

# CONSUMER-FRIENDLY PRODUCTION OR PRODUCER-FRIENDLY CONSUMPTION?\*

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## 1 Production, consumption and well-being

At a time when political parties compete as the champions of consumers against producers, when consumer-friendliness is the chief virtue of any product and cultural theorists celebrate the displacement of production by consumption as the basis of self-identity, it is refreshing to find such an intellectually vigorous challenge to all this in *The Market Experience*.<sup>1</sup> Through a painstaking analysis of the empirical evidence, Robert Lane argues that at least potentially, the contributions to people's well-being from engagement in the *processes* of production are much greater than those deriving from its *outputs* - the acquisition of income and its deployment in consumption. But if this is so, he suggests, it points to a fundamental defect in the market. For market economies can be shown to be *consumer* economies: they tend inherently to prioritise consumer-satisfactions over producer-satisfactions. In doing so they sacrifice greater goods for lesser ones.

The nature and implications of this 'priority thesis' will be explored later on. But first I shall consider how Lane conceives of human well-being, and the kinds of evidence he thus sees as relevant in assessing the market's impact on this. All too often, he suggests, debates about the market assume that the extent of the benefits it brings to people is a simple function of the economic value of the goods and services produced. But until one has made explicit the criteria which determine what are to count as benefits, he argues, there is no way of assessing the market's success in generating these, and hence no justification for the assumption just noted.

Lane proposes the adoption of two such criteria, which he calls *subjective well-being* and *human development*. The former is primarily a matter of people's *life-satisfaction* - how well they consider their lives to be going, their sense of their overall well-being.<sup>2</sup> The latter he takes to include *cognitive complexity* - people's ability to engage in abstract, analytical thought, and their intellectual flexibility and objectivity; *self-attribution* - their

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1 Lane 1991; all following page and chapter numbers refer to this, unless otherwise indicated. *The Market Experience* is a massive book, and the account I give of it here is necessarily selective, though not, I hope, unrepresentative. See also Lane 1978 for an illuminating, article-length presentation of many of the central themes explored in far greater detail in the later book.

2 Lane in fact distinguishes life-satisfaction from happiness, regarding the two as different aspects of subjective well-being (p. 9). But he concentrates mainly on the former, and I shall follow suit. For a much broader conception of 'happiness' - which includes most of what Lane defines as subjective well-being and development - and discussion of the main debates about capitalism's impact on this, see Saunders 1995, chapter 5.

belief in their ability to shape and control their own lives, and *self-esteem* - their sense of being worthy of respect and decent treatment by others.<sup>3</sup>

Lane acknowledges that these are not the only criteria that could be used to evaluate economic systems. But he claims they are neither arcane nor idiosyncratic: their adoption commits one to little more than the widely held view that it is "better for people to be happy, more cognitively complex, to think of themselves as worthy, and to take responsibility for their own lives when they can influence events than the other way round" (p. 5). Further, he thinks there is a good deal of empirical evidence, deriving often from the work of economic and social psychologists, which enable one to arrive at reasonably well supported conclusions about the market's performance when judged by these criteria.<sup>4</sup>

One body of evidence to which Lane gives considerable attention comes from studies aimed at identifying the main sources of subjective well-being, in which people's answers to the question 'how satisfied are you with your life-as-a-whole?' are correlated with variables such as their income, their personal relationships and so on. What emerges from these studies is that income - and hence the possibilities for consumption this represents - is by no means the primary determinant of people's overall life-satisfaction (see especially ch. 22). Others, such as their relationships with friends, the happiness of their marriages, and the amount and character of their leisure-time are at least as important and often more so. These 'non-economic' sources of subjective well-being cannot be purchased, nor can the benefits they bring be replaced by additional income: money can neither buy love nor replace it.<sup>5</sup>

So however successful the market is in generating consumer products and the incomes enabling people to purchase these, the contribution it can thereby make to their overall well-being (in the form of life-satisfaction) is inevitably limited in scope.<sup>6</sup> This is not, in itself, a criticism of the market, only of those who would claim too much for it - though Lane notes also that people have a strong tendency to overestimate the contribution to their well-being made by consumption as compared with other sources, and

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3 One might argue that the latter two elements in Lane's conception of development are unduly 'subjective' in their definition: for example, that 'autonomy' would be preferable to 'self-attribution', and 'self-respect' - in the sense of a proper or justified sense of one's worth - to 'self-esteem' (see Keat 1997a, section 5). But I shall not pursue these issues here; in practice, anyway, Lane is himself often concerned with these 'objective' elements. See also Note 32 below.

4 But note the differences between 'classical' justifications of the market, which focus on its contribution to well-being, and 'liberal' justifications, which focus on its compatibility with individual freedom. Lane's work may be seen as an exemplary attempt to provide an empirical evaluation of the former, but as having little bearing on the latter.

5 Lane may thus be seen as accepting Walzer's view of the essentially plural and incommensurable nature of human goods: see Walzer 1983, ch. 1 and Keat 1997a, section 1. However, Lane argues (in ch. 11) that there is little evidence to support the claim made by many 'humanist' critics of the market that it undermines the well-being deriving from personal relationships of friendship and the like by encouraging their conduct as commodified exchange relationships. But see Anderson 1990 for a less sanguine view, and also Radin 1996.

6 This is not to deny the impact of poverty on life-satisfaction; indeed Lane emphasises the strong correlation between poverty and low levels of subjective well-being. But amongst those who are reasonably well-off, there are much weaker correlations between inequalities of income and of life-satisfaction. Further, the evidence he cites suggests that, over time, rising income levels tend not to be associated with

argues that this error is itself due to certain features of the market.<sup>7</sup> But more importantly, Lane insists that the market's contribution to well-being should not in any case be assessed exclusively in terms of the outputs produced by market enterprises. One must also consider its effects on the processes of production through which these outputs are generated, since people's involvement in these is also a major potential source of well-being, both in its contribution to overall life-satisfaction and in the opportunities it presents for acquiring and exercising the capacities noted above as elements of human development. 'At its best', indeed, such engagement in productive processes can bring benefits of significantly greater value than those deriving from income and consumption. But, he argues, when judged in these terms the market's record is at best a patchy one.

Lane accepts that historically, through its association with the more general processes of modernisation and industrialisation, the market has significantly enhanced people's overall level of cognitive complexity. But its contribution to this has been severely limited by the undemanding and monotonous nature of most people's work and the lack of opportunities this provides for learning or the exercise of practical and intellectual skills.<sup>8</sup> Nor are the means of achieving self-esteem, or the intrinsic satisfactions that come from performing tasks which meet demanding standards of excellence, readily available for most who work in market enterprises. Likewise, he argues, although the overall experience of living in a market society tends to encourage a basic sense of personal agency and self-attribution, since the market both enables people to identify the effects of their actions and makes it costly to ignore them, it nonetheless provides few opportunities for the development of more deeply grounded forms of self-direction or autonomy, due to the heavily supervised and non-discretionary nature of the tasks which most workers perform.<sup>9</sup>

What concerns Lane is thus not merely the market's failure to realise the potential of production for human development and related sources of subjective well-being, but the highly unequal distribution of these benefits between those engaged in different kinds of work. He notes, for example, a study which implies that the degree of inequality in the distribution of work-satisfactions is nearly three times greater than that in the distribution of income, and that whereas "happiness is *more* equally distributed than income, intrinsic work enjoyment is *less* so" (p. 407). And he suggests that those whose jobs offer "self-direction, substantive complexity, and challenge, variety, little supervision, and intrinsic satisfaction of excellence or self-determination" may properly be regarded as "members of the *privileged class*", whose

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higher levels of (reported) overall life-satisfaction; but see also his highly nuanced discussion of 'the affluence effect' (pp. 27-31 and 545-6).

<sup>7</sup> Lane quotes the following passage from Campbell 1981, p. 66: "It has repeatedly been shown that when people are asked how the quality of their lives might be improved, they tend to answer in terms of more money.... People appear to overestimate the beneficial effects that additional income will have on their lives,... but its ability to enhance these feelings [of well-being] appears to be restricted to those material domains of life which relate to the need for having, which in turn has only a limited relationship to a person's general sense of well-being". (p. 570). For Lane's discussion of why the market itself tends to encourage such misjudgments, see ch. 26.

<sup>8</sup> However, Lane rejects the claim that there is an inherent long-term tendency in (capitalist) market economies for the de-skilling of work. Further, although he accepts that increasing specialisation probably is thus inherent, he denies that this - unlike the effects of the 'detail' division of labour - is incompatible with the self-development and intrinsic satisfactions of those concerned: see chs 14 and 16.

<sup>9</sup> See O'Neill 1998, chs 5-7, for a critical response to 'perfectionist liberals' who defend the market on the grounds of its supposed capacity to foster individual autonomy.

privilege consists in "doing freely and (usually) with social approval and support what they want to do and usually do best" (p. 302). Thus Lane argues that the 'socialist' - perhaps one should say 'social democratic' - emphasis on equalising income and wealth is misplaced, since "what should be redistributed is discretionary, challenging work" (p. 9).

To find ways of achieving this is seen by Lane as a key element in a broader project - a project which should itself be regarded as the central task for social scientists today, namely to "*discover* how to make the market a better agent for promoting happiness and human development" (p. 613). Yet on the face of it this would seem a hopeless task. For according to Lane, the generally poor record of the market in promoting human well-being is by no means accidental. Rather, it is due to the fact that market economies *inherently* prioritise consumer over producer benefits, and hence lesser over greater potential sources of well-being. But if this is so, any attempts to improve the market in this respect must surely fail; it would be more fruitful to 'discover' an alternative to the market which lacked this damaging prioritisation of the benefits from consumption over those from production.

However, such pessimism about the market depends, I shall now argue, on interpreting Lane's priority thesis in a particular way - one which arguably both misrepresents much of what he himself actually wishes to claim, and is in any case implausible. But if one adopts instead a different interpretation of this thesis, the market's potential as an agent of human well-being becomes somewhat more open, both conceptually and in practice.

## **2 Consumer-friendly production**

One can, I suggest, usefully distinguish two formulations of the priority thesis, which I shall call the 'hypothetical' and the 'categorical' theses. According to the (weaker) hypothetical priority thesis, the market is such that it necessarily sacrifices the well-being of producers to that of consumers *if* some conflict between the two occurs - that is, whenever a situation arises in which the two cannot be co-realised. According to the (stronger) categorical thesis, the market necessarily operates in such a way that the welfare of producers always *is* thus sacrificed to that of consumers.<sup>10</sup>

The truth of the hypothetical thesis clearly does not entail that of the categorical thesis; indeed the former might be true even if, as a matter of fact, the market *never* resulted in such sacrifices of producers' welfare. This would be so if it turned out that the market never actually generated situations where there is a conflict between the welfare of producers and consumers. So the truth of the categorical thesis requires not only that of the hypothetical one, but of the additional claim that the market necessarily operates in such a way that it always generates such conflicts. Without this additional claim, the hypothetical priority

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<sup>10</sup> I talk here (and later) as if producers and consumers were distinct social groups, rather than there being a single group whose members both produce and consume. This is purely for convenience, to avoid the need for cumbersome expressions such as 'the benefits people experience in their role as consumers'; it is not intended to pre-judge the issue of whether there are such (at least partly) distinct social groups. On the gender-related aspects of this issue see Slater 1997, pp. 54-9.

thesis implies only that the extent to which the market will contribute to producers' welfare is a function of the extent to which such conflicts will arise.<sup>11</sup>

Although Lane sometimes formulates the priority thesis as if he had its categorical version in mind, it seems reasonably clear that it is not this but the hypothetical version which he actually endorses. His reasons for doing so are summarised in the following passage:

"It is inherent in the market that it give consumer welfare priority over worker welfare because consumers are the source of profits and workers are costs. Inasmuch as exchange is central to the market network of transactions, giving price signals for the self-regulating system, it is inherent in the market that intrinsic satisfactions, none of which can be exchanged, should lack consideration. For the same reason it is inherent in the market that outcomes should be the focus of concern, as opposed to the *processes* that contribute so much to life satisfaction. Competition, a necessary feature of the market, inherently creates a degree of insecurity detracting from the enjoyments of market outcomes and processes. And it is inherent in the market that price should be the measure of value, for there is no register for our preferred metric, "contribution to satisfaction with life-as-a-whole"." (p.609).

Though Lane does not put the matter in quite this way, these claims may be seen as pointing to various *structural* features of the market which, by placing objective constraints on the decisions taken by economic agents, ensure that the relevant conflicts will be resolved at the expense of producer well-being. Thus suppose, for example, that a firm attempted to increase its workers' welfare by re-organising its production processes to make these more intrinsically satisfying, more conducive to learning, and so on. If its unit-costs of production were thereby increased, it would simply be unable to 'afford' to make such changes, given the existence of actual or potential competition from other firms not similarly disposed to their workers' welfare. The well-being of workers does not and cannot 'register' as such in the decisions taken by firms in a market economy, unlike the benefits to consumers, which are registered through the prices they are willing to pay and hence the profitability of meeting their demands.<sup>12</sup>

Further, Lane denies that the relevant structural features are peculiar to *capitalist* market economies. For although he is sympathetic to the ethical import of Marx's conception of non-alienated labour, he argues that Marx was mistaken in thinking that alienated labour is primarily a function of private ownership of the means of production. Rather, it is due to certain essential features of the market, whether or not this takes

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11 Here as (often) elsewhere I talk of 'producers', whereas Lane talks mainly of 'workers'. I do so partly to indicate that the issues being discussed are largely common to both capitalist and non-capitalist forms of the market, and hence are not confined to 'workers', to the extent that this term implies a distinctively capitalist wage-relationship.

12 Correspondingly, Lane notes that workers are generally better-off in firms less subject to competitive pressures, for instance in the large-scale oligopolistic firms typical of 'core' as distinct from 'peripheral' segments of the economy: see pp. 304-10. As he comments there: "The very engine of the market, competition, seems to be the agent that makes better conditions of employment impossible" (p. 306). But Lane seems unwilling to support policies which allow restricted competition, noting that orthodox microeconomic theory implies this would lead to reduced allocative efficiency. However, this arguably gives too much weight to neoclassical concerns with efficiency rather than dynamism: see Lazonick 1991, ch. 5.

a specifically capitalist form.<sup>13</sup> He is therefore critical of contemporary advocates of market socialism, to the extent that they regard their preferred, non-capitalist market system as likely to enhance the well-being of 'workers': the collectively owned cooperatives they favour will be subject to the same pressures as their capitalist counterparts, and will be no better placed to combat the market's tendency to sacrifice work-based benefits for income and consumption.<sup>14</sup>

Now it might be argued that Lane is not quite right about this, since although the market exerts the same pressures on cooperative as it does on capitalist enterprises, their different forms of ownership imply different possibilities for choice in the responses made to these. In the former, those who own the enterprise are the same people as those who work in it. So if they are faced with a situation in which they can only maintain or enhance their work-process benefits by reducing their income - and hence their consumption benefits - they can decide how far they are prepared to sacrifice one for the other.<sup>15</sup> By contrast, the owners of capitalist enterprises constitute a distinct group from those who work in them, and can thus have no interest in any benefits other than those deriving from their 'income', in the form of profits: for them, there is no potential trade-off between work-based and income-based benefits for them.<sup>16</sup>

But even if this objection to Lane can be sustained, its significance is quite limited: the choices to be made by (the members of) cooperative enterprises will often be hard ones, and the absence of capitalist property relations does nothing in itself to reduce either their severity or their frequency. However, as I have argued already, Lane himself acknowledges - as a proponent 'only' of the hypothetical, rather than the categorical priority thesis - that the market does not inevitably generate situations where such uncomfortable choices

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13 Unlike some 'anti-essentialists' about the market, I see no difficulty in talking both of 'essential features of the market' and of 'different forms or variants of the market': each such form will have its own essential features, together with those common to all such forms. Both the common and specific features of each form are to be distinguished from the non-essential conditions under which they actually operate, and which may be highly variable. Amongst these variable conditions are those affecting the extent to which conflicts between producer and consumer well-being actually arise, as distinct from the essential features of the market, which - according to Lane - determine how such conflicts will be resolved. So the question at issue here is whether the essential features by virtue of which the hypothetical priority thesis holds true are common to all forms of the market or specific to its capitalist form. See O'Neill 1998, ch. 1 and Sayer 1995, ch. 2, for critical responses to 'anti-essentialism' about markets.

14 For defences of market socialism, see Selucky 1979, Nove 1983, Estrin and Le Grand 1989 and Miller 1990; of cooperatives in particular, Oakeshott 1978. See Mason 1996 for an argument that the differences between capitalism and market socialism are significant with respect to their potentials for producer-benefits.

15 Lane eventually acknowledges that workers' cooperatives could decide to make such a decision, but goes on to claim that this is unlikely to occur "...in the consumer economy, [where] the market culture hinders the development of the appropriate values..." (p. 331). But if there are cultural barriers to this possibility being actualised, the possibility must itself exist, and it is this which is the relevant issue here.

16 Admittedly, capitalist owners could present such trade-offs as a choice for their workers to make, being indifferent between any outcomes which generated the same level of profit. But one might nonetheless doubt whether the deals they would offer would be as good as those which cooperative members would offer themselves. Thus in a capitalist market economy, what 'guarantees' that potential conflicts between workers' and consumers' welfare will be resolved in the latter's favour is not 'the power of consumers over producers' given by the market alone, but the combination of this with 'the power of capitalists over workers' given by the former's ownership of the means of production.

would be required. Indeed, as will now be seen, he gives considerable attention to cases where producer-beneficial work may actually contribute positively to the success of firms in a market economy.

Somewhat paradoxically, Lane's analysis of these cases emerges from his discussion of what initially appears to be a further reason for pessimism about the market's potential contribution to human well-being, namely the 'hidden costs of (extrinsic) rewards' (see ch. 18). He notes how the results of various experimental studies (such as Lepper and Green 1978) suggest that the potential intrinsic satisfactions of performing work-like tasks are significantly reduced when extrinsic (typically financial) rewards for them are introduced. If these results were applicable to 'real work' situations, they would imply that since the market makes systematic use of extrinsic rewards, the intrinsic satisfactions that might otherwise be generated by work will be diminished by the receipt of payments.

Fortunately, however, such gloomy predictions do not always hold true (see ch. 19). This is because certain factors which can be shown quite generally to reduce potential losses of intrinsic satisfaction turn out sometimes to be present in actual work situations. For example, financial rewards tend not to diminish intrinsic satisfactions when the latter derive from the sense of having performed work which meets standards of excellence endorsed by those who perform it. Similarly, extrinsic rewards are less destructive of intrinsic ones when interpreted by their recipients as providing 'information' about the quality of their performance, rather than as a means of 'controlling' it. Further, the ways in which extrinsic rewards are themselves administered differ in their tendency to generate such perceptions: in particular, strict systems of 'payments by results' (PBR) are more likely to be experienced as controlling than as informative.

Lane goes on to argue that there are particular kinds of work which are performed less well when subject to PBR, and better when the extrinsic rewards are less closely tied to the performance of each specific task, so that they function as what he calls 'molar' rewards for the overall performance of high quality work, and not as 'molecular' ones for each individual operation.<sup>17</sup> This is especially so for activities which require some significant degree of creativity. Lane cites as examples of this the kinds of work performed by scientists, both within and outwith the academy. In such cases, he comments:

"Working just for pay... will stifle creativity. Quite irrespective of the theory of hidden costs, identification with *pay* instead of *work* itself erodes not only work enjoyment but also the productivity of manufacturing and commercial enterprises." (p. 403).

So here the market will actually favour, rather than disfavour, intrinsic work-satisfactions: profitability will be improved by operating in ways that enhance these, despite their not 'registering' as such - to echo a term used by Lane in a passage quoted earlier (p. 5 above) - in the calculations of market-governed enterprises. However, Lane is far from optimistic that the market can normally be expected to generate such producer-

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<sup>17</sup> Lane also suggests (p. 362) that PBR makes 'materialists' of people, whereas molar rewards and attention to work rather than pay may make them 'craftsmen' - and hence, one might speculate, less vulnerable to the error of over-estimating the contribution of income and consumption to well-being: see Note 7 above.

beneficial outcomes.<sup>18</sup> In particular, he argues, there are many kinds of work for which it cannot be shown that strict systems of PBR are less effective in terms of productivity. More generally, he claims:

"... there is no reason to believe that internal rewards will lead people to produce the goods that others want. We are not, therefore, free to create a model of rewards for work according to the values of a work situation alone: there is the economy to consider as well." (p. 362).<sup>19</sup>

But although it is true that if decisions about what is produced were based only on the work-related benefits accruing to producers, there would be no reason to expect that what was produced would satisfy consumer preferences, it clearly does not follow that nothing which satisfies such preferences can also be beneficial to producers. That there are in fact such 'producer-friendly' goods - ones whose production enables (some of) those involved in this process to experience work-related benefits to a significant extent - is implied by Lane's acknowledgment that the market sometimes actually favours, rather than being at odds with, work that is intrinsically satisfying. The question thus arises of whether anything of a general kind can be said about the nature of such goods: does it just 'happen' to be the case that some goods are most effectively generated in producer-friendly ways and others are not, or might there instead be some kinds of goods whose character is such that they 'must' be produced in these ways?

No doubt there are several approaches which might be taken in trying to answer this question. But the one I shall take is to focus on consumption, and more specifically on the kinds of reasons for which consumers may value certain kinds of goods and hence the kinds of benefits they may (expect to) derive from them. In particular, I shall argue that there is at least one type of product which is such that the type of satisfaction it provides for consumers can only be achieved if it is produced in producer-friendly ways. I shall do so by drawing on the analysis of 'creative products' presented by Tibor Scitovsky,

### **3 Producer-friendly consumption**

In *The Joyless Economy* (Scitovsky 1976) and various later papers,<sup>20</sup> Scitovsky criticises the failure of orthodox economists to recognise the complexity and variety of the motivations governing people's economic behaviour. In particular, he argues that economists have been mistaken in assuming that work is always and necessarily a 'cost' for those performing it, and can thus be elicited only by the prospect of consumption benefits accruing from income. For this ignores the benefits that may sometimes derive from work itself, including the enjoyment of engaging in activities performed 'for their own sake', without reference to any further aims or purposes.

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18 But at one point in this discussion he does sound a note of optimism, suggesting that "... in an age when creative application of the principles of science moves rapidly to engineered invention and then to more mundane tasks on the shopfloor, the need for creativity diffuses downward in the job hierarchy." (p. 403).

19 It is unclear whether Lane is implying here that one shouldn't ignore consumer preferences, or only that the market does not 'allow' these to be ignored.

20 Including 'How to Bring Joy into Economics' (Scitovsky 1986b) and 'Subsidies for the Arts' (Scitovsky 1986c); I have found the former especially illuminating and make considerable use of it here.



Scitovsky is also critical of the extent to which market economies have thus far managed to contribute to the enhancement of human well-being. He argues that although such economies have generally been successful in providing what he calls *defensive* products, the same cannot be said in the case of *creative* ones.<sup>21</sup> Defensive products contribute to the *personal comfort* of their consumers: their purpose is to reduce "pains, injury or distress", including the time and effort spent in performing chores. Examples include consumer durables such as washing-machines and vacuum-cleaners, as well as food, clothing, shelter and so on. By contrast, creative products generate *excitement* (or 'joy', 'stimulation' and the like): they are intended to supply "some positive gratification or satisfaction". Amongst examples are "sport, humour, entertainment, literature, art [and] pleasurable intellectual pursuits...".<sup>22</sup>

The enjoyment of creative products, Scitovsky claims, unlike that of their defensive counterparts, depends on the exercise by consumers of high levels of skill, knowledge, discriminatory judgment and the like. These abilities are themselves dependent on the availability and experience of appropriate forms of education, without which there will therefore be a tendency for creative goods to be under-produced. Yet these are conditions which one cannot rely on the market itself to provide, and its failure to do so is a potentially serious one.<sup>23</sup> This is for two reasons. First, once an adequate level of defensive products has been acquired, creative products are generally more satisfying and enjoyable than defensive ones: they can make a greater contribution to consumers' well-being. Second, the lack of consumer demand for creative products reduces the opportunities for producers to engage in 'own-sake' activities, and hence to derive the additional, 'non-economic' enjoyment that comes from so doing. For amongst such activities are many which provide a potential basis for creative products. Thus the greater the demand for creative products, the greater the well-being both of their producers and their consumers.

As Scitovsky suggests, this mutually reinforcing relationship between producer and consumer well-being is especially evident in the case of what I shall term *performances*, where consumers occupy the position of 'spectators' or an 'audience' with respect to the conduct of skilful own-sake activities by producers. Examples of such performances include sports and games, theatre, dance, music and so on. In such cases, consumers are paying for the enjoyment that stems from witnessing the performance of activities which are themselves intrinsically satisfying to their performers. The extent and depth of this enjoyment depends on the ability of the audience to understand, evaluate and appreciate the performance concerned. Although

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21 However, he notes that this may be more true of the USA than of Europe, and even in the former may have become less so since the 1970s: see the Preface to Scitovsky 1986a.

22 Scitovsky 1986b, p. 189. Scitovsky formulates this distinction in several different ways. In his earlier work (Scitovsky 1976), it is based on neuro-psychological theories about the differences between the pleasure of (moderate) stimulation and the removal of pain. The 'creative-defensive' terminology is introduced in the more recent 'Joy' essay (Scitovsky 1986b), through a discussion of Hawtrey 1925; I think this terminology is preferable because it points towards the skills and judgment deployed by the consumers of creative products rather than merely to the 'excitement' that these generate. Strictly speaking, as Scitovsky notes, the distinction is not between two kinds of goods, but between two kinds of satisfaction that goods may generate, and which are typically, but not exclusively, associated with different goods; thus Scitovsky refers to Hawtrey's discussion of the creative aspects of (otherwise largely) defensive products such as food and clothing (Scitovsky 1986b, p. 189).

23 See Keat 2000a, ch. 8, section 3, for an elaboration of this argument.

the skills thus required of the audience are not the same as those of the performers, there is nonetheless a close relation between the two.

Nor, I would argue, are 'performances' the only kind of creative product in which something akin to this kind of relationship can obtain between producers, consumers and their respective satisfactions and sources of well-being. This is most obviously so for the '*non*-performing' arts - the readers of novels do not watch their authors producing them, but this does not prevent some analogous relationship between them. The same holds for craft products, where at least part of the enjoyment experienced by consumers, and hence of their reasons for wishing to purchase the item concerned, consists in their knowledge and appreciation of the processes involved in its production - in particular, the skills of conception and/or execution exercised by its producers, which are typically sources of intrinsic satisfaction for *them*. What matters to the purchaser is not merely the properties displayed by 'the object itself', but also the manner in which it has come to acquire these. The enjoyment of consumers increases in proportion to their understanding of these processes which are, for producers, likewise a source of well-being.<sup>24</sup>

The distinctive character of this producer-friendly consumption of creative products can be further explicated by comparing it with another, quite different way in which producer-friendly effects might be achieved through consumption. This would be for consumers to base their decisions about what goods to purchase at least partly on the work-related benefits which would thereby accrue to their producers. Like those who will purchase only environmentally-friendly products, or who boycott goods produced under politically repressive conditions, they would thus be engaging in a certain kind of *ethical* consumption, since they are prepared to sacrifice or limit their own well-being for the sake of something they regard as more important - in this case, the well-being of producers.

But unlike ethically motivated consumers, it is not the aim of consumers of creative products to contribute to their producers' well-being; nor, consequently, is there any question of self-sacrifice on their part. On the contrary, they arguably achieve greater satisfaction than they would by pursuing 'mere comfort'. Yet the more their own enjoyment increases through the development and exercise of appreciative skills, the more likely it is that the corresponding producer-satisfactions will occur. Of course, neither in ethical consumption nor in the consumption of creative products is it a matter of 'accident' that these beneficial effects are generated. But whereas in the former case this is because these effects are intended, in the latter it is because what consumers enjoy and value about creative products, in terms of their own well-being, is something which inherently requires their producers to act in ways which are also beneficial for them.

So it would seem that the production and consumption of creative products displays a peculiarly beneficial relationship between producers and consumers, in which producer-friendly consumption and consumer-

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24 If one thinks of the production of 'creative products' as displaying the characteristics of a practice, in MacIntyre's sense (MacIntyre 1981), one might then regard the consumers of these products as also participating in the practices concerned - as 'co-practitioners', along with producers. No doubt producers will typically be seen as 'playing the leading part', and as exercising skills and abilities which go well beyond those required of consumers. Nonetheless, engagement in the practice by producers would typically be

friendly production are not merely compatible with, but in effect require one another.<sup>25</sup> However, although it is arguable that the demand for creative products is increasingly significant in conditions of overall affluence, and that various measures might be taken to foster such demand, it would surely be implausible to envisage this becoming the predominant form of production and consumption in a modern economy.<sup>26</sup> And even if it did, there would still be serious limitations to its effectiveness in extending the availability of producer-benefits. For the account of creative products presented above suffers from a crucial omission, in that no reference was made to the division of labour involved in their production, which implies that by no means all of those concerned will be performing 'own-sake' or similarly beneficial activities: auditoria have to be cleaned, tickets sold, programmes printed and so on. So it would be unrealistic to expect the production and consumption of creative goods to make more than a modest contribution to the kinds of producer-benefits with which Lane is concerned.<sup>27</sup>

But perhaps Lane is mistaken in thinking that the kinds of benefits which he sees as potentially available through production are achievable *only* in this way; more specifically, perhaps they can *also* be achieved through consumption? Scitovsky's account of creative products already points in this direction, since the acquisition and exercise by consumers of the capacities they need to appreciate and enjoy these goods may reasonably be seen as displaying at least some of the characteristics which Lane associates with 'development', yet attributes exclusively to production. Nor is this potential for consumption to generate 'production-like' benefits confined to the consumption of creative products. In particular, as I shall now argue, it also made available by a quite different class of consumer goods: those which are used by consumers to engage in their *own* 'own sake' activities.

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pointless in the absence of suitably competent and appreciative consumers: performances without audiences, books without readers, and so on.

25 But not in the sense of 'consumer-friendly' often intended by its advocates: see the final paragraph of this essay on this.

26 Scitovsky notes that Alfred Marshall expressed considerable optimism about this kind of production and consumption. Distinguishing what he called 'wants', or satiable desires, from 'activities', which may often be pursued for their intrinsic satisfactions, Marshall claimed that the desire for activities "... leads not only to the pursuit of science, literature and art for their own sake but to the rapidly increasing demand for the work of those who pursue them as professions. Leisure is used less and less as an opportunity for mere stagnation and there is a growing desire for those amusements, such as athletic games and travelling, which develop activities... Desires of this kind exert a great influence on the supply of the highest faculties and the greatest inventions; and they are not unimportant on the side of demand. For a large part of the demand for the highly skilled professional services and the best work of the mechanical artisan arises from the delight people have in the training of their faculties and in exercising them ... Although it is man's wants in the earliest stages of his development that give rise to his activities, yet afterwards each new step upwards is to be regarded as the development of new activities giving rise to new wants..." (Marshall 1930, pp. 88-90, quoted in Scitovsky 1986b, p. 187). Scitovsky himself (1986c, p. 156) argues for public funding to support the 'educative' experience of creative products.

27 One might also be sceptical about the potential impact of producer-friendly ethical consumption. Apart from doubts about its motivational plausibility, there would be major difficulties in providing the kinds of information needed for consumers to act in this way, just as there are in the case of environmentally-friendly products. Lane himself discusses the possible use of a 'producer-satisfaction audit', but rejects this because it would reduce competitiveness: see pp. 330-1.

#### 4 'The productive use of consumer goods

For Scitovsky, the peculiar attraction of creative products is that they enhance the well-being of their consumers whilst at the same time enabling their producers to engage in own-sake activities. But as well as enjoying their appreciation of these when conducted by others, consumers may also be expected to enjoy and benefit from their own engagement in such activities. In at least many cases, this will require them to purchase goods which enable them to do so. I shall call these *equipment-goods*: examples of which would be seeds and tools for gardening, furnishings for home-making, electronic keyboards for playing music, boots and binoculars for bird-watching, and so on.<sup>28</sup>

Whereas the production and acquisition of equipment goods takes place through the market, the own-sake activities which they make possible are conducted in social contexts which differ from the market in several important respects. In particular, since these activities are not concerned with the production of marketable goods, they are not vulnerable to the prioritisation of consumer satisfactions over producer well-being which Lane regards as the most damaging feature of the market. Further, their conduct is unlikely to involve the stupefying effects of the (detailed) division of labour. Nor are they subject to 'the hidden costs of (extrinsic) rewards', since no such rewards are available. Yet if one considers the various kinds of benefits which, according to Lane, can accrue to those engaged in economic production 'at its best', there seem few if any that cannot be achieved through these equipment-based activities: the development of cognitive complexity through the performance of demanding tasks, a high degree of self-direction, the achievement of self-esteem by meeting appropriate standards of excellence, and so on.

The purchase and use of equipment-goods is a significant feature of contemporary market economies, and arguably increasingly so. No doubt, as with creative products, it would be implausible to expect this kind of consumption to predominate. But this does not have similarly negative implications for the prospects of its benefits being widely distributed. For whereas the producer-benefits of creative products can be experienced only by those involved in their production - and indeed only by relatively few of these, due to the division of labour - what might be called the 'production-like' benefits of equipment-based activities are available to anyone with the financial resources to pursue them, whatever (if any) kind of economic production they are involved in.<sup>29</sup>

Admittedly, since satisfying work and high income themselves tend to be positively correlated, the availability of production-like benefits through consumption may do little to mitigate what Lane rightly sees as the unjustifiable inequality in current distributions of well-being. Thus those who belong to Lane's 'privileged class' of producers will not only experience the benefits of intrinsically satisfying work, but will

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<sup>28</sup> There is also another class of equipment goods, namely those used in the production of further goods outwith the market, especially through unpaid work (performed mainly by women) within the household: for example, the ingredients and kitchenware used for the preparation of meals. Partly analogous points apply to these - but only partly, since the 'demands' made on their producers by other household members have some similarity to those made by consumers on producers in the formal economy. See also Note 10 above.

<sup>29</sup> However, whereas creative products are inherently producer-friendly, this is not so for equipment-goods. Fishing-rods may be wonderful for those who enjoy fishing, but there is no reason to expect that, because of this, their production will be wonderful for those who make them.

also possess the financial means to engage in equipment-based activities; those who do not will have only the latter to rely on, and will have less resources to support them in doing so. However, if production-like benefits are indeed available through consumption, and not through production alone, the equalization of income distribution would have a far greater impact in reducing overall inequalities of well-being than Lane believes it to have.

What I have suggested here also casts doubt on Lane's overall thesis that work is a greater potential source of well-being than consumption. Yet his argument for this is apparently supported by extensive empirical evidence about the relative contributions to well-being from these two sources. Does this mean that what I have said simply flies in the face of the facts? I think not, since on closer examination this evidence can be shown to be equally consistent with what I have suggested, and not to support Lane's thesis instead. There are two main reasons for this.

First, the evidence which Lane cites from life-satisfaction studies does not refer directly to the respective contributions of work-benefits and *consumption*, but to those of the former by comparison with those deriving from *income*. Further, in most of the studies he cites, income is itself distinguished from leisure. Lane interprets the absence of a strong correlation between *income* and life-satisfaction as showing that *consumption* makes a relatively minor contribution to this. But the equipment-based activities I have talked about would typically be classified as 'leisure' activities, and the same evidence suggests a quite strong correlation between life-satisfaction and leisure. So the evidence here is not inconsistent with what I have suggested.<sup>30</sup>

Second, whereas Lane's discussion of income and/or consumption mainly addresses its contribution to overall *life-satisfaction*, his analysis of the (actual and) potential benefits of work mainly concerns its contribution to *development*, along with the intrinsic satisfactions of demanding and discretionary tasks and the like. There is no direct investigation of the various kinds of intrinsic satisfaction which might be generated through consumption, and hence no evidential basis for regarding work as a superior source of these. Likewise, the evidence he presents does not enable one to compare the contributions potentially made to development by work and consumption, since it is only the potential of work for which evidence is provided. So again, the evidence cited by Lane is quite consistent with what I have suggested, since it does not directly bear upon it one way or another.<sup>31</sup>

However, in arguing that Lane may be mistaken in his comparative evaluation of production and consumption as potential contributions to well-being, it should be emphasised I am not questioning the

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30 Lane himself notes that money is only a means to consumption (p. 414), and that it is not the act of purchasing that yields utilities but the ensuing use of what is purchased (pp. 469 and 474); indeed it was partly these comments that led me in the direction I have taken here.

31 Lane does in fact note that leisure may be used for freely performed activities (p. 366), and that reading books and taking vacations might contribute to self-development (p. 472); but the significance of these points is not developed. However, I do not wish to criticise Lane for failing to examine the nature and potential of (different forms of) consumption with the same care and precision he displays in the case of production - especially as he declares at the outset (p. 4) that he will not give any serious consideration to leisure, and will hence be unable to assess its potential by comparison with work as a source of well-being.

criteria he uses in making these judgments.<sup>32</sup> Rather, at least in the case of 'production'-benefits, I am questioning his tendency to assume that these have a unique *location* in the sphere of economic production, and are correspondingly unavailable 'elsewhere'. For what is implied by my account of equipment-goods - and to some extent also by Scitovsky's account of creative products - is that there are 'locations' other than economic production for the experience and enjoyment of production-like sources of well-being, and that it is through consumption that these become available.<sup>33</sup>

What is also implied is that one should be wary of the not uncommon use of the distinction between production and consumption - or between producers and consumers - to characterise more general differences of outlook, attitude or values. For example Eugene Kamenka, in his illuminating commentary on Marx's early ethical writings, draws the following contrast between 'the morality of the producer' and that of 'the consumer':

"The producer emphasises activities, a way of life, a morality; he is stirred by production everywhere and brought together by the productive spirit with other producers. The consumer emphasises ends, things to be secured; he subordinates himself and his activity to these ends; his sentiments are not productive but proprietary and consumptive; his relations with other consumers involve friction, hypocrisy and envy."<sup>34</sup>

In calling the former morality that of 'the producer', Kamenka is presumably not implying that these are the attitudes displayed by all or most *actual* producers. Rather, these are attitudes that it is possible, ideally, for producers to acquire and display, despite the fact that very often - in conditions of alienated production

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32 But I would in fact wish to question them in at least one respect. Although Lane's adoption of the 'development' criterion means that his conception of well-being includes an 'objective' element, and is thus not limited to the 'subjective' criterion of life-satisfaction alone, it is arguable that there are other similarly objective aspects of well-being which should also be included: in particular, the enabling of various kinds of action or activity (see Sen 1992, ch. 3 on 'capabilities and functionings', and O'Neill 1998 ch. 3 on subjective v. objective conceptions of well-being). My discussion of equipment-goods itself points in this direction. I have confined myself to noting how their use is typically associated with what Lane would regard as 'development'; but what is surely also relevant is the contribution to well-being made by the uses to which they are put. This has important implications for the relationship between affluence and well-being: that increased affluence does not bring greater life-satisfaction is compatible with its nonetheless improving the range and value of what people can do.

33 A similar objection might be made to Marx's conception of non-alienated labour, with which Lane's depiction of 'production at its best' has much in common. For Marx likewise tended to assume that it was only or primarily through engagement in economic production that the benefits of this kind of activity could be experienced. Yet this assumption generates a serious difficulty when combined with his additional claim that in 'truly human' production, workers would not only realise their species-distinctive powers of creative, self-objectifying labour, but would also produce goods which are aimed at (and succeed in) contributing to the well-being of those who receive them (see Marx 19?? ) Unless these products themselves enable their recipients to realise their species-distinctive powers, it is difficult to see what 'good' is being done for them; but if such powers can be realised only through engaging in activities in the sphere of production, no such benefit can accrue to them in this way. Only if the location assumption is removed, I suggest, can this difficulty be avoided. It might also be argued that Marx's and Engels's vision of the social division of labour being transcended in communist society, with individuals no longer being confined to a single 'productive activity' (see Marx and Engels 1846, p 54), could only be realised outwith the sphere of production, through the diverse range of activities made possible by equipment goods and the appreciative 'consumption' of others' creative products..

34 Kamenka 1972, p. 113; Kamenka is also drawing here on the work of John Anderson, many of whose papers are collected in Anderson 1962.

- they do not, and may even instead display those attributed to 'the consumer'. But what then is implied about consumers? Is it that they inevitably display the attitudes of 'the consumer'? If my argument about 'locations' is correct, this would be mistaken. Rather one should say that whilst actual consumers may often display such attitudes, this is not inevitably so, and that when consumption is 'at its best', they may instead display those of 'the producer'. But if this is so, it is surely misleading to use the terms 'producer' and 'consumer' to name these different moralities.<sup>35</sup>

To conclude, I return to the welcome I gave to *The Market Experience* at the outset of this essay as a challenge to those who celebrate the displacement of production by consumption as a source of self-identity, and who see the market as protecting the interests of consumers against producers and ensuring the consumer-friendliness of production. To what extent would the criticisms I have made of Lane's position imply some 'cooling' of that initial welcome?

Clearly, if what I have argued is correct, one should be less concerned than Lane is by the market's tendency to prioritise consumer over producer well-being, since in at least some cases the former may have greater value than Lane attributes to it. But this does not mean that the latter should quite happily be sacrificed for the former, as those who champion the cause of consumer interests against producers seem to imply. Rather, one should regard such a conflict of interests as at least partly a conflict between *goods*, between significant yet not always co-realizable sources of well-being, and there is no reason why demands for producer well-being should be seen as inherently illegitimate.<sup>36</sup> Consequently, wherever the market does in fact cause such sacrifices to be made, this must provide at least *prima facie* grounds for its regulation.

For the similar reasons, any measures that might reduce the likelihood of such conflicts between producer and consumer well-being arising should be greatly welcomed: for example, those which might foster the production and consumption of creative products, where producer-friendly consumption and consumer-friendly production tend inherently to coincide. But this is not 'consumer-friendliness' in the sense typically given to this term by those who use it approvingly. For neither creative products nor the use of equipment-goods need be immediately accessible or undemanding; indeed it will often be precisely through the demands they make on consumers that their value can be appreciated. Likewise, what I have said about the potential value of consumption provides no support for those who see this as preferable to production as a basis for self-identity, since on my account what is most valuable about consumption turns out to be its

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<sup>35</sup> Perhaps more importantly, this would also suggest the need to develop accounts of alienated and non-alienated consumption, analogous to those for production (see Kellner 1983). That Lane too may have some sympathy for this way of distinguishing 'producer' and 'consumer' moralities is suggested by the following passage: "A person who builds self-esteem on income or consumer goods is generally considered in some sense less estimable than one who bases self-esteem on craftsmanship, skills, work or even independence from control by others. The grounds for this intuitive judgment are complex, but they have something to do with the greater value of creating rather than consuming, of doing rather than having, of something more integral to the person than what might be acquired by gift or luck." (p. 414).

<sup>36</sup> Cf. Keat 2000b, section 6, where I use the same 'conflict between goods' formulation in the context of criticising MacIntyre for apparently attributing so little value to (modern) consumption, and for therefore being unconcerned by the possible conflicts between the benefits accruing to 'practitioners' and the well-being of consumers. One reason for my interest in Lane's work is that it would, if correct, provide some

production-like character.<sup>37</sup> Thus although my initial welcoming of *The Market Experience* must now be qualified, there is no question of endorsing instead the positions I have presented it as challenging.

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justification for this 'lack of concern' on MacIntyre's part; correspondingly, my criticism of MacIntyre depends for its plausibility on being able to show there is something wrong with Lane's position.

<sup>37</sup> See Whiteley 1994 on the 'demands' quite rightly made on their audiences by significant cultural products.



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