

Would You Like Guns for breakfast

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One of the most common assumptions that we make while studying economic models is that the consumer is rational. Whereas in reality, the consumer is far from the realms of rationality, and closer to the T.V. screen or gawking at that billboard. The consumer is enslaved to the ideas spewed by the advertisers, who target his/her weaknesses (read insecurities) and provide 'solutions' to overcome it.

These solutions vary over fairness creams that will lighten one's complexion (some even come with a fairness scale for one to measure the 'progress') to deodorants for men which reduce women to their sexual urges. But they all have one thing in common: no real utility.

The breeding of a consumerist mentality was a necessary born out of a combination of cheaply available fuel and eventual overproduction that was then made possible. Applying the Say's Law of Markets, which essentially states that supply creates its own demand, to the surplus of finished products in the factory warehouses, we get advertisements which lured the naïve consumers into buying this surplus and thereby eliminating it. Credit was made to be easily available in order to boost this consumption. Thus, both the credit market and production expanded on the back of consumerism.

It was Keynes who first propounded the importance of consumption, but Marx had already warned us about Commodity Fetishism. Commodity Fetishism essentially is the separation of the human labour that goes into producing a good from that good. Effectively, a Diwali cracker will be just seen as its MRP, the pollution that it will cause or the plight of the child labourers are far removed from it.

According to Marx, under Commodity Fetishism a commodity is illogically ascribed with 'magical' properties which brings about a wide chasm between the exchange value (the value at which the good is traded in the market or exchanged for money) and the use value (the commodity's worth in terms of its utility). PR activities such as celebrity endorsements lend a charm and certain qualities of the celebrity's personality to the product at hand, which increases the product value far above its intrinsic worth in the eyes of the consumers. On the other hand, there are certain products which are a class in themselves and are proud status symbols. For example, take any Apple product, it has lesser space, smaller size and yet always the higher price, in comparison to its counterparts. It is a sign of luxurious living and attainment of a higher standard of living, something all consumers are expected to aspire to.

With the increase in production and mushrooming of the credit services, one should be led into thinking that consumerism isn't so bad after all. That consumerism paves the way for an increase in employment opportunities and improved standards of living for the people. It gives rise to industrialization and the production of a more varied set of goods and services. In a nutshell, consumerism leads to economic growth.

But the harsh reality is that an economy can't just keep on growing and growing. Consumerism is just a misguided interpretation of Keynesian economics. For the scarce resources that fuel this growth will get depleted, rendering consumerism unsustainable.

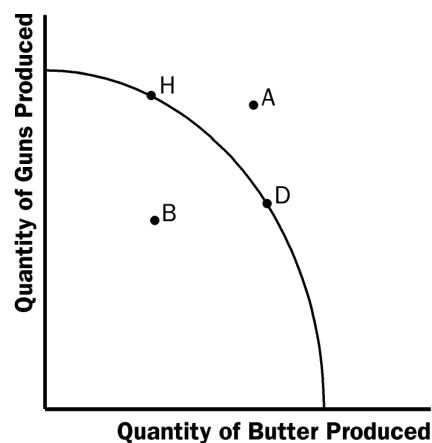
Moreover, it is not just the matter of limitation of resources but also their sheer wastage. For the producers keep on coming up with different versions of the existing range of products. These 'upgraded' models are nothing more than slight variations of their preceding versions. And the consumers, who have imbibed materialistic values after being thoroughly encouraged and conditioned into buying these by the rampant and ubiquitous advertisements, inadvertently buy these, without really needing these. The old products which have now been rendered obsolete and out-dated are then discarded or simply stored away.

However, the newer versions don't necessarily have to be better, because the spread of consumerism has had a disincentivizing impact on production and making quality, durable products is no longer a priority for most. For example, Thermocol crockery and Plastic cutlery have become widely popular for serving food in during small scale functions because of their low prices and disposable nature. Not much regard is paid to the environmental degradation they will cause on disposal, during both their manufacturing and purchase.

Consumerism hasn't only tampered with the state of environment but has also weaved materialism into the collective conscience. The people have been enslaved into needing goods, goods that are of no real utility to them, but the advertisers, who seduce them for the profit of the capitalists.

Another cost of consumerism stems from the scarcity of resources. For at the heart of any production activity, there is a problem of choice; a choice of allocating limited resources having multiple uses to unlimited wants. This choice can be between producing expensive-durable goods or cheap-disposable commodities, as described in an example previously; or between producing a good which the

nation needs and the one which the state requires to maintain its superiority in front of other countries. Either way, the trade-off entails an opportunity cost. The latter can be exemplified by the allocation of resources between Guns and Butter.



Consider an economy has a choice of production between butter and guns. The horizontal and vertical axes represent the quantity of butter and guns produced respectively. If the economy employs all its resources in the production of either of the two commodities then the graph shows all the possible combinations of the two commodities that can be produced and it is termed as the 'production possibility frontier'. Combination A is not feasible whereas combination B is feasible but is not efficient. Combinations H and D are both feasible and efficient as they lie on the frontier. If we move from combination H to D, the economy needs to produce lesser guns in order to produce more butter, which is what was earlier stated as opportunity cost. The opportunity cost of producing anything will be higher when more of it is being produced. For instance, for producing a combination H, all the resources suited for its production are being utilized efficiently. But for any combination to the left of H, resources which are suitable for the production of butter will have to be employed to now produce guns, and hence will not possess equivalent efficacy. Consequently, a higher production of guns when its

quantity is already larger than that of butter, will lead to a higher opportunity cost.

Such an understanding is useful for reflecting on the proliferating fetishism of armament. The human race is not only enslaved by it, but by all means, spends large amounts of funds to perpetuate its slavery. It rests on similar principles of needing without utility. Whether it was the naval arms race between United Kingdom and Germany that led to the breaking out of the First World War or the nuclear arms race that sprouted during the Cold War, an armament race has fuelled mankind's greed to protect itself from a hypothetical future while compromising its present. The fetishism of armament during the Cold War had urged Russia to build up a military-industrial sector which employed one of every five Soviet adults and its dismantling left hundreds of men unemployed in the Post-Cold War period. To question the validity of such a policy wouldn't be elusive but a solemn need when even after such disastrous results, we are still fairly aggressively, trying to stock munitions and devise nuclear ways of self-destruction. Because there was no formal treaty terminating the armament, the two superpowers, USA and USSR, continued in varying degrees, to develop and modify their existing nuclear weapons and delivery systems. The implication of such slavery is horrific as it distorts the proper allocation of resources hampering the more needful requisites. Neglecting the internal fulfillment of basic needs of the populace while externally fortifying it will eventually leave no populace at all.

The larger economic consequence of the Cold War was a huge fiscal mortgage placed on many domestic countries. The newly freed nations inherited expenses and commitments for which they were not prepared. Even some of the successor states found themselves sunk in national-security burdens. This had a crippling

effect on the ability of these countries to tend to more pressing needs of its people, reflecting the trade-off faced by governments at the cost of its citizens' welfare. After all, guns can't be had for breakfast.

In the Chance for Peace speech in 1953, US President Dwight D Eisenhower hinted at this very trade-off, citing specific examples," Every gun that is made, every warship launched, every rocket fired signifies, in the final sense, a theft from those who hunger and are not fed, those who are cold and are not clothed. This world in arms is not spending money alone. It is spending the sweat of its labourers, the genius of its scientists, and the hopes of its children. The cost of one modern heavy bomber is this: a modern brick school in more than 30 cities. It is two electric power plants, each serving a town of 60,000 populations. It is two fine, fully equipped hospitals. It is some fifty miles of concrete pavement. We pay for a single fighter plane with a half million bushels of wheat. We pay for a single destroyer with new homes that could have housed more than 8,000 people".

In 1964-65, US President Lyndon B. Johnson had launched a domestic program called 'Great Society'. The primary intent of the program was removal of poverty and racial injustice. But at the same time, Johnson was involved in the arms race of the Cold War and the Vietnam War. These wars put added burden on the economy which hampered the Great Society program. This again highlights the cost of war and expenditure on armament on the economy and its people.

Americans for Peace Prosperity and Security (APPS) is a new lobby group founded by former FBI agent Mike Rogers. The tagline for APPS is 'keep America safe' however a scrutiny of its leader board suggests that business interests could also be a driving factor. A report by The Intercept suggests that several of its national advisory members

have strong business links with defence companies and would profit much if America pursues a more aggressive foreign policy post 2016. Now if the country with the highest military budget spends even more on ammunitions and defence systems, the opportunity cost of it is only going to rise higher and higher.

According to a report by Stockholm International Peace Research Institute on countries with military expenditure, India stands as the 6th largest. It incurred an expense of \$51.3 billion in 2015. Also, there were plans to expand by about 8% in 2016. The same institute conducted a study in which India topped the list of weapons importers and accounted for some 15% worldwide arms imports between 2010 and 2014. An NDTV reporter, Pheroze Vasunia, wrote in one of his articles: “The question is: should India devote such a large part of its budget to the military? The issue is not only financial, but moral and political. While spending on defence increased, the budgetary allocation for health was reduced by 5.7 per cent to Rs. 33,152 crore. Would the money given to defence not be better spent on the development of public healthcare, education, affordable housing, and infrastructure projects?”

The Statesman reported that India spends only 1% of its GDP on health and 2.3% of the same on military procurements. 50% of Indians don't have proper shelter, 70% don't have access to decent toilets, 35% households don't have a nearby water source, 85% of villages don't have a secondary school and 40% of these same

villages don't have proper roads connecting them and ironically, it is the same country with 9% annual growth!

What is the opportunity cost of \$51.3 billion of military spending? A funereal reality of thousands of empty stomachs, havoc of poverty in everyday life and dead hopes of more than half a thousand million of its citizens. And the bigger question that remains is; is it all worth it?

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