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Éditorial

Turbo-capitalism

Modern capitalism's financial drifts have been extensively documented these last two years. Films, books, demonstrations, public trials ... The subprime financial crisis which sunk millions of American homes, tricked by credit companies in cahoots with vulture property promoters, henceforth has its place in Economics manuals. But what about the very engine of this capitalism "made in the USA"? It is this, an intoxication by extreme consumerism, that the political scientist Benjamin Barber straightforwardly describes in this issue. With a diagnosis that we could put in a nutshell: This kind of capitalism which is constantly creating more and more unnecessary needs, has gone well and truly berserk ...

Beware however of hasty interpretations. The author does not take to a simplified, caricatured condemnation. The formidable lever of emancipation and liberty, that is, a free enterprise respectful of democratic values and duly regulated, is not targeted. This text has the merit of being well documented and precise, with enough historical perspective to show the magnitude of the gap which now separates the good grain of a competitive and dynamic system from the weed of profit at all cost and against all. It is this « turbo-capitalism » that Benjamin Barber denounces. A capitalism that devours the citizen just to spit it out as an interchangeable consumer. With, in the end, the coming of this market society which by its very nature is in contradiction with our concern for the « development of each and all persons ».

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How consumerist capitalism devours America

by Benjamin R. Barber*

Barack Obama's United States remains to be a country enslaved by capitalism that has gone out of control. The necessity is no longer to produce in response to needs but to sell to consumers transformed into toys by the big conglomerates. The art of commercial persuasion has replaced industrial excellence. It would be a fatal mistake not to react, by imposing a regulation worthy of the name.

America may no longer qualify as the world's most potent economy, but it remains the world's foremost consumer economy, and consumerism is at the root of many of the virtues and not a few of the vices of the American and the global economic system today. It is important to understand, however, that consumerism is not synonymous with capitalism, but an expression of some of its post-modern anomalies and contradictory to capitalism's early productivist spirit.

The original formula for capitalism grew out of the notion that producing goods and services to meet real human needs was an ideal way to create wealth, serve the community and its needs, and reward risk-taking investors with a return on their capital - yoking together altruism and self-interest for the good of all. But capitalism as a system of production (if not of distribution) worked so well that by the early part of the 20th century, in the developed part of the world, sufficient wealth had been amassed and sufficient essential goods

produced (housing, clothing, transportation and commodities) to meet most essential needs. Capitalism found itself struggling to sell all the goods and services it continued to produce and had to be able to sell in order to remain viable -- too many goods chasing too few needs.

Media manipulation

As capitalism moved from its productivist to its consumerist phase, then, it became apparent that the necessity was no longer to manufacture goods to meet needs, but to manufacture needs to sell goods. Advertising, marketing and media manipulation became the new instruments of consumerist capitalism with customers treated as instruments of capitalist survival. Consumers "needed" to buy commodities less than capitalism needed them to buy commodities. The art of persuasion became capitalism's key instrument.

The United States led the way in establishing the consumer culture

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capitalism required, focusing on marketing to young and old alike, small children not excluded, in the name of maintaining itself. The culture of "McWorld" it fomented (see my Jihad vs. McWorld, Pluriel), based in Hollywood and Madison Avenue, was a culture that promoted the simple over the complex, the fast over the slow and the easy over the hard. It worked to dumb down adults to persuade them to shop impetuously, like children; and it turned children into consumers by playing on their impulses and detaching them from the oversight of their parents and

protectors (teachers and teachers, for example).

Marketing to the new "shopaholics" of consumer society were mass market malls, 24/7 shopping calendars, holidays transformed into commercialist consumer workdays, and ubiquitous and intrusive advertising in every public space from airports and train stations to billboards and television -- and in time the internet too (where the vast majority of postings and interactions involve commerce, about a third pornography). American movies and

television, American advertisements and brands, and the American flag were all used alike to expand consumption around the world, creating a global market in which the consumerist mentality flourished -- regardless of need. In France, for example, American holidays like Halloween were introduced as new days for shopping and marketing. In China, which produced goods for the United States and other Western societies, Western leaders urged more Chinese consumption. The new capitalist norm was not the disciplined producer but the runaway consumer.

Beyond Jihad Vs. McWorld

« Can Asian tea, with its religious and family "tea culture", survive the onslaught of the global merchandising of cola beverages? Can the family sit-down meal survive fast food, with its focus on individualized consumers, fuel-pit-stop eating habits and nourishment construed as snacking? Can national film cultures in Mexico, France or India survive Hollywood's juggernaut movies geared to universal teen tastes rooted in hard violence and easy sentiment? Where is the space for prayer, for common religious worship or for spiritual and cultural goods in a world in which the 24/7 merchandising of material commodities makes the global economy go round? Are the millions of American Christian families who home-school their children because they are so intimidated by the violent commercial culture awaiting the kids as soon as they leave home nothing but an American Taliban? Do even those secular cosmopolitans in America's coastal cities want nothing more than the screen diet fed them by the ubiquitous computers, TVs and multiplexes?

Terror obviously is not an answer, but the truly desperate may settle for terror as a response to our failure even to ask such questions. The issue for jihad's warriors of annihilation is of course far beyond such anxieties: It entails absolute devotion to absolute values. Yet for many who are appalled by terrorism but unimpressed by America, there may seem to be an absolutist dimension to the materialist aspirations of our markets. Our global market culture appears to us as both voluntary and wholesome; but it can appear to others as both compelling (in the sense of compulsory) and corrupt--not exactly coercive, but capable of seducing children into a willed but corrosive

secular materialism. What's wrong with Disneyland or Nikes or the Whopper? We just "give people what they want." But this merchandiser's dream is a form of romanticism, the idealism of neo-liberal markets, the convenient idyll that material plenty can satisfy spiritual longing so that fishing for profits can be thought of as synonymous with trolling for liberty.

The clash of hegemonies

It is the new democratic realist who sees that if the only choice we have is between the mullahs and the mall, between the hegemony of religious absolutism and the hegemony of market determinism, neither liberty nor the human spirit is likely to flourish. As we face up to the costs both of fundamentalist terrorism and of fighting it, must we not ask ourselves how it is that when we see religion colonize every other realm of human life we call it theocracy and turn up our noses at the odor of tyranny; and when we see politics colonize every other realm of human life we call it absolutism and tremble at the prospect of totalitarianism; but when we see market relations and commercial consumerism try to colonize every other realm of human life we call it liberty and celebrate its triumph? There are too many John Walkers who begin by seeking a refuge from the aggressive secularist materialism of their suburban lives and end up slipping into someone else's dark conspiracy to rid the earth of materialism's infidels. If such men are impoverished and without hope as well, they become prime recruits for jihad. »

Benjamin R. Barber

Excerpts from the article published in
THE NATION MAGAZINE,
January 21, 2002

From hyper-indebtedness to hyper-consumption

Real needs continue to exist of course in much of the developing world, and those underdeveloped parts of the first world found in urban slums and rural backwaters, but consumer capitalism today prefers to address faux needs among consumers with the money to buy goods they do not necessarily "desire," than to try to find ways to sell to those with real needs but without the cash to pay for them. This has led capitalists to pursue "new" consumers in the developed world who can maintain the consumer flow -- teenagers, "tweens" and children, toddlers and infants as well. Television and the web target one and two year olds. Products like "Baby Einstein" try to convince parents that infants who are not consumers of the new commercial "education tools" will be disadvantaged educationally and socially. Marketers talk about parents as unwanted "gatekeepers" who stand in the way of selling to children. Marketing conventions address the challenge of getting around the gatekeepers and turning two-year olds into potential brand loyalists. Malls put the stores that sell to teens and kids as far away from those that sell to adults as they can, in hopes of detaching the young from their keepers on the way to detaching both from their wallets.

Thus, even in the developed world, consumers are pushed far beyond their means. In the 1980s and 1990s savings accounts were depleted (in the United States from about 5% of income to less than 0%) while buying on credit became the norm. As the United States became a debtor nation in the world, buying from countries like China and India, Americans complained about those nations

buying up American debt. As consumers found their basic needs met, producers looked to titillate them with goods for which, although there was no palpable need, a keen desire could be manufactured. By changing formats for music and movies, for example -- from disks to tapes to CDs for example, or from film, to VHS to DVD and then Blue-Ray, consumers were in effect seduced into buying the same music or the same images over and over again in altered formats that would play on only on new and altered programs and hardware.

The new capitalist norm is the runaway consumer

Billions went to gadgets that turned "free" activities like jogging into new consumer markets (running shoes, mobile listening devices, sports apparel) and to expensive electronic gear that had constantly to be fed novel programming. Just before APPLE introduced the iPhone in 2007, websites throughout the world were full of messages about how much consumers "needed" this novel product.... "whatever exactly it is!" "I've got to have one," texted one excited consumer, "and can someone tell me what it does?" Apple was pleased to have prospective consumers who had not yet even seen the new device, call it "the God Machine."

The needs of the Third world don't matter!

Video games and video game players, iPods and MP3 players, Kindles and Casios, new gadgets at a high price that did old things like playing and reading in new ways. The same was true for shoes and sports apparel. By the 1980s something like 75% of the world's shoes being manufactured and sold were "athletic shoes" from global manufacturers such as Adidas, Puma and Nike. Yet obviously nowhere near that number of people were actually athletes. Nonetheless, the young French Lycee graduate could lounge in front of a TV screen and watch American National Basketball Association (NBA) games while wearing his Nike sneakers, and imagine he was Michael Jordan -- or, today, LeBron James.

In countries with perfectly palatable tap water like the USA, more than 20 billion dollars a year are being spent

on "bottled water" -- often the same water coming from local reservoirs and wells into local taps and faucets, but bottled up and sold now for two dollars a serving. At the same time, more than 2-3 billion people in the third world lack water that is potable or even clean enough even to wash their clothes in! This asymmetry between real third world needs unanswered by consumer capitalism because of the absence of resources, and faux first

world "needs" attended to because customers have the means if not the desire to buy such goods, defines the modern capitalist dilemma.

It was thus predictable for those who had grasped the irrationality of hyper-consumer spending on goods that were neither needed nor affordable that in 2008, the American and then the global financial economy collapsed -- sending banks into default and prompting a deep recession around the globe, impacting debtor economies in Greece and Iceland, but also the United States.

The crisis was seen, initially and not incorrectly, as a crisis of trust by consumers in banks, as well as by banks in government and in one another, and by governments in the market system. But more than anything else it reflected the bursting of a hyper-consumerist bubble a half century in the making, one that had first appeared as a tech bubble in the 1990s, but which culminated in the real estate bubble of the last decade.

The house buying boom was premised on the unrealistic expectations of buyers who could not afford the homes they sought, and the greed of sellers and financiers determined to sell regardless of the capacity of buyers to pay, and able to persuade buyers that whatever they paid, their homes could only appreciate further. The unregulated shadow market in secondary and tertiary debt that occasioned the actual collapse of financial institutions and led to the liquidation of firms like Lehman Brothers and AIG was the consequence of rampant consumerism in the housing market; moreover, it was a consumerism encouraged rather than regulated by government and manipulated rather than contained by greedy market players.

Commentary

Neoliberalism on trial

We consume too much and just about anything, whereas around a billion human beings suffer from hunger and thirst. The significance of Benjamin Barber's text lies in his analysis of the transition from the productivist to the consumerist phase of capitalism. One could say: from Adam Smith's world of strong values to that of the predator, of the financial swindler Bernard Madoff.

Inasmuch as essential needs had been met in so-called developed countries at the start of the 20th century, it was of course necessary to lure people with products of no fundamental value as compared to previous products. All categories of the population were targeted and seduced; now we're after the babies.

The instrument of seduction is publicity which has invaded our newspapers, our screens and most of public spaces. The art of persuasion perpetuates a capitalism that does not know and cannot stop.

Earnings from work are not sufficient for the productivist ogre, credit has taken over and pushes persons to spend beyond their means. How can we be surprised by the real estate bubble collapsing in the U.S., in Spain, in Ireland?

In this article, Benjamin Barber does not hesitate to stigmatize neo-liberal thinking which justifies all the excesses and which has contaminated the ruling elites while there's a need for more public power to control a system that has gone wild. Yet, the global crisis is an occasion to try thinking in terms of another world. And do we really need a whole century to get there!

I will add three other remarks. First, a criticism: It is impossible to understand the present capitalism without underlining the dynamic role of technology, which the philosopher Jacques Ellul had well seen half a century ago. Second remark: In order to sell, capitalism is obliged to distribute earnings, which it is doing badly, giving way to an appalling rise in inequalities. Last remark: We must not underestimate the role of the unfortunate consumers that we are. The proof? Reactions against useless and harmful consumption are perceived everywhere.

This would be a good moment to meditate on Simone Weil's thoughts, as quoted from the book *Gravity and Grace*: « Purification is the separation of good from covetousness. We have to go down to the root of our desires in order to tear the energy from its object. That is where the desires are true in so far as they are energy. It is the object which is unreal.»

René Lenoir

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Author of the book *Choc ou dialogue des civilisations ? La force émergente de la société civile*, Eds. Yves Michel, 2004.

In the background of the financial collapse and what economist Paul Krugman called the government's "benign neglect", were two decades of neo-liberal ideological thinking. As consumerism advanced, the presence of government increasingly came to be seen as an unwanted check from the point of view of those hoping to sell, sell and sell some more.

Neo-liberalisms with its limited government outlook and free market libertarianism, inaugurated in the Reagan/Thatcher era in the 1980s, was the perfect ideology for an age of consumerism, for it diminished government oversight and regulation even as it celebrated the supposed capacity of "free" markets to undergird liberty and assure prosperity. The gradual deregulation of the banking industry and of the secondary and tertiary debt markets under both Democratic and Republican presidents contributed mightily to the consumerist bubble and, with the pricking of that bubble, the eventual collapse of the financial system.

Capitalism without a future

Despite the current recession, and the bubbles and busts that occasioned it, the global mentality remains astonishingly consumerist. The welcome return by American consumers to savings and to a reluctance to shop just for the sake of shopping is actually being actively disparaged by governments and bankers alike. Why? It will dampen spending and slow the recovery -- even if it does cure the underlying malady of hyper-consumerism! At the same time, consumers throughout the world, in China as well as France, in India as well as the U.S. are being called on to consume more; and where necessary, to borrow in order to consume. The very excessive

indebtedness that led to the crisis, is now advertised as the solution to the crisis.

This state of affairs speaks not just to the opacity of leaders in the marketplace and the government, but to the deeper dilemmas of consumer capitalism, which seems unable to slow down without destroying itself, but which, if sustained at the lightning speed of today, cannot survive. Is there a way out? Given that much of the world remains mired in poverty and abounds in real needs, the solution would appear to be for capitalism to stop creating faux needs and start servicing real needs.

Speculation, the queen of our fragile paper economy

Micro-credit helps make this possible by allowing poor women in backward villages to climb into the capitalist circle. But clearly there need to be North/South transfers of wealth of a greater magnitude than micro-credit allows in order for the developing world to be able to afford the goods it needs, and for capitalists to earn even a modest return on their investment there. At least there is a way forward that does not depend on compelling consumers in the developed world to endlessly buy junk they neither need nor can afford.

Consumerism then remains a puzzle and a dilemma. It is always a clear sign of capitalist success: a large middle class capable of buying a middle class culture and keeping capitalism buzzing. Yet it brings with it the seeds of capitalism's destruction: unnecessary spending on unnecessary goods, a cycle of bubbles and busts whether in technology or housing, and a perilous obliviousness to the real needs of people who cannot afford what they so desperately require to survive. The old capitalist formula worked because investors were willing to take real risks, work hard and defer gratification

on the way to creating new wealth of benefit to everyone.

But the new consumer capitalist formula seems to be to try to make money without taking any risk at all (or asking government to absorb the risk!) and without necessarily even producing needed goods. The result is a fragile paper economy in place of a real economy in which speculation rather than a return on risk is the recipe for success.

Consumer capitalism is then a natural outcome for capitalist development, but one that needs to be balanced by strong democratic oversight, regulation and intervention. Yet capitalists have foolishly decided to work against rather than with the democracy that can help them survive. This is -- as all present trends prove -- a dangerous mistake, and one which, unchecked, may become fatal.

Benjamin R. Barber

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To our readers

Some of you may have recently seen Benjamin Barber's name cited in relation to Libya. Indeed, Professor Barber became president in 2008 of the Gaddafi Foundation for Development, founded in 2003 in Geneva. Peruvian economist Hernando de Soto, former Italian Prime Minister Giulio Andreotti and present Greek Prime Minister Georges Papandréou were with him in the Board. Mr. Barber was prompt in drawing the conclusions of the repression in Libya, and resigned from the Foundation since 23 February 2011. He published several articles since, condemning outright the deadly drift of the Libyan regime. We think that his credibility remains intact and have therefore chosen to maintain the publication of this article.

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