Consumerism in the United States

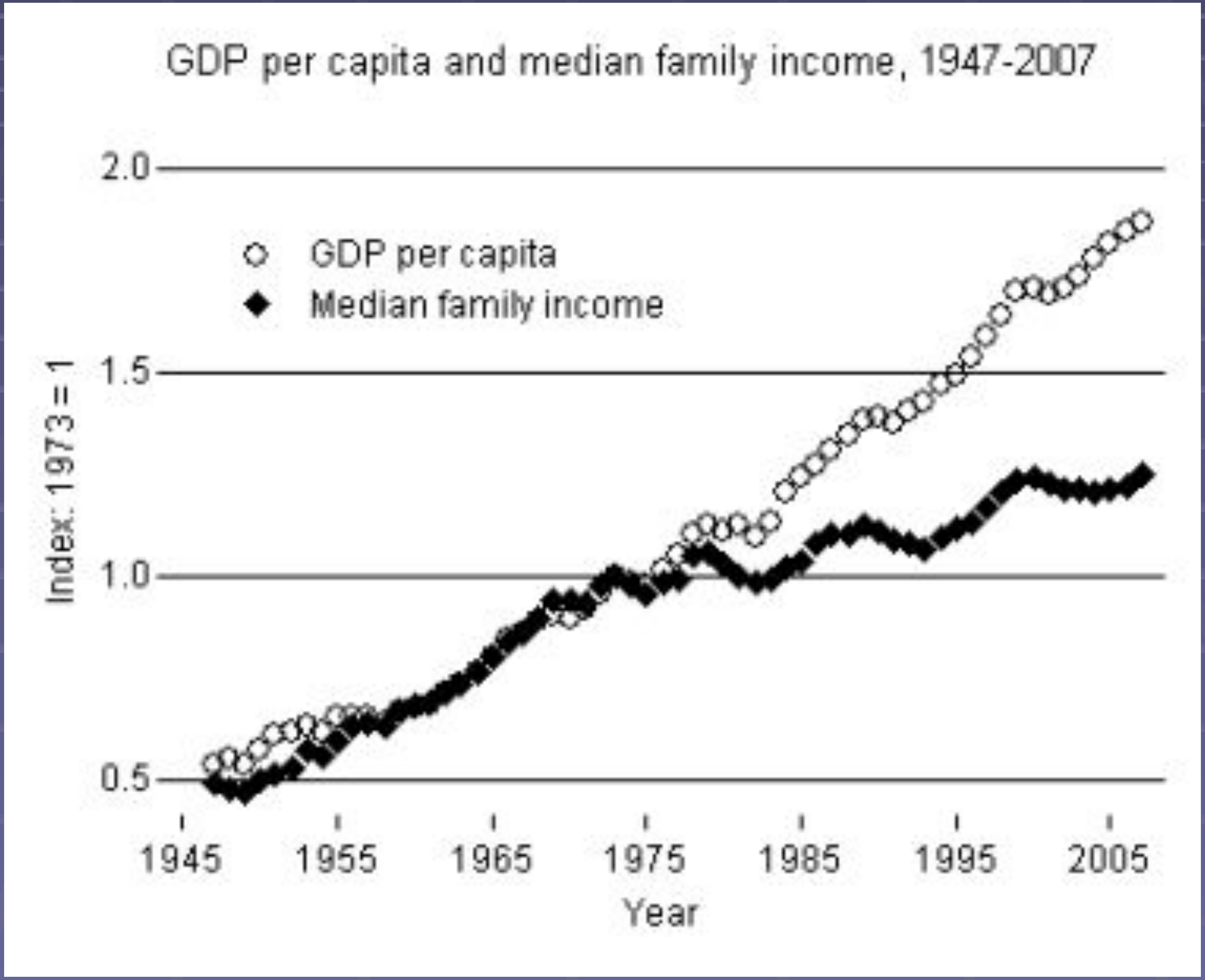
The First Wave of Consumerism (1910s-1920s)

- Mass production
  - Consumer goods appear in the household
    - Hooray for electricity!
    - Invented: electric washing machine and vacuum cleaner(1903), Ford's Model T (1908), refrigerator (1913)
- Mass Marketing
  - The department store (Woolworth, Sears etc.)
  - Birth of advertising
- Creation of consumer credit
  - Stores began selling cheap goods on installment
- Then the Great Depression happened (1929-1941) ☹

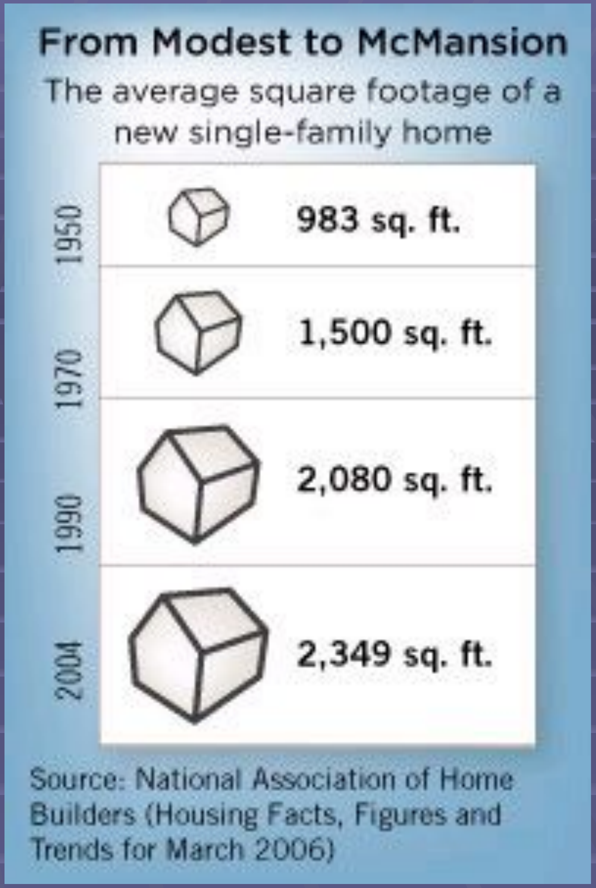
The Second Wave of Consumerism (1945-1975)

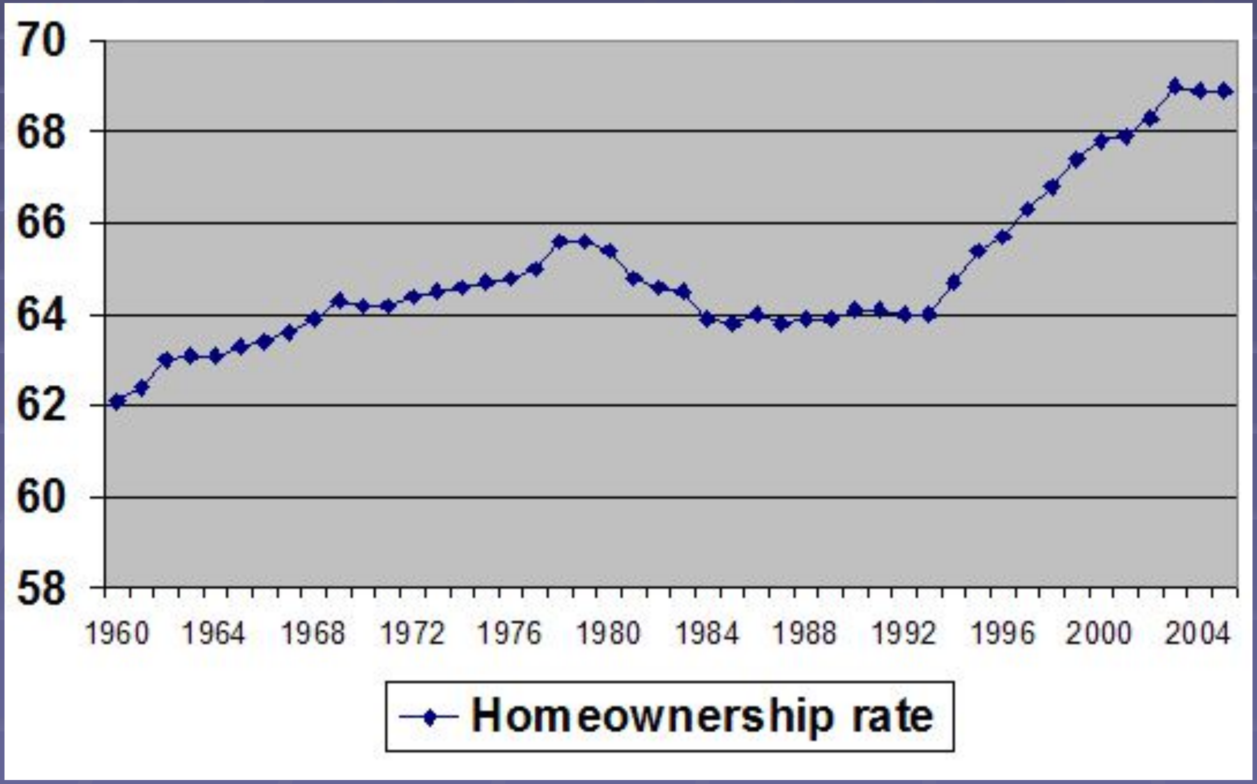
- Post-WWII boom
  - Growing productivity, rising incomes, growth of the middle class & suburbia
- 1960s women enter the labor force in greater numbers
- Competitive consumption
  - People's income & desires are still connected – meaning people can afford to purchase the products they want
    - Desire to keep up with the Joneses (meaning to keep up with what your neighbors had)
- People resume the habit of buying on credit
  - Diners Club Card (1950), Bank of America Card (1958, 1976 renamed Visa)

Income grew for the upper & middle classes



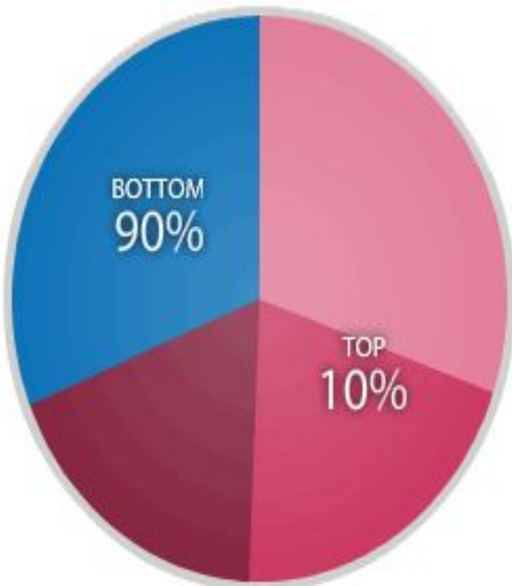
Home ownership grew





Third Wave of Consumerism (mid 1970s – 2008)

- No increase in leisure
- Increasing inequality between the classes: the huge conspicuous spending by the wealthy was in stark contrast with the inability to spend at the bottom
- Mass Media: growing expectations thanks to advertisements & tv shows
- Credit: new tools for spending thanks to the creation of new forms of consumer credit -> led to over-indebtedness
- Growing disconnect between incomes & desires: the “aspiration gap” -- keeping up with the Gateses (no longer enough to keep up with your neighbors, the Joneses, now it’s about keeping up with the rich)



Between **1970** and **1979**:

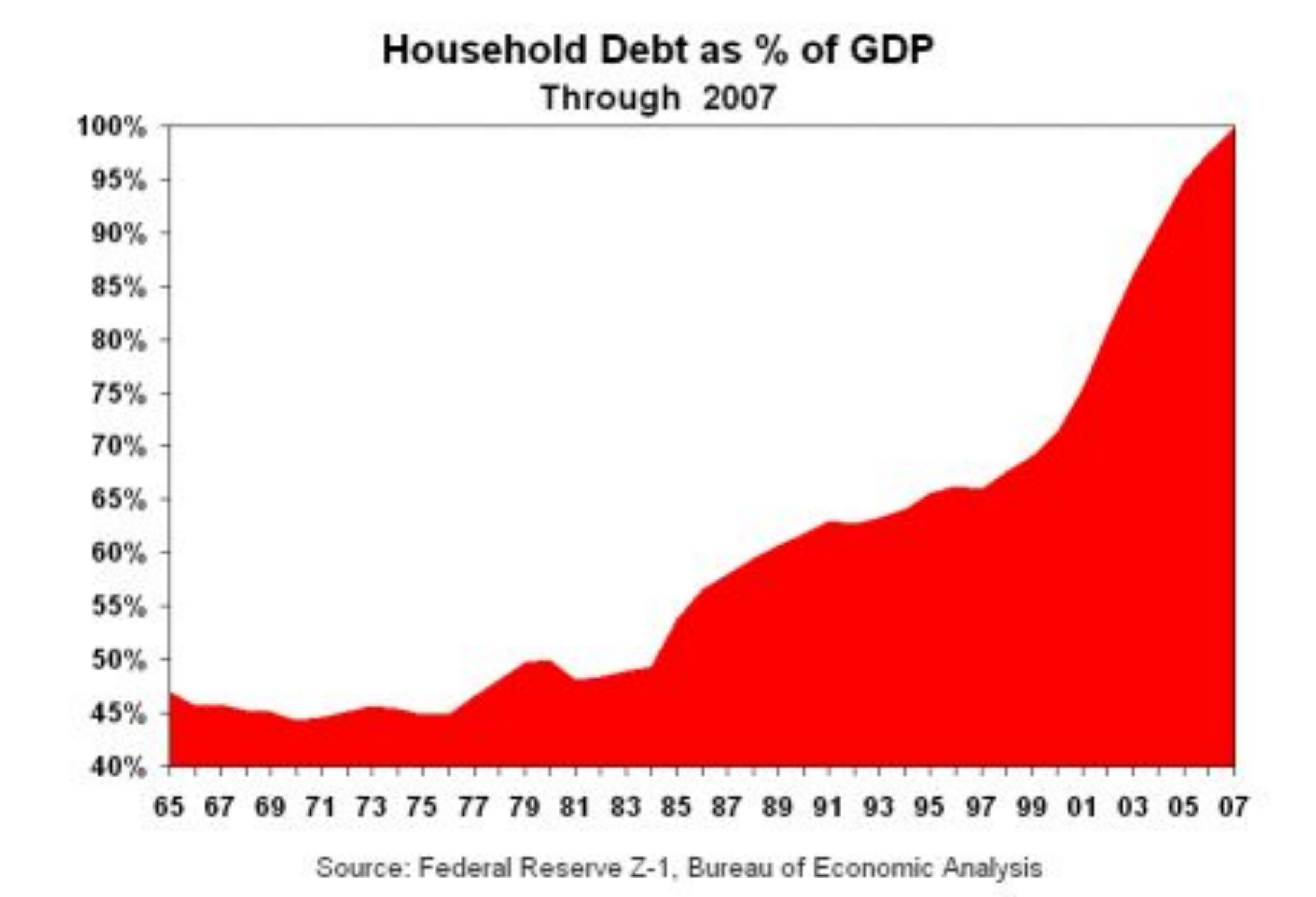
Average incomes in the U.S. **grew** by $1,919

The richest 10% got 69% of that growth.

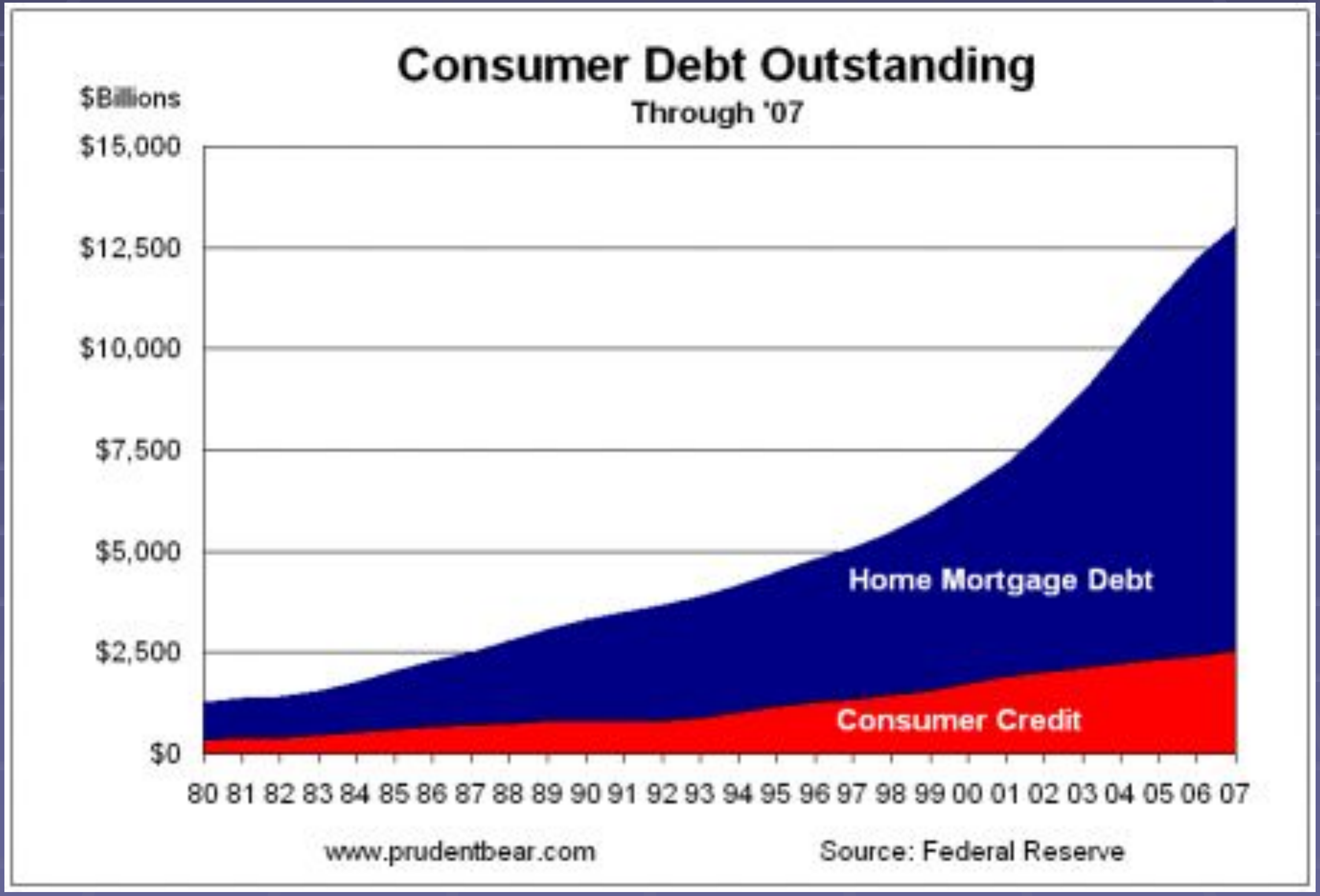
The bottom 90% shared 31%.

Figures in 2008 dollars

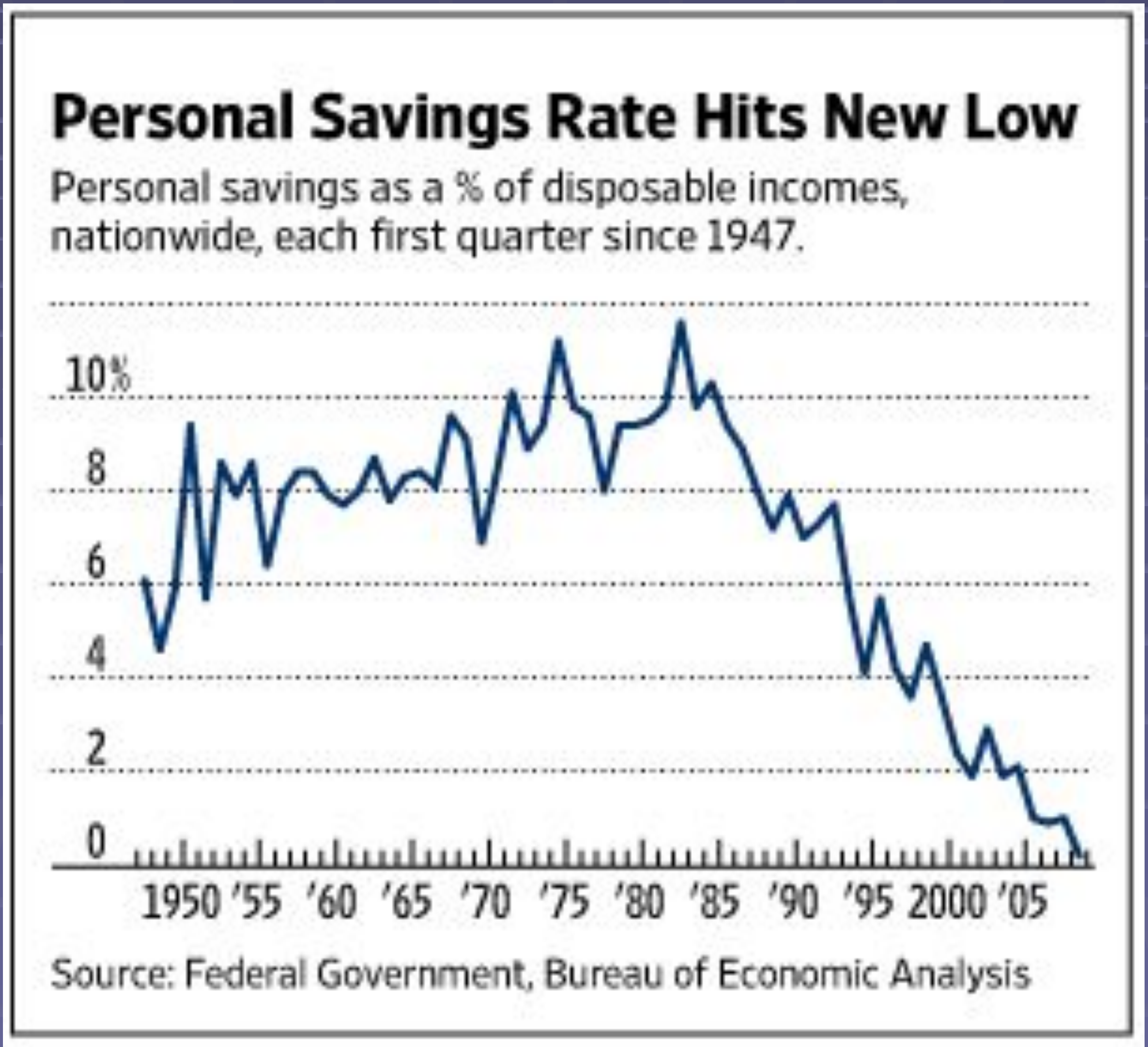
Consumer debt on the rise



Both mortgage and consumer debt rose substantially in the last decade



People also started saving less and less



Growing income did not result in more happiness

- Income and Happiness in the US from 1945-2000 (Layard 2005).