Conspicuous Consumption as Routine Expenditures
and its Place in the Social Provisioning Process

Zdravka Todorova, Associate Professor, Wright State University, zdravka.todorova@wright.edu

Abstract

Usually conspicuous consumption is viewed as an exceptional consumer behavior. The paper argues that conspicuous consumption is an essential process of capitalism and should be explored as a routine practice rather than an exceptional behavior. The objectives are: 1) to discuss conspicuous consumption as a process within a heterodox social provisioning framework; and 2) to emphasize the need for constructing theoretical concepts and discussions that are consistent with heterodox frameworks such as social provisioning.

Key words: conspicuous consumption; theory of consumption; social provisioning; heterodox economics

JEL codes: B 50; D11; D30; Z 13

SA codes: 0500; 0749
Introduction

It is common to credit Thorstein Veblen (1899) with the term conspicuous consumption, while ignoring his theory of capitalism, or “pecuniary culture” and generally his evolutionary framework. While the term receives wide attention, the concept of conspicuous consumption has been hollowed out to various degrees. Veblen’s work is readily defined as a contribution to consumer choice theory, and few outside of Original Institutional Economics see the analytical place of the “conspicuous consumption” concept in his overall analysis of capitalism. Treated as an exceptional and well defined monolithic behavior, the term has obtained a life on its own – it has an immutable meaning and is used in any type of theoretical framework. The casualties of focusing on conspicuous consumption as an exceptional behavior relevant only to understanding narrowly defined notion of consumer choice are the analyses of class and capitalism as a system of provision.

The paper first describes the structure of economic activity. The structure emerges out of defining economics as the study of social provisioning process under capitalism. Then the paper introduces consumption and conspicuous consumption within a heterodox social provisioning framework of analysis. The paper builds on Veblen’s theory, but is not limited to his analysis, as it employs “social provisioning” - a concept that has been used to draw elements in a coherent manner from various heterodox approaches. The explanation of capitalist social provisioning process draws on Lee’s (2010; 2011) description, expanding it to adding a greater focus on households, since they are essential for analysis of consumption. The paper then discusses conspicuous consumption as a process embedded within social provisioning, and argues that it should be viewed as routine rather than an exceptional phenomenon. The objectives are: 1) to
discuss conspicuous consumption as a process within a heterodox social provisioning framework; and 2) to emphasize the need for constructing theoretical concepts and discussions that are consistent with heterodox frameworks such as social provisioning.

**Social Provisioning in the Capitalist Economy**

Heterodox approaches differ in their method, terminology, concepts, and focus, while arguably share a general understanding of economic activity as social provisioning. Heterodox economics has intellectual roots in traditions that emphasize the wealth of nations, accumulation, full employment, social relationships, and economic and social reproduction (Lee 2009, 24). These elements are emphasized to a different degree in the various traditions (hence the benefits of collaboration across heterodox approaches). Nonetheless, a common general definition of economics emerges: the study of the process that provides the flow of goods and services required by society to meet the needs of those who participate in its activities; that is, economics studies the social provisioning process under capitalism (Lee 2009, 24 - 25). This particular definition emphasizes processes and human agency in cultural context and historical time, and enables the exploration of evolution of resources, production, consumption patterns, as well as of the socio-cultural meaning of activities that constitute social provisioning (Gruchy 1987; Nelson 1993; O’Boyle 1996; Dugger 1996; Power 2004; Todorova 2009; Lee 2010, 2011; Jo 2011). The schema of production and finance and the income flows relative to produced goods and services are embedded within a historically contingent socio-cultural framework and ecosystems. This includes articulating the place ideology and conventional wisdom in the social provisioning process.
The concepts of market clearing, relative scarcity, and price mechanism have no meaning in the above definition of economics. Prices and output are determined independently of each other, and there is no relation between prices and sales. Prices are not functioning as signals and do not coordinate economic activity, nor do they allocate resources, and specifically they do not drive consumer demand. Managerial price setting, investment projects, and production and employment targets are strategic decisions designed to meet specific goals of the business enterprises (Eichner 1985; Lee 2010).

The social provisioning process is generated and directed by social organizations – business enterprises, the state, and households, and the existing power relations. Business enterprises launch product lines in order to achieve various business goals, which may or may not correspond to the households’ need to secure livelihood. There is a contradiction between production of profits and production of use values, or as described by Veblen (1923), between business (in monetary terms) and industrial (in technological terms) goals. Capitalist social relations ensure the reproduction of business enterprises and capitalist households, but not necessarily the survival of all workers (Lee 2010). Consequently, social provisioning organized around, and directed by the decision-making within the business enterprise entails conflict rather than harmony (Hunt 1992). The generation and distribution of the produced surplus within specific social relations are the central organizing concepts of economics as the study of social provisioning.
Social Surplus and Households

The capitalist social provisioning process is founded on the interdependent production of goods and services that are embedded in social relations and have social meaning. Production is a circular flow and all intermediate capital goods are produced inputs. These are interconnected in a technically specific manner and are not viewed as substitutable relatively scarce factors of production. Some of the outputs replace the goods and services used up in production, and the rest constitutes the social surplus to be used for household consumption, private fixed investment, and government services (Lee 2011). Furthermore, the organization of economic activity and its social framework is enmeshed in social relations, and consequently culture is not something outside of “the economy”.

Part of the surplus is waste in the Veblenian sense - defined as “expenditure that does not serve human life or human well-being on the whole… and occurs on the ground of an invidious pecuniary comparison” (Veblen 1996 [1899] 60-1).

…[T]he disposable surplus left over after the more imperative physical needs are satisfied is not infrequently diverted to the purpose of a conspicuous decency, rather than to added physical comfort and fullness of life. Moreover, such surplus energy as is available is also likely to be expended in the acquisition of goods for conspicuous consumption or conspicuous boarding. The result is that the requirements of pecuniary reputability tend (1) to leave but a scantly subsistence minimum available for other than conspicuous consumption, and (2) to absorb
any surplus energy which may be available after the bare physical necessities of life have been provided for.

Waste can be accounted for at the level of social provisioning, and not at the level of individual consumer, since wasteful goods and services that are part of the social surplus may be considered a “necessity” by individual consumers.

Waste generates income. However, not all production within the capitalist economy generates money income flows. Within households, we can conceptualize of goods and services that are “produced” and “consumed,” and that contribute to the survival of workers and their dependents. These “outputs” do not generate income flows – and are qualitatively different from market goods and services – yet they are a part of the social provisioning process. The “production” of these “outputs” requires the purchase of commodities. Thus, within the capitalist economy the reciprocal or gift-exchange relations within and among households (such as cooking and care for a family member) cannot be sustained without access to the available social surplus. Non-monetary activities such as domestic work and care activities could serve as a buffer to partially offset worsened households’ financial positions, only to some extent (Todorova 2009). The reason is because households must obtain money through participation in the market process since they do not own the means of production, and have to pay their tax obligation by selling their labor power (Wray 1998; Todorova 2009; Lee 2010, 2011). Furthermore, labor power is itself a produced “input” (Himmelweit and Mohun 1977; Humphries 1977; Pichio 1992; King 2002; Charusheela and Danby 2006). Labor power is thus socially produced, that is it is not
produced within a private domain of autonomous households functioning independently from the monetary production process.

Individual households may be financially responsible for, and emotionally vested in raising children, and taking care of dependants and workers, but the “produced” labor power is a result of households’ activities, social institutions, social stock of knowledge, and the production and distribution of social surplus. Consequently, even though non-market activities exist within the capitalist social provisioning process, households are not self-sufficient - they mostly rely on the output, income, and employment determined by business enterprises and the state. The volume and composition of the social surplus are determined by the desire for surplus goods and services by capitalists and the state, rather than by a price mechanism that embodies consumer sovereignty and labor markets.

The production of social surplus is not constrained by households’ savings. On the contrary, households’ activities and their financial positions - ability to save - are constrained by the desire of the business enterprises and the state for social surplus. In the process of accumulation and market expansion business enterprises, particularly their financial branches, and financial institutions, enable households to temporary circumvent that constraint and to ameliorate the accompanying inequalities. As a result, households become indebted and financially fragile in order to meet socially evolved needs that cannot be supported fully by their incomes (Aglieta 1979 [2000]; Watkins 2000; Godley 2000; Sullivan, Warren, and Westbrook 2000; Brown 2004; 2008; Parenteau 2006; Warren 2007; Wolf 2007; Boushey and Weller 2008; Pressman and Scott 2009; Todorova 2009; Kaboub, Fernandez, and Todorova 2010).
Classes and Power

Although we can look at the economy as comprised by the activities generated by business enterprises, households, non-profit organizations, and the state, analysis of the distribution of the social surplus necessitates further categorization. There are two broad classes with respect to economic activity: those who do not own or control the means of production, and hence do not receive income flows generated from capital, and those who own and control the means of production and receive such incomes (Lee 2010). All individuals in the economy are brought up, socialized, and live within some form of households. The lives of individuals within households who do not own means of production are greatly affected by those who do.

Individuals and households who have no choice but to sell their labor power to those who own the means of production are the working class. Unemployment insurance recipients are part of the working class who could not sell their labor power, but have participated and will eventually be engaged in paid production of the surplus. Furthermore, when providing care for their household members these workers are infact participating in the production of the social surplus. Small family business enterprises are also part of the working class – since they provide mostly subsistence for their households. Finally, some members of the working class receive income flows generated from capital gains – but these are not sufficient to maintain them, so they have to continue on selling their labor power, and thus are categorized as workers.

The distribution of social surplus varies within the working class – giving rise to inequities and socio-economic distinctions within that broad class. These distinctions blur the similarities in
position of the various social classes with respect to their place in the social provisioning process and “working class consciousness” is subsumed. Workers live within working class households, and see themselves as being unified or categorized by patterns of consumption, occupations, and social activities, rather than by their common role as wage earners. Thus, members of the working class are represented and/or see themselves as being part of culturally specific and socially constructed categories such as: “middle class” and “upper middle class,” and “professionals” formulated around life-styles. Furthermore, within popular culture as well as public and academic discourse, reference categories have emerged to signify groups of people based on types of activities they are perceived to engage in, places they shop, consumption patterns, education, living quarters, and neighborhoods, such as: “yuppies, 1” and “the creative class. 2” The consumption-based distinction among such socio-cultural characterizations disarticulates the fundamental commonality within members of the working class – their common dependence on money wages. As Fine et al. (1996, 236) put it “…[p]atterns of consumption may serve to obscure the underlying class relations upon which they are based.” Consequently, workers participate in stock ownership and do engage in conspicuous consumption, both of which do not undermine the empirical existence of a distinct working class 3.

The capitalist class includes corporate members of boards of directors; senior management; money managers; the rentier/leisure class, all of whom live within capitalist households. Together with the political élite, the capitalist class constitutes the ruling class who directs the

1 Andler (1984)
generation and distribution of the social surplus and public policy. Workers do participate in various degree in democratic processes, but their political power does not direct the social surplus. In addition to a superior material standard of living the capitalist class has the power to maintain ownership and control so to continue the directing of the social provisioning process for their benefit. The capitalist class is able to control and direct the working class lives in a way that benefits the ruling class (Lee 2010; Lee 2011). This control includes also aspects of the personal lives of workers (Gramsci 1971; Abramowitz 1996; Mink 2002). Sanctioned consumption practices are a particular form of control, for example based on gender and ethnicity (Shaw 2001; Charusheela 2010).

Members of the working class could not simply decide to not sell their labor and to become part of the capitalist class for two main reasons. First, their financial positions are not sufficiently liquid, and if they stop selling their labor for wage they could not maintain a household as a going concern. The result will be poverty - financial, social, psychological, and biological trauma, and death. Second, in order to be able to live without selling their labor, workers would need sufficient collateral or other means to finance the purchase of capital goods. Alternatively, they would need a significant bequest of asset portfolio to join the rentier class4.

Finally, children, disabled, retired persons, and partners who are supported by breadwinners, constitute the dependent class who needs to consume a portion of the social surplus in order to survive, but do not participate currently in its production (Lee 2011). Some of that population

---

may be part of the future labor force (children), others have contributed to the creation of the social surplus and stock of knowledge in the past (retirees), and yet others are engaged in household activities that support the social provisioning process in the present, but are not wage workers. The commonality among these segments of the population is that at a given point of time they need to be supported by those who currently produce the social surplus. The support can be direct - through allotment of workers’ wages, or trough various transfers. Welfare recipients are part of the working class since they are also required to work for pay. In cases where this requirement is absent – they are part of the dependant class – for example receiving payments from the state to fund the purchase of inputs needed for providing care for household members such as children. Overall, members of the dependant class could not participate in production (children and disabled), are retired, or are already engaged in the production and maintenance of labor power “inputs” within households.

Members of the dependant class are not to be confused with members of capitalist households who are maintained by another household member’s capital gains proceeds, and are part of the capitalists’ or rentiers’ consumption activities (Veblen 1899a, 1899b; Todorova 2009). The differentiation is on the basis of the main source of household income – rent (or capital gains) versus wage earnings.

The dependant class is not to be confused with the leisure class. As described by Veblen the leisure class consumes without being engaged in production and for purposes of invidious distinction. The leisure class is part of the capitalist class, and functions within capitalist

---

5 See Abramowitz 1996; Rose 2000; and Mink 2002 on scapegoating single poor women and welfare reform in the United States.
households. Members of this class could participate in the social provisioning process but they are financially liquid and engaging in labor would be contrary to their desired social standing (Veblen 1989; 1899b). The leisure class is engaged in acquisition, not in production. In a chapter of the *Theory of the Leisure Class*, entitled “Industrial Exemption and Conservatism,” Veblen connects this point to the prevalence of status quo or conservatism – the predominance of ceremonial valuation.

… the institution of a leisure class acts to make the lower classes conservative by withdrawing from them as much as it may of the means of sustenance, and so reducing their consumption, and consequently their available energy, to such a point as to make them incapable of the effort required for the learning and adoption of new habits of thought. The accumulation of wealth at the upper end of the pecuniary scale implies privation at the lower end of the scale. It is a commonplace that, wherever it occurs, a considerable degree of privation among the body of the people is a serious obstacle to any innovation” (Veblen 1994 [1899], 126).

The ruling class (leisure class, capitalists, and political elite) actively seek to preserve their social power through engaging in various economic, political, and social activities. They do so through the organization of business enterprises and households, as well as through other social institutions such as the media, and through the state and the actions of the political elite.
Consumption within the Social Provisioning Framework

Demand for consumption goods and services takes place in the described context of the social provisioning process and culture. The working and dependant classes demand consumption goods, but they do not command the production of those goods. Consumption activities are undertaken by individuals living within particular household forms and relations that are influenced by corporations and the state. Management goals formed in a particular regulatory and cultural context (both influenced by the business enterprises’ activities) determine the available goods for consumption. Consequently, households choose out of a given sets of goods and services that have been determined independently of them.

Satisfaction of consumption needs/wants is a by-product of the business enterprise and the state’s activities (Veblen 1904, 1919, 1921, 1923). Use values are only a coincidence, and not an end in business activity (monetary production). While consumption is not a passive reflection of production (Fine 2002), it is a part of the social provisioning and production of social surplus that is directed in large by the capitalist class. While business enterprises use past consumption patterns in forming their decisions about production and employment, this does not mean that individuals in their roles as consumers are driving production. Business enterprises are actively participating in creating wants and needs through development of new products and marketing campaigns. That proposition however, as David Hamilton put it (1987, 1537):

…is wholly unacceptable to a theory that contends that the market reflects the inner yearnings of the human heart. If wants are made in heaven, and if those wants can only be expressed in the free market, then that expression is very
significant. Wants are precious to each individual. Thus, any theory that suggests that wants may, in fact, be made culturally here on earth suggests that there is nothing sacred about them. To the avid believer in the virtues of a free market, such a suggestion is heresy of the worst kind.

Conceiving of endogenous preferences is not enough - the formulation of the economic process within which this is done is what matters. Within the described social provisioning process, producers do not respond passively to “spontaneous consumer needs,” rather, the accumulation process develops desires for consumption: “If production is to increase, the wants must be effectively contrived” (Galbraith 1958, 129). Growth of needs occurs as a result of the accumulation process (Marx 1859 [1973]; Veblen 1923; Galbraith 1958; Hamilton 1987, 1989; Lavoie 2004). Furthermore, the principle of satiability of needs (Lavoie 1994; 2004) ought to be extended in the context of growth of needs and invidious distinction. Rather than constructing a mirror image to the insatiable needs concept, it is more adequate to use Veblen’s notion of “chronic dissatisfaction” encompasses both a natural predisposition (not based on hedonistic terms) and salesmanship effort on part of business enterprises. The manufactured needs are not just for specific products but for maintaining particular lifestyles formed by a system of goods, services, and activities. Needs for maintaining lifestyles are manufactured as organized element of production, and so is the need to desire more. Baudrillard (1970 [1998]) speaks of system of needs within the larger system of production.

---

6 Conceptualization of endogenous preferences does not go long ways if economic activity is defined as individualist exchange. Incorporating endogenous preferences need not break with the market price adjustment framework and utilitarian value theory. Analysis based on utility theory of value construct symmetry between production and demand, thus escaping the conceptualization of class (Bharadwaj 1986). The conceptual symmetry between production and demand allows for the construction of “consumer surplus” and “producer surplus,” as categories in place of “social surplus.”
Needs as a system are also radically different from enjoyment and satisfaction. They are produced as system elements, not as a relationship of an individual to an object (just as labour power no longer has anything to do with – and even denies – the worker’s relation to the product of his labour, and just as exchange-value no longer has anything to do with concrete, personal exchange, or the commodity from with real goods, etc.) (Baudrillard 1970 [1998] 75).

Consequently, the notion of “consumer sovereignty” has no meaning within the described formulation of the social provisioning process. In the *Economics of Imperfect Competition* Joan Robinson (1969 [1933], xii) stated that consumer sovereignty would require a monopsony of consumers, and that cannot be conceived so long as the initiative lies with producers. The notion of “consumer sovereignty” assumes that given “free markets” producers act in the interests of consumers – any other outcome is defined as “market failure” - where the workings of markets are specified without a notion of social surplus. Rather than a market failure – in a social provisioning framework outlined here – satisfaction of consumption needs is an incidental byproduct of the monetary production activity. There is no market mechanism that ensures that the consumption needs/wants of households who do not own means of production will be accommodated.

---

7 Another way to look at this is that monopoly and oligopoly are the norm of the described social provisioning process.
Needs and Routine and Discretionary Consumption Expenditures

Consumption has both instrumental (serviceable) and ceremonial, (symbolic) aspects. The instrumental attributes of a product enhance what Veblen calls “the life process,” and include durability, instrumental efficiency, safety, recreational capacity (Sturgeon 30-31). In Veblen’s analysis the ceremonial aspects are demonstrated by “pecuniary emulation”, “pecuniary canons of taste and beauty,” “conspicuous waste,” “conspicuous leisure,” and “conspicuous consumption.” Part of the social surplus is directed towards satisfying ceremonial aspects of consumption that enable invidious comparison, and ensure the stabilization and continuity of the capitalist production process.

Households’ consumption baskets contain routine and discretionary goods and services. The distinction between routine and discretionary expenditures does not parallel a distinction between some minimum/biological level of consumption and a level above what is necessary for the biological survival, nor does the distinction between instrumental and ceremonial needs. All goods embody ceremonial and instrumental attributes, and ceremonial valuation is present at all levels of consumption. Even when addressing biological needs, consumption is a way of reaffirming households’ place within a specific group. Because there is biological limit to consumption of food for example – invidious distinction will be manifested not through quantity consumed, but by buying different type of food (e.g. more vegetables), and furthermore by quality within a category (organically produced vegetables).

No consumption is outside a social context, and all goods and services have ceremonial attributes. In that context, Ann Mayhew’s (2003) statement: “all consumption is conspicuous” is
correct, since consumption patterns involve ceremonial attributes that are means to invidious
distinction. Of course, as discussed above, all consumption goods and services also have
instrumental attributes that may or may not be selected over the ceremonial attributes.
Furthermore, the definition of discretionary income varies over time due to the evolution of the
definition of what constitutes “primary needs”. That is not to say that biology does not matter
and that all primary needs are entirely socially constructed, but to emphasize that households’
understanding of primary needs is evolving, and that the demarcation between discretionary and
routine spending is not a biological one. Consequently, spending of discretionary income above
some “primary needs,” is not an adequate way to define conspicuous consumption.

Goods and services demanded by households are specified in terms of a consumption basket that
changes with income and the desirable socio-economic status of households. Goods in the
consumption basket are qualitatively distinct and separable, and there is very limited degree of
substitutability between goods in different groups. Consequently, the principle of the separability
of needs (Earl 1983; Lavoie 1994; 2004) can be extended to analyzing a particular product. The
attributes of a good are separable into instrumental and ceremonial functions. However,
individuals and households do not necessarily conceive of such a separation.

The principle of subordination of needs delineated by Lavoie (1994; 2004) also needs an
extension. While there is a hierarchy of needs (Drakopoulos 1994), there is no necessity of an
immediate perception on part of households to recognize the consequences of purchasing goods
mainly for their ceremonial attributes. Limiting factors such as budget constraint, credit lines, or
bodies may not be taken into consideration, and adaptation may be slow. Even if households
recognize that they have to give up a good/service that is being consumed for its ceremonial

attributes, they may see this as devastating for their social status, and instead give up goods and services that fulfill instrumental functions.

The reason households may not recognize the separability and subordination of needs is not because they are irrational – but because habit adjustment is a process. “Adjustment involves tension – a stretch in the value structure” (Sturgeon 2010, 33). The ceremonial habits of thought ought to adjust, if they do not - the household would seize to exist as a going concern – which is the equivalent of an institution being unable to adapt. The ability to incur household debt allows for ceremonial habits to prevail longer and postpones compelling changes in consumption patterns. Access to credit has the capacity to alter the value structure of households and to enhance the demand for goods for their ceremonial attributes. However, because of biological (and ecological) limitations lack of such recognition is unsustainable, and cannot continue indefinitely. Households and communities are going concerns, and the individuals within them are living human beings ultimately subject to the principle of subordination of needs.

Furthermore, the presence of a hierarchy of needs does not mean that “primary goods,” such as food and shelter, are not part of conspicuous consumption. The types of products (food and the activities related to its consumption – type of restaurants, ingredients, cooking, kitchen designs, houses and their locations) differentiate households. Goods (including those that satisfy “primary needs”) serve as social symbols, or “communication devices” (Grubb and Grathwohl 1967; Dusenbery 1949). Yet, this communication may not be necessarily conscious at the moment of purchase or consumption, but nonetheless it is based on reasoning that is grounded in the prevailing habits of thought (Veblen 1899b; Bourdeu 1984; Trigg 2001).
Bourdieu’s concept of *habitus* as principles that organize practices also conveys the above point. Through their patterns of consumption households engage in attaining and maintaining particular lifestyles that are based on social class (Bourdieu 1984; Tomlinson and Warde 1993; Fine et al 1996). For the purpose they rely on reference groups (Bearden and Etzel 1982; Mason 1982, 25; Eichner 1986, 160). Reference groups, household consumption patterns, and needs are informed by specific *habits of thought* that embody particular “canons of decency” (Veblen 1989b). For example, gender - notions of masculinity and femininity – is a habit of thought that encompasses proper male and female activities. Generational relations are also habits of thought that embody proper consumption patterns. For example, the expectation to leave the parents’ dwelling at a certain age, or independent elderly living rather than co-habiting with offspring have evolved as a result of economic changes and affect the consumption basket of households. Consequently, households’ consumption activities are manifestations of the normalization of the prevalent habits of thought, as well as of invidious distinction.

Veblen’s “canons of decency” are influenced, created, or exaggerated by the marketing and product development activities of business enterprises, as well as by the state’s public policy and taxation. There is a synergy between the functioning of the capitalist economy and the fear of deviation from these canons. As Charusheela points out consumption spending occurs as part of people’s efforts to meet ideals of a good provider, a good parent, a properly raised child or adult who shows appropriate race, class or ethnic markers. The canons of social acceptability generate not only stability in consumption but also the persistence of the capitalist system. By stabilizing
household forms, consumption stabilizes both the unit of decision-making and the patterns of spending in predictable directions (Charusheela 2010, 1153 - 4).

Conspicuous Consumption as a Social and Evolutionary Process

I argue that social acceptability is a goal that is pursued in households’ everyday life, and involves routine expenditures. A household has to plan routinely on maintaining a specific lifestyle by purchasing a particular consumption basket. In the process of maintaining a socio-economic status and acceptability, conspicuous consumption becomes routine spending for households.

Roger Mason (1981, 28) who has provided a significant discussion of conspicuous consumption outside utility theory, states that “… the ability of any person to consume for display will be directly related to the basic level of discretionary wealth which he commands – that is the wealth remaining after all ‘primary’ living costs have been met.” Mason (1981, 31) correctly points out that conspicuous consumption requires first recognition that status is an important element of peoples’ lives, which presupposes a broad cultural and economic environment that allows differentiation on the basis of significant variations in economic power. He rightly points out that the variations in economic power give rise to pecuniary emulation and conspicuous consumption that in turn reinforces and stabilize these very variations. Yet, the notion of “the conspicuous consumer” (1981, p. 27) that Mason adopts relegates conspicuous consumption to a discrete category of individuals. Treated as part of discretionary spending performed by a “socially sensitive class of consumer” (Mason 1984, 26) conspicuous consumption is in effect reduced to
instances of exceptional consumer behavior rather than a normal and structural process within capitalist relations. It is worth reading Mason’s explanation of why the neoclassical analyses of consumer behavior leave out discussions of conspicuous consumption.

There is no doubt that the classical general theories of consumer decision processes do not happily accommodate conspicuous consumption — a fact which cannot be considered surprising in view of the exceptional atypical nature of such behaviour. Whilst there is considerable recognition of the importance of the consumer's social psychological environment, status-directed consumption has been neglected primarily because of the necessity to accept two fundamental assumptions when developing a general theory—firstly, that while both rational (economic) and "irrational" (social) elements will both often influence particular purchase decisions, the rational element must be considered dominant; secondly, that product utility in use will be the consumer's prime consideration in product evaluation and purchase. These are necessary assumptions for a general theory of brand selection and purchase. The problem, however, is that the resultant theoretical models will tend to understate or even ignore so-called irrational consumer behaviour. And as conspicuous consumption is predominantly "social" in its motivation and expression it has consequently received little attention within general theory.” (Mason 1984, p. 31)

I argue that disinterest in “irrational” behavior is not at the heart of the problem. The inadequate treatment of conspicuous consumption in my view is not because of its exceptional character, but
because it is in fact a normal process that permeates the capitalist economy. In that way conspicuous consumption is no different than the nature of production, money, or prices in being mischaracterized, trivialized, and neutralized by mainstream analysis in the process of obfuscating the nature of capitalism. The conceptualization of conspicuous consumption as an exceptional behavior of single status seeking individuals obfuscates its role in stabilizing capitalist relations of production and distribution – specifically as a manifestation of the manufactured need to desire more – which is essential for the growth of the capitalist system. As David Hamilton states: “If one realizes that conspicuous consumption is authentic consumption, given a particular role, then one realizes that it is not "exceptional consumption." (794).

The process of pecuniary emulation permeates all levels of income and wealth, and the goods and services that are part of conspicuous consumption vary across these levels. As Veblen put it:

No class of society, not even the most abjectly poor, forgoes all customary conspicuous consumption. The last items of this category of consumption are not given up except under stress of the direst necessity. Very much of squalor and discomfort will be endured before the last trinket or the last pretense of pecuniary decency is put away. There is no class and no country that has yielded so abjectly before the pressure of physical want as to deny themselves all gratification of this higher or spiritual need (Veblen, 1899b, 53).

While maintaining their position within a group, households are engaging in routine conspicuous consumption spending and activities. Households use their discretionary income to occasionally purchase goods and services that are routine for higher income groups. Consequently, a
distinction can be made between conspicuous consumption as routine expenditures, and as a part of discretionary expenditures. The benefit of such a distinction is to account for: 1) the conspicuous nature of everyday consumption activities that symbolize belonging to a group; 2) the conspicuous emulation of higher income life-style through occasional purchases as discretionary expenditures.

The establishment of status within a higher income group always entails discretionary income and spending on conspicuous consumption of goods that are higher priced than those that are routinely consumed. Once income (or credit line) is sufficient and on a more permanent basis those eventually transform into routine expenditures, comprising conspicuous consumption – but one that symbolizes the belonging to a particular group.

Aspirations to attain and maintain particular lifestyles represent efforts of distinction that are part of everyday lives and routines. The exclusive lifestyles preserve ceremonial/pecuniary valuation methods by passing them to the next generations, and by serving as reference point of emulation. As Veblen put it:

The outcome of the whole is a strengthening of the general conservative attitude of the community. The institution of a leisure class hinders cultural development immediately (1) by the inertia proper to the class itself, (2) through its prescriptive example of conspicuous waste and of conservatism, and (3) indirectly through that system of unequal distribution of wealth and sustenance on which the institution itself rests. To this is to be added that the leisure class has also a
material interest in leaving things as they are. Under the circumstances prevailing at any given time this class is in a privileged position, and any departure from the existing order may be expected to work to the detriment of the class rather than the reverse. (Veblen 1994 [1899], 126).

In his description of invidious distinction Veblen (1898a; 1998b; 1899a; 1899b) departed from the analytical dualism between nature and nurture, and sought to reconcile accounting for the role of socialization forces with evolutionary adaptations grounded in biology. This is most evident in Veblen’s evolutionary stage model of culture which describes the rise of the social surplus prompted the emergence of “barbaric culture” out of peaceful “savage” culture, and the formation of the leisure class. Veblen’s description of this evolution has both cultural and biological accounts since it utilizes the notions of adaptation process to new conditions, describing group elaboration and transmission of cultural traits to other members of the group and to new generations (Edgell 1975; 2001; Patsiaouras and Fitchett 2009; Sturgeon 2010).

An evolutionary approach to conspicuous consumption entails a focus on routine expenditures – the result of habit formation. In Veblen’s analysis instinctual drives of human behavior based on biological factors have historically adapted from striving for existence in subsistence (“savage” or “peaceful”) societies to striving for status in “predatory cultures” such as the pecuniary culture of capitalism.

The utility of consumption as an evidence of wealth is to be classed as a derivative growth. It is an adaptation to a new end, by a selective process, of a distinction previously existing and well established in men’s habits of thought (Veblen 1899b, 69).
Consequently, conspicuous consumption is a particular method of invidious distinction and is a result of an evolutionary process. Within an evolutionary approach, there is nothing exceptional or irrational about conspicuous consumption. Invidious distinction is routinely practiced in different manner across various income, social groups, and regions, involving variety of goods and consumption activities. With capitalist development and the emergence of larger urban populations conspicuous consumption is an adaptation of the previously predominant method of conspicuous leisure. Furthermore, greater incomes or access to credit, accompanied with wage labor lead to the selection of conspicuous consumption as the most prevalent method of distinction.

Maintaining distinctive lifestyles involves habit formation. Habit is not simply repetition, nor can it be characterized merely as a “rule of thumb”\(^8\). In the context of consumption, habit involves adaptation to income growth and transformation of discretionary expenditures into routine expenditures. The notion of conspicuous consumption as a *process* encompasses the systemic relation of distinction and emulation to production and distribution of social surplus, as well as habit formation that manifests agency.

---

\(^8\) The *principle of procedural rationality* that is applied in analysis of consumer choice (Lavoie 2004) can be extended with the concept of habit. Procedural rationality asserts that agents have designed rules and procedures that allow them to reach decisions quickly and efficiently, despite imperfect knowledge and an overload of information. An evolutionary approach would look at these “rules and procedures” as habits that adapt in order to deal with changing circumstances and a problem.
Conclusion

Analytical categories emerge, vanish, change meaning, and may become trivialized within specific economic frameworks. A concept cannot be transplanted into a framework based on qualitatively different definition of economics (i.e. as allocation of scarce resources, etc.) and conceptualization of how economic activity is organized (i.e. price mechanism), while preserving its full meaning and original analytical importance. Uprooting the term of conspicuous consumption and planting it in any theoretical framework inevitably distorts the concept and makes it theoretically unimportant. The reason why conspicuous consumption has been so readily uprooted from analysis of capitalism is because it has been stripped by its routine nature.

Routines necessary involve the formation of habits – which are function of the interaction of institutions and technology – and prompt the articulation of a specific social structure. What distinguishes broadly “mainstream” vs. non-mainstream or heterodox economists is their very different and incompatible articulation of social structures and the nature of provisioning. Consequently, analysis of conspicuous consumption is very different within these two broad paradigms, but that difference can be articulated only when the routine nature of conspicuous consumption is acknowledged. Only then one can we see the connection of conspicuous consumption to the rest of socio-economic process. Conspicuous consumption is not a trivial and curios phenomenon, or “funny consumption” (Hamilton 1983, 794), but a process – part of the system of social provisioning and evolution of the culture.

Within the delineated social provisioning framework the starting point of analysis of conspicuous consumption is the logic of production and distribution within a culture of invidious distinction,
rather than the individual consumer choice. Pecuniary emulation is an intrinsic element of capitalism. Accumulation generates distinction and a hierarchy of reference points of emulation. In the capitalist economy invidious distinction manifests itself largely through households’ consumption activities and spending manifest invidious distinction is part of the social provisioning system. Conspicuous consumption is a process that develops as a part of power relations, and preserves and enhances the class structure. Describing conspicuous consumption as an exceptional behavior and exclusively as part of discretionary spending obfuscates its stabilizing place in the capitalist economy. Routine wasteful expenditures in the Veblenian sense contribute not only to the stability of consumption but also to the stability of existing capitalist relations. A broader implication of this conclusion is that the starting point for heterodox discussion of conspicuous consumption need not be the theory of consumer choice formulated in a mirror image to the neoclassical theory, but the capitalist system itself.

References


http://www.epi.org/publication/the_state_of_working_americas_wealth_2011/


---------------.1919. The Vested Interests and the Common Man, Cosimo Classics: New York, NY.
-------------------. 1921. The Engineers and the Price System


