Material or Post-Material?

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The American political scientist Ronald Inglehart argues that 'the basic value priorities of western publics' shift in affluent times 'from giving top priority to physical sustenance and safety, toward heavier emphasis on belonging, self-expression and the quality of life'. Inglehart calls this shift in values 'post-materialism'. It's an idea that can be traced at least to the mid-1960s, and perhaps even to the pre-Depression 'flaming youth' of the 1920s, though it was the late 1960s – the period I call Aquarian liberalism – that saw the most significant shift away from the old politics of base materialism and toward the new progressivism of human rights, environment and community.

Public sentiment about the individual's relationship with the state has fluctuated like fashions since the nineteenth century. Following the depression of the 1890s, Australians – so often cast as rugged individualists, models of pioneer self-reliance – came to embrace a vigorous union movement, progressive political organisations such as the Protectionists and the Australian Labor Party, and a federalist political structure that would protect them from womb to tomb. Conservative policymakers from Prime Minister Stanley Bruce down later warned against excessive welfare, for fear of transforming Australia into a 'nation of mendicants'. But the 1950s saw a return to a bi-partisan commitment to what Paul Kelly has labelled the Australian Settlement and, in particular, the welfare state. State paternalism was mandated by both citizen and government.

That changed by the mid-1970s, when oil shocks and stagflation ended the western dream of uninterrupted economic growth. Despite governments' best efforts, state patronage of the working and middle classes no longer propped up prosperity and employment. Taking its lead from Margaret Thatcher's determination to end what she considered the stifling of individual incentive, western capitalism abandoned Keynesianism and borrowed from, if not completely embraced, the 'supply side' economics of Milton Friedman's monetarism. By the mid-1980s, Australians had witnessed the greatest political paradox of their age: a Labor government, led by former Australian Council of Trade Unions president Bob Hawke, deregulating the Australian economy. The impetus of globalisation, freer trade and small government thereafter changed Australian values. 'Big government' – notwithstanding the expansion of middle-class welfare in the 1990s – again became unfashionable.

The current financial crisis is likely to change all that yet again, at least for a while. As more government assistance is offered to individuals, and to such industries as tourism and car manufacturing, deeper and longer-term attitudinal changes are likely to follow. It's likely that Australia's middle classes will reassess their relationship with the state when they face real need. Moreover, Australians' experiences may produce electoral shocks. Just as the English middle classes' exposure to evacuees' extreme poverty contributed to the unexpected 1945 defeat of wartime hero Winston Churchill, in favour of the unassuming welfare champion Clement Attlee, by 2010 Australians may well be even more accommodating of big government. Indeed, despite the non-Labor parties remonstrating about Labor's 'squandering' of the Coalition's budget surplus, Australians don't at all appear dismayed at the prospect of a \$300 billion debt.

In one Newspoll, nearly four out of five surveyed Australians declared they would like to see government stimulus packages spent on social infrastructure, such as roads.

Attitudinal shifts, no matter how enduring, constitute but one legacy. A second level of change – and one buttressing the first – can be expected socioeconomically. Many in upper income brackets, such as those in medicine and law, will be quarantined from the crisis by virtue of their profession. Many more, despite previously strong earning capacities in such sectors as tourism, finance or mining, will be less fortunate. Yet more, on middle and lower incomes, will be financially ruined through unemployment, underemployment, declining wages and conditions, or eroded superannuation. While cavernous income gaps will continue, economic recession may flatten out middle and lower-middle income streams, with those on the lowest rungs – pensioners, the unskilled and the unemployed – the most severely affected. As such, many Australians will once again become disposed to government paternalism. Whether this will be a permanent conversion is impossible to say: for some it will; for others it will be short-lived, soon thrown off in a laissez-faire rebirth at the first hint of economic revival.

A third change rests on how we spend our increasingly precarious incomes. It surprises no one that the consumption of luxury goods nosedives in times of economic trouble. But cultural shifts are rarely simple and – if economic forecasters are to be believed – the length and severity of this current crisis suggest domestic cultural changes may be more enduring.

Newspapers and magazines have already had fun in speculating on the types of commodities families are, or will soon be, removing from weekly budgets. Restaurant dining, cinema tickets and new vehicles are the first places discretionary spending is cut, and it appears synthetic diamonds are now the vogue as a measure of a new-found personal responsibility for brides-to-be. But Time also reports sharp slumps in sales of more practical items, such as batteries, light bulbs and kitchen gadgets. Conversely, there are those consumer goods that soar in sales as families seek cheap ways to feed, clothe and entertain themselves. But again, less expected items – such as birth-control products – have also grown in popularity. In short, we might say western consumption following the financial crisis is reducing to the Three Cs: cans, condoms and conservatism. In purchasing canned foods, families hunker down for what they are told will be a long and bleak economic winter; in purchasing condoms, couples are wary of bringing into the world yet another mouth to feed; and in their overall conservatism, people eschew the risks of the outside world, looking instead to the warmth and protection of hearth and home.

It's this last trait – a propensity to look inward domestically – that represents the greatest cultural shift, morphing us from a globe of engaged, intertwined networkers to households of cultural homebodies. Either by necessity or by choice, Australians are likely to rediscover extended families over home-cooked meals. By contrast, work colleagues, club members and casual acquaintances – for so long the focus of the busy business networker – will be eschewed. And where networks are kept up, their ¬principal instruments of communication may well be online, on Facebook and Twitter.

Yet there's a fourth level of change that may at once be the most contentious, the most profound and the most difficult to measure. Morally and spiritually, Australians could emerge from this crisis transformed. Indeed, we may change twice in a short space of time.

Clive Hamilton and Richard Denniss labelled the West's material obsession a spiritual illness — affluenza — in which ethical and moral values are corrupted in an endless self-seeking cycle of material gratification. But this malaise extends much further than money: it has created a generation of Australians obsessed with making public their individuality. And while individuality can be a good thing when it means demonstrating difference from our neighbours, it quickly becomes a pernicious quality when it means wanting to be better than them. Very quickly, the West appears to have been transformed from a 'community first' to a 'me first' mindset. I call this phenomenon the spoiler society — a reference to not only individuals' spoiled nature, but also specifically to the type of cars we drive. Who hasn't noticed the number of spoilers now on even the most prosaic sedans? Once an expensive accessory, these appendages are today attached as fashion statements in a vain claim to superiority over fellow road-users.

Just as the Great Depression helped bond pre-war communities, though, this economic downturn may also remind people of the need to look out for our neighbours. This may translate into, for example, increased church attendances. We're also likely to see a rise in volunteer rates as recently retrenched workers, with time forced upon them, look outward to maintain skills and keep connected.

These predictions about individuals are only speculative; but predictions about how governments will emerge from the crisis are more certain. Despite any new-found love of state paternalism among taxpayers, governments are unlikely to return to Keynesianism at the expense of the economic rationalism adopted a quarter of a century ago. They simply cannot afford to, financially or politically. When the global economy recovers, any democratic administration unilaterally continuing a big-government approach risks attack from an opportunistic opposition. Charges of high debt and financial irresponsibility are easy populist points to score with a cynical electorate.

And this remains a risk, even amid heightened rhetoric against the free market. Kevin Rudd wrote earlier this year in his Monthly essay that 'the great neo-liberal experiment of the past thirty years has failed', and that, to recast the role of the state, 'social democrats would need to draw, in part, on a long-standing Keynesian tradition'. There's little doubt Rudd and other western leaders are committed to smoothing the rough edges of neo-liberalism. But to suggest that governments will totally abandon the macroeconomic framework of the past three decades is absurd. Perhaps the best evidence of a world not really wanting to return to the 1970s is the near-unanimous call to maintain free trade, and to resist the temptation for nervous states to retreat into their protectionist shells.

So how material or post-material can we expect the post-crisis village, state and globe to be? The choice is ours, but the constants will far outweigh the differences. Keynesianism will not be resurrected; market economics will merely continue, with governments playing a slightly more active role, if only temporarily. This not a value judgement of monetarism: it's simply an acknowledgement of the deeply entrenched economic and political realities.

Yet, if voters and policymakers retain even a shred of the post-materialism garnered from the crisis, the effects of the next economic collapse might be tempered just a little.