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THE FUTURE OF CONSUMER SOCIETY

Prospects for Sustainability
in the New Economy

MAURIE J. COHEN

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Preface

It may seem unwarranted—perhaps even bizarre—to devote an entire book to the future of consumer society. A casual glance around would appear to suggest that consumerism is securely entrenched in the United States and other affluent countries. The shopping malls are packed with a seemingly inexhaustible array of come-hither splendors with new bedazzling offerings arriving every day. We are continually surrounded by alluring promotional inducements celebrating the virtues of a world of limitless goods. Moreover, television, which has long been a powerful tool for impelling mass consumption, has, in its most recent incarnation, become untethered and completely portable. Numerous Internet platforms now deliver a relentless stream of marketing appeals to handheld and conveniently mobile devices. Most indications are that consumer society as a dominant system of social organization is more deeply and extensively rooted than ever before. Its most ardent proponents assert that a consumption-driven economy, supercharged with abundant product choice and ample consumer credit, is the height of human achievement.

Given these circumstances, it is not difficult to understand that our political priorities have moved in a similar direction. Government officials loudly champion the importance—indeed the absolute necessity—of economic growth premised on more rapid and expansive turnover of retail inventories. To do otherwise, it is axiomatically stated, is to risk dispatch into oblivion. When consumer society shows any sign of faltering, policymakers avidly rush to the rescue with new and evermore innovative subventions. Trapped by contemporary logic, activists and other visionaries of social change have had great difficulty seeing beyond the strictures of extant conditions.

The point of departure for this book is that the last several hundred years of Anglo-European history have been marked by three distinct, but inevitably overlapping and ultimately persistent, systems of social organization. Premodern society was structured in accordance with an agrarian logic and provisioning practices were determined by agricultural modes of production and consumption. As the Industrial Revolution began to gather momentum in the later part of the eighteenth century,

agrarianism was supplanted by a new underlying rationale predicated on manufacturing and its allied activities. Large numbers of people were uprooted from the countryside and forced to remake their lives in burgeoning, fetid cities. Predominant lifestyles arranged largely around subsistence agriculture gradually dissipated as former farmers were increasingly absorbed by the expanding industrial economy. These new arrangements required most workers to sell their labor in exchange for a wage and to use the proceeds to purchase the rudiments with which to maintain themselves.

The acquisition of advanced training, especially in engineering or other professional pursuits like accounting and law, provided a pathway out of industrial poverty and more fortunate laborers elevated their status sufficiently to join the ranks of a growing middle class. During the second half of the nineteenth century, the first recognizable department stores were established and these early “palaces of consumption” quickly became destinations that offered new and unparalleled opportunities for both leisurely diversion and material acquisition. A powerful feedback response developed whereby the enlarging manufacture of consumer goods gave rise to widening opportunities to appropriate them.

Initially during the 1930s, and more intently in the decades following World War II, consumer society began to solidify into a robust and highly resilient assemblage of social practices and cultural sensibilities that in due course supplanted the preexisting order of industrial production. This progression was actively augmented by government policies that raised working incomes, provided for retirement pensions, and enabled construction of new transportation infrastructure and housing alternatives. It was further abetted by demographic trends that delivered an expanding cohort of alacritous consumers at the same time that technologies to enable the mass distribution of goods were reaching commercial scalability.

While commentators like Vance Packard, John Kenneth Galbraith, and Rachel Carson cast a discerning and critical eye on these unfolding routines, it was not until the 1970s that serious questions about the durability of consumer society began to surface. The onset in the United States of economic conditions of so-called stagflation (the troubling combination of elevated unemployment and high inflation), in part prompted by curtailment of international oil flows in the wake of the 1973 Yom Kippur War between Israel and its neighbors, sapped the

capacity of consumers to keep the stock turning over. Austerity converged with the radical politics still resonant from the prior decade and prompted a wave of defiance to prevalent consumerist lifestyles. Ultimately, this resistance proved fleeting and by the early 1980s consumer exuberance was again fashionable, aided to a large degree by relaxation of regulatory controls on financial markets. More permissive lending practices and the popularization of readily available consumer credit effectively re-energized enthusiasm for consumption. These developments combined with heightened fixation on social status and cultural distinction in an era of increasing income inequality to further the transition to a system of social organization premised on consumerism.

We are again reaching a point where the prospects for consumer society are once more becoming a subject of topical debate. If we dig below the spectacle that surrounds prevalent and widely lauded lifestyles, we find that the foundations of consumerist lifestyles are becoming shaky and less reliable. To expose these underpinnings, it is first necessary to acknowledge that consumerism is the manifestation of a certain set of social circumstances that have been vigorously amplified to achieve a set of predetermined outcomes. More pointedly, consumer society has been engineered to ameliorate the fundamental problem of industrial over-production and there is nothing inexorable about its perpetuation.

As industrialism evolved during the nineteenth century and the scale of production expanded to previously unprecedented proportions, it became apparent that affluent consumers could be relied on to absorb only a fraction of the goods spilling out of manufactories of the day. In other words, the pace of production increased much faster than consumption capacity. In contemporary terms, the economy suffered from the inter-linked conundrum of surplus production and insufficient demand. To avoid the accumulation of unsold output it was necessary to expand consumer markets by making it possible for widening circles of workers to acquire the fruits of their own labor. While significant headway was made addressing this dilemma (primarily through raising wages and decreasing retail prices), it has never been completely resolved. Even today, producers are regularly compelled to devise more inventive ways to ensure the profitable sale of increasing volumes of goods. We can conceive of this imbalance as the paradox of ever-increasing productivity.

Another way out of this trap calls for reducing working hours and dampening the propensity to generate excess production. Various

strategies to this end have been pursued in Europe in recent decades including generous time off for extended vacations and parental leave, as well as opportunities for job-sharing and early retirement. While there is a common tendency to view these interventions as the result of unrestrained paternalism, a more hardheaded interpretation is that it is simply sound economic and social policy to more equitably distribute employment among workers and to restrain tendencies toward overproduction.

The United States has encountered this same fork in the road on several occasions: first in the 1920s, again in the 1950s, and once more during the 1970s. In each instance, the branch toward less work and more leisure was purposefully not taken. The reasons for repeatedly throttling national capacity to consume in order to keep up with expanding production are, of course, complicated, but all of the usual suspects have played their part: shortsighted policymakers, avaricious corporations, and imprudent labor unions. There are now indications that this recurrent design flaw is emerging yet again and calling into question the durability of consumer society.

This book examines several expressions of this problem—the emergence of contingent employment practices as embodied in the putative “sharing economy,” the quest for more personally rewarding forms of provisioning inherent in the so-called Maker Movement, and the desire by some producers and consumers to valorize goods with reputed local provenance. The volume also examines what may be the greatest threat of all to consumer society, namely the likelihood that a new generation of digital technologies will further undermine the livelihoods of working- and middle-class households and drastically degrade their ability to continue to uphold their consumption obligations.

* * *

Claims of transition and movement toward a new system of social organization have been in the air for some time. In 1984, Michael Piore and Charles Sabel argued in their seminal book, *The Second Industrial Divide*, that the era of large integrated manufacturing was ending and was being replaced by configurations of nimble firms congregated in vibrant industrial districts and able to respond promptly to dynamic changes in fashion and consumer demand through “flexible specialization.”¹ An especially celebrated exemplar was the northern Italian region of Emilia-Romagna, home to dozens of small knitwear manufacturers producing stylish, high-value garments for international

markets. This work triggered a wave of interest (that continues until today) in “post-industrialism” and the related concept of “post-Fordism” became familiar across a wide range of the social sciences. A decade later, Stanley Aronowitz and William DiFazio and Jeremy Rifkin provocatively announced that customary opportunities for labor were disappearing and we faced a future without work.² These two themes—socio-industrial transformation and the disappearance of jobs—have recently acquired contemporary salience due to a new wave of efficiency-driven changes in the organization of production and the commercial advent of novel digital technologies.³

At the same time, public misgivings have emerged in some quarters about the high ecological costs of consumerist lifestyles. Environmentalists and others have, of course, been drawing attention since the nineteenth century to the voracious demand, in terms of both energy and raw materials, necessary to maintain economies organized around resource throughput. The debate reached a certain tipping point in 1992 when at the United Nations Conference on Environment and Development in Rio de Janeiro, 172 nations (including 108 heads of state) convened to endorse the notion that “the major cause of the continued deterioration of the global environment is the unsustainable pattern of consumption and production.” In the three decades since this historic event, the risks that consumerist lifestyles impose on the biosphere have only grown more acute. These threats center not only on anthropogenic climate change, but also include increasing water scarcity in many regions, soil degradation, and toxicity as well as more ordinary and long-standing concerns arising from air and water pollution. This situation has prompted development of a research and policy agenda organized around the idea of *sustainable consumption* which seeks to reduce resource utilization while enabling a growing number of people around the world to lead good and dignified lives.

Separate from the need to pursue more sustainable consumption, there are a number of developments that prompt skepticism about the ability of consumer society to hold up in the future. These issues include demographic change, growing income inequality, economic stagnation, and political fractiousness, which are simultaneously combining to erode the enabling conditions that give rise to consumerist lifestyles. While uncertainties surrounding this array of factors are variously acknowledged, there seems to be little recognition of how integral they are to

reproducing our predominant system of social organization. This underappreciation, I argue, stems from inadequate comprehension of transitional dynamics and how, from a prospective vantage point, it can be extremely difficult to discern either the trajectory along which we are proceeding or the eventual destination of our journey.

The truth of the matter is that we will likely need to learn to live, perhaps for some time, with considerable ambiguity. It is useful to keep in mind that the decline of agrarianism and the subsequent rise of industrialism was by no means straightforward and seamless. More readily tangible evidence of the disarray that accompanies societal transformation, and the inevitable incompleteness of any transition, is provided by the abandoned hulks that still stand in many former industrial districts and the dispirited people that often occupy proximate areas. This book seeks to provide a clear-eyed appraisal of the extremely challenging circumstances in which we now find ourselves.

* * *

My own biography is evocative of this narrative about the unremitting entrenchment and gradual dissolution of consumer society in the United States. After being expelled by the Czar's paramilitaries from the Pale of Settlement (part of present-day Ukraine), my paternal grandfather passed through Ellis Island and in subsequent years sponsored the arrival of several dozen relatives. My father came to the country as a young child, attended Harvard for a spell, and during the 1930s enlisted his two brothers to open a retail housewares business in Newark, New Jersey, which was at the time a humming industrial center within sight of New York City. Dubbing their enterprise Imperial Outfitters (a vainglorious name that by most accounts derives from a lucky bet on a horse), they sold a wide assortment of merchandise to customers who were just developing a taste for consumer society.

Their business model was not particularly innovative, but it did help to resolve an endemic predicament of the early years of mass consumption, notably how to distribute goods before consumer credit became widely and easily available. Imperial Outfitters traded in refrigerators, washing machines, radios, televisions, furniture, bedsheets, window curtains, slipcovers, cutlery, dinnerware, and much more, all on an installment-payment basis. The business was located in a three-story building on Newark's major commercial thoroughfare with a showroom at street level and administrative offices on the two upper floors. It was, though, not walk-in customers

that Imperial Outfitters primarily sought to attract. Its mainstay clientele lived either in immigrant enclaves in the manufacturing cities of northern New Jersey or dwindling agricultural hamlets scattered across the rest of the state and had—due to insuperable language, cultural, or geographic barriers—little recourse to other retail options.

Housebound women longing for modern conveniences relied on Imperial Outfitters salesmen who would arrive each week in road-battered sedans that doubled as roving showrooms. The commercial strategy relied on these intrepid road warriors peddling a continuous stream of home furnishings, appliances, and other household accoutrements. Customers would make a nominal down payment and then commit to weekly cash installments to satisfy the remaining cost. Imperial Outfitters kept its prices relatively high to compensate for the large number of delinquent accounts and the inevitability of deadbeats who vanished without leaving a forwarding address.

Saturday was always a big day on the sales routes because paychecks came at the end of the workweek and everyone felt a bit flush. The primary task, of course, was to ensure that customers booked a new purchase before the prior deliveries had been completely paid off, thus ensuring a continuously revolving debt. Given that most Imperial Outfitters' regulars had no access to alternative sources of credit, it was only the least adept salesmen who let people off the hook.

Throughout the early postwar period, my father and his brothers achieved reasonable commercial success. The business became a family enterprise. One uncle managed the stockroom, an aunt kept the accounts, and various cousins suffered the misfortune of conscription as summer employees. My mother started working at Imperial Outfitters as a student fresh out of high school and quickly developed a fearsome reputation for chasing down overdue accounts and exhorting recalcitrant shipping agents to maintain punishing delivery schedules. This story, though, has a predictable ending.

By the 1960s, increasing automobile ownership had begun to break down consumer isolation, new highways opened up vast suburban hinterlands and property developers built warehouse-sized shopping malls, and, most importantly, consumer credit became readily accessible and rendered installment plans obsolete. A new retail landscape was rapidly coming into view and it did not include affable salesmen with catalogs and payment books. This marketplace also had little use for the

homespun radio advertisements—complete with studio vocalists singing breezy jingles—that my father commissioned and aired on local radio stations. Demise during the following decade came through a sequence of spasmodic contractions, but in due course Imperial Outfitters, and numberless other businesses like it that played pivotal roles in the transition to mass consumer society, disappeared from the scene.

* * *

This book, in many respects, is the result of a collective journey. Ironically enough, the seeds for this project were cast in 2013 while I was a member of a study commission convened by the China Council for International Cooperation on Environment and Development. Our report sought to contribute to a discussion taking place in China at the time on how to more effectively manage the environmental dimensions of the country's relentless transition toward consumption-driven lifestyles. I am grateful for the invitation to contribute to the work of the commission and the opportunity to collaborate with Michael Kuhndt, Helio Mattar, Oksana Mont, and Patrick Schroeder. I also had the timely occasion to present some preliminary ideas on a transition beyond consumer society at a stimulating conference on modernization theories organized by Chuanqi He of the China Center for Modernization Research at the Chinese Academy of Sciences.

Critical to both the conception and completion of this book has been ongoing work with colleagues on the Executive Board of the Sustainable Consumption Research and Action and Initiative (SCORAI). Launched in 2008 as a humble effort to create a network of North American researchers interested in absolute reductions in energy and material consumption, SCORAI has become an accidental success story of completely unexpected proportions. From an informal meeting around a conference table in Boston, the initiative has swelled in size to include today more than 800 academics, policymakers, and activists and to spawn affiliated networks in Europe, China, and Israel. My appreciation to Jeffrey Barber, Halina Szejnwald Brown, John Stutz, Philip Vergragt, and, more recently, Emily Huddart-Kennedy, for their tireless support and valued friendship.

I have also benefited from affiliation with the Tellus Institute and the colleagues that assemble under its organizational umbrella. In an academic world that these days is too often caught in the grip of instrumental credentialism, unalloyed careerism, and political opportunism, the Tellus Institute is a cherished sanctuary for unconstrained thought and action.

I am especially appreciative of the support of Paul Raskin, Richard Rosen, John Stutz, Alan White, and James Goldstein.

An early draft of Chapter 3 on the sharing economy was written during the fall of 2014 while I was a visiting researcher at the Sustainable Consumption Institute at the University of Manchester. My thanks to Dale Southerton and Andy McMeekin for facilitating these arrangements and to SCI for convening a seminar that allowed me to discuss this work at a very preliminary stage. I additionally had the good fortune to receive a visiting fellowship from the Research Institute for Humanity and Nature in Japan. Steven McGreevy was a wonderful host and I would have never survived without the generous assistance of Yuko Matsuoka and Haruka Shinkura. Though the book discusses the case of Japan in only very cursory terms, the country has shaped my understanding of the evolutionary arc of consumer society in important ways.

Chapter 6 focuses on how a new generation of digital technologies is likely to upend demand for human labor in coming decades and contribute to significant disruption of established consumption practices. This work was supported by a Lewis O. Kelso Fellowship from the School of Labor Relations and Management at Rutgers University. I owe a huge debt to Joseph Blasi for encouraging me to consider how cooperatives and broad-based stock ownership might help to relieve some of the distress of the pending transition beyond consumer society and to Laura Hanson Schlachter for getting me up to speed on labor-union sponsorship of worker cooperatives.

During the extended period that this book was under development, I had the opportunity to present portions of its gestating contents at the Stockholm School of Economics, Chalmers University of Technology, Vienna University of Economics and Business, the University of Borås, the Garrison Institute, and the Tellus Institute as well as at workshops and conferences at Utrecht University, Fordham Law School, Renmin University, Shanghai University, Kingston University London, and Fudan University. My heartfelt thanks to the organizers of these events and the participants for their serious engagement and thoughtful questions.

This book has also benefited from valuable discussions with several extremely perceptive and engaging students including Karin Dobernig, Jeanine Cava Rogers, and Esthi Zipori. The prior description of Imperial Outfitters is partly based on the reflections of Ronald Cohen and Diane Cohen and borrows shamelessly from a furtive family memoir.

Several publications over the last few years prompted me to begin to synthesize the large body of literature encompassed by this book. The volume draws on cogitations that first appeared in *Futures*, the *Great Transition Initiative*, and the *Green European Journal* and chapters that I contributed to books including the *Handbook of Research on Sustainable Consumption* (edited by Lucia Reisch and John Thøgersen) and *Global Modernization Review: New Discoveries and Theories Revisited* (edited by Chuanqi He and Alberto Martinelli). Preliminary efforts to flesh out some of the ideas in this volume also appeared as postings to the blog affiliated with the journal *Sustainability: Science, Practice, and Policy*. Thanks to Amy Forrester and Ethan Goffman for help on this front. Early consideration of the notion of multi-stakeholder cooperativism that I discuss in Chapter 6 was first published in a contribution that I wrote for the website *Shareable*. Its founder and editor Neal Gorenflo originally brought this concept to my attention and I appreciate his willingness to make space for my thoughts on the subject when they were at a rudimentary stage of development.

At Oxford University Press, Adam Swallow was an early champion of this book when it was little more than a proposal and Aimee Wright and Alex Guyver were extremely helpful in shepherding the project to completion. Susan Frampton and Hayley Buckley scrupulously copyedited the manuscript and Premkumar Kaliamoorthi effectively managed production of this volume.

Moving for a moment from the human to the canine world, I owe a large debt of gratitude to Ruby, a Border collie-Labrador mix, who allowed me to accompany her on daily rambles through the woods down the road from my house. Indeed, sections of this text were conceived while hiking the trails and various passages were initially scribbled in a notebook while my dog patiently stalked her next squirrel. If not for Ruby's insistence to get out every morning, this book would not have seen the light of day.

Finally, my wife, Patricia, has strived tenaciously to encourage me to think about consumer society through a sociological lens but bears no responsibility for my obstinacy and overall inadequate performance as a student. Jeremy, Alexander, and Lydia have endured a distracted father for longer than is reasonable and I dedicate this book to them.

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March 2016

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1

Introduction

It is both poignant and historically significant that one of the more dramatic, if now largely forgotten, moments of the Cold War occurred not in a crisis room but in the more mundane confines of a suburban house. The setting was the kitchen of an archetypal late-1950s American home temporarily built in Moscow's Sokolniki Park for a trade and cultural exhibition. In this improbable venue, the American Vice-President Richard Nixon and the Soviet Premier Nikita Khrushchev engaged in a spontaneous and vigorous face-off while their aides anxiously scurried around agonizing over how to forestall the political consequences. Journalists afterward dubbed the impromptu clash the "kitchen debate."

The animated discussion occurred at a pivotal juncture in the increasingly fraught relationship between the two superpowers. Four years had passed since previous high-level engagement at the Geneva Summit in 1955 and two years after the Soviet Union had successfully launched its Sputnik satellite. In the days leading up to Nixon's trip, the US Congress took preemptive action, provocatively proclaiming "Captive Nations Week" which encouraged Americans to pray for "peoples enslaved by the Soviet Union."¹ The U-2 crisis involving the interception of an American spy plane in Soviet airspace in 1960 would erupt a few months later, followed the next year by construction of the Berlin Wall.

The repartee between the two leaders covered a broad range of combustible issues, including the rocketry capabilities of their respective countries, the contrasting virtues of communism and capitalism, and the prospects of war and peace. However, because of the backdrop, they could not escape talking about consumer goods. At one point early in the exchange, Nixon gestured toward a glittering screen and asserted that "this television is one of the most advanced developments in communication that we have . . . There are some instances where you may be ahead of us, for example, in the development of the thrust of your rockets

for the investigation of outer space; there may be some instances in which we are ahead of you—in color television, for instance . . . Wait till you see the picture.” The American vice-president then steered Khrushchev over to another part of the exhibit and intoned, “I want to show you this kitchen. It is like those of our houses in California.” Nixon then described the electronic controls on the washing machine, observing, “This is the newest model. This is the kind which is built in thousands of units for direct installation in the houses . . . What we want to do is make easier the life of our housewives.” He continued to lecture the Soviet Premier, remarking that the house accommodating the kitchen “could be built for \$14,000 and that most veterans had bought houses for between \$10,000 and \$15,000 . . . Let me give you an example you can appreciate . . . [A]ny steelworker could buy this house. They earn \$3 an hour. The house costs about \$100 a month to buy on a contract running 25 to 30 years.”

Perhaps feeling defensive, Khrushchev responded, “We have steelworkers and we have peasants who also can afford to spend \$14,000 for a house” and further observed that the American residence would likely last for only twenty years, a construction strategy conceived to ensure that builders could sell replacements without having to wait an unduly long time.² Nixon, rarely one to concede a debating point, retorted that it would be ludicrous to build more durable homes because after two decades most Americans would want a different house with a newly updated kitchen. Khrushchev, though, was unconvinced. In the Soviet Union, he noted, “We build firmly. We build for our children and grandchildren.” Then shifting subjects and turning toward Nixon, he proceeded to pose a question that was emblematic of deeper and more pervasive mutual misunderstanding, “Don’t you have a machine that puts food into the mouth and pushes it down? Many things you’ve shown us are interesting, but they are not needed in life. They have no useful purpose. They are merely gadgets.” After offering an apology, hoping that he had not spoken offensively, Khrushchev declared that “all you have to do to get a house is to be born in the Soviet Union. You are entitled to housing. I was born in the Soviet Union. So I have a right to a house. In America, if you don’t have a dollar—you have the right to choose between sleeping in a house or on the pavement. Yet you say that we are slaves of communism.”

Despite his reservations about the imputed advantages of obsolescence and contrived demand, Khrushchev evinced an irrepressible interest in the washing machine. Nixon found himself compelled to expound, "To us, diversity, the right to choose, the fact that we have 1,000 builders building 1,000 different houses, is the most important thing. . . . We have many different manufacturers and many different kinds of washing machines so that the housewives have a choice Would it not be better to compete in the relative merits of washing machines than in the strength of rockets?"

And so it went, for an hour, with the debate racing from jazz music (the two men both expressed little appreciation for the genre) to foreign affairs to military deployment and then back to the appliances displayed before them. At the end of the spirited tour, the two leaders festively shared a cold Pepsi.³

Throughout the extended encounter, Khrushchev was simultaneously bombastic and ebullient. Nixon, in contrast to his often dour public demeanor, demonstrated himself to be an enthusiastic salesman of the consumer lifestyle. And this was just the beginning. During the following decades, the juggernaut of American mass consumption steadily gathered momentum and scale under the tacit guidance of a broad consortium of marketers, public policymakers, and product designers. The Soviet system, by comparison, struggled—and in some cases muscularly resisted—to provide people with opportunities to acquire similar contrivances.⁴ History has unambiguously demonstrated that consumption-impelled capitalism—measured in terms of both longevity and efficacy—was the superior model.⁵

For three-quarters of a century, consumerism has been at the center of an economic system that in terms of ensuring political stability has few rivals.⁶ A prescient Henry Ford gleaned its essential virtue in 1914 when he brashly announced that he would pay his factory workers five dollars per day. The trailblazing carmaker recognized that purchase of the vehicles rolling off his assembly lines required that prospective buyers have sufficient discretionary cash. In other words, employees were also customers and managerial strategies that drove down household incomes were bound to be counterproductive over the longer run. Because Ford was ahead of his time, and certainly more forward-thinking and sagacious than many of his fellow captains in industry, he was reviled for bidding up wages and for drawing attention to the penurious living conditions of the working man.⁷

Though it would take the Great Depression, the New Deal, and two world wars before Ford's insight became accepted wisdom, by the 1950s few people in the United States (or indeed within the expanding circle of countries under its influence) questioned the interdependence between workers' incomes and consumers' expenditures. To be sure, tensions existed with, on one hand, management trying to keep wages from rising too quickly and, on the other hand, labor unions arguing that salaries needed to be bid up, but everyone ultimately recognized that rising paychecks were the source of future profits. The politics of the day reflected this understanding and policymakers, more or less regardless of ideological hue, committed themselves to apportioning the proceeds of economic growth on a generally equitable basis.⁸ The economist Paul Krugman expands on this observation when he writes that:

It turns out that the middle-class society we used to have didn't evolve as a result of impersonal market forces—it was created by political action, and in a brief period of time. America was still a very unequal society in 1940, but by 1950 it had been transformed by a dramatic reduction in income disparities. . . . How did this happen? Part of the answer is direct government intervention, especially during World War II, when government wage-setting authority was used to narrow gaps between the best paid and worst paid. Part of it, surely, was a sharp increase in unionization. Part of it was the full-employment economy of the war years, which created very strong demand for workers and empowered them to seek higher pay.⁹

This situation persisted until the 1970s when economic anxiety and political disarray (ironically prompted in no small part by former Vice-President Nixon and the ill-fated Watergate imbroglio) began to cast doubt on the continued viability of the familiar economic model.¹⁰ President Jimmy Carter sought to put his finger, maladroitly and not without consequence for his political fortunes, on the sources of this discomfort when he reproved the nation in a speech on energy policy during the summer of 1979:

In a nation that was proud of hard work, strong families, close-knit communities, and our faith in God, too many of us now tend to worship self-indulgence and consumption. Human identity is no longer defined by what one does, but by what one owns. But we've discovered that owning things and consuming things does not satisfy our longing for meaning. We've learned that piling up material goods cannot fill the emptiness of lives which have no confidence or purpose.¹¹

However, the American public was not in the mood for self-improvement, certainly not of the sort that the White House had in mind, and this

diagnosis was roundly rejected.¹² Far more uplifting was the sunny optimism that Ronald Reagan exuded when he confidently announced that it was “morning in America.”¹³ This alternative interpretation did not call for forsaking mass consumption but rather for doubling down on its promising allure. Once elected, the new president and his perspicacious advisors pressed forward an agenda that lowered taxes, disabled government oversight, deregulated financial markets, liberalized international trade, and projected a more pugnacious foreign policy.¹⁴

This multi-pronged strategy provided a kind of macroeconomic defibrillation, jolting the system and reviving the decaying underpinnings of American consumer society. A torrent of inexpensive consumer goods flowed into the country and banks unloosed a complementary deluge of accessible credit.¹⁵ The combined effect of these changes was to put more money into the pockets of consumers (with wealthier consumers receiving a proportionately larger infusion) and to open up new opportunities for households to expand consumerist lifestyles.¹⁶

While the binge lasted few consumers devoted much attention to the factors that had enabled the headlong rush or gave extended thought to the problems that in due course would ensue. An even smaller number noticed that the federal government in the United States was slowly but steadily losing its enthusiasm for investing and subsidizing activities that had long been pivotal to creating the preconditions for consumer society in previous decades and enabling them to persist over time.¹⁷

As is now widely recognized, the contradictions engendered by an incapacitated government and a rampant financial industry eventually came to a head in 2008.¹⁸ Large numbers of homeowners in the United States lost their property, banks were dissolved or forced to merge with competitors, and investigations were launched to assign blame. Most people caught up in the throes of the breakdown were disinclined to zoom out to see the larger picture and to do so was in many circles regarded as impertinent or at the very least unhelpful. The undisclosed truth was that the foundations of American consumer society had been eroding for some time.¹⁹ Though the 1970s are remembered as a decade of difficult economic problems—high unemployment, spiraling inflation, skyrocketing energy prices, steeply rising interest rates—it was also a period when several trends that had been strongly auspicious for consumer society first began to shift into reverse. Most portentously, forty years of progress reducing income inequality started to ebb as the