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Bling Was a Bubble

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For the past decade, the American zeitgeist has been defined by a successive series of asset bubbles that have ranged from property and credit to commodities and emerging market equities. As the U.S. now grapples with the painful unwinding of such "toxic" assets, inquests about the calamity they have unleashed dominate discussion from Wall Street to Capitol Hill. Regardless of whether the catalyst for the ensuing "moral panic" will be identified as the complex quantitative models that undergird modern risk management, the sprawling network of esoteric securities that such theorems legitimate, ineffectual regulatory codes, or rogue traders like the infamous Bernard L. Madoff, the search for the corrosive worm in the free market operating system is underway in earnest.

While insight may be gained by "rounding up the usual suspects" and assessing their moral lapses and philosophical blunders — the latter approach best exemplified by the currently fashionable exercise of parsing former Federal Reserve Chairman Alan Greenspan's notoriously elliptical elocution for clues as to where the monetary policy he governed went awry — a large measure of such pursuits miss the point.

It bears remembering that the economic story peculiar to each bubble only becomes persuasive when endorsed by other cultural interpretations of prevailing social conditions. As the financial historian Charles Mackay noted well over a century ago, bubbles, by definition, are "popular delusions," and as such, the excessive optimism about industrial innovations and the positive spillover effects of globalization that they convey must always be depicted and disseminated across prevailing media channels in ways that everyday folk understand and find utterly relevant. Bubbles, then, are as much the by-product of pop culture and conversations convened around the kitchen table as they are the result of either an Ivy-educated banker's errant valuation calculus or truth-claims espoused by even as eminent a rhetorician as Greenspan. Indeed, the financial market's relationship to everyday life is one of symbiotic interplay, rather than top-down "cause and effect."

Working from this premise, and with the clarity of hindsight, future historians will likely identify the hip-hop derived "bling" aesthetic of diamonds, customized Bentley coupes, logo-laden handbags, and super-yachts, as essential sustenance for the deficit-financed consumer economy that held sway from the halcyon days of the dot.com boom straight through to the colossal market bust of the past 18 months. While the middle classes binged on a heaping larder of cheap credit — barely pausing to acknowledge catastrophic turns of events like 9/11, Hurricane Katrina, and Abu Ghraib — hip-hop's mavens of extravagance provided the guilt-free soundtrack for the feast.

Coined exactly 10 years ago by an underground rapper named BG and his colleagues in a New Orleans-based collective called "Cash Money Millionaires," bling has become hip-hop culture's greatest single contribution to the mainstream lexicon. A few Web crawls for the term will turn up more than 23 million hits on Google, 500+ profiles on Facebook, and over 13,000 lots for sale on eBay. While three-quarters of the auction bounty quite predictably falls in the all-too-familiar categories of jewelry, watches, and apparel, there is also a depressingly long tail of inventory spanning cell phones and PDAs, wedding and party paraphernalia, electronics, automotive details, toys, sporting goods, pet supplies, and random kitsch — there are quite a number of lots, for example, of so-called "pimp cups," which are out-sized chalices embedded with a bevy of precious, semi-precious, and costume gems from which their owners imbibe cognac, wine, or whatever other alcoholic beverage might constitute their "crunk" of choice. Sadly, one can only dream about the cultural equivalent of a "bad bank" that could serve as a clearinghouse for this large overhang of junk.

Such material excesses, however, form only part of the story. Bling was not merely symptomatic of the low-interest rate environment and wealth-effect spending pattern that defined the macro-economy of its time; it also served as symbolic collateral for a speculative post-Civil Rights politics that hip-hop's cultural elite (i.e., marketers, Rap Studies practitioners in academia, rap entrepreneurs, etc.) peddled to their core constituency (i.e., young urbanites of color) and the mainstream at large in the form of a seductive guarantee, namely that long-standing social stratification could be effectively alleviated via aspirational commodity consumption: "emancipation-cum-embellishment." This ideological proposition was not entirely without virtue. Hip-hop's mainstream commercial appeal has certainly gone a long way toward bringing otherwise socially isolated groups into closer proximity, especially within the Millennial Generation. And there is no doubt that the idiom's multicultural cohort was also a key element within the base of support that propelled Barack Obama to his astonishing political victory.

Yet, it is also true that, like every other factor behind the enormous debt credit bubble, bling will not be sustainable because the claims it makes on our future are not credible. The basic socioeconomic conditions that provided the historical context for bling's emergence were an anomaly and have passed into posterity. Mainstream behavior has shifted accordingly. Luxury market revenues are down considerably across a range of product verticals, including champagne, high-end fashion, and even organic produce; retail spending is on a sharp decline for all manner of durable goods; and consumer bankruptcies have risen dramatically. After many years of profligacy, average citizens have retrenched their material aspirations. Couple this fact with the fledgling Obama administration's clear signal that thrift and civic responsibility will be hallmarks of the new commander-in-chief's "bully pulpit," and it appears as if bling's decade-long reign in the dominant mind may have finally run its course. Hip-hop needs a corresponding attitude adjustment or its status as an entertainment bellwether — once so secure — will be in serious jeopardy. Any reconsideration of acceptable consumption the genre takes to heart will thus lend a vital cultural dimension to the wave of consumer, corporate, and financial deleveraging that will define near-term trends for the U.S. domestic scene. As President Obama proclaimed in his Inaugural Address, "The time has come to put away childish things." Welcome, my fellow Americans, to the dawn of the post-bling era.

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