

Revisiting Veblen's "*The Theory of the Leisure Class*": pragmatic philosophy to understand conspicuous consumers' decision making

Revisitando "A Teoria da Classe Ociosa" de Thorstein Veblen: filosofia pragmática para compreender a tomada de decisão do consumidor conspícuo

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Resumo: Thorstein Veblen é considerado um dos fundadores da economia institucional original. Os elementos centrais de sua análise correspondem à abordagem social e evolucionária tanto da tomada de decisão como da utilização de recursos econômicos. O primeiro livro de Veblen, *A Teoria da Classe Ociosa* (1899), apresentou para a ciência econômica uma nova e não-convencional perspectiva para a análise da tomada de decisão do consumidor. Essa abordagem de Veblen para a tomada de decisão se pauta em uma perspectiva evolucionária de instituições como desdobramentos de hábitos. É altamente reconhecido que a teoria Vebleniana se pauta na filosofia pragmática norte-americana. Consequentemente, buscando tornar mais clara e enriquecer a perspectiva Vebleniana da tomada de decisão do consumidor, preservando a sua metodologia, esse texto apresenta uma reinterpretação do consumidor conspícuo de Veblen de acordo com os três principais filósofos pragmáticos, a saber: Charles Peirce, John Dewey, e William James.

Palavras-chave: Thorstein Veblen, consumidor conspícuo, pragmatismo, filosofia pragmática, economia institucional

Classificação JEL: B15; B52

Abstract: Thorstein Veblen was a founding father of the original institutional economics. At the center of his approach is the social and evolutionary usage of things and thoughts. Veblen's first book, *The Theory of the Leisure Class* (1899), introduced economists to a novel and unconventional way of analyzing consumers' decision making. Veblen's decision-making approach relied on an evolutionary perspective of institutions as generalization of habits. It is widely recognized that some insights in Veblen's theory rely on the American pragmatic school of philosophy. Thus, in order to clarify or enrich the Veblenian perspective on consumers' decision making and to preserve Veblen's methodology, we consider a reinterpretation of Veblen's conspicuous consumer in terms of the theories held by the American pragmatists Charles Peirce, John Dewey, and William James.

Keywords: Thorstein Veblen, conspicuous consumption, pragmatism, pragmatic philosophy, institutional economics

JEL classification codes: B15; B52

1-Introduction

Thorstein Veblen was a founding father of original, or old, institutional economics—alongside John R. Commons, Clarence E. Ayres, and Wesley C. Mitchell. The social and evolutionary usage of things and thoughts are at the center of Veblen’s approach. Original institutional economics was a prominent branch of economic science during the first decades of the 20th century (Hodgson, 2004a; Rutherford, 2011). Initially, it was called institutional economics following a speech by Walton Hamilton during the American Economic Association annual meeting in 1918 and was published by Hamilton (1919). The terms “original” and “old” arose later when a large number of economic studies known or self-proclaimed as institutionalist studies were conducted. Generally, the original institutional economics can be understood as an economic approach that explains human agency based on institutions, habits, and their evolution (Hodgson, 1998). It is a well-known fact that Thorstein Veblen’s first book, *The Theory of the Leisure Class*, was the first original institutional economics book.

Published in 1899, *The Theory of the Leisure Class* introduced to economic science a consumer whose decisions rely on habits, institutions, and emulation of higher social classes. In Veblen’s approach, the evolution of predatory habits of life and exploitation generates a stratified society, in which there is a higher social class in material terms, an institution called the leisure class. The leisure class does not perform industrial tasks and consumes what can be understood as the best goods presented in the society. Jobs and goods associated with the leisure class are regarded as honorific and noble by other members of the society. This is the foundation of “emulation” in Veblen’s theory. Goods consumed by the leisure class are not a source of physical satisfaction but rather one of social satisfaction, which is a key subject of Veblen’s conspicuous consumer.

In Veblen’s design of consumption, he dealt with psychological, social, anthropological, and economic issues. It is recognized that psychological and social insights into Veblen’s theory rely on the American pragmatic school of philosophy (Edgell and Tilman, 1989; Twomey, 1998). This study revisits the decision making of Veblen’s conspicuous consumer by reanalyzing the influence of the American pragmatic school of

philosophy on Veblen's approach. This is introduced here with a psychological reading of Veblen's conspicuous consumer, according to the writings of Charles Peirce, John Dewey, and William James.

When Veblen was a student at John Hopkins University, he attended Peirce's lectures in a seminar during the fall of 1881 along with Dewey (Griffin, 1998; Liebhafsky, 1993).¹ Despite this, neither Veblen nor Dewey shared Peirce's methodology or perspective of the evolution of science—however, Peirce influenced both Veblen's and Dewey's philosophy and scientific thought. Thereafter, from 1894 to 1904, Veblen and Dewey were colleagues at the University of Chicago; Veblen was a member of the Political Economy Department during 1892–1906 and the latter was a member of the Philosophy Department during 1894–1904 (Rutherford, 2011).

The exposure of Veblen to Peirce's lectures deeply influenced Veblen's strong identification with evolutionary processes (Dyer, 1986; Liebhafsky, 1993). Peirce was a source for Veblen's theory, and several Veblenian ideas have a strong association to Peirce, such as Veblen's concept of "idle curiosity" and Peirce's "musement" (Liebhafsky, 1993). The presence of Peirce's ideas in Veblen's studies can be found in *The Instinct of Workmanship and the State of the Industrial Arts*, 1914, and in *Economic Theory in the Calculable Future*, 1925 (Griffin, 1998). Despite the importance of Peirce's writings on Veblen's theory, Mirowski (1987) stresses that Veblen was more influenced by Dewey than by Peirce. Indeed, it is widely recognized in the institutional economics tradition that Dewey was a strong influence on institutional thinking. It is unquestionable that Dewey heavily influenced Veblen's concept of habits and evolutionary perspective. In addition, William James heavily influenced Veblen's notion of instincts, which is unusual (Almeida, 2014). Thus, James' writings offer additional insights to understand this unusual notion.

One aspect of Peirce's writings that should be taken into consideration is that his studies are fundamentally about methodology and the evolution of science. The pragmatism of both Dewey and James is more likely to be applied in a more encompassing decision-making perspective. It is possible to affirm that Peirce relied on a "scientific pragmatism" and Dewey and James—as well as Veblen—relied on "pragmatism of human

¹ Peirce was a temporary lecturer at John Hopkins University from 1879 to 1884 (Liebhafsky, 1993).

beings” or “social pragmatism.”²

This study considers not only how the American pragmatic school influenced Veblen’s evolutionary approach, but also how the former influences the latter’s psychology of the conspicuous consumer in order to clarify and enrich the Veblenian conspicuous consumer’s decision making. This psychology is associated with Veblen’s evolutionary perspective, although methodological issues about evolutionism are much more a matter of background than primary concerns for this study.

To sum up, this study offers a pragmatic philosophy reading of Veblen’s conspicuous consumer decision making. Section 2 considers how the conspicuous consumer perceives habits and the relationship of habits with instincts. It highlights how the conspicuous consumer deals with the inner impulse to consume and the meaning of Veblen’s notion of instincts. It is argued that James’ appropriation plays a central role in how consumers perceive the way goods are acquired in social decision-making environments. Section 3 highlights how Peirce’s logic on doubts and beliefs in learning how to behave assists the habit building of Veblen’s conspicuous consumer. Section 4 introduces the notion of institutions explicitly in the analysis. This section explores the role of the institution of the leisure class in building social concepts of goods and their relationship with habits as well as Veblen’s notion of conspicuousness. Some concluding remarks close the paper in Section 5.

2-The role of William James’s appropriation process and John Dewey’s socialization in Veblen’s conspicuous consumer

In general, Veblen’s approach is about institutions mediating the evolution of the thoughts of people in a society and the impact on behavior of this evolution of thoughts. By evolution, Veblen does not necessarily mean improvement but rather a cumulative modification. Accordingly, a social organization refers to a scheme of institutions (Veblen, 1898) and institutions are outgrowths of habits (Dewey, 1921; Veblen, 1909, 1919). This conceptualization is strong in Veblen’s theory. Hodgson (1998) defines what can be

² The terms “scientific pragmatism,” “pragmatism of human beings,” and “social pragmatism” are borrowed from Liebhafsky (1993).

understood as the Veblenian concept of habit as a largely nondeliberative and self-actuating propensity to engage in a previously adopted pattern. Hence, a key issue to understand conspicuous consumer's decision making is to comprehend how that pattern is recognized, learned, and adopted. The search for answers leads us to the connection between Veblen's conspicuous consumer decision making and American Pragmatism.

Before learning and adopting, the conspicuous consumer must be able to recognize what a habit is. Considering this recognition, it may be argued that a habit is perceived when the conspicuous consumer notices another decision maker putting the habit into practice. Following this logic, a habit is perceived when it is implied in behavior. However, a habit does not mean an aspect of behavior, in the Veblenian perspective. A habit can be seen as potential behavior that can be triggered by an appropriate stimulus or context (Hodgson, 2002, 2004b). In addition, a habit is not necessarily implied in behavior because a habit can be associated with the absence of behavior, taking Dewey's perspective into account. For example, to acquire the habit of a healthy life suggests denying several types of behavior, such as smoking, eating greasy food, and drinking beer on a daily basis. However, the habit of a healthy life also suggests participating in sports, eating fruit and vegetables, and drinking water regularly as desirable types of behavior. Independent of indicating behavior or not, when the subject matter is the perception of a habit, its behavioral result plays a key role, even when this behavioral result is the absence of behavior.

The perception of behavioral results of a habit guides our discussion of the reasons for consumers engaging in behavior. There are surely several reasons that motivate a consumer to behave. If we focus on basic motivation for behavior, philosophers and psychologists usually point out instincts as behavioral incentives. Veblen introduces his own perspective of an instinctive approach, which is central to comprehend the logic of his conspicuous consumer. A key issue of Veblen's approach to instinct is the unusual perspective he adopted. For Veblen (1914), inner impulses to action are tropisms or reflex. Philosophers and psychologists usually use the term instinct for what Veblen calls tropism or reflex. In addition, Veblen uses the term instinct differently to the usual sense. According to Veblen, cognitive abilities, particular perceptions, and even intelligence are

part of instincts (Cordes, 2005). Consequently, the Veblenian perspective of instincts takes into account the relationship between consumers and the environment around them, which differs from the common sense or usual conceptualization. For Veblen, what is learned in the interaction with the external world can compose an instinct. In order to avoid a conceptual mess, the term “instinct” is used here as defined by Veblen. The usual meaning of conceptualization is termed “inner impulse.”

Taking inner impulses and instincts into account, it can be argued that William James’ theory has a significant place in Veblen’s approach. Nevertheless, it is important to stress that James does not share Veblen’s definition of instinct unquestionably. On one hand, James does not share the Veblenian conceptualization because, according to James (1890b, p. 383), “instinct [inner impulse] is usually defined as the faculty of acting in such a way as to produce certain ends, without foresight of the ends, and without previous education in the performance.” On the other hand, James emphasizes that every living creature is a bundle of habits, but in the case of human beings, the acquisition of habits is based on education. In addition, habits learned by education are “[t]he habits to which there is an innate tendency are called instincts” (James 1890a, p. 104).

This “partial sharing” of the Veblenian concept does not make it impossible to rely on James to discuss Veblen’s perspective. However, it makes us consider that there is a key subject related to inner impulses that should be given significant attention in an analysis of consumption; namely, an inner impulse generates a robust motivation to behave and, by behaving, consumers must interact with what allows behavior to take place. An inner impulse is an internal and personal force, but to behave in line with this force, consumers should deal with goods. Just by consuming goods, it is possible to make inner impulses stop pressurizing consumers to behave. The end of pressure to consume is the basis for consumer satisfaction.³

³ This sentence may suggest that the only source of satisfaction for a consumer is the end of the pressure of inner impulses to consume, but this is quite wrong in Veblen’s perspective. According to Veblen (1899), institutional pressures are important pressures to be attended to in order to satisfy a consumer. This issue is introduced later in this section and reinforced in later sections. In addition, taking into account that this study makes references to satisfaction as a result of an inner impulse, it is important to highlight that Veblen rejects the utilitarian pleasure–pain decision-making logic (Argyrous & Sethi, 1996; Veblen, 1898, 1909). The passage below is quoted usually in the context of strong disapproval of the traditional economics-based approach to decision making:

As emphasized by James (1890b), relationships between inner impulses and goods are built according to a process called appropriation. Through this process, consumers learn how to connect goods to inner impulses in order to attend to their impulses. As stated by James (1890b), appropriation is not related to the essence of inner impulses. Appropriation is about how to connect inner impulses to goods; appropriation is the connection. It is a way to secure the satisfaction generated by getting rid of an impulse to behave by behaving (James, 1890b, p. 423). Hence, it is possible to argue that appropriation means there is an impulse–good connection. This impulse–good connection does not exist originally and can change over time or be fixed rigidly. It is a matter of how consumers learn to put their inner impulses into practice. James (1890b) emphasizes that human beings are motivated to behave like any other creature, and human beings’ inner impulses are as “blind” as those of other creatures.

For Dewey (1921), the blindness of inner impulses is not a decision-making problem because inner impulses become organized into almost any disposition to behave. This organization of inner impulses into disposition takes place through the appropriation process. Hence, such dispositions are learned by the interaction between the consumer and the environment (Dewey, 1910a, 1921). This decision-making environment is perceived by consumers through the behavior of others. People learn how to put inner impulses into practice by understanding others’ disposition to behave. When there is some difficulty in decision making, observation is the first step to deal with this difficulty (Dewey, 1910a). Other people introduce consumers to possible paths of behavior by offering for observation

The hedonistic conception of man is that of a lightning calculator of pleasures and pains, who oscillates like a homogeneous globule of desire of happiness under the impulse of stimuli that shift him about the area, but leave him intact. He has neither antecedent nor consequent. He is an isolated, definitive human datum, in stable equilibrium except for the buffets of the impinging forces that displace him in one direction or another ... The later psychology, re-enforced by modern anthropological research, gives a different conception of human nature. According to this conception, it is the characteristic of man to do something, not simply to suffer pleasures and pains through the impact of suitable forces. He is not simply a bundle of desires that are to be saturated by being placed in the path of the forces of the environment, but rather a coherent structure of propensities and habits which seeks realization and expression in an unfolding activity. (Veblen, 1898, pp. 389–390).

Veblen believed that an individualistic pleasure–pain reading of human behavior is not enough. From a Veblenian perspective, the socialization process adds other layers to decision making. This study clarifies this point further.

their appropriation and consequent impulse–goods connections.

Regarding Veblen’s notion of instincts, it is important to highlight that appropriation is already part of instincts. From Veblen’s perspective, instincts are composed of not only inner impulses, but also practices and impulse–good connections.⁴ An essential point of Veblen’s conspicuous consumer is that impulse–good connections are social issues. Consequently, satisfaction is also a social issue in Veblen’s analysis. Dewey (1921, p. 89) highlights this logic, affirming that “[i]mpulses although first in time are never primary in fact; they are secondary and dependent,” as other people show consumers how to deal with the external world. “The meaning of native activities is not native; it is acquired” (Dewey, 1921, p. 90). At the end of this process are socially created habits. However, there are more pragmatic issues that support an understanding of how socially created habits make up the logic of the conspicuous consumer. Among these issues is Peirce’s logic of doubt–belief, which is explored in Section 3.

3- Charles Peirce’s doubts, beliefs, and habit building

Section 2 stressed that to achieve the satisfaction of being free from an inner impulse to behave, a consumer observes the acquisition of goods by others. Through observation, goods are introduced, directly or indirectly, by people other than the consumer, who deals with the same or a similar impulse to behave. Following Peirce’s perspective, a consumer observes others in the same decision-making environment and can associate beliefs and doubts with observed behavior (Peirce, 1877). For Peirce (1877), the possibilities to learn how to behave rely on consumer beliefs or doubts associated with what is observed.

When a consumer observes a behavior and comprehends it as that which should be adopted for her/him to be free from the impulse to consume, there is a belief—relating the impulse to behave to the good that is consumed by who is observed. A belief can be understood as the first step for the appropriation process, which culminates in the

⁴ Veblen stresses some concepts of instinct. The main concepts are the instinct of workmanship, parental bent, and idle curiosity. However, considering the goal of this study, Veblen’s specific concepts of instinct are not central to the analysis. The central issue is Veblen’s perspective on instincts and the manner in which they can influence consumer decision making. For more information about the instinct of workmanship, parental bent, and idle curiosity, see Latsis (2009).

establishment of an impulse–good connection. Consequently, the core of the belief is the notion that an inner impulse to consume would be satisfied by the consumption of a specific good. If a belief is found, the observed person becomes a model of behavior. However, beliefs are not the only result of observing consumption of other. A consumer can find doubts through the same process.

Doubt occurs if the consumer perceives that there is no connection between what is observed and what she/he understands as the good that frees her/him from the impulse to behave. Hence, from the consumer’s perspective, a doubt means it is not possible to establish the instinct–good connection of appropriation. Returning to our example of habits of a healthy life, a consumer may identify a bodybuilder as someone whose behavior should be classified as healthy. Hence, the bodybuilder is identified as a model of behavior and a belief is established. On the other hand, a consumer looking to establish healthy habits may view bodybuilders as athletes. Therefore, a bodybuilder would not be a model of behavior because the consumer does not desire to be an athlete but simply wants to be healthy. Consequently, doubts occur by nonidentification with a model of behavior.

No belief or doubt is strictly rigid over time. Hence, through time, a belief can become a doubt. Let us suppose that a consumer identifies a bodybuilder as a model of behavior associated with healthy habits. Hence, the consumer builds beliefs that rely on impulse–good connections, such as a carbohydrate-rich diet. However, when the consumer starts such a diet, she/he may perceive that it is not as healthy as she/he believed. Consequently, the belief becomes a doubt. On the other hand, if a belief is found, the consumer may adopt it. Doubts generate irritation and beliefs imply satisfaction (this satisfaction relies on the establishment of the appropriation, an impulse–good connection).

For Peirce (1877, p. 113), “[o]ur beliefs guide our desires and shape ours actions.” The irritation of doubt relies on ignorance about how to channelize inner impulses to behave; in others words, there is no impulse–good connection. This irritation generates a struggle to achieve beliefs (Peirce, 1877). In our example, the consumer continues to search for behavior associated with healthy habits but becomes irritated by the failure to find such behavior. The disturbance generated by doubts culminates in a tendency by decision makers to be attached to belief (Peirce, 1877).

Irritation of doubt motivates the fixation of belief. By interaction with others, a belief can not only be found but also reviewed. By the observation process through which consumers learn beliefs, beliefs can be replaced, reviewed, or reinforced⁵. Any belief that does not correspond to satisfaction is questioned by a doubt and can be rejected later. Rejection of a belief takes place because doubt is created where there was belief. The doubt ends when another belief is achieved (Peirce, 1877). The result of such a process is the continuation of doubt or a new belief. A belief may stay for a long time; however, in this case, the belief offered satisfaction to the consumer over time. This continuous satisfaction implies a reinforcement of the belief. When a belief is reinforced, related behavior is more likely to recur. According to James (1890a), any sequence of behavior that is repeated frequently tends to be preserved. Hence, a reinforced belief implies disseminated behavior in a society. In this case, there are more models of behavior to be observed and more consumers would try to behave accordingly. Some would succeed and become models themselves. The consequence is a snowball effect of models.

A snowball effect of models means beliefs are disseminated in a society, which establishes logic of behavior in the consumer's decision making that is the basis of habits. For Peirce (1877, 1878), a belief is the nature of a habit and the establishment of a habit is the essence of a belief. As a belief is introduced by others, it reveals explicitly that the habitualization of belief is a social issue. Habitualization of belief works as a guiding principle for behavior (Peirce, 1877): once it works, it may work again under the same or a very similar scenario. Peirce (1877) reinforces this issue by highlighting that the logic of individualistic trial and error is not the procedure by which a consumer learns how to behave. It is social learning. Behavior that occurs in a society is always shared (Dewey,

⁵ Dewey (1910a) introduces consumers' thoughts into this logic. For Dewey (1910a), thought is associated usually with beliefs, which rely on some evidence or testimony. Thoughts mean beliefs that rely on some basis, usually an observational base (Dewey, 1910a). A thought can be a supposition that can establish a belief, turn a belief into a doubt, or reinforce a belief. According to Peirce (1878, p. 132), "... the production of belief is the sole function of thought." According to Peirce (1892), there are three sources for growing thoughts: (1) the formation of habits based on beliefs, (2) the breaking up of habits relying on doubts, and (3) the combination of different beliefs that result in a new variation. The combination of different beliefs would be developed according to Darwinian evolution (Peirce, 1892, p. 257). The combination of (1) and (2) implies that beliefs are changed by doubts. When a belief is questionable, there is a struggle between the belief and the doubt. James (1906) reinforces this point by highlighting that consumers' experiences offer forms to build a behavioral process that generates the possibility for substituting the belief.

1910b). In Dewey's words: "[i]t is not an ethical 'ought' that conduct *should* be social. It *is* social, whether bad or good" (Dewey, 1921, p. 17, emphasis in the original).

The relationship of beliefs and habits allows us to revisit the notion of impulse–good connections. Indeed, James (1890b) stresses that appropriation is associated with habitualization of how to put impulses into practice, in other words, how to create or support an impulse–good connection. James (1890b) adds a key subject to follow this logic, namely, that habits are able to inhibit inner impulses: "[a] habit, once grafted on an instinctive tendency, restricts the range of the tendency itself, and keeps us from reacting on any but the habitual object..." (James, 1890b, p. 395) and "[i]n civilized life the impulse to own is usually checked by a variety of considerations, and only passes over into action under circumstances legitimated by habit and common consent" (James, 1890b, p. 422).

Dewey (1921, p. 125) contributes to this discussion by affirming that: "[m]an is a creature of habit, not of reason nor yet of instinct [inner impulse]." This relationship between inner impulses and habits reinforces that, in Veblen's approach, there are no "pure impulses" but rather habits built under the influence of association with others who already hold habits (the evolution of habits in a society relies on this logic). The use of such a concept of habits is a strong influence from the American pragmatic school of philosophy in Veblen's writing, especially from John Dewey. Dewey is emphatic in his definition of habit: "...we must protest against the tendency in psychological literature to limit its meaning to repetition" (Dewey, 1921, p. 41).⁶

In summary, inner impulses are converted by consumer's socialization of behavior, and such behavior relies on the observation of others' behavior, which becomes a belief. A belief is the first step for the consumer to build an appropriation, or a relationship between an inner impulse—an internal motivation to consume—and a good. The generalization of beliefs in a society culminates in habits spreading socially. Hence, when a belief is

⁶ For Dewey (1921), repetition is not even the essence of habit. However, repetition can be an incident of many habits. An individual who is looking for a healthier life provides an example of habit that is not associated with repetition. Foregoing sugar, fatty food, and smoking can be habits acquired by the individual. These habits do not imply repetitive behavior. For Dewey (1921), the essence of a habit is a predisposition to ways or modes of behavior. A habit means special sensitivity or accessibility to certain classes of stimuli. This is why habit means will.

institutionalized, it is a habit. The role of belief and the appropriation process in this logic is a pragmatic philosophical reading of the role of habit for Veblen's conspicuous consumer. Here, beliefs are inserted in the analysis to better comprehend the logic of conspicuous consumers. Veblen himself theorizes about instincts, habits, and institutions. Section 2 emphasized the discussion about instinct and this section highlighted how social habits become part of consumers' logic. Institutions are the focus of Section 4, which enables a bigger role for the Veblenian notion of conspicuous consumption in the analysis.

4- Habits, institutions, and concept of goods

Dewey (1921) makes an additional contribution to the discussion by stressing that central to understanding the place of habits in decision making is the necessity for cooperation between inner elements of the consumer and the environment. This cooperation is successful when impulses to consume are satisfied. The environment not only assists the satisfaction of inner impulses, but also creates impulses to consume. Hence, there are inner impulses and social impulses to consume. A key issue for Veblen is that social impulses overlap inner impulses (as the previous section highlighted and this one reinforces). Habits, as stated by Veblen, manifest themselves by the association of the environment and inner impulses. Acquiring habits is a way to incorporate the social environment into the consumer's logic.

Following this standpoint, Dewey (1910a) affirms that habits are interactions of elements given by the make-up of a decision maker with elements provided by the biased traditions of the external world. Habits are the influence of past knowledge on current knowledge in such a manner that the past conditions but does not determine present decision making. Socially established ideas, including the ideas of goods, and their execution (i.e., acquiring a specific kind of good) rely on habits (Peirce, 1878; Dewey, 1921). Biased tradition and past knowledge manifest themselves in institutions and their association with habits relies on the habit-institution relationship (as stated by Veblen's theory). For Veblen (1919), institutions can be seen as outgrowths of habits. Consequently, the fixation of a belief by habitualization takes place by the accepted standard tradition contained in an institution by the thoughts of the decision maker (Peirce, 1877). Beliefs are introduced by other

consumers, who show to the observer the continuing institutionalized tradition of a society under the semblance of behavior.

Therefore, knowledge internal to a decision maker is a consequence of her/his understanding of the institutions of the external world (Peirce, 1868). As stated by Peirce (1868), this understanding is fundamentally associated with the notion of a community. The feeling of belonging to a community is an indication that some habit was established in consumers' nature that guides their behavior (Peirce, 1877). The social necessities of life are fundamental and constant elements that shape how behavior occurs, and social conditions emphasize habits that are understood collectively as correct (Dewey, 1910a). As previously stressed, habits demand a certain kind of behavior, but behavior can be associated with certain kinds of interests (Peirce, 1877). According to Veblen, these interests would differ from the necessity of the consumer to satisfy inner impulses. Such necessities are social and present in institutions (put into practice by conspicuous consumers through behavior according to habits).

Habits and institutions carry images, feelings, conceptions, or other representations that can be used as a sign by the decision maker. Taking consumption into account, attachments are usually associated with concepts of goods. In an institutionalized world, appropriation is not associated objectively to the connection between an inner impulse to consume and a good to satisfy this impulse. In a decision-making environment composed of institutions, the result of a search to satisfy inner impulses occurs through the role of institutionalized procedures in consumers' decision making. Consequently, appropriation relies on a connection between inner impulses and concepts of goods. The latter are shared and learned collectively through habits and institutions; any good present in a modern society is attached to an institutionally shared meaning. That is why habits and institutions are stronger than inner impulses in Veblen's decision-making approach. For Peirce (1868), a conceptualization is a state of mind that carries a meaning and logical understanding. This understanding must be consistent regarding the concept of a good and what this concept generates for the consumer, namely, satisfaction.

Veblen (1899) stresses a particular type of institution as extremely important for the establishment of concepts of goods, namely, the leisure class, which is an upper

socioeconomic class, particularly in material terms. As highlighted by Veblen (1899), the leisure classes are by custom exempt or excluded from industrial occupations. Members of the leisure class are employed in tasks associated with a degree of honor. Status is intrinsic to consideration as part of the leisure class. Not only tasks, but also situations and goods that are the components of the leisure class become powerful signs of status. According to Dewey (1934), status relies on a “long history of unquestionable admiration,” which is implied in institutionalized concepts. A good that achieves status signifies that this good respects an esthetic that has been established socially and evolutionarily (Dewey, 1934).

As stressed by Veblen (1899), the leisure class can be found in its best development in modern societies because, in modern societies, distinctions between classes and classification of groups are observed clearly as a result of employment differences. Dewey (1921) reinforces Veblen by affirming that it is possible to find in practical life the influence of social factors in creating personal characters. One of these factors, Dewey stresses, is the habit of making social classifications, such as features attributed to the rich and poor and membership of a specific group. For Veblen (1899) the evolution of culture generates a leisure class and a related social classification around the same time as the beginning of the private ownership of goods. Private ownership of goods is the result of conventional beliefs perpetuated within the social structure. The central point is that the leisure class and ownership of goods emerge simultaneously. Both arise from the desire of successful people to exhibit their prowess. Hence, ownership of goods is not just about property or personal consumption; it is also about convention and demonstrating the use of these goods. Consistent with this idea, the property system is installed gradually (Veblen, 1899).

For Veblen (1899), wherever there is private property, people are distinguished by the possession of goods, this being an efficient way to express wealth socially. Veblen (1899) stresses that in a society in which almost all goods are private property, the necessity for the poorer class to earn their livelihood is a powerful and constant incentive for them. As soon as their substance is guaranteed, emulation becomes a key guideline for behavior (Veblen, 1899). Consequently, the existence of the leisure class, in Veblen’s theory, is less about collective classification than social selection. This social selection

occurs based on the capacity to emulate the way of life of the leisure class. Dewey (1939b) reinforces this point by stressing that there is satisfaction that comes from the sense of union with others. This satisfaction comes from what is communicated to others. The reward of this satisfaction is associated with an institutionalized sense of social fulfillment (Dewey, 1930).

For Veblen (1899), this social fulfillment relies on the consumption of concepts of goods by their status content guided by the emulation of the leisure class. Dewey (1910a) emphasizes this point by stressing that social status, associated with the position that consumers think they occupy in a society, plays a key role in their decisions. Goods regarded as objects acquired by the leisure class become a strong signal of success. Consequently, for Veblen (1899), there is social selection among people based on the capacity to emulate behavior according to the way of life of the leisure class. In this logic, Veblen's conspicuous consumer looks to consume like the higher social class wherever possible.

By emphasizing a social emulative logic of consumption mediated by the leisure class, Veblen's approach of consumption relies strictly on its feature of conspicuousness. Conspicuous consumption can be understood as wasteful monetary expenditure motivated by social esteem. According to Trigg (2001), Veblen's conspicuous consumption means spending money on goods in order to display wealth to other members of society. Shipman (2004) emphasizes that the central aspect of Veblen's conspicuous consumption is the connection of goods to the impulse to "waste," despite "taste." The impulse to waste can be understood as taste that involves social learning through the institution of the leisure class (Ramstad, 1998).

The conspicuous consumer buys goods for their status, based on wastefulness, and thus, pays for particular features of these products. By this logic, there is an understanding of how to seek status that can be expressed in concrete, objective ways to emulate the behavior of the leisure class by buying their goods (Veblen, 1899).

According to this logic, satisfaction is established institutionally. By emulation, consumers learn which goods should be included in their decision making and how to acquire them. According to Veblen's theory, in societies in which substance is guaranteed,

there is a tendency for consumption to be a result not so much of its physical demands but its social demands. Thus, satisfaction and its absence are not physical outcomes. Dissatisfaction is a mental phenomenon. Dissatisfaction is the result of a failure in emulative logic, and in this case, the consumer can understand the institutionally evolved concepts of goods but cannot satisfy her/his impulse with the related goods (for example, because of a lack of financial resources). Through the capacity of putting habits in practice, the conspicuous consumer shows her/his power, which is a social power.

Final Comments

Veblen's conspicuous consumption theory relies on the significance of habits and institution in consumer decision making. This study revisited the philosophical background of Veblen's theory in order to highlight other issues about his conspicuous consumer. A starting subject was the process through which a conspicuous consumer perceives a habit. This analysis guided our discussion of the Veblenian notion of instinct, with the assistance of William James's concept of appropriation. A key issue was that the Veblenian concept of instinct diverges from the usual conceptualization because Veblen considered appropriation—the connection between an inner impulse to consume and a good—as part of instinct already. Hence, the key issue became how the conspicuous consumer perceives and learns appropriation. The answer was in the observation of the behavioral results of others.

By observing others, a conspicuous consumer is able to associate beliefs or doubts with the behavior of others, following Peirce's perspective. The result of a belief is the satisfaction of being free from a pressure to consume whereas the result of a doubt is irritation at continuing to feel such pressure. Hence, consumers tend to be attached to beliefs. In addition, by observing others, a conspicuous consumer can replace, review, or reinforce her/his beliefs. The reinforcement of beliefs culminates in habits that inhibit and convert inner impulses to consume. As a consequence of observation, habits are social phenomena that rely on generalized behavioral results.

Such habits occur within a community and its institutions are outgrowths of those habits. Veblen stressed a key institution that is responsible for social classification and selection among people, namely, the leisure class—the higher social class in material terms. Consumption like that of the leisure class confers status and achievement of social esteem. The result is satisfaction of consumption as a social product instead of satisfaction of an inner impulse to consume. In this approach, Dewey’s notion of socialization plays a key role. Despite relying on American pragmatic philosophy in an attempt to clarify a key subject of Veblen’s theory, namely, his concept of the conspicuous consumer, this study does not exhaust all possible Veblenian philosophical connections. The pragmatic philosophy we considered was simply to enrich one aspect of Veblenian theory. Many other aspects are worthy of investigation.

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Veblen: Conspicuous Consumption Thorstein Veblen's *The Theory of the Leisure Class* (1899/1931) may be the only serious rival to Weber's *The Protestant Ethic* as the most widely known theory of leisure. The two theories take quite different approaches. Industry is the making of something new, from scratch, giving raw materials form and purpose. Exploit is the turning to one's own ends something made by someone else, the results of someone else's industry. (Note how Veblen has loaded the dice by his choice of terms here.) Veblen was critical of the leisure class as it existed in the United States. Yet his theory is misunderstood if treated only as an expression of his disapproval of the leisure class's profligacy and disdain for productive labor. Conspicuous consumption is a term introduced by the Norwegian-American economist and sociologist Thorstein Veblen in his book "The Theory of the Leisure Class" published in 1899. The term refers to consumers who buy expensive items to display wealth and income rather than to cover the real needs of the consumer. A flashy consumer uses such behavior to maintain or gain higher social status. Most classes have a flashy consumer affect and influence over other classes, seeking to emulate the behavior. The result, according to Veblen, is a society characterized by wasted time and money. This boom h