

Misdirected effort: Thorstein Veblen's critique of advertising

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Abstract

Purpose

The purpose of this essay is to argue that, for Veblen, the contribution of advertising to mature business enterprise was crucial. Although Thorstein Veblen's Theory of the Leisure Class is widely credited with introducing the concept of "conspicuous consumption", that book is silent on the contribution of the sales effort – or advertising – to such consumption. One must turn to Veblen's later writings on the business system to find an analysis of advertising within oligopoly capitalism, what Veblen called the system of "absentee ownership". At the beginning of the twentieth century business faced looming threats of technological progress and democratic discontent. The material prospect of accelerating productivity might soon "end the struggle or lessen the strain" of economic life; democracy might insist that the industrial system serve social needs in efficient ways. To ward off such challenges, business developed a two-prong approach to perpetuate scarcity: carefully managed control of output and an increasingly insistent, rationalized and expensive sales effort. The growth of advertising reflected a systematic expenditure of energy, talent and resources on a misdirection of human effort, one whose chief effect was to prolong "the strain" of everyday life in futile pursuit of waste. Whether such irrationality could be sustained indefinitely, or whether it might finally undermine the society that propels its pursuit, is an issue that Veblen raises, but to which he refuses to give any final answer.

Design/methodology/approach

The paper analyzes the full range of Veblen's theoretical writings on consumption, technology and the sales effort.

Findings

The paper insists that Veblen is the first radical political economist to provide a systematic critical analysis of advertising as an essential element of mature capitalism.

Originality/value

The paper connects Veblen's earliest thinking on "conspicuous consumption" to his mature analysis of advertising in the functioning of business enterprise. It will enrich understanding among academics and students, scholars of marketing and economic and social theorists, of Veblen's critical analysis of the evolution of consumption, production and business enterprise.

Keywords

Advertising history

Business

Conspicuous consumption

Emulation

Sales effort

Scarcity

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Thorstein Veblen was certainly a heterodox observer of modern capitalism. He was trained in the late nineteenth-century iteration of neoclassical economics, but he was more impressed by the irrationality of what he observed than the optimizing rationality that is postulated by the neoclassicals. Veblen is sometimes credited with being one of the originators of institutional economics. This is due, in large part, to his effort to discover some of the institutional dynamics created for the modern industrial system by the incentives and constraints created for the owners and managers of firms. advertising is an efficient marketing tool relative to available alternatives. Thus, it may be said that the business community is in accord about the usefulness and effectiveness of advertising. 1.00 Effectiveness of Advertising. The critics of advertising are absolutely certain about its effectiveness. It is, from their viewpoint, so effective that it can make people do what the. Discover Thorstein Veblen famous and rare quotes. Share Thorstein Veblen quotations about wealth, habits and eyes. "Labor wants pride and joy in doing good..." "THE THEORY OF THE LEISURE CLASS: An Economic Study of American Institutions and a Social Critique of Conspicuous Consumption: Development of Institutions That Shape Society and Influence the Livelihood of Citizens: Based on Sociological & Economical Theories of Charles Darwin, Karl Marx, Adam Smith and Herbert Spencer", p.48, e-artnow.