**Moldavian Journal for Education and Social Psychology**
ISSN: 2559-7620
Covered in: CrossRef; RePEc; CEEOL; KVK; WorldCat; Google Scholar

2022, Volume 6, Issue 1, pages: 54-62 | https://doi.org/10.18662/mjesp/6.1/38

# Consumption, Veblen and Teleology

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**Abstract**: In fact, this paper is following to present the work of Thorstein Bunde Veblen unifying the two other terms, as an early brick to the economic theory, influencing the becoming of the economic theory and practice.
Starting from Veblen's key idea and special approach of teleology, in economics particularly, we've chosen as example of a final and determined thing/aspect the act of consumption. That is in the Veblenian sense, of conspicuous consumption, and the consumption as general human and economic activity.
Using synthesis of all theoretical and practical sources, the result of the paper is that one of consumption, even luxury, which takes into account the constraints of nowadays phenomena and activities around the world. Furthermore, the economic theory must be tacticized, based exactly on these challenges and influences both from interior of economic and social systems and from the external environment.

**Keywords:** *Veblen; teleology; economic goods; consumption; tactics.*

**How to cite:** Trifu, A. (2022). Consumption, Veblen and Teleology. *Moldavian Journal for Education and Social Psychology, 6*(1), 54-62. https://doi.org/10.18662/mjesp/6.1/38

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## Introduction

Thorstein Bunde Veblen (1857-1929) was a Norwegian-American economist and sociologist, who argued in *The Leisure Class* (1899) that wealthy people consume conspicuously expensive (luxury) goods and services that promote wasteful displays of wealth by spending more money on goods than the worth of those goods in order to attract attention to their high social status; and to impress the public with consuming (worthlessly) rather than producing (valuably). Sometimes known as the *nouveau riche* theirs was about accumulating more wealth than most individual consumers would consume in several lifetimes.

Veblen's intention was to satirize the avaricious nature of the elites at the apex of capitalist societies. As the capitalist elites distanced themselves from productive work while in effect extracting more surplus value from the lumpenproletariat[1] by forcing the latter to direct their limited energy towards the production of useless goods, white elephants that were costly to produce. This resulted in the production of unnecessary goods that were simultaneously expensive to maintain. After a while the workers themselves did not know what or why they were producing.

Of course, the developments of Veblen's theory are focused on the cities' wealthy class, that one with a higher status than others, with power and main economic and social activities.

Then and now, the most important people from all domains are those detaining the most important industrial, commercial, IT (in our days) entities/facilities, including, even, lands. In a word, checking the application of Pareto's Principle 20.80, 20 % of the world population detains 80 % of the world's wealth.

## Teleology in Economics

First of all, **teleology** *is a doctrine* that ends are immanent in nature and, as the same time, can be considered *a doctrine* explaining phenomena by final causes (Dictionary, n.d.) Therefoe, important to remember that the ends, the goals are decisive in life and human activities (Gales et al., 2019).

Focusing a little on Veblen's theory, we may say that Veblen did not believe that reality was teleological (Apostu, 2016; Huidu, 2019). So for him the highest form of science was what he termed evolutionary science[7.] Science that seeks to explain the reality around us, the questions of 'why?'

[1] Lumpenproletariat- from German, means rabble proletariat, people without class consciousness.

and 'why not?' stripped of their teleological garments, standing naked before the mind's eyes.

Veblen viewed reality in general, and human society in particular, as an ongoing process unfolding through time with no tendency towards any one particular outcome. For Veblen, the questions answered by Neoclassical and Classical Economics are questions of form and not of content (Wesson, 1998). The author comes with a clatification which is an oposition with Veblen's consideration of a non-teleological science: if reality is driven towards a particular deterministic outcome, then it must be a teleological place.

Therefore, *the teleology* is the science or study that considers the finality of things and beings in nature.

The teleological question for economics is about the "good" over the "right."As Max Stackhouse has said, these questions are at the very heart of philosophical theology. "The problem is this: the right and the good must both be fulfilled and joined together for a full justice, but in human thought as well as in human actions, they rarely are" (Arildsen & Little, 2013).

Thorstein Veblen wrote a series of papers around the turn of the twentieth century on the nature of science and the nature of Economic thought.

*Teleology* is the key idea in Veblen's discussions of science and of Economic thought. The essential points of his discussions of taxonomic science versus evolutionary science turn on the concept of teleology (Terec-Vlad, 2015). For Veblen, a taxonomic science is a descriptive science, an evolutionary science is an explanatory science (Apostu & Petrescu, 2017). A taxonomic science does not imply the presence of teleology, but the presence of teleology implies that a science is taxonomic. You can describe reality without assuming that it is purposeful, but if you think reality is purposeful outside of subjective human desires, then all that is left for the scientist to do is to describe the process by which the purpose is played out.

## Methodology

The theoretical approach deployed by this study is drawing from Veblen's main work and different contributions from researchers,in management and social sciences..

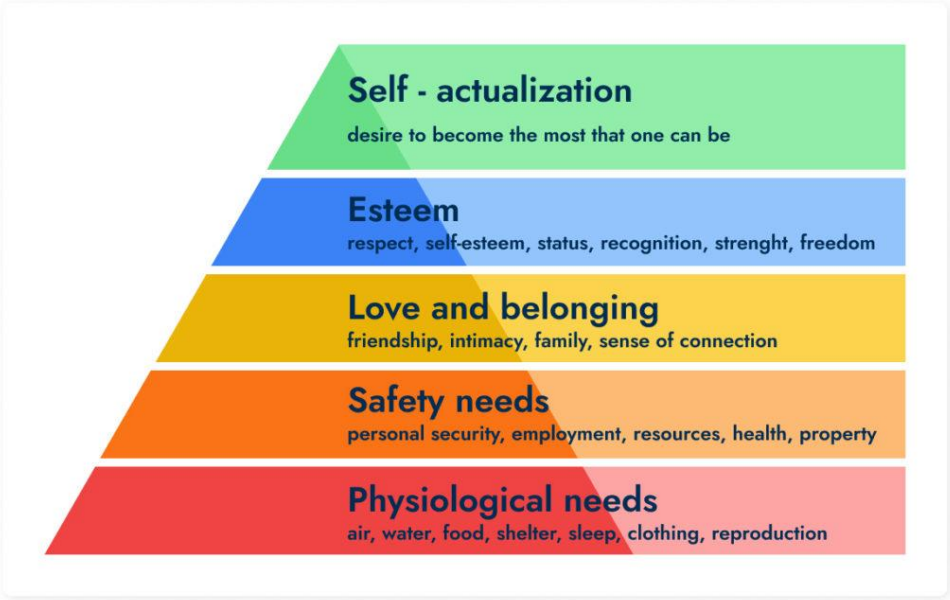
Also, we've analyzed the consumer consumption, not of the leisure class, but also of the regular consumer, mauinly in this era of pandemic, war and uncertainty (Barbu, 2016; 2019). It appears o lot of constraints, starting with the higher price of oil and gas, consequently, the raise of inflation (in

many countries it scores with 2 (two) digits and the power to purchase is becoming lower.

After that, using *synthesis*, we may to foreseeing the necessary trends of a rational (smart) consume, of using Engel's Law first 2 (two) levels regarding menages' spending: essential goods and medium and long-term goods..

## The Consumption

We consider that, indeed, *the consumption* is most pliable to the term of teleology. That's why, the institution of *conspicuous consumptionmeans i*s the end of human existence and activity. Furthermore, we present a representation of the Maslow's Hierarchy of Needs, in which at the base is the consumption of the phisiological goods (goods for strict necessity) (McLeod, 2022). Then, it follows the purchase of durable goods and at the end, for the wealthy persons, the luxury goods




Source: Dudovskiy, J. (n.d.). Maslow's Hierarchy of Needs Revisited. *Bussiness Research Methodology*. https://research-methodology.net/maslows-hierarchy-of-needs-revisited/

Rerurning to Veblen's theory (1899), he specified that *conspicuous consumption* of valuable/economic goods is a mean of reputability of the gentleman of leisure. Of course, he spoke about the times of the beginning

of XIXth century. The opulence had to be proven. How? Out of consumption of luxury goods, the competition and expensive feasts and activities, in sum, different ends of actions and facts highlighted this wealth ang high social status. Exactly as in our days, any display of wealth is done with a specific purpose: to add value to the activity and image of the wealthy person, of the "gentleman of leisure", in Veblen's words.

Costly entertainments, such as the potlatch or the ball, are peculiarly adapted to serve this end. The competitor with whom the entertainer wishes to institute a comparison is, by this method, made to serve as a means to the end. He consumes vicariously for his host at the same time that he is witness to the consumption of that excess of good things which his host is unable to dispose of single-handed, and he is also made to witness his host's facility in etiquette.

The study of consumer, of its behavior, having as object of activity *the economic goods*[2] aims at how individuals make decisions about how to consume or allocate certain resources of time, money, effort, emotional involvement, etc. to purchase products or services.

It requires us to analyze several aspects (Schiffmann & Kanuk., 1994):

1) what is being bought - what type of car (city, off-road, limousine, sedan, etc.); what brand - local, foreign;

2) why they buy - the need for transport, the need for image, the need for social status;

3) where to buy - representative office, authorized dealer, free market;

4) how often they shop; (5) how often he uses it - daily, once a week, on vacations.

The economic institution of consumption, the need to consume, accordingly to the first level (one of the the 2 (two) basic levels of Maslow Hierarchy of Needs we consider that is the most significant example of the application of the philosophy of teleology/

The Veblenian theoiy from the turn of XIXth and XXth centuries emphasized the consumption of luxury products by the wealthy class, called leisure class.

As we'll see, the situation is not far from the situation of the today's riches.

[2] Economic goods-An economic good is **a good or service that has a benefit (utility) to society**. Also, economic goods have a degree of scarcity and therefore an opportunity cost. This is in contrast to a free good (like air, sea, water) where there is no opportunity cost – but abundance.

The consumption of luxuries, in the true sense, is a consumption directed to the comfort of the consumer himself, and is, therefore, a mark of the master. Any such consumption by others can take place only on a basis of sufferance and big savings in order to be able to afford buying such luxury goods.

Consumption becomes a larger element in the standard of living in the city than in the country. Among the country population its place is to some extent taken by savings and home comforts known through the medium of neighborhood gossip suf-ficiently to serve the like general purpose of Pecuniary repute. These home comforts and the leisure indulged in — where the indulgence is found — are of course also in great part to be classed as items of conspicuous consumption; and much the same is to be said of the savings. The smaller amount of the savings laid by by the artisan class is no doubt due, in some measure, to the fact that in the case of the artisan the savings are a less effective means of advertisement, relative to the environment in which he is placed, than are the savings of the people living on farms and in the small villages. Among the latter, everybody's affairs, especially everybody's pecuniary status, are known to everybody else.

And, to prove that conspicuous consumption is a form of *teleology in Economics,* gere it is the formula of highliting this:

*Investments-→ Production-→Outputs of economic goods-→Market-→**Consumers***

The above analysis and teleology approach consider the classification of goods to be purchased, having a defined budget. All these on the background of Engel's order of purchasing the respective goods:

Engel's Law, in fact, was introduced in 1857 by Ernst Engel, at that time Director of the Bureau of Statistics in Prussia. And stated that the percentage of the income allocated for food purchases decrease, as income rises. At the same time, as a household's/menage's income increases, the percentage of income spent on food decreases, while the proportion of income spent on other goods (including the luxury ones) increases (Hayes, 2022).

Hence, the subequent analyzes of T. Veblen and other thinkers in Economics.

During the last decades and most pregnant today in the era of digitalization and online activities the term of *prosumer* becomes a part of this issue.

Toffler defines *prosumers* as **people who produce some of the goods and services entering their own consumption**. They can be found

making their own clothes, cooking their own food, rearing their own cars, and hanging their own wallpaper (Toffler, 2022 ed.)

The online environment has brought new values to this notion, prosumer being today a mixture between producer and consumer. This consumer not only uses certain products, but also actively gets involved in the production processes, influencing the direction of evolution of the companies and their communication strategies.

## Conclusions

From the point of view of T. Veblen, modern Capitalism suffers from an incoherence problem born of over-pragmatism. Nevertheless, it is not a different economic system but a reconsidered Economics rowaeds green economy, towards salvgardation of the people of the planet, with step by step thoeies which support of forecasts the changes in the world of today with the right and benefic ends in mind and facts. We have to change our consuming habits to conspicuous greener products, greener sources of energy, in order to preserve this world.

Economic goods are produced to be consumed and to get satisfaction to consumers. They are produced for a determined goal, without which we cannot imagine the continuation of life and economic activities (in our case). Therefore, it is a force inside and outside the environmental reality which defines the sense of the goals/achievements. Philosiphically speaking, indeed, along with people who creates and shapes reality progressively, we may speak of something outside our knpwledge and perseptions (as Smithian "invisible hand") who leads us to achieve the desired and necessary goals.

Therefore, it is necessary that entities to use tactics, in order to answer/react to the challenges and movements from the external environment (but also home environment). Also, people to have information and to make quckly decision regarding their lives and activities. All these for a flexible activity and for continuing life at the proper standards and, on the other hand to get profitability.

We think that is better that the most important economic institutions (consumption, market, money, inflation, interest..) to be known even in theirbackgrounds, that is the thinkers who introduced, coined, or developed these institutions, or had contributions to the development of Economics.

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