

A Manifesto for Misery



Clive Hamilton's *Growth Fetish*

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Reviewed by Andrew Norton

For the most part, capitalism itself has answered the demands that inspired 19th century socialism—for an end to exploitation at work, for an end to widespread poverty, for social justice, and for representative democracy.

This is a rare Clive Hamilton opinion with which I can agree. Ordinary people, unremarkable in background, ability, or any great luck except being born into a capitalist society, now lead lives of extraordinary affluence and amenity, when compared to their own ancestors or those in contemporary pre-industrial societies.

Other left-wing critics of capitalism think this achievement is still not enough, that relative poverty, low-pay jobs, discrimination, and so on remain to indict capitalist society as unjust. For Hamilton, though, this achievement is too much rather than too little. Whatever capitalism's failings

at the margins, its deepest deficiencies lie elsewhere, in its effects on individual well-being and on the environment. His acknowledgment that capitalism met 19th century socialist demands is followed quickly by this condemnation: 'But attainment of these goals has only brought deeper sources of social unease—manipulation by marketers, obsessive materialism, endemic alienation, and loneliness' (p.213). Like countless social critics before him, Hamilton sees the pursuit of wealth as harmful to what's truly important.

Criticism of wealth predates not just Hamilton, but also 19th century socialism. Jerry Muller's recent book, *The Mind and the Market: Capitalism in Modern European Thought*, shows that rising

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wealth in the 18th century prompted criticism of 'luxury', then a term with pejorative connotations, like Hamilton's 'obsessive materialism'. In essays written in the 1750s, Jean-Jacques Rousseau argued that 'civilisation' diminishes human happiness by causing socially-induced needs ('manipulation by marketers', in Hamilton's language) to grow faster than the means to satisfy them, leaving men more discontented.¹ Hamilton follows Richard Easterlin in arguing that wealth accumulation puts people on a 'hedonic treadmill', because beyond minimum levels income satisfaction depends partly on the gap between one's own income and other people's income (p.28). So long as others earn more, this socially induces a preference for higher income among those wanting to catch up.

Hamilton's criticisms of the human spirit under capitalism also come with an intellectual heritage listing. He notes Christian antecedents, summarised in the biblical pronouncements that 'the love of money is the root of all evil', and it is 'easier for a camel to go through the eye of a needle, than for a rich man to enter into the kingdom of God' (p.15). He approvingly quotes Marx's 1848 attack on the bourgeoisie for leaving 'remaining no other nexus between man and man than naked self-interest, than callous "cash payment"'. It has drowned the most heavenly ecstasies of religious fervour, of chivalrous enthusiasm, of philistine sentimentalism, in the icy waters of egotistical calculation' (pp. 52-53). In Hamilton's view, consumer capitalism's 'narrow form of rationality' is hostile to the human need for 'some connection with the mysterious' (p.52). We are left with an 'alienation of self from the seminal urge for meaning' (pp. 53-4).

Similarly, Hamilton's view that capitalism and the good life are inimical has a history. He argues that people obsessed by the accumulation of wealth focus on their own circumstances, so that the needs

of others fall into the background. They end up with a psychological affinity with things instead of people, and the relationships they have are more likely to aid accumulation (pp.42-43). We can hear the echoes of Edmund Burke's 1790 complaint about the rise of the age of 'sophisters, economists, and calculators', the calculators being those who see human relations in terms of profit and loss.²

Unlike his intellectual precursors, Hamilton lives in an era of social science. This means that new standards of arguments are required. To be convincing, the impressionistic criticisms that were intellectually acceptable, if not necessarily convincing, in earlier centuries now need testing against empirical evidence. To his credit, in parts of his book Hamilton tries to live up to these new, higher standards. Unfortunately for his argument, though, the evidence cannot sustain a critique as radical as the one he presents.

How happy are we?

If Hamilton is to be believed, Western societies are afflicted by unhappiness. He says of Americans that 'the richest people in the world are saying that they are miserable' (p.15). He accuses advertisers of engaging in something that is 'at best meaningless and at worst a subtle form of cultural brainwashing that leaves people miserable' (p.84). Yet on the empirical evidence widespread misery is not a social phenomenon found in the US or any other Western country.

Many surveys have assessed subjective well-being, looking at self-reported happiness and satisfaction with life.* On a 0-100 scale, average life satisfaction in Western developed countries is always between 70 and 80 and the cross-national average is around 75.³ In global surveys, these countries are in the top cluster when measured by both income and happiness. Australia fits into this cluster, with six well-being surveys conducted between April 2001 and April 2003 finding average

* These terms tend to be used interchangeably in the literature, and Hamilton follows this practice. Technically, subjective well-being is made up of an affective component, happiness, and a cognitive component, life satisfaction. When surveys ask about both happiness and life satisfaction I have seen correlations ranging from .56 to .81. This is high enough for the purposes of Hamilton's book and this review.

scores in the 75-78 range.⁴ The second happiest cluster of countries are mostly at modest stages of capitalist development, though recently wealthy nations like Taiwan and South Korea are also in this group. The truly miserable countries are places where the market has had least influence, those countries which experienced long periods of communist rule. All the 15 countries with average life satisfaction below 50 in the mid-1990s fall into this category.⁵

At an international level, there are clear correlations between income and life satisfaction. Hamilton agrees that ‘there are powerful arguments for more economic growth in countries where a large proportion of the populace lives in poverty’ (p.27). His point is that additional growth in already wealthy countries will not add to their happiness. In favour of this proposition, Hamilton argues that there are only small differences in life satisfaction between people on moderate incomes and people on high incomes (pp.28-29). Over the whole 0-100 scale, that is true. The Australian Unity Well-being survey includes a personal well-being index, made up of seven domains including standard of living, health, achievements in life, personal relationships, safety, community connectedness, and future security. Early in 2003, those earning over \$120,000 a year scored, on average, only 4 points more on the personal well-being index than those earning \$15,000 or less. It’s also true that all but one point of those gains is achieved by the time earnings are in the \$60,000 to \$90,000 range.⁶

While the data confirms Hamilton’s minor argument about diminishing returns to increased income, it undermines his larger argument about the detrimental personal effects of pursuing wealth. If material wealth and the process of acquiring it are as harmful as Hamilton believes, then once earnings can satisfy basic needs rising income should be associated with declining personal well-being. Instead, the data clearly shows a small but positive relationship. International surveys find the same thing; it is not an Australian idiosyncrasy.⁷ On one reading of the Australian Unity results, there would be modest life satisfaction gains if more people earned \$60,000 or above, which could be achieved only through more economic growth.

Hamilton is on stronger statistical ground when he argues that post-war growth has not translated

Happiness Trends - Australia

1948	7.97
1975	7.39
1979	7.59
1983	7.78
1984	7.39
1995	7.88

Source: World Database of Happiness.

into greater happiness (pp.29-30). Several surveys done in Australia over nearly 50 years reveal that average happiness, when put on a 0-10 scale, is very stable despite major increases in national income and wealth.

Again, however, this result supports a minor Hamilton argument but undermines his larger argument. It is consistent with the proposition that more wealth won’t lead to more happiness, but not with the proposition that wealth (or the process or by-products of creating it) undermines happiness. It suggests that economic growth has had little impact either way on average happiness.

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Why is happiness so stable?

The international literature on happiness and life satisfaction offers several reasons why the numbers change so little despite increases in material wealth. The most obvious, but also most important, point is that material standard of living is only one aspect of overall well-being. Psychologists confirm the folk wisdom that social relationships, health, meaningful work, and leisure are all important.⁸ Economic growth can affect these elements of life satisfaction, but the relationship is only ever likely to be partial. Personality also has a major impact on well-being, though some of its effect is indirect, such

as extroverts being more sociable than introverts.⁹ Less obviously, most people possess a 'positive cognitive bias', a need to feel good and avoid depression which results in various psychological mechanisms being used to achieve this result.¹⁰ This bias helps maintain psychological stability despite fluctuating objective conditions.

Hamilton advances another reason why greater economic growth may not convert into additional well-being. Whether or not people are satisfied with their income depends on how they judge what income is necessary or desirable. One test is the income of others, so that what matters is the difference between one's own income and others, not absolute income levels (pp.27-28). Hamilton argues that even at the high end of the income scale, where more money can't have any significant effect on living standards, still 'inequality of income can severely affect well-being' (p.145).

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While some individuals presumably worry about income differentials to the point that it affects their well-being, it is less clear that this concern undermines well-being enough to keep average happiness down. As part of positive cognitive bias, people can choose points of comparison to make themselves look OK or better, or over-rate themselves compared to others. At least in the US, research did not find that people with similar incomes differ in subjective well-being between poor and wealthy areas.¹¹ Concern about income inequality is less prevalent in the US than other countries, but within Australia the small absolute differences in well-being between people on low and high incomes (and tiny differences when income reaches \$60,000) suggest that concern about relative income levels is not having a large effect on well-being.

As occurs regularly in *Growth Fetish*, Hamilton's income comparison point sits uneasily with other arguments he makes. In a chapter on the 'post-growth society', Hamilton endorses 'downshifting', taking a drop in income to do something more meaningful in life. A survey commissioned by his think-tank, The Australia Institute, found that 23% of Australians aged between 30 and 60 had downshifted, 'citing as their reasons a desire for more balance and control in their lives, more time with their families and more personal fulfillment' (p.206). A majority of the downshifters in Hamilton's survey do miss the money, but only 9% declare themselves 'unhappy' with the change.¹² These people seem quite capable of sorting out their priorities, despite increasing the income gap between themselves and others.

A more likely, though still partial, explanation for stable happiness among the whole-of-population samples and the downshifters is that people adapt to their circumstances. People who suffer disabling injuries tend to improve their subjective well-being over time (though it is still lower than for the general population), and people who win lotteries lose their initial boost to subjective well-being.¹³ Societies which experienced strong post-war growth had the equivalent of a lottery win, but high income is now factored in as 'normal'. The most recent cross-national research on this indicates that out of 21 countries, seven showed a statistically significant happiness correlation with economic growth, one showed a negative correlation, and the rest an insignificant relationship.¹⁴ The evidence indicates that the happiness benefits of more money in already wealthy countries are modest, but not non-existent.

Money and the good things in life

Hamilton's warnings against 'obsessive materialism' are not without foundation. There is strong evidence, some of which he cites, that people who pursue extrinsic goals like wealth or status are not as happy as those who pursue intrinsic goals like social relationships or 'personal growth' (pp.36-40). From this correct starting point, Hamilton confuses accumulation of material goods with materialist attitudes that drive out other sources of well-being. Hamilton, like many before him, believes that market societies encourage the kind

of instrumental thinking needed for pursuing extrinsic goals, thereby crowding out intrinsic goals. In one passage, he says that ‘consumption and materialism tend to drive out religion, and the more a society emphasises material pursuits and extrinsic motivations as the path to a happy life, the less validity it attaches to the pursuit of meaning . . .’ (p.52). Elsewhere in *Growth Fetish*, he says that the ‘rationality of the market constantly impels us to see the world in this way’ (p.195).

This was not how early pro-capitalist thinkers of the Scottish Enlightenment like Adam Smith and David Hume saw it. To the contrary, they believed that the emergence of commerce created rather than destroyed a separate private sphere in which non-instrumental values could dominate. The ‘security and integration of pre-modern societies’ (p.213) that Hamilton wants to recover locked people into instrumental relations—relations of sheer survival—with each other and with their feudal masters.¹⁵ Modern social science suggests that Smith and Hume were right. Internationally, it is the citizens of poor countries that tend to have the greatest interest in money and the most competitive attitudes.¹⁶ In contemporary America, children from poor families are more likely to have materialistic attitudes.¹⁷ In Western societies, older generations who grew up with material deprivation are more likely to hold materialistic attitudes than younger people who grew up in affluence.¹⁸ Paradoxically, material wealth *reduces* materialist attitudes.

The key to understanding this paradox is that ‘market rationality’ does not, as Hamilton thinks, ‘impel’ us to think in a calculating manner outside the market. The logic of Hamilton’s position is that market values will flow into other realms of life (he doesn’t explain why the flow should be in this direction, rather than non-market values influencing market behaviour). It is doubtful that people do behave, or think, consistently across realms. Research into personality traits suggests that cross-situational consistency is low; that people are much more likely to behave in similar ways in similar situations than differing situations.¹⁹ Given the at least intuitive understanding of well-being most people possess (as revealed in the happiness and life satisfaction literature) it would be surprising to find otherwise. Few people need Clive Hamilton to tell them that money can’t buy happiness; it is

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so well known that it is a cliché. It is both possible and consistent to ruthlessly drive hard bargains in the market while being a loving family member, loyal friend, patriotic citizen, and generous giver to charities.

Evidence of the co-existence of market and non-market attitudes and behaviour is everywhere. Hamilton thinks that capitalism’s ‘narrow form of rationality’ is hostile to the need for ‘connection with the mysterious’, but how then does he explain the very high levels of religious belief and practice in one of the most market-oriented and ‘consumerist’ societies that has ever existed, the United States?²⁰ How does he account for the fact that those more exposed to the market in daily life (people with jobs and money to spend in consumer markets) are more likely to volunteer than people without jobs?²¹ Why are levels of interpersonal trust generally higher in market societies than non-market societies?²² Hamilton’s analysis cannot explain any of this.

There are, of course, individuals who are over-oriented to extrinsic goals. We’ve all met them, and they show in the research Hamilton cites on materialistic individuals. The problem with *Growth Fetish* is that it turns some people’s misplaced priorities into a critique of an economic system that, historically, has created space for the intrinsic-value pursuits that Hamilton claims it is destroying. Misguided people who pursue money at the expense of all else need a self-help book, not a political tract. Change in their lives needs to come from within, and not be imposed from above through radical social and economic change.

How would Hamilton cut growth?

Growth Fetish no more than outlines how growth will be cut and priorities re-oriented. Heavier taxation would reduce demand for consumer goods.

Hamilton proposes a more progressive income tax, plus luxury taxes, speculative taxes and inheritance taxes (p.222). Limitation on working hours would be imposed (p.218), reducing what people could earn. Most advertising would be banned, reducing our demand for goods we don't need (pp.91, 219). (Ironically, much of the advertising for *Growth Fetish* was stickers placed on poles, ATMs, post boxes etc., which is already banned. This is perhaps a forerunner of the samizdat advertising that would emerge under Hamilton's regime.) This would be backed up with a reduction in TV broadcast hours (p.220). The supply of goods would also be restricted. The use of fossil fuels would be reduced 'until fossil fuels are largely phased out' (p.181). Ecological taxes would be imposed, and 'ecodesign' principles would aim to eliminate pollution (p.222).

Hamilton predicts the response to this: 'it will undoubtedly be said that the post-growth society advocated here is economically irresponsible and will bring about collapse'. (p.223). I am happy to make this forecast come true. I do say that what he advocates is economically irresponsible.

Hamilton realises that the most obvious objection is that unemployment would rise. He argues that more work would be created in the 'household economy', financed from taxing the market economy at higher rates. The forced reduction in working hours would require employers to increase the number of workers, if they are willing and able to maintain output. Less population growth will reduce demand for workers. Yet the cumulative effects of these factors are hardly likely to be anywhere near enough to stop unemployment rising massively. In Australia, the mining industry, manufacturers and retailers of luxury goods (with 'luxury' likely to be defined widely in Hamilton's ascetic worldview), and most of the commercial media would be likely to collapse. Retailing generally, car manufacturing, and home building would be badly hit. Without advertising, new products and firms would have trouble finding markets, greatly reducing employment creation. The flow-on effects of all this are unpredictable in the detail, but likely to be severe even for industries not directly targeted by Hamilton's controls.

We shouldn't ever forget what a difference a few percentage points in growth can make to preventing unemployment. In case anyone has

forgotten, here are the relevant figures from the early 1990s recession:

Year	GDP growth rate	unemployment rate
1989-90	3.3	5.6
1990-91	-0.6	7.7
1991-92	0.5	10.1

Source: Australian Bureau of Statistics

For a couple of years Australia followed Hamilton's anti-growth advice (albeit for different reasons) and the price we paid was unemployment exceeding 10%. Significant economic shifts, whether cyclical or structural, have lasting effects, particularly on older, less adaptable workers. Many of them never work again, filling out the years until their official retirement on unemployment benefits or 'disability' pensions. Though Hamilton describes some people who handled their absence from the paid workforce well, he is well aware that unemployment causes psychological damage (pp.155-57). Yet he still proposes enormous economic changes that would have wide-ranging negative consequences, but affect most seriously those ill-equipped to move from their old roles in the industrial economy.

There is little reason to believe even those retaining incomes above welfare would smoothly make the transition to lower earnings. Psychological research finds that losses are felt more than gains.²³ Consequently, though income losers may adapt back toward their former levels of well-being, their initial well-being decrease from losing some of their income is likely to be higher than the well-being increase from gaining the same amount of money. The process of re-establishing former levels of well-being will be made more difficult by the fact that most people already think their incomes are too low. A survey carried out for Hamilton's own Australia Institute highlights this reality. It found that a majority in all income groups below \$60,000 a year agreed with the proposition that 'you cannot afford to buy everything you really need', and even among those earning more than \$60,000 a year the proportion was 46%.²⁴ It will need a major cultural shift to convince people who now believe they need more income that they should make do with less. As we've seen, even Hamilton's downshifters say they miss the money. Without that cultural change, the gap between aspirations and realities will grow, and with it dissatisfaction.

Ironically, one of the first Australian books to draw heavily on the burgeoning international research into subjective well-being ends up with policy proposals that would undermine it. On my reading of that literature, while economic growth in already wealthy countries adds only modestly to well-being, economic decline detracts from it, especially but not exclusively through higher unemployment. Hamilton massively overstates the well-being losses from a growth-oriented market economy, and glosses over the huge costs of abandoning growth. Far from being a handbook for happiness, *Growth Fetish* is a manifesto for misery.

Arguments like Hamilton's against capitalism have survived for centuries, and with their roots in religious doctrine, political ideology, and common sense (money alone, of course, can't buy happiness), they will no doubt survive for a long time yet. Yet it is important that they do not acquire the imprimatur of social science, which can influence policymakers who don't turn to God or Marx for advice. Economic prosperity remains a vital component—though no more than a component—of personal and social well-being. Going for growth in Australia isn't a 'fetish'. It is an aversion to the consequences of economic decline, of which we were so harshly reminded only a little more than a decade ago.

Endnotes

- ¹ Jerry Z. Muller, *The Mind and the Market: Capitalism in Modern European Thought* (New York: Alfred Knopf, 2002), pp.40-44, 142.
- ² Muller, *The Mind and the Market*, pp.132-33.
- ³ Robert Cummins and Helen Nistico, 'Maintaining Life Satisfaction: The Role of Positive Cognitive Bias', *Journal of Happiness Studies* 3:1 (2002): pp.37-69.
- ⁴ Robert A. Cummins, Richard Eckersely, et al., *Australian Unity Well-being Index 6* (Melbourne: Australian Centre on Quality of Life, April 2003), p.69.
- ⁵ Ronald Inglehart and Hans-Dieter Klingemann, 'Genes, Culture, Democracy and Happiness', in Ed Diener and Eunkook M. Suh, *Culture and Subjective Well-being*, (Boston: MIT Press, 2000), pp.172-74.
- ⁶ Cummins, *Australian Unity Well-being Index 6*, p.71 (Appendix A2).
- ⁷ Ed Diener and Shigehiro Oishi, 'Wealth and Happiness: Income and Subjective Well-being Across Nations' in Ed Diener and Eunkook M. Suh, *Culture and Subjective Well-being* (Boston: MIT Press, 2000), pp.192-97.
- ⁸ Michael Argyle, *The Psychology of Happiness* (London: Routledge, 2001), throughout but esp. ch. 4.
- ⁹ Argyle, *Psychology of Happiness*, ch. 10.

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- ¹⁰ Cummins and Nistico, 'Maintaining Life Satisfaction', pp.37-69, (see n.2).
- ¹¹ Ed Diener and Frank Fujita, 'Social Comparisons and Subjective Well-being', in Bram P. Buunk and Frederick X. Gibbons, *Health, Coping and Well-being: Perspectives from Social Comparison Theory*, (Mahwah, New Jersey: Lawrence Erlbaum Publishers, 1997), throughout but esp. pp. 340-44.
- ¹² Clive Hamilton and Elizabeth Mail, *Downshifting in Australia: A Sea-change in the Pursuit of Happiness* (Canberra: The Australia Institute, 2003), p.24.
- ¹³ Argyle, *Psychology of Happiness*, pp.48-49.
- ¹⁴ Michael R. Hagerty and Ruut Veenhoven, 'Wealth and Happiness Revisited—Growing National Income Does Go with Greater Happiness', *Social Indicators Research* 64 (2003), p.22.
- ¹⁵ See Allan Silver, "'Two Different Sorts of Commerce"—Friendship and Strangership in Civil Society', in Jeff Weintraub and Krishan Kumar (eds), *Public and Private in Thought and Practice: Perspectives on a Grand Dichotomy* (Chicago: University of Chicago Press, 1997).
- ¹⁶ Richard Lynn, *The Secret of the Miracle Economy*, (London: Social Affairs Unit, 1991), esp. pp. 60-63, 67-70.
- ¹⁷ Tim Kasser, *The High Price of Materialism* (Cambridge, Mass.: MIT Press, 2002), pp. 32-33.
- ¹⁸ Ian McAllister, *Political Behaviour: Citizens, Parties and Elites in Australia* (Melbourne: Longman Cheshire, 1991), pp. 98-104.
- ¹⁹ Ziva Kunda, *Social Cognition: Making Sense of People* (Cambridge, Mass: MIT Press, 1999), pp. 415-43.
- ²⁰ Ronald Inglehart and Pippa Norris, *Rising Tide: Gender Equality and Cultural Change Around the World* (New York: Cambridge University Press, 2003), pp. 51-59.
- ²¹ Australian Bureau of Statistics, *Voluntary Work Australia* (2000), ABS Catalogue 4441.0, (Canberra: ABS, 2001).
- ²² Ronald Inglehart, 'Trust, Well-being and Democracy', in Mark Warren (ed) *Democracy and Trust* (New York: Cambridge University Press, 1999), p. 91. China is an interesting anomaly here, with high trust despite being a communist country. Possibly its Confucian origins explain this.
- ²³ Richard H. Thaler, *The Winner's Curse: Paradoxes and Anomalies in Economic Life* (Princeton: Princeton University Press, 1992), pp.70-74.
- ²⁴ Clive Hamilton, *Over-consumption in Australia: The Rise of the Middle-class Battler* (Canberra: The Australia Institute, 2002), p.19.