this kind of sovereignty is actually heavily skewed and to be refused from a wider ethical perspective.

Why "Greed is great" – or not?! The slogan "greed is great" ("*Geiz ist geil!*") was coined by the electronics chain Saturn in a 2002 advertising campaign. It immediately sparked a lot of critique for its – even if ironical – homage to greed. However, it is a classical expression of consumer sovereignty – at least as concerns the *individual* properties of a sovereign consumer, a.k.a. *economic wo/man*: "Greed is great" – seen that way – inasmuch as it helps to keep down opportunity costs, is utility-maximizing and therefore *efficient*. From a narrow ethical perspective, it promises the enjoyment of the freedoms of a developed market economy.

For authors such as David Bosshart, this "cheap mentality" is the true expression of consumer sovereignty and actually what he calls "consumer democracy" (Bosshart 2004 : 11): It is by way of consumption that people – other than in a political, representative form of democracy – can take their own lives in their hands in a most direct and immediate way. *Greed is great*, as a motto, therefore, still bears a trait of subversive self-empowerment in a *cash nexus* society where people don't have much to give – and still want to lead the good life that consumer culture promised them.

At the same time, *greed is great* stands for a narrowly egoistic, non-solidary kind of emancipation. There are actually several other ethical objections that can be made against this mentality:

- For one, it may likely be that – however egoistic and seemingly "natural" it may seem – *greed isn't self-determined*, but rather itself the product of marketing and the theory of *economic wo/man* behind it. This, of course, is a tough question to answer.
 - Second, it may be that – however utility-maximizing it may seem – *greed does not make us happier*. It actually reminds of the Sisyphus-like, desperate and actually pathological longing for happiness that's so characteristic for "shopping addicts". So, buying and owning stuff – by way of extending ourselves quite *into* these objects or by owning more than others – may increase our happiness for a while, but not for long – and certainly that's not all that counts.
 - Third, *greed is unjust*, because of its exclusive focus on price. In theory, of course, price is supposed to cover all the information necessary to make a sovereign decision, and it is supposed to be fair as well. In real life, however, prices do rarely cover the "true costs" of production, but these are being externalized to third parties to the effect that neither the seller nor the buyer – but others – have to pay these costs.
 - Fourth, and finally, *greed is irresponsible* just because it is ignorant or indifferent about its own consequences – about what it does to others. Therefore, in a world (and a market) that's so imperfect as ours, this is not an ethos that could be generalized. In other words, it's *not sustainable*.
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Iff markets really were perfect, *iff* price therefore covered all the costs of production, then it would probably be “morally o.k.” to be greedy. Since we live in an imperfect world, however, stubbornly following one’s own interests is not the right strategy to act in a morally right and responsible way. Greed is actually heavily *subsidized* by others – those who have to pay its true costs.

Cultural Capitalism

Goods, however, do not only differ in price, but also with respect to quality. The standard model of the perfectly competitive free market rests on the assumption that goods are sufficiently homogeneous – which means that quality is a given, while the really important information is price. While this may have been an oversimple assumption already back then when liberal market theory was still new, it really does not have much to do with the reality of markets in today’s highly developed consumer capitalism (cf. the following box on milk as an example for this).

The more complex, intransparent and heterogeneous a market becomes, the less does it suffice to be just efficient.



Milk may be homogenized – but is it a homogeneous product?! Just think of the dairy section of your preferred supermarket: How many varieties of what’s generally called “milk” will you find? There’s milk with different fat content, milk that does not contain lactose, organic milk, so-called “hay-milk”, milk that’s pasteurized and/or homogenized or not, so-called “fresh milk” and milk that has an “extended shelf life”, milk from the region, milk that’s supposed to be “fair” – you name it.

So even if there’s such a thing as “homogenized milk”, you couldn’t say that “milk” is a homogeneous product. Indeed, there are many different varieties or *qualities* of milk that are supposed to justify a particular price. And what these qualities are, if and why they are important, and how much we are ready to pay for them – all these things are actually contingent on social or more particularly *cultural* factors and developments in a given society.

The importance of *brands* is a good general example for what this means. Brands are not just name tags. They rather act as *symbols* for what a company and its products are supposed to stand for. This may comprise particular values or virtues associated with a brand. In general, however, brands just formally warrant some kind of continuity, unity and integrity – something which we as consumers may “count on” and identify – regardless of what this may be in particular.

Brands are symbolic expressions of our post-modern longing for consumer goods to provide some kind of belonging.

Brands, therefore, represent some kind of *immaterial “added value”* for which we may be ready to pay more than what the material quality of an object (its “utility value”) alone would justify. Actually, brands have become increasingly important with the rise of consumer society – a society where other forms of (involuntary) belonging, such as religion, kin or nationality are on the retreat. There’s an “identity void”, as it were, that at least in part may be filled by leading a particular “consumer lifestyle”. Buying branded goods is one important aspect of it.

Actually, when we look at the respective “brand equity” of major companies, it’s interesting that brand value is actually *relatively* independent of market value or size of a company. It actually seems to be highly emotional – something which branding heavily focuses on – and contingent on whether we are ready to *identify* with the companies

behind: While high-tech companies such as *Apple*, *Google* or *Microsoft*, which are commonly being associated with innovation and the future, have particularly high brand values, oil companies such as *Shell* or *BP* – while much bigger and more profitable – have relatively small brand values. Obviously, fewer people do actually identify with what an oil company stands for: pollution, problems and the past.

This sheds light on the fact that *identification* – an emotional relation and trust in the brand and what it stands for – is a major prerequisite for brand value. Brands, in return, provide us with meaning, and to identify with them may allow us to *define* ourselves as a particular kind of person in relation to others – through *what we buy*.

The growing importance of brands can be seen as an indicator of a “culturalization” or a cultural “re-embedding” of the economy. It means that cultural values enter into economic decision-making, because they become part of the very quality of goods and services that we buy and sell on the market. While many of these values may actually be called “post-materialistic”, they are nonetheless linked to material objects – *commodities* – which we buy on the market.

Growing numbers & importance of brands indicate an ongoing culturalization of markets, when immaterial values are being commodified.

What’s been called “cultural capitalism”, then, is nothing but a variety of consumer capitalism at a more developed stage. When most basic, material needs are met in an economy – on average and in the long run – it is the immaterial, “cultural” needs that become increasingly important (Misik 2007). Cultural capitalism, therefore, marks a breach in the development of consumer capitalism.

Other than original, uniform mass-consumption, which was based on material, tangible qualities (“utility value”) and price, the new “cultural consumerism” longs for post- or immaterial needs: for individuality, belonging, distinction and so on. “Conspicuous consumption” and “positional goods”, therefore, are no longer the privilege of a small elite, but they have become “democratized”, part of a new, highly diversified type of mass consumption.

The Moralization of Markets

The rise of *brands* – as foci for corporate identity and identification on the part of consumers – marks the rise of cultural capitalism and the new consumerism in its wake. This allows companies to skim extra profits from immaterial added value on their products. At the same time, brands have made companies also more vulnerable (cf. Chapter 2).

Cultural capitalism opened the door for moral preferences to assert themselves on the market.

From this perspective, the “culturalization” of the economy has been a door-opener for a “moralization of markets” that’s supposed to be under way in developed economies. The example of the “hen’s egg” (cf. the box *The Egg of Columbus Consumerism*) illustrates – *in an egg shell*, as it were – what’s involved for consumer sovereignty to become a real force to bring about a change to the better. What it also shows, on a more general level: What we define as “quality” is nothing that’s fixed – but subject to change in the context of cultural meanings, social movements, political decisions and economic calculations. And finally, brands and labels actually work in a very similar way: as symbols of trust.



The Egg of Columbus Consumerism A hen's egg may seem to be a fairly simple product. However, as we already saw earlier, in the case of milk, things can become really complicated when we look closer, *right into* a product. In the "egg case", let's see what different "layers" of quality can be distinguished.

- From the outside, it's fairly easy to check properties such as size, weight, colour (important around Easter) and intactness of the egg. Some people say they are able to hear the freshness of an egg simply by shaking it and listening. All these things, therefore, are accessible to our *sensory perception from the outside*: they can be seen, felt or even heard. Taken together, they make up the so-called "*inspectional*" or *observable properties* of an object.

- The particular taste of an egg, the colour and size of its yolk, however, are not accessible from the outside. To check that, we would have to crack the egg – which we usually don't do in a supermarket. We may however remember, from earlier experience, how eggs of a particular brand or origin performed. These *remembered sensory experiences* of properties that are not immediately observable at the point of sale we may call the "*experiential properties*" of an egg.

- Where the egg actually comes from, how the hens lived, what they were fed, and how the eggs were traded and shipped to the store – these and many other things we would probably like to know are definitely *beyond our personal scope of perception*. All these aspects of quality that we usually can't check ourselves make up the so-called "*fiduciary properties*": We have to trust others – the producer, the seller, or some third party issuing a certification.

While the first two sets of properties actually concern the immediate material qualities of the egg – everything that we may perceive with our own senses – the last set of properties actually concerns how it was produced – which may indeed make no difference (at least none which we could see, taste, hear, feel or smell) in the actual product. Nevertheless, these properties may matter – and in the egg case, they really do. The hen's egg shows – in an egg shell, as it were – how new properties of quality develop, become relevant and important in a process which eventually may change a whole industry. When, several years ago, price and material quality (the first two layers) provided sufficient information for consumer choice, the situation has changed dramatically: Today, fiduciary qualities that are actually mostly *immaterial* have become at least as important for a substantial part of Austrian consumers.

How did this change come about? Well back into the 1980s, animal rights groups had sparked a public debate on battery-cage eggs. Slowly, the movement gained momentum when more and more consumers worried not only about hen welfare, but also about their own health, due to frequent salmonella infections. First egg producers began to adapt their facilities and to offer "cage-free", "free run" and "free range" eggs. In 2004, the EU introduced a compulsory labeling scheme according to which every egg had to be stamped with a 10-digit code indicating among other things the origin and type of breeding. Finally, in 2007, after increasing pressure by animal and consumer rights groups, major retailers committed themselves to ban battery-cage eggs from their shelves. In 2009, the Austrian government outlawed the production battery-cage eggs in Austria – even though not their import from other countries.

The egg case can serve as a role model for how consumer-driven change to the better may come about. However, while altered consumer choice was certainly a major factor in this process, it had to be channelled and supported by other players, such as animal rights groups, the legislator, certification bodies, the producers and not least the major retailers.

At the same time, the egg case also shows how very contingent such changes are on particular circumstances – and indeed how inconsistent, selective and limited our moral attitudes usually are. So, e. g., until very recently, relevant laws, self-commitments and consumer sensibilities were focused only on hen's eggs in their shells, while cooked, colored or processed eggs (in cakes and pastries, but also in restaurant

meals), other birds' eggs (such as quails'), but also hens that didn't lay eggs and all other species (such as pigs or cows) bred for eating were for some reason exempt from such moral considerations.

What's more, the egg case also serves to show that labels are often charged with meanings they really don't have – and that, quite plainly, the Austrian egg industry (and that's what it is) is far from perfect: The organic eggs we buy, e. g., may come from high-performance, hybrid bred hens that share the barn with thousands of their peers, and that may never get the chance to breathe fresh air, see the sun or scratch for worms – not even once in their short lifetime. If they are so unlucky as to be born as males, they usually don't even live more than a few hours after they hatched from the egg. That's a reality that the fiduciary property “organic” and its associated labels don't convey – even if all this is perfectly compatible with its formal definition (Arvay 2012).

The above “egg case”, after all, is a good illustration for what a “moralization of markets” (Stehr 2007) implies – what it rests on, and what its limits are. In more general terms, this process is based on mainly demographic changes in developed economies: People – on average and in the long run – are richer, better educated and more informed than ever before. This allows them to develop “moral preferences”, to make them heard and to pay the price to realize them on the market. This way, these “moral consumers” – according to the theory – would initiate a process in which not only products and services (in which these preferences are being “embedded”), but also economic motives would eventually become more “moral” altogether. The “moralization of markets”, therefore, amounts to a partial “re-embedding” of markets in the surrounding “moral economy”. And it discards the old model of amoral economic man to the dustbin of history.

Indeed, apart from the “egg case”, the growing markets for organic and fairtrade products may also serve as proxies for the observation of a steady moralization of markets. Indeed, both experienced consistent and substantial rates of growth over the years (cf. the box on *The Rise of the Organic and Fairtrade Market*).

The Rise of the Organic and Fair Trade Market Overall sales of organic food in Austria amounted to €331 mio. in 2012, which meant a 36,4% increase since 2008 and a 9% increase from the previous year. Eggs, again, proved to be the most popular organic product, with a market share of 18%. Sales of Fairtrade certified goods at the same time grew 7% to reach €107 mio. In 2012. Here, the most successful product is the banana with a market share of 20-25% (2009/10).

When we put the figures in context, however, the situation looks slightly different. With €15 bio. spent on foodstuffs every year (2010), sales of organic food amount to just 2%, Fairtrade labelled goods to just 0,5% of the relevant markets. So, even if organic and fair trade markets continue to grow at same rates, it will take a very long time until the product qualities they represent has become standard. Compared to the continuous two-digit growth rates of discount lines, finally, the trends towards organic and fairtrade products seem even more modest.

(Sources: RollAMA and Fairtrade Austria)

Market statistics, quite plainly, draw a much more ambiguous and sobering picture. There's not only a trend towards “consumer activism” – that's what the growth rates of “moral” product lines suggest. There's also an even bigger trend towards what could be called “consumer actionitis” – a frenzy for cheap bargains that's being mirrored in the

There's a “moralization of markets” going on in some countries, strata and industries – and to some extent.



growth rates of discount markets (cf. the box on the *The Rise of the Organic and Fairtrade Market*).

The Politicization of the Portemonnaie

Nevertheless, there's not only serious talk of a moralization of markets, but also of a “politicization” of consumption. Proponents of such a “shopping revolution” purport that, just when markets are intruding into all aspects of our lives, when companies are gaining political power and actually becoming political agents, and when traditional politics is losing ground, consumption is to become political (Busse 2006; Lamla 2013).

When our lives are increasingly being dominated by markets, we need to re-invent ourselves as sovereign consumer citizens that make responsible buying decisions that match our political and moral values.

Proponents of political consumerism claim a new consciousness to match our hybrid situation as “consumer citizens” who, along with their increased political power, also bear a great responsibility for their consumer behaviour. The consumer, therefore, again (just as in the early market liberals' view) takes on the role of a “revolutionary subject” bound to bring about change. Other than in the times of Adam Smith, however, this political claim is far more explicit. Other than in conventional talk of “consumer democracy”, this one isn't limited to the old, egoistic and price-focused model of the sovereign consumer: It's a far cry from the belief that “greed is great”.

Today's “consumer citizens” ideally want to keep true to their political and moral principles and realize them on the market – just because using their buying power seems to them more effective in many cases. Still, this strategy is not meant to be a *substitute* of traditional politics, but rather a *complement*.

Political consumers of this new type do not rely on price alone, but also on certificates and labels that *signal* that certain producers are indeed striving to internalize costs, and that their products and services therefore justify a higher price. Labels for organic, fairly traded or regional products, therefore, are nothing but *information crutches* that are supposed to make up for the shortcomings of the price mechanism.

Critique of the new political consumerism, on the other hand, has focused on the somewhat sloppy analogy between consumer choice and political votes (Hartmann 2009).

- First and foremost, on a market, those who have more money have more say – which is not compatible with a basic tenet of democracy: *One wo/man, one vote*.
- Second, the inconsistency of supposedly sustainable consumer lifestyles has been criticized, particularly the enlightened hedonism attributed to the so-called “Lifestyle of Health and Sustainability”: The *LoHaS* belief to save the planet and have it all at the same time would actually be ineffective and self-serving wishful thinking.
- Third, and linked to that, the new political consumerism would eventually increase the “moral” gap between the “haves” – well endowed to signal their responsibility – and the “have-nots”, whose ecological footprint, e. g., might actually be better, but who didn't have the means to distinguish themselves morally. Eventually, they would also be abased morally.

Therefore, the question of political consumerism has yet to be settled. Certainly, what the ideal of consumer sovereignty still has to say: Not only do consumers have a certain responsibility – that's a no-brainer. First and foremost, however, they have to be *empowered* to make deliberate, good decisions.

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