The Dubious Rewards From Consumption

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The avarice of mankind is insatiable," wrote Aristotle 23 centuries ago, describing the way that as each desire is satisfied, a new one seems to appear in its place. That observation forms the first precept of economic theory, and is confirmed by much of human experience. A century before Christ, the Roman philosopher Lucretius wrote: "We have lost our taste for acorns. So (too) we have abandoned those couches littered with herbage and heaped with leaves. So the wearing of wild beasts' skins has gone out of fashion....Skins yesterday, purple and gold today--such are the baubles that embitter human life with resentment."

Nearly 2,000 years later, Leo Tolstoy echoed Lucretius: "seek among men, from beggar to millionaire, one who is contented with his lot, and you will not find one such in a thousand....Today we must buy an overcoat and galoshes, tomorrow, a watch and a chain; the next day we must install ourselves in an apartment with a sofa and a bronze lamp; then we must have carpets and velvet gowns; then a house, horses and carriages, paintings and decorations."

Contemporary chroniclers of wealth concur. For decades Lewis Lapham, born into an oil fortune, has been asking people how much money they would need to be happy. "No matter what their income," he reports, "a depressing number of Americans believe that if only they had twice as much, they would inherit the estate of happiness promised them in the Declaration of Independence. The man who receives $15,000 a year is sure that he could relieve his sorrow if he had only $30,000 a year; the man with $1 million a year knows that all would be well if he had $2 million a year....Nobody," he concludes, "ever has enough."

If human desires are in fact infinitely expandable, consumption is ultimately incapable of providing fulfillment--a logical consequence ignored by economic theory. Indeed, social scientists have found striking evidence that high-consumption societies, just as high-living individuals, consume ever more without achieving satisfaction. The allure of the consumer society is powerful, even irresistible, but it is shallow nonetheless.

Measured in constant dollars, the world's people have consumed as many goods and services since 1950 as all previous generations put together. Since 1940, Americans alone have used up as large a share of the earth's mineral resources as did everyone before them combined Yet this historical epoch of titanic consumption appears to have failed to make the consumer class any happier. Regular surveys by the National Opinion Research Centre of the University of Chicago reveal, for example, that no more Americans report they are "very happy" now than in 1957. The "very happy" share of the population has fluctuated around one-third since the mid-fifties, despite near-doubling in both gross national product and personal consumption expenditures per capita.

A landmark study in 1974 revealed that Nigerians, Filipinos, Panamanians, Yugoslavians, Japanese, Israelis, and West Germans all ranked themselves near the middle on a happiness scale. Confounding any attempt to correlate material prosperity with happiness, low-income Cubans and affluent Americans both reported themselves considerably happier than the norm, and citizens of India and the Dominican Republic, less so. As psychologist Michael Argyle writes, "There is very little difference in the levels of reported happiness found in rich and very poor countries."

Any relationship that does exist between income and happiness is relative rather than absolute. The happiness that people derive from consumption is based on whether they consume more than their neighbours and more than they did in the past. Thus, psychological data from diverse societies such as the United States, the United Kingdom, Israel, Brazil, and India show that the top income strata tend to be slightly happier than the middle strata, and the bottom group tends to be the least happy. The Upper classes in any society are more satisfied with their lives than the lower classes are, but they are no more satisfied than the upper classes of much poorer countries--nor than the upper classes were in the less affluent past.

Consumption is thus a treadmill, with everyone judging their status by who is ahead and who is behind.

That treadmill yields some absurd results. During the casino years of the mid-eighties, for example, many New York investment bankers who earned "only" $600,000 a year felt poor, suffering anxiety and self-doubt. On less than $600,000, they simply were unable to keep up with the Joneses. One despondent dealmaker lamented, "I'm nothing. You understand that, nothing. I earn $250,000 a year, but it's nothing, and I'm nobody."

From afar, such sentiments appear to reflect unadulterated greed. But on closer inspection they look more like evidence of humans' social nature. We are beings who need to belong. In the consumer society, that need to be valued and respected by others is acted out through consumption. As one Wall Street banker put it to the New York Times, "Net worth equals self-worth." Buying things becomes both a proof of self-esteem ("I' m worth it," chants one shampoo advertisement) and a means to social acceptance--a token of what turn-of-the-century economist Thorstein Veblen termed "pecuniary decency." Much consumption is motivated by this desire for approval: wearing the right clothes, driving the right car, and living in the right quarters are all simply says of saying, "I'm OK. I'm in the group."

In much the same way that the satisfaction of consumption derives from matching or outdoing others, it also comes from outdoing last year. Thus individual happiness is more a function of rising consumption that of high consumption as such. The reason, argues Stanford University economist Tibor Scitovsky, is that consumption is addictive: each luxury quickly becomes a necessity, and a new luxury must be found. This is as true for the young Chinese factory worker exchanging a radio for a black-and-white television as it is for the Sherman junior executive trading in a BMW for a Mercedes.

Luxuries become necessities between generations as well. People measure their current material comforts against the benchmark set in their own childhood. So each generation needs more than the previous did to be satisfied. Over a few generations, this process can redefine prosperity as poverty. The ghettos of the United States and Europe have things such as televisions that would have awed the richest neighbourhoods of centuries past, but that does not diminish the scorn the consumer class heaps on slum dwellers, nor the bitterness felt by the modernised poor.

With consumption standards perpetually rising, society is literally insatiable. The definition of a "decent" standard of living--the necessities of life for a member in good standing in the consumer society-endlessly shifts upward. The child whose parents have not purchased the latest video game feels ashamed to invite friends home. Teenagers without an automobile do not feel equal to their peers. In the clipped formulation of economists, "Needs are socially defined, and escalate with the rate of economic progress."

The relationships between consumption and satisfaction are thus subtle, involving comparisons over time and with social norms. Yet studies on happiness indicate a far less subtle fact as well. The main determinants of happiness in life are not related to consumption at all--prominent among them are satisfaction with family life, especially marriage, followed by satisfaction with work, leisure to develop talents, and friendships.

These factors are all an order of magnitude more significant than income in determining happiness, with the ironic result that, for example, suddenly striking it rich can make people miserable. Million-dollar lottery winners commonly become isolated from their social networks, lose the structure and meaning that work Formerly gave their lives, and find themselves estranged from even close friends and family. Similarly, analysts such as Scitovsky believe that reported happiness is higher at higher incomes largely because the skilled jobs of the well-off are more interesting than the routine labour of the working class. Managers, directors, engineers, consultants, and the rest of the professional elite enjoy more challenging and creative pursuits, and therefore receive more psychological rewards, than those lower on the business hierarchy.

Oxford University psychologist Michael Argyle's comprehensive work The Psychology of Happiness concludes: "The conditions of life which really make a difference to happiness are those covered by three sources-social relations, work and leisure. And the establishment of a satisfying state of affairs in these spheres does not depend much on wealth, either absolute or relative." Indeed, some evidence suggests that social relations, especially in households and communities, are neglected in the consumer society; leisure likewise tares worse among the consumer class than many assume.

The consumer society fails to deliver on its promise of fulfillment through material comforts because human wants are insatiable, human needs are socially defined, and the real sources of personal happiness are elsewhere. Indeed, the strength of social relations and the quality of leisure--both crucial psychological determinants of happiness in life--appear as much diminished as enhanced in the consumer class. The consumer society, it seems, has impoverished us by raising our income.