

Term paper on history and evolution

[Business](#), [Customers](#)



Introduction

This paper is going to review the concept of conspicuous consumption which is basically the spendthrift nature of expenditure with the subject aiming at displaying his or her supposed high income or much accumulated wealth. It is an act majorly practiced by the wealthy to earn a reputation.

Majorly, “conspicuous consumption is done to maintain the social status of the subject as perceived by the onlookers and people close to the subject, conspicuous consumption is as old as civilization” though the term was coined in the 19th century by one Thorstein Veblen. Before the term to describe this behavior was known, human beings were still spending conspicuously to threaten or brag to other human beings. It was a show of might which was viewed as having the possibility to land someone to a leadership position. People would then compete to cultivate perception in their audience minds that they are the richest and as such could be trusted with the leadership of the community.

The paper is also going to look at the need to study conspicuous consumption. Conspicuous consumption can be defined as act of ostentatious flaunt expenditure meant to capture the attention of others. When we study such spending, we are likely to espouse a more decent spending approach which will enable us to accumulate more wealth which could be channeled in more needy circles of life. Such spending habits will enable the population, especially in developing countries, to break the poverty circle by saving the excesses and investing for future insurance. It will shift the epicenter of expenditure by the subjects from psychological to economic.

The paper will also evaluate the relationship of conspicuous consumption with economic growth, is conspicuous consumption economically friendly? Why is it as such? These are some of the questions that this present paper will attempt to respond to with keen assessment on the impacts of the same on future economic situations.

The relationship between conspicuous consumption and income is another important factor when considering the concept conspicuous consumption. Many people do it to maintain their presumed high social status, does this mean they are already wealthy or do they sacrifice on other sections of their lives in order to exhibit such consumption.

The paper will be concluded by a summary of the major concepts discussed throughout the paper and will also contain personal opinion on the concept.

The term conspicuous consumption was coined by Thorstein Veblen in his book the theory of the leisure class in 1899. Thorstein was a renowned economist and sociologist. In the book, Veblen used the word to describe the nouveau riche who were considered wealthy having accumulated wealth during the 2nd industrial revolution. They were doing so to assume social power which could either be perceived of real. It was the included the use of certain goods not because they were needed by the subjects, but to showcase that they are of a superior social class and of more wealth. This was a sort of platform that one could use to show his ability to waste whatever one had which other people needed to survive thus stamping the concept of higher class.

In society, the drawing of identity is characterized by living in certain ways not considered ordinary by the society. Using certain types of cars, shopping

in certain stores, decorating their houses in certain ways, taking their children to certain schools, going to certain areas for vacations and generally conducting their lives in ways considered superior. Such people tend to command respect and admiration from the other members of the society who lust for the lifestyle led by such people. They are then easily awarded for such achievements by being given leadership positions in the society. With the emergence of the middle class in the 20th century, the term dressed a new meaning capturing the people or households that spend to earn goods not because they need them but because of their ostentatious value. The concept has since been viewed as addictive cultivating hedonic expectations from the consumers.

Recently, the concept has been associated with poorer families and individuals with the emerging economies indicating a rising likelihood in application of the concept. This is done as such to avert the perception that such individual(s) are poor. They therefore spend conspicuously to convince the society that they are not poor. “ The idea is affirmed by the book the millionaire next door which tries to challenge the view that the middle class live extravagant lives while most millionaires lead modest lives.”

The need to study conspicuous consumption

It is vital to study about conspicuous consumption in order to understand the impacts of the same and whether to encourage it or not. Conspicuous consumption as has been discussed above is the consumption of goods not because of need but because of showcasing a certain class. In some books, conspicuous consumption has been viewed also from the perspective of spending in consideration of the spending patterns of a certain group of

people. This form of expenditure should be studied with its implications assessed. People should not engage in such expenditure without considering how it's going to affect them financially. If buying an expensive car would lead to sacrificing or postponing an essential need then the buying of such a car should wait or a cheaper car that would accommodate both the essential need after purchasing the car should be espoused. Search tactics could be best learnt through the studying of conspicuous consumption and its implications.

The relation with economic growth

Relating the economic growth with conspicuous consumptions gives results that may be very important for a person considering such consumption habits. When spends on something one doesn't need, he or she sacrifices the saving of the same resources. Should a situation that the future of earning the resources is not very guaranteed, then the consumers will face economic hurdles in the proceeding times. One cannot also not spend what one doesn't earn, the concept here being, you only get what you deserve not what you want.

From the above discussion, it is evident that conspicuous consumption is detrimental to the economic growth. This is because economic growth is shouldered by savings and investments while in conspicuous consumptions doesn't consider saving and investments much, rather it concentrates on immediate gratification using commodities that are not so necessary. For the case of a country, the country would end up with less investment which means less capital thus less employment opportunities for the population which leads to increase dependency ratio thus poorer living standards which

of course is not economic growth. The reduction of capital owned by a country means a staggering economy.

Other scholars also argue that conspicuous consumption leads to a faster movement in the currency which ensures that wealth is not concentrated in the hands of few individuals and rather is spread to into the entire population. This argument is however viewed as only beneficial to the country in general and not the individual engaging in such expenditure. Before one engages into conspicuous consumption, one should ensure that he or she has enough to engage in such and in any eventuality that the source of income is cut short, he or she will still have enough to lead a decent life.

The relation with Income

Formerly, conspicuous consumption was a reserve of the rich and those who had accumulated enough wealth and could afford such expenditures in pursuit of leadership positions. They would use this as a platform to show the class they hail from. That was in the early days, today conspicuous consumption is intruded by the poor or the ones perceived to be poor by the society. They therefore engage in conspicuous consumption to avert the perception of the society towards them. “ The urge of satisfying the society pushes the people of the lower economic rank to disapprove society. To afford this, a lot is sacrificed since they don’t have the financial ability to support both.”

Conclusion

Conspicuous consumption as discussed above should be avoided if one is to

achieve a secure financial future. One should otherwise adopt keener financial habits such as necessary expenditure and save the rest for retirements or other future cover. It is vital that one assumes discipline to delay gratification in the short term in order to enjoy a stable future insofar as financial security goes. This will help also cover unforeseen eventualities e. g. loss of a loved one

References

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