Book Review

Review of *Against Thrift: Why Consumer Culture is Good for the Economy, the Environment, and Your Soul*, by James Livingston (New York: Basic Books, 2011)

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Waste not, want not. A penny saved is a penny earned. Penny wise and pound foolish. Deeply ingrained in the U.S. character is the conviction that thrift is virtuous, spending a weakness. But what if economic logic were to change, and require that consumers spend rather than hoard? What kind of society might we become?

In *Against Thrift*, historian James Livingston argues that economic logic has already changed, and that cultural mores need to catch up. The book has two parts, devoted to economics and culture. In the first part, he argues that despite received economic wisdom, the limiting factor in economic growth is no longer savings or investment capital. In fact, for over a hundred years industrial nations have been awash in surplus investment capital. Rather, the limiting factor on economic growth now is consumer demand. This is mere prelude to the second part of the book, in which Livingston attempts to wean his audience from their Puritan prejudices by quixotically championing consumerism, arguing that consumer culture is “good for the economy, the environment, and your soul”.

Those in the Basic Income (BI) community will be interested in Livingston’s treatment of both these topics. Two of the most common objections to BI are that it is unaffordable and that it will corrupt sacred Puritan values. Livingston’s book promises to address both these objections.

What Livingston actually delivers is mixed. The economic case that consumer demand, rather than availability of investment capital, is the limiting factor in economic growth is argued forcefully with hard data in a technical appendix. In the text itself, though, Livingston weakens his case unnecessarily by appearing to single-handedly take on virtually the entire contemporary economics and media establishment. If he had more explicitly enlisted the support of the still robust Keynesian tradition, he could have made the argument with more authority. The BI community may be particularly interested in Livingston’s resurrection of a long history – starting well before John Kenneth Galbraith’s *Affluent Society*, in the work of University of Pennsylvania economist Simon Patten and his disciples in the earliest years of the twentieth century – of recognition that the problem of economic production had been solved. Patten

and others understood, as early as a century ago, that in an “age of surplus” only the problem of distribution stood in the way of a comfortable standard of living for all.

The second half of the book, devoted to culture, shows off Livingston’s impressive scholarly chops but ultimately fails to convince. Livingston can find redeeming moments in the history of mass consumerism, and he can remind us that advertising reflects back to us in a small package our highest ideals, but even the bravest oratory does not change the fact that *a salesman is an it that stinks*. Commodification of culture stinks, and so does manipulation via advertising. One must conclude that Livingston has entirely veered down the wrong path in the second half of the book, for the opposite of thrift is not consumerism at all, but simply indulgence. If Livingston had written an ode to indulgence, in the spirit of Georges Bataille, who he introduces very late in the book, he would have gotten a lot more traction against thrift.

Further, one must recognize that the economic thesis stands even without the cultural thesis. It is not necessary to be Against Thrift. When income is distributed more equitably among households, consumer demand will increase (since the poor have needs that currently go unmet) regardless of what we think about Puritan virtues. Until income is equitably distributed, to urge profligacy on poorer households, many of whom are already burdened by debt, is unhelpful and in doubtful taste. And afterward, is there any reason why households should not continue to exercise thrift by putting some savings away for a rainy day?

Livingston devotes tantalizingly little space to the question of what the economic reforms demanded by his economic analysis might actually look like. He talks of socializing investment – but he does not get beyond vague language about investors listening to consumer preferences. Well, smart investors and their corporate agents already do this; that is what focus groups are for. If you really want to *democratize* investment, there are models out there – for example, in the work of John Boik. Livingston also talks about redistributing income – this gets right to the heart of the matter, and so urgently needs to be discussed – but he fails to mention or cite any of the literature on the Basic Income Guarantee (BIG) or the Citizen’s Dividend.

Increasing household spending power via a policy like BIG will indeed have cultural consequences. Obesity may decline, for example, as the poor can afford better foods (as Livingston acknowledges, veering away from his primary arguments about the moral dimensions of obesity). If we achieve better work/life balance it is quite possible that we may end up using our leisure more thoughtfully and deliberately and consuming *less* (a possibility Livingston does not straightforwardly acknowledge, straightjacketed as he is with simple dualities

of production/consumption, work/leisure, cultures of thrift/consumer culture). This might have the effect of restraining economic growth and reducing environmental impacts – a better argument for the environmental benefits of Livingston's program than the one he himself offers. Reframing this way helps us see, too, that what we are really after is not economic growth per se but an economy that more effectively meets people's needs and desires. It is only when income is tied to employment and there are not enough jobs to go around that growth per se seems like an imperative.

Ultimately the book reads as if Livingston is thinking out loud, trying out arguments to see where they will take him, and seeking to string together insights about economics and morals that sometimes fuse together nicely, but not always. If he continues to explore the topic, he may find much in the BI literature – including, and by no means limited to, Erich Fromm's work on the psychological aspects of the guaranteed income – that could help refine his thinking. And even if not every argument in this particular volume is compelling, the BI community will benefit from having so erudite an ally.