

The Corporatized Child

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About a month ago, my 2 1/2 year old daughter Cassidy was working very hard on figuring out how to take her clothes off. One evening she disappeared into the bedroom, only to come bursting out a few minutes later, buck naked and arms flung wide, explaining: "I escaped my clothes!" My wife and I, of course, cracked up. But just to be sure we understood, she added, still gleeful, "Escape means free!" And then she danced.

Cassidy has never watched a TV show in her young life. It's taken some doing, but so far, as best I can tell, she has escaped the clutches of corporations that want to emblazon their logos into her mind and instill a passionate desire for their products in her heart. But I am not naïve. I know we, my wife, Cassidy's community, and I, have some monumental challenges ahead if we are to protect her from the marketing deluge she will surely face. I also know we cannot do it alone – that our society will have to change in fundamental ways if she is to fully escape its commercial indoctrination.

Today I do want to talk to you about marketing to children – how it's become much worse than most of us realize and how, beyond the many specific ways it is harming children, it is preparing them to embrace global capitalism. Massive marketing is leading to what I call the corporatized child.

Stated differently, in the U.S, and increasingly on the global level, corporate advertising is now so effective that it is having a significant impact in child development.

But I also want to talk to you about an enticing opportunity. A close look at why corporations are intensifying their targeting of children despite overwhelming evidence of the harm they are doing leads us to the structure of corporations themselves, and to the economic system that has spawned them. I'm speaking of corporate capitalism.

Strangely enough, our profession treats economic systems as if they don't have significant psychological consequences. This pattern parallels the absence of ecological systems in our psychological theories and practice – an absence ecopsychology seeks to redress. But economic systems are human made and everyone knows they have a psychological impact - at least economists, sociologists, anthropologists, political scientists, and most of the general public do. And certainly corporations understand the power of economic systems to influence people.

Nevertheless, this insight has escaped our discipline. The omission is even more curious considering that psychology is now recognizes the emotional and behavioral consequences of

social institutions such as sexism, racism, heterosexism, and ageism. Why is social oppression within the scope of our field and economic oppression not? Indeed, later in this talk, I will draw from a feminist perspective to evaluate some of the inherently oppressive features of capitalism.

The fact is there are many – and I believe many exciting - ways to address the psychological dimension of economic systems. I will present several today. Some are obvious, but others, I believe, are not.

Further, the development of a psychological analysis of economic systems allows us deeper insights into the alternative economic systems that we so desperately need.

The Corporatized Child

I came to my interest in marketing to children through ecopsychology. The connection is pretty straightforward. I wondered why people were constantly consuming, and thus supporting the corporate dismantling of the planet's ecosystems, when the accumulation of wealth doesn't make them any happier. The answer I quickly came to was modern marketing – its sophistication and ubiquity. The more people believe they need an endless array of material goods to be happy, the harder it is to live sustainably. The more time that is devoted to consuming – from making money, to worrying about making money, to shopping, to thinking about consuming, either through exposure to advertising or fantasizing about new purchases – the less time is devoted to activities that satisfy non-material needs – family and friends, creative and artistic endeavors, spiritual practices, etc. I think all this is pretty obvious to this audience.

Some recent history

Marketing to children didn't really take off until the 1980's. In 1983, US companies spend \$100 million on advertising to kids. By 2005, it was \$16.8 billion. In turn, children are influencing the spending of 600 billion annually – well over a trillion worldwide – and the figures rise with each passing year.

Incidentally, in the last few years international advertising to children has risen sharply and is accelerating. Marketing to children in India is advancing at breakneck speed, and China and Brazil are not far behind. When multi-national corporations introduce large-scale advertising to children in these huge untapped markets, their sophisticated techniques and large distribution systems insure that it's not a matter of decades, as it was in the U.S., but of years before these children, too, are growing up in a commercialized environment.

But back to the U.S. Since the 1980's, the saturation of children's' lives with commercial messages has advanced in three major ways. First, marketing has spread to every nook and corner of children's lives – to the internet and throughout all forms of media, to schools, including textbooks, to hospitals, buses, and subways, and to virtually any public event children attend or place they are likely to show up. The Smithsonian has a huge McDonald's within its National Air and Space Museum - the most visited McDonald's in the country.

Second, marketing has become far more sophisticated and refined. These days, advertisers speak of Kids Getting Older Younger, KGOY, meaning, they claim, that children have become media

savvy and therefore require more subtle modes of marketing to be reached. More subtle, when unpacked, means more devious, intrusive, and manipulative.

Take, for example, the GIA, or Girl's Intelligence Agency, a relatively new company that offers its corporate clients the assistance of 40,000 girls, ages 6-18, to introduce new products. GIA calls these girls its "agents." A profile of each agent is posted on GIA's website. The girls have email access to "Agent Kiki," a supposed young woman fashion adviser who is really the staff at GIA.

GIA is known for its Slumber Party in a Box. Client-corporations hires GIA to introduce toys, films, TV shows, health and beauty aids. The young agents then throw a slumber party for up to 11 girls. The friends are not told the party is sponsored. The agents pass out free products supplied by GIA's client. Girls report back to GIA on their friends' reactions and provide other kinds of information – what the girls are listening to, what's fashionable, what they buy for their bedrooms. GIA tells its agents that they "gotta be sneaky." The company claims each agent has access to 512 girls, which translates to 20 million girls nationwide.

Proctor & Gamble boasts 250,000 teenagers – identified as leaders – that it is able to call on to create buzz for its large line of products.

These are examples of what is variously called stealth or viral or buzz marketing. The aim of such advertising is that the customer remains unaware that she or he has just been exposed to a commercial. It is a rapidly growing mode of marketing that targets children and adults. It's also a good way to get around those savvy kids.

Advertising is also continually becoming more refined. Advertisers divide children into groups based on sex, age, developmental stage, ethnicity, race, income, religion, school, and a host of other variables – an approach called niche marketing. Specialized marketing conferences now take place on how to sell to tweens, to Latino children, and to Chinese children in China. Kids are constantly under a marketing microscope, their habits, desires, fears, dreams, and vulnerabilities being dissected by skilled observers and researchers with vast resources at their command.

And by the way, this is my non-paranoid version of what is happening.

The third major trend in advertising –ubiquity and sophistication being the first two – is to market to children at ever younger ages. First teens, then pre-teens, or what marketers call tweens, roughly ages 6-14, and now toddlers and babies. In fact, the baby market has burst out of the gates in the last two to three years. We now have, for example, BabyFirstTV, a cable and satellite TV station that broadcasts 24/7 and has a target audience of 6 months old to 2 years. Although it is currently commercial free, it's a sure bet that the characters in BabyFirstTV's shows will be licensed.

There is also Time Warner Network's Tickle U, a two hour block of programming that targets children aged two to five and airs five days a week. The makers of Tickle U tell parents that the

show will teach children to have a sense of humor, which will help them grow cognitively and socially. Did you know toddlers and small children had to be taught to laugh?

Classical baby is an HBO video and DVD that targets children 3 and under and is intended to be watched with children and parents together (more on that later). It has various characters playing classical music. Eugene Berensen, a Harvard Psychiatrist who helped develop it, pitches the program as follows: “Musical masterpieces, supported by enchanting animation in Classical Baby, provide a unique opportunity to optimize a child’s development and strengthen the bonds with parents. Classical Baby presents an extraordinary opportunity for parents and children to develop and grow together.”

I reported Dr. Berensen to the Massachusetts Psychiatric Association for unethical behavior. They ruled against me, saying he was simply expressing his opinion. I thought, and still do, that a psychiatrist couldn’t make unsubstantiated claims without at least noting that there wasn’t a shred of evidence for them, especially when the claims were on promotional materials for a product for which the psychiatrist was a paid consultant.

The baby video industry defends its aggressive targeting of toddlers and infants with two spins, both of which are pretty flimsy when held up to close scrutiny but which, like any good spins, on first take stir people’s desires and fears.

The first is that the industry’s videos and TV shows bring parents and children together. This, of course, is another unsubstantiated claim, but it is one that sounds warm and fuzzy. There are much better ways for families to be together than staring at a screen, especially with infants and toddlers. Social and cognitive skills, not to mention love, are far better served by direct contact with parents and friends and through active engagement with the world.

How often will families view these shows together? I don’t know, but everyone knows they will be used primarily as babysitters. It’s the dirty secret of this game. To counter this, the child video industry claims its products are educational. This is the second spin. It cleverly plays on parents’ fears of their child being left behind and their hopes for their children to get ahead.

Do parents and toddlers need such intense achievement pressure so early on? Just the opposite. Young children thrive under conditions of free play during which they can let their imaginations run wild and their attention spontaneously focus on their immediate surrounds. Achievement anxiety poisons such a supportive atmosphere.

Further, and once again, there is virtually no evidence that these videos provide any educational advantage. The few studies that exist suggest that viewing such shows impairs some forms of future cognitive development.

Nevertheless, 27% of babies have Disney’s Baby Einstein. My group, the Campaign for a Commercial-Free Childhood (CCFC), has filed a complaint through the Federal Trade Commission against Disney and Brainy Baby, two leading producers of videos for babies and toddlers, for false and deceptive advertising.

Another concern about hooking children on screens early in life is the current trend for young children to be spending more of their lives parked in front of the TV or computer. Already children are spending more time with the media than with their parents.

A recent Henry Kaiser Foundation Study reported the following:

61% of American children under 2 watch TV or videos

19% of children under 1 and 29% ages 2 - 3 have TVs in their rooms

43% of children under 1 watch TV every day

59% of children under 2 watch more than 2 hours/day.

Further, the so-called kid-vid market is generating \$4.8 billion annually, with TVs and videos for infants and toddlers bringing in \$100 million a year. Clothing and footwear for infants, toddlers and pre-schoolers generated close to \$17 billion in 2005, a figure that is rapidly climbing.

BabyFirstTV just licensed its shows to 10 cable companies and is now shown in Latin America, Asia, the Middle East, Canada and Europe.

The only reason these marketers have stopped at 6 months is they're not sure yet how to reach tiny babies. If they could effectively broadcast from within the womb, I'm sure they would.

I'd like to mention one other advertising practice relevant to this discussion. Marketers of adult products now target young children, pitching such items as hotels, houses, cars, banks, and gasoline - recall the cartoon cars in gas ads. There are two reasons for this. First, children influence their parents' choices, and apparently this influence is on the rise (this is called by - marketers the "nag factor"). Second, early exposure creates brand loyalty - get people hooked young and you'll have them for life.

Internet

Let's turn, for a moment, to the internet. Internet marketing to children, of course, is a massive enterprise that is becoming integrated with cell phones, ipods, and other forms of electronic communication. Many companies have web sites designed for children with games, contests, and other fun activities. These websites are loaded with advertising. I want to mention three recent developments to give you a taste of what is going on.

Google, Yahoo, Microsoft, and AOL are gobbling up web ad firms. For example, Microsoft just bought the web ad firm aQuantive for about \$6 billion, it's largest acquisition to date. aQuantive has an ad-serving technology that uses data collected across the web to figure out which ads are likely to be relevant to a particular user.

Thus, when a child goes to a new website an ad is delivered to the child from a marketer who is trying to reach this type of youngster. The ad-serving technology could also, for example, make a

match between the marketer's target audience and typical readers of a news article on a particular website.

Estimates are that online advertising will account for 10.2% of all advertising by 2010. Companies such as aQuantive will help giant media corporations deliver ads to online video games, cell phones, and internet TV services. The intention is to integrate all electronic communication - TV, Internet, phone, etc. – until “personalized” ads are delivered via any electronic device a person might use. Such ads would be based on factors such as individual's age, income, ethnicity, interests, and, of course, spending history.

Another major source of advertising to children online are interactive role-playing games. In 2003, for instance, Sony's Everquest had half a million subscribers worldwide, with 60,000 people logged on at any given moment.

Everquest features a virtual world called Narrash. The average Narrash citizen at that time spent 35 hours a week logged on. Ninety-three thousand players spent more time “there” than at their jobs.

Interactive games are very popular with “tweens.” Worldwide over one-third of urban tweens have at least two avatars – characters they have developed for interactive games. Twenty percent of tweens say they prefer the virtual world to the real world.

In the near future marketers hope to introduce real money into these virtual fantasylands. A child could, for example, purchase the same hat for herself and her avatar. The real hat would be shipped to the child. An avatar could get a real job with real pay as a clerk, say, at a virtual Wal-Mart. In this way global online “communities could be created that blur the boundaries between the real and virtual worlds and that revolve around the wares of transnational corporations. Children could participate in these worlds from an early age.

My Space Generation

Yet another example of Internet advertising involves sites such as My Space Generation that were originally developed for social networking among young adults and teenagers. Participants create profiles of themselves for the sites, exchange tips on the music scene, and gossip. These sites can make or break performers. Collectively, they have about 40 million members.

Media mogul Rupert Murdoch has spent between \$1-3 billion to acquire a number of these sites, including \$580 million for My Space Generation. Coke, Apple, and Proctor & Gamble have launched products and put ads on these networks, which are now appearing for pre-teens.

Lovemarks

Before going on to the harm caused by marketing, and what we can do about it, I want to tell you about lovemarks. Lovemarks are the third generation in the history of product name recognition that began with trademarks, moved to branding – which made the corporation that produces the product more important than the product itself – and now has evolved to lovemarks. Lovemarks are brands that consumers are in love with.

A successful lovemark is a marketing campaign that makes the consumer feel that she or he owns the product, not the corporation or its stockholder. We see this in LOVE postage stamps and McDonald's slogan "lovin' it."

The goal of this kind of advertising is to create an emotional association with a product based on set of connected sentiments such as mystery, sensuality, intimacy, respect, and loyalty.

As one prominent marketer put it, "... all successful brands have their own singular sweet spot in the brain of their prospects and, hopefully, a warm spot in their hearts. This sweet spot holds both the facts and feeling of what makes you different from your competitors." Kevin Roberts, CEO of Saatchi & Saatchi, the largest child advertising agency in the US, said of his company that it needs to stand for much more than an advertising agency: "What do we need to stand for? Love. Each and every product needs to stand for love, as does the agency itself." Similarly, Starbucks sets out to "establish emotional ties" to its products and Nike to "leverage emotional connections."

To sum up what has been said so far, marketing to children is everywhere, it's extremely effective, and it's targeting just about any child who can roll over. It has become a major player in child development, one that does far more harm than good. So let's look at its impact.

Negative Effects

Advertising to children is implicated in obesity, diabetes, cavities, and other health problems, in increased violence, in precocious sexuality, in a reversion to traditional sex roles, in the demise of play in young children, in alcohol and cigarette consumption and addiction, and in the adoption of materialistic values, and even more worrisome, as I will explain, of corporate materialism. I'm going to touch on each of these briefly. But note that these topics include children's health, relationships, creativity, sex roles, and values. That covers a lot of childhood. And I haven't even mentioned children's connection to nature.

Junk Food

The most publicized aspect of the commercialization of childhood is the child obesity epidemic sweeping through the US. I have 3 points I want to make here:

- 1) Research shows that the more children watch TV the more they weigh, probably due to a combination of exposure to more ads and less exercising.
- 2) Predictions are that if things continue as they are, the large increase in childhood-onset diabetes we are now witnessing will lead the next generation to live 5 years less, on average, than the current one. For children born in 2000, 1 in 3 children have a chance of contracting diabetes, 2 in 5 African Americans, 1 in 2 Latinas.
- 3) In response to this crisis the government is touting industry self-regulation, under which the obesity epidemic has flourished. Industry is pushing exercise, adding a few healthy items to fast food menus that don't sell, and advertising a handful of healthy foods, usually using licensed characters, which itself is problematic. Meanwhile, the marketing of junk food intensifies.

Senator Tom Harkin of Illinois has a bill pending that would return regulating authority of child marketing to the FTC, which was stripped of this power in the 1980's.

Violence

Violent media begets violent behavior. The evidence for this has steadily mounted for over 50 years. Five professional associations, including both APAs and the AMA, put out a joint statement in 2000 after an extensive review saying exposing children to violent media increases the risk of violent behavior. This is one of the strongest sets of findings in psychological research. Yet from 1985-2000, according to one fascinating study, even as the evidence mounted supporting the link between viewing violence and behaving violently, the media increasingly characterized the research as weak and inconclusive.

The stronger the findings became, the more the media reported them as dubious. Why? We can gain some insight into this question if we consider that the same large conglomerates that produce violent media often own the news media, as well. They have a vested interest in casting doubt on the extremely robust, and damning, results of violent media research.

Recently, four states have passed some form of legislation trying to limit the sale of extremely violent videos to very young children. About half the states are considering such legislation. In all four states, the video industry has convinced the courts to overturn the legislation or delay its implementation. A major reason: the free speech rights of the video industry. One California judge noted in his ruling that the video industry "had successfully cast doubt on the scientific link between viewing videotapes and acting violently." Psychologists were not in the middle of these fights, insisting that our research is on solid ground. But we should have been.

My point is that our work these days is not automatically available to the public, the courts, and to policy makers in a straightforward and accurate manner. Rather, if it is contrary to prevailing corporate interests it is likely to be discounted, distorted, and disparaged by the mainstream media, which is corporate-driven.

Our job, therefore, is not complete until our research and insights, and their policy implications, have become part of the full public discourse. To this end, I suggest that psychologists and psychotherapists contact activist groups that are addressing issues relevant to their practice and offer to be consultants. I also think we need to attend carefully to media representations of our work, and to media stories in which our areas of knowledge are pertinent, and then contact reporters, write op-ed and editorial pieces, testify in court, write articles and books, and otherwise engage in public discourse. Developing the skills to do this effectively and developing a professional identity that includes a strong dose of advocacy work needs to be part of our training. If it were, James Hillman's suggestion that clinicians go on strike to break the stranglehold insurance companies have on psychotherapy would be far more feasible.

Sex and the pre-teen girl

Another major new area of advertising is selling sexually provocative toys and clothing to pre-teen girls. One journalist described the most popular dolls of all time, Bratz, which outsell Barbie by 2 to 1, as "childlike dolls – all big eyes and big heads – packaged as hookers. They have pouting lips, bare midriffs, plunging tops, tiny skirts, and skimpy lingerie in black and pink."

The Bratz baby dolls for 2 year olds has ad copy that reads “Babyz already know how to flaunt it and they’re keepin’ it real in the crib!”

There are bare-midriff Disney princesses everywhere, including on diapers for those 18-34 lbs.

Abercrombie and Fitch T-shirts for pre-teens include a slinky pink number that reads, “The rumors are true.” Boys can sport T-shirt saying “Something about you attracts me – I wish I could put my finger on it.”

There is thong underwear sized for 7 year olds and make-up kits for 4 year olds called Hello Kitty. The message to girls is either you’re sexy or you’re worthless. To boys it says this is what girls are all about.

This is tired, old sexist stuff repackaged as cute and liberating. Parents and others who care about children are framed as prudes for objecting. It’s also touted as part of KGOY – which in this instance could mean Kids Getting Objectified Younger. As usual with these claims, there is no evidence that pre-teens girls are more ready for sex than they used to be. All we know is that these youngsters are more interested in the trappings of sexuality. Seven years old girls who wear thong underwear are not any more emotionally mature in regards to sex than 7 years old girls were 20 or 200 years ago.

Psychologist Diane Levin, who is on the steering committee of CCFC, is coming out soon with a co-authored book entitled So Sexy So Soon that explores this topic in much greater detail.

Play

Children’s toys these days are mostly based on licensed products derived from videos and television programs. They are based on characters created from an adult marketer’s imagination, not from a child’s. Therapists and teachers are reporting that with licensed toys children re-enact the shows they’ve seen rather than creating their own plots. Further, and perhaps most disturbingly, they have trouble deviating from pre-set characters and plots even when they are asked to do so.

Many of the most popular – and expensive – toys are electronic, with lots of high-tech bells and whistles. Children play with these toys passively, pushing buttons and watching what happens, or non-spontaneously responding to pre-recorded questions from the machines. Dimitri Christakis, pediatrician and director of the Child Health Institute at the University of Washington, notes, “We have completely changed the way children play. We’re in the midst of a large, uncontrolled experiment on our children, the effects of which we won’t know for years.”

Recent studies, such as surveys of teachers, report that play has been eliminated from classes. When given time for play, as one teacher observed, “[Children] don’t know what to do. They have no ideas of their own.”

Play is in danger. Pretty strange, huh? Play is the basis for cognitive development, imagination, humor, and the acquisition of social skills. It seems ridiculous that we are looking for ways to reinsert healthy, free-spirited play into young children's lives, but this is now the case.

Alcohol and tobacco

People who begin drinking when they are younger than 15 are four times as likely to develop alcohol dependency than those who start at 21. Tobacco companies need to create 440,000 new smokers each year to replace the 440,000 who die each year.

After age 21, there is almost no likelihood of a person starting to smoke, but the younger they start below 21 the less likely they'll be to quit.

According to the Centers for Disease Control, about half the alcohol advertising on radio is aired during youth-oriented programs.

I hope what I'm getting at is obvious. If alcohol and tobacco companies don't advertise to teenagers, they'll go out of business.

To sum up, advertising is significantly contributing to a national obesity crisis, an increase in child onset diabetes, and other health problems due to junk food; increased violence due to violent media; the promotion of sexist values and precocious sexuality through clothes, toys, and make-up sold to pre-teen, especially girls; compromised imagination and creativity in young children who play with licensed and electronic toys and licensed products; the likely compromising of cognitive and social development of infants and toddlers from too much passive screen time; and increased alcohol and tobacco addiction. The products I just mentioned constitute the vast majority of those being marketed by corporate advertisers.

But there is one more pressing concern I'd like to address before turning to solutions. Rather than a product, this is about a message that cuts across almost all advertising: materialism is the key to happiness. This "meta-message" keeps children – and adults, for that matter – hooked into the consumer enterprise. Even ads for good products contribute to the materialist message.

Recent research, some by my colleague Tim Kasser, who actually measures the strength of people's materialistic orientations, shows materialistic values to be associated with depression, anxiety, psychosomatic symptoms, poor social skills, and low self-esteem. Most of the research is on adults and late adolescents, but the same findings are beginning to emerge in younger folks.

But this is not the end of the materialism story. Modern marketing is creating what I call corporate materialism – the belief that corporate products, as opposed to generic products, hold the key to happiness. Marketers call this branding – as I mentioned earlier – and work hard to get children to identify with a brand – Nike, McDonald's, Sony – beyond any specific product. And now we know that they're starting to work hard to get children to love their brands.

Why does corporate materialism, as contrasted with generic materialism, matter? Because the global economy is being structured around the products and services of transnational corporations and not around mom and pop grocery stores or locally owned cafes. The more

children believe they need the wares of these mega- businesses to find life fulfilling, the more they become trapped by the vision of globalization, which is of a dominant world economy structured around the output of transnational corporations. I call a child who has been mesmerized by this vision a corporatized child.

Thus, a subtext of modern marketing is that the globe is being united through everyone owning the same products. It is a seductive utopian image and a particularly virulent form of materialism. Everyone having the same stuff, and a lot of it, is going to solve the world's problems. Come children join us in this exciting future!

I've had discussions with groups of teenagers in Berkeley who have had a hard time imagining how their life might be different if transnational corporations didn't exist and their world was commercial-free. One youngster remarked, "Well, I guess we might buy less. But of course, we'd still be buying what the popular kids got, so things wouldn't change that much."

With a handful of exceptions, these youngsters saw a globe united by consumerism as inevitable, desirable, and even exhilarating. Why imagine anything different? This is the corporatized child.

Whether intentionally or not, marketing to children has become a propaganda arm for the global economy.

What to do

Let me begin the discussion about what to do with what I think is the obvious and move out from there. For those of us who are clinicians, I think it's imperative that we begin to connect the dots between all the various issues – obesity, violence, alcohol and tobacco dependency, and the like – and make the corporate invasion of childhood a central theme of our work. Wording is important - it's not consumerism or even the commercialization of childhood of which we speak – it's corporate materialism and the corporatized child. Such wording locates the problem not only in the individual but also in the structural problems that drive corporations to harm children for the sake of profit.

In addition to clinical work there is theory and research. I recently co-authored a long paper for a major research journal, *Psychological Inquiry*, entitled, "Some Costs of American Corporate Capitalism: A Psychological Exploration of Value and Goal Conflicts." We were cautioned by a sympathetic editor not to be confrontational lest we get dismissed as being left-wing radicals. We originally had "Taboo" in the paper's title, but for these cautionary reasons took it out. Thus, the taboo worked. In fact, the taboo against publicly criticizing capitalism may be one of the strongest in our society at the moment. More on this in a bit.

I'm bringing up the article, which for me was part of my activism – I don't have a research career so this kind of publication is not much use in that way – in support of the following proposal: that psychologists – and ecopsychologists certainly – make the psychological dimensions of economic systems one of the major topics in our field. At present, capitalism is treated as a neutral backdrop to our work. We might recognize that Americans we live in a consumer society but we do little else than help people adjust to it.

I see at least two major approaches we could take to the psychology of economics. One is to examine the psychological assumptions embedded in a given economic system. We named three such assumptions central to corporate capitalism in our paper: that people are primarily self-interested, that the best way to motivate self-interested people is through competition, and that the acquisition of material wealth is the key to happiness.

The first assumption – that we're primarily self-interested – is challenged by most clinical and developmental theories, which typically assume that as people become more psychologically mature they move beyond focusing exclusively on themselves to concerns about the well-being of others and of society. An overemphasis on self-interest is often considered a major symptom of psychopathology or a sign of arrested development. Thus, one of the fundamental assumptions of capitalism, Adam Smith's famous claim that people are primarily self-interested, is contradicted by much of clinical and developmental knowledge. This might give us pause.

It also means that even while many clinicians spend time helping people discover the deep and lasting satisfaction of transcending pure self-interest, our economic system is driving our clients hard in the opposite direction.

The second assumption, that the best way to motivate self-interested people is through competition, is also problematic. As just mentioned, much of psychology provides a far more complex understanding of why we work than the simple idea that we do so primarily for self-interest. Further, research suggests that competition is only one motivating factor in the creative process. Another, of course, is intrinsic motivation, which stands in sharp contrast to working for external rewards such as money or to best someone else. People are more productively when their work is meaningful and inherently stimulating. In fact, there are studies that indicate that pressure from competition can stifle creativity and production.

Finally, a growing body of cross-cultural research that shows that the adoption of materialistic values leads to depression, anxiety, poor social skills, low self-esteem, and psychosomatic symptoms challenges the assumption that material wealth is essential to happiness.

There are other assumptions we didn't examine in our paper. One is that people have a need to own property, another key component of capitalism. I think it would be very helpful to unpack the psychological components of ownership, especially since societies have existed in which the idea of owning land would be considered absurd.

Beyond looking at assumptions, we can also examine the psychological consequences of capitalism. Two quick examples from our paper. The first is social comparison theory, which states that people compare themselves to their peer group, not to some objective standard of wealth, to get a sense of how well they're doing. So even if you're rich, if all your colleagues make more money and have more stuff, you don't feel rich, you feel deprived. There's a lot of research to back this up. This research contradicts the major capitalistic claim that the sheer accumulation of money leads to happiness

A second area we looked at is autonomy. Recall that proponents of capitalism frame the economic system as one that promotes creative, independent action, as exemplified by the free-

wheeling, cowboy-like image of the venture capitalists. But note that people who are striving for money are working for rewards that are extrinsic, such as wealth, social status, and the like, rather than intrinsic. A recent literature review concluded that extrinsic rewards often undermine intrinsic motivation (feelings of fun, interest, and enjoyment) and increase feelings of control and pressure.

We have many more examples in our paper regarding the negative emotional consequences of capitalism. But my point is that as psychologists we already have a great deal to say about how and why corporate capitalism is dysfunctional. We witness the harm it is causing on a daily basis in our offices. Its assumptions contradict or vastly oversimplify our theories and research results. It's time to speak out loudly and clearly about this.

Even beyond criticizing capitalism, we can propose that the psychological assumptions embedded in any economic system need to be made explicit and to pass psychological muster. Thus, alternative systems that either modify or replace capitalism can be analyzed this way. Again, as psychologists, we belong in the middle of the discussion about how to change to a better economic system.

Alternatives

In discussing such changes, I'd like to start with a modification of capitalism proposed by Peter Barnes, a founder of Working Assets and now an environmental activist. In his book Capitalism 3.0 Barnes suggests that we set up a series of individual trusts to manage different parts of what he calls "the commons." The commons is both physical and cultural, and includes our common heritage from nature, such as water, sunlight, soil, forests, and other resources, and from past cultures and generations, such as languages, customs, art, knowledge, and stories.

The primary responsibility of the trust manager would be to preserve and enhance the trust for future generations. Managers would be appointed for long terms and not be part of any government or the private sector.

Let's take the example of water. The manager of the water trust could rent water pollution rights to the highest bidder. But there could be severe limits on the amount of pollution for rent. Some of the money collected would go partially back into the fund, but the bulk of it would be divided up equally among all citizens as dividends. This would also be the case for all other natural resources.

In this scheme, the commons is public property, not private, and is owned not only by current but future generations. Barnes also proposes the creation of trusts for music, arts, and other cultural endeavors that corporations would have to pay to use. Again, the dividends would be divided equally among all citizens. Collectively, the dividends from all the trusts could wipe out poverty.

What are the psychological assumptions of this system? Barnes is proposing that a huge portion of the economy – the commons – be run for the sake of future generations and for alleviating poverty. He is thus suggesting that people are, to a degree, intrinsically caring of both each other and the future. The corporate system still has a place and still has its psychological assumptions, so his is a model of balance, or perhaps even conflict, between different aspects of our psyches.

Some might object to the idea that humans, even collectively, own nature and therefore are entitled to dividends from renting it out to corporations. Such concerns bring us back to a psychological analysis of ownership, as contrasted with either stewardship or, more humbly, partaking, each of which entail a more reciprocal relationship with nature than ownership. And some, myself included, are not comfortable with leaving the corporate system, even greatly reduced, intact. One reason for this is that economic systems do not simply mirror human nature, but partially mold it, as do all large social systems. So I'm uncomfortable with a significant part of our economy being dedicated to self-interested, competitive, materialistic behavior. Rather, we should ask of our economies that they foster the qualities and behaviors that we most value.

But to his credit, Barnes has built care for future generations, the environment, and the poor into his system, and that's a good direction to move in. His proposals could represent intermediate steps along an ultimately more radical trajectory.

Riane Eisler, best known for her book The Chalice and the Blade, a treatise on pre-patriarchal societies in southern Europe, has a new book on economics called The Real Wealth of Nations: Creating a Caring Economics. Eisler proposes we create economic systems based on caring rather than self-interest. To do so would require, in her terminology, moving from dominator economic systems to partnership economic systems. She notes that capitalist and socialist approaches have both maintained male supremacy and as such have been severely limited in their ability to generate truly egalitarian, and therefore caring, systems. In practice, at least, socialist systems have produced hierarchies of power elites that exploited the masses.

In Eisler's analysis, which draws on the work of economists such as Marilyn Waring, Barbara Brandt, Hazel Henderson, Genevieve Vaughan, and others, capitalism systematically devalues caring by excluding precisely those portions of the economy that are most compassionate and altruistic. Thus, the capitalist economy includes three domains, the market, the government, and the illegal economy, that are either based on self-interest or mixed (the government). In contrast, three other domains, the unpaid community, which includes volunteers, social justice groups, and local currencies, local households, which provide child rearing, house maintenance, and care for the sick, and the natural world, are outside the official economy, even though an enormous number of valuable and skilled services are provided by each of these domains.

A major, and necessary, step in creating a caring economy would involve systematically integrating the excluded domains into the rest of the official economy. Here are some examples of how this might be done:

- Governmental support for good training for caregivers, such as childcare workers. Eisler contrasts this with the existing support for soldiers or the elderly.
- Caregiver tax credits.
- Social security for caregivers.
- Flex time at work
- Childcare stipends – such as found in Scandinavian countries (paid leave supported by the government for the first year of a child's life).
- Universal health care.

- Generally, higher pay and benefits for caring professions.
- Reduced transportation costs and other rewards for rendering free services.

In agreement with the theme of this talk, Eisler believes it is essential “... to look at the social factors that shape economics and are in turn shaped by economics. In other words, we cannot understand, much less improve, economic systems without also looking at their larger context, the psychological and social dynamics of relations in all spheres of life.

“Economic systems are about a form of human relations. It isn’t the goods that relate it’s the people. Therefore, people, and the activities that support and enhance human life and human relationships, need to be the focus of economic analysis.”

Elsewhere in her book Eisler says, “... a healthy economy and society require an economic system that supports optimal human development.”

Optimal human development. That is the true bottom line.

Spirituality and economic principles

So far in this discussion of economics and psychology, I haven’t explicitly addressed spirituality, although it is implicit in much of what has been said. Spirituality has crept into psychology of late, although in the rather pathological form of the “emerging spiritual crisis.” I have also long been frustrated with transpersonal and Jungian psychology for jumping from personal development to cosmic consciousness, or to the Goddess or God, and skipping over social institutions as ephemeral and ultimately unimportant.

But rather than splitting the personal and political, today we need to become highly skilled at bringing our most intimate inner journeys – both psychological and spiritual – to our most pressing institutional challenges. This involves developing a kind of institutional mindfulness, a conscious awareness of the large structural processes that govern our practical existence. How is it, for instance, that racism can be everywhere at once with no one particular individual or group responsible for its continued practice? This is a structural problem, one that requires skillful means to be applied on an institutional level.

In this vein, I did recently discovered an article by David Chappell, “Mutual Corrections: Seeing the Pain of Others,” in an book edited by Stephanie Kaza entitled Hooked: Buddhist Writings on Greed, Desire, and the Urge to Consume, that takes Buddhist principles and applies them to a social critique of corporate capitalism. As Chappell succinctly stated, “The challenge is to translate Buddhist methods of personal transformation into guidelines for the public sphere.” He continues, “To preserve biological and cultural diversity, liberate people from poverty and disease, and foster social harmony, much more needs to be done at the institutional level to protect the many cultures and forms of life facing extinction.”

Chappell then suggests a set of proposals “... for a Buddhist ethic of consumption that can support institutional evolution in the direction of global excellence.” I’m not going to go into the principles here but rather mention two conclusions he comes to based on them. One of them, which he calls inclusive decision making, would put those most affected by corporate decision

making, such as the people whose land is impacted and workers, on corporate boards. The other, concerning economic globalization, would require that all decisions that can be made locally should be made locally before moving up to “higher” levels, such as county, state, country, region or globe. This is also a major principle, often called glocalization, of the anti-globalization movement.

As I examined these principles I came to the conclusion that they were pretty subversive, for if followed they certainly would dismantle globalization and likely corporate capitalism. Yet here they were, structural guidelines based on Buddhist principles of individual growth and enlightenment thousands of years in the making and now applied explicitly to the political and economic challenges of our times.

In a similar vein, as psychologists we can become skilled at applying our knowledge of personal development to economic institutions. This is a new kind of skill, a new level of mindfulness. It might, indeed, require interdisciplinary work with economists, politicians, lawyers, and many others to be complete.

But that is the point. Psychologists have a role to play in creating compassionate economies – and in critiquing current ones, just as economists have a role to play in our individual well-being. Each suffers greatly by ignoring the other.

So I want to leave you with some questions. As psychologists, do we sit passively by as our children become corporatized, repeating the mantra that economic institutions are beyond our purview? Do we vaguely acknowledge we live in a “consumer society” and try to help this new generation adjust to its vicissitudes? Or do we become conscious, active, and public critics of corporate capitalism and proponents of compassionate economic systems? Our children await the answer.

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