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The psychology of early institutional economics: The instinctive approach of Thorstein Veblen's conspicuous consumer theory

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Abstract

Thorstein Veblen, a founder of original or old institutional economics, combined social and evolutionary thought in his institutionalist approach to dealing with psychological, social, and economic issues. The psychological content of Veblen's writings takes instinct and habits into consideration. The economic literature on the psychological content of Veblen's writings has focused on habits, despite the importance of instincts in Veblen's works. This paper attempts to discuss Veblen's notion of instincts in order to make its role clearer in his approach to conspicuous consumer decision making. It discusses the role of instincts, the instinct of workmanship, the relationship between habits and instincts, and their influence on the conspicuous consumer. Consequently, this paper contributes to a better understanding of how inner forces and socialization culminate in behavior in Veblen's conspicuous consumer approach.

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Resumo

Thorstein Veblen foi um dos fundadores da Economia Institucional Original ou Velha Economia Institucional. Em seus escritos, Veblen associou as lógicas social e evolucionária em sua abordagem institucional – contemplando elementos da Psicologia, da Sociologia e da Economia. O conteúdo psicológico dos escritos de Veblen considera instintos e hábitos. A literatura econômica sobre o tema tem seu foco na análise dos hábitos, apesar da importância dos instintos na obra de Veblen. Este artigo discute a noção de instintos para Veblen em busca de esclarecer o papel dos instintos na tomada de decisão do consumidor conspicuo vebleniano, o papel dos instintos, o instinto do trabalho eficiente, a relação entre hábitos e instintos e sua influência sobre o consumidor conspícuo.

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Consequentemente, este texto contribui para uma melhor compreensão de como impulsos internos e o processo de socialização culminam no comportamento do consumidor conspícuo de Veblen.

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Palavras-chave: Thorstein Veblen; Instintos; Instinto do Trabalho Eficiente; Economia Institucional; Classe Ociosa

1. Introduction

Thorstein Veblen's *The Theory of the Leisure Class* (1899) deals with the psychological, social, and economic issues of how institutions influence people's behavior from an evolutionary perspective. For Veblen, neither individuals nor institutions are taken for granted; he analyzes each from the beginning of their existence. The focus of *The Theory of the Leisure Class* and a large number of Veblen's later writings is the social creation of habits of thought, institutions, and their consequences for the behavior of people in society. Veblen's first book resulted in a proliferation of studies on institution in other areas of economics. This approach was named later as institutional economics (Hamilton, 1919). Nowadays, studies in the Veblenian tradition are identified as "old" or "original" institutional economics.

The psychological importance of original institutional economics is that it stresses acknowledgment of the ways individuals learn within a society that contains institutions (Dugger, 1980; Hodgson, 2003). Psychological insights in Veblen's theory rely on the American pragmatist school of philosophy (Edgell and Tilman, 1989; Twomey, 1998). Contemporaneously, this aspect has been analyzed more closely by what is recognized today as cognitive psychology (Hodgson, 1985; Melody, 1987; Redmond, 2006; Stein, 1997). With regard to issues usually analyzed by studies that take the psychology of Veblen's conspicuous consumer into account, habit in decision making plays a central role. Indeed, habit is a key element in Veblen's theory. Despite the importance of the place of habits in Veblen's conspicuous consumer approach, there are other important psychological elements in Veblen's conspicuous consumer psychology, such as instincts. The role of instincts in the Veblenian approach to decision making has been studied less. This paper intends to contribute toward this direction of study.

Instinct is a common concept in scientific approaches. Biology, anthropology, sociology, psychology, philosophy and even economics deal with the notion of instinct. During the eighteenth century, the instinct was a usual issue in philosophical writings. During the early nineteenth century, psychology became organized and recognized as the field of science that started to influence the development of several decision making concepts, such as instincts. Veblen's definition of instinct would be considered unusual if compared to philosophical and psychological concepts, however. To be unusual contribute to Veblen's concept of instinct be a minor issue in the literature about institutional economics. This paper proposes to discuss Veblen's concept of instinct and its place in his conspicuous consumer's decision making in order to address a better comprehension of Veblen's institutional economics and conspicuous consumer decision making.

The rest of this paper is organized as follows. Section 2 presents Veblen's concept of instinct by stressing its differences from the common-sense approach to what instinct means. In Section 2, a Veblenian instinct is introduced as an association between an inner impulse to behave with objects of the external world—taking consumers into account, these objects are goods. This discussion indicates that habits and institutions show consumers how to associate an inner impulse with a good. Section 3 details the impact of habits and institutions on the conspicuous consumer's inner impulses–goods relationship by stressing the role of the leisure class in conspicuous consumer decision making. In doing so, it is possible to address the most important Veblenian instinct for the conspicuous consumer's decision making, the instinct of workmanship. Consequently, Section 3 introduces the role of emulation, social selection, and pleasure institutionally built. A few final considerations close the paper in Section 4.

2. Instinct and the impulse–object relationship

Veblen's writings have been documented and analyzed extensively. Generally, these studies examine Veblen's writings for their influence on institutional economics and methodological issues (Hodgson, 2004a; Mayhew, 1987; Peukert, 2001; Rutherford, 1984). With regard to institutional economics, Veblen's perspective takes into account the evolution of thoughts and behavior expressed in institutionalized procedures in a society. Concerning methodology,

two topics are emphasized: the unfulfilled development of the Veblenian evolutionary approach (see [Mayhew, 1998](#); [Rutherford, 1998](#)) and the abduction of Darwinism to the social field¹ (see [Cordes, 2007](#); [Hodgson, 2004b, 2008](#)). With regard to the conspicuous consumer's decision-making, Veblen's perspective is associated usually with the role of habits and institutions in the evolution of thought and behavior.

Indeed, Veblen's institutionalism became well known for its evolutionary approach regarding habits, institutions, and their relationship. They are the central elements in Veblen's analysis. However, other aspects of Veblen's approach to decision making can be explored further, such as his concept of instinct. Understanding the Veblenian approach to instincts is important because of Veblen's unique perspective of instincts. In addition, his instinctive approach aids a better comprehension of his institutional economics and conspicuous consumer's decision making.

At the starting of the discussion about Veblen's concept of instinct, it is important to address the distinction between the Veblenian concept of instinct and what is usually understood as instinct by philosophers, psychologists, and common sense. For the latter group, instinct is an impulse to behave that comes from within the decision maker; it is a purely internal force. However, for Veblen, an instinct is not a purely internal force to behave. As Veblen did not develop the usual concept of instinct and in order to avoid a conceptual mess, this paper uses the term "instinct" to refer to Veblen's instinct. The usual conceptualization, namely, the philosophical and psychological one, is denominated here as "inner impulse."

For [Veblen \(1914\)](#), the prime manifestation of human behavior is conditioned by amoral inner impulses and by developing naturally endowed skills.² The development of a decision-making framework and behavior is assisted by habits and institutions, but we take inner impulses into account in order to analyze Veblen's notion of instinct. Inner impulses are the motivation to behave, which can occur even before the conspicuous consumer learns to deal with the content of habits and institutions. Consequently, inner impulses are not a motivation to behave that comes from the external world but something that comes from inside the organism of the decision maker. To stress the counterpoint between the philosophical and psychological conceptualization and the Veblenian notion of instinct, we can take into account the notion of inner impulses of Sigmund Freud—a prominent psychologist of Veblen's time.³

According to [Freud \(1915a\)](#), an inner impulse is an extremely complex concept that can be understood as a mental stimulus generated inside the organism. An inner impulse is a power of constant impact, which is impossible to escape. The pressure to behave is common in every inner impulse, and these pressures are the reason for the existence of inner impulses. What decision makers desire is a response to inner impulses, established through pleasure and pain.⁴ Freud's concepts of inner impulse emphasizes that the consequent pleasure and pain vary in intensity according to a large

¹ Nowadays, some researchers discuss and develop contemporary insights on the abduction of biological concepts to economics in attempting to find an evolutionary approach. Among these, the contributions of Geoffrey Hodgson and Richard Nelson are significant for this analysis ([Hodgson, 2002a](#); [Hodgson and Knudsen, 2006](#); [Hodgson and Knudsen, 2007](#); [Nelson, 2006](#); [Nelson, 2007](#)).

² For Veblen the notion of morality comes from sociability; he recovered this concept from its *Latin* origins, implying the notion of *custom*. Thus, in Veblenian analyses, morality in society does not refer to ethics. Hence, actions occurring before sociability, such as the behavior of a baby or a child, cannot be moral or, at most, indicate a low level of morality, since morality have not yet been fully comprehended.

³ Sigmund Freud is considered the founder of the psychological instinctive theory that was introduced in the early 20th century as part of psychoanalysis. Freud—as the main representative of psychology of that time—introduced his perspective of instincts during the same time that Veblen was working on his own theory. Hence, Freud's concept of instinct could be an interesting guideline to discuss the peculiarities of Veblen's concept. In the terminology of this paper, Freud's notion of instinct means an inner impulse.

⁴ This logic was affirmed not only by Freud, but also by [Veblen \(1914\)](#). Taking into account this reference to pleasure and pain as result of an instinctive impulse, it is important to highlight that Veblen rejected the utilitarian pleasure–pain decision making logic (see [Argyrous and Sethi, 1996](#); [Veblen, 1898](#); [Veblen, 1909](#)). Usually, the passage below is cited as strong disapproval of the traditional economics-based approach to decision making:

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

Veblen believed that an individualistic pleasure–pain reading of human behavior is not enough. From a Veblenian perspective, the socialization process adds other layers to decision making. This paper clarifies this point further. However, analyzing Veblen's concept of instinct is important to highlight issues that demand attention for the influence of socialization on decision making.

numbers of interrelated factors, such as situation, learning, and goals. Hence, it is impossible to employ mathematical functions, as economists generally prefer.

Following the logic highlighted in this section, the result of an inner impulse is pleasure-seeking behavior. An inner impulse motivates such a search, but does not guarantee satisfaction (Freud, 1915b). An inner impulse can stay in a “state of displeasure” over time. This unsatisfied period varies from one inner impulse to another, and only in rare cases does it correspond to a lifetime. For example, the inner impulse to reproduce the species can be in a “state of displeasure” for a long time. The same cannot occur for the instinctive impulse to eat.

The goals of inner impulses are always clear; they primarily comprise food, water, and protection. Inner impulses and their goals do not change. What can change is how these goals are achieved. Such modifications are no longer a matter of impulse, but are about the means to achieve ends.⁵ For example, while there is an inner impulse to eat, people do not eat just by being guided by inner impulses, rather they eat according to norms: meals are divided throughout the day; each meal can be divided on the basis of necessary nutrient consumption; specific types of food can be avoided because they are considered unhealthy; or some types of food are eaten only on special occasions. An inner impulse is practiced through interaction with the external world, specifically with objects of the external world, such as the inner impulse to eat and its corresponding object, namely, food (see Freud, 1915b, 1923). How people deal with the objects of the external world varies from one person to another, for example, what and how people eat. However, the established relationship among inner impulses and types of objects that make pleasure possible remain common. For example, Brazilians eat different things even though there is a typical Brazilian lunch—rice, beans, and meat.

This inner impulse–object relationship is not predetermined and can change over time or be fixed rigidly. It is a matter of how people learn to put their inner impulse to practice. Inner impulse–object relationships are social since a large number of objects are presented, directly or indirectly, by people other than the person attending to the inner impulse. For example, children know of only a few objects that can satisfy their inner impulses, while a larger proportion of objects are introduced directly by other people, making the child’s survival possible. For an adult, the direct introduction of an object of inner impulse by another person can also occur; however, an indirect introduction is more likely because adults have been socialized already. As this paper takes into account only Veblen’s conspicuous consumer as the decision maker, an inner impulse–object relationship is actually an inner impulse–good relationship.

In less developed societies, the inner impulse–good relationship is usually a matter of subsistence. In developed societies, the relationship may be associated with quality of life. Independently of the motive, cultural learning exists about how to acquire and use goods to satisfy inner impulses. According to Veblen (1899), the sociability that mediates the acquisition of goods is expressed in institutions and their evolution. From the Veblenian standpoint, evolution does not mean improvement, but a cumulative modification. Taking an inner impulse–good relationship, cumulative modification refers to modification in the good associated with inner impulse, which can mean replacement of the good or change in the good itself. This modification can be soft or deep depending on the evolution of the society.

This evolution, as stated by Veblen (1899, 1914), is associated strongly with the role of habits and institutions in decision making. For Veblen (1909, 1919), a society is a scheme of institutions that are outgrowths of habits.⁶ Because habits and institutions assist in how common usage of goods and the thoughts about them take place in a social environment, as stated by Veblen’s theory. From this perspective, institutions can be understood as manifestations of habits and regularities that generate foreseeable occurrences in inner impulse–good relationships. Thus, meal choices and dress codes would be examples of institutions. Such a definition of institution has a boundary: it is not applied to every decision-making scenario, but to the conspicuous consumer’s decision making. The same is true for what follows.

Taking habits into consideration, Hodgson (1998) defines the Veblenian concept of habit as a largely non-deliberative and self-actuating propensity to engage in a previously adopted pattern of inner impulse–good relationship. It is important to highlight the difference between habit and repetition, as well as the distinction among these concepts and behavior. A habit is a form of self-sustaining and non-reflective inner impulse–good relationship that arises in repetitive situations, but it is not the repetition itself (Hodgson, 2004c; see also Dewey, 1921). Habits are formed through

⁵ Veblen’s conspicuous consumer approach is about such means, as this paper highlights by addressing details about the role of Veblenian instincts in the conspicuous consumer’s decision making.

⁶ This is because Veblen took an evolutionary perspective of societies and how socially created elements influence personal behavior and decision making, laying further emphasis on the notion that institutions come from habits.

repetition; they are influenced by prior activity and have durable and self-sustaining qualities (Hodgson, 2002b). Neither does habit mean thought or behavior; rather it is a propensity to think or behave in particular ways in specific situations, which also culminates in specific inner impulse–good relationships. Since habits may exist even if not manifested, they could be dormant for long periods. Habits are potential thoughts or behavior that end in the association between inner impulses and goods, triggered by an appropriate stimulus or context (Hodgson, 2002b, 2004c).

Veblen focused more intensely on habits of thought and their consequences for behavior. Moreover, with regard to socialization, Veblen proposed that history, that is, what people lived, saw, and taught about the past, is a feature of modern civilizations. Consequently, contemporary communities have a historically established system of habits of thought. This can be understood as branches of learning. What goods mean and how to use them are subjects of individual comprehension through institutions (Veblen, 1899, 1906, 1909). The central issue in Veblen's theory is that sociability mediates the establishment of inner impulse–good relationships. For Veblen (1909, 1919), each new situation is a variation of what has gone before. A change of standards is gradual and almost never entirely substitutes a previous standard, once accepted. It is a cumulative process of institutional change (Veblen, 1899, 1909). Thus, this cumulative process assists the building of inner impulse–good relationships.

In Veblen's theory, inner impulse–good relationships play the role of an instinct. This is the reason Veblen's instincts are different to inner impulses. Veblen's intention to address inner impulse–good relationships as instincts is associated with the fact that the conspicuous consumer perceives the impulse to behave (of the Veblenian instinct) as an inner impulse. However, institutions of the external world are part of these Veblenian instincts. In addition, Veblen (1899) stressed a specific kind of instinct that motivates the conspicuous consumer to behave, namely, instinct of workmanship. Furthermore, Veblen (1899) highlighted the institution that builds the conspicuous consumer's instinct of workmanship, namely, the leisure class. Next, Section 3 introduces the importance of the leisure class to the development of Veblenian instincts, particularly the instinct of workmanship. Here, it is possible to analyze the place of pleasure and displeasure in Veblen's conspicuous consumer approach.

3. Leisure class, instinct of workmanship, and pleasure institutionally developed

Section 2 stressed that, for Veblen, there is a cumulative process that is part of developed societies and is expressed in habits and related institutions. Hence, society's historicity is expressed in its institutions. Veblen (1899) stressed a particular type of institution as extremely important for the establishment of inner impulse–good relationships: the upper socio-economic class, particularly in material terms, namely, the leisure class. According to Veblen (1899), the leisure class can be found in its most developed form in modern societies, where distinctions among classes are observed clearly as a result of employment differences. As highlighted by Veblen (1899), upper classes are by custom exempt or excluded from industrial occupations, and instead are used exclusively for certain kinds of employment that are associated with a degree of honor. Status is intrinsic to being considered part of the upper class or even the leisure class. Tasks, situations, and objects that are components of the leisure class become powerful signs of status. The institution of the leisure class is an outcome of discriminating between what is worthy and what is not (Veblen, 1899).

For Veblen (1899), the evolution of culture generates the leisure class around the same time as the beginning of the private ownership of goods. Private ownership of goods is the result of conventional facts perpetuated within the social structure. The central point is that the leisure class and ownership of goods emerge simultaneously. Both arise from the desire of successful people to exhibit their prowess. Hence, ownership of goods is not just about property or personal consumption; it is also a question of convention, about demonstrating the use of these goods. Consistent with this idea, the property system is installed gradually (Veblen, 1899). For Veblen (1899), wherever there is private property, people are distinguished by the possession of goods, this being an efficient way to express wealth socially. Veblen (1899) stressed that in a society where almost all goods are private property, the necessity to earn a livelihood is a powerful and constant incentive for the poorer class. As soon as private property is obtained, emulation becomes a key guide to behavior. Consequently, social selection occurs based on the capacity to emulate the leisure class' way of life.

For Veblen (1899), the leisure class regulates the conventionalities of the socially emulative logic of consumption and its evolution. By emphasizing socially emulative logic of consumption mediated by the leisure class, Veblen's approach to consumption relies strictly on its feature of conspicuousness. Conspicuous consumption can be understood as wasteful monetary expenditure motivated by social esteem. The conspicuous consumer buys goods for their status,

thus, paying for particular features of these products.⁷ By this logic, there exists an understanding of how to seek status that can be expressed in concrete, objective ways to emulate the leisure class' behavior by buying the leisure class' goods (Veblen, 1899). From a Veblenian perspective, through socialization, institutionalized processes relating to those goods—which should satisfy inner impulses—teach people how they should deal with their inner impulses to meet material ends. This process culminates in inner impulse–good relationships following an emulative logic. This match culminates in the most important conspicuous consumer's Veblenian instinct.

Veblen stressed some instincts that are extremely important; in the case of the conspicuous consumer, he highlighted the instinct of workmanship. Despite Veblen's frequent use of this concept in his analyses, it was not defined clearly. According to Veblen (1899, 29):

As a matter of selective necessity, man is an agent. He is, in his own apprehension, a center of unfolding impulsive activity – “teleological” activity. He is an agent seeking in every act the accomplishment of some concrete, objective, impersonal end. By force of his being such an agent, he is possessed of a taste for effective work, and distaste for futile effort. He has a sense of the merit of serviceability. This aptitude or propensity may be called the instinct of workmanship.

This definition of the instinct of workmanship is based on the subject of analysis of *The Theory of the Leisure Class*, the importance of the leisure class for the emergence of schemes of life within a society. Hence, an additional complementary definition of the instinct of workmanship, can aid its understanding, as follows:

Chief among those instinctive dispositions that conduce directly to the material well-being of the race, and therefore to its biological success, is perhaps the instinctive bias here spoken as the sense of workmanship (Veblen, 1914: 25).⁸

According to the definitions presented, it is possible to affirm that the instinct of workmanship is related directly to inner impulse dispositions, wherein the pressure of this instinct is satisfied conspicuously by the material well-being provided by goods. According to Cordes (2005), Veblen's instinct of workmanship is a generic human feature guiding life toward the emulative use of goods that give purpose to actions. As stated by Veblen (1898, 1914), the instinct of workmanship is one of the most important motivations to action. It represents several inner impulses and instinctive aptitudes at many levels (Veblen, 1914). It reinforces that the instinct of workmanship, as a Veblenian instinct, cannot be seen as an instinct *per se*.⁹

Institutional theorists, like Almeida (2014) and Cordes (2005), highlight the conceptualization of the instinct of workmanship as differing from an inner property of the self. Cordes (2005) and Almeida (2014) stress that the behavioral consequence for the decision making of the instinct of workmanship is almost identical to the behavioral consequence of an inner impulse. Hence, the instinct of workmanship and other Veblenian instincts can be understood as habits and institutions of the external world that become deeply internalized by the conspicuous consumer's decision making in order to act as an inner impulse. Therefore, it is possible to affirm that Veblen (1914) emphasized a lower level of habituation mediating the creation of inner impulse–good relationships, that is, the instinct of workmanship. As a lower level of habituation, the instinct of workmanship is connected to collective knowledge regarding socially created means to attain and use goods (Veblen, 1914).

The instinct of workmanship has a defined purpose: the efficient and emulative use of goods to achieve material aims satisfactorily (Veblen, 1914). Consequently, it is possible to interpret the instinct of workmanship additionally as a basic kind of habit that supports every other habitual procedure in the emulative logic. In other words, the instinct of workmanship can be understood as a meta-habit. The motive for the terminology “instinct of workmanship” is in

⁷ In addition, Veblen (1899) stressed some main features of conspicuously consumed goods. For Veblen (1899), the most typical form of conspicuous consumption is the “wearing of liveries,” which is the consumption of objects that are more likely to be observed and noticed by society, such as food, clothing, dwellings, and furniture. “Luxuries” are another kind of product typical to conspicuous consumption. For Veblen (1899), the ceremonial differentiation of luxuries is seen better in costly goods. The cost makes them noble and honorific, which generate pleasure from their consumption. “Wearing of liveries” and luxuries are expressions of ceremonial features of goods connected to the reputability of products by wastefulness. According to Veblen (1899), for goods to be reputable, they must be wasteful. In addition to Veblen, the relationship between wastefulness and social lifestyle is analyzed by Mitchell (1912) and Stanfield and Stanfield (1980) from an institutional economics perspective.

⁸ Despite Veblen's reference to the instinct of workmanship as “the sense of workmanship,” the usage of the term “instinct” is more popular.

⁹ The same is true for other “Veblenian instincts,” such as parental bent and idle curiosity. Details about other “Veblenian instincts” are found in Cordes (2005), Latsis (2009), and Waller (2013).

what can be understood as a chain of habitual processes. The habit called “instinct of workmanship” is placed deeply in the conspicuous consumer’s decision making and is central for the emulative acquisition of goods.

In the social selection based on emulative acquisition of goods assisted by the instinct of workmanship, Veblen’s explanation necessitates an overarching, encompassing, and well-established hierarchical system of goods. This system relies on the status content of goods. Considering that this is a matter of collective knowledge, the system of goods must be sufficiently well established to enable comparisons among consumers’ actions. This system of goods following their status content implies that, in Veblenian theory, pleasure is not a physical result, but an institutional consequence. In addition, this is true for the inability to achieve pleasure through consumption of goods holding high status, which would be the feeling of displeasure. When the emulative demonstration of status through goods fails, displeasure occurs (Veblen, 1899, 1914).

By this logic, pleasure and displeasure are established through emulative reasoning. As previously highlighted, Veblen’s conspicuous consumption means spending money on goods in order to display wealth to other members of society. However, such goods are not related directly to the pleasure of inner impulses themselves, since they are acquired by the drive of social esteem. In other words, Veblenian logic considers that taste goes beyond physiological dimensions (Pietrykowski, 2004), and that taste is regarded a social dimension (Trigg, 2001). Shipman (2004) emphasizes the taste issue from another perspective, stressing that Veblen’s conspicuous consumption is the connection of goods to the impulse to “waste,” despite “taste.” The impulse to waste can be understood as taste involving social learning through the institution of the leisure class (Ramstad, 1998).

The waste–taste dichotomy reinforces that, in Veblen’s theory, displeasure can be non-physiological. Indeed, in a large number of cases, displeasure is a mental phenomenon. As highlighted earlier, an inner impulse is satisfied by the connection to a good according to institutionalized habits that follow emulative logic. When this connection is not possible, an institutional displeasure—a Veblenian displeasure—takes place. There is a necessary condition for the occurrence of institutional displeasure: the inner impulse–good relationship’s resultant end must generate displeasure instead of pleasure. This process is complex at some level because the satisfaction of an inner impulse is always physiologically pleasant, for example, when a person is hungry or cold, a meal or a jacket, respectively, generates pleasure. When an institutional displeasure occurs, both pleasure—as a result of an inner impulse—and an unpleasant sensation—as a failure in the emulative acquisition of goods—are experienced. Consequently, in a situation of institutional displeasure, the motivating force of displeasure must be stronger than the pleasure of the satisfaction. This depends on the status content of the good associated with the inner impulse.

A Veblenian conspicuous consumer does not feel hungry or cold when presented with a meal or a jacket, but may not feel pleasure either. As pleasure is determined by the institutionalized emulative logic, physical pleasure can be experienced simultaneously with institutional displeasure. The latter is based on the impossibility to work under the pattern of institutionalized emulative behavior that consumers are accustomed to. When unable to behave according to habits previously established and deeply internalized in the instinct of workmanship, status that was learned socially is no longer able to form part of decision making. This mismatch between what is understood as the good that should be consumed and what is actually acquired is the source of institutional displeasure. It is the absence of the good present in the socially emulative logic. Without this good, the deep habit known as the instinct of workmanship can be left unsatisfied.

Consequently, it is possible to point out two possible manifestations of the institutional displeasure. The first occurs when consumers are developing their instinct of workmanship. Such a manifestation of displeasure takes place before the majority of inner impulse–good relationships are fully established. At this point, emulation is akin to being convinced of the value of particular inner impulse–good relationships since the conspicuous consumer has not developed his or her decision-making frameworks yet. Since a larger proportion of decision making is learned through consumers’ interactions with institutions, such processes are absent or in the early phases of decision makers’ lives as consumers. Young people are more likely to be convinced instead of taught because their instinct of workmanship has not yet been well established. At this point, the repressive feature of institutions is more evident. This repressive logic organizes all inner impulses in order to generate their connections to goods in an emulative way. Whether this process occurs depends on socially established differences and comparisons that give goods defined ways of culminating in pleasure. This kind of institutional displeasure takes place through lack of knowledge of the workings of institutions, habits, and the instinct of workmanship, but is not the more usual manifestation of institutional displeasure.

The other manifestation of institutional displeasure involves the performance of institutions and habits. The instinct of workmanship establishes the logic of the conspicuous consumer’s behavior, which is only a method of behaving or thinking, not the behavior itself. Behavior demands that the drive contained in the instinct of workmanship and

habits is put into practice. These activities are expressed socially by habitual behavior and other institutionalized processes. Consequently, this other possibility for displeasure is associated with the ceremonialism of institutions. Conspicuous consumption—expressed as people’s waste on goods influenced by the leisure class—takes place as a result of the influence of institutions on ceremonial features of consumption (Veblen, 1899, 1914). The ceremonial features of goods go beyond physical aspects since they are created institutionally.¹⁰ Through socialization, consumers learn about different kinds of goods and the ways they should be related to the instinct of workmanship and to other habits for them to culminate in the effects of status. However, in addition, conspicuous consumption is related to the satisfaction of inner impulses. As Veblen (1899) highlighted, goods are both ceremonial and instrumental.¹¹ The ceremonial features of goods can increase with time (see Ackerman, 1997). This implies that the evolution of goods within a society can occur without any change in the satisfaction of inner impulses.

In summary, for the Veblenian conspicuous consumer, satisfaction comes from her or his successful display of status through goods. For Veblen, the acquisition of those goods powerfully guides the behavior of the conspicuous consumer, becoming itself the source of the impulse to behave. In addition, Veblen considered that there are internal pressures that motivate decision making for action. However, this internal force is associated strongly with goods of the external world and the habits and institutions around them. A consequence of conspicuous consumption is that while the inner impulse can be satisfied, the person may not be satisfied. This occurs when emulative behavior results in displeasure. From this perspective, displeasure comes from the instinct of workmanship and from the use of the leisure class’ habits and institutions in decision making.

4. Final comments

This paper revisited Veblen’s conspicuous consumer, taking into consideration his instinctive approach. In doing so, this paper stressed that Veblen’s concept of instinct is different from the psychological notion of inner impulses. The former is not a purely internal force. For Veblen, inner impulses associate themselves with objects of the external world—with regard to the conspicuous consumer, such objects are goods. This association, not inner impulses, is the powerful motivation for the consumer’s behavior. Hence, institutions of the external world are responsible for what Veblen called “instincts.” In the Veblenian perspective, instincts can be understood as habits deeply internalized by decision makers, such as the instinct of workmanship.

The instinct of workmanship is responsible for the organization and canalization of inner impulses to a material end. Hence, the instinct of workmanship has a well-defined goal: materialistic satisfaction through the ownership of goods. Consequently, satisfaction and dissatisfaction of the conspicuous consumer are the results of the existence of the leisure class and its emulative logic. Once the conspicuous consumer is able to behave as stated by the institutions of the leisure class, pleasure is achieved. However, failure in this emulative logic means displeasure. In conclusion, it is important to address that institutional economics studies post-1950 have focused on a cognitive psychological paradigm. Veblen’s theory deals with a different psychological paradigm. Neither excludes the other, and both offer important insights for the development and improvement of current institutional economics. However, such an analysis would be addressed best in another study.

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¹⁰ Consumption driven by emulative behavior or that which relates to the ceremonial features of goods can be called consumerism (Etzioni, 2004; Ramstad, 1998). According to Langlois and Cosgel (1998), there is an evolution from consumption to consumerism within the history of a society. From Veblen’s (1899) perspective, consumerism is honorable because it is a mark of wealth and personal success; these are comprehended socially as desirable. To be an owner of emulated goods marks a position of esteem, status, and honor. Such attributions are made by other individuals in that society, since to be deemed prestigious, the goods must be seen as reputable in “the eyes of the society.” This explains why conspicuous consumption influences every consumer and not just the leisure class.

¹¹ A conspicuous consumer seeking to purchase a car prefers luxury property over plain property, although both cars perform well for transportation. The instrumental feature of private property conspicuously consumed can satisfy an inner impulse. However, inner impulse satisfaction is only part of decision making about what to buy, and does not account for the relevance of ceremonial features of goods in modern societies.

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