

Conspicuous Consumption, a Casualty of Recession

Written by Administrator

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<div class="byline">By <u>SHAILA

DEWAN</u></div><div class="timestamp">Published: March 9, 2009 </div><div

class="timestamp"></div><div class="timestamp" align="justify">ATLANTA ♦ It is a sign of the times when Sacha

Taylor, a fixture on the charity circuit in this gala-happy city, digs out a 10-year-old dress to wear to a recent society party. </div><div class="timestamp" align="justify">Or when Jennifer Riley, a corporate lawyer, starts patronizing restaurants that take coupons.</div><div class="timestamp" align="justify">Or when Ethel Knox, the wife of a pediatrician, cleans out her home and her

storage unit, gives away an old car to a needy friend and cancels the family Christmas. ♦ I just feel so decadent with all the stuff I ♦ve got, ♦ she explained.</div><div class="timestamp" align="justify">In just the seven months since the stock market crash, the recession has aimed

its death ray not just at the credit market, the Dow and Detroit, but at the very ethos of conspicuous consumption. Even those who still have a regular income are reassessing their spending habits, perhaps for the long term. They are shopping their closets, downscaling their vacations and holding off on trading in their cars. If the race to have the latest fashions and gadgets was like an endless, ever-faster video game, then someone has pushed the reset button. </div> ♦ I think this economy was a good way to cure my compulsive shopping habit, ♦

Maxine Frankel, 59, a high school teacher from Skokie, Ill., said as she longingly stroked a diaphanous black shawl at a shop in the nearby Chicago suburb of Glenview. ♦ It ♦s kind of funny, but I feel much more satisfied with the things money can ♦t buy, like the well being of my family. I ♦m just not seeking happiness from material things anymore. ♦ <div class="timestamp" align="justify">Holly Moreno, 30, a part-time Web site manager in the Dallas suburb of Rowlett, Tex., whose husband is a business analyst, said she had been taking her 2-year-old son to

indoor playgrounds at the mall and free story-times at the library instead of paying to get into the children ♦s museum, their favorite wintertime haunt. ♦ Even though we ♦re secure with our jobs, you ♦ve still got to plan for just-in-case, ♦ she said, ♦ especially because we have a kid. ♦ </div><div class="timestamp" align="justify">To many, the adjustment feels less like a temporary, emergency response than a permanent recalibration, one they view in terms of ethics rather than expediency. </div><div class="timestamp" align="justify">♦ It ♦s kind of like we all went overboard, ♦ Ms. Taylor, 33, said. ♦ And we ♦re trying to get back to where we should have been. ♦ </div><div class="timestamp" align="justify">Not everyone thinks the new restraint will last. Ms. Riley, 37, who lives in Atlanta, said she doubted it would extend beyond the recession.</div><div class="timestamp" align="justify">♦ I do think that maybe now it ♦s a little bit chic or something to save money, or to be pinching pennies, ♦ she said. Just as she stopped carpooling when gas prices went down, she said, she predicted that people would start buying again when the economy rebounded. ♦ That ♦s just my own, maybe, cynical belief, ♦ she said.</div><div class="timestamp" align="justify">Still, economists point out that the Great Depression created a generation of cautious savers. The longer the downturn this time, they say, the more likely it is to permanently change financial habits.</div><div class="timestamp" align="justify">As many economists have noted, cutting spending is the worst thing people with means can do for the economy right now. But that argument seems to have little traction, especially because even those with steady paychecks and no fear of losing their job have seen their net worth decline and their retirement savings evaporate.</div><div class="timestamp"

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align="justify">◆I don◆t think there◆s been any other period in modern history where appeals to people to spend the economy back into health have worked,◆ said Ethan S. Harris, a co-chief of United States economics research at Barclays Capital. ◆The only time I◆ve ever seen where that kind of urging people to spend worked was after 9/11, and I did think at the time that there was some patriotic buying going on.◆</div><div class="timestamp"

align="justify">After 9/11, though, President George W. Bush urged Americans to go shopping. President Obama has taken a different tack, issuing a budget whose very title, ◆A New Era of Responsibility,◆ strives for an austere tone. On Inauguration Day, the first daughters Sasha and Malia dressed not in designer labels but clothing from J. Crew. On television, the insurance giant Allstate is running a sepia-toned ◆back to basics◆ advertising campaign, and in Target◆s ◆new day◆ commercials, the ◆new pedicure◆ is administered by a spouse and the ◆new vacation glow◆ comes from a spray bottle. </div><div class="timestamp"

align="justify">◆Though the recession was always talked about in economic terms, we felt really strongly that, in fact, it was a crisis of culture,◆ said Tracy Johnson, research director for the Context-Based Research Group, a market research firm in Baltimore that views the recession as a rite-of-passage that will reorder consumer priorities. </div><div

class="timestamp" align="justify">Ms. Johnson has advised clients to focus on quality rather than quantity. Malls redecorated in screaming red ◆sale◆ signs are not the way to go, she said, because ◆if you just give people the opportunity to buy more, you◆re not matching up to where their minds are.◆</div><div class="timestamp" align="justify">Carol Morgan, who teaches law

at the University of Georgia and whose husband has a private law practice, said she felt a responsibility to cut needless spending. ◆That is probably something that is a prudent thing to do in any event, but particularly now I see it as the right thing, as the moral thing to do,◆ she said, adding that she also hoped to increase her charitable giving. ◆Before, extravagance and opulence was the aspiration, and if we can replace that with a desire to live more simply ◆ replace that with time with family, or time for spirituality ◆ what a positive outcome to a very negative situation.◆</div><div class="timestamp" align="justify">Kim Gatlin, a novelist who

lives in the Park Cities section of Dallas, said some of her friends had urged their husbands not to give them jewelry over the holidays. ◆They were like, you know, ◆There◆s nothing I◆m dying for right now ◆ let◆s just wait,◆ ◆ she said. ◆It makes them feel like they◆re participating, although they don◆t contribute to the income stream.◆ </div><div

class="timestamp" align="justify">Even some of the very affluent said they were reluctant to be conspicuous in their spending. </div><div class="timestamp" align="justify">◆It◆s disrespectful

to the people who don◆t have much to flaunt your wealth,◆ said Monica Dioda Hagedorn, 40, a lawyer in Atlanta who is married to an heir of the Scotts Miracle-Gro fortune. ◆I have plenty of dresses to last me 10 years.◆ </div><div class="timestamp" align="justify">Ms. Hagedorn said

she did not hold herself apart from the rest of society because of her money. ◆Everyone◆s going to pull through together or everyone◆s going to sink together,◆ she said. </div><div

class="timestamp" align="justify">Fear and uncertainty have paralyzed even the most insulated clients, said Jack Sawyer Jr., who manages money for some of Atlanta◆s wealthiest families.

◆I have clients who have \$20 million, young grandparents, and they◆re concerned about whether they can continue to pay tuition for their grandchildren. It◆s not a rational

process.◆</div><div class="timestamp" align="justify">Any sharp decline in consumer spending will feed on itself, said Juliet B. Schor, an economist at Boston College and the author of ◆The Overspent American: Upscaling, Downshifting and the New Consumer◆ (Basic Books, 1998).

Typically, people spend when those around them are spending, but in a downturn, the need to

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compete evaporates. ♦You can stay right where you are without falling behind,♦ Ms. Schor said. </div><div class="timestamp" align="justify">Consumers♦ focus may have shifted, she said, from striving to catch up to those above them to contemplating the fates of those below them. </div><div class="timestamp" align="justify">Craig Robinson, 34, a manager at a real estate investment firm in Atlanta, agreed, saying that he was not tempted to join those who were scooping up deals at department stores. ♦There♦s one guy to right of me showing me this great deal he got on his tie,♦ he said, ♦and there♦s four guys to left of me who got laid off and can♦t find a job.♦</div><div class="timestamp" align="justify">Source: http://www.nytimes.com/2009/03/10/us/10reset.html?pagewanted=1&_r=1&emc=eta1</div>