Work, Spend, Work, Spend: Is this any way to live?

By Juliet B. Schor January 19, 1992

AS THE COUNTRY struggles to emerge from an unexpectedly recalcitrant recession, all eyes are on the American consumer. But will we get back on the treadmill of work-and-spend that powered our economic growth in recent decades? And should we?

Americans live in what may be the most consumer-oriented society in history. We spend three to four times as many hours a year shopping as our counterparts in Western Europe. Four billion square feet of our total land area has been converted into shopping centers, or about 16 square feet for every American man, woman and child. Most homes are virtual retail outlets, with cable shopping channels, mail-order catalogues, toll-free numbers and computer hookups. We can shop from the office, from the car, even in airports, where video monitors allow immediate on-screen purchasing.

Some of the country's most popular leisure activities have been turned into shopping expeditions. National parks, music concerts and art museums are now acquisition opportunities. Americans used to visit Europe to see the sights. Now "Born to Shop" guides are replacing Fodor and Baedeker, complete with walking tours from Ferragamo to Fendi. For some, shopping has become an addiction. "Enabled" by plastic, compulsive shoppers spend money they don't have on items they absolutely can't do without and never use. The lucky ones find their way to self-help groups like Debtors Anonymous and Shopaholics Limited.

While modern consumerism dates from the 1920s, the "shop 'til you drop" syndrome seemed particularly active during the 1980s, a decade popularly represented as one long buying spree. In the five years between 1983 and 1987, Americans purchased 51 million microwaves, 85 million color TVs, 36 million refrigerators and freezers, 48 million VCRs and 23 million cordless telephones -- all for an adult population of only 180 million. The average American now consumes, in toto, more than twice as much as he or she did 40 years ago. And this holds not only for the Gucci set but all the way down the income scale.

Housing expenditures -- the largest item in most family budgets -- clearly reflect the country's growing wealth. The size and quality of the American housing stock has not been replicated anywhere else on earth. Houses are bigger and families are smaller, so that each individual now has as much living space as an entire family of four occupied in 1950. Houses are also more luxuriously equipped. As late as 1940, 30 percent had no running water, and 40 percent were without flush toilets. Today three-quarters of single family dwellings have two or more bathrooms. In 1940, less than 45 percent of homes had electric refrigerators and fewer than a quarter had kitchen ranges. Now all do, and two-thirds have air-conditioning and dryers, and almost half have dishwashers.

The difficulties young people have had buying houses in the 1980s notwithstanding, overall rates of home ownership have risen impressively -- from 44 percent in 1940 to 64 percent in 1989. Ownership of motor vehicles has also grown: In 1935, 55 percent of families had a car; today, 88 percent of households do and the average number of vehicles per household is two. Over 90 percent of households have color TVs and 80 percent have VCRs. Americans are also spending 2.6 times as much on services as in 1950, buying things like travel, restaurant meals, medical attention, skin care and tennis lessons.

The consumerism of the postwar era has not been without its effects on the way we use our time. As people became accustomed to the material rewards of prosperity, desires for leisure time were eroded. In both the workplace and the home, progress has repeatedly translated into more goods and services, rather than more free time. Work-and-spend has become a mutually reinforcing and powerful syndrome.

Even those with low incomes are not free from pressure to consume. Television, advertising, peer competition and the ubiquitous example of the economically more fortunate provide continual testaments to the value of high living. The poor are not so much adherents to an alternate (anti-materialist) set of values as they are unsuccessful players at the game. If they're not trapped in work-and-spend, it's more because they can't than that they won't. The Creation of Discontent

There is no doubt that the growth of consumption has yielded major improvements in the quality of life. But when we add up all the items we consume and consider the overall impact, the picture gets murkier. In an era when the connections between perpetual growth and environmental deterioration are becoming more apparent, with the quality of public life declining in many areas, shouldn't we at least step back and re-examine our commitment to ever-greater quantities of consumer goods? Do Americans need high-definition television, exotic vacations and climate control in their autos? How about $100 inflatable sneakers, $50 wrinkle cream or the (rarely used) stationary bicycle?

We do know that the increasing consumption of the last 40 years has not made us happier. The percentage of the population who reported being "very happy" peaked in 1957, according to two national polls. By the last years these polls were taken (1970 and 1978) the level of "very happy" had not recovered, in spite of the rapid growth in consumption. Similar polls taken since then indicate no revival of happiness.

Materialism has also bred its own form of discontent -- even among the affluent. Newspaper and magazine articles chronicle the dissatisfaction. One couple earning $115,000 tallied up their necessary expenses of $100,000 a year and complained that "something's gone terribly wrong with being rich." An unmarried Hollywood executive earning $72,000 worried about bouncing checks: "I have so much paid for by the studio -- my car, my insurance and virtually all food and entertainment -- and I'm still broke." One New York City inhabitant explained, "It's incredible, but you just can't live in this city on a hundred thousand dollars a year."

Whether we find these malcontents funny, pathetic or reprehensible -- we must acknowledge that these feelings are not confined to those in the income stratosphere. Douglas and Maureen Obey earn $56,000 a year -- an income that exceeds that of roughly 70 percent of the population. Yet they complained to the Boston Globe that they are stretched to the breaking point. Douglas works two jobs "to try to keep it all together . . . . {I'm} in hock up to my eyeballs." The Obeys own their home, two cars, a second rental property and a backyard pool.

Complaints about lifestyle have been particularly loud among baby-boomers. In a Mother Jones article, writer Katy Butler explained a state of mind shared by many in her generation: she was convinced she would not achieve the comfortable middle-class lifestyle enjoyed by her parents: "I thought bitterly of my downward mobility . . . about wanting a new couch, a weekend cottage, a bigger house on a quieter street." Eventually she realized that more money was not the answer. As she acknowledged: "Discontent was cheating me of the life I had." Capitalism's Squirrel Cage It is widely believed that our unceasing quest for material goods (and its attendant discontent) are part of the basic makeup of human beings: We may not like it, but there's little we can do about it.

But while human beings may have innate desires to strive toward something, there is nothing preordained about material goods. Numerous examples of societies where consumption is relatively unimportant can be found in anthropological and historical literature. Even in 19th and early 20th century America, many working people showed strong preferences for leisure over money. Consumerism is not an ahistorical trait of human nature, but a specific product of the development of the market system, which allowed consumerism to "spill over" for the first time beyond the charmed circles of the rich.

In the United States, the watershed was the 1920s -- the point at which the "psychology of scarcity" gave way to the "psychology of abundance." The nation grew giddy with its exploding wealth. Consumerism blossomed -- both as a social ideology and in terms of a high rate of real spending. Faced with the need to sell to a middle-class whose basic needs had already been met, advertisers had to persuade

Americans to buy things they didn't really need. The general director of General Motors' research labs, Charles Kettering, described the challenge baldly as "the organized creation of dissatisfaction."

The campaign to create new and unlimited wants did not go unchallenged. Trade unionists, social and religious reformers understood that since the consumption of luxuries necessitated long hours of work, consumerism would keep most Americans imprisoned in capitalism's "squirrel cage." And, in fact, since 1920, the bulk of productivity advance has been channeled into the growth of consumption. Economist John Owen has found that between 1920 and 1977, the amount of labor supplied over the average American's lifetime fell by only 10 percent; and since 1950, there has even been a slight increase. The attitude of businessmen was crucial to this outcome. As sellers, they craved vigorous consumption to create markets for their products.

Of course, we should not underestimate the appeal of consumption itself. To the working classes, particularly those migrating from Europe or the rural United States, the array of products available in urban America was profoundly alluring. Designer towels or the latest GM model created a sense of privilege and well-being. A Steinway "made life worth living." The Depression reinforced these tendencies, leaving among its legacies a longlasting emphasis on security in the form of material success.

The inability of the consumerist lifestyle to create durable satisfaction can be seen in the syndrome of "keeping up with the Joneses." This competition is based on the fact that it is not the absolute level of consumption that matters but how much one consumes relative to one's peers. This dynamic may be only partly conscious. It may be as simple as the fact that exposure to their latest "lifestyle upgrade" plants the seed in our own mind -- whether it be a European vacation, this year's fashion statement or piano lessons for the children.

Over time, keeping up with the Joneses becomes a real trap -- because the Joneses also keep up with you. If everyone's income goes up by 10 percent, then relative positions don't change at all. No satisfaction is gained. But in the choice between income and leisure, the quest for relative standing, based on visible commodities, has biased us toward income. If Mrs. Jones works long hours, she can buy the second home, the designer dresses or the fancier car. If her neighbor Mrs. Smith opts for more free time instead, her two-car garage and walk-in closet will be half empty.

It's not easy to get off the income treadmill and into a new, more leisured lifestyle. Mrs. Smith and Mrs. Jones are trapped in a classic Prisoner's Dilemma: Both would be better off with more free time; but without cooperation, they will stick to the long-hours, high-consumption choice. We also know their employers won't initiate a shift to more leisure, because profits are higher when employees work long hours.

A second vicious cycle arises from the fact that the satisfactions gained from consumption are often short-lived. Like drug addicts who develop a tolerance, consumers need additional hits to maintain a given level of satisfaction. The switch from black-and-white to color TV, for example, was a real improvement, but soon viewers became habituated to color. Going back to black-and-white would have reduced well-being, although having color may not have yielded a permanently higher level of satisfaction.

There are not new ideas. Economists and psychologists have long addressed them, providing strong support for the kinds of conclusions I have drawn. Relatively neglected, however, is the connection of consumption to the incentive structures operating in labor markets. We are not merely caught in a pattern of spend-and-spend; the whole story is that we work-and-spend, and work-and-spend some more. Causes of the Work-and-Spend Cycle The irony in all the consuming Americans do is that, when asked, they reject materialist values. The Gallup Poll recently asked respondents to choose what was most important to them -- family life, betterment of society, physical health and so on. Among a list of nine, the materialist option -- "having a nice home, car and other belongings" -- ranked last. Over two thirds of the population also says it would "welcome less emphasis on money." Yet millions of working parents see their children or spouses far less than they should or would like to. "Working" mothers complain they have no time for themselves. My explanation for this paradoxical behavior is that people are trapped by the cycle of work-and-spend.

Work-and-spend is driven by productivity growth. Whether the annual increment is 3 percent, as it was for much of the postwar period, or less, as in recent years, it provides the chance either to raise income or to reduce working hours. But a company does not usually offer this choice to its employees, instead deciding unilaterally to maintain existing hours and give a pay increase instead.

But if workers really wanted to work less -- rather than consume more -- couldn't they choose to do so? Neo-classical economics says yes, but the evidence says no. Every study I have seen has found that most workers lack free choice of hours. True, moonlighting and retirement are options, and workers can quit their jobs to find alternate schedules. But as the economist Paul Samuelson noted years ago, "In contrast with freedom in the spending of the money we earn, the modern industrial regime denies us a similar freedom in choosing the work routine by which we earn those dollars."

True, most workers usually tell pollsters that they are satisfied with their current hours/income choice. But a great deal of psychological evidence suggests that people tend to "adapt" to their environments: that is, over time workers end up wanting what they get rather than the other way around. This evidence hardly settles the issue. However, it is clear that we cannot rely on the simple assumption that labor and product markets provide optimal outcomes, in response to what people want and need. The Social Nature of Work-and-Spend Part of the power of the work-and-spend cycle is its social pervasiveness. To see the difficulties individuals have in deviating from the status quo, consider what would happen to an ordinary couple who have grown tired of the rat race. John and Jane Doe, like nearly half of all Americans, want more time to spend with their children and each other. What will happen if they both decide to reduce their hours by half and are willing to live on half their usual earnings?

The transition will be most abrupt for John. Few men, except teens, students and some seniors, work part-time. Unless John has truly unusual talent, his employer will probably refuse to sanction a change to part-time work. Chances are he'll have to find a new job.

Given the paucity of part-time jobs for men, it will be almost impossible for John to secure a position in a managerial, professional, or administrative capacity. When he does land a job, his pay will fall far short of what he earned in full-time work -- on average about $80 a week compared to average weekly earnings of $450 for a full-time male. He will also lose many fringe benefits: Only 15 percent of part-time workers are given health insurance.

Jane's switch to part-time will be less traumatic, because more women work part-time. Her earnings loss will be less, because women are already discriminated against in full-time work. But still Jane will most likely be relegated to the bottom part of the female labor market -- service, sales and clerical jobs.

These are the obstacles on the labor market side -- low wages, few benefits and severe limitations on choice of occupations. The dominance of full-time jobs also has effects on the consumption side. With their reduced income, even with careful budgeting, a couple like the Does may have trouble procuring the basics (housing, food and clothing), because the U.S. standard of living is geared to at least one full-time income and, increasingly, to two. A whole range of cheap products are not even available. For those who are skeptical about this point, consider markets in poor countries. In India, one can find low-quality clothing at a fraction of the price of the least expensive items here. Semiautomatic washers and stripped-down cars are the norm.

The strength of social norms does not mean that the nature of work cannot be changed. The meaning of "consumption" itself has already gone through one major transformation, from its original negative meaning of "eat up, devour, waste, destroy." Today, a second transformation would entail new ways of watching, buying, owning, using and discarding. Instead of craving novelty in consumer goods, we could cultivate attachments to possessions that were high-quality and long-lasting, from clothes to automobiles to gadgets. We would use things until they wore out, not until they went out of fashion or we just grew tired of them. Maybe the Joneses and the Smiths could even cooperate rather than compete, sharing expensive household items that are used only intermittently.

While most Americans may find it hard to understand that such changes are in their interest, the many who have made them are confident that getting off the consumer treadmill yields a truer sense of well-being. When Linda Weltner, a former shopping addict, stopped buying, she didn't "suffer pangs of self-denial" but felt "filled to the brim." And not only will we help ourselves. Forswearing a bankrupting consumerist path, the new consumer of the 21st century will be in a far better position to address issues of global inequality and move us off our current collision course with nature. But to do these things, we must be open to major changes in how we run our businesses, households and the connections between them. And we must organize ourselves to make those changes happen -- in spite of all-too-certain opposition from those who benefit from the status quo.

Juliet Schor is associate professor of economics at Harvard. This article is excerpted from "The Overworked American: The Unexpected Decline of Leisure," published this month by Basic Books.