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Downturn spurs "survival panic" for some

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NEW YORK (Reuters) - A paralegal, recently laid off, wanted to get back at the "establishment" that he felt was to blame for his lost job. So when he craved an expensive new tie, he went out and stole one.

The story, relayed by psychiatrist Timothy Fong at the UCLA Neuropsychiatric Institute and Hospital, is an example of the rash behaviors exhibited by more Americans as a recession undermines a lifestyle built on spending.

In the coming months, mental health experts expect a rise in theft, depression, drug use, anxiety and even violence as consumers confront a harsh new reality and must live within diminished means.

"People start seeing their economic situation change, and it stimulates a sort of survival panic," said Gaetano Vaccaro, deputy clinical director of Moonview Sanctuary, which treats patients for emotional and behavioral disorders.

"When we are in a survival panic, we are prone to really extreme behaviors."

The U.S. recession that took hold in December last year has threatened personal finances in many ways as home prices fall, investments sour, retirement funds shrink, access to credit diminishes and jobs evaporate.

It is also a rude awakening for a generation of shoppers who grew up on easy access to credit and have never had to limit purchases to simply what they needed or could afford.

Instead, buying and consuming have become part of the national culture, with many people using what is in their shopping bags to express their own identity, from the latest gadgets to designer handbags.

For those who need to abruptly curtail spending, that leaves a major void, said James Gottfurcht, clinical psychologist and president of "Psychology of Money Consultants," which coaches clients on money issues.

"People that have been ... identifying with and defining themselves by their material objects and expenditures are losing a definite piece of their identity and themselves," he said. "They have to learn how to replace that."

DEPRESSION TRIGGER

Beth Rosenberg, a New York freelance educator and self-professed bargain hunter, said she stopped shopping for herself after her husband lost his publishing job in June.

She is now buying her son toys from the popular movie Madagascar for \$2 at McDonald's, and is wearing clothes that have hung untouched in her closet for years. She said it has been stressful to stick to an austere budget after she used to easily splurge on \$100 boots.

"I miss it," she said of shopping.

Resisting temptation now could be even more difficult, as struggling retailers roll out massive discounts to lure shoppers during the holiday season.

Fueled by easy access to credit, a housing market boom and rising investments, U.S. household spending accelerated in much of the past decade while the savings rate declined.

After the attacks of September 11, 2001 killed thousands and shuttered U.S. financial markets, consumers were encouraged by politicians and business leaders to spend as a way of saving the economy and proving capitalism could not be crushed.

"We're getting these messages that it is, in effect, patriotic to spend money," said Stuart Vyse, a psychology professor and author of "Going Broke: Why Americans Can't Hold On To Their Money."

The United States is deeply dependent on such spending, with consumption generating two-thirds of economic activity. But problems arise when consumers become dependent on buying goods and services to cope with their emotions, Vaccaro said.

"We have difficulty handling our internal emotional state in other ways when we can't do that," he said, prompting some to seek out immediate gratification through drugs or alcohol.

MOURNING A WAY OF LIFE

Besides an increase in shoplifting, psychologists said retailers need to be prepared for more instances of violent behavior like that seen at a Wal-Mart store in Long Island, New York the day after Thanksgiving.

"I wouldn't be surprised if we see an uptick in crime, related to stealing," said UCLA's Fong. "I wouldn't be surprised if we see more workplace violence and more violence at the malls."

A throng of shoppers seeking rock bottom prices on flat-screen TVs and computers surged into the Wal-Mart store in predawn hours, trampling and killing a worker in the process.

Fong said many shoppers have never stopped to think about why they were buying items, and it was easy to ignore looking deeper during a boom that support such spending.

But now, patients that can no longer shop to relieve stress have become anxious or depressed, he said.

Others fume: "I used to be able to afford that, I should be able to afford that now, I deserve that stuff," he said.

But Vaccaro said the downturn could be a time for shoppers to pause and study what they are attempting to achieve or what void they are attempting to fill by spending.

"We don't buy products, we buy feelings," Vaccaro said. "We're buying the anticipation of the feeling that we think that product or service is going to give us."

Gottfurcht said he encourages clients to take a walk or do some deep breathing before making a purchase to avoid an impulsive buy. He also recommended that clients keep a journal, noting how they felt when bought an item.

He said clients should then check the list a week later to see if the "glow" of that purchase has worn off, and it only satisfied an immediate want, not a true need.

The greater opportunity of the downturn, Vaccaro said, is that it represents a chance to move away from "irrational" and "careless" consumerism toward "a more discerning consumer."

(Reporting by Nicole Maestri; Editing by Michele Gershberg and Eddie Evans)