

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

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ABSTRACT. The article utilizes the framework of social provisioning to argue 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 formulating theoretical concepts and discussions that are consistent with heterodox frameworks such as social provisioning.

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.¹ Furthermore, 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. As a result, analyses of class, surplus, and capitalism as a system of provision are habitually left out.

The concept of social provisioning has been used to draw elements in a coherent manner from various heterodox approaches² that differ in their method, terminology, concepts, and focus, while arguably share a general understanding of economic activity as social provisioning.

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As a result, a common general definition of economics has emerged: 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. This particular definition allows for examination of processes and human agency in cultural context and historical time, and enables the exploration of evolution of resources, production, and consumption patterns, as well as of the sociocultural meaning of activities that constitute social provisioning. The structure of the economy—the schema of production and finance and the income flows relative to produced goods and services—are embedded within ecosystems and a historically specific sociocultural framework—including ideology and conventional wisdom (Gruchy 1987; Nelson 1993; Dugger 1996; Power 2004; Lee 2010, 2011; Jo 2011).

The objectives of the article are: 1) to discuss conspicuous consumption as a process within a heterodox social provisioning framework; and 2) to emphasize the need for formulating theoretical concepts and discussions that are consistent with heterodox frameworks such as social provisioning. The first two sections introduce social provisioning, the production and distribution of social surplus, waste, and the class structure of the capitalist economy as the context of consumption analysis. The discussion builds on Veblen's theory, but is not limited to his analysis; as well as on Lee (2010; 2011), adding a greater focus on households and on waste in the Veblenian sense. In the next two sections the article discusses discretionary and routine consumption expenditures, and argues that conspicuous consumption is a routine rather than an exceptional phenomenon and a process embedded within social provisioning. This is followed by a conclusion.

Social Provisioning as a Context for Analysis of Consumption

Any culture has to engage in *social provisioning*—providing for the material means of life resulting in economic activities that generate the flow of goods and services necessary to meet the biological and socially created needs of individuals and to maintain what Veblen called the *collective life process*. This formulation of economic activity is broader and deeper than “market exchange” because it draws

connections among production, consumption, and distribution, and encompasses nonmarket activities, culture, and ecosystems.

The social provisioning process is generated and directed by social organizations—business enterprises, the state, and households, and the existing power relations. The concepts of market clearing, relative scarcity, and price mechanism have no meaning in the framework of social provisioning. 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 particularly 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).

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 and sustain the life process. There is a contradiction between production of profits and production of use values, or as described by Veblen (1921), 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 necessary the survival of all workers. Consequently, social provisioning organized around, and directed by, the decision making within the business enterprise entails conflict rather than harmony.

The 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 2010).

The surplus is generated by the society's usage of tools, skills, and labor. Knowledge is communally generated, but ownership secures individual income streams—hence Veblen's (1919) conceptualization

of “free income,” or “vested interest.” The claim of ownership on communal knowledge is described by Veblen as predation that secures consumption without being engaged in production of the social surplus.

Just like production has industrial (making goods that maintain the life process) and pecuniary aspects (making money), consumption has both instrumental (serviceable) and ceremonial (symbolic) aspects. The instrumental (industrial) attributes of a product enhance the life process, and include durability, instrumental efficiency, safety, and recreational capacity (Sturgeon 2010: 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.” These processes encompass the activities of business enterprises, households, the state, and other organizations.

Waste is “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 [1899] 1994: 60). Waste can be accounted for only at the level of social provisioning, and not at the level of individual agents. Waste is considered a “necessity” at the individual level because it generates income and secures status to those who engage in its production and consumption. Consequently, conspicuous consumption and waste should be viewed as a broader process—and not just part of individual decision making.

Classes, Power, and Consumption

Demand for consumption goods and services takes place in the described context of the social provisioning process. Expenditure flow generated by consumer demand is just one aspect of the consumption process that is embedded in culture and power relations based on a class structure. 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. Veblen’s ([1919] 2005: 160) formulation is: “the kept classes” and the “common man.” “It is a division between those who control

the conditions of work and the rate and volume of output and to whom the net output of industry goes as free income, on the one hand, and those others who have the work to do and to whom a livelihood is allowed by these persons in control, on the other hand" (Veblen [1919] 2005: 161).

The *common men* are common in the respect that they are not vested with the right to "get something for nothing"—or "free income" (Veblen [1919] 2005: 162). The *kept classes* include the leisure class, capitalists, rentiers, elite professionals, and the political elite. These could also be referred to as the *ruling class* that in addition to a superior material standard of living has the power to maintain ownership and control so to continue the directing of the social provisioning process for its benefit. The ruling class actively seeks to preserve its social power and prevalent habits of thought through engaging in various economic, political, social, and academic activities. This is done through the organization of business enterprises, households, and the state, as well through other social institutions such as think-tanks, education, and the media. The ruling class directs the generation and distribution of the social surplus, and shapes public policy. Workers do participate to various degrees in democratic processes, but their political power is very limited in the direction of the social surplus.

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 in fact 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 clearly categorized as workers.

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 wages they could not maintain their households as going concerns. 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 class.³

Children, the disabled, retired persons, and partners who are supported by breadwinners constitute the *financially dependent class* that needs to consume a portion of the social surplus in order to survive, but does not participate currently in monetary production. Some of that population may be part of the future labor force (children), others have contributed to the generation of the social surplus and 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 financially supported by those who currently produce the social surplus. The support can be direct—through allotment of workers' wages—or through 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.⁴ Members of ruling class households who are maintained by another household member's capital gains proceeds are in a different position. They are part of the capitalists' or rentiers' consumption activities (Veblen 1899; Todorova 2009).

The financially dependent class is not to be confused with the *leisure class*. Members of the leisure 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. An updated formulation would also include those who work but for whom wage earnings are not essential, in other words those who treat work as a consumption activity. Furthermore, Veblen's definition of

the leisure class as engaged in acquisition rather than in production can include today's money managers and those who rely largely on income from speculation.

The distribution of social surplus varies within the working class—giving rise to inequities and socioeconomic 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,” “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”⁵ and “the creative class.”⁶ The consumption-based distinction among such sociocultural characterizations disarticulates the fundamental commonality within members of the working class—their common dependence on money wages. As Fine, Heasman, and Wright (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.⁷

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 relations within and among households (such as cooking and care for family members) cannot be sustained without access to the available social surplus.

Nonmonetary activities such as domestic work and care activities could serve as a buffer to partially offset worsened households' financial positions, only to some extent. 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. Furthermore, labor power is itself a produced "input." 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 (Todorova 2009). 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 nonmarket 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 ruling class (leisure class, capitalists, and the 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 the media, and through the state, all of which affect the notion of ideal types of household organization and relations, including consumption patterns. The lives of working-class households are directed by the ruling-class households not only by decisions about production and distribution of the social surplus, but also by the cultural effects of the "kept classes." This includes the evolution of reputable consumption patterns and aspirations.

The working and dependent classes demand consumption goods, but they do not command the production of those goods. First, 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 temporarily 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 (Sullivan, Warren, and Westbrook 2000; Parenteau 2006; Wolf 2007; Brown 2008; Todorova 2009).

Second, households choose out of a given sets of goods and services that have been determined independently of them. Management goals formed in a particular regulatory and cultural context (both influenced by the business enterprises' activities) determine the available goods for consumption. 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 largely 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. Satisfaction of consumption needs/wants is a by-product of the business enterprise and the state's activities. Use values emerge only as a coincidence—they are not an end in business activity (monetary production) (Veblen 1919, 1921, 1923).

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*” that 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 an organized element of production, and so is the need to desire more. Baudrillard ([1970] 1998) speaks of a *system of needs* within the larger *system of production*.

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, conceiving of endogenous preferences is not enough—the formulation of the economic process within which this is done is what matters.⁸ Within the social provisioning framework 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 ([1933] 1969: xii) stated that consumer sovereignty would require a monopsony of consumers, and that cannot be conceived so long as the initiative lies with producers.⁹ 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. In the social provisioning framework outlined here, satisfaction of consumption needs is an incidental by-product 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.

Routine and Discretionary Consumption Expenditures

Households' consumption baskets are comprised of 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; positional and non-positional goods; or instrumental and ceremonial needs.

Even when addressing biological needs, consumption is a way of reaffirming households' place within a specific group. Because there is a biological limit to consumption of food, for example, invidious distinction will be manifested not through quantity consumed, but by buying different types of food (for example, more vegetables), and furthermore by quality within a category (organically produced vegetables). 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 fixed "primary needs" is not an adequate way to define conspicuous consumption.

No consumption is outside a social context, and all goods and services have ceremonial attributes. In that context, Ann Mayhew's (2003) statement that "all consumption is conspicuous" is correct, since consumption patterns involve ceremonial attributes that are means to invidious distinction. All goods embody ceremonial and instrumental attributes, and ceremonial valuation is present at all levels of consumption. Instrumental attributes may or may not be selected over the ceremonial attributes. Products may be selected primarily for their ceremonial attributes, and may be seen as part of nondiscretionary expenditures.

Furthermore, the notions of "positional" and "nonpositional" are inadequate. If we look at lifestyles comprised by various categories of goods and activities, most of these will be positional—even products that are considered mundane. The higher the incomes the larger is the number of mundane products that can be identified as positional goods. It is more adequate then, to view nonpositional goods as exceptions, and as changing with income levels, which puts under question the positional/nonpositional distinction.

Goods and services demanded by households are specified in terms of a consumption basket that changes with income and the desirable socioeconomic 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 the 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 cease 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” (Duesenberry 1949). 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 1899; Bourdieu 1984; Trigg 2001).

Conspicuous Consumption as a Process

I argue that conspicuous consumption is not a trivial and curious phenomenon, or “funny consumption” (Hamilton 1983: 794), but a process—part of the system of social provisioning and evolution of the culture. 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 socioeconomic 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 stabilizes these very variations. Yet, the notion of “the conspicuous consumer” (1981: 27) that Mason adopts relegates conspicuous consumption to a discrete category of individuals. When 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: 31)

Disinterest in “irrational” behavior is not at the heart of the problem. The inadequate treatment of conspicuous consumption is not because of its exceptional character, but because it is in fact a normal process of the capitalist economy. Conspicuous consumption is ignored or trivialized and neutralized just like the nature of production, money, or prices. The social nature of consumption can be described in various ways, including by obfuscating real capitalist relations. The starting point of inquiry should be the workings of the capitalist system itself.

Conspicuous consumption is a particular method of invidious distinction that is routinely practiced in different manner across various income, social groups, and regions, involving a variety of goods and consumption activities. Through their patterns of consumption households engage in attaining and maintaining particular lifestyles based on various organizing principles—*habitus* that are based on social class (Bourdieu 1984; Tomlinson and Warde 1993; Fine, Heasman, and Wright 1996). For the purpose they rely on reference groups (Bearden and Etzel 1982; Mason 1981: 25; Eichner 1985: 160). Reference groups, household consumption patterns, and needs are informed by specific *habits of thought* that embody particular “canons of decency” (Veblen

1899). For example, gender 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.

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 (2010: 1153–1154) 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.

Consequently, households' consumption activities are manifestations of the normalization of the prevalent habits of thought, as well as of invidious distinction. Consumption as an evidence of wealth is viewed by Veblen (1899: 69) as "an adaptation to a new end, by a selective process, of a distinction previously existing and well established in men's habits of thought." In Veblen's analysis instinctual drives of human behavior based on biological factors have historically adapted from striving for existence in subsistence societies to striving for status in "predatory cultures," one of which is the pecuniary culture of capitalism. 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.

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, 1899: 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 expenditure, and as a part of discretionary expenditure. The benefit of such a distinction is to account for: 1) the conspicuous nature of everyday consumption activities that symbolize belonging to a group; and 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 a 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 life-styles represent efforts of distinction that are part of everyday lives and routines. Exclusive life-styles preserve ceremonial/pecuniary valuation methods by passing them to the next generations, and by serving as a reference point of emulation. For that reason it is important to see the routine nature of conspicuous consumption. The formation of consumption patterns does not pertain only to the individual but to habit formation.

Maintaining distinctive life-styles involves habit formation. Habit is not simply repetition, nor can it be characterized merely as a “rule of thumb.” The *principle of procedural rationality* that is applied in heterodox analysis of consumer choice (Lavoie 2004) can be enriched by 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. The “rules and procedures” are habits that adapt in order to deal with changing circumstances and a problem in the context of the whole system of social provisioning. With respect

to consumption, habit formation involves adaptation to income growth and transformation of discretionary expenditures into routine expenditures. The available income and the sets of goods and services are a function of the class structure that determines the generation and distribution of the social surplus. To treat conspicuous consumption as a *process* means that distinction and emulation are: 1) part of the social provisioning process—they are systemically connected to the production and distribution of social surplus; and 2) distinction and emulation are habits rather than exceptional phenomena.

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 (that is, as allocation of scarce resources) and conceptualization of how economic activity is organized (that is, by “the 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 concept of conspicuous consumption has been so readily uprooted from analysis of capitalism through the method of stripping it from its routine nature. Describing conspicuous consumption as an exceptional behavior and as part of discretionary spending obfuscates its stabilizing place in the capitalist economy. Examining routines necessarily involves discussion of habit formation, which prompts the articulation of a specific social structure. On the other hand, conceptualizing of conspicuous consumption independently of distribution and the class structure of the economy is enabled by its definition as an exceptional behavior. Conspicuous consumption develops as a part of habit formation within power relations. It is a process that preserves and enhances these relations. 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. Furthermore, the consumption-based distinction among the working class disarticulates their class position in the production and distribution of the social surplus. The process of conspicuous consumption enables that disarticulation. Workers routinely engage in conspicuous consumption seeking social distancing and belonging by articulating social groups for the purpose of invidious distinction. The resulting segmentation, however, could not transcend the actual class position of workers as the “common man” in the production and distribution of the social surplus.

What distinguishes broadly mainstream vs. 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 we can see the connection of conspicuous consumption to the rest of socioeconomic process. The implication of this argument is that the starting point for heterodox analysis of conspicuous consumption need *not* be a theory of consumer choice that is formulated in a mirror image of mainstream theory, but the capitalist system itself.

Notes

1. For example, see Leibenstein's (1950) famous formulation of “Veblen, snob, and bandwagon effects” and Frank's (1985) discussion of “positional goods,” both based on a marginalist framework where utility functions give the structure of individuals' motivation. Other formulations include equilibrium signaling relation between price and utility derived through status (Bagwell and Bernheim 1996).

2. Heterodox economics has intellectual roots in traditions that emphasize the wealth of nations, accumulation, full employment, social relationships, and economic and social reproduction. These elements are emphasized to a different degree in the various traditions (hence the potential benefits of collaboration across heterodox approaches).

3. For analysis of intergenerational and short-term income mobility in the USA, see Tom Hertz. (2006). *Understanding Mobility in America*. Center for American Progress, available at: <http://www.americanprogress.org/issues/>

2006/04/b1579981.html. Also see The State of Working America, Mobility, Economic Policy Institute, available at: <http://stateofworkingamerica.org/subjects/mobility/>.

4. See Abramovitz (1996), Rose (2000), and Mink (2002) on scapegoating single poor women and welfare reform in the United States.

5. Andler (1984).

6. See Florida (2005) and Bourdieu (1984).

7. The notion of class is empirically grounded. See Assena and Wolf (2004) for distribution of wealth in the USA; Wolf (2007) for wealth inequality and rising U.S. household debt; Ajit Zacharias, Wolf, and Masterson (2009) on estimates of income inequality; and Allegretto (2011) on widening wealth gap.

8. Conceptualization of endogenous preferences is not a real break with mainstream theory as long as 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 constructs 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.”

9. Another way to look at this is that monopoly and oligopoly are the norm of the described social provisioning process.

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