

Where is the “wellbeing dividend”? Nature, structure and consumption inequalities

Tim Jackson*

RESOLVE, University of Surrey, UK

ABSTRACT Recent interest in wellbeing has important ramifications for sustainable development. This paper describes the so-called wellbeing paradox: the existence of stationary or declining levels of subjective wellbeing, despite growing income and consumption levels. This paradox suggests the existence of a “wellbeing dividend” that could flow from more sustainable societies: the potential to reduce or redistribute consumption, without compromising levels of wellbeing. Numerical analysis to support this view is presented using data on consumer expenditure and reported life satisfaction across 27 European countries. The results indicate that certain categories of consumer expenditure may already deliver negative returns to scale in terms of life satisfaction. The paper offers two different kinds of “explanation” for continued consumption growth (one based in human nature and the other in social structure) and illustrates how these “lock us in” to more unequal, less sustainable societies. Finally, the author explores some potential “solution spaces” in the search for sustainability.

Keywords: consumption; sustainable consumption; inequality; wellbeing life satisfaction

1. Introduction

There has been a recent surge of interest in the subject of wellbeing (Huppert *et al.* 2005, Dolan *et al.* 2006, ONS 2007). Some of the emerging debate has been framed in terms of “happiness” (Layard 2005, Martin 2005), some of it in terms of life satisfaction (Inglehart and Klingemann 2000, Abdallah *et al.* 2008). There is a certain amount of disagreement over the terms of reference: for example, whether reported subjective assessments or objective “flourishing”

*Email: t.jackson@surrey.ac.uk

accounts of wellbeing are to be preferred (O'Neill 2008). But the broad hypothesis attributable to the protagonists in this debate is that, in one sense or another, modern society is adrift in its pursuit of wellbeing. Too much emphasis has been placed on economic output and productivity; not enough has been placed on the desired outcome of all that activity (Diener and Seligman 2004). A huge fuss attends even the slightest hesitation in upward economic trends and performance indicators. Clear evidence of failing or faltering wellbeing – the rise in depression and mental illness in some developed countries, for example – has passed unscrutinised at the policy level (James 1998, 2007).

A key finding in this debate is that, beyond a certain threshold, growing income and consumption levels do not appear to contribute additionally to societal wellbeing and may even detract from it. This is the so-called wellbeing paradox. Its existence calls into question the conventional model of economic development and raises the question whether it might be possible to reduce or redistribute consumption, particularly in high-income countries, and thereby achieve a more sustainable society.

There is some empirical evidence at the local level that this “wellbeing dividend” is achievable. At the household level, “downshifting” and “voluntary simplicity” appear to be successful strategies to reduce consumption impacts and improve wellbeing (Schor 1998, Kasser 2002, Hamilton 2003, Etzioni 2006 [1998]). At the aggregate level, however, no such dividend has materialised. Modern societies have pursued vigorous consumption growth and made only incremental gains at best in wellbeing (Inglehart and Klingemann 2000, Offer 2006). Consumption inequalities not only persist but have increased over time (Goodman and Oldfield 2004). Downshifting and voluntary simplicity remain marginal strategies (Hobson 2006). Lifestyles are locked into patterns of material consumption, time poverty and social fragmentation that appear to defy the logic of human wellbeing (Illich 1973, Gorz 1989, Kasser 2002, Jackson 2008a).

The aim of this paper is to ask the questions: where is the wellbeing dividend? Are there inherent structural or social obstacles to a fairer, happier and more sustainable world? Or is the idea of redistributing consumption growth without compromising wellbeing simply an illusion? In pursuit of these questions, Section 2 identifies some of the conceptual arguments relating consumption, wellbeing and inequality. Section 3 presents the results of a numerical analysis of consumer expenditure and reported life satisfaction across Europe. Section 4 addresses two related phenomena which together play a significant role in maintaining consumption inequalities. Finally, Section 5 suggests a variety of “solution spaces” for breaking this apparent deadlock and approaching sustainability.

2. Consumption, inequality and wellbeing

Modern society is organised around a particular model of how to pursue human wellbeing. Baldly stated, this model contends that increasing consumption of economic goods and services leads to improved wellbeing: a higher standard of living and a better quality of life across society. Economies are designed specifically to maintain or increase consumption growth; business models are predicated on

maximising profits to shareholders; people are inclined to believe that the more disposable income they have – the more they consume – the better off they are.

On the face of it, this model appears to make sense. Having more money can give us greater access to and choice of commodities. Moreover, there is a further interesting psychological role played by consumption *growth* in modern society. Incomes also carry symbolic value, with higher incomes representing higher social status. Relative income has a bigger impact than absolute income on levels of reported life satisfaction (Easterlin 1972, Dolan *et al.* 2006). For as long as high status delivers wellbeing – either directly through self esteem related functions or indirectly through bringing greater access to other services and benefits (Wilkinson 2000, 2005, Marmot 2005) – then the symbolic role of income growth is complicit in the way that wellbeing is distributed in modern society.

Income growth also appears to be important at the macro-social level. When incomes are increasing, it has been argued, people feel that society itself is progressing; this sense of progress is important, not just for status reasons, but for psychological reasons related to people's sense of moral meaning and purpose (Friedman 2005). A collective sense of moral purpose accompanies income growth, it is argued, and this sense of moral purpose can collapse when incomes stagnate:

I believe that the rising intolerance and incivility and the eroding generosity and openness that have marked important aspects of American society in the recent past have been, in significant part a consequence of the stagnation of American middle-class living standards during much of the last quarter of the twentieth century. (Friedman 2005)

This is clearly a contentious argument, and the evidence needs a close examination. However, two aspects of the argument appear to be quite well-supported. The first is that a sense of meaning and purpose is important to people's wellbeing (Helliwell 2003, Diener and Seligman 2004, James 2007). The second is that income growth is taken as taken as a proxy for progress in almost every country in the world (Jackson *et al.* 2004).

Inequality appears to represent a flaw in these arguments. In an unequal society, the less fortunate are inevitably consigned not just to lower levels of income, but – by implication – to lower levels of wellbeing. Some have argued that inequality is an incentive for increased productivity (Beckerman 1972, Klasen 1994). The aspiration of the less-well off to improve themselves is what drives a productive economy and leads ultimately to a better society, according to a view that has its pedigree in the early-eighteenth century (de Mandeville 1705). Welfare economists concerned with the pernicious aspects of income inequality moderated this view in the twentieth century by suggesting that rising inequality is a necessary evil in a “young” economy. But as the economy grows, levels of inequality are supposed to level off and eventually fall (Kuznets 1955). In either version, income growth is seen as a panacea. Wealth (and wellbeing) “trickles down” from the more to the less affluent parts of society and the “rising tide” of economic growth eventually “lifts all boats” as John F. Kennedy once remarked.¹ Mainstream thinking is still quite prepared to accept inequality as a structural component of progress:

Inequality is not inherently wrong – as long as three conditions are met: first, society as a whole is getting richer; second, there is a safety net for the very poor; and third, everybody, regardless of class, race, creed or sex, has an opportunity to climb up through the system. A dynamic fast-growing economy may look ugly, but it offers far more hope than a stagnant one for everybody in the United States. (The Economist 2006)

Implicit in this view is the same adherence to the role of income (and consumption) growth as the principal architect of progress. Indeed, the argument about wellbeing, inequality and consumption growth neatly converges at this point: without consumption growth at the macro-economic level, improving the lot of the least-well off requires not just stagnation but reduction in the incomes of those who are better off; either of these outcomes (stagnation or reduction) leads to a loss in wellbeing, if the arguments propounded here are to be believed.

The argument falls apart in several ways. For a start, from the perspective of the early-twenty-first century, there is virtually no evidence in support of the Kuznets' hypothesis. The "bell-shaped curve" in income inequality has simply failed to materialise in either the developed or the developing world (Stymne and Jackson 2000, Goodman and Oldfield 2004). The World Bank revealed recently that the incomes of more than 100 million Chinese had fallen by 2.4% during a period when China's economy was growing at an average rate of about 10% annually (FT 2006).

The model of social progress assumed in conventional theory finds its nemesis in the context of climate change. The Intergovernmental Panel on Climate Change (IPCC 2007) has estimated that we need to reduce global emissions by as much as 80% over 1990 levels by 2050 if "dangerous anthropogenic climate change" is to be averted. This would mean getting global emissions below 5 Gt and reducing the average carbon footprint to well under 1 tonne per person – lower than it currently is on average in India (Jackson 2008b).² Even heroic assumptions about technological efficiency are unlikely to deliver this level of per capita emissions on an equitable basis. Slowing (perhaps even halting) economic growth in developed countries seems essential, if we are not either to live in a grossly inequitable world or else vastly exceed climate change limits (Northcott 2007, Victor and Rosenbluth 2007).

In the final analysis, unacceptable inequalities in combination with environmental limits force us to think again about the conventional development model and to re-examine, in particular, the relationship between consumption, inequality and wellbeing.

3. Numerical exploration of the wellbeing paradox

Evidence for the wellbeing paradox is now well-rehearsed. At the international level, for example, using data collected across in the World Values Survey, Inglehart and Klingeman (2000) examined the statistical link between subjective wellbeing and income growth. What they found was startling. For low-income countries (Figure 1), there is a very wide range of reported life satisfaction, but in broad terms, as incomes increase so does happiness. But any correlation between rising income and rising happiness begins to diminish as incomes rise further. Across most developed countries, there is at best only a weak correlation

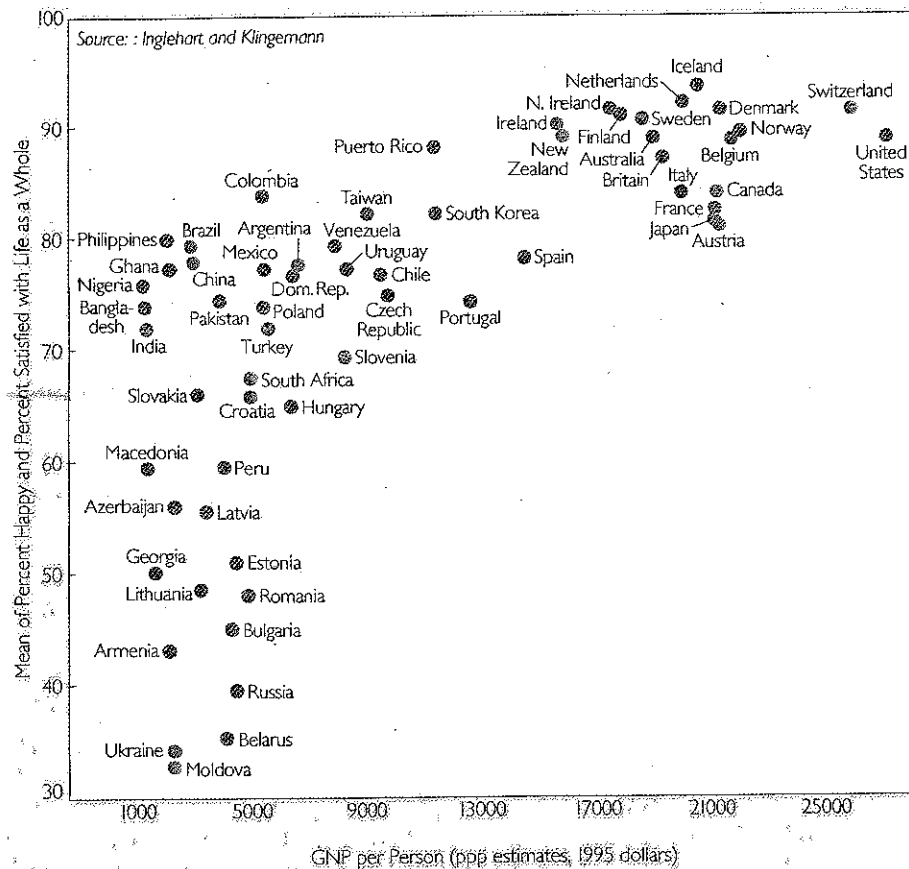


Figure 1. Subjective wellbeing and per capita income.

Source: Adapted from Inglehart and Klingemann (2000) for state of the World 2008, Worldwatch Institute.

Note: The y-axis represents the average of the percentage of people who report themselves happy and the percentage of people who report themselves satisfied with life as a whole (data are taken from the World Values Survey); the x-axis represents purchasing power parity estimates of GNP per capita (data from the World Bank).

between increased income and reported happiness. And among countries with average incomes in excess of \$15,000, there is virtually no correlation at all between increased income and improved life satisfaction.

The same paradox is found within individual nations, over time. Real income per head has tripled in the United States since 1950, but the percentage of people reporting themselves very happy has barely increased at all, and declined since the mid-1970s. Similar observations have been made across other OECD countries. In Japan, there has been little change in life satisfaction over several decades.³ In the UK, incomes have almost doubled since the early 1970s, and consumption has risen even faster than per capita income. Yet reported life satisfaction over the same period has scarcely changed at all. In fact, a recent

survey carried out for the BBC found that the proportion of people saying they are "very happy" had fallen from 52% in 1957 to just 36% today.⁴

Several questions are prompted by the wellbeing paradox. First, it is clearly interesting to speculate why people continue to consume beyond the point at which consumption adds to wellbeing. This question is addressed in the following section. Another pertinent line of questioning is to ask about the relationship between life satisfaction and particular types or categories of consumption. Such an exploration might provide us more insight into a potential wellbeing dividend. In other words, it might allow us to identify specific areas where consumption could be curtailed – or redistributed – without compromising wellbeing.

Sen (1998, p. 298) has suggested that "to lead a life without shame ... requires a more expensive bundle of goods and services in a society that is generally richer". Jackson and Marks (1999) have argued that this "more expensive bundle of goods" is increasingly directed towards the attempted satisfaction of "non-material" social and psychological needs. They showed that much of the surplus consumption in the UK between 1954 and 1994 was taken up in the categories of travel, leisure and recreation, communication and other services – commodities that might be interpreted as attempting to provide social and psychological functioning rather than material subsistence *per se*. Expenditure in basic material commodities such as food, clothing and housing, in contrast, remained relatively stable over the time period. In the light of these findings, it is clearly worth exploring whether different expenditure categories correlate differently with life satisfaction across countries, and particularly whether it is possible to pick up negative returns to scale in any specific consumption categories.

A preliminary attempt at this exercise has been carried out for this paper. International data on life satisfaction were plotted against data on Consumption Of Individual COMmodities by Purpose (COICOP) for 12 separate categories across 27 European nations.⁵ The relationship between life satisfaction and expenditure in specific categories was then tested for three different kinds of correlation:

- a linear correlation, suggesting constant returns to scale (for every unit rise in income there is an equivalent unit rise in life satisfaction);
- a logarithmic correlation, suggesting diminishing (but positive) returns to scale (as income rises, the increase in life satisfaction becomes smaller); and
- a polynomial (inverted quadratic) correlation, suggesting negative returns to scale beyond a certain point.

The results of this exercise are illustrated first for mean overall consumption in Figure 2. Apart from a single out-rider (Luxembourg), the figure shows two broad groups of countries. One is the group of "transition economies" from the former Soviet bloc, where there is a more or less linear correlation between expenditure and life satisfaction. The second is the group of modern economies, including the original 12 EU countries, where no distinct relationship emerges between expenditure and life satisfaction.

Across the group of 27 countries as a whole, the best-fit trend line ($R^2 = 0.77$) was obtained with a binomial function whose peak is attained at an expenditure level of 34,500 (purchasing power standards [PPS]) – at the high end of the

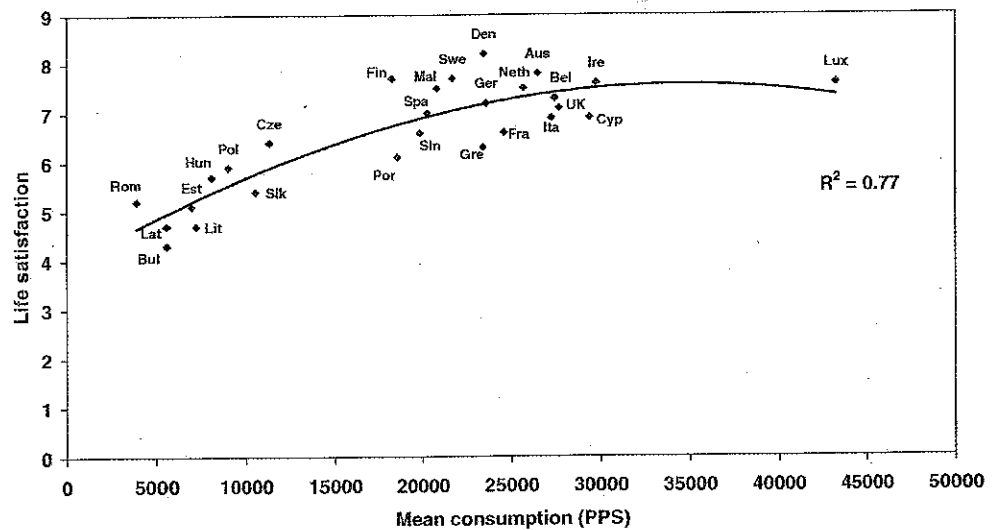


Figure 2. Mean per capita consumer expenditure *versus* life satisfaction.

range of expenditure. Negative returns to scale are seen only at the outlier position, suggesting that for most European nations, there is still a positive statistical correlation between overall expenditure and life satisfaction. In spite of this, it is clear that similar levels of wellbeing can be achieved with rather different levels of overall expenditure. For example, the average per capita expenditure in the UK is almost 50% higher than it is in Finland, and yet reported life satisfaction in Finland is higher than it is in the UK.

Figures 3–5 illustrate the relationships between life satisfaction and some selected categories of consumer expenditure. Underlying statistics for total expenditure, food, clothing, housing, transport and leisure are shown in Table 1. Several interesting things are to be noted. The first is that in each of these categories, with the exception of housing expenditure, the best-fit trendline is an inverted binomial function, indicating that negative returns to expenditure are to be expected beyond a certain expenditure level. Only in the category of housing⁶ (Figure 3) was the best-fit a logarithmic function, suggesting diminishing (but positive) returns to scale even at the upper end of expenditure.

For the other categories, the binomial correlation varies considerably in strength (R^2 is the coefficient of determination) across different expenditure categories. Food expenditure (Figure 4) shows the weakest correlation. Interestingly, the variance in food expenditure across the 27 countries is also quite low, suggesting that in developed countries food is relatively inelastic with respect to income. At the same time, there is no distinct correlation between food expenditure and life satisfaction: the coefficient of determination (R^2) for the strongest (binomial) correlation has a value of less than a quarter. Nonetheless, it is clear from Figure 4 that some countries (notably Denmark) report considerably higher levels of life satisfaction with considerably lower mean expenditure on food than others (notably Ireland and Italy).

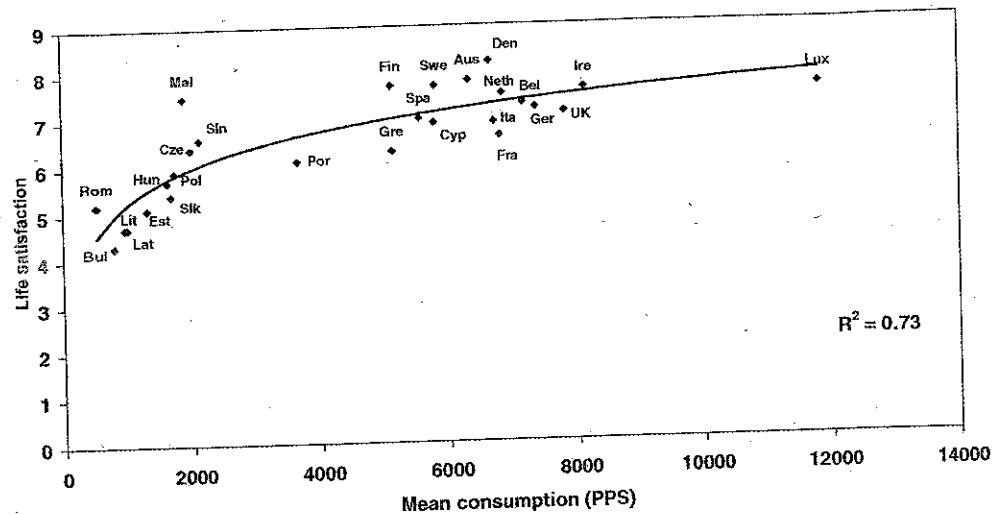


Figure 3. Mean per capita consumer expenditure on housing *versus* life satisfaction.

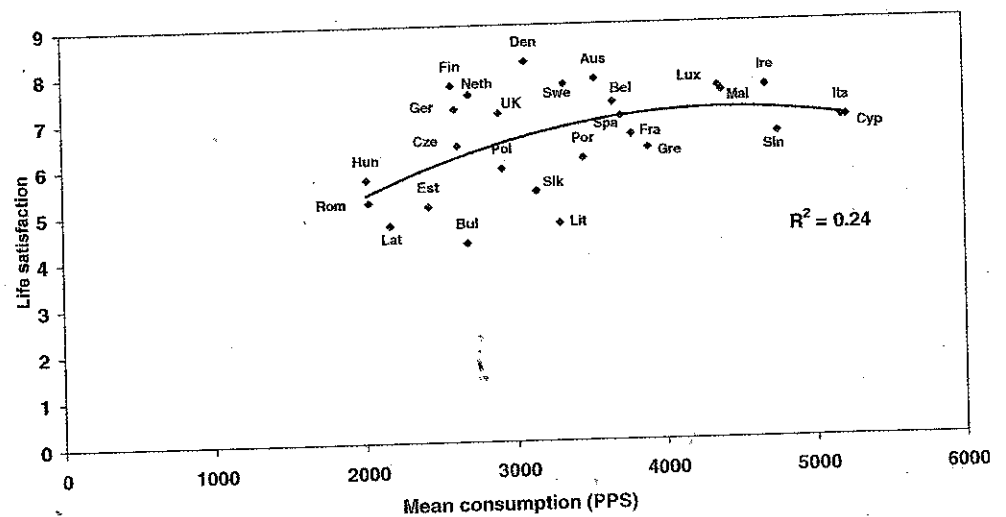


Figure 4. Mean per capita consumer expenditure on food *versus* life satisfaction.

Data on mean consumption in clothing, transport and leisure also demonstrate best-fit correlations using a binomial function, again suggesting negative returns to expenditure beyond a certain level. For clothing, the correlation is again not particularly strong. For leisure (Figure 5), the coefficient of determination approaches unity, suggesting a strong binomial correlation. Moreover, several countries appear to lie beyond the peak of the binomial curve, indicating that they may already be experiencing negative returns in terms of life satisfaction. It is

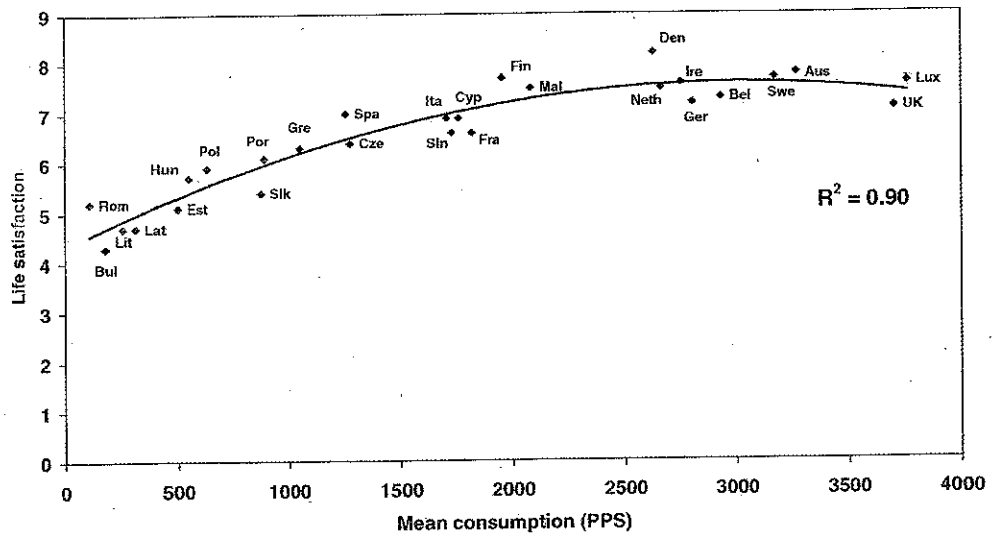


Figure 5. Mean per capita consumer expenditure on leisure *versus* life satisfaction.

Table 1. Statistics for different expenditure categories.

	Total	Food	Clothing	Housing	Transport	Leisure
Mean PPS	19,422	3,376	1,273	4,909	2,616	1,751
Max PPS	43,248	5,214	2,568	11,830	6,703	3,762
Variance (m)	94	0.86	0.4	8.9	2.6	1.3
Linear trend R^2	0.66	0.18	0.49	0.61	0.64	0.76
Log trend R^2	0.76	0.21	0.61	0.73	0.78	0.84
Polynomial R^2	0.77	0.24	0.64	0.70	0.79	0.90
Peak PPS	34,500	4,400	1,870	9,070	5,100	3,000

notable, for example, that mean leisure expenditure is almost twice as high in Luxembourg as it is in Finland and yet reported life satisfaction is higher in the latter than it is in the former country.

It is important not to read too much into these correlations. For one thing, it is clear that even a strong correlation does not imply causality. Moreover other mediating factors in reported life satisfaction are left out of the analysis here. The literature on wellbeing is clear that family, friendship, trust in one's neighbours, security, meaningful work, and a sense of purpose are all important correlates of subjective wellbeing (Helliwell 2003, Layard 2005, Dolan *et al.* 2006). None of these is necessarily mediated by consumption expenditure.

On the other hand, the possibility that some countries may be "overspending" on certain kinds of activities and experiencing a diminution of wellbeing as a result is clearly a fascinating one. At the very least, the quite wide range of expenditures, across which it is possible to achieve the same level of subjective

wellbeing, suggests some possibility for reducing – or redistributing – expenditure without necessarily compromising wellbeing. This “wellbeing dividend” may turn out to be vital in the pursuit of sustainability, particularly given the high resource implications associated with some of the expenditure categories highlighted here (Tukker and Jansen 2006, Jackson *et al.* 2006, Jackson and Papathanasopoulou 2008).

In summary, the evidence presented in this section is important for several reasons. In the first place, it presents a clear challenge to the conventional model of development which suggests that increases in consumption should be associated with increases in wellbeing. Secondly, it raises the slightly more uncomfortable possibility that consumption growth may already detract from people’s wellbeing. Taken together, these findings suggest that it might be possible to live better by consuming fewer resources and distributing them more equitably. The social and environmental value inherent in such a possibility is clear.

4. Nature, structure and consumption inequalities

At this point, it is tempting to ask why, if consumption fails to satisfy, do people continue to consume. Why do we seek to increase consumption beyond the point at which it increases our own wellbeing and may even detract from it? In this section, I explore two (related) answers to this question. The first of these (which I call “nature”) arises from the individual pursuit of self-esteem, social status and cultural meaning: basic human motivations that are pretty much hard-wired into the human psyche. The second (which I call “structure”) emerges from the way in which social and economic institutions have evolved in developed economies. These two forces, it appears, are complicit in locking society into a path of high consumption growth and non-declining inequality, irrespective of wellbeing outcomes.

4.1 A consuming nature?

The literature on the social psychology of consumer behaviour is enormous, complex and beyond the scope of this paper to set out in detail. Elsewhere (Jackson 2002, 2005, 2006a,b) I have explored this literature in some depth. To summarise, the idea that humans possess what the social psychologist William McDougall once called an “instinct of acquisition” – a sort of hard-wired propensity to consume – does not stand up under serious scrutiny. Nonetheless, it is clear that certain kinds of human tendencies – the pursuit of status, social belonging, identity and meaning, for example – are (in the modern society at least) strongly mediated by material goods and services. Possessions confer status, solidity and meaning to our lives, provide access to the social world and facilitate participation in the creation of that world (Douglas 2006 [1976]). To the extent that this is so, consuming “comes naturally” to the human species, whereas, as Dawkins (2001) has pointed out, sustainability does not.

This finding provides a strong motivation for personal material consumption. It does not quite explain why we should continue to consume, even in the presence

of negative returns. One possibility, of course, is that these returns are not visible at the individual level, but only emerge at the aggregate level as a result of the net effect of everyone pursuing increases in consumption. The sociology of consumption is insightful here. Veblen (1898) pointed out how "conspicuous" consumption is used to pursue social position. Bourdieu (1984) showed how people use consumer goods and services to strive for distinction from (and affiliation with) different social groups. Hirsch (1977) showed how "positional" consumption tends to be self-defeating because individual benefits are cancelled out, as everyone strives to rise above their neighbours.

The individual wellbeing gains from positional consumption are supported by Easterlin's (1972) finding that relative income has a bigger effect on individual happiness than absolute levels of income. If my income rises relative to those around me, I am likely to become happier. "A positive social ranking produces an inner glow that is also matched with a clear advantage in life expectation and health", argues Offer (2006). Indeed, it is possible that considerably more than "an inner glow" is at stake when it comes to relative positioning. Recent evidence has shown how closely health and wellbeing are related to social status even in developed countries (Wilkinson 2000, 2005, Marmot 2005, Marmot and Wilkinson 2005). This would suggest that beyond the economy of consumption lies an "economy of wellbeing". It may not pay to increase consumption in the aggregate, but it pays to be at the top of the pile when consumption is unequally distributed. Evidence for this economy of wellbeing was revealed by the UK Government's recent research on life satisfaction across different "life domains" (ONS 2007).

Figure 6 shows that poorer people (social groups D and E) report lower life satisfaction in almost all life domains. One notable exception is that the D/E group reports higher satisfaction with their community than richer people. Those employed in higher-status jobs pay a price, it seems, in terms of social relationships. Being poor may have some limited advantages in this one area. But on the whole, inequality favours the rich. Though it might undermine social relationships, reduce overall wellbeing and even corrupt social values in pathological ways, the evidence suggests that being better off than those around you really does pay in terms of individual wellbeing.

This positional pathology is exacerbated by another psycho-social phenomenon affecting subjective wellbeing, that of "hedonic adaptation" (Lyubomirsky *et al.* 2005). As I get richer, I simply become more accustomed to the pleasure of the goods and services my new income affords me. And if I want to maintain the same level of happiness, I must achieve ever higher levels of income in the future just to stay in the same place. A related understanding of human psychology becomes relevant here: in a society where visible signals of excess surround us on every side, the potential discrepancy between what we have and what we would like to have grows ever larger. Even as we chase after the most recent symbols of success, the frontier of success is moving ahead of us. Research supports the idea that this kind of discrepancy between our aspirations and the reality of our lives is psychologically damaging to our quality of life (Michalos 1985, Higgins 1987).

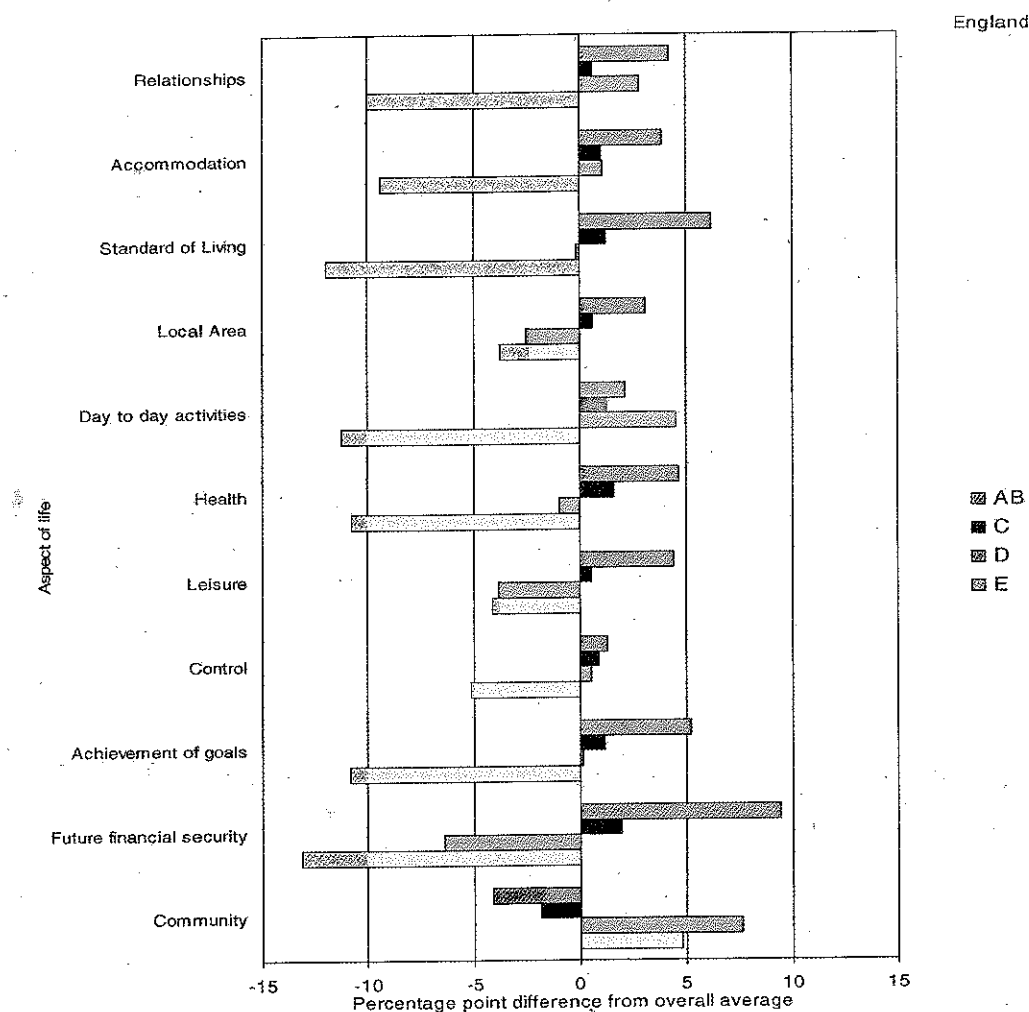


Figure 6. Domain satisfaction by "Social Grades" in England (2007).

Source: Defra (crown copyright).

Note: Social grade is a classification based on occupation developed from the National Readership Survey. Examples of occupation in each grade include:

AB: Doctor, solicitor, accountant, teacher, nurse, police officer;

C: Junior manager, student, clerical worker, foreman, plumber, bricklayer;

D: Manual workers, shop workers, apprentices;

E: Casual labourers, state pensioners, unemployed.

Separate grades A and B, and C1 and C2, have been joined (to AB and C respectively) due to very similar distributions.

The results presented here show the difference between each group and the overall average presented on the previous graph.

England

4.2 A consuming structure?

In spite of their obvious relevance to the question in hand, these psycho-social arguments for the wellbeing paradox are flatly rejected by some observers. Even so, the paradox itself is regarded as serious enough to demand some explanation, and the explanations arrived at are, in some cases, even more radical and more critical of the conventional model than the psycho-social explanations.

In a recent attempt to construct an international index of quality of life, *The Economist's* Intelligence Unit put forward what amounts to profound structural critique of the conventional model (The Economist 2005). Attempting to explain the paradox of diminishing returns to consumption growth, they suggested that "there are factors associated with modernisation that, in part, offset its positive impact". Specifically they argued that alongside consumption growth there had been:

[a] concomitant breakdown of traditional institutions is manifested in the decline of religiosity and of trade unions; a marked rise in various social pathologies (crime, and drug and alcohol addiction); a decline in political participation and of trust in public authority; and the erosion of the institutions of family and marriage.

Three things are significant about the cultural changes the attention of which is drawn here. The first is that they involve factors which we know (from the evidence) are closely correlated with wellbeing. The second is that the changes which have occurred in these factors are in the "wrong" direction; in other words, they act to undermine wellbeing. Thirdly, the suggestion implicit in *The Economist* article is that these changes have occurred as a direct result of the modernisation process, based on consumption growth. In other words, the pursuit of consumption growth – a specific model for the pursuit of wellbeing – appears to have systematically undermined some of the conditions (family, friendship, community, trust and so on) on which we know that people's wellbeing depends.

It is clearly worth asking which features of the existing model are responsible for the erosion of family and community, the decline in trust, the collapse of meaning in modern society? And perhaps more importantly, are they inescapable features of the existing model, or can we somehow recover the quality of these underlying conditions of wellbeing, within the existing system?

These questions are vital in addressing the wellbeing paradox. Again, it turns out that we are in an intellectual territory which is hugely complex and has a rather long pedigree. Sociologists and social philosophers have preoccupied themselves with almost precisely the same question for well over a century (Illich 1973, 1977, Fromm 1976, Gorz 1989). Durkheim's careful study of suicide in turn of the century Europe – which bears an interesting parallel with modern debates about wellbeing – identified forces of alienation aligned specifically with the emerging capitalist model of social organisation (Durkheim 1903).

At least some of the answers that have been put forward within this literature are distinctly challenging for the existing model. A key responsibility for undermining wellbeing, for example, has been placed on processes of commoditisation – through which previously public or informal goods and services become the object of commercial markets – and individuation – the gradual separation of people's individual identities and interests from the interests of the social group.

■ AB
■ C
■ D
■ E

15

ational Readership

ctively) due to very

l average presented

As many critics of modernity have pointed out, modern economies suffer from a structural need for individualist, consumer values in order to sustain consumption growth (Baudrillard 1970, Douthwaite 1992, Bauman 1998). This structural need arises, specifically, because of the role that consumption growth plays in economic stability (Victor 2008). In a system in which the stability of the economy depends on continued consumption growth, it becomes increasingly important to maintain the social and psychological momentum of consumption. The continuing expansion of the market into new areas and the continuing allegiance of people as consumers to the process appear to be vital to this process – even as they also appear detrimental to aggregate wellbeing. Increasingly, the institutions of consumer society encourage individualism and competition and discourage social behaviour (Bunting 2005, Bradley 2006, NCC 2006).

4.3 Consumption inequalities

Inherent in both the psycho-social and the structural explanations for the well-being paradox is the suggestion of a “social ratchet” which not only stimulates ever greater levels of consumption (Jackson and Papathanasopoulou 2008), but also – counter to the Kuznets hypothesis – might even be expected to lead to increasing levels of inequality. Particularly in a society where individualist values trump social ones, there is a tendency for competitive pressures to maintain and perhaps even increase distributional advantages for the rich at the expense of the poor. Evidence of such a trend is not hard to find. Figure 7 shows income inequality over a period of four decades in the UK. It is notable that income inequality has risen substantially (on two separate measures) since the early 1980s. The Atkinson measure is particularly interesting for the discussion in this

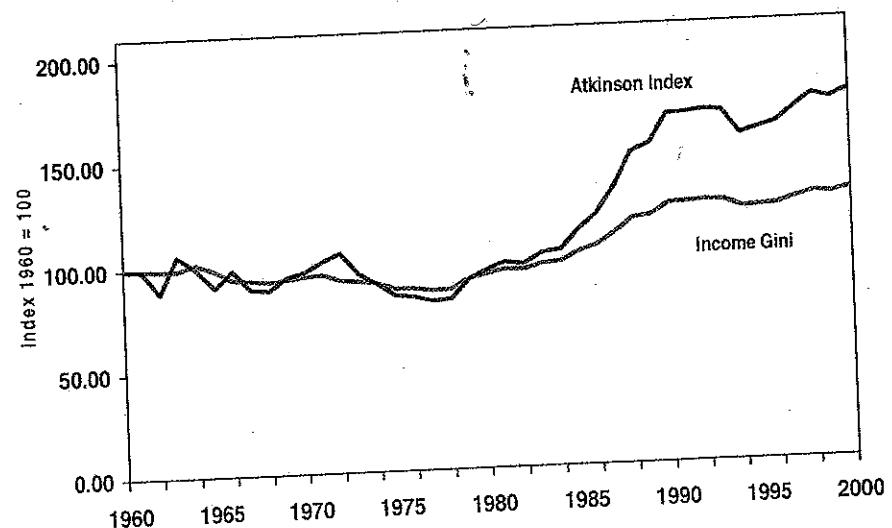
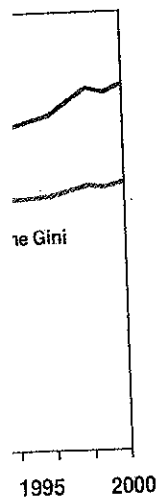


Figure 7. Income inequality in the UK 1960–2000.
Source: Updated from Stymne and Jackson (2000) using data from Goodman and Oldfield (2004).

s suffer from a
t consumption
structural need
ys in economic
nomy depends
nt to maintain
tinuing expan-
people as con-
ey also appear
s of consumer
social behaviour

as for the well-
only stimulates
lou 2008), but
ected to lead to
re individualist
ares to maintain
t the expense of
7 shows income
ble that income
since the early
discussion in this



1 and Oldfield (2004).

paper, since the measure is interpreted as the loss in wellbeing associated having a distribution of incomes that is more unequal than preferred (Atkinson 1970, 1983). In other words, evidence suggests that society in the UK is increasingly unequal in spite of an apparent preference for greater equality.

Papathanasopoulou and Jackson (2008) extended this analysis of inequality to the distribution of resources. Using a resource-based Gini coefficient, they discovered that the distribution of direct energy use (household fuels and private transport) showed a rising trend between 1974 and 2000 in spite of concerns about fuel poverty. Interestingly, they also uncovered (Figure 8) a rising trend in inequality associated with indirect energy consumption (energy embedded in goods and services). Increasingly, it seems, richer households are appropriating a greater share of finite resources and (Druckman and Jackson 2008a,b) contributing to a greater share of environmental impacts than poorer households.

Taken together, these findings suggest a basic flaw at the heart of the existing model of progress. In modern society, people articulate a variety of different kinds of psychological and social functionings through material commodities. This may partly be because they are locked into a society where a greater bundle of commodities is required to live "a life without shame". But there is sufficient evidence from the human sciences to suggest that this model fundamentally misunderstands what human wellbeing consists in and, in some cases, may simply be drawing us into a kind of zero sum game with no real prospect for long-term gains in societal wellbeing. The end result is a society "locked in" to consumption growth by forces outside the control of individuals. Physical infrastructure and social architecture conspire against us. Lured by our evolutionary roots, bombarded with persuasion and seduced by novelty we become trapped by our own desires. Nature and structure combine to lock us firmly into the "iron cage" of consumerism.⁷

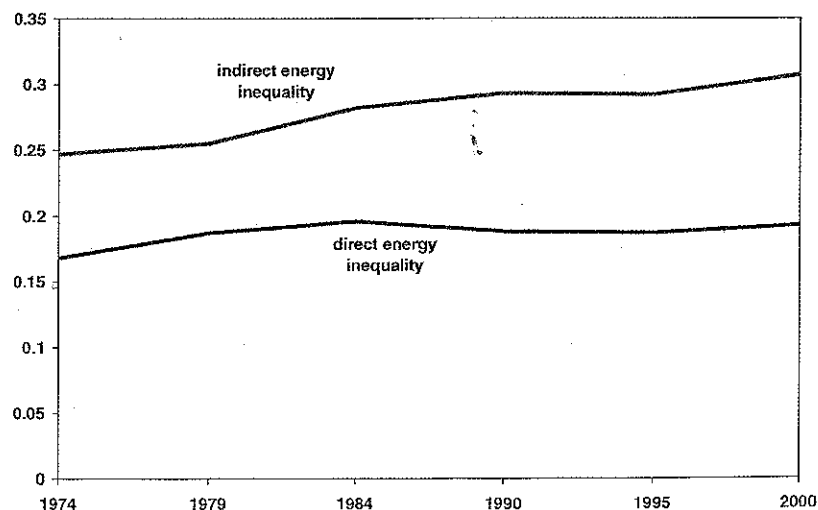


Figure 8. Inequalities in direct and indirect energy in the UK 1974–2000.

5. Conclusions: searching for "solution spaces"

Worryingly, we have no way of knowing – without a more robust examination and a more coherent measurement framework – how extensive the structural and psycho-social disadvantages of growth might be. Consequently, we have no way of guarding against the possibility that a continued pursuit of the existing model might lead to significantly more wellbeing losses – and potentially even to social collapse. In addition to this, the concern that consumption growth also undermines the environmental conditions on which long-term wellbeing depends, and there is a powerful argument for a comprehensive policy response to the wellbeing paradox.

Working out what this response should be is by no means straightforward, as the UK Government is currently finding out. Developing a more consistent evidence base on wellbeing and understanding the causal influences on it is clearly a useful starting point (Defra 2005, ONS 2007). But there is also a need to identify some "solution spaces" – potential avenues for escaping the social traps in which, for reasons of nature or structure (or a combination of both), we appear to be stuck.

One such solution space is the familiar idea of the "social contract", first articulated in Hobbes' *Leviathan* in 1651, and developed further by John Locke and Jean-Jaques Rousseau in the late-seventeenth and eighteenth centuries. The social contract is an implicit arrangement between individuals and society – as represented by government. In return for handing over some of our individual rights, we gain a certain amount of surety that our lives (and the lives of others) will be made more secure against the impacts and incursions of other individuals. For example, we hand over the right to steal other people's property (or to kill other people) and in return find a greater degree of security that our own property (and our own life) remains safe. We allocate power to government to enact laws that protect both property and life. These powers and laws are, at one level, a curtailment of our own freedoms. Yet they offer benefits to both individuals and society as a whole.

An interesting extension of the idea of the social contract is inherent in Offer's exploration of *The Challenge of Affluence* – referred to earlier in this paper. Offer argues that as individuals we all suffer from a kind of myopia, continually favouring the present over the future in our everyday choices. According to Offer, this tendency is offset – or has in the past been offset – by a variety of social "commitment devices": rules, institutions, norms which protect our future interests in the face of this kind of myopic choice. Marriage, savings accounts and pension funds are very simple examples of these kinds of commitment technologies. These devices do not altogether prevent myopic choice, but, critically, they make such choices harder for us and in doing so protect our future wellbeing against the damage caused by our own myopia.

Crucially, the continuing rush of novelty that characterises affluent society has tended, according to Offer, to erode these social commitment devices and in the process has begun to undermine our own wellbeing. It has also threatened the wellbeing of others. Offer's examination of the influence of divorce on the wellbeing of children is particularly telling here. This argument has some clear resonances with the argument cited above from *The Economist* (2005). Knowing that family,

community, friendship, health and so on are vital influences on wellbeing and that the ability of the individual to protect these factors is being eroded in modern society, there would appear to be a clear argument in favour of an increased role for government in this regard. Similarly, accepting that unemployment, injustice and inequality have impacts not just at the individual level but at the level of aggregate wellbeing, there would appear to be an argument in favour of government intervening to protect employment, justice and equality. Such a role would be, in a sense, a re-invigoration of the idea of the social contract, as conceived by seventeenth- and eighteenth-century philosophy. Within such a contract, a legitimate role for government would be to strengthen and protect commitment devices which prevent myopic choice and, equally importantly, to reduce the pernicious structural impacts of economic development which increase inequality and reduce wellbeing.

A further extension of the idea of the social contract has been proposed recently by former Secretary of State for the Environment, David Miliband. In a speech to the Green Alliance in 2006, Miliband (2006) argued that:

Just as social justice needed a new social contract in the 19th and 20th centuries so environmental security in the 21st century needs a new environmental contract. An environmental contract would have new and clear rights and responsibilities for Government, for business and for individuals, to balance what we take from nature and what we give back. The old system of "too much take and too little give" is bad for the planet, bad for business and bad for the most disadvantaged.

Though it is not entirely obvious how such a contract is to be negotiated, the underlying point of it is in fact rather straightforward. Our own wellbeing and that of our children depends on us curtailing certain kinds of individual freedoms now. The draft Climate Change legislation already implies the need for government to be able to curtail the freedom to emit ever-increasing amounts of greenhouse gases. In a sense, this might be an extension or an adjustment to the conventional notion of the social contract only in that it explicitly identifies the environment as a social good requiring protection from unbridled individual freedoms. However, Miliband also appears to envisage new forms of process, in particular explicit negotiations between key parties to the contract: people, businesses and government. How these are to be brought about and what they might entail is less clear.

From a governance perspective, it seems pretty obvious that the onus must be on government itself to undertake at least some of the actions implied by such a contract. The social contract works because individuals hand power to governments to intervene, even against their own personal interests, recognising that this is what it takes to protect society at large. A contract with myself might be a useful psychological device for inducing specific behavioural change at the individual level, but it does not have anything like the clout of social norms and institutions that act both internally and externally to curtail my freedoms. The social contract has to be – implicitly or explicitly – between people and government – or in some more general sense between people and polity. I give society the power to act on behalf not just of myself but also of others, acknowledging that this curtails some of my own freedoms.

There is of course a huge question mark over both of these solution spaces, particularly in the context of modern societies, where "hollowed out" government is seen as having less and less influence over individual choice. In one sense, this hollowing out of government must be seen as a symptom of affluence, in much the same way as the erosion of other social institutions is a symptom of affluence. Government is a commitment technology par excellence, and the limitations on government, in particular those that arise from the exigences of the electoral cycle, are well known. A government that exceeds its implicit authority to act in the social interest is likely to find itself out of office rather quickly.

There is more at stake than a "new" model of government. The authority required for a new, improved social or environmental contract is not at all evident in modern society. The combined ideologies of consumer sovereignty, liberal democracy and moral relativism offer little space for re-invigorating any kind of authority over individual choice. In a sense, what is at stake here is the entire conception of the relationship between the individual and society. As cultural theorists have pointed out (Thompson *et al.* 1990) the balance of this relationship has become increasingly and consistently skewed in favour of the individual in Western society over the last couple of centuries at least. What seems to have emerged from the debates about sustainability is that this balance needs to be redressed somehow – even if the mechanisms for redressing it seem less accessible than ever.

Acknowledgements

I am grateful to a number of people for inputs and constructive comments at various stages of writing. Particular thanks go to: Saamah Abdallah, Nic Marks, Jouni Paavola, Eleni Papathanasopoulou, Gill Seyfang and Sam Thompson. I am also grateful to the participants in an ESRC seminar on Sustainable Consumption and Inequality held at the University of East Anglia in July 2006 and the responses from two anonymous referees. The work described in this paper was supported in part by the Economic and Social Research Council (Award No: RES-152-25-1004).

Notes

1. John F. Kennedy in a speech given on 3 October 1963 at Heber Springs, Arkansas, at the Dedication of Greers Ferry Dam. Available from: <http://www.presidency.ucsb.edu/ws/index.php?pid=9455>.
2. The Intergovernmental Panel on Climate Change 4th Assessment report (IPCC 2008) suggested that an 80% reduction in emissions (over 1990 levels) would be required to stabilise atmospheric concentrations at 450 ppm. To achieve this would imply global emissions in 2050 of only 4.5 GtCO₂. With a population of 9 billion, the average emissions per capita would be 0.5tCO₂.
3. Available from: <http://www2.eur.nl/fsw/research/happiness>.
4. Available from: http://news.bbc.co.uk/1/hi/programmes/happiness_formula/4771908.stm; full survey results are at: http://news.bbc.co.uk/1/hi/shared/bsp/hi/pdfs/29_03_06_happiness_gfkpoll.pdf.
5. Data on life satisfaction for 27 EU nations were taken from the 2004 European Social Survey (for 15 nations) supplemented by values from the 2000 World Values Survey for the remaining countries. Data on mean consumption by COICOP category were taken from Eurostat data and reported in PPS – an artificial currency unit that "reflects differences in national price levels that are not taken into account by exchange rates". The PPS allows meaningful volume comparisons of economic indicators between countries.
6. It is to be noted that "housing" (COICOP category 4) also includes utility expenditures on water, electricity and domestic fuels.
7. The term the "iron cage" was first applied to capitalism by Weber (1958). It was picked up and applied to consumerism more explicitly in Ritzer (2004).

References

- Abdallah, S., Thompson, S. and Marks, M., 2008. Estimating worldwide life satisfaction. *Ecological Economics*, 65 (1), 35–47.
- Atkinson, A., 1970. On the measurement of inequality. *Journal of Economic Theory*, 2 (3), 244–263.
- Atkinson, A., 1983. *The Economics of Inequality*. 2nd ed. Reprint 1995. Oxford: Oxford University Press.
- Baudrillard, J., 1970. *The consumer society – myths and structures*. Reprinted 1998. London: Sage Publications.
- Bauman, Z., 1998. *Work, consumerism and the new poor*. Buckingham: Open University Press.
- Bourdieu, P., 1984. *Distinction: a social critique of the judgement of taste*. Cambridge, MA: Harvard University Press.
- Beckerman W., 1972. *In defence of economic growth*. London: Jonathan Cape.
- Bradley, S., 2006. *In greed we trust: capitalism gone wrong*. Victoria, BC: Trafford.
- Bunting, M., 2005. *Willing slaves: how the overwork culture is ruining our lives*. London: Harper.
- Dawkins, R., 2001. Sustainability does not come naturally – a Darwinian perspective on values. The values platform for sustainability inaugural lecture at the Royal Institution, 14 November 2001. Fishguard: Environment Foundation.
- Defra 2005. *Securing the future*. UK Sustainable Development Strategy. London: Department for Environment, Food and Rural Affairs.
- de Botton, A., 2004. *Status anxiety*. Oxford: Oxford University Press.
- de Mandeville, B., 1705. The Fable of the Bees.
- Diener, E. and Seligman, M., 2004. Beyond money – towards an economy of wellbeing. *Psychological Science in the Public Interest*, 5 (1), 1–31.
- Dolan, P., White, P., and Peasgood, T., 2006. Subjective wellbeing. Report to Defra. London: Imperial College.
- Douglas, M., 2006 [1976]. Relative poverty, relative communication. In: A. Halsey, ed. *Traditions of social policy*. Oxford: Basil Blackwell. Reprinted in Jackson 2006b, 236–248.
- Douthwaite, R., 1992. *The growth illusion*. Bideford, Devon: Green Books.
- Druckman, A. and Jackson, T., 2008a. Household energy consumption in the UK: a highly geographically and socio-economically disaggregated model. *Energy Policy*, 36 (8), 3177–3182.
- Druckman, A. and Jackson, T., 2008b. Measuring resource inequalities: development and application of an area-based Gini coefficient. *Ecological Economics*, 65 (2), 242–252.
- Durkheim, E., 1903. *Suicide*. *Routledge classics*. London: Routledge.
- Easterlin, R., 1972. Does economic growth improve the human lot? Some empirical evidence. In: D. David and M. Reder, eds. *Nations and households in economic growth*. Stanford: Stanford University Press.
- Etzioni, A., 2006 [1998]. Voluntary simplicity. *Earthscan reader in sustainable consumption*. Chapter 12. London: Earthscan.
- Friedman, B., 2005. *The moral consequences of economic growth*. New York: Alfred A. Knopf, 570 pp.
- Fromm, E., 1976. *To have or to be?* London: Jonathan Cape.
- FT, 2006. China's poorest worse off after boom. Financial Times online: http://www.ft.com/cms/s/e28495ce-7988-11db-b257-0000779e2340,dwp_uuid=9c33700c-4c86-11da-89df-0000779e2340.html [Accessed 20 April 2007].
- Goodman, A. and Oldfield, Z., 2004. Permanent differences? Income and expenditure inequality in the 1990s and 2000s. London: Institute for Fiscal Studies.
- Gorz, A., 1989. *Critique of economic reason*. London: Verso.
- Hamilton, C., 2003. *Growth fetish*. London and New York: Allen Unwin.
- Helliwell, J., 2003. How's life? Combining individual and national variables to explain subjective wellbeing. *Economic Modelling* 20 (2), 331–360.
- Higgins, E.T., 1987. Self-discrepancy: a theory relating self to affect. *Psychological Review* 94 (3), 319–340.
- Hirsch, F., 1977. *Social limits to growth*. Revised edition 1995. London: Routledge.
- Hobson, K., 2006. Competing discourses of sustainable consumption: does the rationalisation of lifestyles make sense? In Jackson 2006b, 305–327.

- Huppert, F., Keverne, B., and Baylis, N., eds., 2005. The science of well-being – integrating neurobiology, psychology and social science. Proceedings of a Royal Society Scientific Discussion Meeting, 19–20 November 2003. *Philosophical Transactions of the Royal Society Series B*. Oxford: Oxford University Press.
- Illich, I., 1973. *Tools for conviviality*. London: Calder Boyars.
- Illich, I., 1977. *Towards a history of needs*. New York: Pantheon Books.
- Inglehart, R. and Klingemann, H.-D., 2000. *Genes, culture and happiness*. Boston: MIT Press.
- IPCC, 2007. IPCC 4th Assessment Report – Synthesis Report. Geneva: Intergovernmental Panel on Climate Change.
- Jackson, T., 2002. Evolutionary psychology in ecological economics: consilience, consumption and contentment. *Ecological Economics*, 41 (2), 289–303.
- Jackson, T., 2005. Live better by consuming less: Is there a double dividend in sustainable consumption? *Journal of Industrial Ecology*, 9 (1–2), 19–36.
- Jackson, T., 2006a. Beyond the 'wellbeing paradox' – wellbeing, consumption growth and sustainability. A concept paper prepared for the New Economics Foundation as input to the DEFRA Whitehall Wellbeing Working Group (W3G) evidence review. June 2006.
- Jackson, T., 2006b. *Earthscan reader in sustainable consumption*. London: Earthscan.
- Jackson, T., 2008a. Sustainable consumption and lifestyle change. In: A. Lewis, ed. *Handbook of economic psychology*. Chapter 14. Cambridge: Cambridge University Press, 335–362.
- Jackson, T., 2008b. The challenge of sustainable lifestyles. In: G. Gardner and T. Prugh, eds. *State of the world 2008*. Chapter 4. Washington DC: WorldWatch Institute, 45–60.
- Jackson, T. and Marks, N., 1999. Consumption, sustainable welfare and human needs – with reference to UK expenditure patterns between 1954 and 1994. *Ecological Economics*, 28 (3), 421–441.
- Jackson, T. and Papathanasopoulou, E., 2008. Luxury or lock-in: unsustainable consumption in the UK 1968–2000. *Ecological Economics*, 68 (1–2), 80–95.
- Jackson, T., Jager, W., and Stagl, S., 2004. Beyond insatiability – needs theory, consumption and sustainability. In: L. Reisch and I. Röpke, eds. *Consumption – perspectives from ecological economics*. Cheltenham: Edward Elgar.
- Jackson, T. et al., 2006. Attributing carbon emissions to functional household needs: a pilot framework for the UK. Paper presented at the Ecomod Conference. Brussels, June 2006.
- James, O., 1998. *Britain on the couch: why we're unhappier compared to 1950 despite being richer*. London: Arrow Books.
- James, O., 2007. *Affluenza*. London: Vermillion.
- Kasser, T., 2002. *The high price of materialism*.
- Klasen, S., 1994. Growth and well-being: introducing distribution-weighted growth rates to reevaluate US post-war economic performance. *Review of Income and Wealth*, 40 (3), 251–272.
- Kuznets, S., 1955. Economic growth and income inequality. *American Economic Review* 45 (1), 1–28.
- Layard, R., 2005. *Happiness – lessons from a new science*. London: Allen Lane.
- Lyubomirsky, S., Sheldon, K., and Schkade, D., 2005. Pursuing happiness: the architecture of sustainable change. *Review of General Psychology*, 9 (2), 111–131.
- Marmot, M., 2005. *Status syndrome: how your social standing affects your health*. London: Bloomsbury.
- Marmot, M. and Wilkinson, R., eds, 2005. *Social determinants of health*. Oxford: Oxford University Press.
- Martin, P., 2005. *Making happy people: the nature of happiness and its origins in childhood*. London: Fourth Estate.
- Michalos, A.C., 1985. Multiple discrepancies theory (MDT). *Social Indicators Research*, 16 (4), 347–413.
- NCC, 2006. Shopping generation. London: National Consumer Council.
- Northcott, M., 2007. *A moral climate – the ethics of global warming*. London: Darton, Longman and Todd.
- Offer, A., 2006. *The challenge of affluence*. Oxford: Oxford University Press.
- O'Neill, J., 2008. Sustainability, wellbeing and consumption. The limits of hedonic approaches. In: K. Soper and F. Trentmann. *Citizenship and consumption*. London: Palgrave Macmillan.
- ONS, 2007. Sustainable development indicators in your pocket. London: Office for National Statistics.

- Papathanasopoulou, E. and Jackson, T., 2008. Measuring fossil resource inequality – a longitudinal case study for the UK: 1968–2000. *Ecological Economics*, in press.
- Ritzer, G., 2004. *The McDonaldization of society*. NY: Pine Forge Press.
- Schor, J., 1998. *The overspent American*. New York: Basic Books.
- Sen, A., 1998. The living standard, Chapter 16. In: D.A. Crocker and T. Linden, eds. *The ethics of consumption*. New York: Rowman and Littlefield, 287–311.
- Stymne, S. and Jackson, T., 2000. Intragenerational equity and sustainable welfare. *Ecological Economics*, 33 (2), 219–236.
- The Economist, 2005. The Economist Intelligence Unit's quality of life index. [Economist Online], December 2004. Available from: http://www.economist.com/media/pdf/QUALITY_OF_LIFE.pdf [Accessed 31 October 2008].
- The Economist, 2006. Inequality and the American Dream (*Leader*), [Economist Online], 15 June 2006. Online at: http://www.economist.com/opinion/displaystory.cfm?story_id=E1_SDVJTVV [Accessed 31 October 2008].
- Thompson, M., Ellis, R., and Wildavsky, A., 1990. *Cultural theory*. Oxford: West View.
- Tukker, A., Jansen, B., 2006. Environmental impacts of products: a detailed review of studies. *Journal of Industrial Ecology* 10 (3), 159.
- Veblen, T., 1898. *The theory of the leisure class*, reprinted 1998: Great Minds Series. London: Prometheus Books.
- Victor, P., 2008. *Managing without growth; slower by design not by disaster*. Cheltenham: Edward Elgar.
- Victor, P. and Rosenbluth, G., 2007. Managing without growth. *Ecological Economics*, 61 (2–3), 492–504.
- Weber, M., 1958. *The Protestant ethic and the spirit of capitalism*. Transl. Talcott Parsons. NY: Charles Scribner's Sons.
- Wilkinson, R., 2000. *Mind the gap – an evolutionary view of inequality and health*. London: Weidenfeld and Nicholson.
- Wilkinson, R., 2005. *The impact of inequality: how to make sick societies healthier*. London: Routledge.