

Alisa Chen - Thorstein Veblen Summary Sheet

BBB4M7

Biography

- Born July 30, 1857 in Wisconsin, U.S.
- Studied at Carleton College, John Hopkins, Yale, Cornell
- Taught at University of Chicago (1892-1906), Stanford University (1906-1909), University of Missouri (1911-1918), and New School for Social Research (1919-1926)
- Additionally, worked as an editor and writer
 - Published ten books, most famous being *The Theory of the Leisure Class* (1899)

Theory of Conspicuous Consumption

- **Conspicuous consumption:** spending money on goods and services to signal one's wealth, prestige, or social status, rather than to meet real needs (i.e. Louis Vuitton bag, Rolex watch)
- **Leisure class:** Wealthy social class that does not need to work for a living
 - Origins of the leisure class: In ancient societies and feudal systems, non-productive roles were the mark of upper class
 - Labour was delegated to the working class
 - Increased disposable income for luxury goods
 - Exacerbated due to industrialisation → Gilded Age (late 1870s to late 1890s)
 - Often indulged in conspicuous consumption and conspicuous leisure
 - **Conspicuous leisure:** Non-productive, time-consuming activities done to display wealth and social status. (i.e. golf, travelling)
- **Pecuniary emulation:** The tendency of individuals to measure their success by comparing their consumption to that of others and trying to imitate or surpass the spending habits of those in higher social classes
 - Originated from ownership of women captured in war symbolising trophy of strength and dominance
 - Extended to captive slaves then to products of one's own industry
 - Individuals began accumulating wealth beyond subsistence
 - Wealth → measure of success, thus individuals compared lifestyle choices
 - Want to display status drove conspicuous consumption

Influences on Modern Economy

- Critiques how wealth disparity is aggravated because conspicuous consumption by the wealthy pressures lower classes to overspend to emulate them
- Challenges rational consumer behaviour, as consumption is not purely to maximise utility
- Luxury brands can capitalise on marketing for Veblen goods
 - **Veblen good:** Luxury item where demand increases as price increases

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