The myth of the consumption-oriented economy and the rise of the desiring subject

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In sociological writings on developments in culture (broadly understood) we repeatedly see references to the change in the American economy from "production-orientation" to "consumption-orientation." Like other revolutions, this one occasionally seems to be ubiquitous in time, but it is now usually understood to have occurred around the 1920s, and is used to explain radical cultural changes, most interestingly a change in subjectivity. What I call the thesis of the consumption-oriented economy is the claim that (1) a recognizable shift in the economy from production- to consumption-orientation occurred because of the development of capitalism, and is therefore an endogenous economic development; (2) this led to the economic "system" having different functional requirements from "people," and was instrumental in, if not sufficient for (3) a recognizable shift in subjectivity, especially the activation or creation of "desire" as a fundamental aspect of the self (as evidenced, for example, by the "sexual revolution" of the 1920s[1]).

In this article I attempt to demonstrate that this thesis is false, by exploring the various tenets of the consumption economy thesis in turn, both empirically and theoretically. I find almost all to be greatly wanting in empirical support. In addition, some are logical monstrosities, and others entirely fanciful. We not only find little evidence in support of the supposed change in subjectivity nor for any possible means of economic change affecting subjectivity, but indeed no evidence of the supposed economic change from a savings- to a spending-hungry economy.

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The rise of the consumption-oriented economy

The idea of a shift from a production-oriented economy to a consumption-oriented economy, with attendant effects on subjectivity, is inescapable in sociological studies of culture. Indeed, it is almost always assumed as true in explanations of sexual change, often taken as a key indicator of the cultural shift. For example, in the central sociological history of sexuality in America, D'Emilio and Freedman write that "[By the 1920s] American capitalism no longer required an insistent ethic of work and asceticism in order to accumulate the capital to build an industrial infrastructure. Instead, corporate leaders needed consumers." "An ethic that encouraged the purchase of consumer products also fostered an acceptance of pleasure, self-gratification, and personal satisfaction, a perspective easily translated to the province of sex."[2]

Where did this idea come from? There have been, I think, a few relatively distinct stages when significant contributions were made to this thesis, though there was a prehistory that led to certain emotional and explanatory associations of "consumption." This prehistory was the Marxist concern that consumption on the part of workers had in some way put off the proletarian revolution. Hence the ability of workers to attain individual satisfaction through consumption was suspected of keeping capitalism going, not through an *economically necessary* realization of surplus, but through a *politically necessary* buying-off of the working class. But in the twentieth century, attention shifted to changing requirements of the economic system.

At the turn of the century, many American sociologists and economists (most importantly Simon Patten) were convinced that they could see the end of a world based on scarcity, and the beginning of one based on abundance, which required (though it had not yet produced) a change in subjectivity – the abandonment of the thrift ethic. "The new morality does not consist in saving, but in expanding consumption."[3] In the 1920s, the conjunction of dramatic economic growth and an evident revolution in sexual morals led Marxist analysts such as V. F. Calverton to make a firmer connection between changing economic imperatives and a desiring as opposed to saving subjectivity than had earlier writers, but they interpreted these imperatives as occurring on the *class* level, not the macroeconomic. After World War II, in the atmosphere of renewed growth and a certain disgust with mass culture, these elements of economics, desiring, and subjectivity were combined and crucial distinctions lost. The economic shift that was supposed to have already happened was that capitalism *as a system* had gone from requiring asceticism to requiring consumption, in some general way that touched the lives of all. Starting from an assumption of a chronic tendency toward overproduction,[4] analysts reasoned that if markets were stable, it must be due to an increase in consumers' desire for goods coming from an ethic of hedonism. The blatant sexualization of advertising seemed proof that it was necessary for capitalism that desiring personalities somehow be produced, personalities that would absorb otherwise surplus products. This sexualization of advertising also seemed to demonstrate that capitalists themselves were aware of the necessity of deliberately cultivating the "desiring subject." (Here, the most important contributors were David Potter, Daniel Bell, Vance Packard, John Kenneth Galbraith, Stuart Ewen, and Jean Baudrillard.) It is this new synthesis that I term the "consumption economy" thesis.

This thesis maintains, first of all, that there was an identifiable economic change from production- to consumption-orientation. In what David Potter called "an economy of scarcity" oriented to production, supply is the bottleneck, since "the productive capacity has barely sufficed to supply the goods which people already desire and which they regard as essential to an adequate standard of living. Hence the social imperative has fallen upon increases in production." Note that this assumes that capitalism is historically not demand-driven, and that savings – as opposed to purchases – were needed from people. This also assumes that anything made was bought, i.e., that selling was not problematic. In Potter's words, "total demand is usually equal to or in excess of total supply, and every producer can normally sell as much as he produces."[5] Thus there are no crises of overproduction.

But with abundance, continues Potter, "the productive capacity can supply new kinds of goods faster than society in the mass learns to crave these goods or to regard them as necessities," and hence demand becomes the bottleneck. To quote John Kenneth Galbraith's words, "the individual serves the industrial system not by supplying it with savings and the resulting capital; he serves it by consuming its products." The means of production have apparently been made, and hence less savings are required to form necessary capital. Anyway, more than enough goods are produced to satisfy existing wants: potential supply outstrips demand. So capitalists must create more demand. "If this new capacity is to be used, the imperative must fall upon consumption and the society must be adjusted to a new set of drives and values in which consumption is paramount." Now advertising "begins to fulfill a really essential economic function … to create a demand."[6] Baudrillard similarly assures us that after the crash of 1929, "the problem was no longer one of production but one of circulation. Consumption became the strategic element; the people were henceforth mobilized as consumers, their 'needs' became as essential as their labor-power" – hence the "launching of advertising."[7]

Concurrent with this "change from a society once geared to frugal saving and now impelled to spend dizzily," as Daniel Bell put it,[8] was a change in subjectivity, from the nineteenth century's industrious capitalists and hard workers to a desiring consumer. Furthermore, the consumption economy theorists maintained that the shift in economic needs *caused* this shift in subjectivity, either because they assumed a general functional relation between an economic system's needs and subjectivity that does not need to be explained, or because they attributed it to a new experience of markets, or – most commonly – because they saw the shift as the result of deliberate innovations introduced by capitalists. Thus capitalists understood that the economic change was taking place, and had the means to increase the supposedly deficient demand. The means, of course, was advertising, used to create demand by inspiring desire.

While it was Vance Packard's 1957 *The Hidden Persuaders* that transformed the concern with manipulative and sexual advertising into a national obsession, for sociologists the most influential contribution along these lines has been Stuart Ewen's history of the rise of advertising. Ewen proclaims that "In response to the exigencies of the productive system of the twentieth century, excessiveness replaced thrift as a social value. It became imperative to invest the laborer with a financial power and a psychic desire to consume: … Modern advertising must be seen as a direct response to the needs of mass industrial capitalism." Ewen also assumed that this was in essence a process of seduction, via the incitement of sexual desire. By inciting such desires, advertising is able to create needs for otherwise unneeded products. Through both subliminal and not-so-subliminal techniques, advertising became highly sexualized in order to bring out feelings of desire in potential consumers and to sell them goods.[9]

Recently Daniel Horowitz has echoed this theme, writing that "In order to achieve [a coordination between mass production and mass consumption], self-controlled savers and exhausted, disciplined workers had to become consumers. In part, advertising took on the task of creating the kind and level of consumption that provided a market for the commodities produced by industrial capitalism. Faced with excess productive capacity, industrialists and others realized that as consumers, workers should not be self-denying. . . ." Horowitz accordingly speaks of a shift, from the 1880s to the 1920s especially, "from self-control to self-realization, from the world of the producer, based on the values of self-denial and achievement, to a consumer culture that emphasized immediate satisfaction and the fulfillment of the self through gratification and indulgence."[10] A good many theorists of sexuality, including Jeffrey Weeks, Steven Seidman, Dennis Altman, and John D'Emilio and Estelle Freedman, have argued that such a shift led to far reaching changes in subjectivity, and changes in sexual morals, especially among those new classes of consumers, women and youth.[11]

All these analyses assume the consumption economy thesis as at least a partial explanation, or part of the standard analytical tool-kit. But the thesis is, as we will now see, incorrect. Space forbids a detailed examination of every tenet of the consumption economy thesis. Here I focus on the most common claims made regarding the linkage between economic change and subjectivity, the supposed changes in subjectivity, and finally the supposed economic changes themselves.

Did capitalists solve the problem of demand through advertising?

Did advertising produce a desiring subjectivity?

Let us begin with the claim that capitalists solved the problem of overproduction in the 1920s with advertising that, largely through it sexualized nature, helped create a desiring consumer moved by a search for pleasure or self-fulfillment. The evidence indicates that the overt sexualization of advertising actually rises *after* the period in question,[12] while there was no dearth of mildly sexualized advertising *before* this period. Since this directly contradicts the more popular accounts of both sexuality and advertising in the 1920s, it is worth demonstrating that in projecting back current concerns, analysts misrendered their material and imputed contradictory motivations to people.

Was advertising in the 1920s sexualized so as to induce sexual desire? Certainly Ewen's book gives one such an impression. But recall that the "desiring subject" sub-thesis tends to stress the newly awakened desires of women and youth. We would expect these arousing advertisements to focus on the desires of these significant actors. In fact, the supposedly "sexualized" ads that Ewen discusses are almost invariably ones portraying women's bodies in an attempt to reach women,[13] and these bodies were obviously presented for purposes of *comparison*, not seduction. Ewen's only way of dealing with this curious twist was to claim that the sexualization of advertising was "auto-erotic."

By "auto-erotic," however, Ewen meant not Ellis's generalization of masturbation, but "*narcissistic*," (he uses the two words interchangeably). This is because the ads focus on women *surveying their own bodies*, "ever self-critical," as Ewen says. The question posed was not "What do I want?" but "Am I sufficiently in accord with the standards embodied in this model to have a secure future as a wife?" One 1928 ad for soap begins: "No matter how otherwise lovely you may be, if you lack the fresh beauty of a fine clear skin your happiness can never be sure!"[14] Ewen makes the problematic assumption that the blemishless properties of the "highly scrubbed, powdered, and decorated nude" (in an ad captioned, "Your Masterpiece – Yourself") were the same as a woman's "sexuality." But blemishlessness – whether of the tub or the body – was a quality advertising could promote in itself, and it went hand in hand with the 1920s' obsession with de-organicizing the body. It is hard to see anything erotic in proposing (as in one ad for an antiseptic also peddled as a douche) that "The feminine world now demands an absolute cleanliness of person, a real surgical cleanliness." Far from the ads arousing *desire*, they were, as Ewen specifically notes, deliberately designed to induce the distinctly un-erotic emotions of fear, shame, and inadequacy. Advertising painted a world in which – to quote the copy for a Gillette ad featuring disembodied eyes against a dark background – there was "no way to escape those accusing eyes."[15]

One comprehensive study of advertising in print from 1906 to 1976 found that when appeals to "vanity" and appeals to eroticism are disentangled, the former far outnumbered the latter in the 1920s.[16] Furthermore, this vanity was a competitive, not complacent one, as women were told that everything counted in the competitive "beauty contest of life": "You against the Rest of Womankind." Thus the claim that advertising became highly sexualized and brought out desiring feelings (especially in women) is simply unfounded, or reflects an anachronistic "reading" of advertisements in the 1920s by later (male) analysts. This later reading – coming from a culture that assumed a total divorce of female sexuality from maternity – also ignored the obvious sexuality of female depictions in nineteenth-century advertisements, which Jackson

Lears calls "a remarkable profusion of sexually charged mythic figures – buxom goddesses beneficently befriending tumescent vegetables." Finally, it is far from clear that "sexualized" advertising was, or is, as effective as commentators in the 1950s assumed. The bulk of recent experimental evidence suggests that it is among the least effective forms of advertising.[17]

To summarize, far from indicating a turn toward hedonistic, self-fulfilling desire, advertising in the 1920s indicated a turn toward an obsession with social standing and sterility. Far from being desiring subjects, 1920s consumers (as constructed by the advertisers) seem to have been exceptionally other-directed. Indeed, the assumption that advertising works by inciting individual desires, which was part of the manipulationist thesis arising in the 1950s, does not jibe with the then contemporary accounts that peer pressure was an essential part of consumer culture. Commentators such as Whyte and Riesman argued that because of neighborhood/group definitions as to what constituted the "proper" goods to have (and a pressure toward conformity and *away* from conspicuous consumption) dealers assumed an increasingly *passive* role.[18]

Did capitalists use advertising to create demand?

Even if capitalism did not encourage a desiring subjectivity through specifically sexualized advertising, it is still possible that advertising *was* used by capitalists to solve problems of overproduction by creating needs for otherwise unneeded goods. But as Colin Campbell has said, whether or not advertisements can lead someone to develop a desire for a product, it is altogether obscure as to how they could lead to the changing of that person's basic motivational structure. It would seem that advertisements could only latch onto it.[19] Nor is advertising as powerful as the consumption economy thesis assumes. Economic studies find minor effects at best of advertising on general demand. In fact, the causality seems to go the other way, as advertising expenditures are more closely correlated with *past* sales than future sales. The wars for market share that are conducted with advertisements often have the result we would expect from our experience with capitalist competition, namely a collective *decrease* in profit and brand loyalty, since the most effective advertisements are those that take someone else's buyers by announcing price cuts.[20] Furthermore, many of the most heavily advertised products of this period – such as soap and toothpaste – were, as Daniel Pope points out, clearly understood by consumers as necessities that they would not abandon in the absence of advertising (while many true luxuries receive no advertising).[21] Advertising may inspire the desire for a specific product once in a while, but from then on, it is the competitors clawing for the desirer's wallet, nor her soul.

While it is therefore most doubtful that advertising was *effective* in creating needs, it is also doubtful that advertising arose in the 1920s as a means *intended* by businessmen to solve problems by creating demand. The *timing* of the "launching of advertising" does not indicate a response to problems of overproduction, and the *context* makes it unlikely that any businessmen of significance were confident that they could create demand. It is true the 1920s were a time of astounding growth in advertising and marketing, and there is no need to deny the connection between the advertising of mass-produced goods and the ability of the masses to consume them, but it is also true that tremendous investment in advertising in the post-war period was driven in part by businesses' need to spend their profits in a way that could be considered investment so as to avoid a new excess profits tax.[22]

Even had advertising been as effective as its proponents claimed, this does not imply that it would have been used to regulate consumption as suggested by Ewen and Baudrillard. Contrary to the "manipulationist" tenet, the mega-corporations of the 1920s such as General Motors set up think tanks to predict demand and *follow* it, not create it. As Chandler summarizes, "In the 1920s, the new corporate giants had begun to calibrate supply with demand. They had no way, however, of sustaining aggregate demand or of reviving it if it fell off."[23]

Did capitalists understand the necessity of a shift in subjectivity?

Not only was advertising not the intended instrument of capitalists in managing the transition to the consumption-oriented economy by uprooting the thrift ethic, capitalists in general had no belief that such a thing was possible, necessary, or desirable. Discussions of advertising in comsumption-economy works tend to repeat the self-aggrandizing illusions of advertisers in the 1920s that they can "call forth spirits from the vasty deep," but never ask, "But will they come when you do call for them?" In ceasing to interview manufacturers and instead interviewing motivation research advertisers, analysts were not finding a shift in the economic system, but a shift in informants.[24] Although advertisers claimed that their magic creation of desire was necessary for economic prosperity, manufacturers (while finally conceding the emphasis on style after some resistance) vigorously maintained "the producerist atmosphere of early twentieth century American business culture," and rejected the ad men's visions (often justifiably) as the ethereal spinnings of art majors just out of college and irrelevant to sales. (Many advertisers themselves shared the distrust of impulsive self-indulgence.) It is simply untrue that by the 1920s the leaders of capitalism saw that they needed to spur consumption. Instead, and unsurprisingly, each industry advocated what was in its particular interests. Thus a writer in *Investment Weekly* (a banking organ) would attack consumption of "frivolities" and instead call for increased savings, which would "enable banks to encourage the production of things of lasting quality" without wondering who would be able to buy them.[25]

One systematic study of the ideology of businessmen in the 1920s belies the belief that capitalists understood the need to abandon the thrift-orientation. Looking at the output of the National Association of Manufacturers (NAM) and Chambers of Commerce, James Prothro finds that they came down firmly for austerity. The results of a NAM survey on the proposed 5-day work week indicated a widespread belief that increased leisure would lead to the corruption of workers and – horror of horrors – an increased appetite for luxuries properly reserved only for those who had "earned" them by being successful businessmen. They opposed government interference in the economic realm, and even the onset of the depression led them to call for nothing more radical than increased frugality.[26]

To conclude, despite the importance of advertising in the 1920s, it was not the brainchild of capitalists to solve problems of overproduction by creating desiring subjects. Of course, Ewen's theory of advertising is not the only possible link between economic change and the desiring subject. Another, less simplistic, account is that in contrast to the society of self-sufficient pre-industrial producers, the consumption economy accentuated all the features of market-based life that brought out the desiring subjectivity.

Was there a shift from self-sufficiency to markets?

This hypothesis rests on a false, though common, assumption, namely the self-sufficiency of pre-industrial American households. In fact, neither the small "yeoman farmer" nor the large plantation were actually self-sufficient. Both found it more economical to produce for the market (including some of the home manufactures such as candles, clothing, and soap, that are often taken as indicating self-sufficiency as opposed to market orientation), and in return to buy necessities and luxuries on the market.[27] Our mistaken belief in the self-sufficiency of *colonists* is problably derived from the ideological importance of self-sufficiency of the *colonies*. Far from surviving without recourse to market transactions (which would indeed be a rare feat in a colony established to produce raw materials!), the colonists were "swept up" in the increasing consumer market of the late eighteenth century, leading to a doubling of imported goods in the two decades before the War of Independence. (Indeed, the market also followed the backwoods frontier from its earliest days.) But the resistance to the taxation on British manufactures – which, as we recall, inspired the break with Britain – led to an equation of patriotism with their boycott, and wearing "homespun" became a symbol not of private self-sufficiency, but of public virtue.[28] Guiltily suspecting that ostentatious consumption of British imports had provoked the taxes in the first place, colonists revived the Puritan Ethic so as to reinforce their renunciation of British luxuries, lest they, like the Israelites out of Egypt, falter in their resolve when reminded of their material deprivation. Furthermore, the colonists could even reconceive domestic manufacture as a Puritan calling. Thus the real issue was not about doing without manufactures, but about developing American manufacturers.[29] This *ideology* of self-sufficiency, however, colored later understandings of the colonial economy.[30]

Was there a change in subjectivity?

In summary, there is little evidence that economic change – not via sexualized advertising, not via advertising in general, not even via market-participation – produced a change in subjectivity around the turn of the century. But is there even evidence that there *was* such a change? Did the 1920s see the rise of the "desiring subjectivity," oriented toward the individual's fulfillment of idiosyncratic desires? As discussions of the consumer culture of the 1950s often emphasized (and

Paula Fass's definitive study of 1920s college youth culture also finds), the essential desire animating purchasing seems to have been the desire for sociation – integration into a community and conformity with its standards – not the individualistic (let alone idiosyncratic) desires of Lawrence Birken's polymorphous consumer.[31] Our investigation of advertising in the 1920s above has similarly suggested that far from encouraging individual expression, calls for consumption seemed designed to impress upon consumers the power of social regulation and disapprobation.

The consumption economy thesis assumes that there was a secular shift from one ethic (of saving) to another (of spending), but when we shake off the simplistic periodizations allowed by historical hindsight, what is more striking is the *persistent coexistence and confusion* of the two ethics. The Lynds, who had found in the 1920s a confusion in business ideology between trumpeting consumption and saving as duties, in the 1930s reported that during the depression people were again honestly confused as to whether they should believe Hoover and the local banks and save their way to success (and out of the depression), or whether they should believe the New Dealers and Henry Ford and spend their way out.[32]

Even if there was no wholesale development of, or decisive shift toward, an unmistakably salivating-after-goods subjectivity at this time, it is still possible that the previous subjectivity functional for an economy of accumulation was fundamentally different from that functional for the consumption economy. In this case, economic action should have previously been initiated by a non-economically desiring subject, the industrious worker or farmer. But despite conventional images, there is no reason to think that this drone-bee subjectivity ever existed, and good reason to think that it did not. The periodization of (1) self-subsistent farmers in the eighteenth century, (2) hard working proletariat and saving bourgeoisie in the nineteenth, and (3) desiring consumers in the twentieth does not hold up to scrunity.

Can we ignore consumer desire in pre-industrial capitalism?

As we see below, current work in economic history indicates that it was largely the deliberate orientation of peasants and townspeople to the money economy (deciding to specialize and produce *for* the market so as to be able to buy *from* the market) in the early modern period that –

as much as any one thing can – started the process of capitalist development. While it is difficult to impute motivation to the long-dead, it is even harder to account for their behavior in the absence of a desire for goods, and there is evidence that such desire was present.

Late seventeenth-century writers on economics (and not simply scattered grouches) noted and hailed the significance of the desiring consumer – with insatiable appetites – for the fledgling market society. "The Wants of the Mind are infinite, Man naturally Aspires, and as his mind is elevated, his Senses grow more refined and capable of Delight; his Desires are inlarged, and his Wants increase with his Wishes, which is for every thing that is rare, can gratifie his Senses, adorn his Body, and promote the Ease, Pleasure, and Pomp of Life."[33] Further evidence of "desiring subjects" at this time is that the demand for food by the eighteenth-century poor was elastic. Contrary to what a traditionalistic (or even health-oriented) subjectivity would suggest, when food prices went up, they would buy less food before they neglected all other purchases, even if this meant chronic malnutrition. Horowitz's analysis of budget studies for the nineteenth century suggests the same.[34]

Nor was this early subjectivity an anomaly (nor restricted to Britain), soon reversed with the rise of the capitalist work ethic of the late eighteenth century. As pointed out above, the early American export economy was precisely a way to get cash to exchange for goods. During the American War of Independence, the cessation of foreign goods available in Philadelphia markets led to decreased agricultural production, for there was no reason to produce a surplus if it could not be exchanged for desired articles.[35] Finally, even a cursory glance at the historiography of sexuality in Britain in the eighteenth century shows that both men and women were considered fundamentally desiring beings, which, of course, contemporaries such as Sir Walter Scott attributed to the increase in wealth and luxury.[36]

What about the industrious industrialists?

Although the economic expansion of the post-independence United States may have less to do with a net increase in demand than with the completion of the nation's distributional infrastructure, there was little doubt that this demand also involved desiring subjects. As Martin Wiener has argued, while in the nineteenth century the market was sometimes seen as a disciplining mechanism, there was also a widespread belief that the growth of markets would stimulate the masses' desires and lead them to act on impulse, as opposed to calculation. While opposing the *state* of free reign of desires, the nineteenth-century proto-social scientists assumed that passions *were* at the core of everyone, woman or man, though they might advocate the repression of these passions. And repression, as cultural historians such as Lears repeatedly find, produces ambivalence, not clarity. This is seen in the fascination with Mesmerism and magnetism, animal or otherwise (magnetism was, Lears points out, often clearly understood as a euphemism for desire), and the repeated suspicion that selling was equivalent to seduction – especially of women.[37] It seems that the desiring subject was always implied in the "possessive individualism" that was integrally tied to the liberalism of colonial and industrial America.

Had supply previously been the bottleneck?

If we cannot maintain that the desiring subjectivity was created de novo at the beginning of the twentieth century, perhaps there was a shift in economic structure that brought out its potential. The consumption economy thesis holds that this shift was from an economy that was limited by problems of production (insufficient capital and labor) and hence *required* thrift and saving to one that required consumption and release. The increasing productivity of labor led to a proliferation of unneeded goods, while previously, people were so goods-deprived that they would eagerly have bought anything (Potter: "every producer can normally sell as much as he produces"). We will examine these claims here both empirically and theoretically, first asking whether previous capitalist economies did in fact find their bottleneck in production, and then looking for any signs of a shift in the capital/consumption requirements of the economic system that might be compatible with the consumption economy thesis.

First, consider the seemingly reasonable hypothesis of a shift from an economy where scarcity made production problematic to one where abundance made consumption problematic. Is it not remarkable that this hypothesis is attractive to those, such as Mills, who have some degree of sympathy with the Marxian approach, when the hypothesis denies the existence of the phenomena that prompted Marx's analyses of the contradictions of capitalism, namely the recurrent crises of overproduction?

Second, although the idea of the centrality of saving during the nineteenth century comes out of a hallowed economic perspective in which capital formation was considered the crucial problem for economic growth, there are reasons to doubt the key premise of this argument, that the supply of savings was in general too small to supply the capital needed for industrialization. Rather than insufficiency of savings limiting industrialization, it seems that the low productivity of, and therefore low profits to, capital was the limiting factor.[38] Furthermore, the assumption that consumption was not problematic for the so-called "production-oriented" economy flies in the face of Keynes's contributions to political economy.

Despite the implications of the consumption economy thesis, nineteenth-century economists did not deny that at least at certain times, consumption was problematic, but they had little handle on the underlying mechanisms. One of the most important successes of J. M. Keynes's *General Theory* was to make the point that, bourgeois ideologists' obsession with frugality notwithstanding, lack of effective demand is often the greatest obstacle to economic growth.[39] Keynes showed that there is no reason to believe that the simple act of investing will lead to a state in which a demand exists for the produced commodities when they finally appear on the market. In a non-export-oriented economy, consumption is necessarily "problematic." The assumption that it is possible for an economic order to exist that is not limited by the state of consumption flies in the face of even those Keynesian postulates accepted by the "neo-classical synthesis" of Samuelson.[40] There can be no switch to a consumption oriented economy because *all* capitalist economies are consumption oriented. It may be true that the 1920s saw overproduction (though the over-produced goods were largely agricultural products and raw materials) and this created distributional pressures that eventually produced an economic downturn. If so, the 1920s followed standard procedures for capitalist cycles.[41]

In support of the above deductive argument, we can look at recent work in economic history that highlights the importance of consumption in the industrial revolution, and find that it upsets the periodization of production/consumption-oriented economies. Although the most extreme claims of this revisionist history are exaggerated, including Neil McKendrick's claim that there was a "consumption revolution" in eighteenth-century Britain, "the necessary analogue to the industrial revolution," the renewed appreciation of the importance of demand for pre-industrial capitalism and the industrial revolution itself has produced significant findings.[42]

The first claim is simply that there was an increase in consumer goods in British laboring families in the fifteenth and sixteenth centuries, and again in the mid-seventeenth to mid-eighteenth centuries.[43] What is more significant is that although increased market participation in the sixteenth century may be understood as impelled by the rise in prices (unmatched by wage increases), which increased non-agricultural work (if not relocation to towns in order to benefit from higher industrial wages) to supplement farm income, the fall of food prices in the eighteenth century did not lead to a retreat from the market.[44] While the most marked change in consumption patterns occurred among the trading classes, it seems that the lower classes were choosing market participation, even if it required factory labor: hence what Jan De Vries calls the "industrious revolution."[45]

There are also reasons to think that the demands of desiring consumers, and the domestic production that arose to meet these demands, played a more specific role in spurring industrialization. One important example, noted by John, Thirsk, and especially Mukerji, is the case of calicoes, an inexpensive imported dyed fabric whose popularity (stemming from a new sense of fashion in the late seventeenth century) threatened domestic cloth production in England. The cheapness of calico allowed for luxurious display in the absence of the recently restricted imports of French silk, but at a price within the means of the middle classes. But lacking crucial dyeing and weaving techniques, British industry was unable to compete with cheaper Indian imports. Many of the crucial inventions associated with the industrial revolution, inventions that led to the centralization of labor in large factories using external power, came about to allow English manufacturers to meet this pre-existing demand. The key point is not that we can find historians pointing to the importance of consumption from 1500 onward, and could therefore push the supposed shift in consumption back to an earlier period, but that (as suggested by Paul Glennie) *cultures* of consumption seem always to precede the actual mass distribution of consumer goods, and not vice versa.[46]

Did demand become the bottleneck?

Were workers satiated?

We have seen that there is little evidence that demand was originally absent as a factor in capitalist production – but did it later become the "bottleneck" of capitalist expansion, as workers were satiated with their new-found affluence? The consumption economy thesis, in assuming that in a "production-oriented" economy anything made would be bought, confuses demand with effective demand, thereby arguing as if the 1850s consumer had 1950s wages, and waited impatiently for 1950s goods. While I stress below the importance of the enrichment of the population, it is *not* the case that workers gave up their laboring subjectivity as they became wealthy and were needed as consumers. Although the increase in income was general, it was by no means even. Those at the upper end of the scale gained more, leading to a dramatically unequal distribution of income (in 1929, around 1 percent of families took 20 percent of the national income) and hence more people with disposable income.[47] Workers were also subject to chronic bouts of unemployment, making their yearly wages substantially less than one might assume given hourly rates.

The little evidence there is does not support the assumption that the prosperity of the 1920s involved workers' integration into mass consumption. In contrast to the claims of the consumption economy thesis, Lizabeth Cohen found workers in Chicago during the 1920s increasing their *saving* to fend off poverty when the inevitable lay-offs came, while it was the middle classes who plunged into installment buying. Levin et al.'s classic 1929 analyses in *America's Capacity to Consume* provide an empirical (if crude) rebuttal to the idea of a switch from scarcity to abundance, showing that unfulfilled wants existed in the masses and it was simply not true that more was produced than people could consume.[48]

Does there cease to be a need for savings?

If indeed there was a shift from an economic imperative of saving to one of spending at the beginning of the twentieth century, it is one that has left no trace in the compiled economic statistics that we have available. Were the nineteenth century a time that required savings and investment, and the early-twentieth one in which consumption was required, we might certainly expect to see higher levels of investment (capital formation) in the nineteenth century. But there has been actually no long-term shift in the amount of capital formation (reinvestment of profits) since 1860.[49] The astounding lack of change in the amount of national savings as a proportion of GNP is apparent in Figure 1.[50] Personal savings consistently make up the bulk of national

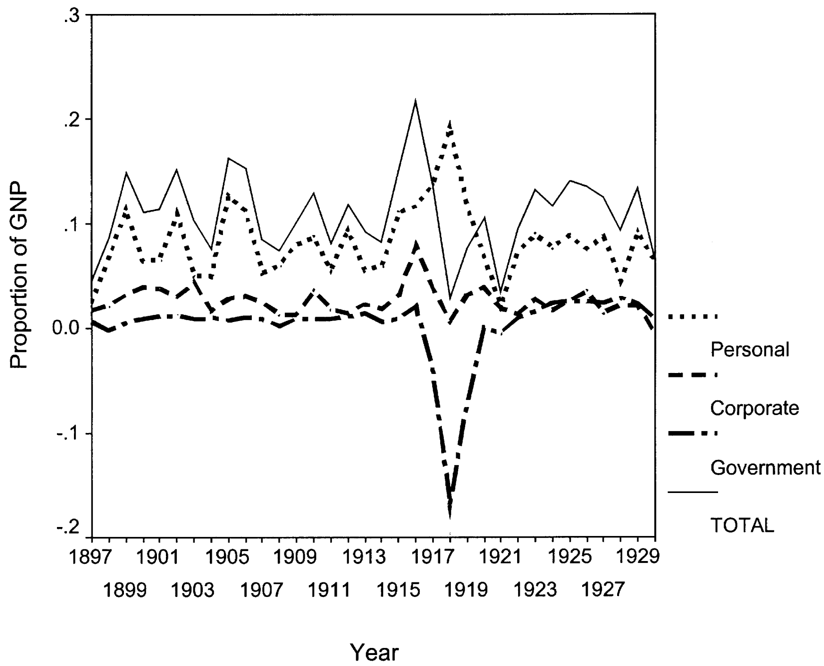

Figure 1. National savings as a proportion of GNP, current prices.

savings. There is a temporary decline after 1918, but this is a compensation for the reliance on personal savings to finance the war. Households generally save around a tenth of their income (not including consumer durables as saving), and this proportion was relatively constant over the period in question (though it may have declined afterwards).[51] Since it is true that there was an increase in the internal financing of corporations (i.e., using their own profits for savings, instead of relying on loans based on personal savings) in the 1920s, the most that can be said is that rather than needing consumers' purchases *as opposed* to their savings, the two are functional equivalents in terms of generating investment capital.

Did the economy stop being "capital hungry"? Figure 2 shows national capital formation by year. Although there is a trend towards lower net capital formation from the beginning of the twentieth century, (a) this decline does not occur in net addition to heavy plant (means of production), and (b) the ratio of capital *stock* (gross or net) to gross national product was still *increasing* over this period. In other words, *more* capital was needed per dollar output than previously, though not

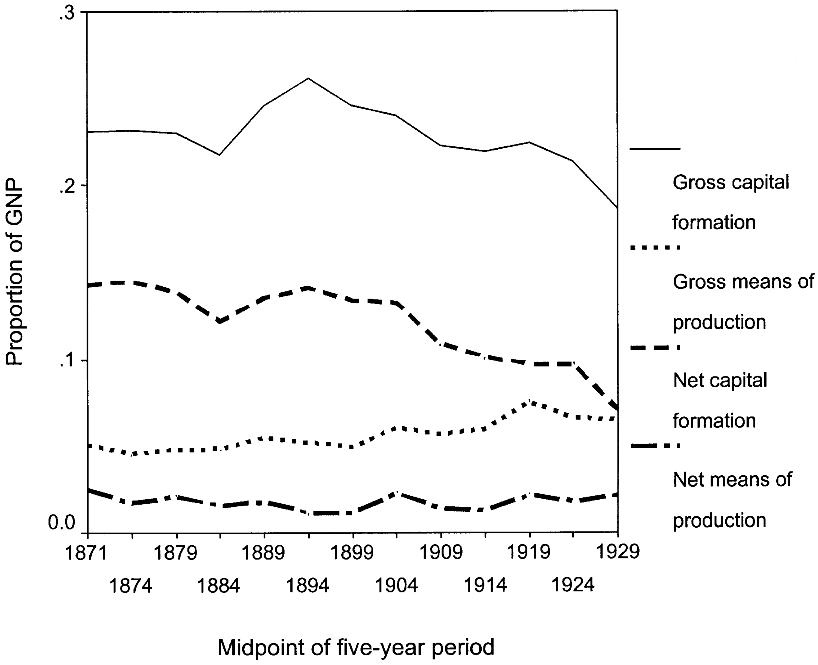

Figure 2. Capital formation by years as proportion of GNP.

more *new* capital. This decrease in additional net capital formation did not have to do with actual elimination of capital (retirements) but with depreciation due to technological change, until the vast elimination of capital in the Depression. Since the ratio of capital retirements to gross capital formation doubled during the period in question, i.e., there was a shortened lifetime of capital (due in part to a shift from construction, which has an extremely long lifespan of productivity, to producers' durables), this indicates *greater* need of the economy for capital, if such a thing can be said.

This increased capital consumption of the early twentieth century (and hence the slowing of the rate of capital formation) thus seems to have come from technical obsolescence, not from a shift away from production. But there was another factor leading to a declining rate of capital formation. The rate of growth of the national product declined over this period, largely because of a decrease in the rate of growth of the labor force. Since yesterday's capital formation is today's capital consumption, any retardation in the rate of growth of net product must lead the rate of net capital formation to decline; but as we have seen,

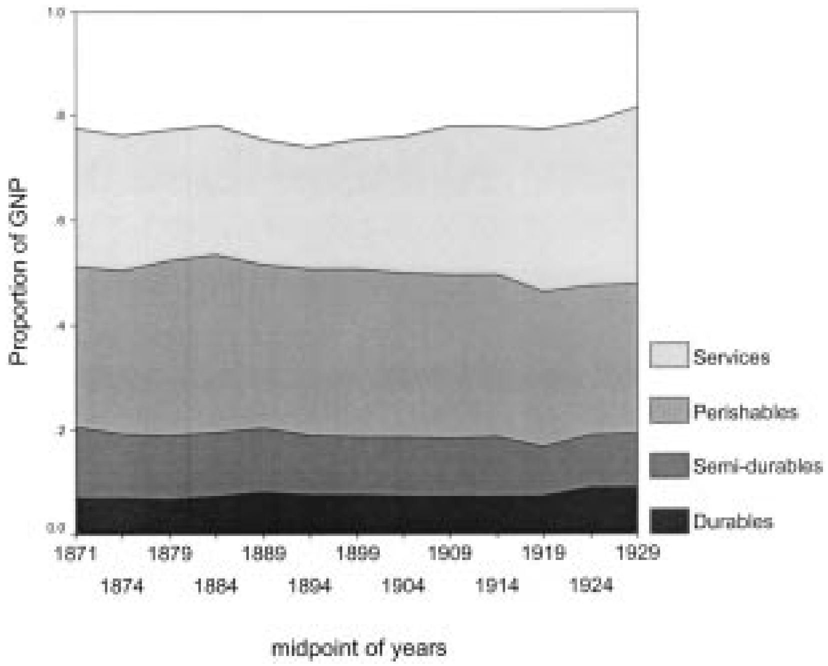

Figure 3. Proportion of GNP going to consumers, current prices.

this in no way implies that the economy is functioning with less capital – indeed, the opposite seems to have been the case.

The last refuge of the consumption economy thesis is that there was some shift from making means of production to making specifically "consumer" commodities (excluding food and shelter), these consumer commodities being more likely to languish on the shelves were it not for the newly awakened desires of purchasers. But the amount of GNP going to consumer durables (which would include furniture, appliances, vehicles) and semi-durables (which would cover clothing) also remained relatively constant (see Figure 3).[52] From 1899 to 1925, output of silk goods – the type of luxury appealing to the desiring consumer – went up precisely the same amount as did output of nonferrous metals for industrial producers.[53] Spending on durables may have increased in the 1920s, but this was a drop in the bucket. It was actually in *services* that consumer spending grew noticeably.[54]

Finally, the converse argument, that there was a shift away from the production of means of production such as industrial machinery[55] is also not true. The proportion of all commodities produced that were

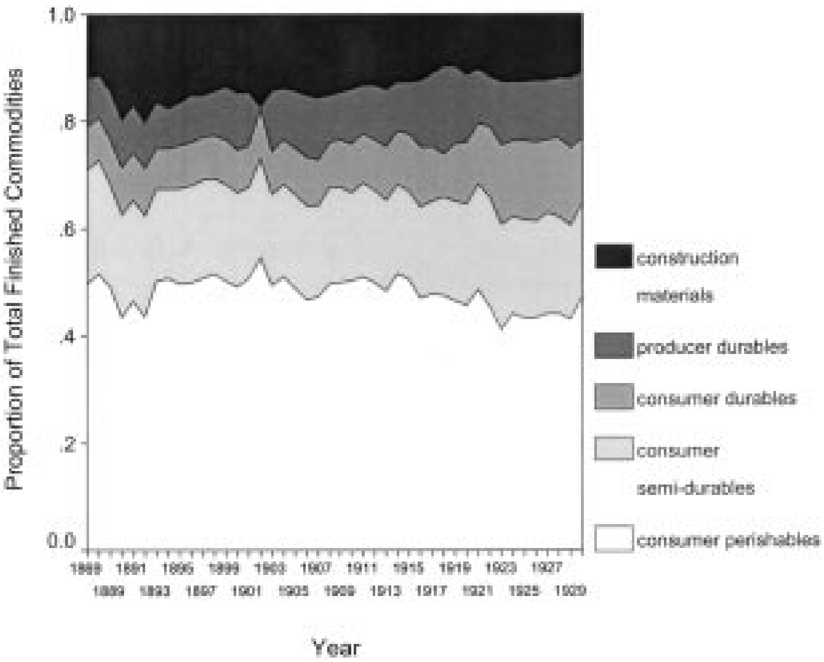

Figure 4. Breakdown of finished commodities, by year, current prices.

consumer durables did increase, and the proportion that were *producer* durables – i.e., means of production – also increased (Figure 4).[56] Nor is this an artifact coming from factors such as construction costs or land prices, or things like office equipment that might actually be indicative of a move *away* from "production-orientation." If we look just at the proportion of all commodities that were industrial machinery and equipment, we find (as did Lynd in the thirties) an *increase* over the time in question (Figure 5).[57] Similarly, the proportion of capital formation that was in the form of producers' durable goods (as opposed to short-lived inventories or construction) increased markedly over this period, and, far from there being a shift away from making means of production to making consumer commodities, there was basically no trend in the share of national income originating in commodity production, and percent of labor force involvement *declined*.[58] Thus, not only did the consumption-oriented economy not create the desiring subject (which seems to have already existed), but there simply was no shift to a consumption-oriented economy at all.

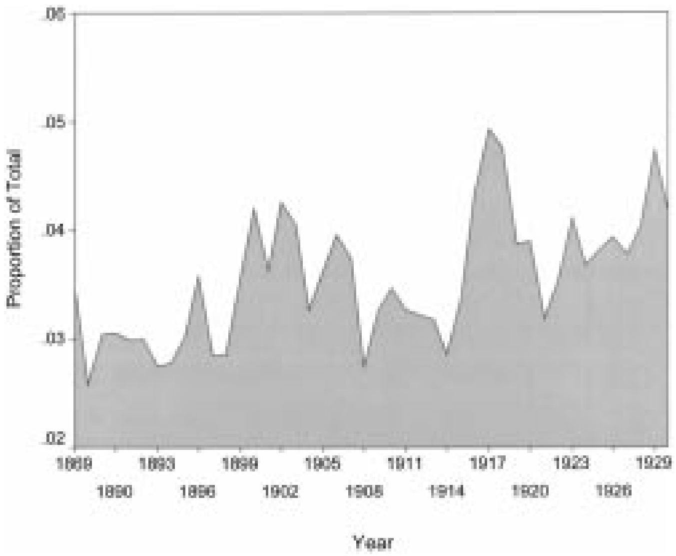

Figure 5. Industrial machinery and equipment as a proportion of total commodities.

What didn't happen

I hope that this discussion has demonstrated the implausibility of the thesis of the consumption economy. Despite the various qualifications made in different variants of the consumption economy thesis, many of which go no further than to imply that once upon a time all the economy needed was workers and no one to buy what was made, and that now only consumers are needed,[59] all versions of the thesis are based on the unwarranted exaggeration of theoretical trends, the over-generalization of empirical trends, and a credulous treatment of interested parties' claims. More particularly, the critique of the "artificiality" of wants in the *culture* of consumption arguments, as well as the legitimate attention to the phenomenon of the structuring of demand, evolved into *economically* untenable general theses that denied demand in principle, implying that *first* the production of hair-ribbons sky-rocketed (as it did), and *then* "it is no accident" that people developed a "hair-oriented" subjectivity.

A generalization from the very real pressures on individual merchants to some supposed pressure on the aggregate system "capitalism" led to the belief that the needs of the system itself were changing, which seemed to imply an equally necessary shift in subjectivity. While it is true that there were *some* industries in which technological innovation had made overproduction a problem, national advertising essentially arose from distribution techniques that allowed for the creation of *branded* goods, goods for which the total demand was relatively *inelastic*, i.e., a zero-sum game, such as foodstuffs. Seen in this light, it seems unlikely that anyone would propose that advertising stabilized capitalism by inciting desire.

But analysts also have shown an intriguingly naive acceptance of the grandiose claims made by advertisers to have saved capitalism. Advertisers have not only to sell goods to consumers, they have also to sell their services to clients, and they use similar tactics – hyperbole, threats, and lures – for the second end. While during the twenties advertisers often made remarkable claims to ensure growth by creating wants, they had to retract most of these claims after the Depression. Only social analysts still believed them.[60]

What did happen

This is not to deny that there were important economic changes; there were, but they had little to do with changing "economic imperatives," being rooted in a simpler shift – economic growth. Recall that we found no revolutionary shifts in the proportion of GNP coming from and going to different sectors of production and consumption. But there was one change that *did* occur, and it takes no complicated investigation to discover it. This is the general enrichment of the population. There was a remarkable tripling (in constant prices) of how much people consumed from around 1875 to 1930 (see Figure 6).[61] This was not simply due to increased debt purchasing, but to actual enrichment due largely to increased productivity of labor.[62]

More money of course means more stuff one can buy, especially if one is at the top of an unequal income distribution, hence more demand, and therefore more markets. More money is also compatible with increased attention to consumption on the part of such a buyer. Many of the changes in subjectivity misunderstood as stemming from the hedonism required by the consumption economy probably stem from the experiences of a changing middle class in a world of cheaper products, not from the conversion of workers into consumers. This middle class was not only increasingly tied to bureaucratic careers that promised advancement without the obsessive hoarding required of the

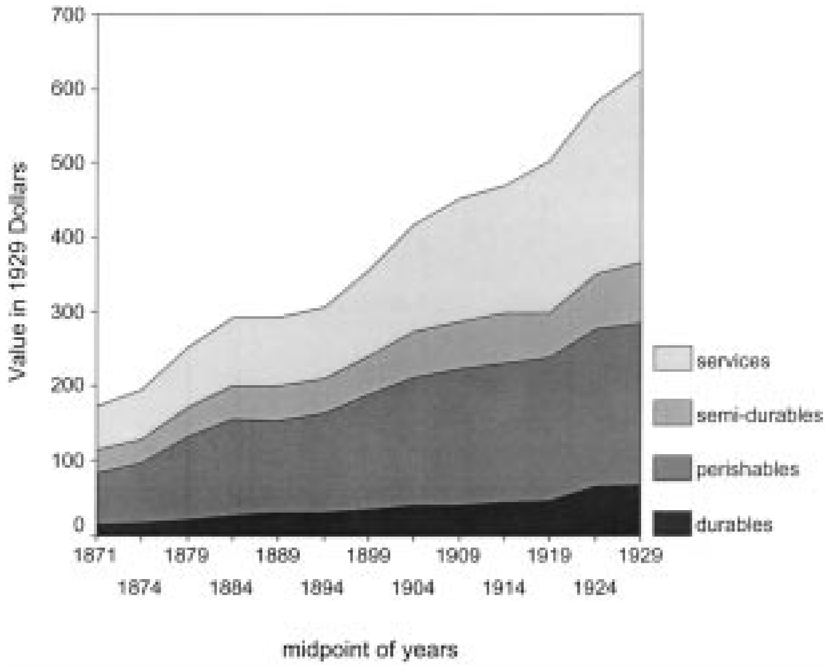

Figure 6. Consumption per person, 1929 prices.

self-employed, but also was unsure as to where it stood in terms of established cultural hierarchies, and therefore perhaps susceptible to suggestions that it could define itself via consumption.[63] The progeny of such a class might well believe in vast, secular changes in the economy toward a "consumption-orientation." Indeed, it would be unlikely for them *not* to be convinced of the importance of such changes. But these secular changes remain imaginary.

Acknowledgments

I would like to thank Matt George and Kristen Luker for comments on the first draft of this article; and Richard Ohmann, Neil Fligstein, and Mark Gottdiener for suggestions that I was unable to incorporate in this article but that form the basis for the next. Most importantly, thanks to Michael Schudson and R.W. Connell for their constructive criticism and guidance.

Notes

1. In an earlier article in these pages ("Structuring the sexual revolution," *Theory and Society* 25/1 (1996): 105–151, 134) I made reference to the "confused thesis" of the consumption economy in explaining the sexual revolutions of the 1920s and 1960s, but pleaded lack of space in fully rebutting this thesis. This article can exonerate me from the reasonable charge of evasion.
2. John D'Emilio and Estelle Freedman, *Intimate Matters: A History of Sexuality in America* (New York: Harper and Row Publishers, 1988), 278f, 234, 301.
3. Patten's words in Daniel Horowitz, *The Morality of Spending* (Baltimore: The Johns Hopkins University Press, 1985), 33. Also see David B. Schulter, "Economics and the sociology of consumption: Simon Patten and early academic sociology in America, 1894–1904," *Journal of the History of Sociology* 2 (1979): 132–162; Daniel M. Fox, *The Discovery of Abundance: Simon N. Patten and the Transformation of Social Theory* (Ithaca: Cornell University Press, 1967), 45–47, 58, 83, 98, 106, 145, 153–160.
4. In these accounts, Marx is often taken to support the notion that underconsumption is the cause of crises of overproduction, but this is not quite accurate. While Marx did discuss the general contradiction between the production of surplus value and its realization, he had a more specific theory of crises of overproduction. For Marx the production cycle can be renewed while merchants accumulate stocks of goods they cannot dispose of, and overproduction has to do not with a lack of consumer demand, but with a lack of demand for capital. Karl Marx, *Capital, Vol. II*, translated by Ernest Untermann (Chicago: Charles H. Kerr and Company, 1933 [1867]), 87, 476. Workers may be relatively wealthy when the crisis comes – in fact, Marx argues that this is generally the case. But cf. Karl Marx, *Capital, Vol. III*, translated by Ernest Untermann (Chicago: Charles H. Kerr and Company, 1909 [1894], 359, 294–297, 300–301, 286, 568.
5. David M. Potter, *People of Plenty* (Chicago: University of Chicago Press, 1958 [1954]), 172f. Cf. C. Wright Mills, *White Collar* (New York: Oxford University Press, 1969 [1951]), 161f.; John Kenneth Galbraith, *The New Industrial State* (Boston: Houghton Mifflin Co., 1971 [1967]), 222.
6. Galbraith, *New Industrial State*, 37; Potter, *People of Plenty*, 173.
7. Jean Baudrillard, *The Mirror of Production*, translated by Mark Poster (St. Louis: Telos Press, 1975), 144; "Consumption Society" (translation of parts of *Le Societe de consommation* [1970]), in Mark Poster, editor, *Selected Writings* (Stanford: Stanford University Press, 1988), 52; cf. *Forget Foucault* (New York: Semiotext(e), 1987), 25.
8. Daniel Bell, *The End of Ideology* (Glencoe, Illinois: The Free Press, 1960), 119, 36, 246.
9. Vance Packard, *The Hidden Persuaders* (New York: David McKay, 1957); Stuart Ewen, *Captains of Consciousness* (New York: McGraw-Hill, 1976), 25, 31.
10. Horowitz, *Spending*, xxiii, xxvif, 132.
11. Kevin White (*The First Sexual Revolution: The Emergence of Male Heterosexuality in Modern America* [New York: New York University Press, 1993], 2, 5, 9, 59, 188) concludes that "What linked and drove the differing facets and elements of the early twentieth century sexual revolution were the imperatives and urgencies of consumption … in a sexualized society, consumers could be persuaded to purchase products more readily." Jeffrey Weeks (*Sex, Politics and Society: The Regulation of Sexuality Since 1800* [London: Longman, 1981], 205, 248–252) suggests that the

increase in sexual permissiveness after World War II was related to economic factors, "perhaps most significant of all … the completion of that reorientation of the economy toward domestic consumption…." Also see Jeffrey Weeks, *Sexuality and Its Discontents* (London: Routledge and Kegan Paul, 1985), 25, 306. Steven Seidman (*Romantic Longings: Love in America, 1930–1980* [New York: Routledge, 1991], 67, 96, 123; *Embattled Eros: Sexual Politics and Ethics in Contemporary America* [New York: Routledge, New York, 1992], 37, 41) stresses not only the importance of a consumer *culture* that leads people to connect self-expression and sexualization with sales (arguing that the "shift to mass consumerism in the early decades of the twentieth century promoted the integration of sexual imagery into mass advertising … sex was used to sell every possible commodity"), but also "capitalism's search for expanded domestic markets": "Entrepreneurs seized on sexuality as a potentially new market and site of economic profit." Thus, the sexual changes are related to the reproduction of capitalism not only thought the sexualization of advertising, but also the proliferation of sex toys and the sex industry (perhaps this could be Department IV that stabilizes the reproduction of capital in a post-Mandelian Marxism!) Dennis Altman (*The Homosexualization of America* [Boston: Beacon Press, 1983], 20f., 80–92) seems to concur regarding the importance of sex as a new outlet for capital.

12. While in the 1920s products were sold as aids to – for example – "man catching," the visual displays were rather unsexualized. In the 1950s, however, the sexual *sell* was soft-pedalled (as people were judged to look for security over thrills), but the visual use of sex as an explicit "eye-stopper" dramatically increased. See Packard, *Persuaders*, 85. On the latter blatant sexualization of advertising, see Lawrence Soley and Gary Kurzbard, "Sex in advertising: A comparison of 1964 and 1984 magazine advertisements," *Journal of Advertising* 15 (1986): 46–54.
13. Indeed, later research demonstrated that women's magazines had a slightly *greater* proportion of their ads portray women as sexy than did men's magazines, and were far more likely to portray the women as physically beautiful, suggesting that "sexy" ads are not aimed at awakening the desire of the opposite sex. See M. Venkatesan and Jean Losco, "Women in magazine ads: 1959–71," *Journal of Advertising Research* 15 (1975): 49–54, esp. 53.
14. Reprinted in Frank Presbrey, *The History and Development of Advertising* (New York: Greenwood Press, 1968 [1929]), no page numbers. The absurd lengths to which such appeals could go, such as "Would you willingly be judged by the look of *your basement walls*?" (Roland Marchand, *Advertising and the American Dream* [Berkeley: University of California Press, 1985], 354, 212), are hard to appreciate retrospectively.
15. Ewen, *Captains*, 46, 48, 98, 177–180. The discussion of the fear of the body is from Jackson Lears, *Fables of Abundance* (New York: Basic Books, 1994), 164–166, 171–173. The Gillette advertisement is from Marchand, *Advertising*, 213–217.
16. Richard W. Pollay, "The subsiding sizzle: A descriptive history of print advertising, 1900–1980," *Journal of Marketing* 49 (1985): 24–37.
17. Marchand, *Advertising*, 176; Lears, *Abundance*, 107–110, 117, 148f; Soley and Kurzbard, "Sex in Advertising," 46.
18. William H. Whyte, *The Organization Man* (Garden City, New York: Doubleday and Company, 1956), 347f.; David Riesman with Nathan Glazer and Reuel Denny, *The Lonely Crowd* (New Haven: Yale University Press, 1964 [1950]), 74, 118, 227. Similarly, researchers using Riesman's paradigm in fact found that the "other-directedness' of advertising appeals peaked in the 1920s, especially those related to

improved interpersonal relations. See Sanford M. Dornbusch and Lauren C. Hickman, "Other-directedness in consumer-goods advertising: A test of Riesman's historical theory," *Social Forces* 38 (1959): 99–102.

19. Colin Campbell, *The Romantic Ethic and the Spirit of Modern Consumerism* (Oxford: Basil Blackwell, 1987), 47, 91.
20. Here I rely on Michael Schudson, *Advertising, The Uneasy Persuasion* (New York: Basic Books, 1986), 9, 15, 17–19, 24, 28.
21. Daniel Pope, *The Making of Modern Advertising* (New York: Basic Books, 1983), 39.
22. Stephen Fox, *The Mirror Makers* (New York: Vintage Books, 1985), 94f.
23. When Du Pont came to GM, he and Sloan "had executives from the general office devise procedures to coordinate current output with existing demand and to allocate resources in terms of long-term demand.... In drawing up ... divisional indices, the staff computed the size of the national income, the state of the business cycle, normal seasonal variations in demand, and the division's anticipated share of the total market for each of its lines." Hardly faith that advertising will create needs and smooth out the business cycle! Alfred D. Chandler, Jr., *The Visible Hand* (Cambridge, Massachusetts: Belknap Press, 1977), 456f., 460f., 495.
24. As Schudson (*Advertising*, 175f.) says, "It would be naive to read [advertisers'] sales pitches to the business community as honest accounts of the power of advertising. Yet this is what Stuart Ewen has done." "But will they come" is Hotspur's reply to Glendower, in William Shakespeare, *Henry IV, Part I,* III, i, 53–55.
25. Lears, *Abundance*, 215, Horowitz, *Spending*, 135f., 115; Marchand, *Advertising*, 156.
26. James Warren Prothro, *The Dollar Decade: Business Ideas in the 1920s* (Baton Rouge: Louisiana State University Press, 1954), xix, 6f., 17, 26, 217, 221f.
27. Carole Shammas, *The Pre-Industrial Consumer in England and America* (Oxford: Clarendon Press, 1990), 4, 26, 36, 53–69; Carole Shammas, "How Self-Sufficient was Early America?" *Journal of Interdisciplinary History* 13 (1982): 247–272, esp. 253, 258f; Allan Kulikoff, "Households and Markets: Towards a New Synthesis of American Agrarian History," *William and Mary Quarterly, 3rd Ser.* 50 (1993): 342–355, 347. Similarly in Britain at this time, "there were far more people buying their bread or grain than there were producing it." A. H. John, "Aspects of Economic Growth in the First Half of the Eighteenth Century," reprinted in *Essays in Economic History, Volume 2*, ed. E. M. Carus-Wilson (New York: St. Martin's Press, 1966), 366; Lorna Weatherhill, *Consumer Behaviour and Material Culture in Britain, 1660–1760* (London: Routledge, 1988), 103f.
28. See Elizabeth A. Perkins, "The consumer frontier: Household consumption in early Kentucky," *The Journal of American History* 78 (1991): 486–510, esp. 501; T. H. Breen, "'Baubles of Britain': The American and consumer revolutions of the eighteenth century," *Past And Present* 119 (1988): 73–104.
29. T. H. Breen, "Narrative of Commercial Life: Consumption, ideology, and community on the eve of the American revolution," *William and Mary Quarterly, 3rd Series* 50: 471–501; also see Edmund S. Morgan, "The Puritan Ethic and the Coming of the American Revolution" esp. 245 in Jack P. Greene, editor, *The Coming of the American Revolution* (New York: Harper and Row, 1968); Curtis P. Nettels, "British mercantilism and the economic development of the thirteen colonies," *Journal of Economic History* 12 (1952): 105–114.
30. For example, Hamilton's brief remark to the House of Representatives (1791) that "It is computed in a number of districts that two thirds, three fourths, and even four fifths of all clothing of the inhabitants are made by themselves," a fact highly

interesting "both in a moral and political view," was inaccurately cited by Boorstin (as a contrast to the development of consumer society), as evidence that "four fifths of the American people's clothing were made in their own households for themselves," a "fact" then reappearing in other writers as evidence of the self-sufficiency of colonialists. But Hamilton had no idea what percentage of households were self-sufficient in clothing, and thought it worth mentioning that in *some* districts two-thirds or more of the people seemed to make all their clothes. From the context, it seems clear that Hamilton never dreamed that most people made their own clothes; some did, but of these all but "a fraction" did so with bought cloth. Alexander Hamilton, "Report on manufactures," 1791 in *The Words of Alexander Hamilton, Volume IV* (New York: G. P. Putnam's Sons, 1904), 128; Daniel J. Boorstin, *The Americans: The Democratic Experience* (New York: Random House, 1973), 97. "A fraction" is from Shammas, "Self-Sufficient?" 258.

31. Paula Fass, *The Beautiful and the Damned* (Oxford: Oxford University Press, 1977), 128, 150, 226–247; Lawrence Birken, *Consuming Desire: Sexual Science and the Emergence of a Culture of Abundance 1871–1914* (Ithaca: Cornell University Press, 1988).
32. Robert S. Lynd and Helen Merrell Lynd, *Middletown* (New York: Harcourt, Brace and Company, 1929), 88; *Middletown in Transition* (New York: Harcourt, Brace and Company, 1937), 479.
33. Nicholas Barbon, *A Discourse of Trade* (1690), quoted in Joyce Appelby, "Ideology and theory: The tension between political and economic liberalism in seventeenth-century England," *The American Historical Review* 81 (1976): 499–515, esp. 505f., 509.
34. The same general relationships between consumption and income were found then as are found now. Shammas, *Pre-Industrial Consumer*, 104, 148; Horowitz, *Spending,* 27.
35. Richard Buell, Jr. "Samson shorn: The impact of the Revolutionary War on estimates of the republic's strength," in Ronald Hoffman and Peter J. Alber, editors, *Arms and Independence: The Military Character of the American Revolution* (Charlottesville: University Press of Virginia, 1984), 157–160. To some extent, this may be because foreign goods were considered to hold their value, while the currency, as is typical in wartime, was bound to depreciate.
36. See recently, Katherine Binhammer, "The sex panic of the 1790s," *The Journal of the History of Sexuality* 6: 409–434, 426, 430.
37. Martin J. Wiener, "Market culture, reckless passion, and the Victorian reconstruction of punishment," in *The Culture of the Market*, ed. Thomas L. Haskell and Richard F. Teichgraeber III (Cambridge: Cambridge University Press, 1993); Lears, *Abundance*, 41f., 52, 60f, 70, 75.
38. Douglass C. North, "Capital formation in the United States during the early period of industrialization: A reexamination of the issues," in Robert W. Fogel and Stanley L. Engerman, editors, *The Reinterpretation of American Economic History* (New York: Harper and Row, 1971).
39. John Maynard Keynes, *The General Theory of Employment, Interest and Money* (New York: Harcourt, Brace and Company, 1935), 29, 105, 210.
40. Paul A. Samuelson, *Economics: An Introductory Analysis* (New York: McGraw-Hill Book Company, 1961 [1948]), 242.
41. Here see Jim Potter, *The American Economy Between the World Wars* (New York: John Wiley and Sons, 1974), 67–70, 83, 92, 109.
42. Neil McKendrick, John Brewer, and J. H. Plumb, *The Birth of a Consumer Society:*

The Commercialization of 18th Century England (Bloomington: Indiana University Press, 1982). For an excellent critique of McKendrick, see Ben Fine and Ellen Leopold, "Consumerism and the industrial revolution," *Social History* 15 (1990): 151–179. The classic statement of the importance of changes in consumption patterns for the industrial revolution is Elizabeth Waterman Gilboy, "Demand as a factor in the industrial revolution" [org. 1932] in R. M. Hartwell, editor, *The Causes of the Industrial Revolution in England* (London: Methuen and Co, Ltd., 1967).

43. Joan Thirsk, *Economic Policy and Projects* (Oxford: Clarendon Press, 1978), 106f., 109, 125f.; Chandra Mukerji, *From Graven Images* (New York: Columbia University Press, 1983), 1f.
44. On the rise in prices vs. wages, see E. H. Phelps Brown and Sheila V. Hopkins, "Seven centuries of the prices of consumables, compared with builders' wage-rates," reprinted in Carus-Wilson, *Essays*; on the effect this had in increasing industrial work, see B. H. Slicher Van Bath, *The Agrarian History of Western Europe, A.D. 500–1850*, Olive Ordish, translator (London: Edward Arnold, 1963), 195–221. Much of this non-agricultural work was in the form of the "projects" discussed by Thirsk, *Projects*, 52, 67, 158f., 167, 169; though cf. Weatherhill, *Consumer Behavior*, 198f.
45. Jan de Vries, "Between purchasing power and the world of goods: Understanding the household economy in early modern Europe," in John Brewer and Roy Porter, editors, *Consumption and the World of Goods* (London: Routledge, 1993), 107–119; "Demand," 137.
46. John, "Economic growth," 368; Thirsk, *Projects*, 3, 7, 16, 27f, 35f, 48, 52, 58; Mukerji, *Graven*, 20, 169, 176, 186, 189, 192, 196f, 209f, 222f, 236, 242; Paul Glennie, "Consumption within historical studies," in *Acknowledging Consumption*, ed. Daniel Miller (London: Routledge, 1995), 164, 177.
47. Maurice Levin, Harold G. Moulton, and Clark Warburton, *America's Capacity to Consume* (Washington D.C.: The Brookings Institution, 1934), 54, 103.
48. Lizabeth Cohen, "Encountering mass culture at the grassroots: The experience of Chicago workers in the 1920s," *American Quarterly* 41 (1989): 6–33; Levin et al., *Consume*, 116, 126f.
49. Robert E. Gallman and Edward S. Howle, "Trends in the American economy since 1840" in Fogel and Engerman, *Reinterpretation*.
50. The data are from Raymond W. Goldsmith, *A Study of Saving in the United States. Volume I: Introduction; Tables of Annual Estimates of Saving 1897–1949* (Princeton: Princeton University Press, 1955), 345, 756. (Note that the GNP standardization uses average data on GNP for 1897–1901, 1902–1906, 1907–1911, 1912–1916, and then 1917 and 1918 are derived from the combination of an average for 1917–1921 and specific figures for 1919, 1920, and 1921). Unfortunately, the data do not extend before 1897, but Goldsmith (p. 85) concludes that there is no evidence of a significant trend in the increase in savings over the nineteenth century aside from a possible modest peak in the rate of growth in the 1870s and 1880s, and the replacement of some personal savings with corporate savings, which follows from the growth of the corporation as a form of enterprise.
51. When consumer durables are excluded, there is no evidence of a trend in the ratio of savings-to-income over the early twentieth century, though this savings ratio may be lower than that of the second half of the nineteenth century (Goldsmith, *Saving*, 7, 13, 18, 76, 86f., 93). Merely for compositional reasons, one would expect a great decline in savings due to (1) the decrease in the percentage of farm families, who tend to save around three times as much as comparable non-farm families, because of their difficulty in getting credit, and (2) the slowing of the rate of

population growth. Hence the absence of any decrease in the rate of savings is an extremely strong finding. See Levin et al., *Consume*, 81, 257, 108; Simon Kuznets, *Capital in the American Economy: Its Formation and Financing* (Princeton: Princeton University Press, 1961), 103.

52. The residual above "service" is the amount of GNP not going to consumers, i.e., being reinvested. Data are taken from U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1957* (Washington, D.C.: U.S. Government Printing Office, 1961), Series F 104–130, Series F 131–157.
53. Leo Wolman, "Consumption and the standard of living," in The President's Research Committee on Social Trends, *Recent Social Trends in the United States*, Volume II (New York: McGraw-Hill, 1933), 53–55.
54. The overall change in consumer durables comes largely from automobiles and related paraphernalia (which by the 1930s accounted for more than a third of the value of all consumer durables), electrical appliances, and radios. See William H. Shaw, *Value of Commodity Output Since 1869* (New York: National Bureau of Economic Research, 1947), 12f.
55. This is suggested in D'Emilio and Freedman's (*Intimate Matters*, 188) account: "Having built its railroads, exploited its mines and forests, and constructed the factory complexes that produced the materials needed by heavy industry…."
56. Data are taken from Shaw, *Commodity Output*, 30, 66, 84f., 290. The year 1919 is an average of two estimates, one Shaw's, the other Shaw's adjustment of one of Kuznet's estimates.
57. Source: see previous note. It is worth emphasizing that by looking only at industrial machinery and ignoring categories such as electrical equipment obviously growing in importance, we are *understating* the growth of heavy means of production. Robert S. Lynd, "The people as consumers," in The President's Committee, *Social Trends*, 857, 864, 867, 870, 910.
58. Kuznets, *Capital in America*, Table 15, 146–150, Table 19, 171f.; Gallman and Howle, "Trends."
59. Or as Mark Seltzer (*Bodies and Machines* [New York: Routledge, 1992], 60) says, "that people grew things in the first half of the nineteenth century and ate them in the second half."
60. Thus, it is ironically during the Depression (which itself suggests something wanting in the idea that advertising fixed the problems of demand) that the Baudrilliardian idea of advertising as a *response* to problems of demand arose (since it is historically inaccurate) – and it arose among desperate advertisers, not desperate manufacturers. Cf. Lears, *Abundance*, 237, 240.
61. Same data as for Figure 3.
62. Consumption went up 25 percent in this period (from Figure 6), and per capita wage income went up around 27 percent. Levin et al., *Consume*, 18, 149; J. Potter, *Economy*, 35, 38, 48.
63. These points have recently been made in a wonderful book by Richard Ohmann (*Selling Culture: Magazines, Markets, and Class at the Turn of the Century* [London: Verso, 1996]), to which I have not been able to do justice in this article.