Resumo: Thorstein Veblen foi um dos fundadores da Economia Institucionalista Original. O primeiro livro de Veblen, *A Teoria da Classe de Ociosa* (1899), introduziu aos economistas uma perspectiva interdisciplinar inovadora para entender a tomada de decisão baseada na natureza processual dos instintos, hábitos e instituições. As ideias de Veblen sobre o comportamento humano não eram completamente originais e é amplamente reconhecido que alguns de seus insights têm clara referência aos ensinamentos da Escola Filosofia Pragmatista Americana. Desta maneira, nosso artigo procura fornecer uma interpretação das ideias de Veblen o comportamento do consumidor sob as lentes dos principais pensadores da Escola Pragmática de sua época. Este artigo explora alguns temas importantes dentro do Pragmatismo como o conceito de apropriação de William James, a compreensão de Charles Peirce acerca da crença e do impulso social e as ideias de John Dewey sobre socialização e inculcação de hábitos. A partir dessas referências, o artigo busca oferecer novos elementos para entender a perspectiva de Veblen sobre a tomada de decisão dos consumidores em termos mais amplos e, ao mesmo tempo, preservando sua principal referência filosófica.

Abstract: Thorstein Veblen was a founding father of the original institutional economics. Veblen’s first book, *The Theory of the Leisure Class* (1899), introduced to economists an interdisciplinary perspective to understand consumers’ decision-making that relied on the processual nature of instincts, habits and institutions. Veblen’s ideas on human behavior were not completely original and it is widely recognized that some of his insights have a clear reference to the teachings of the American Pragmatic School of Philosophy. Following this, our paper seeks to offers an interpretation of Veblen’s ideas on consumer behavior under the lenses of the main thinkers of the Pragmatist School of his time. This paper explores some important themes within Pragmatism as William James’s concept of appropriation, Charles Peirce’s understanding of belief and social impulse and John Dewey’s ideas on socialization and inculcation of habits. From these references, the paper seek to generate new insights to understand Veblen’s perspective on consumers’ decision-making in broader terms and at the same time preserving his main philosophical reference.

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

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

JEL classification codes: B15; B52

Área ANPEC: Área 1 - História do Pensamento Econômico e Metodologia
1-Introduction

One of the most important features of Thorstein Veblen’s evolutionary economics is the concept of “conspicuous consumption.” Far away from the neoclassical end-driven behavior, Veblen’s understanding of consumer behavior is culturally grounded. His perspective is markedly interdisciplinary and deals with psychological, philosophical, and socio-economic issues. For Veblen, evolutionary economists must understand consumer behavior as result of a historical process based on the dynamics offered by instincts, habits and institutions.

The innovative nature of Veblen’s perspective might be explained by the “outsider thesis” of Joseph Dorfman (1934), his first a most known biographer. Nevertheless, in the last decades some efforts were made within OIE to understand the theoretical and philosophical roots of Veblen’s thought and his connection with other thinkers of his time (Camic, 2012). Following this, recent works showed that important insights of Veblen’s social theory rely - among others - on the teachings of the American Pragmatic School of Philosophy (Edgell and Tilman, 1989; Twomey, 1998; Tilman, 2007). Consequently, under these new lenses, a reassessment of Veblen’s “conspicuous consumer” turns inevitable.

When Veblen was a student at John Hopkins University, he attended Peirce’s lectures in the course of “Elementary Logic” during the fall of 1881 (Griffin, 1998; Liebhafsky, 1993). The exposure to Peirce’s lectures deeply influenced Veblen’s strong identification with evolutionary description (Dyer, 1986; Liebhafsky, 1993). Peirce was a source for Veblen’s theory, and several Veblenian ideas have a strong association to Peirce’s pragmatism, such as Veblen’s concept of “idle curiosity” and Peirce’s “musement” (Dyer, 1986; Liebhafsky, 1993) as well as the famous concept of “cumulative causation” and Peirce’s “synechism” (Hall and Whybrow, 2008).

The presence of Peirce’s ideas in Veblen’s studies can be found in Kant’s Critique of Judgment, 1884, The Instinct of Workmanship and the State of the Industrial Arts, 1914, and in Economic Theory in the Calculable Future, 1925 (Dyer, 1986; 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. When Veblen attended Peirce’s lectures in the “Elementary Logic” course, he did so along with Dewey (Griffin, 1998; Liebhafsky, 1993). Peirce influenced both Veblen’s and Dewey’s philosophy and the logic of scientific thought – however, neither Veblen nor Dewey shared Peirce’s understanding of an “evolutionary metaphysics” developed in the beginning of 20th century. 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). It is unquestionable that Dewey heavily

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1 We must remember that Veblen (1900) coined the word “neoclassical” mainly to refer to the ideas spread by Marginalist Revolution.

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

3 From his 1905 paper, “What Pragmatism is?” Peirce began to call his philosophical perspective as “Pragmaticism”. This was a reaction to the bad use of the term “Pragmatism” as Peirce (CP 5.414) states: “at present, the word begins to be met with occasionally in the literary journals, where it gets abused in the merciless way that words have to expect when they fall into literary clutches [...] So then, the writer, finding his bantling “pragmatism” so promoted, feels that it is time to kiss his child good-by and relinquish it to its higher destiny; while to serve the precise purpose of expressing the original definition, he begs to announce the birth of the word “pragmaticism,” which is ugly enough to be safe from kidnappers.”

4 Veblen (1884) is essential to perceive Peirce’s influence on Veblen’s writings as it describes precisely Peirce’s three fundamental principles of logic, namely: (i) the supremacy of inductive reasoning, (ii) the mediating role of human apprehension, and (iii) the power of judgment of the human mind. These principles through which Veblen describes Kant’s work constitute evidence for the affinity between Peirce and Kant for the elaboration of scientific hypotheses. The idea that such hypotheses are the result of the mediating role of the human mind must be highlighted here as a starting point to trace the connections between Veblen’s understanding of scientific inquiry and Peirce’s conception of human logic.
influenced Veblen’s concept of habits and evolutionary perspective. In addition, William James heavily influenced Veblen’s notion of instincts (see Hodgson 1998b and Jennings and Waller 1998), which is unusual (Almeida, 2014). According to Hodgson (1998b), Veblen followed James, in his approach to instincts explained in terms of both biological and socio-economic processes of evolution (see also Almeida, 2014).

Following this recent works on the connections among Veblen and American Pragmatism, we state the following questions: In what sense Veblen’s ideas on consumer behavior could be linked to Pragmatism? What are the key theoretical shared elements among Veblen and Peirce, Dewey and James regarding human behavior? What are the innovative contributions of Veblen’s ideas when related to the founders of American Pragmatism? We understand that the answer to these questions can generate new insights to understand Veblen’s perspective of consumers’ decision-making in broader terms.

For our perspective, the relationship between Veblen’s approach on “conspicuous consumer” and Pragmatist ideas on human behavior becomes clear when collapsed in the following three themes: (1) the process of habit acquisition, (2) the nature and meaning of instincts and (3) the roots of human action and satisfaction. To achieve such clarification, this paper introduces a psychological and philosophical reading of human behavior according to the writings of Charles S. Peirce, John Dewey, and William James and establishes the theoretical bridges with Veblen’s ideas on “conspicuous consumer” More specifically, our paper delves into James’s appropriation, Peirce’s belief and doubt logic and Dewey’s socialization and inculcation of habits in order to offer a Pragmatist reference to qualify Veblen’s “conspicuous consumer” within Pragmatist Philosophy.

The following section 2 considers how the conspicuous consumer perceives habits and the relationship between habits and 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’s appropriation – complemented by Dewey’s perspective on habits and socialization – 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 aspect 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

Considering the place Veblen gave to habits in his writings, it is impossible to begin an analysis to Veblenian decision-making without mentioning Veblen’s concept of habits. The importance of habits in Veblen’s institutionalism is reinforced when we observe that two of the most quoted definitions of institutions, provided by Veblen, rely on habits: institutions as “settled habits of thought common to the generality of men” (Veblen, 1909:626) and institutions as outgrowths of habits (Veblen, 1909, 1919). Accordingly, Hodgson (1998a) understands the Veblenian concept of habit as a largely non-deliberative and self-actuating propensity to engage in a previously adopted pattern. A key issue to understand conspicuous consumers’ decision-making is to comprehend how that pattern is recognized, learned, and adopted. The search for answers necessarily leads us to the connection between Veblen’s conspicuous consumer decision-making and William James’s writings.

In The Theory of the Leisure Class, Veblen analyzed the impact of socially shared habits on conspicuous consumer decision-making. Here, we take a few steps back, looking for how Veblen’s conspicuous consumer acquires such habits. Following this, it is important to understand how to handle the concept of habit. Here, we differentiate “to be aware of what a habit is” from “what a habit means”. The former relies on knowing how to put a habit in practice, such as what the usual meal in a specific county is and how to have access to this meal; the latter is about understanding what the habit expresses, such as comprehending the cultural content of a usual meal in a country. Veblen’s conspicuous consumer theory is about “being aware of what a habit is” and about “what a
habit means”. Initially, we focus on the former in this section, while section 4 later on considers the meaning of a habit.

It may be argued that a conspicuous consumer is aware of a habit when she/he notices its behavioral results. Following this logic, a habit is perceived when it is implied in behavior. However, a habit does not mean repetitive 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 also be associated with the absence of behavior. However, when the subject matter is “to be aware of what a habit is”, its behavioral result plays a key role, even when this behavioral result is the absence of behavior. As the analysis of habits that imply and do not imply in behavior takes the same shape, we will henceforth focus on habits that culminate in behavior.

Being aware of behavioral results of a habit guides our discussion towards the reasons why consumers engage in certain behaviors. There are surely several reasons that motivate a consumer to behave in a certain way. 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 comprehending 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 called tropism or reflex. In addition, Veblen used 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 external world 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.” Notably, William James’s writings, particularly his notion of appropriation, are central to deeply analyzing Veblen’s concept of instinct and its relation with habits.

James’s notion of appropriation is interrelated with other important elements of his thought. Firstly, we consider that, despite the fact that James’s notion of habit is compatible with Veblen’s, James’s has a more encompassing concept. In James’s understanding, the concept of habit is well beyond human phenomena, since according to the author “[t]he laws of Nature are nothing but the immutable habits which the different elementary sorts of matter follow in their actions and reactions upon each other” (James 1890a: 104). In line with his concept of habit, James dealt with another concept named plasticity: “[p]lasticity, [...], in the wide sense of the word, means the possession of a structure weak enough to yield to an influence, but strong enough not to yield all at once. Each relatively stable phase of equilibrium in such a structure is marked by what we may call a new set of habits.” (James, 1890a: 105).

In this sense, we may assume that plasticity and habits are different but related phenomena, as habits hold a stable set of known behaviors and plasticity means the flexibility that allows a new set of behaviors to be learned. Taking decision-making into account, to be aware of a habit means knowledge about the behavioral results and plasticity means the learning process of how to behave. However, this learning process despite offering new habits may also reinforce the existing ones. When a reinforcement takes place, the reinforced habit becomes a stronger structure that, by the

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3 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. The habit of a healthy life as addressed here offers an illustration of a habit that can and cannot imply in a behavior. This example does not illustrate Veblenian habits in a general sense, because not necessarily implying in behavior is just one feature of Veblenian habits. Later on, this paper considers the others features of habits according to Veblen.
same process, can become strong enough to have the same impact as an inner impulse on the conspicuous consumer. For James, a habit that is strong enough to work as an inner impulse means an instinct. In James’s words “[t]he habits to which there is an innate tendency are called instincts” (James 1890a, 104). Hence, we can assume that James understood that inner impulses could be subsumed as habits. This is very close to Veblen’s perspective on instincts as a category that encompasses inner impulses and elements of the external world – which in a Veblenian theory are expressed as habits.

If we understand that habit is the procedure of how to behave and plasticity is the learning process, then we need a theory of change that links both concepts. James offered this theory while exploring the concept of “appropriation” in Does 'Consciousness' Exist? (1904), and How Two Minds Can Know One Thing? (1905). In our view, James’s appropriation is central to understand Veblen’s conspicuous consumer decision-making. In order to introduce the appropriation process, James (1904 and 1905) presents consciousness as a function of “pure experience”. In this sense, for James, knowing becomes a result of “pure experience”, since “[there is] only one primal stuff or material in the world, a stuff of which everything is composed, and if we call that stuff “pure experience” the knowing can easily be explained as a particular sort of relation towards one another into which portions of pure experience may enter.” (James, 1904: 478).

Any content of “pure experience” – such as consuming a good – must be classed as a physical entity and as perception of the mind so it must assume both functions. The differences between those two functions are radical. We can illustrate this by associating “pure experience” to a simple good, such as a pen, an example provided by James himself: “[s]o far as [a pen] in the world it is a stable feature, holds ink, marks paper and obeys the guidance of a hand, it is a physical pen. That is what we mean by being ‘physical,’ in a pen. So far it is instable, on the contrary, coming and going with the movements of my eyes, altering with what I call my fancy, continuous with subsequent experiences of its ‘having been’ (in the past tense), it is the precept of a pen in my mind. Those peculiarities are what we mean by being ‘conscious,’ in a pen” (1905: 177).

The perception of “pure experience” in our mind occurs through appropriation, i.e. a process where earlier experiences that are already in decision makers’ mind accommodate new experiences. Hence, “pure experience” is accommodated in decision-making through plasticity, defining plasticity therefore as a part of the appropriation process. In a Veblenian fashion, habits of the external world already internalized by the conspicuous consumer – which can be instincts – form the plasticity of new habits to come. The difference between internalized habits or instincts and not (yet) lived “pure experiences” creates the separation between what is an internal part of the decision-maker and what is part of the external world. It is not a physical separation, it is a perception separation: what the consumer perceives that is part of her/his decision-making and what is perceived as not being a part of her/his decision-making.

There is a key subject related to habits and inner impulses that should be given significant attention in the 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 – which can work as “pure experience”. Just by consuming goods, it is possible to make inner impulses stop pressuring consumers to behave. The end of pressure to consume is the basis for consumer satisfaction.6

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6 This sentence may suggest that the only source of satisfaction for a consumer is the end of the inner impulses’ pressure 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 references 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 “[t]he 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
As we can conclude from James (1890b, 1904, 1905), relationships between inner impulses and goods are built according to an appropriation process. Through this process, consumers learn how to connect goods to inner impulses in order to attend to their impulses. As we saw above, appropriation is not related to the essence of inner impulses. Appropriation, in the consumer’s case, is the process of connecting inner impulses and goods. 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 that there is an impulse–good connection. This impulse–good connection does not exist originally and can change over time or be fixed rigidly because it is mediated by plasticity. It is a matter of how consumers learn to put their inner impulses into practice – it is a matter of a habit.7

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. As we stated above, this organization of inner impulses into disposition takes place through the appropriation process. Hence, such dispositions are learned through the interactions between the consumer and the world around her/him (Dewey, 1910a, 1921). 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).8

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 not only of inner impulses, but also of impulse–good connections.9 An essential point of Veblen’s conspicuous isolation, 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.

7 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.
8 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.
9 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).
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 will be explored in Section 3.

3- Charles Peirce’s beliefs and doubts

The continuity or even the compatibility between James and Dewey’s version of pragmatism and Charles Peirce’s perspective is highly disputed. Even though James pointed out Peirce as the founder of Pragmatism, the last developments of Peirce’s thought, encompassed by his evolutionary metaphysics, were very different from James and Dewey’s philosophy. Two of Peirce’s papers, “The Fixation of Belief” (1877) and “How to Make Our Ideas Clear” (1878) are known, as James (1898) pointed out, as the works that founded Pragmatism.10 Conversely, in a series of three papers published in The Monist in 1905, Peirce explicitly separated his ideas from those of other pragmatists and even created a new name for his philosophical standpoint: Pragmaticism (Apel, 1967: 81-83). From the perspective of the history of ideas, we must emphasize that any work interested in offering a pragmatist perspective on a specific subject, as ours, needs to clarify this late separation between Peirce’s pragmatism and the ideas carried forward in the works of James and Dewey.11

In Peirce (1877) we find two central concepts of Peirce’s theory of inquiry: belief and doubt. The constitution of a belief-doubt theory was firstly coined by the psychologist Alexander Bain (1818-1930), whose ideas were initially propagated by the jurist Nicolas St. John Green within the Metaphysical Club and its members12. According to Bain (1859), belief is defined as “essentially related to Action, that is, volition […] Preparedness to act upon what we affirm is admitted on all hands to be the sole, the genuine, the unmistakable criterion of belief”. Peirce (1877) absorbs this definition understanding belief as a disposition to behave upon the conviction in the results that a specific belief entails. On the other side, genuine doubt arises with the interruption of belief and the emergence of a sensation of irritation of the mind. According to Bain (1859), doubt is a state of mind “of discomfort in most cases, and sometimes of the most aggravated wretchedness.”

Influenced by Darwin’s discussion on social feelings in animals and humans (Darwin, 1872), Peirce pointed out that human beings naturally tend to search for an agreement with the widest possible community. As social animals, humans are naturally inclined to resolve the disagreements among them, to move from fragmentation and conflict toward conformity, a behavior which he termed “social impulse”.13 Social impulse is what explains the social character of belief in

10 Apel (1967:54) points out that Peirce (1877,1878) expressed the ideas of Peirce’s earlier works: “Peirce had in fact already rather distinctly formulated the point that he later, for clarification, termed the “pragmatic maxim” before the discussions in the Metaphysical Club (winter 1871 to winter 1872). He did this, for example, in a passage in the 1869 essay (5.331), but the point particularly unmistakable in the Berkeley review of 1871.”
11 Our reference to understand Peirce’s contributions to conspicuous consumption reflects this complicated relation with James’s and Dewey’s perspective. From a complementary vision, our main references are exactly the foundational writings of the pragmatist school, that is Peirce (1877) and Peirce (1878). Otherwise, the dynamics of conspicuous consumption, from a Peircean perspective need a reference to his later writings.
12 The Metaphysical Club was a conversational group formed in Cambridge, Massachusetts, from 1871 to 1872 formed by Oliver Wendell Holmes Jr., William James, Charles Sanders Peirce, Chauncey Wright, John Fiske, Francis Ellingwood Abbot, Nicholas St. John Green and Joseph Bangs Warner.
13 It is important to note that Peirce’s perspective is rooted in Chauncey Wright’s philosophy, that combined positivist ideas with evolutionary Darwinism. In the “Evolution of Self-Consicuousness” (1873), Wright established a continuity line between animal instincts and human intelligence based on the role of adaptive behavior throughout history (see also Apel, 1967: 56-57).
Peirce’s perspective. Human beings share beliefs to handle doubt, it is an evolutionary feature that connects a psychological perspective of human behavior to a social conception of logic (Fitzgerald, 1968).

Based on this short description of the connection between Peirce’s belief-doubt we can already establish some insights to understand conspicuous consumers’ decision-making. In Section 2, we stressed that, to achieve the satisfaction of being free from an inner impulse to behave, a consumer acquires goods. The procedure through which consumers build their acquisition of goods relies on appropriation. Appropriation connects inner impulses to goods assisted by habits and building instincts (in a Veblenian sense). We can find a missing link in our analysis – which this section intends to end. For Veblen, institutions are matters of the decision-making environment composed by established “habits of thought common to the generality of men” (Veblen, 1909: 626). Our missing link is an explanation of how elements of the external world become part of conspicuous consumer decision-making, that is, how conspicuous consumers, in fact, acquire habits.

To fill the missing link, we must consider that a decision-making environment is composed of generalized habits. 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, since there is a social impulse that addresses to conformity. In this sense, when there is some difficulty in decision-making, observation is the first step to deal with this difficulty (see Dewey, 1910a). Other people introduce consumers to possible paths of behavior by offering up for observation their appropriation and consequent impulse–goods connections. 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 in the appropriation process, which culminates in the 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 also end up finding 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–

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14 It is important to point that belief-doubt theory establishes the behavioral support of Peirce’s evolutionary philosophy. In this sense, Peirce (1877) presents and criticizes three different methods that the human mind appeals to for fixing a belief. The first method is called “the method of tenacity” and refers to how the human mind is inclined to keep the belief that it already has, or defend these beliefs as a “steady and immovable faith” and reject whatever beliefs are already rejected. The second method is called “the method of authority” and refers to the moment when organizations and their institutions establish beliefs in human minds, as happened in several moments in human history: “[t]his method has, from the earliest times, been more of the chief means of upholding correct theological and political doctrines, and of preserving their universal or catholic character[…] Wherever there is an aristocracy, or a guild, or any association of a class of men whose interest depend, or are supposed to depend, on certain propositions, there will be inevitably some traces of this natural product of social feeling.” The third method is the Cartesian “a priori method”, where beliefs are steeled because the propositions are guaranteed by the light of reason (implanted by God in our minds), that is independent of individual perspective or institutional environment. For Peirce (1877) these three methods for settling a belief all have the same problem: they ignore an important evolutionary trace in human nature, the “social impulse.”

15 This behavioral disposition is the main support for Peirce’s “fallibilist” understanding of the logic of science. For more information we indicate Margolis (1998).
good connection of appropriation. No belief or doubt is strictly rigid over time, as plasticity takes place. Hence, throughout time, a belief can become 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). According to Peirce (1877, p. 113), “[o]ur beliefs guide our desires and shape ours actions.” The irritation of doubt relies on ignorance regarding 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). The disturbance generated by doubts culminates in a tendency of decision-makers to be attached to belief (Peirce, 1877).

Irritation of doubt motivates the fixation of belief. Through 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 reinforced. 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 remain for a long time; however, in this case, the belief offered satisfaction to the consumer over time by a reinforcing plasticity. 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 a spread 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. According to 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, 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).

In summary, inner impulses are converted through consumers’ socialization in behavior.

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16 Returning to our example of healthy life habits, 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 non-identification with a model of behavior.

17 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.

18 In our example, the consumer continues to search for behavior associated with healthy habits but becomes irritated by the failure to find such behavior.

19 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.
Such behavior relies on the observation of others’ behavior, which in turn 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 in the form of institutions. The role of belief and the appropriation process in this logic is a pragmatic philosophical reading of 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 and Dewey’s notion of inculcation.

4- Habits, institutions, concept of goods, and inculcation

Dewey (1921) reinforces arguments previously addressed by stressing that central to understanding the place of habits in decision-making is the necessity for cooperation between the consumer’s inner elements and the environment. This cooperation is successful when inner impulses to consume are satisfied. However, Dewey (1921) also offers additional contributions to our analysis, by affirming that habits not only assist the satisfaction of inner impulses, but also create other impulses to consume. Hence, there are inner impulses and social (habitual) impulses to consume. A key issue for Veblen, as previously highlighted, is that social impulses overlap inner impulses. Habits, as stated by Veblen, manifest themselves through the association of the environment and inner impulses, but habits are not reduced to this association. Habits hold motivators to behavior that are not related to inner impulse motivations. In short, because of inner impulses, consumers acquire socially generalized habits, and by acquiring those habits consumers also acquire new motivations to consume.

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 is a condition but it does not determine present decision-making. However, habits inculcate a way to understand the external world in consumers’ minds, concepts are inculcated in decision-making by habits (Dewey 1910a). It is not a repressive process but a learning one, which relies on appropriation and plasticity. Socially established ideas, including the ideas of goods, and their execution (i.e., acquiring a specific kind of good) rely on habits and what they are able to inculcate (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 social theory). 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).

A key issue about habits is: they demand a certain kind of behavior, but behavior can be associated with certain kinds of interests that are inculcated in consumers’ decision-making (Peirce, 1877). According to Veblen, these interests would differ from the necessity of the consumer to satisfy inner impulses. Such necessities are social and presented by 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. The association relies on a socially built meaning of a good, an institutionalized concept of a good.

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 – a social satisfaction.

Veblen (1899) stresses a particular type of institution as extremely important for the inculcation 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 an intrinsic 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). In Veblen’s social theory, it is the biased tradition of private ownership that inculcates notions of honor and status based on goods.

According to Veblen (1899), wherever there is private property, people are distinguished by the possession of goods, being this 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 and more about 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 because of their status, which in turn is 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, in Veblen’s view (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 institutionally established and inculcated in consumers’ decision-making by habits. 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; it 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 institutions on consumer decision-making. This study revisited the philosophical background of Veblen’s theory in order to highlight other issues about his conspicuous consumer. The 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 through 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 on social impulse. 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 by observing others. A conspicuous consumer can replace, review, or reinforce her/his beliefs. The reinforcement 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 similar to 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 and inculcation of concepts by habits 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 to enrich one aspect of Veblenian theory. Many other aspects are worthy of investigation.

References


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