

Economic questions: the Thorstein Veblen question

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This is one of a series of posts that will ask what the most pertinent question raised by a prominent influencer of [political economy](#) might have been and what its relevance is today. A list of all posts in the series appears at the end of each entry. The [origin of this series is noted here](#).

This series has been produced using what I describe as directed AI searches to establish positions with which I agree, followed by final editing before publication.

Thorstein Veblen belongs in this series because he exposed a central absurdity of modern capitalism: that wealth and consumption are often driven not by need, usefulness, or well-being, but by status, rivalry, and display. His work reveals how economic systems can produce vast amounts of waste while presenting it as success.

[Thorstein Veblen](#) wrote at the end of the nineteenth century, at a time when industrial capitalism had created enormous fortunes and an increasingly visible class of extremely wealthy individuals. In *The Theory of the Leisure Class* (1899), Veblen observed that the behaviour of this class often had little to do with comfort or necessity. Instead, it revolved around public display, what he famously called 'conspicuous consumption'.

Veblen's insight was radical because it challenged the assumption that consumption reflects rational preferences or genuine well-being. Instead, he argued that much consumption is comparative. People buy goods not primarily for their usefulness, but to demonstrate status relative to others.

Once this is recognised, the meaning of economic growth becomes much less clear.

Hence the ***Thorstein Veblen Question: If much of modern consumption exists not to meet human needs but to signal status and superiority, why do we treat rising consumption as evidence of prosperity rather than as evidence of***

social rivalry and waste?

Consumption as social competition

Veblen argued that consumption often operates as a form of social signalling. Visible goods, such as houses, clothing, cars, and leisure activities, all communicate position within a hierarchy. Their value lies partly in the fact that others cannot easily afford them.

This creates a dynamic of emulation. Lower social groups imitate the consumption patterns of those above them, while the wealthy constantly seek new forms of distinction. The result is an endless upward spiral of consumption that has little to do with real need.

Prosperity, in this sense, becomes a race without a finish line.

Conspicuous waste

Veblen observed that the leisure class often displays status not just through expensive goods but through waste itself. Time spent in conspicuous leisure, goods that are impractical but costly, and activities that demonstrate freedom from productive work all function as markers of superiority.

This behaviour is not accidental. Waste signals that one possesses resources beyond what is necessary. Ironically, the more inefficient or extravagant the activity, the stronger the signal.

In Veblen's analysis, capitalism produces an economy where waste becomes socially valuable.

The cultural spread of status consumption

Although Veblen wrote about a small elite, the logic he identified has spread across entire societies. Advertising, branding and consumer culture actively cultivate status competition. Goods are designed not only to function but to signal identity.

As incomes rise, consumption expands, but much of this expansion reflects positional competition rather than improved well-being. What once marked the elite becomes normalised, and new forms of status display emerge.

The economy grows, but the underlying motivations remain comparative rather than substantive.

Growth without satisfaction

Veblen's analysis helps explain a paradox of modern societies: rising consumption does not necessarily produce rising contentment. When consumption is driven by status comparison, satisfaction is temporary. The benchmark keeps moving.

This dynamic encourages perpetual economic expansion. New goods, fashions and technologies continually reset the hierarchy of status. The result is an economy organised around stimulating demand rather than meeting stable human needs.

From Veblen's perspective, the system is not merely inefficient. It is structurally restless.

Waste and the environment

Although Veblen did not write in the age of climate change, his insights resonate strongly today. Status-driven consumption encourages overproduction, rapid obsolescence and the extraction of resources far beyond what is necessary for human wellbeing.

Environmental degradation therefore becomes intertwined with social competition. Individuals consume more not because they need more, but because they must keep up.

What appears as prosperity may in fact be accelerating ecological exhaustion.

What answering the Thorstein Veblen Question would require

Taking Veblen's analysis seriously would require questioning the assumption that more consumption automatically improves well-being. At minimum, it would involve:

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Distinguishing between need-based consumption and status competition.

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Reducing inequality, which intensifies positional consumption pressures.

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Reframing prosperity around wellbeing rather than material throughput.

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Designing economic policy that discourages wasteful status races.

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Promoting social recognition through contribution, creativity and care rather than material display.

Such changes would not suppress human aspiration. They would redirect it.

Inference

The Thorstein Veblen Question reveals that economic growth can mask profound inefficiency. When consumption is driven by status competition, societies may devote vast resources to goods that do little to improve human well-being. The resulting system generates constant expansion, environmental strain and social anxiety, all in pursuit of relative advantage.

Veblen's critique, therefore, challenges one of the central assumptions of modern economics: that rising consumption is always a sign of progress.

To answer his question is to recognise that an economy organised around status rivalry cannot deliver lasting prosperity, because its defining feature is perpetual dissatisfaction.

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