

WHAT WILL REDUCE THE GROWTH OF UNSUSTAINABLE CONSUMPTION IN INDIA?

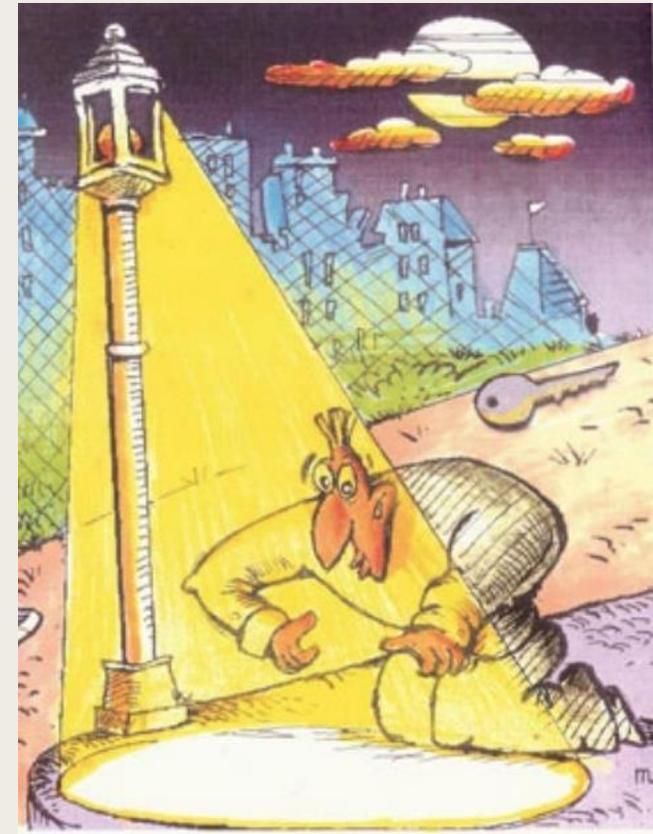
Sudhir Chella Rajan

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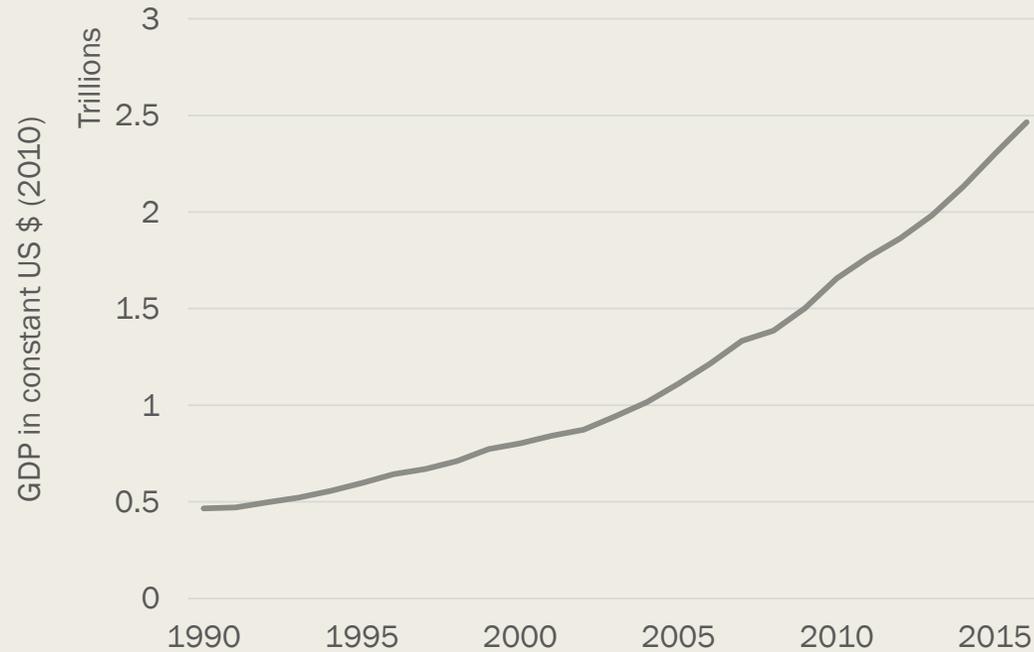


Summary

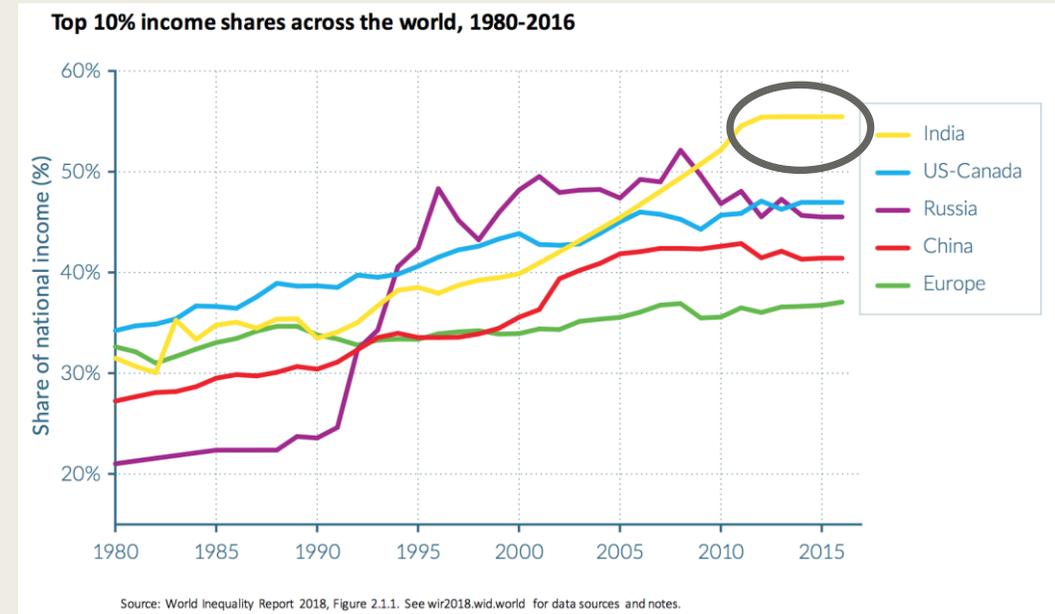
- Rising consumption *and* inequality? Is there a connection?
- Debate on income and consumption inequality – economics research
- Aspirations, consumption, identity, cultural capital – sociology research
- Need to stop looking for the keys under the streetlight! Go out and do difficult ethnographic research, not regurgitate secondary data sets which do not ask the right questions or fail to account for emergent social processes and upward/downward causation.
- If you must do modelling, use ABMs and other social simulation tools.



India's growth is impressive, as is its rising inequality

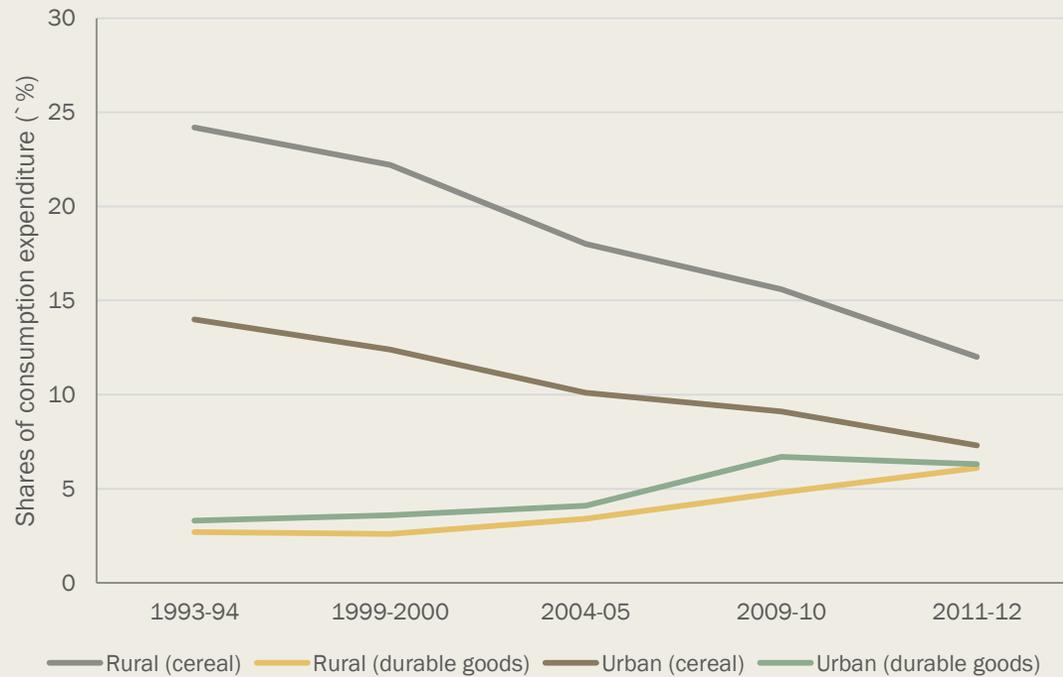


data.worldbank.org

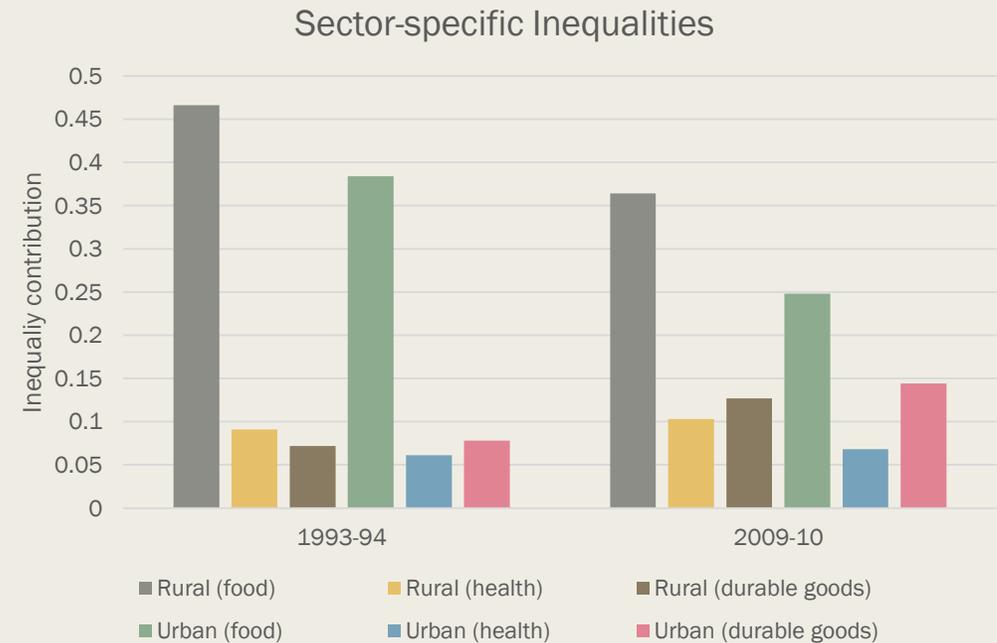


Piketty, Thomas: World Inequality Report, Paris December 2017
<http://piketty.pse.ens.fr/en/lectures>

Changing character of consumption in India



MoSPI. Selected Socio-Economic Statistics India 2017, www.mospi.gov.in

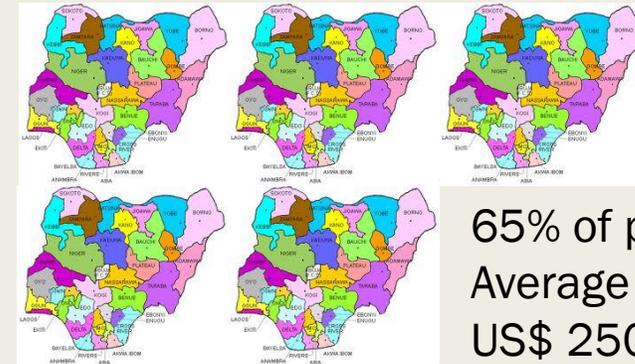


Singh, Ashish, Kaushalendra Kumar, and Abhishek Singh. "The Changing Structure of Inequality in India, 1993–2010: Some Observations and Consequences." *Economics Bulletin* 35, no. 1 (2015): 590-603.

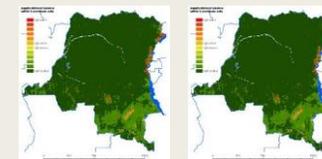
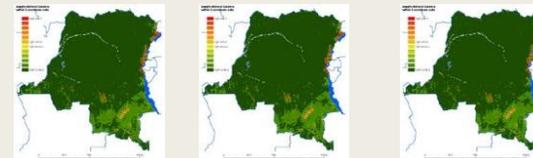
India is 10.5 countries in one



5% of population
Average income:
US\$20,000



65% of population
Average income:
US\$ 2500

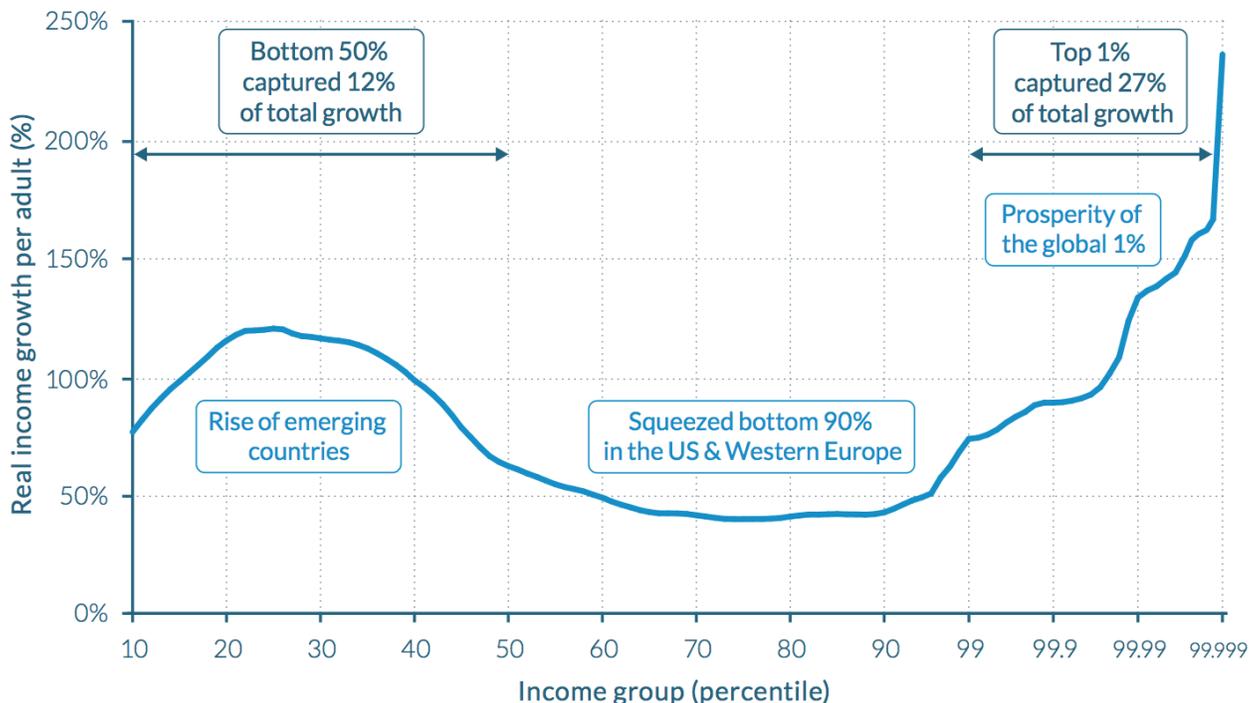


30% of population
Average income:
US\$ 500

Does inequality fuel consumption for the middle classes and the poor?

- Global growth has been accompanied by the rise of the top 1%
- In Europe and North America, rising income inequality is not accompanied by rising consumption inequality (Kreuger and Perri 2005; Meyer and Sullivan 2013)

Total income growth by percentile across all world regions, 1980–2016



Social Theories of Consumption: From sovereign individual choice to social conditioning (1)

- Social theories outside economics postulate emergent effects from human interaction with each other and their environment. Economics may be a blunt instrument for understanding lifestyles and consumption
- Thorsten Veblen (1899): Conspicuous leisure of the wealthy is mirrored by enforced leisure of the working class, who use their allotted free time to emulate the activities of the wealthy (e.g., playing tennis, travelling for vacations, etc). Conspicuous consumption demonstrates wealth and serves as status claims.
“Drunkenness and the other pathological consequences of the free use of stimulants therefore tend in their turn to become honorific, as being a mark, at the second remove, of the superior status of those who are able to afford the indulgence.” (70)
- Karl Marx: “When a certain stage of development has been reached, a conventional degree of prodigality, which is also an exhibition of wealth, and consequently a source of credit, becomes a business ‘necessity’ to the ‘unfortunate’ capitalist. Luxury enters into capital’s expenses of representation.” (1867): 741.

Social Theories of Consumption (2)

- Mary Douglas and Christoph Isherwood (1979): Functionalist explanation – Goods are important because they make visible social relationships in a given culture and help stabilise them. The social meanings of goods may be far more important than their utilitarian relationships.
- Jean Baudrillard (1988): The need to need, or desire itself, is reproduced for its own sake. We consume not just objects but signs. ‘Commodities and objects, like words and once like women, constitute a global, arbitrary, and coherent system of signs, a cultural system which substitutes a social order of values and classifications for a contingent world of needs and pleasures, the natural and biological order’ (p. 47). Consumption also deepens labour discipline and keeps the system of production going to feed itself and builds a society of worker-consumers.

Social Theories of Consumption (3)

- Pierre Bourdieu (1984): Economic capital is accompanied by cultural capital, which accumulates on the basis of investments in the right types of education, refinement in taste, and so on. But the two can be combined in different ways.
- High cultural capital is rare and is protected through elite capture and distance from the masses. But the very symbols of refinement and high luxury soon become objects of desire for the middle classes. E.g., a department store marketing itself as containing objects of high fashion will in fact serve mostly the middle classes who may end up going into debt to get the right clothing accessory or phone. The store then 'teaches' the consumer how to want in order to build her or his social capital.

What does consumption studies in general tell us?

- Goods are replete with meanings: e.g. use value, exchange value, commodity, money, gift and capital. These require detailed ethnographic research to understand and characterise consumption within given contexts. (Ben Fine 2002)
- Consumption is a type of social practice subject to conditions of coercion as well as consent. This implies paying attention to formations of **power** in at least three senses: sovereign power to punish or control; disciplinary power to educate, regulate, and otherwise conform; biopower, the strategies to manage populations. Often, these forms operate simultaneously, and serve to engage in coerce and obtain the consent of societies to take on ordered forms (Majia Nadesan 2010).
- Social theories suggest that it is possible to associate *inequality* and the formation of elites with rising (unproductive) consumption of societies as a whole. It is likely that these conditions operate through multiple forms of power to create emergent effects: rising unhappiness and resentment along with compulsive consumption.

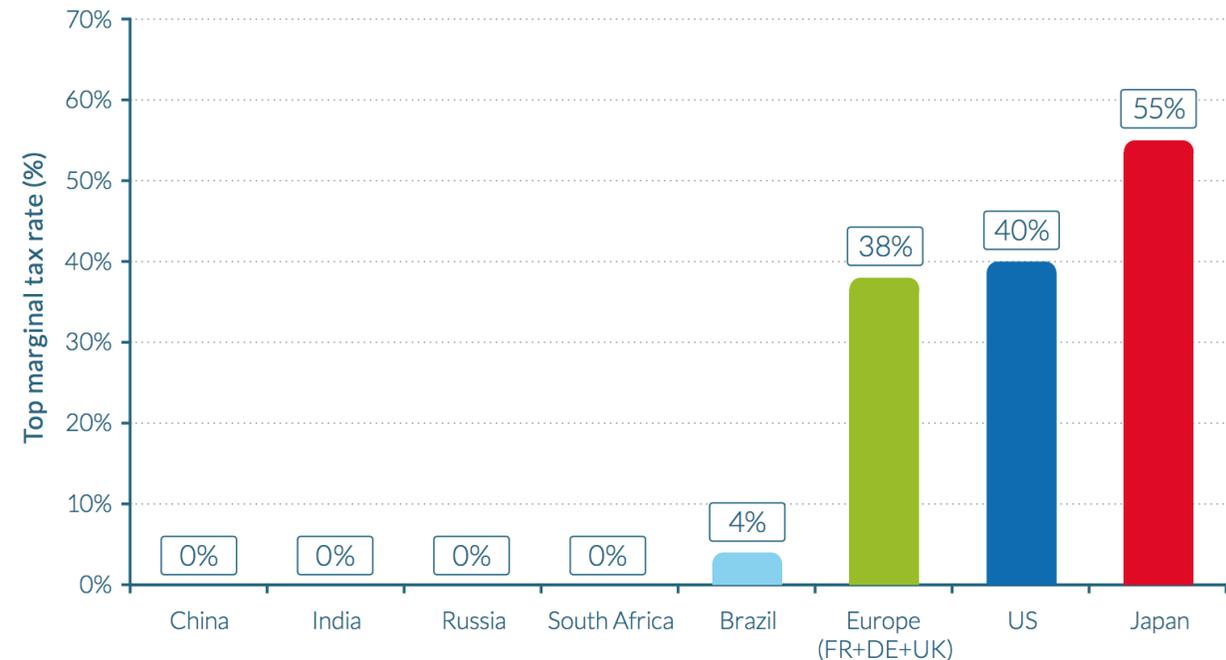
Conducting research on drivers of lifestyles and consumption

- What empirical evidence? How to examine across countries?
- Do we look for ‘alternative’ lifestyles or simply forms of emerging practice that shift lifestyles?
 - *Former assumes ‘finished models’ fit for replication, the latter only as opportunities for learning and experimentation*
- What is meant by sustainable lifestyles? Low footprint, improved welfare, social solidarity – how do we assess”
- What about social influence? Aspirations? Simple living?
- One approach we recommend: ‘**living laboratories**’, i.e., looking at practical evidence of *people-centred* experiments. What do these tell us in particular about collective action? How are they efforts to build solidarity – the **third** pillar of sustainability?

Government and lifestyles

- Is government a giant consumer or also capable of motivating alternative lifestyles?
- What directions and goals should government propose? Should we strive to gain collective consensus or should people-centred experiments that cause no harm be encouraged?
- How can government nudge such efforts towards sustainability? E.g. Promoting sidewalks, curbs on automobility and packaging, supporting community experimentation, etc.
- But it should do more – recognize the effects of rising inequality and try to regulate it

Top inheritance tax rates in emerging and rich countries, 2017



Source: WID.world (2017). See wir2018.wid.world for data series and notes.

Piketty, Thomas: World Inequality Report, Paris December 2017
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Identifying and fostering innovation

- Support from academia, NGOs, business to build off experiments, incubate, scale up
- Form transnational and multi-scale, multi-sector networks of learning around lifestyle
- Create communities of practice around sharing economies, identities around collective responsibility and social solidarity
- Experiment with new forms of deliberative democracy to create inclusive and equitable formations of political society.