

The Steady State Economy Conference

Working Towards an Alternative to Economic Growth

Policy Proposal

Workshop 7: Changing Behaviour (the Psychology of Consumerism)

Author: David Fell

Question: How can behaviour that is supportive of a steady state economy be encouraged?

1. Background

A1 The problem and its consequences

Consumer spending typically accounts for around two thirds of economic activity in the developed economies. The pattern of consumer behaviour thus significantly dictates the behaviour of an entire economy. Growth in consumer spending and economic growth are inextricably linked.

The character of consumer spending has evolved continuously since it appeared as an economic concept in the mid 18th century; contemporary ‘consumerism’ – broadly, a social norm that gives pre-eminence to a set of values associated with ‘consuming’ rather than ‘doing’ or ‘being’ or ‘producing’ – emerged in the 1960s and has come to be seen in many quarters as a dominant driver of behaviour by individuals, corporations and governments.

Consumerism has been the subject of continuous critique by economists and other social scientists for at least a century: from Thorstein Veblen’s coining of the term ‘conspicuous consumption’ at the end of the nineteenth century through twentieth century critiques from J K Galbraith, Tibor Scitovsky and Robert Frank to more recent perspectives from Oliver James, Clive Hamilton and Kate Soper. Work in the field of behavioural economics – from Schelling, Kahneman et al – has provided a new and powerful perspective on the issue.

Broadly, the negative consequences of consumerism can be summarised as:

- it is a behavioural paradigm (“more”) that is fundamentally inconsistent with a situation in which material resources are finite
- it is a behavioural norm comprising an unsustainable ‘hedonic treadmill’, in the service of organised capital, in which happiness or fulfilment for individuals is
- perpetually transitory and which may, in fact, contribute significantly to widespread mental ill-health

- it co-creates and reinforces systemic inequality both within and between nations and communities

This triumvirate is the basis for my work-in-progress on ‘The Economics of Enough’ and the remainder of this paper draws heavily on that work.

B1 A possible solution and its advantages

I contend that an alternative model would not comprise merely a series of incremental adjustments to the prevailing orthodoxy (viz restrictions on advertising, promoting more durable products etc); nor could it consist of strongly enforced restrictions on ‘consumer choice’ (the history of such efforts, such as Prohibition, is a litany of the failure to address underlying demand).

Instead, I argue that a pattern of consumption that would be consistent with a steady state economy – a post-consumerist model – would be one in which the vast majority of citizens are routinely choosing *enough* rather than *more*. Enough would be an immanent feature of their value set, underpinning their choices and providing the infrastructure of a new social norm. As an underpinning parameter, a change in values of this kind would in turn drive further changes that would be consistent with a steady state: reduced resource consumption, improved psychological well-being and reduced inequalities would emerge as an outcome.

A revolution in values of this kind is unlikely to happen quickly or easily – there are multiple vested interests arraigned against such a change, and anxieties about the possible consequences of such change permeate society from the level of individuals through to national and international organisations – but I want in the remainder of this talk to sketch out some of the means by which such a revolution could be brought about.

2. Proposal

A2 Analysis & observations

As a ground for developing propositions for how to effect the kind of change I have described, I want to make a brief set of analytical observations about the current character of consumerism and the operation of the contemporary economy:

- The economy is a **complex, open, dynamic system** that is subject to evolutionary processes of change. It is not a mechanistic equilibrium-seeking entity comprised of rational agents in pursuit of maximisation. It is, rather, an organic entity, organised as a complex, hierarchical and overlapping set of networks in which patterns and distributions at any given point in time are the outcome of historic competition between institutions with variable size, power and purpose.
- Within this structure, the objectives of any given institution are in large part **emergent properties** arising from the number, character and organisation of its constituent parts, and these objectives are not merely the aggregated sum of the objectives of those constituent parts. This is an ordinary though not fully understood

feature of complex systems. Often, and within certain limits, the emergent objectives of larger/more powerful institutions can be inimical to the objectives of smaller/less powerful entities (including individuals).

- **‘Social norms’** can be conceptualised as the emergent property of social groups; and they are enormously powerful determinants of behaviour. More-or-less codified, they comprise a set of rules that dictate the space within which the social animal *homo sapiens* is free to operate. Social norms are perpetually evolving; and the manner of their change can be conceptualised as the process by which innovations do or do not diffuse through network structures.
- The contemporary social norm of consumerism has evolved over the past few decades in such a manner that it dictates significant portions of behaviour (not just consumption) for significant number of individuals in the developed economies. **Not all individuals, however, and not all behaviours, are subject to this norm.** Older people, for example, tend to spend less of their income on ‘things’ and more of their income on ‘experiences’ [which, other things being equal, tend to have lower material impact]; widespread behaviours such as reading, meditation, angling and communing with friends do not normally figure as part of the consumerist nexus; while modest numbers of individuals choose to live alternative lifestyles, having ‘downshifted’ or chosen to live ‘off grid’. These cohorts, behaviours and alternative lifestyles may contain useful lessons – both positive and negative – for how mass behaviour of ‘enoughness’ might be brought about.

B2 *Mechanisms for change*

Against such a background, a revolution in consumer behaviour of the kind consistent with a steady state economy would consist of the rapid and effective diffusion of new values through the manifold networks that comprise contemporary society. This is a system-wide issue that would entail multiple points of influence, much of which would be beyond the remit of government. Here, I identify just a few mechanisms that could potentially contribute to this process:

- **influential individuals** – influential individuals occupy pivotal positions in social networks and are key figures in the processes by which new norms emerge and diffuse through those networks. Such individuals – who are influential in a generic sense and are by no means synonymous with either ‘environmentalists’ or ‘activists’ – need to be recruited as agents of change
- **community activism** – organisations with objectives that challenge or contradict consumerism need to be supported and/or encouraged both to expand their membership and to transmit their insights and values to other homophilic entities
- **promotion of alternative hedonism** – non-mainstream media should/could be used to promote the benefits of non-materialistic lifestyles at specific target groups in a pro-active manner

- **enabling new forms of institution** – a particular role for the State lies in creating the enabling infrastructure in which new forms of corporate and civic entities (e.g. organisations that manage assets for the purposes of delivering long run well-being to asset owners, rather than delivering short-run financial returns to managers) via land-use planning, innovative taxation arrangements, new classes of legal vehicles, and so forth
- **over-coming resistance** – resistance to the scale of change implied is sure to come from, in particular, large corporations, as well as mainstream elements of the State; mechanisms to overcome that resistance (consumer boycotts; support for new forms of enterprise; organised media campaigns; political lobbying; and so forth) would need to be developed and enacted.

3. Information Resources

Selected potentially useful references include:

- “The Affluent Society”, JK Galbraith (1952)
- “The Joyless Economy”, T Scitovsky (1992)
- “Choosing the Right Pond”, R Frank (1985)
- “Affluenza”, O James (2007)
- “All Consuming”, N Lawson (2009)
- “Growth Fetish”, C Hamilton (2004)
- “Micromotives & Macrobehaviour”, T Schelling (1978)

See also:

The ESRC-funded ‘Cultures of Consumption’ programme 2002-2007, including work on ‘alternative hedonism’ at <http://www.consume.bbk.ac.uk/index.html>

Tim Kasser’s work on materialism via <http://faculty.knox.edu/tkasser/>

David Fell’s work on ‘The Economics of Enough’, still in draft form but emerging in dribs and drabs at <http://economicsofenough.blogspot.com/>

Behaviour change resources at:

www.brooklyndhurst.co.uk

<http://www.surrey.ac.uk/resolve/>

<http://www.defra.gov.uk/environment/business/scp/evidence/theme3/sustain-consump.htm>