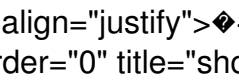


Why Big Shopping Bargains Are Bad News For America

Written by 3K Admin

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By Barbara Kiviat Friday, Nov. 27, 2009

The price wars have gone nuclear. From Target's \$3 coffeemakers to Best Buy's half-price washing machines to Staples's \$350 laptops, the theme of this holiday shopping season is, without a doubt, "we sell for less." Even Wal-Mart's commitment to "every day" low prices isn't preventing it from going lower. An online skirmish with Amazon.com that started with \$9 hardcover books (books normally sold for three times that amount) has dominoed into other categories, driving down prices on everything from mobile phones to Easy-Bake ovens. The deals are everywhere.

Well, pardon my saying so, but I don't want them. I don't want to pay less. If anything, I'd rather pay a little more. Crazy talk, I know. Where is this coming from? Well, it began with some reading I've been doing about the trade-offs we make for ultra-cheap goods—the child workers in Bangladesh who sew our clothes and brush their teeth with ash since they can't afford toothpaste, the oceanic dead zones that come with \$5 factory-farmed salmon filets. They're the sorts of stories that make a person think that buying carts full of cheap stuff—ensuring the production of even more cheap stuff—shouldn't be the social goal we've made it out to be.

Now, I do realize it's an odd time to lobby for higher prices. We're coming off the worst recession in a quarter century. One in ten Americans is out of work and plenty of people feel like they need low prices to be able to buy anything at all.

But I also realize that part of what got us here was overspending, and that that overspending was fostered by a shopping culture that uses cheap goods to hook people on feeling like they're winning at something. As a country, we held nearly \$1 trillion in credit-card debt this time last year—about the same as the value of all the goods and services produced in South Korea annually. We've bought so much stuff that we've struggled to find places to fit it all. The U.S. went from having 300 million square feet of self-storage space in 1984 to 2.4 billion square feet in 2008, according to the Self Storage Association, a 700% surge. By 2005, one in five new houses came with three garage bays—the third, real-estate agents explained, to store all the "toys." (See which businesses are bucking the recession.)

Consumer spending and debt have been on the decline of late, that's true. But the most recent numbers show signs of a return to our old ways. In October, consumer spending rose 0.7% over the previous month, according to the Commerce Department, which is particularly interesting since personal income only edged up 0.2%. It seems it's going to take more than economic calamity for us to realize that perhaps we should be more prudent with our money.

And that leads to my second argument for higher prices: if stuff costs more, we'll buy less of it (that's the demand curve in action). If we are forced to buy fewer things, then perhaps we'll start to break this mentality that the way to happiness is to own more.

I'm not the only one singing this song. Anti-consumerism groups like Adbusters and the Church of Stop Shopping have been buoyed by the recent hiccup in the Age of Excess and are protesting against shopping centers with renewed zeal. The Center for the New American Dream, which promotes responsible consumption, is out in full force this holiday season, explaining how to give gifts that don't include buying things at the store (for example: coupons for free babysitting).

"We have this cycle we've developed—work intensively, buy more, repeat," says Carolyn Danckaert, New American Dream's director of home and communities programs. "At a certain point, the accumulation of stuff starts to drive your life." As Juliet Schor, an economist at Boston College who helps run the group, points out in her book *The Overworked American*, when workers became more

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productive over the second half of the 20th century, we as a society chose to take the benefit as more stuff. We could have also decided to, say, work a little less. </p><p align="justify">The lure of cheap goods, though, is incredibly strong, even once we've reached the point of substantial creature comfort. In her book Cheap: The High Cost of Discount Culture, writer Ellen Ruppel Shell devotes the better part of two chapters to how inexpensive goods mess with our minds. She describes one experiment in which researchers used brain scans to show that the joy of a discounted item comes before it's bought; by the time a person is at home with his new thing, the luster is gone. On Black Friday, I watched shoppers on TV proudly state how much they were saving on this and that. No one mentioned how much they were spending. </p><p align="justify">Or how long they expected any of their stuff to last. For that's the other big trade-off we make for low-priced goods♦often cheap simply means cheap. Shell likes to tell the story of how she once bought three blenders in quick succession; the flimsy blades were no match for the ice that goes into smoothies. When "low cost" is the marketing trope we most respond to, quality easily falls by the wayside. And that state of affairs, Shell concludes based on the response to her book, bothers no one as much as the less affluent people who inexpensive goods are supposed to benefit the most. They can't always afford a replacement.</p><p align="justify">All of which is why in this year's mad present-buying rush, I'm not celebrating the notion that I get to pay less. I'd rather have the sorts of things that only come with a higher price.</p><p align="justify">Source:http://www.time.com/time/business/article/0,8599,1943252,00.html?artId=1943252?contentType=article?chn=bizTech</p>