

Overconsumption in Britain

A culture of middle-class complaint?

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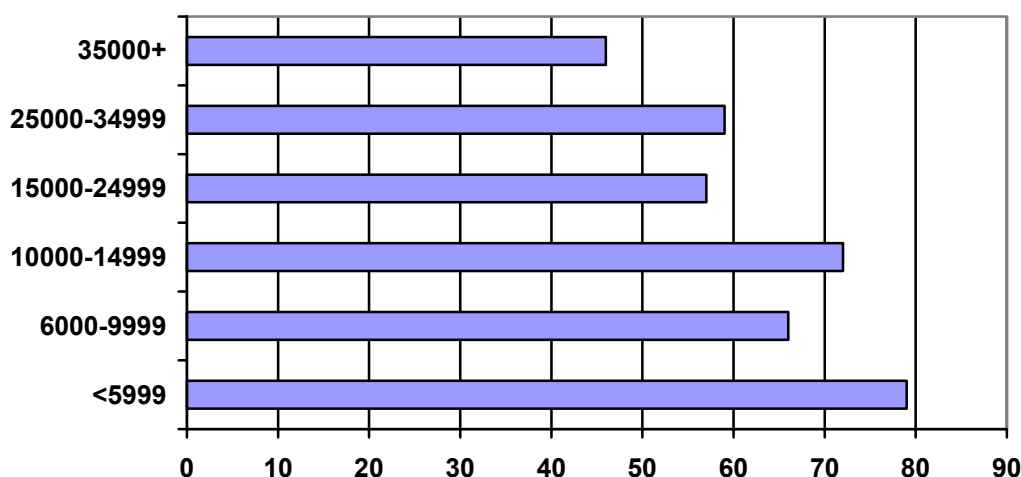
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Summary

It has sometimes been observed that, no matter how wealthy people are, they believe they need more money to be happy. A BMRB Access survey conducted for this study reveals that 61 per cent of Britons believe that they cannot afford to buy everything they really need. When we consider that the United Kingdom is one of the world's richest countries, and that Britons today have incomes nearly three times higher than in 1950, it is remarkable that such a high proportion feel their incomes are inadequate. It is even more remarkable that almost half (46 per cent) of the richest group of households in Britain (with incomes over £35,000 a year) say they cannot afford to buy everything they really need (see Figure S1). Even amongst those with incomes in excess of £50,000, 40 per cent believe that they cannot afford everything they really need. The proportion of 'suffering rich' in Britain appears to be even higher than in the USA, widely regarded as the nation most obsessed with money.

Figure S1 Proportions who agree that they cannot afford to buy everything they really need, by income group, £ (%)



The survey also asked respondents whether they 'spend nearly all of their money on the basic necessities of life'. Across the population, 57 per cent of respondents agreed. Among those in the lowest income group 88 per cent agreed, while among those in the highest income group 28 per cent agreed. In other words, more than a quarter of the wealthiest households in Britain believe that they spend nearly all of their money on the basic necessities of life, a belief shared by nearly half (46 per cent) of those on incomes of £25,000 to £34,999.

It is fair to conclude that a substantial majority of people in Britain who experience no real hardship, and indeed live lives of abundance, believe that they have difficulty making ends meet. However, when asked to stand back and reflect on their lives and their society most people take quite a different view. In response to another question in the BMRB Access survey, 87 per cent said that British society is too materialistic, with too much emphasis on money and not enough on the things that really matter. The

proportions agreeing with the statement are reasonably constant across the income scale, with the exception of the richest households where only 78 per cent agree that Britain is too materialistic.

Luxury fever

The sense of deprivation felt by most Britons is closely related to the phenomenon of 'luxury fever'. The desire to emulate the lifestyles of the very rich has led to booming sales of trophy homes, luxury cars, professional quality home equipment and cosmetic surgery. The scaling up of 'needs' generally outpaces the growth of incomes so that many people who are wealthy by any historical or international standard actually feel poor.

Previously the lifestyles of the rich were seen to be out of reach of ordinary people. But rising incomes and television images have meant that many average families now aspire to luxury items previously reserved for the wealthiest. There is a 'relentless ratcheting up of standards' and increasing pressure to consume at higher and higher levels. While addictions to alcohol, gambling and eating are widely accepted as pathological, the spread of 'affluenza' suggests that consumption in general has taken on a pathological character.

Overconsumption

The extent and nature of overconsumption in the United Kingdom today can be best illustrated by examples. Despite the fact that the average size of households has fallen steadily – from 2.9 people per household in the early 1970s to 2.3 today – the size of houses has grown rapidly. The number of households that can boast two or more rooms per occupant has risen from 37 per cent of the total in 1971 to 57 per cent in 2001, and rooms themselves are bigger. The proportion of new private houses with four or more bedrooms rose from 24 per cent of the total in 1991 to 36 per cent in 2001.

Standard refrigerators are priced at £250 to £300 and more advanced models cost from £500 to £600. But luxury models retailing for £2,500 to £3,000 have recently entered the general market. Although refrigerators priced at £2,000 or more sell well in certain markets, their real purpose is to escalate the level of desire on the part of the ordinary customer. Instead of paying £250 for a fridge that would meet their needs perfectly well, customers pay £500 or £600 for one that has only marginally better performance. The higher price itself is interpreted as signalling higher quality and leaves the customer with the feeling that they have a higher social status.

Sales of wide-screen televisions and home cinemas have sustained retailers in recent years. While good quality standard television sets cost around £250 to £300, increasingly these are seen as inferior and many consumers are stepping up to plasma screen televisions and home theatres at anything from £7,000 to £12,000.

The acquisition of more and more household goods has given rise to a booming self-storage industry. Growing at an extraordinary 35 per cent per annum, there are 300 self-storage facilities in the United Kingdom with most space hired to store the accumulation

of household ‘stuff’ that can no longer be fitted into the attic, garage or lock-up even though houses are bigger than ever.

Increasingly, manufacturers of luxury goods are making entry-level products to attract consumers other than the very rich. Gucci and Armani attach their brands to sunglasses that are bought by people who could not afford to buy clothes or accessories with such prestigious labels. This ‘democratisation of luxury’ provides the opportunity for ordinary people to emulate the very rich. Carmakers such as Mercedes and BMW now manufacture models that middle-income households can afford. For example, the Mercedes A-Class retails for only £13,275 and anyone can own a Jaguar X-type for only £19,995.

Cosmetic surgery is another form of luxury consumption that is currently booming. The cost of a breast enlargement (one of the most common procedures) is £3,400 to £4,700. The clientele is becoming younger and younger with more women in their twenties turning to surgical intervention. Some doctors offer gift vouchers for cosmetic surgery believing they provide the ideal Christmas present for friends and family members known to be unhappy with their bodies. They claim that vouchers for nose jobs, breast reductions or tummy tucks ‘make ideal presents for both men and women’.

Costs of overconsumption

Apart from the constant inflation of desire, and the inability of consumption to satisfy that desire, overconsumption has three major costs.

First, credit card debt has trebled in the last seven years and this has been accompanied by a sharp rise in personal bankruptcies. The national savings rate has fallen by half since 1993. Young people (who spend almost half of their income on luxuries, including going out and recreational drugs) accept that they will remain in debt for most of their lives. Contrary to popular belief, the accumulation of consumer debt is not the result of poorer households being forced to borrow to cover living expenses but of wealthier households splashing out on luxuries. In the 1950s and 1960s, it was sometimes said that middle-class people saved because they possessed values of thrift and hard work while working class people were unable to delay gratification and spent as if there were no tomorrow. Whether true or not in that era, the middle classes today are no longer delaying their gratification. They appear to want it all now and are willing to go into debt to get it.

Secondly, in recent years more and more Britons have sacrificed time spent with their families and at leisure to work longer hours in order to fund increasingly ambitious lifestyle goals. Full-time employees in the United Kingdom work longer hours than their European counterparts, an average of 43.5 hours per week compared to the European average of 40.1. A quarter of male employees work more than 48 hours a week, substantially more than a decade ago. The culture of long hours is taking a toll on relationships. While most people recognise that children suffer from parents’ excessive work, many parents seem unable to scale down their level of desire to spend more time at home. Yet the time they spend earning money to provide luxurious surroundings for their children often comes at the cost of their children’s emotional well-being.

Thirdly, increased resource use and waste associated with overconsumption are adding to Britain's environmental problems. Bigger and more luxurious houses require more materials and energy, and older houses are knocked down well before their useful lives have been reached. People become dissatisfied with their purchases sooner and all of this adds to the volume of waste that must be disposed of each year. The volume of municipal waste has been growing at 3.4 per cent per annum since 1996, substantially faster than the growth of final consumption in the economy. Bigger houses, more and bigger appliances and the growth of two-car households are driving up Britain's energy consumption and greenhouse gas emissions, so that Government attempts to reduce emissions are constantly undermined by the relentless effects of higher consumption.

A culture of complaint?

In some respects, Britons today feel more materially deprived than their parents and grandparents in the 1950s, despite being three times richer. This sense of deprivation is daily reinforced by the media and popular debate through the language of economics and the ceaseless cultivation of discontent that is the function of the marketing industry. As we have seen, most consumer debt in Britain is accumulated by well-off households that insist on having the latest luxury goods sooner rather than later, yet rising levels of debt are presented as a sign of hard times.

The real concerns of yesterday's poor have become the imagined concerns of today's rich. The effect of this conflation of the circumstances of the poorest citizens with those of the wealthy majority is to diminish the significance of the particular circumstances of those households that really do have difficulty making ends meet. This 'deprivation syndrome' induces politicians to distort policy to 'reduce the burden of taxation' and increase public payments to wealthy households. This emphasis on the tribulations of the middle classes not only validates the preoccupation of wealthy people with their own financial circumstances but crowds out sympathy for those who are genuinely struggling. It is hard to avoid the conclusion that the political system actively foments dissatisfaction amongst the middle classes, a process that has spawned a culture of middle-class complaint.

1. What is overconsumption?¹

1.1 Ever-increasing needs

We tend to think loosely of ‘overconsumption’ as consumption beyond our needs. But what are our ‘needs’? It is well understood that as nations become wealthier people continually scale up their perceived needs. According to a US study, in 1973 20 per cent of Americans said that a second car was a ‘necessity’ and by 1996 the figure had risen to 37 per cent (Schor 1998, Table 1.4). Other items that have become ‘needs’ in most British homes in the 1990s include VCRs (now being superseded by DVDs), central heating, personal computers, mobile phones and, increasingly, private schooling for children.

Section 2 of this report details the process by which desire for various commodities – including larger houses, sophisticated home appliances and expensive personal items – has been created. While this phenomenon has been the subject of comment for at least a century it seems to have entered a particularly virulent phase in the 1980s and 1990s, a trend that has been described in the USA as ‘luxury fever’.

Accelerating consumption spending carries costs both for the overconsumers themselves and for society more generally (a subject explored in Section 3). In addition to the rapid increase in consumer debt, the desire for higher levels of consumption is driving many Britons to work longer hours to the detriment of their health and their family lives. In addition, overconsumption is responsible for greater use of natural resources and growing volumes of wastes thus making the transition to ecological sustainability a more remote prospect.

The social and political implications of the continual creation of new needs are far-reaching. The scaling up of ‘needs’ often outpaces the growth of incomes with the result that many people who are wealthy by any historical or international standard actually feel poor. Section 4 reports the results of a survey carried out for this study showing that an extraordinarily high proportion of people in Britain believe that they cannot afford to buy everything they really need. The survey also reveals that a majority believe that they spend nearly all of their incomes on ‘the basic necessities of life’. This is despite the fact that real incomes in the United Kingdom are almost three times higher than they were in the 1950s. These results can be compared with responses to similar surveys in Australia and the USA.

The widespread perception that incomes, even of the wealthy, are inadequate underpins much of the political debate in the United Kingdom as the main political parties appeal to the insecurity of voters by reinforcing their perceived sense of financial difficulty. The political implications of this culture of middle-class complaint are explored in the last section of this report.

¹ I would like to thank Elizabeth Mail for excellent research assistance. The author takes full responsibility for any errors, omissions and misinterpretations.

1.2 Luxury fever

Popular folklore has always held a fascination with the profligate spending of the rich. For at least a century sociologists have analyzed the social and personal functions of extravagance, noting that it has served as a highly effective device for the rich to differentiate themselves from the mass of the population. One of the earliest commentators, Thorstein Veblen, coined the phrase ‘conspicuous consumption’ in his 1899 book *The Theory of the Leisure Class*. The masses, for their part, have watched the behaviour of the rich with a mixture of reverence, envy and derision, and this attraction has been the source of the sustained popularity of magazines, newspapers and, more recently, television shows that expose the lifestyles of the rich and famous.

The general social function of this relationship between the rich and the average is often overlooked. While its extent has varied across historical periods, the spending and lifestyles of the rich have provided the behavioural model for the aspirations of the middle class. In previous eras, the middle class comprised a numerically small, but socially and economically important, segment of the population. The working class majority was sufficiently distant in social and financial terms from the middle class, and more so from the rich, that its tastes, expectations and cultural forms were largely autonomous and self-sustaining. The majority of the population was comfortable identifying itself as working class and its consumption patterns were shaped mostly by perceived needs and preferences determined within the social milieu of that class.

The sustained growth of the British economy in the post-war period elevated the bulk of the working class to income levels that were typical of the middle classes of a previous generation. The boundaries separating the consumption patterns of the middle and working classes began to blur, and it became increasingly difficult to separate their pecuniary, educational and social aspirations. However, in contrast to the USA and Australia, where the bulk of the population now prefers to describe itself as ‘middle class’,² the history of class demarcation in Britain has meant that most people prefer to be thought of as ‘working class’. When asked in a MORI poll whether they agree or disagree with the statement “At the end of the day, I’m working class and proud of it”, more than two thirds agreed, including 55 per cent of those who are classified as middle class according to occupation (MORI 2002). Even among the highest social grades (grades A and B) covering professionals, senior managers, business executives, bank managers and university lecturers, 46 per cent claim to be working class and proud of it.

Remarkably, the proportion saying they are working class and proud of it has risen in recent years, from 51 per cent in 1994 to 68 per cent in 2002, although when asked the simpler question of ‘if you had to make a choice, would you call yourself middle class or working class’ the proportion opting for ‘working class’ fell from 67 per cent in 1989 to 58 per cent in 2002. Why do so many people who are middle class by any objective criterion – income, profession, social status and culture – prefer to describe themselves as working class? The social meaning of the term ‘working class’ has changed. In a society where, in the past, the upper classes were widely regarded as indolent and

² Although not directly comparable, in Australia, 93 per cent believe themselves to be in the middle-income brackets, that is the middle 60 per cent, with only 6.4 per cent placing themselves in the bottom 20 per cent and 0.7 per cent in the top 20 per cent (Hamilton 2002).

undeserving, the modern self-description of ‘working class’ reflects a desire to be seen as self-made through hard work and talent rather than as the beneficiary of privilege.

In addition to the scaling up of desire for prestige brands and luxury styles of particular goods (described in the next section), there has been a generalized scaling up of lifestyle expectations. The desired standard of living of the average household is now so far above the actual standard afforded by average incomes that people feel constantly deprived of the ‘good life’. Television plays the crucial role in this scaling up process. It does this not so much through the medium of advertising but through the presentation of opulence as normal and attainable. Both the proliferation of lifestyle programs, including programs devoted to home improvement and overseas travel, and sitcoms in which the consumption patterns of the very rich are portrayed as normal contribute to a false view of the world.

These observations on the evolution of class help to explain the recent emergence of a phenomenon that has been dubbed ‘luxury fever’. While ordinary citizens have always watched and envied the rich, there is accumulating evidence in the West that a qualitative change has occurred in the relationship over the last two decades. Several commentators have observed that attitudes to consumption and material acquisition underwent a transformation in the 1980s. In his 1999 book, *Luxury Fever*, Robert Frank argues that luxury spending in the USA has been growing four times faster than spending overall (Frank 1999, p. 18). This has been reflected in flourishing sales of luxury travel, luxury cars, pleasure craft, cosmetic surgery, trophy homes, holiday homes and professional quality home appliances.

The new willingness of the rich to engage in exhibition was evident from the beginning of the 1980s, a decade subsequently characterised by the phrase ‘greed is good’. In 1984, John Kenneth Galbraith wrote a new introduction to his 1958 classic *The Affluent Society* in which he observed:

In earlier writing I told of the cautious reluctance of the modern rich to engage in conspicuous display, the feeling that it is gauche, even a trifle disreputable, and that it unwisely invites the attention, envy and possible political response of the less fortunate. I was unprepared for the forthright display and enjoyments of the more recent rich (Galbraith 1984, p. xv).³

Frank argues that while average income growth has been moderate over the last two decades or so, the incomes of those at the top have grown at unprecedented levels and that ‘the behavior of these top earners appears to have influenced the spending decisions of millions of others’ (Frank 1999, p. 33). The same process has been evident in Britain. The ‘conspicuous consumption’ of those at the top has been sanctioned by a greater social tolerance of materialistic expressions and an unwillingness to criticise display. A large and growing proportion of the population wants to emulate the lifestyles of the

³ Galbraith had written in 1958: ‘Increasingly, in the last quarter century, the display of expensive goods, as a device for suggesting wealth, has been condemned as vulgar. ... Once a sufficiently impressive display of diamonds could create attention even for the most obese and repellent body, for they signified membership in a highly privileged caste. Now the same diamonds are afforded by a television star or a talented harlot’ (Galbraith 1984, p. 77).

rich and famous and, as a corollary, there has been a decline in the value placed on abstemiousness and dedication to others.

Despite the backlash against the stock market-driven attitude that greed is good, the less disreputable idea that high levels of consumption are desirable appears to have sunk deep into the national psyche, in Britain as in the USA and Australia. As Frank observes the higher spending of the very rich ‘has set a new standard for the near-rich to emulate, and so on down the income ladder’ (Frank 1999, p. 45). Of course, it is much more difficult for lower-income earners to sustain a spending spree. The heightening of consumer aspirations explains declining rates of saving and rising levels of consumer debt. Frank notes that the personal savings rate in the USA has fallen by almost 40 per cent since 1980 (Frank 1999, p. 45). As will be seen in Section 3, a similar picture emerges in Britain.

Another US analyst of modern spending patterns, Juliet Schor, makes the same argument about the ‘new consumerism’ in the USA noting that ‘the comparisons we make are no longer restricted to those in our own general earnings category, or even to those one rung above us on the ladder’ (Schor 1998, p. 4). The reference group on which we model our expectations and consumption behaviour has changed, with a shift from those on the same level to those well above us, induced, she argues, by massive exposure to luxurious lifestyles through television and other media.

The new consumerism is also built on a relentless ratcheting up of standards. ... My analysis is based on new research showing that the need to spend whatever it takes to keep current with a chosen reference group ... drives much purchasing behavior. It analyzes how standards of belonging socially have changed in recent decades, and how this change has introduced Americans to highly intensified spending pressures (Schor 1998, pp. 5, 6-7).

1.3 Defining overconsumption

Sustained economic growth in the decades since the Second World War has seen living standards in Britain rise to a high level for a large majority of the population. Adjusted for inflation, average income levels in Britain in the year 2002 were nearly three times higher than in 1950.⁴ On the whole, the availability and quality of housing, education, health care and consumer goods (cars, appliances, furnishings, computers and so on), are far higher than they were five decades ago.

Despite a general social and political discourse in which a large proportion of the population, even among wealthier households, is believed to be ‘struggling’, material standards of comfort in the United Kingdom are very high by any historical or international standard. In short, in an era of unprecedented abundance during which, for the great majority of citizens, the ‘economic problem’ has long been solved, it is fair to characterise much of what is consumed on a daily basis by ordinary households as ‘overconsumption’.

⁴ Figures from Jackson et al. (1997) augmented by data on GDP growth, inflation and population growth from National Statistics (<http://www.statistics.gov.uk/instantfigures.asp>).

What do we mean by overconsumption? One aspect of this phenomenon is discussed under the rubric of ‘affluenza’. A website devoted to the topic provides a jocular definition:

Af-flu-en-za n. 1. The bloated, sluggish and unfulfilled feeling that results from efforts to keep up with the Joneses. 2. An epidemic of stress, overwork, waste and indebtedness caused by dogged pursuit of the American Dream. 3. An unsustainable addiction to economic growth.⁵

A ‘clinical definition’ of the condition has been provided by the psychotherapist and ‘affluenza authority’, Jessie H. O’Neill:

The collective addictions, character flaws, psychological wounds, neuroses, and behavioral disorders caused or exacerbated by the presence of, or desire for money/wealth. In individuals, it takes the form of a dysfunctional or unhealthy relationship with money, regardless of one’s socio-economic level. It manifests as behaviors resulting from a preoccupation with – or imbalance around – the money in our lives.⁶

As these quotations suggest, overconsumption is widely understood at an intuitive level, yet the notion is not easy to define in a formal sense. It clearly implies some notion of excess, that is, more consumption than is ‘good for us’. As the term affluenza suggests, the concept is one applied to societies characterised by affluence, that is, societies in which the great majority are not lacking any of the basic necessities of life and, in fact, consume well above any reasonable level of physical comfort.

While the subject of much popular comment, overconsumption has enjoyed little formal study. If the term overconsumption implies that some forms of consumption are excessive, this immediately begs the question: ‘Excessive in comparison to what?’ It suggests that there is some consumption benchmark beyond which either the consumer in question or society is worse off. The argument that consumption above a certain level or of a certain type diminishes individual or social well-being may be justified on a number of grounds.

Ground 1 Some forms of consumption by the rich may be subject to moral censure on the grounds that they are profligate, gratuitously wasteful or represent an aggressive display designed to elevate the consumer above others. The moral censure may be based on notions of unfairness (luxury in the midst of deprivation), environmental harm or dissolute personal morality. In an earlier era, conspicuous consumption was criticized for exacerbating perceptions of social inequality; poorer people felt aggrieved, which could lead to social unrest (e.g. Galbraith 1984). In this case, the extent of overconsumption varies with social convention. It might be argued that the spread of the demand for luxury consumption to the middle classes in the 1980s and 1990s was associated with declining disapproval of such behaviour.

⁵ www.affluenza.org

⁶ www.affluenza.org

The shoe collection of Imelda Marcos illustrates the social censure that high-profile overconsumption can attract. Exceeding one thousand pairs, Marcos's shoe collection became a symbol of indulgence that reflected the regime's contempt for the impoverished condition of the majority of Filipinos. Reporting in 2001 on the opening of a museum dedicated to her shoe collection, the BBC observed:

During her time as first lady, Mrs Marcos was famed for travelling the world to buy new shoes at a time when millions of Filipinos were living in extreme poverty.

President Marcos' successor, Corazon Aquino, ordered many of Mrs Marcos' shoes to be put on display as a demonstration of her extravagance.⁷

A more contemporary instance that has attracted comment is the domestic edifice built by Microsoft boss Bill Gates. Vastly in excess of any reasonable desire for comfortable living space, the mansion is filled with such an array of luxurious fittings that, if they were asked, most Americans would almost certainly condemn Gates' behaviour as excessive if not obscene. Priced at US\$53 million, the house covers 1.5 acres (the house and other structures, not the land) or 66,000 square feet, with seven bedrooms, 24 bathrooms and six kitchens. According to the website devoted to promoting the merits of the mansion:

The Gates family's 11,500-square-foot inner sanctum is surprisingly modest, with four bedrooms and quarters for a nanny. A four-car garage is attached. The lower levels include a techno-playland family room and an exercise facility that is better appointed than many health clubs.⁸

These forms of overconsumption can reduce national well-being by inciting envy or disgust within the community. Clearly, the extent of envy and disgust will wax and wane with social convention and the spirit of the times. We have already seen that Galbraith argued that social condemnation of conspicuous consumption was higher in the 1950s than at the turn of the century when Veblen wrote, but that this had been reversed in the 1980s when ostentatious display became more accepted.

Ground 2 A second and more recent motivation for the use of the term overconsumption is also based on the effects of excessive consumption on national well-being. Excessive consumption is associated with unsustainable resource use and the creation of wastes that damage the natural environment, in turn reducing social well-being. Examples include respiratory diseases due to urban air pollution, toxic wastes from factories that enter water supplies, and time-loss and stress associated with increased traffic congestion. In addition, many people feel aggrieved at the loss of environmental values associated with natural systems, such as wetlands, estuaries and rural landscapes.

Sometimes the argument is extended to effects on global equity. Excessive resource consumption by wealthy consumers in rich countries reduces the opportunities for poor

⁷ <http://news.bbc.co.uk/1/hi/world/asia-pacific/1173911.stm> 16 February 2001

⁸ <http://www.usnews.com/usnews/nycu/tech/billgate/gates.htm>.

people living in Third World countries to attain a decent standard of living. This form of overconsumption applies to the generalized high levels of consumption and associated wastes of consumers in rich countries rather than the profligate consumption of the rich in rich countries.

Ground 3 A final justification for regarding some forms of consumption as excessive draws on evidence indicating that consumption above a certain level can diminish the well-being of the consumers themselves. The evidence from an array of studies indicates that beyond a certain point increased income does not result in any increase in well-being (Frey and Stutzer 2002; Argyle 1999; Hamilton 2003). In other words, the rich do not appear to be happier than those who have moderate levels of income. The direct evidence on the relationship between income levels and happiness is extensive. In the USA, there is virtually no difference in reported satisfaction between people with incomes of \$20,000 and \$80,000. The poor, as opposed to those on moderate incomes, do have lower levels of well-being than the rich, although the difference is not great. A survey of the 100 people on the Forbes list of wealthiest Americans, each with net worth exceeding \$100 million, found only slightly higher levels of subjective well-being than a sample of ordinary people drawn from the telephone book. When asked about the sources of their happiness none of the wealthy group stated that money was a major source of happiness and nominated self-esteem and self-actualisation more often as the sources of well-being (Diener *et al.* 1985). According to the authors of the study:

One fabulously wealthy man said he could never remember being happy. One woman reported that money could not undo misery caused by her children's problems. Examples of the wretched wealthy are not hard to come by: Howard Hughes, Christina Onassis, J. Paul Getty (Diener *et al.* 1985).

In the USA there are now counselling services for both the rich and their children that provide advice on how to deal with the psychological damage caused by great wealth. British entertainer Robbie Williams has recently said:

I'm loaded, I can buy anything I want and everyone thinks I must have such a brilliant life. But it's horrible.⁹

Pathological overconsumption

There is little dispute that excessive consumption of particular types of goods reduces the well-being of those who consume them. For example, there is strong evidence that overconsumption of alcohol and excessive gambling harms the overconsumers themselves, as well as those around them. This suggests that a useful distinction can be drawn between 'normal overconsumption' and 'pathological overconsumption'.

Pathological overconsumption is consumption behaviour that is driven by obsessive acquisitiveness or by addictive behaviour. The victim has little or no control over their consumption behaviour. This is well understood in the case of physiological addictions to tobacco, heroin and alcohol, and even psychological addictions such as those to food,

⁹ *The Observer*, 24 August 2003, p. 30. Williams is known for his extravagance. He has just purchased a £200 000 Ferrari, to add to his £70 000 Jaguar XK8, £50 000 Cadillac Escalade SUV and £15 000 Ducati motorbike (<http://entertainment.iafrica.com/news/263435.htm>).

sex and gambling. These forms of overconsumption are subject to social sanction but the overconsumers are widely seen to have disorders that leave their consumption decisions beyond their control.

A more interesting category of overconsumption is consumption that is compulsive not because it is addictive in a clinical sense but because it is central to building and sustaining the personal identity of those who engage in it. For these 'normal overconsumers', withdrawal of the opportunity to consume at the accustomed level would result in personal distress and even psychological disorders (see Hamilton 2003). Normal overconsumption is not regarded as socially unacceptable and reflects no more than typical aspirations for luxury, comfort and social expression. This definition is a moveable one as many forms of consumption that are considered acceptable now would have been considered excessive 20 years ago, and may be considered excessive in another 20 years if the current era of 'luxury fever' is superseded by a more restrained one. But it can be characterised as overconsumption because it meets the affluenza criterion, that is, it is driven by a collective preoccupation or obsession with money and the goods and services it can buy. In other words, consumption activity itself has become pathological in character.

The condition in which people are driven to buy in order to boost their self-esteem has been recognised by the medical profession. The term 'oniomania', coined to describe the condition that results in compulsive shopping, is reentering the lexicon. One study estimates that between two per cent and five per cent of adults in Europe and the USA are subject to compulsive and uncontrollable shopping; the vast majority are women.¹⁰ The American Psychological Association calls oniomania a form of self-medication against depression. According to one source, compulsive shopping can be controlled by giving up credit cards, carrying little money, avoiding advertisements, staying away from shopping centres and high streets and 'insulat[ing] yourself from subliminal or not so subliminal messages'.¹¹ In other words, one must isolate oneself from everyday life in this consumer society.

There are different ways in which consumption activity can build and sustain self-image. Within the category of normal overconsumption we should distinguish between the specialized luxury consumption that is confined to the very rich, and the forms of excessive consumption that are undertaken by the bulk of the population. The two are closely related as the luxury spending of the very rich sets a benchmark for the general populace. This benchmark must, by its nature, rise so that it remains out of reach of all but the super-rich, something that requires continued creativity on the part of the super-rich and those who supply them with luxury goods. Thus the boom in sales of luxury cars is depriving them of their exclusivity. In response, prestige carmakers are now offering bespoke vehicles made to individual order, justifying much higher expenditure and serving to exclude the ordinary rich and the middle classes.

The incidence of these forms of overconsumption has been growing rapidly over the last two decades to the point where there is an emerging tendency to 'normalise' these forms of behaviour. In short, we postulate that consumption in rich countries today is not

¹⁰ www.bbc.co.uk/business/features/spend/articles/consumerism.shtml

¹¹ <http://frugalliving.about.com/library/weekly/aa071800a.htm>

aimed at providing a level of material comfort from which more meaningful pursuits can be built. Consumption today has become an end in itself and serves as a substitute for those more meaningful pursuits. Thus it is essential to sustaining fragile self-images in a society of people preoccupied with relative position and struggling to develop a framework for answering the post-modern question ‘What should I do with my life?’ (Hamilton 2003).

2. Patterns of overconsumption

Even if there were an unambiguous definition of overconsumption, there are no data that would permit a systematic assessment of its extent in the United Kingdom. This is because, while certain goods and services identified in the official statistics can be classified as luxuries with little ambiguity, most luxury goods today are special versions or models of normal goods. Official statistics do not differentiate between gold-plated bathroom fittings and stainless steel ones, boutique ales and standard beers, holidays in five-star resorts and those at Butlins. The diffusion of luxuriousness to normal goods is an essential aspect of the modern ‘luxury fever’ identified by Frank (1999) and others.

However, a picture of the extent and nature of overconsumption can be formed by way of examples. In this section we provide a perspective on some of the more apparent manifestations of overconsumption through examination of a few of the areas where it is more apparent.

2.1 Housing

Home ownership has increased sharply over the last three decades (stimulated in part by the opportunity to buy council properties in the 1980s) with rates of owner occupation rising from 47 per cent in 1971 to 68 per cent in 2001 (National Statistics 2002, Table 4.1). The home is undoubtedly the focus of a great deal of excessive consumption spending in Britain. The average size of British households has fallen from 2.91 persons in 1971 to 2.33 in 2001, a decline of 20 per cent (National Statistics 2002, p. 5). Yet the sizes of houses and flats have been steadily increasing. The proportion of new private houses with four or more bedrooms rose from 24 per cent of the total in 1991 to 36 per cent in 2001.¹² The number of households that can boast two or more rooms per occupant has risen from 37 per cent in 1971 to 57 per cent in 2001 (National Statistics 2002, Table 4.14), and rooms themselves are bigger.

Bathrooms are no longer seen as functional places but new spaces for displays of excess, with computer-assisted design tools now used to design taps, baths, showers and lighting. Having two basins in a bathroom is increasingly popular and the fittings may be gold-plated. While the cost of an average bath is around £300, the Angel Free Standing shower bath has a recommended retail price of £7,999.99. As if to affirm the frequently observed psychological association between excrement and money, Whirlpool offers a gold-plated designer toilet seat for £276.13 (“A stunning addition to any bathroom, this ABS toilet seat has been completely plated in a luxurious shade of gold to bring a touch of sparkle and splendour to your cloakroom or bathroom.”)

Virtually all homes today have televisions, video recorders, washing machines, central heating and telephones, even among the lowest income groups (National Statistics 2002, Table 4.21). Ownership of washing machines increased from 66 per cent in 1971 to 92 per cent in 2001, while telephone access rose from 42 per cent to 98 per cent over the same period (National Statistics 2002, Table 4.19). Around half of homes have home

¹² Office of the Deputy Prime Minister, http://www.odpm.gov.uk/stellent/groups/odpm_control/documents/contentservertemplate/odpm_index.hcst?n=1566&l=3, Table 251. Data on the changing sizes of new houses and flats by floor area are not available.

computers (50 per cent), satellite, cable or digital TV (42 per cent) and internet access (40 per cent) and 70 per cent have mobile phones. Even among social grades D and E (semi-skilled and unskilled), four in five households own mobile phones, with the average only dragged down by the low rates of ownership (45 per cent) among those outside the labour force (National Statistics 2002, Table 4.20). Car ownership has increased from 52 per cent in 1971 to 72 per cent in 2001 (National Statistics 2002, Table 4.17) and even amongst social grades D and E three quarters own cars (National Statistics 2002, Table 4.18).

Standard consumer durables, having reached close to saturation point, are now being augmented by sophisticated electronic equipment, mostly for the purposes of entertainment.

2.2 Home appliances

It's not so much the almost universal penetration of consumer durables but the ever-rising quality, complexity and cost of them that suggest overconsumption. Increasingly, householders are not satisfied with standard appliances but demand high-quality professional ones, and sales of luxury furnishings and appliances have expanded accordingly. Instead of a standard gas or electric stove, kitchens are adorned with ovens with six cooking functions, turbo grills, touch controls, triple-glazed doors and the ability to defrost food before cooking it. Once confined to the houses of the rich, these are now available to average households and many are paying thousands of pounds for the privilege.

An examination of white-goods retailers reveals standard refrigerators priced at £250 to £300 and more advanced models priced from £500 to £600. Luxury models have recently entered the general market. For example, the Maytag SOV60CZW is described as 'shallow depth fully clad in stainless steel with ice & water dispenser in white'. It is frost free with elevator shelf and spill-proof slide-out tempered glass. It retails for £2,668.95. Although refrigerators priced at £2,000 or more sell well in certain markets, their real purpose is to escalate the level of desire on the part of the ordinary customer. Instead of paying £250 for a fridge that would meet their needs perfectly well, customers pay £500 or £600 for one that has only marginally better performance. The higher price itself is interpreted as signalling higher quality and leaves the customer with the feeling that they have a higher social status.

In recent years, sales of expensive kitchen appliances have been booming. A Dualit DBJL juicer ("Super Stylish and Exclusive. Made from Stainless Steel and Die-Cast Aluminium. Wide Base and Non-Slip Feet.") sells for £419.99, while the Siemens TC55002 coffee maker ("An automatic coffee centre for Espresso, Cappuccino and filter coffee. Frothing nozzle for milky drinks and hot water. Coffee bean grinder with container and broad selection of grinding grades.") sells for £599.99. The Miele coffee machine includes a free coffee starter kit and retails for £899.

Within the home, sales of wide-screen televisions and home cinemas have sustained retailers in recent years. Good quality standard television sets cost around £250 to £300, but increasingly these are seen as inferior and many consumers are stepping up to plasma screen televisions and home theatres at much greater cost. For example, the

Pioneer 50-inch wide-screen television with home cinema package sells for £7,689 while the NEC 61-inch 60MP1 plasma monitor with stand retails for £11,958. Once again, instead of spending £300 on a new television, consumers have scaled up their levels of desire and now believe they must spend several thousand pounds to get what they need. In addition, it is difficult to watch a wide-screen television in a small room, and in choosing homes or building new ones some people buy bigger houses to accommodate their television sets.

Garages and lock-ups are often used to store surplus goods that cannot be accommodated in houses, even though those houses are increasing in size. In addition, the acquisition of more and more household goods has given rise to a booming self-storage industry driven by firms such as Storage World, Access Storage, Lok'nStore and Sentinel. The self-storage industry in the United Kingdom is still in its early phases of development compared to the mature stage of the industry in the USA, but it has been growing at a phenomenal 35 per cent per annum,¹³ compared to an overall growth rate of the economy of 2-3 per cent. The Self-Storage Industry Association (UK) reports that there are 300 self-storage facilities in the United Kingdom. Most space is hired to store big household items such as furniture, white goods, clothes and personal effects but items for children are also being kept in storage.

2.3 Personal goods

Increasingly, high-end manufacturers are making entry-level products to attract consumers other than the very rich. Gucci and Armani attach their brands to sunglasses that are bought by people who cannot afford to buy clothes or accessories with such prestigious names. This is sometimes referred to as the 'democratisation of luxury' – those who buy the entry-level products feel they can emulate the image of the very rich. Carmakers such as Mercedes and BMW now manufacture models that middle-income households can afford. For example, the Mercedes A-Class retails for only £13,275 and anyone can own a Jaguar X-type for only £19,995. At the other end of the spectrum, the Mercedes Maybach costs £243,780. The Maybach has been developed for a very small segment of the market. 'They are people like movie stars, they are entrepreneurs, they are industry giants', in the words of the president of Mercedes-Benz in the USA. The company expects to sell no more than 1,000 Maybachs each year, but in fact low sales are the goal. According to one observer:

In the jargon of automobile marketing, the Maybach is a 'halo' car, adding an aura of exclusivity to some of the less expensive cars sold by its parent company, DaimlerChrysler. Analysts point out that even the once-revered Mercedes name has been diluted somewhat. With 200,000 Mercedes on the road in the U.S., it's just not as special as it used to be.¹⁴

Cosmetic surgery is another form of luxury consumption that is currently booming. According to a leading cosmetic surgeon, around 2.5 million procedures were carried out in the United Kingdom last year (counting everything from removal of benign moles

¹³ Self-Storage Association, www.ssauk.com/eric/modules/static.asp

¹⁴ Ned Potter, 'The world's most luxurious car', *ABC News*, October 28, 2002
<http://abcnews.go.com/sections/wnt/DailyNews/maybach020819.html>

to full face lifts).¹⁵ Another says that demand for cosmetic surgery at his clinic in Yorkshire has been growing at 10 per cent a year for a decade.¹⁶ The majority of customers are ordinary people; more and more young people are seeking to ‘normalise’ themselves by having ‘defects’ surgically eliminated. The cost of a breast enlargement (one of the most common procedures) is £3,400 to £4,700,¹⁷ and the clients are getting younger and younger with women in their twenties increasingly turning to surgical intervention. According to the Managing Director of Transform Medical, the United Kingdom’s largest company dedicated to cosmetic surgery: ‘These younger ladies will be the ones having tummy tucks or face lifts in a few years time’.¹⁸ A face lift currently costs £4,150 to £5,700, a tummy tuck £3,800 to £5,200, and liposuction, another very common procedure, £2,000 to £3,400.¹⁹

Writing in *The Observer*, Maureen Rice has noted:

Cosmetic surgery is a logical extension of the developed world’s consumer culture: growing affluence, the economic independence of women and the ever-increasing focus on the individual and on self-determination and expression mean we find it acceptable, even admirable, to spend this much time, money and attention on our appearance.²⁰

Using classic techniques of hard sell, cosmetic surgery companies have set out to cultivate long-term client bases, with people returning time and again for operations. Some now offer loyalty cards as a reward for returning. The Harley Medical Group offers gift vouchers for cosmetic surgery believing they provide the ideal Christmas present for friends and family members known to be unhappy with their bodies. Vouchers for nose jobs, breast reductions or tummy tucks ‘make ideal presents for both men and women’.²¹

¹⁵ M. Rice, ‘Saving Face’, *The Observer* 16 March 2003

¹⁶ L. Howell, ‘Cosmetic surgery – demand is racing ahead of supply’

http://www.bowlofcherries.com/live/article_865.cfm?p_section_id=6

¹⁷ <http://www.bupa.co.uk/cosmetic/>. Perhaps with a nod to the description of cosmetic surgeons as ‘psychiatrists with knives’, BUPA cautions: ‘We can’t promise you a whole new personality or a more fulfilling life after your operation...[but] whatever your reasons, we respect and sympathise with your desire for change ...’.

¹⁸ <http://news.bbc.co.uk/1/hi/business/1943509.stm>

¹⁹ <http://www.bupa.co.uk/cosmetic/>

²⁰ *The Observer*, Sunday March 16, 2003

²¹ http://ananova.net/news/story/sm_474861.html?menu=news.story

3. The costs of overconsumption

The forms of overconsumption described above have been particularly evident in the United Kingdom since the 1980s and have mirrored the ‘luxury fever’ that authors in the USA have described. In Section 1 we argued that there are several reasons why overconsumption may diminish individual and social well-being. There are three additional reasons for being concerned about overconsumption – the rise of consumer debt, the effects of overwork and environmental decline.

3.1 Consumer debt

Perhaps the simplest definition of overconsumption is ‘living beyond one’s means’. For many people overconsumption is financed by borrowing. The households’ saving ratio in the United Kingdom fell from 10.8 per cent in 1993 to 6.2 per cent in 2001 and to 4.6 per cent in the first quarter of 2003.²² British consumers are among the heaviest users of credit cards in Europe and levels of consumer debt as a share of disposable income have increased sharply since the 1980s. Credit card debt has boomed in recent years, reaching £40 billion in early 2003 (Figure 1) with total unsecured debt reaching nearly £153 billion²³ or £2,600 for every man, woman and child in the country. Figure 1 shows outstanding net credit card lending to individuals rising very rapidly from 1996 to the present. Mortgages have also grown with rising house prices and higher aspirations, so that on average each adult owes the equivalent of 70 per cent of their annual income, a figure that has risen from 54 per cent in 1993.²⁴

Attitudes to debt have undergone a far-reaching transformation in Britain. Even though some aspects of life have become less secure, Britons appear evermore willing to fund their lifestyle aspirations by way of borrowing, that is, by committing their future income. Part of the explanation for this phenomenon is the declining stigma associated with bankruptcy, as is the case in the USA. As a result, the number of personal bankruptcies is rising, even though interest rates are low and for most people the risk of unemployment is small.²⁵ Banks and credit card providers have also heavily promoted borrowing as a means of instantly satisfying consumer urges, and in the process normalising indebtedness.

According to a report commissioned by a consortium of youth projects, young people spend almost half of their income on luxuries including going out and recreational drugs. But they also accept that they will remain in debt for most of their lives.²⁶ There is a growing reluctance to save and a more fatalistic attitude to debt.

The Citizens Advice Bureau reports a 47 per cent increase in the number of new consumer credit debt problems over the last five years.²⁷ Clients of the CAB tend to be much poorer than average and their debt problems may be due less to unnecessary

²² http://www.statistics.gov.uk/downloads/theme_economy/BB_2002.pdf

<http://www.statistics.gov.uk/pdffdir/qna0603.pdf>

²³ Bank of England reported in news.bbc.co.uk/1/hi/business/2381047.stm

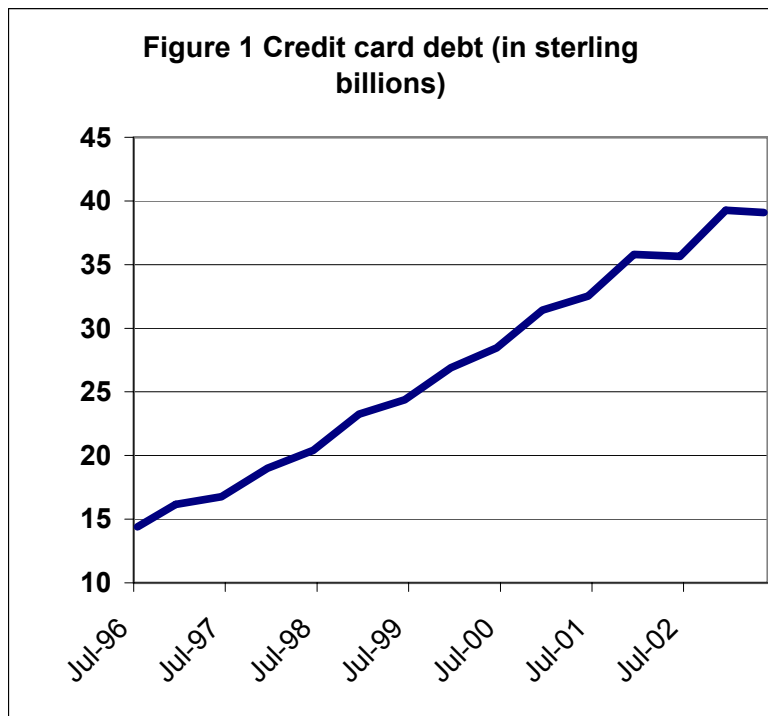
²⁴ BBC News, 30 January 2003 <http://news.bbc.co.uk/1/hi/business/2708701.stm#>

²⁵ M. Scott, ‘Today’s way to deal with debt – go bust’, *The Observer*, 10 February 2002

²⁶ www.roar.org.au/press15.htm

²⁷ www.nacab.org.uk/prefull.ihtml?id=0000126

consumer spending than to the cost of keeping their heads above water. But the boom in consumer credit is being driven not by poor people but by middle and high-income households suffering no financial hardship at all. Contrary to popular belief, the accumulation of consumer debt is not a result of poorer households being forced to borrow to cover living expenses but of wealthier households splashing out on luxuries. Increasingly, debt collection agencies report that debtors are drawn from the 'prime market', including those in social grades A and B.²⁸



Source: Bank of England, Series LPMVYIA

In the 1950s and 1960s, it was sometimes said that middle-class people saved because they possessed values of thrift and hard work while working class people were unable to delay gratification and spent as if there were no tomorrow. Whether true or not in that era, the middle classes today are no longer delaying their gratification. They appear to want it all now and are willing to go into debt to get it.

3.2 Overwork and family time

In recent times, more and more Britons have sacrificed time spent with their families and at leisure to work longer hours in order to finance increasingly ambitious lifestyle goals. The long historical decline in working hours was reversed in the early 1990s so that now full-time employees in the United Kingdom work longer hours than their European counterparts. On average, they work 43.5 hours per week compared to the European average of 40.1 (HM Treasury & DTI 2003, p. 10), but the averages conceal a growing problem of very long hours. A quarter of male employees work more than 48

²⁸ <http://news.bbc.co.uk/1/hi/business/1621178.stm>

hours a week – substantially more than a decade ago – and one in ten works more than 55 hours a week, with managers and professional staff putting in the longest hours.²⁹ Lengthening hours of work are occurring despite an EU directive limiting hours to 48 a week. The United Kingdom allows employees to opt out and work longer.

The culture of long hours is taking a toll on relationships. Perversely, men who are the fathers of young children are more likely to work long hours than those who aren't, so that not only do they spend less time at home but they are more tired and stressed when they are at home. One third of fathers spend more than 50 hours a week at work, frequently eating into their weekends, compared with a quarter of men without children.³⁰ There is evidence that long hours by parents can damage their relationships with their children and their children's development. According to a recent government report:

Difficulties in managing this [work-life] balance can have a detrimental impact on the quality of the relationships between parents and children and the parent's responsiveness to the child, with implications for child outcomes. This is particularly important for very young children, with evidence suggesting that it is best for children if they can receive intensive parental contact for the first months (HM Treasury & DTI 2003, p. 13).

Parents understand this and many express a desire to work less and spend more time raising their children (HM Treasury & DTI 2003, pp. 13-14).

Wives of workers who are frequently away from home for extended periods experience higher levels of anxiety, stress and depression than the general population.³¹ This is called 'intermittent husband syndrome'; it puts marriages under stress because the cycle of parting and reunion often causes a recurring crisis. Teenage children are also more likely to be affected by frequent absences of parents due to excessive work commitments.

While most people recognise that children suffer from parents' excessive work, many parents seem unable to scale down their level of desire to spend more time at home. Yet the time they spend earning money to provide luxurious surroundings for their children often comes at the cost of their emotional well-being.

3.3 Environmental decline

Overconsumption results in greater use of natural resources and growing volumes of waste being poured into the atmosphere, oceans and landfill. The volume of waste associated with bigger houses is naturally greater than that of smaller houses, including the wastes generated in construction, use and disposal of building materials. The outbreak of luxury fever has seen many consumer items scaled up in size and complexity. A home theatre requires many more resources to manufacture than a standard television set, and a professional stove is usually bigger than a standard model. The compulsion to consume excessively means that consumers become dissatisfied with

²⁹ According to a TUC report – <http://news.bbc.co.uk/1/hi/business/1799518.stm>. See also TUC (2000).

³⁰ <http://news.bbc.co.uk/1/hi/business/2582061.stm>

³¹ J. Dage, 'My Career-Stressed Wives' Club', *The Sun Herald* 15/09/2002

their possessions more quickly so that many consumer items, and houses themselves, are scrapped and replaced earlier than they would otherwise be.

Each person in England and Wales throws away the equivalent of 560 kilograms of waste each year (22 per cent more than the OECD average) resulting in a mountain of 470 million tonnes of waste each year.³² The volume of municipal waste has been growing at 3.4 per cent per annum since 1996, substantially faster than the growth of final consumption in the economy.³³

While growth in Britain's greenhouse gas emissions has been slower than many other OECD countries over the last decade, in large part as a result of the switch from coal to gas, the measures that have restrained emissions growth have only slowed the relentless effects of economic growth (Hamilton and Turton 2002, Figure 7). The Blair Government's determined pursuit of greenhouse gas reduction measures must attempt to offset the effects of growing consumption. The gains from the switch to gas are now being eroded in the transport sector due to the rapid growth in the number of cars on the road with more than a quarter of households now owning two or more vehicles.³⁴ Improvements in engine fuel efficiency are being offset by the increased weight of cars and the inclusion of more features such as air conditioning.

In addition, energy efficiency measures in houses over the last decades (such as double glazing and insulation) have only managed to offset the growth in housing numbers, so that energy consumption by the household sector has continued to grow at around one per cent per annum.³⁵ Larger houses use more electricity or gas for heating; more energy is used in manufacturing housing materials; wide-screen televisions demand more energy than standard sets.

Growing consumer demands lead to ever-increasing pressure on natural resources both as sources of materials and as 'sinks' for the dumping of wastes. The erosion of the natural environment diminishes the quality of life for all. This trend is particularly apparent in the creeping encroachment of towns and roadways into the last remaining open areas.

³² House of Commons, Select Committee on Environmental Audit, Fifth Report 2002, <http://www.parliament.the-stationery-office.co.uk/pa/cm200203/cmselect/cmenvaud/99/9904.htm>

³³ Although over the longer term the economy has been growing more quickly than overall resource consumption. The House of Commons Select Committee on Environmental Audit reports (ibid.) that between 1970 and 1999 resource use in the UK grew by 13 per cent while GDP grew by 93 per cent.

³⁴ Data are from the UK's national communication to the UNFCCC, 2001. http://www.defra.gov.uk/environment/climatechange/3nc/pdf/climate_3nc.pdf

³⁵ *ibid.*

4. Attitudes to consumption

4.1 How much money is enough?

A number of authors have noted that there is a tendency for people to believe that they need more money than they have no matter how wealthy they happen to be. Most people act as if more money means more happiness. But when people reach the financial goals they aspire to they do not feel any happier. They therefore raise their threshold of sufficiency; this is an endless cycle. In their review of the evidence, Frey and Stutzer conclude: 'It is not the absolute level of income that matters most, rather one's position relative to other people' (2002, p. 85). If one's expectations continue to rise in advance of one's actual income, one never has a level of income that satisfies. Easterlin, who did much of the early work in this field, referred to a 'hedonic treadmill' in which people have to keep running in order to keep up with the others, but they never go forward (Easterlin 1974).

Economists have developed the concept of 'prestige goods' (also known as 'positional goods'), the possession of which signals social status. Such goods serve their function as long as they are not available to others. The democratisation of luxury over the last two decades has undermined the positional signalling of many goods previously reserved for the very rich, a trend that is due partly to rising incomes and partly to the marketing strategies of luxury brands which include the introduction of entry-level products in order to increase market share. The erosion of the status of prestige goods has perhaps meant a decline in the well-being of the very rich. For the middle classes, rising incomes over the last decades have been accompanied by an equal increase in the levels of expectation about what is needed to live a decent life. Since the level of expectation always stays in advance of actual incomes, many people who, by any historical or international standard, are very wealthy feel themselves to be struggling financially.

Earlier surveys on attitudes to income in the USA and Australia have been replicated for this study. BMRB International was commissioned to survey a representative sample of British adults aged 20 and over.³⁶ Respondents were asked whether they agreed or disagreed with the following statements:

- You cannot afford to buy everything you really need.
- You spend nearly all of your money on the basic necessities of life.³⁷

The responses to the first question, by income group, are shown in Table 1.

It is apparent from Table 1 that 61 per cent of Britons believe that they cannot afford to buy everything they really need, while 39 per cent believe they can afford everything they need.³⁸ The results are presented graphically in Figure 2. When we consider that

³⁶ The survey was conducted by telephone over 4th-6th July 2003 and included 942 respondents aged 20 years and over selected by means of random digit dialling.

³⁷ A third question was asked, the responses to which are discussed in Section 4.3.

³⁸ The sampling error means that we can be 95 per cent confident that the true figure lies within 3.3 per cent of the reported figure.

the United Kingdom is one of the world's richest countries, and that Britons today have incomes nearly three times higher than in 1950, it is remarkable that such a high proportion feel that their incomes are inadequate. It is even more remarkable that almost half (46 per cent) of the richest households say that they cannot afford to buy everything they really need.³⁹ Even amongst those with incomes in excess of £50,000, 40 per cent believe that they cannot afford everything they really need. As we will see, the proportion of 'suffering rich' in the United Kingdom is even higher than in the USA, widely regarded as the nation most obsessed with money.

Table 1 Attitudes to needs, by income group (%)

"You cannot afford to buy everything you really need."

	<i>Annual household income (before tax)^a</i>						
	Total	Less than £5999	£6000 to £9999	£10000 to £14999	£15000 to £24999	£25000 to £34999	£35000 plus
Agree	61	79	66	72	57	59	46
Disagree ^b	39	22	33	28	43	41	54
Share of population ^c	100	13	9	15	23	19	22

a. Numbers may not add to 100 due to rounding.

b. 1% of respondents said 'Don't know'.

c. Share of total population as estimated by BMBR International. Excludes those who refused to state their incomes, giving a total of 808 usable responses.

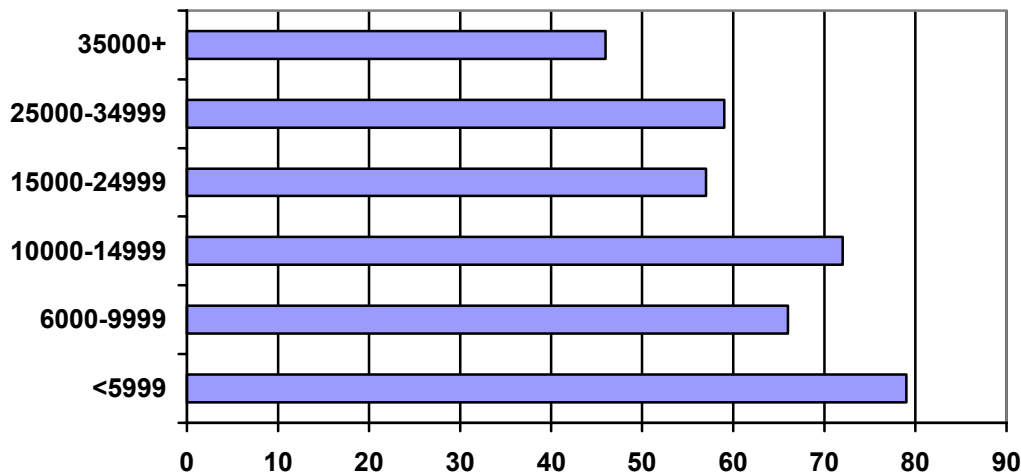
Source: BMRB Access Survey

Clearly, perceived needs change as incomes rise. Usually when confronted with the question of whether they can afford everything they really need, people begin to think of the things that they would like to buy but cannot at present afford. Wealthier people include items such as a new car, a new stove and a holiday in the sun, while poor people tend to think of a plumber to fix a leaking tap, a new coat and money for a school excursion. When the question is put to them, wealthier people feel keenly their inability to afford what they feel they need, but on closer questioning they usually concede that they could in fact do without a new kitchen, a vehicle upgrade or a holiday abroad. However, their personal daily consciousness and their political attitudes are driven by their sense of lack rather than a realistic appreciation of what they actually need. Thus a decade ago 'everything you really need' would not have included a wide-screen television, an ensuite bathroom and home computer, but now for many people it does include these things. Under relentless pressure from their social surroundings and

³⁹ When broken down by social grade, the proportions that agree match the income divisions reasonably closely. Starting with the lowest, they are as follows: E – 73%; D – 74%; C2 – 64%; C1 – 55%; AB – 48%.

advertising, people feel dissatisfied with what they have so that what is initially a novelty becomes a ‘must have’.

Figure 2 Proportions who agree that they cannot afford to buy everything they really need, by income group, £ (%)



Source: Table 1 above

When the responses to the BMRB Access Survey are analysed further, there is virtually no difference by sex, but those under 35 are more likely to say that they cannot afford everything they really need (64 per cent) than those over 55 (53 per cent). London, the South East, South West and Scotland are all at the 59 per cent level. Those living in Yorkshire/Humberside and the North are more likely to complain (65 per cent) and those in East Anglia (50 per cent) and the West Midlands (53 per cent) are more contented. These differences could be explained by differences in income levels.

The respondents were also asked whether they agree or disagree that they spend nearly all of their money on the basic necessities of life. The results are shown in Table 2.

When asked whether they spend nearly all of their money on the basic necessities of life 57 per cent of respondents agreed, compared to 61 per cent who agreed that they can't afford everything they really need. However, the proportion of respondents who agreed with the statement declined more sharply with rising incomes than in the previous question – see Figure 3. Among those in the lowest income group, 88 per cent agreed that they spend nearly all their money on basic necessities (79 per cent agreed that they can't afford everything they need), while among those in the highest income group only 28 per cent agreed that they spend nearly all their money on basic necessities (46 per cent agreed that they can't afford everything they need).⁴⁰ The phrase ‘basic necessities of life’ appears to be interpreted more narrowly than ‘what I need’. In other words,

⁴⁰ When asked if they spend nearly all of their money on the basic necessities of life, a higher proportion of women (63%) than men (53%) agreed, and those over 65 are also more likely to agree (63%) than 20-24 year olds (51%). These responses are likely to be heavily influenced by income differences.

while poorer households tend to equate what they need with the basic necessities of life, wealthier households are more likely to recognize, subliminally at least, that what they ‘need’ extends well beyond the basic necessities of life.

Table 2 Attitudes to basic necessities of life, by income group (%)

“You spend nearly all of your money on the basic necessities of life.”

	<i>Annual household income (before tax)^a</i>						
	Total	Less than £5999	£6000 to £9999	£10000 to £14999	£15000 to £24999	£25000 to £34999	£35000 plus
Agree	57	88	81	69	57	46	28
Disagree ^b	42	10	19	31	42	53	72
Share of population ^c	100	13	9	15	23	19	22

a. Numbers may not add to 100 due to rounding.

b. 1% of respondents said ‘Don’t know’.

c. Share of total population as estimated by BMBR International. Excludes those who refused to state their incomes, giving a total of 808 usable responses.

Source: BMRB Access Survey

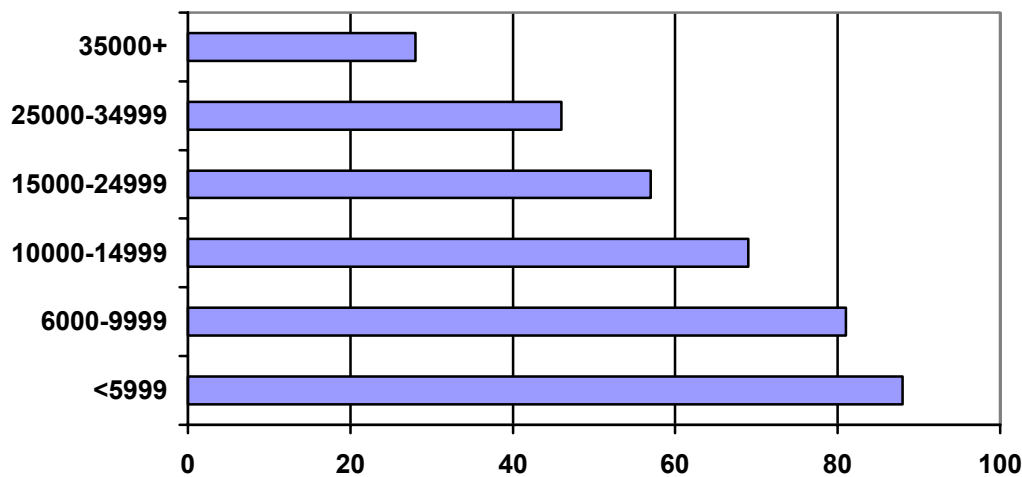
Nevertheless, more than a quarter of the wealthiest households in Britain believe that they spend nearly all of their money on the basic necessities of life. The belief is shared by nearly half (46 per cent) of those with incomes of £25,000 to £34,999. It would seem that as households become wealthier, their definition of what must be counted as basic necessities of life expands to include a range of goods and services that less wealthy families do not regard as necessities. In other words, the notion of what is necessary – and by implication the behaviour of people to acquire those necessities – is strongly influenced by social and personal expectations, a conclusion consistent with the literature on relative incomes reviewed above.

All of this suggests that British households, and especially middle-income and wealthy ones, have an inflated, and perhaps grossly inflated, understanding of how much money they need to maintain a decent standard of living. It also confirms the view that, as people become wealthier, perceptions of the necessary consumption level rise.

Further light can be shed on the issue by looking more closely at the responses of the poorer households. Surprisingly, in the lowest income group (with annual incomes of less than £6,000) 22 per cent disagreed with the statement that they cannot afford to buy everything they really need. In other words, a fifth of the poorest households say that they do not have difficulties affording everything they really need, suggesting that they have some money left over for luxuries. If, as we have suggested, poor households equate what they need with basic necessities, then those who say they can afford

everything they need have some money left over after buying the basic necessities of life.

Figure 3 Proportions who agree that they spend nearly all of their money on basic necessities, by income group, £ (%)



Source: Table 2 above

4.2 How does Britain compare?

The results of the survey can be compared with surveys conducted in the USA and Australia in which the same questions were asked. For Australia, Hamilton (2002) reports the results of a survey conducted in late 2002 by Newspoll. The US results are reported by Schor (1998). However, the US survey was conducted in 1995 and the results should be compared with caution. It is hard to know whether Americans have become more or less prone to think of themselves as being materially deprived in the last eight years. While 11 September and subsequent events may have induced some Americans to value what they have more highly, Schor presents some results that suggest that the level of desired income may grow faster than the level of actual income. In a poll conducted in 1986, Americans were asked how much income they would need to fulfil all of their dreams. The answer was US\$50 000. Eight years later the figure had risen to \$102 000.

The results for the three countries are reported in Table 3, along with GDP per person in 2000 measured by purchasing power parity.⁴¹ Note that for each country the top and bottom groups each account for around 15 to 20 per cent of households. Incomes are those before tax.⁴² The figures for Britain and Australia are remarkably similar. Overall, three in five people in each country say that they cannot afford everything they really

⁴¹ Purchasing power parity takes account of both differences in exchange rates and differences in the purchasing power of domestic currencies within each country.

⁴² Strictly speaking, equivalised household incomes would be better (i.e. adjusted for household size).

need. Among high-income households, nearly half feel dissatisfied with their incomes, while four in five in the lowest income group feel the same way.

However, citizens of the United Kingdom and Australia appear to be significantly more dissatisfied with their incomes than Americans. This is true at both the top end and the bottom end of the scale. Overall, half of Americans say they cannot afford to buy everything they really need, compared to six in ten Britons and Australians. While nearly half of the richest households in Britain and Australia say their incomes are inadequate, only one third of wealthy Americans take that view.

Table 3 Attitudes to needs, by income group (%)

“You cannot afford to buy everything you really need.”

	GDP per person in 2000 US\$ PPP	Total (%)	Bottom group (%)	Top group (%)
United Kingdom (2003)	23,509	61	79	46
Australia (2002)	25,693	62	79	47
USA (1995)	34,142	50	63	33 ^a

a. Simple average of the top two groups reported by Schor (1998, p. 7) where the proportion for those on incomes over \$100,000 is 19% and for those with incomes in the range \$75,001-100,000 is 39%.
Source: GDP per capita from UNDP (2002, Table 12). Australia – Hamilton (2002). USA – Schor (1998)

4.3 Attitudes to materialism

People hold contradictory attitudes to the factors that affect their quality of life. Although the responses to the survey for this study indicate that their immediate self-perception is that they are having difficulty making ends meet, when asked to stand back and reflect on their lives and their society they take quite a different view.

For example, surveys in the USA and Australia have found that when asked what it would take to improve their personal quality of life, large majorities nominated more time with family and friends and less stress and pressure in their lives, while a minority nominated more money to buy things (Eckersley 1999). Eckersley reports a number of surveys that indicate that people do not rate more money and consumption as important to improving their lives. Wrote Eckersley:

‘Having extra money for things like luxuries and travel’ ranked last in a list of seven items judged ‘very important’ to success [in one survey], well behind the top-scorer, ‘having a close and happy family’. And in contrast to government priorities, ‘maintaining a high standard of living’ ranked last in a list of 16 critical issues headed by educational access, children and young people’s well-being, and health-care (Eckersley 1999, p. 13).

The survey conducted by BMRB Access for this study also asked respondents whether they agree or disagree with the following statement:

British society today is too materialistic, with too much emphasis on money and not enough on the things that really matter.

The results are reported in Table 4 and graphed in Figure 4.

Table 4 Attitudes to materialism, by income group (%)

	<i>Annual household income (before tax) ^a</i>						
	Total	Less than £5999	£6000 to £9999	£10000 to £14999	£15000 to £24999	£25000 to £34999	£35000 plus
Agree	87	92	87	94	90	86	78
Disagree ^b	11	7	8	4	9	11	21
Share of population ^c	100	13	9	15	23	19	22

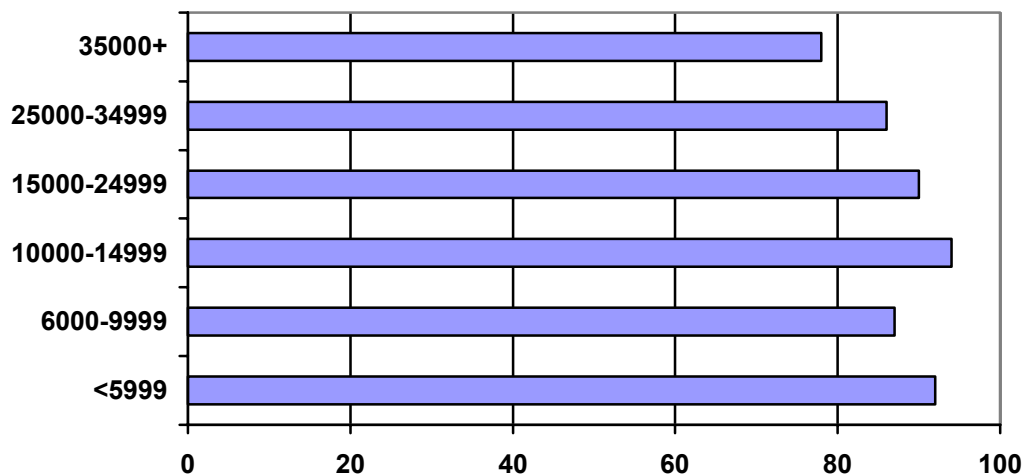
a. Numbers may not add to 100 due to rounding.

b. 2% of respondents said 'Don't know'.

c. Share of total population as estimated by BMRB International. Excludes those who refused to state their incomes, giving a total of 808 usable responses.

Source: BMRB Access Survey

Figure 4 Proportions who agree that British society is too materialistic, by income group, £ (%)



Source: Table 4 above.

The results indicate that 87 per cent believe that British society is too materialistic, with too much emphasis on money and not enough on the things that really matter. All groups in all regions and age categories strongly agree with this view. The proportions agreeing with the statement are fairly stable across the income distribution, with the exception of the richest households where 78 per cent agreed that Britain is too materialistic. Among the richest households double the national average disagreed with the view that Britons place too much emphasis on money (21 per cent versus 11 per cent across the whole population). Women are more likely to agree that Britain is too materialistic, although the difference is not great – 90 per cent compared to 84 per cent of men. People in social grades A and B are less likely to see Britain as too materialistic (80 per cent) than those in grades C2 (90 per cent), D (94 per cent) and E (88 per cent). There is some variation among regions with those in the North more likely to believe that British society is too materialistic (96 per cent) than those in the South West (83 per cent) and the East Midlands (78 per cent).

Attitudes to materialism in the United Kingdom are similar to those in Australia, as is apparent from Table 5.

Table 5 Attitudes to materialism, UK and Australia (%)

“British/Australian society today is too materialistic, with too much emphasis on money and not enough on the things that really matter.”

	Total (%)	Bottom group (%)	Top group (%)
United Kingdom (2003)	87	92	78
Australia (2002)	83	88	69

Source: GDP per capita from UNDP (2002, Table 12). Australia – Hamilton (2002).

The survey question itself gives us pause to ask what are ‘the things that really matter’. Eckersley’s work provides a persuasive answer: for most people the things that really matter are relationships with family and friends and time to do the things that are personally fulfilling.

The responses to the three survey questions suggest that a large proportion of Britons believe both that they do not have enough money and that society places too much emphasis on money and material goods. This result confirms other studies suggesting an uneasy disjunction between people’s immediate assessment of their own financial position, which tends to be self-focused and income-driven, and their recognition that society in general is too materialistic and preoccupied with money instead of ‘the things that really matter’. The proportion that agreed that Britain is too materialistic was probably reduced by the fact that the previous two questions had set respondents in a frame of mind focused on their own travails, and the consequent awkwardness, especially for those on higher incomes, of then being asked to repudiate the sentiment.

Yet despite recognizing that, on reflection, life could be better, perhaps much better, if people themselves and society in general devoted more attention to family, friends and the ‘things that really matter’, Britons appear driven or conditioned to pursue material rewards before others. Most people seem unable to change course and introduce more balance into their lives even though they are willing to concede that a simpler life may well be a happier one. Such a view is supported by a number of studies of the relationship between materialism and quality of life. It is well established that those who set ‘extrinsic goals’ including more money and career success lead less satisfied lives than those who set ‘intrinsic goals’ including better relationships and self-betterment. Kasser writes that the weight of psychological evidence shows that materialistic values detract from well-being, and they do so in three ways:

they maintain deep-rooted feelings of insecurity, they lead us to run on never-ending treadmills trying to prove our competence, and they interfere with our relationships (Kasser 2002, p. 73).

5. A culture of complaint?

In 1930 John Maynard Keynes reflected on what life would be like after another century of economic growth. He anticipated that, with average real incomes perhaps eight times higher, the ‘economic problem’ would have been solved. In this state, Keynes observed:

. . . for the first time since his creation man will be faced with his real, his permanent problem – how to use his freedom from pressing economic cares, how to occupy the leisure, which science and compound interest will have won for him, to live wisely and agreeably and well . . . [I]t will be those people, who can keep alive, and cultivate into a fuller perfection, the art of life itself and do not sell themselves for the means of life, who will be able to enjoy the abundance when it comes (Keynes 1963, p. 362).

The point imagined by Keynes has been surpassed by the majority of people in the West today. Yet despite the abundance provided by sustained growth, few people today keep alive and cultivate the ‘art of living’ that Keynes referred to. Most do not know how to enjoy the abundance that has arrived.

In some respects, people today feel more materially deprived than their parents and grandparents in the 1950s, despite being three times richer. This sense of deprivation is daily reinforced by the media and popular debate through the language of economics and the ceaseless cultivation of discontent that is the role of the marketing industry. Newspapers stories on ballooning household debt levels report the experience and opinions of organizations such as the Consumer Credit Counselling Service which reflect the concerns of poorer households that find themselves in financial difficulty. Yet most consumer debt in Britain is accumulated by well-off householders who insist on having the latest luxury goods sooner rather than later. Surveys by banks often conclude that low personal savings rates indicate that people are facing hard times and must spend all of their incomes to stay afloat. In fact, Britain’s savings rate is at an historical low because of an unwillingness, rather than an inability, to save.

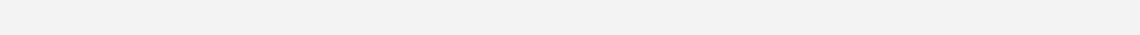
The ‘mortgage stress’ that sometimes generates headlines is not the unexpected result of rising interest rates. It is the product of inflated house prices that are themselves the consequence of the willingness of people to commit larger shares of their current and future incomes to satisfying scaled-up desires for living space. In other words, many people have set their sights on levels of comfort and luxury that they cannot afford and have gone into too much debt to obtain them. Newspapers make little distinction between poor households in genuine difficulty because they cannot afford rising rents and wealthy households straining to repay mortgages of £300,000 on large houses in wealthy suburbs.

In an earlier era, when wealthy people made decisions to live beyond their means their financial difficulties attracted little public sympathy. If they complained it would perhaps be suggested that they live a little less grandly. Today, newspapers, popular commentators and political leaders fail to distinguish between real and imagined hardship and speak as if the imagined financial difficulties of the wealthy are the result of hard times rather than inflated expectations. They therefore become a matter of

public concern. The real concerns of yesterday's poor have become the imagined concerns of today's rich.

The effect of this conflation of the circumstances of the poorest citizens with those of the wealthy majority is to diminish the significance of the particular circumstances of those households that really do have difficulty making ends meet. It also reinforces a general belief in the community that times are hard, despite the fact that Britons are richer than they have ever been and much richer than the vast majority of people in the world. The deprivation syndrome induces politicians to distort policy to 'reduce the burden of taxation' and increase welfare payments to households that are living lives that would in other places and at other times be regarded as luxurious. This emphasis on the tribulations of the middle classes not only validates the self-centred preoccupation of wealthy people with their own financial circumstances but crowds out sympathy for those who are genuinely struggling.

Despite the fact that we live in an era of unprecedented abundance, the survey conducted for this study confirms that most middle-class Britons believe that their incomes are inadequate to provide for their needs. This deprivation syndrome has profound effects on the political parties as they compete for the hearts and minds of average households. It is hard to avoid the conclusion that the political system actively foments dissatisfaction amongst the middle classes, a process that has spawned a culture of middle-class complaint.



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