

# *Consumption, Debt and the Environment*

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One of the more profound changes in Australia over the last decade has been the extraordinary rise in personal debt. In the last ten years personal debt has increased from a little over \$6,000 per household to over \$14,000. Lending for housing rose from around \$22,000 per household to \$77,000 per household.

This unprecedented indebtedness is certainly not because we are experiencing hard times and people have had to borrow to tide them over. Quite the opposite. In financial terms, Australians have never had it so good. Incomes have been growing rapidly; even those at the bottom have been keeping up with the average.

So what has induced Australians to go on a massive spending spree?

Rich societies like Australia's appear to be in the grip of a severe bout of 'affluenza', an epidemic of overconsumption and money-hunger. Here's one 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.

At its heart, affluenza describes a condition in which we are confused about what it takes to live a fulfilling life. Part of this confusion is a failure to distinguish between what we want and what we need. But what are our 'needs'? In the last decade, items that have been transformed from luxuries to necessities in most Australian homes include plasma TVs, home air-conditioning, personal computers, second bathrooms, mobile phones and, increasingly, private health insurance and private schooling for children.

In other words, there has been a relentless ratcheting up of desire, a scaling up of expectations about what it takes to have a decent standard of living. The desired standard of living of the typical household is now so far above the actual standard afforded by incomes that people feel constantly deprived of the 'good life'.

Hand-in-hand with the growth of credit, shopping has become the national past-time. Many would not know what to do with their lives if they could not shop. It's become addictive. Shopaholism has been called the 'smiled-upon addiction'. Shopping till you drop signifies a happy-go-lucky disposition rather than a sad and empty life.

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In modern consumer Australia, the gap between our actual self and our ideal self is widening. We are continually urged to aspire to a better, slimmer, richer, more sophisticated ideal self. The widening gap between our actual selves and ideal selves is the source of a constant yearning to be something other than we are, indeed something other than we *can* be.

Perhaps this is why the increasing level of materialism that characterises affluent societies like Australia has been shown to be associated with declining well-being and more pathological behaviour. The evidence points strongly to the conclusion that the more materialistic we become the more we try to cope with our insecurities through consuming and the less contented we are. It also indicates that the more materialistic we are the poorer are our personal relationships.

We have no trouble recognising that overconsumption of alcohol and excessive gambling harms the overconsumers themselves, as well as those around them. Yet shopping can also be driven by obsessive or addictive behaviour. Psychologists have recently identified a pathological condition known as oniomania or compulsive shopping, defined in the American Psychiatric Association as an obsessive-compulsive disorder.

Those with oniomania find that their shopping is out of control; they buy more than they need, often setting out to buy one or two items but coming home with bags full of things they could not resist purchasing. Oniomaniacs often spend more than they can afford and rack up large debts on credit cards that build until some crisis occurs. After shopping binges they are soon visited by feelings of regret. If this sounds like the experience of almost everyone, then the psychologists have merely identified the more extreme form of a widespread social condition.

Shopping has become both an expression of the meaningless of consumer society and an attempted cure for it. Indeed, it has recently been shown that compulsive shopping disorder can be effectively treated with certain anti-depressant drugs, suggesting that oniomania is not a psychological disorder in itself but a manifestation of something more pervasive – entrenched depression and anxiety for which shopping is a form of self-medication, a phenomenon widely recognised through the phrase ‘retail therapy’.

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It is widely accepted that people 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. Instead of wondering whether the desire for more money is the problem, they raise their threshold of desire; this is an endless cycle.

In fact, studies have shown that most people would prefer an income of \$50,000 where the average is \$40,000 than an income of \$70,000 where the average is \$100,000. Most people would rather be poorer as long as others are poorer still.

For the middle classes, rising incomes over the last decades have been accompanied by a greater 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 doing it tough.

We have measured the extent of this effect – which in Australia might be called the ‘middle-class battler’ syndrome – through a Newspoll survey. Respondents were asked whether they agreed or disagreed with the following statement:

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

Sixty two per cent of Australians – nearly two thirds – believe that they cannot afford to buy everything they really need. When we consider that Australia is one of the world’s richest countries, and that Australians today have incomes 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 among the richest 20 per cent of households – the richest people in one of the world’s richest countries – almost half (46 per cent) say that they cannot afford to buy everything they really need.

Without any doubt, the primary target of excessive consumption spending in Australia is the home. They are bigger, with more bedrooms and bathrooms, and they are increasingly filled with luxurious fittings and appliances. In the mid-1950s the average size of new houses was around 115 square metres, half the size of today’s new house.

The expanding size of houses has been occurring at a time when the average number of people in each household is shrinking. In 1970 there was an average of 3.3 people to each household. By 2000 it had fallen to only 2.6, a 21 per cent decline over the three decades from 1970. Expressed another way, in 1970 an average new house had 40 square metres of floor space for each occupant; today each person has 85 square metres. No wonder house prices have risen so dramatically; we seem to want so much more space.

As a result, many families float around in dwellings with far more space than they can use. This spare space must still be filled with furnishings, appliances, carpets and curtains. It must be heated, cooled and cleaned, adding to the resources needed to maintain the home. In other words, buying a bigger house means embarking on an extended binge of shopping in order to fill it up, and, as *House & Garden* magazine declared last year: “What was once considered extravagance is now considered the norm”.

Increasingly, Australians are not satisfied with standard appliances but demand high-quality professional ones. 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.

Increasingly, the kitchen in the home is being duplicated by super barbeques promoted as the ‘kitchen outdoors’. While a barbeque in the 1980s was typically assembled at home from 150 bricks, a hot plate and a wood storage area, in 1998 the top of the line model cost \$2,000. Today the ‘Turbo Cosmopolitan’ at Barbeques Galore, described as ‘Australia’s most prestigious gourmet outdoor entertainment system’, sells for \$4,990.

Made of vitreous enamel, it boasts electronic multi-spark ignition in each of six burners, deluxe cast iron plates and a dual glass window roasting hood. It can roast, smoke, bake and grill. However, even the Turbo Cosmopolitan has been superseded by the Grand Turbo, the main features of which are an infrared rotisserie rear burner and a price tag of \$6,990.

Few people buy the most sophisticated barbeques, but their existence serves to drive up the level of desire. After looking at the Turbo Cosmopolitan or the Grand Turbo, buyers are more likely to buy the Cordon Bleu for \$1,299, 'the latest look in barbeques and one of our top sellers', instead of paying \$200-\$300 for a standard gas model. An advertisement for the Rinnai 'Monaco Outdoor Kitchen' (retail price \$2,399) declares: 'I love the look on the neighbours' face when I roll out the Rinnai'. Australians today can spend more on a set of tongs for the barbeque than they spent on the barbeque itself in 1970.

There is something unsettling about a \$7000 barbeque. The barbie has traditionally served as the symbol of Australian egalitarianism. It represented the place where Australians could gather for the simple purpose of cultivating and enjoying their relationships with family members and friends. Unpretentious, convivial, reflective, in a quiet way the barbecue was where Australians celebrated their culture. All that is destroyed when the barbecue becomes an opportunity to outdo the neighbours and other family members, where the objective is not so much to share a meal cooked before the gaze of those we are close to but instead to engage in an ostentatious display of worldly success. Yet these super-barbecues are 'flying out the doors' of the retailers.

It's not just super-barbeques that express this baleful cultural shift. In selling four-wheel drives marketers play to car buyers' need for personal safety while at the same time extolling practical benefits such as luggage capacity, visibility for the driver, and the ability to take the family away on camping trips, despite the overwhelming evidence that large four-wheel drives are more dangerous for both their occupants and other road users. One current TV ad tells us seriously that if you get bitten by a deadly snake in the outback, only a Toyota Landcruiser will get you to hospital in time. The closest you'll get to a snake in Toorak is living next door to a corporate lawyer.

But beneath the macho images, it is unquestionably the inadequacies of those who buy these monsters that the advertisers are exploiting. US market research into people who buy large 4WDs shows that they tend to be unusually 'insecure and vain':

They are frequently nervous about their marriages and uncomfortable about parenthood. They often lack confidence in their driving skills. Above all, they are apt to be self-centered and self-absorbed, with little interest in their neighbors and communities.

Consumerism reaches ever-higher levels of absurdity, yet most of us are blind to it. Today we spend more on our pets than on foreign aid. There is a booming market for dried pig's ears, a treat for your dog priced at \$100 a kilo. Other pet products include canine nail polish, flotation jackets for dogs so you can take them white-water rafting,

fish food that sinks more slowly than usual to cater for fish that prefer to eat at different depths, energy treats for turtles, breath-freshener for cats and anti-flatulence tablets for dogs.

If we stand back and look, it is surreal. Recently, you may have seen glossy ads for the Hitachi plasma screen TV which comes with a “remote Power Swivel Stand [that] allows you to adjust the screen 30° either direction of centre from the comfort of your chair”. Explain that to me. Is this what civilisation in Australia has come to?

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What are the political implications of all this?

Last year the Australian economy grew by \$30 billion, yet the tenor of public debate suggests that the country is in a dire situation. In the public domain we hear endlessly of funding shortages for hospitals, universities and public transport, and politicians are forever appealing to that enduring icon of Australian spirit, the ‘battler’. Political rhetoric and social commentary continues to be one of struggle and deprivation, as if we are still living in the 19<sup>th</sup> century, as if the real problems facing the country arise because we are not rich enough.

When the Labor Party lost the election in 2004 it declared that, like the conservatives, it must focus more on growth and the economy. It is as if achieving an economic growth rate of 4 per cent is a magic potion that will cure our ills. But how rich do we have to be before we are no longer a nation of battlers? At a growth rate of 3 per cent our GDP will double in 23 years, and quadruple 23 years after that. Will our problems be solved then, or will the relentless emphasis on economic growth and higher incomes only make us feel more dissatisfied?

The vast majority of income growth in Australia over the next two decades will be spent on consumption goods the craving for which has yet to be created by advertisers. Our public concerns may be about health and the environment, but our private spending indicates that most Australians feel that they suffer from a chronic lack of stuff. The problem is that, after we have renewed our stuff one more time, there is not enough money left to fund investments in hospitals and schools. Australia does not have a public health funding crisis; it has a flat-screen TV crisis.

It is hard to avoid the conclusion that political parties have actively fomented dissatisfaction amongst the middle classes in order to perpetuate the myth of the Aussie battler, for they can then claim to understand their pain and offer solutions. As a result, the little Aussie battler has turned into the great Australian whinger.

Nowhere was this better illustrated than in the 2004 Federal election. It wasn't the extraordinary public spending spree of the conservative government during the election campaign that sank the Labor Party but the sustained private consumption binge of the previous decade. Booming house prices coupled with unprecedented levels of consumer debt have left most Australians absorbed by their own material circumstances with little room left for thoughts of building a better society.

And that is where we have got to in Australia after 20 years of creeping affluenza, an era in which materialism and the attendant self-absorption have invaded the daily consciousness of most Australians. So the Coalition victory reflected nothing more than the consequences of the extended spending spree and luxury fever that has gripped Australia for 15 years. Economic rationalist ideology – with its promotion of market values of calculation, monetary valuation, self-interest and competitiveness – has reinforced the preoccupation with self that characterises modern Australia.

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But there is cause for hope.

In the last decade we have seen the emergence of a new demographic, the downshifters, those people who have voluntarily decided to reduce their incomes and win back time to devote to activities they regard as more worthwhile than making more money. They put more emphasis on time with their families, and doing something that is fulfilling and worthwhile. Nearly a quarter of the population has made this shift, and they are by no means all middle-aged middle class people who have made it and can afford to take the risk. There are as many with moderate incomes as high incomes and they cover all family types.

The downshifters are the precursors of a new politics; for here we have a large class of citizens who consciously reject consumerism and the pre-occupations of the aspirational voter. While diverse in their reasons for downshifting, they agree that excessive pursuit of money and materialism comes at a substantial cost to their own lives and those of their families.

Downshifters therefore reject the hitherto unquestioned assumption of Australian politics that voters respond first and foremost to the ‘hip-pocket nerve’. These voters might be called ‘anti-aspirational voters’.

The emergence of a large class of downshifters in Australia challenges the main political parties to question their most fundamental assumptions about what makes for a better society. A preoccupation with more growth and higher incomes is no longer enough. The emergence of the downshifter calls for a redefinition of success; downshifters have defined successful living for themselves and their families in a way that thumbs its nose at the promises of consumerism.

And it has the fortuitous by-product of being the only way we can save the environment.

Not far beneath the surface most Australians have a gnawing doubt about the value of a money-driven life. In our national survey we found that, despite most Australians saying they can’t afford to buy everything they need, 83 per cent also believe that our society is “too materialistic, that is too much emphasis on money and not enough on the things that really matter”. They suspect that the money society is at the root of the decline in values – the disposable relationships, instant gratification, moral laxity, selfishness, corporate greed and the loss of civic culture.

It is in showing the link between the money society and the decline in values, and then painting a picture of a new society that is less selfish and materialistic and more devoted to the “things that really matter”, that a new politics can be forged.