

Patterns of Consumption



There are distinct North-South differences in the ability to consume. This situation was described in one of the key findings of 1998 Human Development Report. The 20th century's growth in consumption, unprecedented in its scale and diversity, has been badly distributed, leaving a backlog of shortfalls and gaping inequalities.

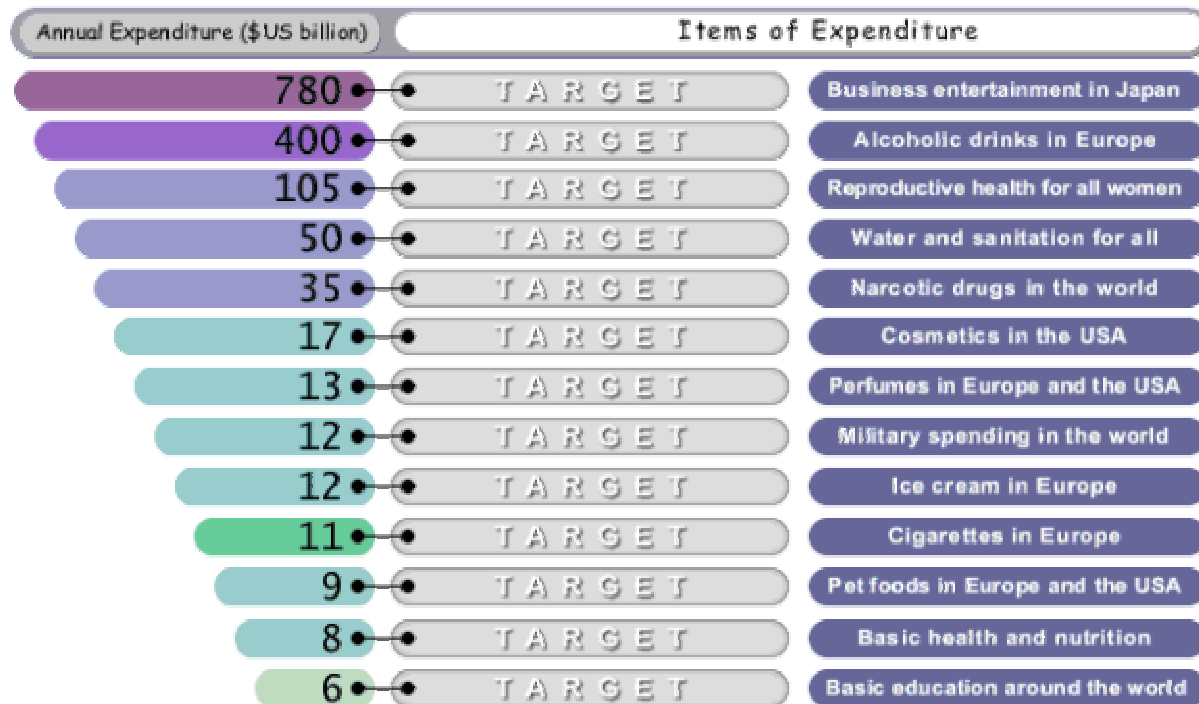
- Consumption per capita has increased steadily in industrial countries (about 2.3% annually) over the past 25 years, spectacularly in East Asia (6.1%) and at a rising rate in South Asia (2.0%). Yet these developing regions are far from catching up to levels of industrial countries, and consumption growth has been slow or stagnant in others.
- The average African household today consumes 20% less than it did 25 years ago.
- The poorest 20% of the world's people have been left out of the consumption explosion. Well over a billion people are deprived of basic consumption needs.
- Of the 4.4 billion people in the South, nearly three-fifths lack basic sanitation. Almost a third have no access to clean water. A quarter do not have adequate housing. A fifth have no access to modern health services. A fifth of children do not attend school to grade 5. About a fifth do not have enough dietary energy and protein. Micronutrient deficiencies are even more widespread.
- In the South only a privileged minority has motorized transport, telecommunications and electricity.

Who Consumes What?

different levels of access to basic necessities of life such as food and shelter as well as access to education and health services - and even in 'intangibles' such as holiday opportunities, rates of Internet use, and participation in the international share market. These inequalities also have a distinct geographical, gender and class bias. These unequal global patterns of consumption, in the end, make the move towards sustainable consumption an ethical and a cultural issue:

... changing wasteful patterns of consumption, particularly in the industrialized countries, is an area where culture will clearly have an instrumental role to play. Changes in lifestyle will need to be accompanied by a new ethical awareness whereby the inhabitants of rich countries discover within their cultures the source of a new and active solidarity which will make it possible to eradicate the widespread poverty which now besets 80% of the world's population as well as the environmental degradation and other problems which are linked to it.

1. Rank the level of global spending on a range of goods and services to identify the nature of global consumption patterns.



Paradoxes of Consumption

The 1998 Human Development Report identifies five paradoxes of consumption:

- Consumption does not guarantee happiness.
- Many poor people live in the most affluent of societies.
- Economic growth does not measure the quality of development.
- Northern consumption is often at the expense of the South.
- Consumption is costing us the Earth.

2. As you read about these five paradoxes, make notes about (i) the nature of the problems caused by each one, and (ii) solutions to them that you think could work in your school or local community.

1. Consumption Does Not Guarantee Happiness

The percentage of people in Northern countries calling themselves happy peaked in the 1950s - even though consumption has more than doubled since then. Indeed, there is no consistent correlation between income, consumption and happiness. A global comparison of measures of happiness in relation to levels of income per capita indicates that the richer the country, the smaller the correlation between income level and individual happiness.

Some explain this seeming contradiction in terms of the differences between 'expectations' and 'satisfaction'. Fuelled by advertising and social pressures, expectations tend to rise with income, but satisfaction does not. Thus, they say that 'there is always an element of dissatisfaction which increased income cannot cure'.

It is no accident: workers who are earning a lot of money because they work long hours provide the market for the very goods they are producing, and never mind if they do not really need the goods in question. The consumption becomes the reward for the hard work and the long hours.

Nevertheless, it cannot be a very satisfying reward: the conditions of dissatisfaction must be maintained, or markets for useless products would disappear under a gale of common sense. We become addicted to consumption, which provides no lasting satisfaction.

This explanation of the paradox suggests that 'dissatisfaction' is central to market economies as they rely upon people becoming caught up a vicious 'cycle of work-and-spend' - just like a fast-spinning wheel in which consumption must be paid for by long hours of work - which need to be rewarded by more consumption, and so on.

A second explanation of this paradox relates to the lack of regular contact with nature in modern life:

The consumer society required that human contact with nature, once direct, frequent, and intense, be mediated by technology and organization. In large numbers we moved indoors, A more contrived and controlled landscape replaced one that had been far less contrived and controllable. Wild animals, once regarded as teachers and companions, were increasingly replaced with animals bred for docility and dependence.

Our sense of reality, once shaped by our complex sensory interplay with the seasons, sky, forest, wildlife, savanna, desert, river, sea and night sky, increasingly came to be shaped by technology and artful realities. Compulsive consumption, perhaps a form of grieving or perhaps evidence of boredom, is a response to the fact that we find ourselves exiles and strangers in a diminished world that we once called home.

2. Many Poor People Live in the Most Affluent of Societies

Despite high consumption, poverty and deprivation are found in all countries of the North - and in some the number is growing. Indeed, between 7% and 17% of the population in these countries are poor.

These levels have little to do with the average income of the country. For example, Sweden is ranked only thirteenth in average income but has the least poverty (7%), while the United States has the highest average income in the North but has the highest percentage of people living in poverty.

Thus, under-consumption and poverty are not just the experience of poor people in the South.

3. Economic Growth Does Not Measure the Quality of Development

National income or GDP (Gross Domestic Production) increases no matter what we spend our money on. Thus, the concept of 'quality' can be neglected (and indeed often is) when development is equated only with economic growth. This includes the quality of development, the quality of human life and the quality of the natural environment.

This idea about 'quality' is illustrated in a story about Anton and Marti, and how their changing spending habits affect the economist's ideal of development.

Anton and Marti once owned a small three hectare farm where they worked hard to be self-sufficient. They grew as much their food as they could. Their two children also helped out. They had a rich home life - but they were not good for the nation's business because they consumed so little. However, one sad day, Anton and Marti realized they could no longer make ends meet, especially with increasing medical and education costs for their children. So, Anton found a job in the city, over 100 kilometres away. He borrowed money to buy a car to drive to work each day. The cost of the car and the weekly petrol bill all added to the nation's GDP. Anton worked very long hours and, increasingly, stayed in the city overnight to avoid driving home. He also started drinking more often. The costs of his beer and hotel bills were also added to the GDP.

Two years later, Marti asked Anton to leave the family because his absences and bad city habits were disrupting the family. The lawyer's fee for the divorce was added to the GDP - as was the rent that they were now paying on two apartments after they sold the farm and the cost of a car for Marti and the children. The people who bought the farm built some townhouses and sold them for \$100,000 each. This resulted in a spectacular jump in GDP.

Two more years passed by. Then, after work one day, Anton and Marti met. After having dinner a few times, they decided to live together again. They gave up their apartments, sold one of their cars and moved back to the country. They lived in a small barn on a farm owned by Marti's family, and started to renovate it themselves. They lived frugally, watched their money, started to grow their own food, and learned to live as a family again. Guess what? The nation's GDP registered a fall - and many economists would say that we are now all worse off!

4. *Northern Consumption is Often at the Expense of the South*

The amount we can consume is related to the amount of money we have. Indeed, the key barrier to consumer choice is money. The message of this is:

If you want choice - you have to get out there and get going. Money gives choice. Whatever the area of consumption, from crime protection to clothes, from health to education, from cultural industries to cars, money is the final arbiter.

The very low income levels of most people in the South means that they are unable to afford the benefits of the consumer economy. This affects the people of the South in a number of ways. Four of these are discussed below.

i) Poor People Cannot Always Afford What They Need

The consumer market produces according to laws of supply and demand. This means that it usually supplies the products demanded by those with the most available money.

The South's demand for low-cost practical goods that can reduce costs (eg. solar ovens, charcoal stoves, etc.) and improve their standard of living (affordable housing, public transport, clean water, etc.) are not produced, or as widely available, as would be suggested by moral and environmental imperatives.

ii) Many Polluting Industries are Moving to the South

Governments in the South often allow transnational companies to locate industries in their countries in order to attract investment, to provide jobs for rising urban populations, and to meet growing international demands for 'free trade'.

In many cases, transnational companies have moved their industries to the South to avoid safety, employment and environmental regulations in their home countries - and to take advantage of lower local wages and not-as-well developed regimes of industrial regulation and environmental control. As a result, many polluting industries have moved from the North to the South.

While jobs have been provided in the South, the social, health and environmental costs of these industries have often been quite damaging.

iii) Low Labour Costs - Poor Working Conditions

These factories mostly produce consumer products for Northern markets - from digital watches, low-cost clothes, computer parts and electronic entertainment products to sports shoes, processed food and Christmas decorations. In fact, China is now the centre of the world's commercial 'Christmas industry'.

Very few of these products are useful in the South - or can be afforded by the workers who produce them - and often their wages and working conditions have been described by international human rights groups as exploitative.

For example, a headline story on the front page of the New York Times on November 7, 1997 alleged that a factory in Vietnam belonging to a leading sports shoe manufacturer was 'unsafe for workers'. Similarly, it was alleged that the sports company that made the soccer balls for the 1998 World Cup did not pay a fair wage to the workers in its factories in the South who made them.

iv) Unfair Distribution of Sales Income

Case studies of the production and consumption of food crops such as coffee and bananas show that the farmers in the South who grow the crops often do not receive as much income as others in the supply chain.

For example, the money paid in the supermarket for a banana exported from Central America to Europe, Canada or the USA is divided up in the following way:

The farming family	5%
Export costs	4%
International transport costs	11%
Import licences cost	9%
Ripening costs	5%
Taxes	15%
Distribution and retailing	34%
Retail profit	17%

This example shows that the largest returns are in retailing - mostly to large national and international supermarket chains - with only 5% of the sale price of a banana going to the farming family who grew it. The same is usually the case for farm products grown and sold in the North as well.

5. *Environmental Costs*

The production of the goods and services we consume is based upon raw materials from the Earth. For example, according to environmental economist, Paul Hawken, the goods and services consumed each day by the average person in the USA require nearly 60 kg of raw materials to make - over 23 tonnes per year.

The World Wild Fund for Nature has traced the impact of global resource over recent years and calculated a Living Planet Index. This is an index of the 'natural wealth' of the world's ecosystems, and how the level of this natural wealth has changed over time.

The 2000 Living Planet Index indicates that the Index declined by 30% from 1970 to 1995. This means that the world has lost 30% of its natural wealth in the space of one generation. Apart from the rapid use of natural resources this represents, increasing levels of global consumption are degrading the environment through the generation of pollution and waste. Hawken reports that the people of the USA generate over 20 billion tonnes (50 trillion pounds) of waste (excluding wastewater) every year. This includes:

- Nearly 320 million tonnes of hazardous waste from the chemical industry.
- Nearly 140 million tonnes of organic and inorganic chemicals from manufacturing plants.
- Nearly 13 million tonnes of uneaten food.
- Nearly 12 million tonnes of carbon dioxide.
- 2.5 million tonnes of polystyrene.
- 1.5 million tonnes of carpet dumped in landfills.

Hawken concludes that for every 100 kg weight of products produced in the USA each year, at least 3200 kg of waste is generated.

Driving Forces of Increased Consumption

If consumption can cause so many problems, why has it become such an all-encompassing part of life today?

A key reason is that very few people in the world actually live a subsistence lifestyle any more. We have to consume to survive. We live in exchange economies where each person tends to specialize in one job, receives money for the time and effort involved, and then uses that money to purchase the goods and services produced by other 'specialists'. This can be efficient - after all, if you were not a very good farmer or did not have access to land in the first place, you would soon go hungry.

The specialization of labour in an exchange or market economy also gives people a chance to apply their time and skills to the things that they are good at (if jobs are available in that field). Working at the things that we are good at is important for our sense of achievement and satisfaction in life.

Purchasing goods and services from people who are skilled in their design, manufacture or delivery also means that the quality of the things we buy is higher than if we had to make everything ourselves. They can also be made more quickly, efficiently, and often less expensively, as well.

At least this is the theory. However, this theory mostly applies to the things we consume to satisfy our needs. The theory does not apply so well when it relates to our wants. In fact, the affluence of Northern lifestyles means that:

- the 20% of the world's people in the highest-income countries account for 86% of total private consumption expenditures;
- the poorest 20% consume a tiny 1.3%; while
- the middle 60% (around 4 billion people) consume only 12.7%.

These differences translate into the following consumer patterns:

Share	Richest 20%	Middle 60%	Poorest 20%
Population Total	1.2 billion		1.2 billion
World GNP	82.7%		1.4%
World Trade	81.2%		1.0%
Bank Loans	94.6%		0.2%
Meat Consumption	45%		5%
Energy Consumption	58%		4%
Paper Consumption	84%		1%
Telephone Lines	74%		2%
Vehicles	87%		<1%

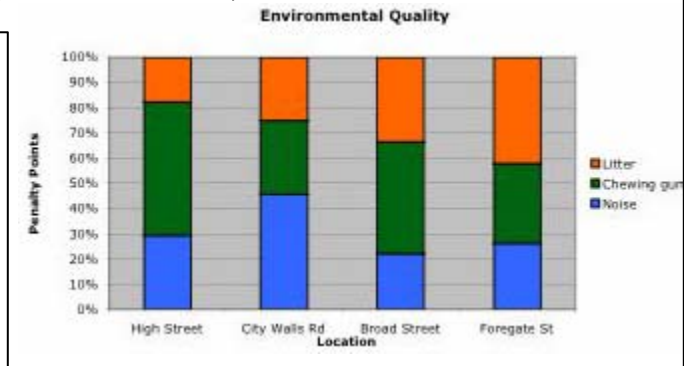
These figures show that arguments about over-population being the cause of global environmental decline, poverty and famine need to be reconsidered.

3. Calculate the proportion of global consumer spending by the middle 60% of income earners in the world, then draw a compound bar graph to illustrate the divisions shown in the table (a sample compound bar graph is shown below).

Sustainable development is a process through which people can satisfy their needs and improve their quality of life in the present but not compromise the ability of future generations to meet their own needs.

For most people, aspiring to a better quality of life means improving their standards of living as measured by income level and use of resources and technology. However, sustainable development also requires equity. For example, economic and environmental goals will not be sustainable unless social goals - such as universal access to education, health care and economic opportunity - are also achieved.

At any level of development, human impact (I) on the environment is a function of population size (P), per capita consumption (C) and the environmental damage caused by the technology (T) used to produce what is consumed. This relationship is often described as a formula: $I = P \times C \times T$



4. What is the message of the formula: $I = C \times T \times P$?

Why are the Resources Impacts of Northern Consumption so Great?

There are many reasons - but the key one is because consumerism now touches on all every aspect of culture in the North today. Indeed, consumerism might be seen as a core value, not only in the North, but also in many countries of the South where Northern ideas about 'wants' are rapidly being spread by the mass media, western style education and other processes of globalization.

Mass consumption is one of the key defining processes of economic and social life in the world today. In fact, daily life today is a material one with social life often revolving around the manufacture, exchange and consumption of material objects. Thus, it has been said that 'we are what we consume!'

This is because consumerism is not only a means of creating wealth or satisfying personal needs. Consumerism - and the values that owning and 'displaying' different products signify - is also one of the chief ways through in which we have learnt to establish a personal identity and present ourselves to the world:

One's body, clothes, speech, leisure pastimes, eating and drinking preferences, home, car, choice of holidays, etc. are to be regarded as indicators of individuality of taste and sense of style of the owner/consumer.

As a result, consumption today is not just a matter of 'keeping up with the Joneses'. The type of food we eat, the 'labels' we wear, the type of cars we drive, the music we listen to - even the brands of computers, watches, cameras and sports shoes we have - are 'social symbols'. Thus international economist, Wolfgang Sachs, argues that consumption represents:

A system of 'signs' through which a purchaser makes statements about him- or her-self. While in the old days goods informed about social status, today they signal allegiance to a lifestyle. But the proliferation of options makes it increasingly difficult to know what one wants, [and] to cherish what one has.

5. Summarize the roles that the following 'driving forces' play in promoting unsustainable levels of consumption:
 - Globalization
 - Alienation from nature
 - Population growth
 - Changing technology
 - Consumerism and personal identity
 - Rising living standards in the South
 - The work-and-spend cycle

Towards Sustainable Consumption

These processes are more than just driving forces to mass consumption. They are also influential aspects of our experience of the world. In fact, it is possible that the very centrality of consumerism in contemporary life contains within it the roots of democratic social change. As a result, many goods and services have been developed from a constructive critique of consumerism and have come to signify ethical social and environmental lifestyle choices.

Examples of such goods and services include ones that seek to:

- Change or improve products and services; or
- Change patterns of consumption - at household, government and corporate levels.

These developments and case studies indicate that it is overly simplistic to view consumption only in a negative way. Indeed, it has been said that "late 20th century consumerism contains within it far more revolutionary seeds than we have hitherto anticipated". Thus, while consumption may be a cause of many social and environmental ills, it is also a vehicle through which present and future solutions to the problems of unsustainability may be reached.

6. Suggest ways in which three driving forces of consumption could be reoriented to promote sustainable consumption.

What is Sustainable Consumption?

What we decide to buy is influenced by many factors, including our age and health, place of residence, income and wealth, social beliefs and even our moods.

Sustainable consumption asks us to consider issues that go beyond the individual when we shop. These include not only the ecological impacts of what we buy but also the equity, human rights and political dimensions of sustainability in the production and consumption process. These aspects of sustainable consumption provide guidelines on how to reduce the social and ecological impacts of what we consume.

For example, the Internet Just Shoppers' Guide suggests criteria to consider when buying such everyday things as chocolate, sports shoes, tuna, laundry detergent, soft drinks, paper, timber, clothing, and so on. Guidelines such as these are not designed to make us feel guilty, but to encourage us to ask questions such as:

- Do I really need this item?
- Can I produce it myself?

And then, when we have decided to buy something, to think critically about each stage in the 'life-cycle' of a product:

- Production
- Transport and Retailing
- Use
- Disposal

Thinking critically about the impacts of consumption can lead us to realize the importance of:

- The holistic nature of sustainable consumption
- Personal and political strategies for social change
- Cultural and national priorities for appropriate development.

Towards a Definition of Sustainable Consumption

There are many definitions of sustainable consumption, but most share a number of common features, including an emphasis on:

- Satisfying basic human needs (not the desire for 'wants' and luxuries);
- Favouring quality of life over material standards of living;
- Minimizing resource use, waste and pollution;
- Taking a life-cycle perspective in consumer decision-making; and
- Acting with concern for future generations.

These five emphases feature in a definition that has come to be seen as one of the most authoritative in recent years. This is the definition proposed by the 1994 Oslo Symposium on Sustainable Consumption:

. . . . the use of services and related products which respond to basic needs and bring a better quality of life while minimizing the use of natural resources and toxic materials as well as emissions of waste and pollutants over the life cycle of the service or product so as not to jeopardize the needs of future generations.

This definition is seen as a good one because it links sustainable consumption closely with sustainable production - by dealing with both the production and disposal phases of the product life-cycle as well as the transport, retailing and consumption of goods and services. It also assumes a two-way process of social change through which producers can influence consumption through product designs and marketing with consumers, in turn, influencing production through their market choices.

However, at least three cautionary points may be made about this definition.

- It is idealistic
- It does not emphasize social justice issues sufficiently
- It over-emphasizes personal lifestyle choice.

As a result, Nick Robins and Sarah Roberts of the International Institute for Environment and Development suggest that a comprehensive definition of sustainable consumption needs to be grounded in a wider range of environmental, social equity and moral concerns - such as those explored in this module. They summarized these as:

Environmental damage - The extraction, production, use and disposal of many goods and services cause serious environmental problems such as resource depletion, energy wastage, pollution of the air, water and land, and growth in the levels of solid, toxic and hazardous wastes.

Poverty- While many people around the world, especially in the North, live lives of abundance and affluence, over a billion people still lack access to supplies of safe water, adequate sanitation, energy and nutrition.

Health - The production of many consumer goods cause extensive damage to human health through air and water pollution. While pollution is a major cause of premature death in the South, many diseases in the North are now considered 'lifestyle' diseases with people dying from the over-indulgence brought on by affluence.

Economic efficiency - Conventional development models have sought to compensate for the above problems by attempting to incorporate more people into consumer economy through economic growth (the proverbial 'bigger cake'). This has often been at the expense of changes in the distribution and pattern of consumption, which can be more cost-effective and resource efficient.

Global environmental change - Industrial, commercial and domestic energy use, especially in the transport sector, is the major source of greenhouse gases while air-conditioning and refrigeration are significant causes of ozone depletion. These global environmental threats can be addressed by changes in the design and construction of buildings and transport systems.

Quality of life - Increasing material affluence does not necessarily lead to a better quality of life due to the degradation of the human environment and the erosion of social relationships that it can bring.

Taking such principles into account, sustainable consumption can be defined in the following way:

Sustainable consumption integrates a range of social, economic and political practices at the individual, household, community, business and government levels that support and encourage:

- reducing the direct environmental burden of producing, using and disposing goods and services;
- meeting basic needs for key consumption goods and services, such as food, water, health, education and shelter;
- maximizing opportunities for sustainable livelihoods in the South;
- consuming goods and services that contribute positively to the health and well-being of women and children;
- increasing the development and adoption of energy and water efficient appliances, public transport and other demand-side measures
- the production and sale of new goods and services adapted to global environmental constraints; and
- lifestyles that place greater value on social cohesion, local traditions and non-material values.

7. Answer the following reflective questions about the entire Patterns of Consumption booklet:
- a. What is driving the rapid rise in consumption levels?
 - b. Is it realistic to expect people to reduce their consumption?
 - c. What are the social and environmental impacts of world consumption patterns?
 - d. What are the defining characteristics of sustainable consumption?
 - e. What is the goal of sustainable consumption?
 - f. What can governments and companies do to encourage sustainable consumption
 - g. What can individuals and families do?