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The Overspent American: Why We Want What We Don't Need

by Juliet B. Schor

Reviewed By Tracyann Henry

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Biography: Tracyann Henry, PhD, is an assistant professor of economics in Georgia Southern University's College of Business Administration. She teaches principles of economics and foundations of economics in the School of Economic Development. Dr. Henry may be reached by email at thentry@georgiasouthern.edu.

Recently, The Wall Street Journal published an article on personal income and spending during January 2006. After presenting possible explanations about the growth in income and consumer spending, the article concluded that American consumers are spending more than their monthly disposable income. Naturally, I was intrigued, and my piqued interest led me to review this book. *The Overspent American: Why We Want What We Don't Need* is a definite must-read for anyone who shops - whether you are a credit-card shopper, a cash shopper, or a good-old-fashioned window shopper; whether you make visible purchases (new brilliant white hybrid car) or not-so-visible purchases (Calvin Klein unmentionables), you will identify yourself in the pages of this book.



Juliet Schor begins her analysis of the overspent American by discussing how one identifies with certain goods and services. Building on previous research on class and consumption behavior, she asserts that we identify with a reference group that is generally determined by the usual demographics, social issues, and values, and that this reference group is indicative of a certain status or class. It is through this status group that our consumption patterns, styles, and tastes are determined. Consider the following experiment: look at the shirt or blouse you are wearing today and then think about who you believe would also wear this shirt or blouse. Social distinction is then reinforced



through spending and this of course leads to one's desire to be in a particular group regardless of whether you can afford the spending habits of this group. For example, consider the Air Jordan XXI (year: 2005-06) must-have with a retail price of about \$180, popular among a certain status group and their "wannabes" - if you don't know this product, then you are in neither of the two groups.

After identifying your group, and hence your goods and services, you move onto showing this connection. The result is a need to acquire visible goods and services-clothing with logos and devious ways to make the not-so-visible, visible (casually mentioning that you watched the basketball game on your new plasma TV). This leads to identity, and this need for identity reflects a paradigm shift as we are now "differentiating oneself from the Joneses, not as in previous decades, keeping up with them" [p.58].

Acquiring our status goods and services flows into volume spending. Schor offers an explanation of how we fall into (what I now call) the trap of volume of accumulation. The sequence of events "see, want, borrow, buy" seem so familiar that one may not even be aware of how advertisements, "our mental stages of fantasizing, wishing and rationalizing" [p.68] and that durable plastic in our wallet facilitated us buying a certain product. This see-want-borrow-buy attitude is driven by desire which is fueled by our surroundings (reference group).

Some of us may be able to break the cycle and become a "downshifter"- voluntarily making a lifestyle change of less consumerism. For those of us who cannot, Schor offers nine principles (steps) to help us "get off the consumer escalator" [p.145]. So now I ask the following question: Is the "downshifter" the new status group?

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