# BREAKING THE CONSUMPTION ADDICTION

Economics Professor Atrios notices that the housing industry is—predictably—asking for its share of the bailout and points out that it's probably not a good idea to try to reinflate the housing bubble.

> **Department Of Really Bad Ideas**
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> While I've been more than a little skeptical about Treasury and Fed shotgunning trillions to their rich friends, there are at least germs of arguments here and there for why some of it may be desirable. But the home builders are serving up an even stinkier shit sandwich!
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> > *The builders' lobby is ramping up its sales pitch for a $250 billion stimulus package called "Fix Housing First," arguing that financial markets won't recover until home prices stop falling. They are calling for a generous tax credit for home purchases and a federal subsidy that would lower a homeowner's mortgage rate.*
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> REINFLATE THE BUBBLE! REINFLATE THE BUBBLE!

But that's a problem with bailing out our economy, in general. You can't bail out the housing industry—at least not in the way they want—because that'll just encourage the same kind of foolish investments that got us into this problem.

Similarly, though, we need to make sure any auto bridge attempts to shift the profit calculation for manufacturers, because right now, producing gas guzzling behemoths would be the quickest way to pay off federal loans.

And what about the retail industry? While the emails listing tons of retail closings are over-stated, you've still got outlets like Ann Taylor and Footlocker and Macys closing stores and crappy chains like Circuit City going into bankruptcy—and that's before what promises to be a dismal Christmas shopping season. That means that a lot of people who can least afford it—those with minimal education, seniors returning to the workforce, and so on—may lose their jobs. Nevertheless, I sort of regard it as a good thing that people aren't going to spend $3000 on a fancy new teevee this year—that much money would feed entire families for a year in some developing nations. Eventually, we're going to need to cushion the losses of the retail sector—but hopefully we don't do it in such a way that encourages the orgy of conumption we've been on in recent years.

Granted, with sound policy decisions, we might be able to help out these struggling sectors while still encouraging sounder consumption choices: focus housing stimulus on those building denser housing to encourage less driving; use a gas tax to bail out the auto pension plans and, at the same time, invest in more efficient technologies; focus money on more local retail stores that buy American products and keep more money in local communities.

But all of that should happen after a national conversation about our consumption addiction. We, as a country, need to understand that, in addition to the evil CEOs making stupid decisions and the regulators abdicating their oversight role, this crisis was caused by our rampant consumerism. We need to discuss publicly what kind of consumption we should protect, and what really isn’t worth the $3500 credit card bill. Obviously, individual consumers are making these decisions on their own (or there wouldn’t be so many stores closing), but we as a society need to reach some consensus about what parts of the massive infrastructure supporting consumption we fold up and let die off.