

# CONSUMER DEPENDENCY

*Andrew Trigg*

---

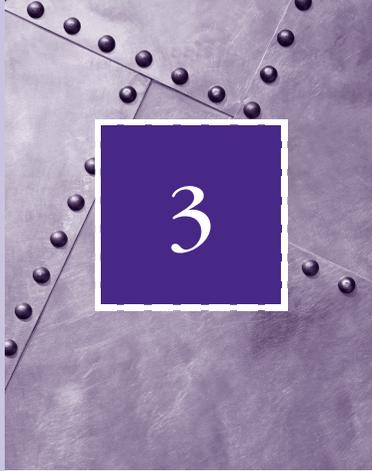
## CONCEPTS AND TECHNIQUES

Conspicuous consumption  
Luxury goods  
Veblen demand curve

Theory of distinction  
Cultural capital  
Want creation  
Latent needs  
Consumer dependency

## LINKS

- This chapter is a direct response to the discussion in the previous chapter of the neoclassical idea of consumer sovereignty.
- In Chapter 2, it was shown that demand curves could have upwards sloping sections for Giffen goods; in this chapter the Veblen demand curve slopes upwards for a different reason: conspicuous consumption.
- Concepts of personal and social capital, which are loosely related to Bourdieu's concept of cultural capital, are introduced in Chapter 7.
- Chapter 11 considers advertising designed to shape consumers' behaviour from the firm's point of view.



3

## 1 INTRODUCTION

*'The life of a junior cavalry officer at the end of the nineteenth century was hardly onerous. Leave amounted to five months a year, and officers were encouraged to spend the autumn and winter hunting. Churchill's time in the 4th Hussars was devoted largely to horse-riding, drill, playing polo, eating in the mess, and gambling and drinking in the evenings. Even when on duty at Hounslow, west of London, there was still plenty of time for an active social life in the capital. His fellow officers were rich and well-connected, and determined to maintain the social exclusivity of the regiment. He fitted easily into this world and shared its outlook: he was one of the ringleaders in forcing out of the regiment Alan Bruce (whom he had known at Harrow) because he had a private income of only £500 a year to live on in addition to his pay. As well as his pay and his own small resources Churchill had an allowance of £300 a year from his mother and she also gave him over £400 to help him purchase clothes, saddles and a second horse. Even so his style of life - satin racing jackets, a number of polo ponies and expensive clothes - meant that he was soon in debt. In his first two years in the Army he spent £144 (over £5000 at today's prices) on clothes from just one tailor and the bill was not paid for nearly seven years. In the summer of 1895 the 4th Hussars were told that they would sail to India for a nine year posting in just over twelve months. The result was even more leave and Churchill was able to enjoy to the full the London season.'*

(PONTING, 1995, p.18)

Born in 1874 at Blenheim Palace, the family seat of his grandfather the Duke of Marlborough, and destined to be British Prime Minister and a celebrated war leader, Winston Churchill was in many ways the last of the great aristocrats. The quotation from Clive Ponting's biography of Churchill provides a revealing insight, not only into the young Winston's lifestyle, but also into that of the English aristocracy in general at the end of the nineteenth century. For this socially exclusive group, life was devoted to the lavish expenditure of money on items of consumption and of time on leisure activities.

These two characteristics of the aristocracy's behaviour - the intensive pursuit of consumer expenditure and leisure - were the starting point for the work of the American economist and sociologist, Thorstein Veblen. In 1899, four years after Churchill first joined the 4th Hussars, Veblen published his influential book entitled, *The Theory of the Leisure Class*. In the book, Veblen asks why are the aristocracy, and the rich and well-connected in general, driven to devote so much of their time and energy to what he regards as wasteful activities? In attempting to answer this question, Veblen not only develops a theory of the consumption behaviour of the upper classes, he also provides an explanation of the behaviour of people from other social classes who seek to emulate the behaviour of their 'superiors'.

This Veblen-inspired approach, in which consumption is seen as a class phenomenon, provides the main focus of this chapter. This approach provides a critique of the concept of consumer sovereignty developed in the previous chapter. You may recall the quotation from Enoch Powell, at the start of Chapter 2, in which he described the role every individual has to play in the great ballot box of consumer democracy. In this neoclassical approach, consumers have their own independent tastes and preferences and, by maximizing their utility, they have the power to influence what is produced by firms in the economy. In the Veblen approach, however, individuals derive their tastes and preferences from other individuals in the economy - their behaviour is determined *socially*. Rich people seek to emulate the behaviour of other rich people; poor people seek to emulate the behaviour of rich people. The result is a process of 'keeping up with the Joneses' in which the behaviour of consumers is not sovereign to each individual, but *dependent* on outside factors.

In Section 2, Veblen's approach is examined with reference to his own writings where he developed an explanation of how consumption has evolved over time by distinguishing between different stages of history. Section 3 considers two case studies which illustrate some of Veblen's ideas. The first looks at the development of consumer behaviour in the eighteenth century, while the second examines a more modern example of luxury goods in the 1980s.

Section 4 considers the implications of Veblen's approach for the neoclassical theory of consumption, focusing on the relationship between prices and the tastes and preferences of individuals in the neoclassical

approach. In Section 5 some problems with Veblen's approach are discussed. In particular, it is argued that often it is the lower classes that shape the development of consumer behaviour.

In view of these problems, a more general model of consumer dependency, based upon the work of the French writer Pierre Bourdieu, is introduced in Section 6. In Bourdieu's model the tastes of consumers are developed through a sophisticated process of cultural learning. The degree to which tastes develop depends directly on how individuals relate to the social hierarchy.

Finally, Section 7 provides a discussion of the role of firms in shaping consumer tastes. Following John Kenneth Galbraith, consumer tastes can be argued to be dependent on the advertising and marketing strategies of firms.

All of these models follow in the tradition of Veblen, the overriding theme being that of consumer dependency. The objective is to provide both a critique of the neoclassical model, since this is the dominant economic model, and to provide an alternative framework in which consumption is viewed from a different perspective.

## 2 CONSPICUOUS CONSUMPTION

In developing his theory of consumption, Veblen takes as his starting point the way in which a leisure class has evolved over time. For Veblen, the key reason why a leisure class can evolve in any society is that more goods are produced than are required for people to subsist on. This is also the view taken by Karl Marx in *Capital* (1867): that social classes evolve because a proportion of the population does not have to work. Those who do work produce a surplus which is appropriated by the ruling class. Earlier societies, Veblen argues, were only capable of producing enough goods for subsistence purposes. There was no material reason why social classes should exist. The emergence of a leisure class, which is not required to work and consumes the goods produced by members of lower classes, can only happen if the lower classes produce more than their subsistence level of consumption. Each chief, baroness or king, can enjoy their class position in the social hierarchy only by living off the surplus produced by the lower classes.

Once societies start to produce a surplus this entails the introduction of private property. 'It becomes indispensable to accumulate, to acquire property, in order to retain one's good name' (Veblen, 1899, p.19). A hierarchy develops in which some people own property and others do not. To own property is to have status and honour, a position of esteem in this hierarchy: to have no property is to have no status.

Of course, the accumulation of property can indicate that a person has been efficient and productive – it can indicate prowess in financial matters. But Veblen argues that inherited wealth confers even more status than wealth which is gained through efficiency. 'By a further refinement, wealth acquired passively by transmission from ancestors or other antecedents presently becomes even more honorific than wealth acquired by the possessor's own effort' (p.19). It could be argued, for example, that Winston Churchill's family, the Marlboroughs, enjoyed more status in nineteenth-century England than the newly rich industrialists, whose new money was obtained through mining and shipbuilding. By similar reasoning, the Queen may also be accorded more status than, say, Richard Branson, founder of the Virgin empire. One is more likely to curtsy to the Queen than to Richard Branson, even though he has displayed more industry and efficiency in acquiring his position in society than has the Queen, whose position is inherited.

For Veblen, members of the leisure class enjoy their status because they do not have to work. This is the defining feature of being a member of the leisure class. Wealth is produced by those who work and transferred to those who do not work, the leisure class. Unlike Marx, who concentrates on how this transfer takes place, Veblen's interest focuses on the way in which status is established, given that there has been a transfer.

For Veblen, the ownership of property is not enough to give an individual status. If an individual amasses a great fortune but lives as a recluse in a small house, that individual will have no status in society. Status derives from social performance: from the judgements which other people make of an individual's position in society. To gain status an individual must *display* wealth to others.

Veblen identifies two main ways in which an individual can display wealth.

- *Leisure activities*: That the young Winston Churchill was able to spend five months of the

year hunting, drinking and gambling, displayed that he was a member of the leisure class.

- *Expenditure on consumption goods*: Churchill's lavish expenditure on clothes, saddles and horses also displayed that he was part of this class.

The common thread that runs through both these methods of displaying wealth is, for Veblen, '... the element of waste that is common to both' (p.53). Being able to afford horses and expensive clothing and being able to spend months on end hunting and gambling, are so divorced from activities that are productive they are characterized by Veblen as wasteful activities. 'In the one case it is a waste of time and effort, in the other it is a waste of goods' (p.53). Being able to engage in such wasteful activities is the key way in which members of the leisure class display their wealth and status.

In principle, people can display their wealth through either method with equal facility - all this requires is an effective network for word to get around about a person's degree of leisure and the objects he or she possesses. Veblen argues, however, that as the population becomes more mobile, communities become less close-knit. In a more mobile society people may be less well informed about the leisure activities in which other people engage, and so the display of wealth through consumption goods becomes more important than the display of leisure. Wealth is easily displayed by driving a particular car or wearing clothes from a particular designer.

Veblen labels this type of behaviour conspicuous consumption. People spend money on artefacts of consumption to display their wealth; to indicate their place in the hierarchy.

Veblen views *conspicuous consumption* as the most important factor in determining consumer behaviour, not just for the rich but for all social classes. 'The result is that the members of each stratum accept as their ideal of decency the scheme of life in vogue in the next higher stratum, and bend their energies to live up to that ideal' (p.52). Each social class tries to emulate the consumption behaviour of the class above it, to such an extent that even the poorest people are subject to pressures to engage in conspicuous consumption. 'Very much of squalor and discomfort will be endured before the last trinket or the last pretence of pecuniary decency is put away' (p.53).

### Conspicuous consumption

People engage in conspicuous consumption in order to give an indication of their wealth to other members of society.

This search for status through consumption is never-ending. What at one time may confer status may later be acquired by all and confer no status. People must always try to acquire new consumption goods in order to distinguish themselves from others. When Veblen was writing in the 1880s, he viewed this drive for conspicuous consumption as the main force behind the consumer boom that was starting to gain pace in the United States.

For Veblen, all sorts of consumption activities were indicative of conspicuous consumption: the fashion tastes of a rich lady; the gambling and drinking of the aristocrat; the smoking behaviour of a journeyman printer. Modern examples include expensive motor cars, holiday cruises, designer clothes, and membership of exclusive leisure clubs. Of course, consumers may not always consider their consumption behaviour to be conspicuous. In some cases, consumption goods may be perceived to be both useful and confer status. In the next section I look in detail at some particular examples of conspicuous consumption.

## 3 CASE STUDIES IN MARKETING AND CONSUMPTION

As the above exposition shows, Veblen's approach looks at the evolution of consumer behaviour over time. For this reason, therefore, it is necessary to take an in-depth look at some examples of how consumers have behaved in different periods of history. In this section I examine two case studies: the first is taken from the eighteenth century, the second from the late twentieth century.

Although much has been written by historians about the Industrial Revolution which first took place in England during the eighteenth century, an important parallel event was the revolution in consumer behaviour. For the industrial revolution to have taken place, it is argued, there must also have been a consumer revolution. Without new markets

for the goods produced by the new methods of factory production, there would be no reason for new factories to be built in the first place. The 'big question' which needs to be addressed is why did this consumer revolution take place?

Champions of this notion of a consumer revolution are the historians McKendrick, Brewer and Plumb, with their book *The Birth of a Consumer Society* (1982). Any recent book on the history of consumer behaviour will take McKendrick *et al.* as its starting point.

The following case study is an extract which looks at the growth in the consumption of pottery in the eighteenth century. In particular, it looks at the success story of one of the great industrial pioneers of this time, Josiah Wedgwood. In reading it you should try to work out how it relates to Veblen's explanation of how consumer behaviour has evolved. After reading it through once, you will be asked some questions at the end. You might like to look at the questions at the end of the case study before you start reading it.

### Josiah Wedgwood and the commercialization of the potteries

It is difficult for twentieth-century man to understand the excitement that was generated by pottery and porcelain in the eighteenth century. To a society accustomed to regard crockery as a humble and ubiquitous accompaniment to everyday life, it is not easy to imagine the craving to possess it which gripped so many layers of eighteenth-century society. Most people know of the way in which the Dutch in the seventeenth century were caught in a fever of speculation over the possession and price of tulip bulbs, but very few are familiar with the far more important and far more pervasive china mania of the eighteenth century.

In the face of such ignorance, a consumer boom in pottery may seem an unlikely event. The aristocracy of England blocking the streets outside Wedgwood's London showrooms in their eagerness to buy his latest pottery; 'a violent vase madness breaking out amongst the Irish'; an 'epidemic' sickness to possess his wares amongst the upper and middling ranks; an extension of the market so profound that 'common Wedgwood'

came within the reach of 'common people' – such excitement strikes a surprising note to a society so accustomed to the almost universal possession of ample crockery that a hunger to possess it, a compulsive need to own the latest fashions in it, is difficult to imagine. [...]

When Josiah Wedgwood was born in 1730, the Staffordshire potters sold their wares almost solely in Staffordshire. Their goods found their sale in the local market towns, and occasionally, carried by pedlars and hawkers or on the backs of the wretched packmen of the eighteenth century, they reached further afield – to Leicester, Liverpool and Manchester. To sell in London in any quantity was rare, to sell in Europe virtually unknown. Yet by 1795 Wedgwood had broken through this local trade of fairs and pedlars to an international market based on elegant showrooms and ambassadorial connections; he had become the Queen's potter and sold to every regal house in Europe. [...]

His name was known all over the world. It had become a force in industry, commerce, science and politics. It dominated the potting industry. Men no longer spoke of 'common pewter' but of 'common Wedgwood'. [...]

The reasons why Wedgwood prospered above all others have proved [...] elusive. Most historians have argued that his discoveries – green glaze, creamware, jasper and black basalt – won him technical supremacy over his rivals; and that his factory organization and division of labour – his stated desire 'to make such machines of the Men as cannot err' – confirmed his superior quality. But this alone is not sufficient to explain his supremacy. For his inventions were quickly copied and his quality easily reproduced. They won him immediate attention but they could not keep it unless he could afford to sell his ware more cheaply than his rivals. This historians have cheerfully assumed. The statement by Professor Ashton that 'it was by intensifying the division of labour that Wedgwood brought about the reduction of cost which enabled his pottery to find markets in all parts of Britain, and also of Europe and America' is merely the most recent and most authoritative of a long line of such views – Meteyard, Jewitt, Church, Smiles, Burton and Trevelyan all produce the same argument. They

note the efficiency of Wedgwood's factory system, his avoidance of waste, the drop in breakages through the use of canals, the cheapening of transport charges because of canals and turnpike roads, and conclude that Wedgwood's wares were obviously cheaper than his rivals. Unfortunately they were not. His goods were always considerably more expensive than those of his fellow potters: he regularly sold his goods at double the normal prices, not infrequently at three times as high, and he reduced them only when he wished to reap the rewards of bigger sales on a product that he had already made popular and fashionable at a high price, or when he thought the margin between his prices and those of the rest of the pottery had become too great. [...]

Some idea of how this policy developed can be gained from a letter he wrote to his partner, Bentley, in 1771. Faced with a mounting stock he was overjoyed at the prospect of a large order from Russia: 'This Russ.<sup>n</sup> trade comes very opportunely for the useful ware, may prevent me lower:<sup>s</sup> the prices here, though it may be expedient to lower the prices of the Tableplates to 4/- Per doz in London, as our people are lowering them to 2/3 or 2/- here. Mr Baddeley who makes the best ware of any of the Potters here, an Ovenfull of it Per Diem has led the way, the rest must follow, unless he can be prevail'd upon to raise it again, which is not at all probable, though we are to see him tomorrow, about a doz.<sup>n</sup> of us, for that purpose [...] Mr Baddeley has reduc'd the prices of the dishes to the prices of whitestone, [...] In short the *General trade* seems to me to be going to ruin on the gallop – large stocks on hand both in London the country, little demand. The Potters seem sensible of their situation, are quite in a Pannick for their trade, indeed I think with great reason, for *low prices* must beget a *low quality* in the manufacture, which will beget *contempt*, which will beget *neglect*, disuse, and there is an end of the trade. But if any one Warehouse, distinguish'd from the rest, will continue to keep up the quality of the Manufacture, or improve it, that House may perhaps *keep up its prices*, the *general evil*, will work a *particular good* to that house, they may continue to sell *Queens ware at the usual prices*, when the rest of the trade can scarcely give it away. This seems to be all the chance we have, we must double our diligence here to give it effect. [...]

He did this partly by the capture of the world of fashion. For although Wedgwood had complete confidence in his wares – writing, 'wherever my wares find their way, they will command the first trade' – he also realized that '*Fashion* is infinitely superior to *merit* in many respects, and it is plain from a thousand instances that if you have a favourite child you wish the public to fondle take notice of, you have only to make choice of proper sponcers [sic].<sup>t</sup> The sponsors he aimed to win for his pottery were the monarchy, the nobility, and the art connoisseurs – in fact, the leaders of fashion. He quickly realized that to make pots for the Queen of England was admirable advertisement. To become the Queen's Potter and to win the right to sell common earthenware as Queen's ware, was even better. As Wedgwood wrote: 'the demand for this s.<sup>d</sup> *Creamcolour*, alias, *Queensware*, [...] still increases. It is really amazing how rapidly the use of it has spread over the whole Globe, how universally it is liked. How much of this general use, estimation, is owing to the mode of its introduction – how much to its real utility beauty? are questions in which we may be a good deal interested for the government of our future Conduct. The reasons are too obvious to be longer dwelt upon. For instance, if a Royal, or Noble introduction be as necessary to the sale of an Article of Luxury, as real Elegance and beauty, then the Manufacturer, if he consults his own inter.<sup>c</sup> will bestow as much pains, expense too, in gaining the former of these advantages, as he wo.<sup>d</sup> in bestowing the latter'. Wedgwood was not a man to fail to consult his own interests. He took immediate action. [...]

By appealing to the fashionable cry for antiquities, by pandering to their requirements, by asking their advice and accepting their smallest orders, by flattery and attention, Wedgwood hoped to monopolize the aristocratic market, and thus win for his wares a special distinction, a social *cachet* which would filter through to all classes of society. Everything was done to attract this aristocratic attention. A special display room was built to beguile the fashionable company which Josiah drew after him to Etruria; steps were taken to make the London showroom attractive 'to the ladies', and to keep the common folk out; he was even prepared to adjust his prices downwards so

that they could be paid genteely, writing to his partner 'I think what you charge 34/- should [...] be [...] a Guinea a half, 34 is so odd a sum there is no paying it *Genteely* [...]'. Once attracted everything was done to keep such attention. The good will of Wedgwood patrons never withered from neglect. Sir George Strickland was asked for advice on getting models from Rome; Sir William Hamilton was asked for advice on gilding; they were complimented by the reproduction of their country houses on the great Russian service; and great care was taken to flatter them by giving them first sight of any new discovery. The first Etruscan vases, for instance, were shown before they were put on sale to 'Sir Watkin Williams Wynn, Mrs Chetwynd, Lord Bessborough, Earl of Stamford, Duke of Northumberland, Duke of Marlborough, Lord Percy, Lord Carlisle St James's Place, Earl of Dartmouth, Lord Clanbrazill, Lord Torrington, Mr Harbord Harbord'. These were the nucleus of an aristocratic clique that did Wedgwood untold good. They praised his ware, they advertised it, they bought it, and they took their friends to buy it. Wedgwood had no scruples about exploiting their friendship and their praise. In 1776, for instance, by artful flattery he carefully prepared the ground for his new Bassrelief vases at the next season's sale, writing to Bentley, 'Sir William Hambleton, our very good Friend is in Town – Suppose you shew him some of the Vases, a few other Connoisseurs [sic] not only to have their advice, but to have the advantage of their puffing them off against the next Spring, as they will, by being consulted, and flatter'd agreeably, as you know how, consider themselves as a sort of parties in the affair, act accordingly.' In the small, interconnected, gossip-ridden world of the English aristocracy in the eighteenth century, such introductions were vital, for even a very few sales could have an important effect.

For the lead of the aristocracy was quickly followed by other classes. Fashions spread rapidly and they spread downwards. But they needed a lead. As Wedgwood put it, 'Few ladies, you know, dare venture at anything out of the common stile [sic] 'till authoris'd by their betters – by the Ladies of superior spirit who set the ton'.

Source: McKendrick *et al.*, 1982

### Question

- How well does the theory of conspicuous consumption explain Wedgwood's marketing strategy?
- What importance did Wedgwood place on consumers' maximization of utility?
- Explain the relationship between the demand for Wedgwood's pottery and its price.

Much of Wedgwood's energies were devoted to obtaining the support and patronage of the aristocracy. Each lord, earl and duke: each member of the aristocracy were worthy prey for Wedgwood's 'flattery and attention'. Once he had monopolized the attentions of the aristocracy, Wedgwood obtained for his wares the 'social *cachet* which would filter through to all classes of society'. It was not enough for Wedgwood merely to sell a small number of goods to this aristocracy. His great innovation was to use the 'superior spirit' of the aristocracy to unleash the clamour of the lower classes for a small slice of the aristocracy's respectability. This suggests that the revolution in consumer behaviour was driven by conspicuous consumption – by the desire of members of each social strata to display their decency by emulating the behaviour of those in a higher social strata.

The 'real utility and beauty' of Wedgwood's pottery was not central to his marketing strategy. Of equal, if not more, importance was the patronage of the aristocracy. A vase may be made using the latest and most innovative techniques but if it was not fashionable then it would not sell. 'Fashion', states Wedgwood, 'is superior to merit'. At first sight Wedgwood's position may appear directly to contradict the neoclassical theory of utility maximization. Consumers are less interested in the utility of pottery than its fashionability. However, it should be emphasized that Wedgwood is employing the word *utility* in a different way from the definition used in neoclassical economics. In Chapter 2, utility was defined as the pleasure which an individual gains from consumption. Wedgwood, on the other hand, uses the other definition of utility which represents the usefulness of an object.

Under the neoclassical definition, consumers of Wedgwood's pottery could indeed be maximizing

utility. All that matters to the neoclassical notion of utility is that they seek as much pleasure as possible. It is not for Wedgwood or Veblen, or anybody else, to judge whether consumers purchase pottery either for its merit or its fashionability – all that matters is that they glean pleasure from its consumption.

Implicit in Wedgwood's approach, however, is a value judgement that his pottery has, on the one hand, a certain degree of *real* merit or usefulness, and, on the other, a groundless fashionability. This fits perfectly well with Veblen's categorization of conspicuous consumption as a wasteful activity, that although individuals gain pleasure from consumption, their pursuit of fashion has no real substance. Instead of being independent, their tastes and preferences are *dependent* upon the behaviour of others. Instead of being exogenous, coming from inside the individual's psyche, tastes are endogenous, dependent upon the rest of society.

The relationship between the demand for Wedgwood's pottery and its price has important implications for the neoclassical theory of consumption. In Chapter 2 a downward sloping demand curve for a typical good  $G$ , as shown in Figure 3.1, was derived from the tastes and preferences of individual consumers. For the consumption of a typical good, a reduction in price generates an increase in market demand.

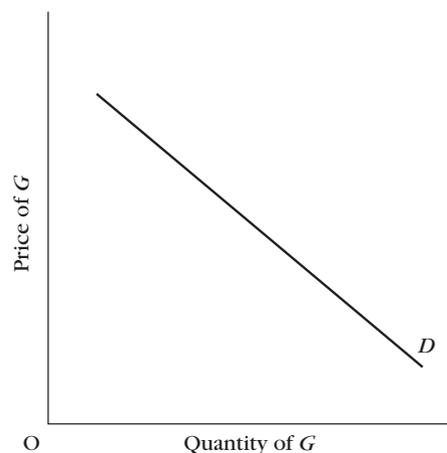
This view of the relationship between price and demand appears to have been held by most of Wedgwood's competitors in the pottery industry. In response to the glut of 1771, Wedgwood's competitors were lowering prices in an attempt to sell their surplus stock of pottery. Wedgwood's main worry, however, was that if he too followed this trend it would lead to the 'contempt' of his customers. They would associate the low price of the pottery with low quality. The price of Wedgwood pottery, therefore, was maintained at a high level. In Wedgwood's view the demand curve for his pottery was not downward sloping: low prices meant less demand, not more.

### Reflection

What shape do you think Wedgwood believed the demand curve for his pottery would take?

The next case study looks at a more recent example of the demand for luxury goods in the 1980s. In reading it you should once again try to work out the role of Veblen's theory of the leisure class and the neoclassical theory of utility maximization; and also try to assess the relationship between price and demand.

**Figure 3.1** The downward sloping demand curve



### The luxury goods trade: upmarket philosophy

At this time of year, the normally sedate scarf-counter of the swish Hermes boutique on the Rue du Faubourg Saint-Honore in Paris looks like the discount aisle in a department store. Though the shoppers are draped in haute couture, they paw over the merchandise as frantically as any blue-jeaned bargain-hunter. Priced at FF1,150 (US\$ 215), the Hermes silk scarf, favoured by such upmarket icons as Queen Elizabeth, is no bargain. No matter. In the week before Christmas, one is sold every 24 seconds. Few of those diving into the designer-scarf scrum are likely to have heard of Thorstein Veblen – though some might think they own an evening gown from his autumn collection. Yet if Veblen were alive today he would recognise them instantly. [...]

Veblen's argument was that as wealth spreads, what drives consumers' behaviour is increasingly neither subsistence nor comfort but the attainment of 'the esteem and envy of fellow men'. At the time, academics thought this mildly convincing. By the 1980s it was commonplace. As economies boomed, the nouveaux riches joined the vieux riches in a Veblenian binge. Hermes ties protruded from every striped collar; Rolexes were worn loose on every languid wrist. In the City of London, people watered their plants with Perrier and watered themselves with Dom Perignon. Louis Vuitton became Tokyo's favourite Frenchman.

As this brand-studded description suggests, the beneficiary was the luxury goods trade. [...]

But exactly what sort of goods? The answer is unduly costly ones, which Veblen describes as falling into 'accredited canons of conspicuous consumption, the effect of which is to hold the consumer up to a standard of expensiveness and wastefulness in his consumption of goods and his employment of time and effort' [...] indeed, Veblen argued that since the reasons for buying such goods are pecuniary emulation and invidious comparison, their utility actually rises as their prices go up.

Of course, consumers do not admit it. Instead they say that these products are more beautiful, or of better quality. Veblen replies: consider a

hand-wrought spoon of pure silver. Many would find it lovely and pay a hefty premium for it. Now imagine that the spoon is revealed to be a very good fake. Although it would still be the same spoon, Veblen plausibly claims that its 'utility, including the gratification which the user derives from its contemplation as an object of beauty, would immediately decline by some eighty or ninety per cent'.

For evidence that he was right about the relationship between the price and the perceived value of snobby goods, look at the table.

**Table 2.1** Luxury good prices

Item and base year	Price		Percentage increase	
	Base year (\$)	1992 (\$)	nominal	real terms
Russian caviar 2oz (1912)	1.40	129	9 130	535
Jaguar most expensive two-seater (1932)	1 085.00	73 545	6 680	560
Parker Duofold fountain pen (1927)	7.30	236	3 130	300
Purdey shotgun top of the line (1901)	435.00	38 380	8 720	425
Dunhill lighter 'Rollagas' silver plate (1958)	19.00	205	980	122
Louis Vuitton suitcase (1912)	29.00	1 670	5 660	295
Cartier Tank watch (1921)	155.75	4 180	2 580	242
Champagne non-vintage bottle (1912)	1.85	34	1 710	25

Source: *The Economist*, 26 December 1992

Over the past 100 years or so, the real cost of many classic luxury items has soared. As wealth has spread, so rich consumers have been prepared

to pay ever larger sums to demonstrate status. This has not been lost on luxury goods firms. As the marketing manager at one such company puts it: 'Our customers do not want to pay less. If we halved the price of all our products, we would double our sales for six months and then we would sell nothing.'

Source: *The Economist*, 26 December 1992

Table 2.1 shows that, for a selection of luxury goods, firms are ever more disposed to charge high prices. The price of a Louis Vuitton suitcase, for example, has increased by just under 300 per cent in real terms over the period 1912–92. Russian caviar has increased in price by 535 per cent during this period. The spread of wealth to the *nouveaux riches*, or newly rich, has meant that to display their wealth through conspicuous consumption, people need to buy even more expensive luxury goods than before. As the marketing manager interviewed by *The Economist* made clear, there is no point, except in the short run, in firms attempting to sell more luxury goods by reducing prices to increase demand – in the long run, the downward sloping demand curve does not apply.

An important insight given by this case study is that the tastes and preferences of individual consumers can actually vary as the price changes. The more expensive a designer good, the more utility an individual may receive from its consumption. The implication of this insight for the neoclassical theory of consumption will be explored in the next section.

### Reflection

Consider the implications of the two case studies for the neoclassical theory of consumption. In particular, what will the indifference curves and associated demand curves look like?

## 4 IMPLICATIONS FOR NEOCLASSICAL THEORY

In Chapter 2, the typical consumer's demand decision was determined by the nature of his or her tastes and

preferences. If a person has a preference for one particular good over another, then this determines how that person's demand decision might respond to any price change. The consumer is shown to be sovereign in deciding how much to consume of each good. In the neoclassical theory of consumption the preferences of each individual determine what firms should produce in the market place.

A key feature of this neoclassical approach is a separation of the preference sphere from the price sphere. The preference sphere is firmly rooted in each individual's psychology – each individual has his or her own tastes and preferences. The price sphere, on the other hand, is located in the market-place. Firms supply goods and consumers demand goods such that the price is determined as a market outcome. The driving force for this market outcome comes from outside the market – from inside the psyche of individual consumers. In the neoclassical approach, the preference sphere dominates the price sphere.

Veblen's approach represents a direct challenge to this separation of the preference and price spheres. The two case studies above have shown that the preferences and decisions of consumers can be *dependent* upon the price level. Both Wedgwood in the 1700s and the designer goods shops in the 1980s provide examples in which reductions in the price level were looked upon unfavourably by consumers. In such examples, if the price of a good falls, the preference which the individual has for that good is also reduced. This phenomenon is explored in the following example.

Picture this scene. Mrs Connaught-Brown is a wealthy widow living in Berkeley Square, London. Each Thursday she hosts a dinner party to which she invites friends and acquaintances. In treating her guests she likes to purchase a combination of Russian caviar and champagne.

On her trips to Harrods, Mrs Connaught-Brown notices a disturbing trend. The queues at the caviar counter seem to be getting longer and the type of person standing in the queue also appears to be changing. She is increasingly engaged in conversation with ladies with distinctly northern English accents, who are visiting London to see, amongst other things, Andrew Lloyd-Webber musicals. Being of good breeding she is, of course, perfectly civil to these ladies, with whom she enjoys good conversation. She wonders, however, why are they suddenly purchasing caviar? The penny begins to drop that,

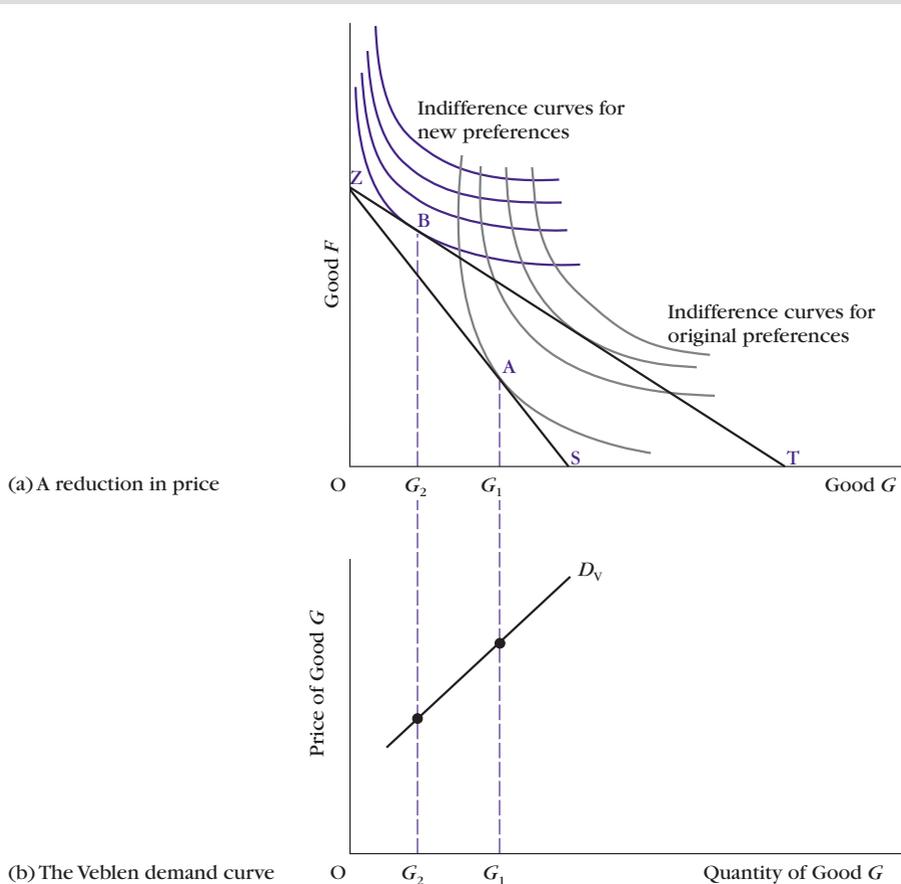
over a period of time and due to the opening up of trade relations with Russia, the price of caviar has fallen from £40 per ounce to £20 per ounce. The perfectly affable northern ladies can now afford to purchase an ounce of caviar for the price of a Marks and Spencer's cardigan.

Without experiencing any malice towards the ladies in the Marks and Spencer's cardigans, Mrs Connaught-Brown becomes less interested in purchasing caviar. She and her friends find caviar to be less fashionable than before, so that their interest in buying it is reduced. Caviar is now so cheap that it is less suitable for the purposes of conspicuous consumption - it provides a less suitable vehicle for displaying Mrs Connaught-Brown's wealth at her weekly dinner party.

This example can be further explored using the concept of the indifference map, which was introduced in Chapter 2. In Figure 3.2, caviar is represented by good  $G$ . Although the price of  $G$  has fallen, Mrs Connaught-Brown's demand for  $G$  falls from  $G_1$  to  $G_2$  units. This reduction in demand is translated in part (b) of Figure 3.2 into an upward sloping demand curve. Leibenstein (1950) has referred to this as the Veblen demand curve. On this Veblen demand curve ( $D_v$ ) each reduction in the price level of a good results in a reduction of the amount demanded.

In part (a) of Figure 3.2, the individual chooses a combination of goods  $F$  and  $G$  at the initial bundle  $A$ . The fall in the price of  $G$  is represented by a shift of the budget constraint line from  $ZS$  to line  $ZT$ . Since

**Figure 3.2** Deriving the Veblen Demand Curve



the price of  $F$  remains the same, the line pivots around the fixed point  $Z$  on the  $F$  axis.

For Mrs Connaught-Brown, good  $G$  becomes a less attractive vehicle for conspicuous consumption. There is a shift in her indifference map. She consumes a new combination of  $F$  and  $G$  at bundle  $B$ . If there had been no change in preferences, as shown by the original indifference curves, then consumption of  $G$  would have increased after the price change to  $G$  at bundle  $C$ , but with the indifference curves for new preferences she moves to a new bundle, bundle  $B$ . Under conspicuous consumption there is a change of preference in response to the price change.

The ladies from the north of England, in this example, have downward sloping demand curves. Since the price of caviar has fallen, they demand more of it. However, one may wonder whether the ladies from the north of England will continue to be interested in caviar once they realize that Mrs Connaught-Brown and her friends no longer buy it. As the marketing manager of the luxury goods firm in the second case study commented, the drop in price may generate a short run increase in demand, but in the long run, once a good loses its luxury status, market demand may fall. The upward sloping individual demand curves for Mrs Connaught-Brown and her friends, and the tendency of others to emulate them, may translate into an upward sloping market demand curve – a long run market Veblen demand curve.

This derivation has two important implications for the neoclassical theory of consumption. First, it opens up the possibility that consumers are not sovereign in a market economy. Instead of their tastes and preferences determining the price level, causation is in the opposite direction: the price level determines the consumers' tastes and preferences. To recap: following an event in Russia, there is an exogenous change in the price level, which, via the reaction of the northern ladies, leads to a change in the preference for caviar of Mrs Connaught-Brown. Her tastes and preferences are endogenous, dependent on the price level. Consumers no longer tell prices (and thus consumers) what to do. Instead prices tell consumers what they like. In this interpretation, it is the price sphere which dominates the preference sphere. Second, if the market Veblen demand curve is upward sloping, the demand and supply analysis which is central to neoclassical theory becomes problematic. As discussed in Chapter 2, if market demand curves are upward sloping, there may be multiple equilibria – no unique equilibrium between demand and supply is established. The case of

conspicuous consumption provides an additional reason why such problems can occur in the neoclassical approach.

## 5 PROBLEMS WITH CONSPICUOUS CONSUMPTION

This chapter has thus far provided an introduction to Veblen's theory of conspicuous consumption using a number of examples. From Josiah Wedgwood's expensive wares, to the scarf counter on the Rue du Faubourg Saint-Honore and Mrs Connaught-Brown's dinner party, each example has the overriding theme of conspicuous consumption in common. In each example it is the behaviour of the rich and aristocratic that consumers seek to emulate, be it in the consumption of pottery, designer scarves or caviar. Veblen argues that the underlying motive for this conspicuous consumption is its wastefulness. To spend such large amounts of money on wasteful products provides a clear message that the money has not been earned through productive activity. If the money had been sweated for in a factory or on a building site, it would not be so readily wasted on obscure fish eggs or garish dinner sets. Conspicuous consumption provides a modern day equivalent to conspicuous leisure.

### Question

Consider the consumer goods on which your neighbours, where you live, tend to spend money. To what extent could their consumption be described as conspicuous?

Where they engage in conspicuous consumption, the good in question may be referred to as a luxury good. They may, for example, buy a designer jacket or a motor car, with some inkling that this will impress people as a luxury good. You may have neighbours who spend hundreds of pounds on a personalized number plate, perhaps the ultimate luxury good of no practical use. While neoclassical economists concede that some luxury goods may have Veblen demand curves, they would still hold, however, that in general the demand decisions of consumers are determined by their own independent tastes and preferences.

The argument against the general relevance of conspicuous consumption is not just that many consumers have income levels which are too low for them to afford luxury goods and are, therefore, unable to play the game of conspicuous consumption. Even at quite high levels of income, consumers may still not be interested in emulating the behaviour of the rich. Mason (1981, p.111) argues that working-class people are 'either unwilling or unable to break away' from some peer group pressures.

A simple example of this argument is provided by the wearing of jeans, a garment traditionally worn by manual workers. As the social uniform of youth, there is social pressure to own and wear a pair of jeans. A young British working-class male embarking on a Saturday night out may be doing plenty of overtime, earning good money, and therefore be able to spend a reasonably large amount of money on clothes. However, he may well choose to wear jeans - ostensibly 'work clothing' - for his outing, being 'forced' to wear trousers, and sometimes a jacket and tie, only if he intends to gain entry to a night club. The social norm, if he is only going to a pub, is to wear jeans. There is no aspiration to wear suits, shirts and ties - attire which is typically worn by the upper classes.

Fine and Leopold (1993) view jeans as an example of goods which serve as necessities. As a consumption good, their origin in the United States was as an affordable, strong and long-wearing item of work clothing. The mass production of jeans has meant that the cost of production, and hence the price, is so low that they can be sold to a mass market. The argument here is that, for working-class people, the driving force for consumption is not provided by the emulation of higher social classes, but by the necessities of everyday life.

Thus a possible problem with Veblen's approach is that it plays down the role of working-class values in influencing consumption, emphasizing the *trickle down* of consumption patterns from the rich to the poor when often it is the *trickle up* which may be important. Even Princess Diana wore a pair of jeans, a traditional item of work clothing, so in this case it is not the aristocracy who are setting the trend but the everyday worker.

It is unlikely, however, that Princess Diana bought 'ordinary' jeans. There is a market for designer jeans which are differentiated from ordinary jeans according to their label. It should also be noted that jeans are very much an American product and hence

may be associated with wealth and prosperity. Nevertheless, the point can still be made that the social origin of this product stems from working-class consumption. The original take-off of jeans as a mass produced item of consumption did not take place because of the behaviour of the upper classes.

This argument against Veblen's approach is particularly relevant to the case of Josiah Wedgwood. To recap, the historians McKendrick *et al.* argue that Wedgwood pioneered the revolution in pottery consumption that took place in the eighteenth century. Generalizing from the pottery industry, they argue that the Industrial Revolution in England would not have been possible without a parallel consumer revolution. To have mass production there must also be mass consumption. Wedgwood is argued to have sparked off the consumer revolution in pottery consumption by courting the patronage of the European aristocracy. The scramble to buy pottery that took place is attributed to the need to emulate the behaviour of the aristocracy.

Weatherhill (1986) reports, however, that at the time of its rapid expansion in the eighteenth century, the pottery industry employed only 1 per cent of the total number of industrial workers in Britain. With Wedgwood representing one among many pottery manufacturers, we should be careful not to place too much importance on his role as a pioneer of a consumer/industrial revolution.

Furthermore, Weatherhill argues that even the other pottery manufacturers did not take their lead from Wedgwood. We saw in the McKendrick case study that Wedgwood courted the London aristocracy by inviting them to his exclusive showrooms, which were serviced by London warehouses. McKendrick argues that 'Josiah Spode ... and finally Minton followed Wedgwood's lead and established warehouses and showrooms in London' (quoted by Weatherhill, 1986, p.212). For Weatherhill, however, the warehouses used by Wedgwood's competitors were of a different type. Josiah Spode, for example, made use of a warehouse which was run by his son, Josiah Spode II. Yet this was a business independent from Spode's factory in North Staffordshire and dealt with pottery produced by other manufacturers apart from Spode. Indeed, for Weatherhill it was this model that was to provide the lead for all pottery manufacturers as the eighteenth century ran into the nineteenth. 'Producers began to rely on a distribution network, and gradually came to rely less on their own London warehouses' (p.212).

It has even been argued that Wedgwood held back the pace of change in the pottery industry.

Wedgwood's strategy was to court the luxury market by charging a high price, in the hope of eventually reaching a wider market when he subsequently lowered prices. Far from pioneering the opening up of a mass market for pottery, Fine and Leopold argue that this strategy could have *delayed* the increase in demand. If Wedgwood had put all his effort into affordable pottery which everyone could buy – similar to the case of jeans – the pottery revolution may have been more vibrant than it actually proved to be. 'It is at least as plausible to see the luxury market of the eighteenth century as an obstacle to the development of mass production for the lower classes in the nineteenth century, as it is to view it as a stimulus to emulation from below' (Fine and Leopold, 1993, p.79).

For many goods there is not even an opportunity for emulation to take place. Take, for example, the rise in the domestic consumption of coal in the eighteenth century – by at least 3 million tonnes per annum from 1700 to 1800 (Flinn, 1984, p.252). According to Fine and Leopold (1993, p.79), this was made possible by a number of factors, including the cost of production, income levels and rates of population growth. 'Yet it would be far-fetched to view the rise in coal consumption as originating out of the emulative behaviour of the lower classes (with fashion emanating from London as the major domestic market).'

As the neoclassical economist might argue, there is some evidence for saying that conspicuous consumption can take place for certain luxury goods, but there are also many other goods such as coal, jeans and ordinary pottery, for which Veblen's theory breaks down. It can, therefore, be argued that Veblen's theory of conspicuous consumption does not represent a general critique of the neoclassical theory of consumption – it cannot be applied to all goods and to the behaviour of all social classes.

## 6 THE THEORY OF 'DISTINCTION'

A more general theory of consumption, which to some extent builds upon Veblen's approach, is provided by the French writer Pierre Bourdieu. Campbell (1995, p.103) has described Bourdieu as 'the most important contemporary theorist of consumption proper' and stated that Bourdieu's work, *Distinction: A Social*

*Critique of the Judgement of Taste* (1979), 'bears comparison, in character and importance, with Veblen's *Theory of the Leisure Class*' (p.103). Like Veblen, Bourdieu looks at consumption as a class phenomenon. The tastes that consumers display in their consumption decisions are inextricably tied up with the position they hold in the social hierarchy.

Following Veblen, Bourdieu also views consumption behaviour as an evolutionary phenomenon (see Trigg, 2001). A consumer's tastes are not a given or fixed entity, as in the indifference curve diagram. Tastes evolve over time; they are cultivated by the individual. In the same way that a farmer may invest energy in developing land in order to cultivate crops, the individual invests in the cultivation of tastes. To become cultured in one's tastes requires the investment of time and energy – the pursuit of *cultural capital*.

### Cultural capital

Refers to an individual's accumulated stock of knowledge about the products of artistic and intellectual traditions.

Here is an exercise based on the type of question asked by Bourdieu in a questionnaire he carried out in the mid-1960s on a sample of over 1200 French people.

### Exercise 3.1

Name the composers of the following pieces of music.

(Calculate your score out of 15 after checking the answers).

- 1 The Double Cello Quintet
- 2 The Apassionata
- 3 Pictures from an Exhibition
- 4 The Messiah
- 5 The Ring Cycle
- 6 St Matthew Passion
- 7 Tales from the Vienna Woods
- 8 The Hebrides Suite
- 9 Coppelia
- 10 From the New World
- 11 The London Symphony
- 12 Les Sylphides
- 13 The 1812 Overture
- 14 Enigma Variations
- 15 Peer Gynt

The number of correct answers provides a rough guide to your cultural capital. At one end of the scale, if you can name all the composers, this might show that you have maximum cultural capital. If you cannot name any, your cultural capital is zero. Acquired knowledge of culture is viewed as capital, in the same way that a farmer might acquire capital in the form of machinery.

Bourdieu found the score that people achieved in this type of exercise was closely correlated to their educational qualifications. In his sample, 67 per cent of those individuals with only basic education could not identify more than two composers. In contrast, 78 per cent of teachers in higher education could name twelve or more composers. There is a general culture, of which knowledge and appreciation of music is a part, which becomes more developed the more education an individual undergoes. Why should somebody with educational qualifications acquire knowledge of certain types of culture? They may not seek to do so, but may pick up this knowledge through contact with people of similar levels of education. More importantly, however, Bourdieu (1979, p.23) argues that the acquisition of cultural capital is 'inscribed, as an objective demand, in membership of the bourgeoisie and in the qualifications giving access to its rights and duties'. To become accepted as part of the bourgeoisie one must be at ease with the various concerts and exhibitions which make up the cultural social circuit. One must keep up with dinner party conversation which drifts between comparisons of conductors and ballerinas, tenors and sculptors. This is not to say that culture is all the bourgeoisie talks about; only that it is an important entry requirement.

In addition to educational qualifications, a person's social origin is of vital importance to the level of cultural capital which is acquired. While a person of working-class background might bone up on classical music through listening to Radio 3 and Classic FM, for the person of upper-class origin, classical music is part of their upbringing. Bourdieu observes that 'when the child is introduced at an early age to a "noble" instrument - especially the piano - the effect is at least to produce a more familiar relationship to music, which differs from the always somewhat distant, contemplative and often verbose relation of those who have come to music through concerts or even only through records' (p.75).

It should be pointed out, in case you have not realized, that knowledge of the composers asked for in

the previous exercise, even if you knew all fifteen, might not be evidence of too much cultural capital. Bourdieu distinguishes between middlebrow and highbrow taste, and I am afraid that the Messiah and the 1812 Overture may relate more to the former: they are more Classic FM than Radio 3. Since Bourdieu's original questions are not fully reported in his book, I have illustrated his approach using a comparable question which, coming from me, is necessarily middlebrow.

For those who do not have the right social background to become accomplished in their knowledge of classical music, the area of film may provide a more convenient outlet. As a form of art, film is not as legitimate as classical music - Bourdieu refers to film as 'not yet fully legitimate' art (p.87). However, despite its limitations, in metropolitan areas such as London and Paris, knowledge of films is central to dinner party conversation.

### Exercise 3.2

Name the directors of the following films. (Calculate your score out of 20 after checking your answers).

- 1 A Clockwork Orange
- 2 Lawrence of Arabia
- 3 JFK
- 4 ET
- 5 On the Waterfront
- 6 Pulp Fiction
- 7 Hannah and Her Sisters
- 8 Citizen Kane
- 9 The Maltese Falcon
- 10 The Third Man
- 11 North by Northwest
- 12 Persona
- 13 Stagecoach
- 14 Fantasia
- 15 Malcolm X
- 16 La Grande Illusion
- 17 Land and Freedom
- 18 Little Man Tate
- 19 Braveheart
- 20 Gone With The Wind

Bourdieu asked his sample of individuals this type of question. He found that only 5 per cent of those with just elementary education could name at least four directors; of those with higher education, 22 per cent could name at least four directors. In addition, he

found that those with just elementary education tended to be more interested in actors than directors. 'Where some only see "a Western starring Burt Lancaster", others "discover an early John Sturges" or "the latest Sam Peckinpah"' (p.28). There is a right way of seeing a film, and a right kind of film to see. It is no big deal if you managed to identify the Spielberg film, since he is well known, but being able to identify the Jean Renoir film shows culture and taste. Culture and taste can depend less on your direct enjoyment from, say, watching a Burt Lancaster film than on your knowledge of who directed it.

According to Bourdieu, therefore, you should not feel at all upset or discouraged even if you could not name any composers or film directors. Moreover, if you could name more of the actors in the films than the directors, this may indicate that your enjoyment of these films was less contrived. Taste is always a negative phenomenon in that it is based on a criticism of that which is popular. The establishment will always try to distinguish their tastes from popular taste. 'It is no accident that, when they have to be justified, they are asserted purely negatively, by the refusal of other tastes' (p.56). In social competition there is no gain from preferring Spielberg to Jean Renoir, since the former is watched by the working classes in droves, whilst the latter is not. Tastes do not come from inside; they are driven by the need for distinction – the need to distinguish one's tastes from that which is popular.

A possible illustration of this drive for distinction is provided by recent developments in the market for classical music. Opera, once the exclusive preserve of the upper classes, has entered into the realm of popular music. The three tenors – Domingo, Carreras and Pavarotti – sang to sell-out open air shows in the early 1990s. By the mid 1990s, however, the *Sunday Times* (21 April 1996) reported that 'classical music has become the latest victim of middle-class "culture fatigue"' and 'the loss of interest by those who regard opera as a ladder for social advancement ... resulted in lower classical record sales and declining concert audiences'. Could this be anything to do with the interest which the working classes have shown in opera since *Nessum Dorma* was used as a theme tune for television coverage of the 1990 World Cup?

In the same way that those higher up the social hierarchy will tend to distinguish themselves from those at the bottom, it also follows for Bourdieu that those at the bottom have their own values and tastes. Take the photograph of an old woman's hands shown in Figure 3.3.

Bourdieu showed this photograph to his sample group and asked them how they felt about it. Working-class respondents tended to respond with distaste: "Oh, she's got terribly deformed hands!" ... "The old girl must've worked hard. Looks like she's got arthritis" (Bourdieu, 1979, p.44). For respondents at higher levels of the social hierarchy, however, the responses are much more abstract: "The sort of hands you see in early Van Goghs, an old peasant woman or people eating potatoes" ... "I find this a very beautiful photograph. It's the very symbol of toil. It puts me in mind of Flaubert's old servant-woman" (p.45). The implication is that working-class people see things as they are. They dislike the old lady's hands, because for them hard work is not beautiful or artistic, but an economic necessity. For the holder of cultural capital, the intention is to establish distance from economic necessity. A cultural detachment, which views the old woman's hands as a piece of art 'can only be constituted within an experience of the world freed from urgency and through the practice of activities which are an end in themselves, such as scholastic exercises or the contemplation of works of art' (p.54). Since for working-class people the immediate urgency is to make ends meet, there is little room for cultural endeavours.

This supposed working-class attitude to cultural endeavours extends to the consumption of goods and services in general. A whole series of different questions are asked in Bourdieu's questionnaire. In addition to items of cultural consumption, such as visits to the cinema, Bourdieu also considers more basic items such as food, clothing and furniture. With the consumption of food, for example, Bourdieu argues that working-class households tend to ensure that there is ample available for the satisfaction of hunger. This contrasts with the eating habits of the upper classes who are more interested in treating food as an art form. A working-class household would not tend to be impressed by fashions such as *nouvelle cuisine*, in which the presentation of food is more important than the quantity on offer. With furniture, Bourdieu distinguishes between the fixation the upper classes have for antiques and the more practical requirements of working-class households. And with clothing he argues that working-class households tend to be less influenced by *haute couture* than the upper classes.

In distinguishing between the tastes of individuals, Bourdieu places great emphasis on their level of economic capital. A person of high income, such as a lawyer or industrialist, has a high level of

economic capital. An unskilled manual worker has a low level of economic capital. The more economic capital an individual has, the more able they are to develop their consumption patterns; the more able they are to purchase antiques and designer clothes.

It may or may not follow that a person of high economic capital also has high cultural capital. Figure 3.4 lays out four possible combinations of cultural and economic capital. Each block of the diagram is associated with different lifestyles. Block A contains people who have both a high level of income (positive economic capital) and well-developed tastes (positive cultural capital). People such as lawyers and architects can have both the economic resources for expensive tastes in consumption goods, and the know-how to appreciate legitimate culture. At the other extreme is block D - the lifestyles associated with working classes who have neither economic nor cultural capital. As we have seen, for Bourdieu the constraints of economic and cultural capital make it difficult for people to move from block D to block A.

The remaining diagonal blocks, blocks B and C, represent the lifestyles of individuals lacking in one of the two types of capital. In block B individuals have positive economic capital. This could be, say, small business people who make plenty of money but who do not show any interest in the arts. Block C, on the other hand, might include people such as primary school-teachers who do not earn much money (negative economic capital) but who tirelessly visit art galleries and attend the theatre.

Over time, there can be cross-mobility between blocks B and C. A family with a small business, but low cultural capital (block B) may channel its resources into purchasing an education for its children who then develop the lifestyle of block C by moving into teaching. The shape of the social hierarchy, in terms of which people end up where, depends, in part, on the cultural decisions of its participants.

Having considered the consumption behaviour of different social classes in relation to various consumption goods, we can now summarize

**Figure 3.3** Photograph of an old woman's hands



Source: Russell Lee, *Hands of Old Homesteader, Iowa* (1936); Gelatin-silver print, (16.5 x 24.44 cm). The Museum of Modern Art, New York, Gift of the Farm Security Administration, © 1996, The Museum of Modern Art, New York, reproduced in Bourdieu, 1979, p.45

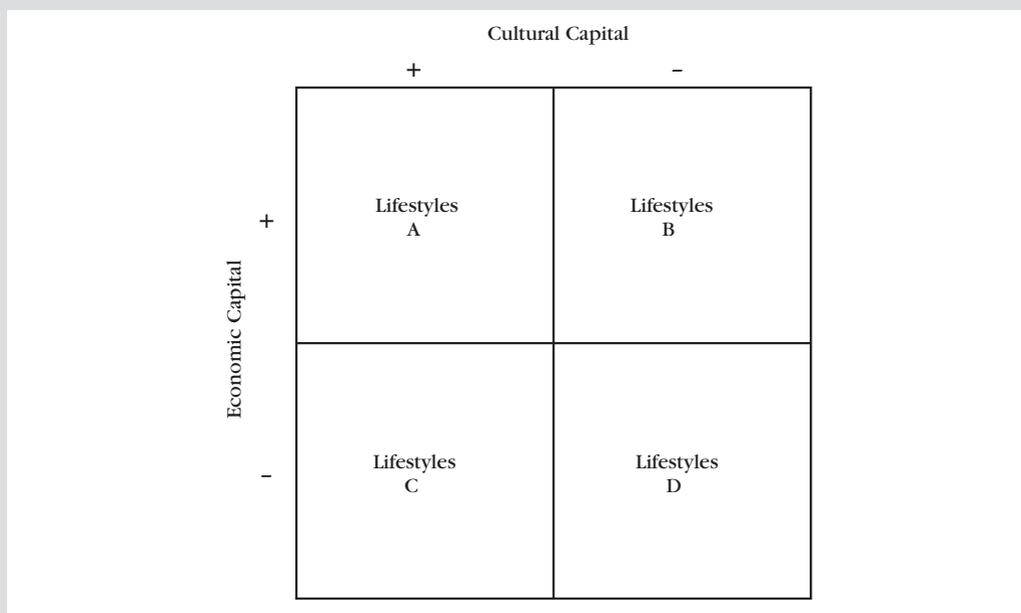
Bourdieu's theory of distinction. There are two main parts to this theory. The first part, as we have seen, looks at the way in which individuals invest in cultural capital in order to obtain a position in the social hierarchy. Indeed the structure of the social hierarchy itself is shaped by the way in which individuals invest in cultural capital. For Bourdieu, the drive for distinction is a prime mover in the establishment of social classes.

The second part of the theory looks at the way tastes and preferences depend on membership of social

classes. A working-class person's preferences may be dominated by functional necessities. This is not to say that the working classes are not influenced by fashion and culture; only that the need to make ends meet is of central importance. Moving up the social hierarchy these necessities have less influence. As a consequence, the tastes of the middle classes tend to imitate those of the upper classes; and the tastes of the upper classes are seen to be the dominant and legitimate tastes of society.

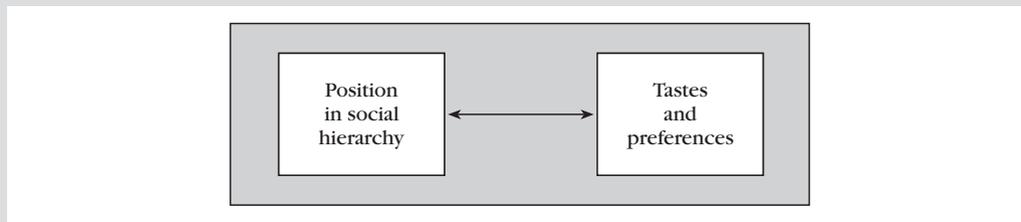
Figure 3.5 summarizes these two ways of seeing the relationship between tastes and the social

**Figure 3.4** Bourdieu's classification of lifestyles



Source: Rosengren, 1995

**Figure 3.5** The relationship between tastes and the social hierarchy



hierarchy. On the one hand, the tastes and preferences of individuals depend on their position in the social hierarchy, as shown by the right-hand arrow. And, on the other hand, the tastes and preferences that individuals cultivate help to determine their position in the social hierarchy (as shown by the left-hand arrow). Whichever direction of causation is dominant, the tastes and preferences of individuals are always *dependent*. They depend either on the position currently held in the social hierarchy or on the target social class that they wish to join. In the neoclassical approach, you simply have your own independent tastes and preferences; nobody else influences these preferences and you, yourself, have no choice or influence over them. For Bourdieu, however, tastes and preferences are determined socially by the way in which each individual relates to their (current or desired) position in the social hierarchy. In short, tastes and preferences are *endogenous*, since they depend on the way in which individuals relate to the social hierarchy.

This theory of distinction provides a more general theory of consumption than Veblen's theory of conspicuous consumption, and hence a more general critique of the neoclassical approach. Set in the context of Bourdieu's approach, conspicuous consumption represents only one particular type of behaviour. Not only are the working classes *not* required to emulate their betters; it is also possible in Bourdieu's system for members of the upper classes to be very inconspicuous in their consumption. Bourdieu emphasizes the subtle nuances and distinctions in which individuals may or may not require conspicuous displays of wealth. This theory is more general than Veblen's theory of conspicuous consumption, since it embraces more different types of behaviour; and, as a consequence, relates to more items of consumption than the luxury goods considered by Veblen.

Bourdieu also improves upon Veblen's system in his more sophisticated treatment of economic necessity. One of the key points of Veblen's approach is that consumer society produces waste products. This involves a value judgement on Veblen's part that some items of consumption satisfy a need – an economic necessity – while others merely satisfy social vanity. By providing a more general theory of consumption than Veblen, Bourdieu provides a more general critique of a consumer society.

## 6.1 Problems with the theory of 'Distinction'

Although Bourdieu's approach can be argued to be more general than that of Veblen, the question remains whether this is general enough. A number of critics have questioned the general validity of the results from Bourdieu's questionnaire. In particular, it has been argued that his case study of a sample of French people in the 1960s may be too specifically French. Jenkins (1992, p.148), for example, is 'less convinced than Bourdieu ... that the use of French data does not undermine the general relevance of the argument'. Similarly, for Lamont and Lareau (1988, p.158) 'Bourdieu's model could have been influenced by his context of elaboration, i.e., the small and relatively culturally unified Parisian scene'. The argument here is that in France the intellectualism which surrounds the cultural elite is very specific to France, and does not apply to other countries such as Britain and the United States.

It could be argued that in Britain, Napoleon's 'nation of shopkeepers', and in the US, where even a 'B' movie actor can become president, no such dominant cultural elite exists. In addition, whereas for Americans, film actors are their equivalent of royalty, the French have a particular reverence for intellectuals: Jean Paul Sartre and Simone de Beauvoir are as famous in France as Humphrey Bogart and Lauren Bacall are in the US. Indeed, Bourdieu himself is now something of a celebrity in France; his book, *Distinction*, has sold widely and he is often quoted extensively in French newspapers.

Wacquant (1993), however, has taken particular issue with this viewpoint that Bourdieu's work is peculiarly French. Supporters of this position, he argues, 'miss the fact that Bourdieu is uncommonly internationalist in intellectual background, outlook and practice' (p.244). Bourdieu's educational training is in German philosophy and in anthropology of the British and American tradition. Furthermore, the journal which Bourdieu edits and in which applications of his approach are published, *Actes de la Recherche en Sciences Sociales*, is argued to carry more articles by foreign authors than any other social science journal in France.

As for the peculiarly French nature of the data which Bourdieu uses in *Distinction*, Wacquant argues this must be viewed in the context of all of his work. Throughout his career, it is argued, Bourdieu's trademark has been to apply his methodology to a

variety of different social settings. From pre-capitalist societies to selection procedures in French grammar schools, Bourdieu has not relied on one type of specific data. Wacquant states that those who make this charge are 'ignoring the extensions, revisions, and corrections he may have made when tackling similar processes and mechanisms in a different social setting' (p.242). Bourdieu's approach is, therefore, defended as a method, as a way of interpreting the behaviour of individuals in different social settings.

For Garnham (1993) however, the general relevance of Bourdieu's method is challenged because it focuses too much on the relationships between individuals. The problem is that individuals may, indeed, differentiate their behaviour from others, depending on how they relate to the social hierarchy, but there are also other powerful influences on their behaviour, namely, the various institutions that make up society.

Garnham argues that one such important institution is television, which people now watch for an average of over twenty hours per week. With this amount of contact with television, Garnham is surprised that it receives so little attention from Bourdieu – there is only one reference to television in the index to *Distinction*. He also tentatively suggests that Bourdieu's methodology may not fit easily with an analysis of television. In particular, Garnham argues that Bourdieu's notion of a dominant class with a dominant culture does not necessarily apply to television. The work of Barwise and Ehrenberg (1988) is cited as showing that 'there is no evidence that members of the dominant faction of the dominant class watch demanding, minority, "cultural programs", whereas the popular classes watch less demanding, lowest-common-denominator pap' (Garnham, 1993, p.188). In Garnham's view, television cuts across social classes in a way which undermines Bourdieu's class-based approach.

There may, however, be specific television programmes to which Bourdieu's approach can be applied. Bonner and du Gay, for example, used Bourdieu to examine the way in which the characters of the American television programme *Thirtysomething* related to the new 'yuppie' class, which emerged in the 1980s. Not only did the programme reflect this new social phenomenon, it also helped to shape it. The Sun Alliance insurance company, for example, urged people in an advertisement to 'celebrate being 30 something' by

starting a savings plan (Bonner and du Gay, 1992, p.168). In contrast to Garnham's approach, Bonner and du Gay argue that 'these are changing times for TV schedulers and advertisers who want access to those with disposable incomes rather than to large audiences dominated by the ageing poor as is the case with the 17 million audience for *Coronation Street*, for example' (p.169). In this view, television is beginning to reinforce the distinctions between social classes which Bourdieu emphasizes.

Whichever view of television is correct, its role in the formation of consumer behaviour needs to be considered. Moreover, once we take an interest in the role of television, the role of other institutions also comes into play. What role, for example, do advertising agencies play in the selling of consumer products, and, indeed, why do firms, such as Sun Alliance, spend so much on advertising their services? Do they actively seek to change tastes? To continue our search for a more general theory of consumption, we now turn our attention to want creation by institutions, especially the role of the firm in this process.

## 7 WANT CREATION BY INSTITUTIONS

An important insight into how firms influence consumer behaviour is provided by the Harvard professor (and adviser to President John F. Kennedy), John Kenneth Galbraith. The problem for capitalism, as Galbraith sees it, is that we judge its success by production. If the output of the UK economy, for example, fails to grow at its trend rate of 2.2 per cent per annum, a downturn is judged to have taken place; for the economy to be successful, firms must produce more each year.

How, it might be asked, can this additional output be sold each year in the marketplace? The neoclassical theory of consumption assumes that each individual gets less satisfaction as more of each good  $G$  is consumed. Assume, by way of an example, that good  $G$  is bread. Galbraith argues that as western economies become more affluent, bread becomes abundant in supply. In Europe there is a grain mountain which suggests that there is no shortage of the main ingredient used to make bread. Indeed, bread can be bought relatively cheaply since it is a

lead good which supermarkets tend to price competitively. It follows that there is not much room for increased sales of bread.

So where is the 2.2 per cent increase in sales of goods to come from? Galbraith argues that firms create new wants in consumers by introducing new products to the marketplace. Key to this process are the techniques of marketing and advertising. A good example is provided by brand-name bottles of water, such as Evian and Perrier. It is still every traveller's right in Britain to be given a free glass of water on visiting an inn or public house. The breweries have now managed, however, to sell water in bottles under these brand-names. Consumers now spend money on a product which, at one time, did not exist.

This process of *want creation* is continually at work as firms invent more and more products with which to tempt the consumer. In Galbraith's view the neoclassical theory of consumption breaks down here because it is firms that create wants. 'One cannot defend production as satisfying wants if that production creates wants' (Galbraith, 1958, p.148). Galbraith questions the validity of this consumer bonanza:

*'Were it so that a man on arising each morning was assailed by demons which instilled in him a passion sometimes for silk shirts, sometimes for kitchenware, sometimes for chamber-pots, and sometimes for orange squash, there would be every reason to applaud the effort to find the goods, however odd, that quenched this flame. But should it be that his passion was the result of his first having cultivated the demons, and should it also be that his effort to allay it stirred the demons to even greater and greater effort, there would be question as to how rational was his solution. Unless restrained by conventional attitudes, he might wonder if the solution lay with more goods or fewer demons.'*

(GALBRAITH, 1958, p.148)

### Want creation

The shaping by firms of new desires for consumer products.

Galbraith views the process of creating wants as analogous to a squirrel on a treadmill. The more the squirrel (or the supposedly sovereign consumer)

propels the wheel, the faster it goes. The squirrel is running faster and faster to stay in the same place.



### *The dependent consumer*

The key problem with this process of want creation is that consumption is divorced from need. It does not matter for the firm whether the consumer needs to buy a product, only that the consumer will buy it. For Galbraith it is difficult to establish that there is an urgent need for a product, if, previously, the consumer never even knew about it. This idea picks up from Veblen's notion that conspicuous consumption is a wasteful activity. Wedgwood saw that people did not buy his pottery for the use they gained from it – consumption did not derive from need. This is a value judgement which Veblen, Bourdieu and Galbraith make about whether or not a product is useful.

By focusing specifically on the role of firms in influencing consumer behaviour, Galbraith's approach can be seen as providing an additional dimension to the other approaches that have been discussed in this chapter. The behaviour of consumers depends not only on the way in which they relate to other individuals, but also on the role of the firm in its advertising and marketing activities.

It should be noted, however, that those who work in the field of marketing do not tend to agree with Galbraith's arguments. In most marketing textbooks, consumption is argued to derive from the needs of consumers. Kotler *et al.* (1996) for example, in their *Principles of Marketing*, state that 'the most basic concept underlying marketing is that of human needs' (p.7). In particular, it is often argued that consumers have *latent needs* – needs of which the consumer is not yet conscious, but which are lurking in the background. Thus it may be the case that new consumer goods satisfy a whole range of latent needs.

### Latent needs

Desires not yet exhibited or expressed for consumer products.

### Question

Identify any latent needs which the following consumer goods might satisfy:

- refrigerators
- cars
- washing machines.

Refrigerators and washing machines, which are relatively recent consumer goods, may satisfy the latent needs to store food efficiently and to clean clothing more easily. Similarly, cars satisfy the latent need to travel. Although people may not have had a need for these particular consumer goods before they were invented, they could arguably have had a latent need for the attributes of these goods. Sharpe argues that in the past, before these goods were invented:

*'... people needed to eat, wash clothes and move from one place to another. Given the removal of much of the population from farms, the desire of women to be free from the household drudgery of washing clothes by hand, and the increasing sprawl of towns and suburbs, the refrigerator, washing machine and automobile seem natural and logical choices of consumers, requiring an assist from advertising only to familiarize them with the possibilities and jar them out of set patterns of habit.'*

(SHARPE, 1973, p.31)

The problem, which Galbraith underestimates, is that launching new products involves great risks. Indeed, Galbraith himself cites the case of a failed motor car, the Edsel, 'as a case in point where a firm made losses because it incorrectly judged the demands (real and potential) of consumers' (Reisman, 1980, p.94). In order to minimize these risks, firms carry out market research to find out whether products relate to consumer needs. Information is gathered about how consumers might react to a new product.

For Reisman, this demonstrates that consumers are sovereign: 'Market research may be seen as no

more than an attempt to forecast (in order to satisfy) the future desires of sovereign consumers' (p.96). This contrasts with Galbraith's interpretation of market research, in which market research is seen as discovering what consumers can be cajoled into wanting. Galbraith argues that instead of consumer sovereignty there is producer sovereignty – that it is the producers, not the consumers, who decide what is produced.

Sharpe argues that both the consumer sovereignty and the producer sovereignty positions are perhaps exaggerated, and that there may be some truth in both. It may be the case that consumers desire even the most seemingly frivolous consumer goods according to their latent needs and, at the same time, it may also be the case that firms influence those desires. Firms may carry out market research to find out the needs of consumers; but they spend a great deal of money on advertising campaigns to influence, and to some extent manipulate, the desires of consumers. 'Consumer sovereignty might best be regarded as a doctrine of limited monarchy rather than divine right, with the producer in the role of a very persuasive prime minister' (Sharpe, 1973, p.32).

Taking into account these arguments, the model of consumer behaviour which was developed in the previous section, based on the work of Bourdieu, can be further generalized. Figure 3.6 represents an expanded version of Figure 3.5.

Not only are the interrelationships between tastes and preferences with the social hierarchy taken into account – as developed in Bourdieu's theory of distinction. This more general model also takes into account the relationship between firms and the tastes and preferences of consumers. The direction of causation runs in both directions. Firms can both influence, and be influenced by, these tastes and preferences.

## 8 CONCLUSIONS

Using the work of Thorstein Veblen as a starting point, this chapter has provided a critique of the neoclassical theory of consumption. In Veblen's view, people engage in conspicuous consumption, their inclination being to buy expensive luxury goods in order to demonstrate wealth and prosperity

to others. Unlike the neoclassical approach, in which the preferences of individuals are exogenous to the model and are independent of prices, Veblen argues that preferences *depend* on prices. Instead of consumers being sovereign in the market economy, they are dependent. Preferences are not exogenous to the market – they are endogenous, dependent upon the market. Instead of consumer sovereignty there is consumer dependency.

Two case studies have been considered as illustrations of conspicuous consumption. The first reviewed the argument that Josiah Wedgwood pioneered a consumer revolution in pottery by encouraging consumers to emulate the consumption behaviour of the English aristocracy. In the second, conspicuous consumption was evidenced by the exorbitant prices of luxury goods sold on the Rue du Faubourg Saint-Honore in Paris. As well as illustrating Veblen's critique of neoclassical theory, these case studies also provide the basis for a critique of consumer society. Since luxury goods are only bought for purposes of display their practical usefulness is not important. For Veblen, consumer society is characterized by waste and frivolity.

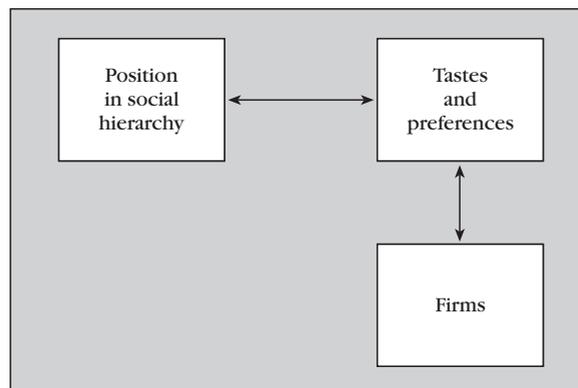
While both these case studies provide good illustrations of how conspicuous consumption can work, the chapter has also discussed the limitations of the theory. In particular, it could be argued that it is impossible to generalize such examples of conspicuous consumption to the economy as a whole. It would be difficult, for example, to explain the consumption of

coal as a vehicle for conspicuous consumption. Some credence has been given to the neoclassical viewpoint that luxury goods may represent exceptions to the general neoclassical story in which preferences are exogenous.

In order to develop a more general alternative to the neoclassical approach, the chapter has also considered the work of Pierre Bourdieu. Instead of emulating the behaviour of others, Bourdieu argues that consumers try to distinguish their tastes from that which is popular. They engage in distinction. This type of behaviour is not restricted to the consumption of luxury goods – Bourdieu relates it to a whole range of goods and services.

The search for distinction provides the driving force behind the evolution of social classes as it provides the entry requirement for membership of the upper classes. At the same time, the structure of the social hierarchy determines the tastes of consumers. Bourdieu develops a two-way model in which structure determines tastes and tastes determine structure. This provides a more general critique of the neoclassical approach in which tastes determine consumption patterns. In Bourdieu's view, tastes are not independent of, nor exogenous to, the model, they are *endogenous*, depending upon how the consumer relates to the social hierarchy. This model also represents a critique of consumer society, since the whole basis of distinction is to differentiate behaviour from that which is necessary and practical. Following Veblen, Bourdieu argues that some consumption is wasteful.

**Figure 3.6** A more general model of consumption



In discussing Bourdieu, two main issues have been considered. First, there is the question of whether Bourdieu's approach is peculiarly French, an issue which has not been fully resolved in the literature. Second, there is the criticism that Bourdieu does not take into account the important role which institutions play in the formation of consumer preferences. This latter deficiency has been addressed by considering the approach taken by John Kenneth Galbraith which also picks up on the notion that consumers are dependent on firms. With their sophisticated advertising and marketing operations, firms are able to shape the tastes of consumers. In keeping with Veblen and Bourdieu, this approach also represents a critique of consumer society in which firms generate wasteful growth which does not relate to the needs of individuals.

By taking Galbraith's approach into consideration, alongside some of the arguments made in the marketing literature, that the goods which firms produce are shaped by the tastes of consumers, an even more general theory of consumption has been suggested. In the same way that Bourdieu develops a two-way relationship between the social hierarchy and consumer tastes, a two-way model of the relationship between firms and consumers' tastes is suggested. In principle this model can be integrated with Bourdieu's framework to provide an even more general theory of consumption.

It should be emphasized that if this more general approach is accepted, then this is not simply a matter of adding other factors to the neoclassical view of consumer theory - it entirely undermines the whole structure and nature of its explanation. By taking an interdisciplinary approach, in which the social relationships between individuals and institutions are considered, an alternative to the neoclassical theory of consumption is developed. Indeed, you may recall from Chapter 1, that these provide some of the ingredients of institutional economics. This chapter has developed both an institutional critique of the neoclassical approach and an alternate conceptual framework for the theory of consumption.

This chapter has focused on only one specific type of social division - that of social class - and mainly one type of institution, the firm. Once consumption is seen as a social relationship there are, of course, many other types of divisions, such as gender and race, and different types of institutions such as schools and households. This chapter should be seen as just one possible starting point for investigating an institutional approach to consumption.

## FURTHER READING

- Bourdieu, P. (1979) *Distinction: a Social Critique of the Judgement of Taste*, London, Routledge (English translation, 1984): this will make you question everything you ever thought about taste and consumption.
- Burrows, R. and Marsh, C. (eds) (1992) *Consumption and Class*, London, Macmillan: a collection of articles which contain a good overview of the literature on the relationship between consumption and class.
- Calhoun, C., LiPuma, E. and Postone, M. (eds) (1993) *Bourdieu: Critical Perspectives*, Cambridge, Polity Press: a good insight into the literature on Bourdieu's work.
- Fine, B. and Leopold, E. (1993) *The World of Consumption*, London, Routledge: a comprehensive survey of the vast literature on consumption; it also contains a critique of conspicuous consumption.
- Galbraith, J.K. (1950) *The Affluent Society*, Harmondsworth, Penguin: still stands as a vibrant critique of the theory of consumer society.
- Kotler, P., Armstrong, G., Saunders, J. and Wong, V. (1996) *Principles of Marketing*, Hemel Hempstead, Prentice Hall Europe: argues that consumption is based upon the needs of consumers.
- Veblen, T. (1889) *The Theory of the Leisure Class*, New York, Dover (1994): the classic on the institutional approach to consumption.

## ANSWERS TO EXERCISES

### Exercise 3.1

- 1 The Double Cello Quintet *Schubert*
- 2 The Apassionata *Beethoven*
- 3 Pictures from an Exhibition *Mussorgsky*
- 4 The Messiah *Handel*
- 5 The Ring Cycle *Wagner*
- 6 St Matthew Passion *J.S. Bach*
- 7 Tales from the Vienna Woods *Johan Strauss*
- 8 The Hebrides Suite *Mendelssob*
- 9 Coppelia *Delibes*

- 10 From the New World *Dvorak*
- 11 The London Symphony *J. Haydn*
- 12 Les Sylphides *Chopin*
- 13 The 1812 Overture *Tchaikovsky*
- 14 Enigma Variations *Elgar*
- 15 Peer Gynt *Grieg*

### Exercise 3.2

- 1 A Clockwork Orange *Stanley Kubrik*
- 2 Lawrence of Arabia *David Lean*
- 3 JFK *Oliver Stone*
- 4 ET *Steven Spielberg*
- 5 On the Waterfront *Elia Kazan*
- 6 Pulp Fiction *Quentin Tarantino*

- 7 Hannah and Her Sisters *Woody Allen*
- 8 Citizen Kane *Orson Welles*
- 9 The Maltese Falcon *John Huston*
- 10 The Third Man *Carol Reed*
- 11 North by Northwest *Alfred Hitchcock*
- 12 Persona *Ingmar Bergman*
- 13 Stagecoach *John Ford*
- 14 Fantasia *Walt Disney*
- 15 Malcolm X *Spike Lee*
- 16 La Grande Illusion *Jean Renoir*
- 17 Land and Freedom *Ken Loach*
- 18 Little Man Tate *Jodie Foster*
- 19 Braveheart *Mel Gibson*
- 20 Gone With The Wind *Victor Fleming*

