Institutionalization of Common Normative Values and Economics of Limited Cognition in Search for a Middle Ground between Economics and Sociology: Theories of Veblen, Adam Smith, Bourdieu, and Parsons

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共有規範価値の制度化と限定合理性・限定認知力の両方に基づく経済学と社会学の中間領域の模索：ヴェブレン, アダム・スミス, ブルデュー, パーソンズの理論が共有する要素

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要 旨
本論は、経済学及び社会学における最も重要な制度理論、即ちヴェブレンの有閑階級理論、アダム・スミスの道徳情操論、ブルデューのハビタス理論、パーソンズの社会システム理論を詳細に検討し、それぞれの理論が、(1) 個人の動機構造における社会的文化的共同規範価値の内部化或いは制度化と、(2) 社会的文化的価値規範と個人の選好或いは欲求傾向との相互関係の進化の説明原理を、何処に求めてい るのかを明確にし、経済学が強調する主意的個人主義の合理性と社会学が論じる社会的裁定下での共通規範価値志向の両者を保持する中間領域が存在することを、財の社会的価値を特定化する一つの有効な理論を提供することによって示すものである。これらの制度化理論は、帰結として、個人の選択は社会的表現の一環であり、この表現における合理性は何らかの形でライフスタイルと階級上昇志向によって特徴づけられる社会的空間に根ざしたものであるとする見解を共有する。この論は、財に見出される社会的価値は、階級上昇志向・階級下降回避志向を表す実質的反応関数と階級毎の財の評価を示す指数の合成によって決まるとする理論を提供する。また、本論は、このような社会的規範に基づく内生的選好形成を限定合理性・限定認知力に関係づけ、階級上昇志向を軸とする経済社会的ゲームにおける戦略的補完性、均衡の多様性、乗数効果を論じ、社会が規範として認める階級上昇志向・階級下降回避志向に基づく内生的選好・気質の形成は社会の発展的進化の源泉であることを論じる。

Key Words
Internalization, Normative Values, Motivation, Institutionalization Need-dispositions, Instinct of Workmanship, Habituation, Invidious Comparison, Honorific Reputability, Moral Sentiments, Approval, Articles of Convenience, Bounded Rationality, Limited Cognition, Emulation and Avoidance, Life-styles, Convoluted Social Value, Social Evolution

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... the human good turns out to be activity of the soul in accordance with virtue, and if there are several virtues, in accordance with the best and most complete.

Aristotle, Nicomachean Ethics, I. 7.

1. Introduction

Whether human action is instrumentally rational or institutionally disposed splits the human ontology into two poles that have not yet been fully integrated. Economists of the mainstream hold on to the premise that preferences must be at the foundation of human action before this action can be analyzed in rational terms, paying little more than lip service to a deeper question as to how such preferences are formed in a social and cultural environment in which human beings interact and orient themselves to the facts of social norms. This premise was reinforced by Stigler and Becker’s analysis: De gustibus non est disputandum. They insisted that when human behavior appears to contradict the assumption of stable preferences, we need to take a closer look at such behavior from the standpoint of hidden structures that define the constraints themselves, showing that if such constraints are correctly identified, the optimization under the assumption of stable preferences (measured in utility terms) can still explain a variety of behavior that would otherwise remain inexplicable in the conventional choice theory [Stigler and Becker (1977)].

By an ingenious way Stigler and Becker showed that there is a way to avoid the issue of variable preferences if one turns to the objective structures of technological relations under which a consumer serves as a factory that transforms the goods purchased in the market to the commodities yielding direct utility. They contended that when there appears to be a discrepancy between stable preferences and actual behavior, we should look for the missing links in commodity-production technologies rather than taking an easy route of resorting to the variability of preferences. Sociologists, on the other hand, with many divergent thoughts on the issue of preference formation, are concerned with the social origin of values/preferences or institutionalized need-dispositions, as well as with the emergence of social relations that constitute a social structure. Human action is viewed typically as a social action system (or as an expression of a socialized psyche) characterized by a certain set of requirements, whose cohesiveness hinges on functions, social norms, and culture. While human action is viewed as voluntarily constituted, sociologists hold a general view that a social system is both upwardly and downwardly caused through institutionalization, without which society would lack an internal mechanism of sustaining itself as a system. In broad terms, neoclassical economists are interested in building (what they claim to be) value-free theories of human behavior, without delving into the question of whether such theories can make sense without the social nature of human beings or the moral character of decision makers. They tend to view the emergence of stable social institutions or social norms more as a consequence of voluntary exchanges among free agents whose preferences cannot be accounted for a priori except for a minimum set of axioms that are only needed to ensure that behavior be consistent, rather than as an outcome of a social dynamic process, which is driven by social-psychological motivations but at the same time regulated by social control mechanisms that keep human behavior within certain socially acceptable bounds.

Of course, this is an overly simplistic characterization of the approaches taken by economists and sociologists in capturing human action. The difference that separates them is essentially more hypothetical than fundamental in nature. This can be illustrated by considering the nature of
utility function that provides the starting point for economists. Whether a posited utility function is problematic or not depends crucially on the space on which it is defined as well as on the nature of questions that are addressed. If it is defined on the space of physical goods (or commodities) as in economics, it will never meet the approval of sociologists because social goods or social relations, or, more generally, social parameters, are excluded. But, if the utility function is defined on the space of human activities which are social in nature, it becomes an important conceptual apparatus that incorporates the fact that men’s activities in society are connected directly or indirectly. Furthermore, to the extent that human activities are moral in nature, the specification of a utility function remains incomplete until the moral characteristics of human activities are taken into account. This shows that it is not the concept of utility function per se that is problematic; rather it is the objects (along with their moral nature) on which a utility function is defined that really matter. It is almost always the case that the objects of choice that are analyzed cannot be separated from the questions asked by economists or sociologists. This confusion of the analytic expediency with the metaphysics of utility function should receive some attention when we criticize either of the two approaches from its opposite standpoint.\(^4\) If one purports to analyze a problem (economic or sociological) rather than describing it, the concept of utility function, if carefully specified, remains as one of the most powerful tools in our tool box. The fundamental problem with relying on the concept of utility function in analyzing human actions that are embedded in social situations, however, is that a utility function, by it’s \textit{a priori} nature, is not grounded in such situations, hence cannot reflect them. We will take up this issue when we later show that the social (or symbolic) value of a good can be measured by convolving an emulation-avoidance pattern with its popularity indices across reference groups. But, if the social value is measured by such convolving, this measurement gives rise to a socially-induced ordering on the goods space. Social choice based on this social ordering is analogous to economic choice based on preference ordering given \textit{a priori}. The difference is that the first is based on social norms or facts of social situations, hence grounded in society whereas the second is completely independent of such norms. But, social choice based on this ordering is just as instrumental and rational as economic choice is as far as the principle of choosing the most socially valued object from the feasibility set is concerned (Hayakawa, 2000). This analogy shows that the rational instrumentality cannot be a conceptual divide separating economic ontology from social ontology.

At any rate, while the basic orientations of economists and sociologists differ, there has been an exploding interdisciplinary communication between the two groups in recent years (see, e.g., numerous publications in \textit{The Journal of Socioeconomics} and \textit{Rational Choice}; Coleman, 1990; Baron and Hannan, 1994; Smelser and Swedberg, 1994; Bowles, 1998; Smelser and Swedberg, 2005). This interdisciplinary development is accelerated by an increasing awareness on both camps that human beings, whether in isolation or in collectivity, face the irremovable fact that the resources with which to achieve their ends are constrained and that human beings, behaving under a complex set of social relations, not only acquire certain expectations concerning the behavior of other individuals, but also are conscious of the existence of social and cultural norms. Both disciplines are amenable to the fact that individuals cannot exist unless embedded in social relations/situations and that choice decisions they exercise, for this reason, cannot be independent of social/cultural norms or moral values. It is, therefore, less disputed than before that the latter influences the formation of the pro-social need-dispositions of individuals, without which social institutions cannot be instituted to begin with, much less to be sustained. Thus, with such awareness, the question of how moral
agents exercise their rational choices in a social system has come to capture the interest of the two sciences. In this connection, it may be pointed out that Bernard Hodgson (2001, p. 310), after having examined the issue of whether economics is a moral science, concludes that “in the final analysis, rational economic man is only an atrophied image of man in reality.”

A number of new perspectives, some developed independently and others in conjunction, have aided this development. Those who work with psychological state/elements in human behavior have cultivated the field now known as behavioral economics, helping economists to turn their attention to such notions as reference dependent preferences, endowments effects, and hyperdiscounting, that account for those aspects of behavior not easily reconcilable with the conventional economic theory [see, e.g., Kahneman and Tversky (1979); Kahneman, Knetsch, and Thaler (1990, 1991); Tversky and Kahneman (1991); Rabin and Thaler (2001); Koszegi and Rabin (2004); Laibson (1996, 1997); and Ainslie (1991)]. The notions of reference dependent preferences and endowments effects, if extended to behavior in social contexts, suggest that man’s socially acquired preferences for risk-taking in emulation as well as for the social serviceability of goods should reflect not only what individuals possess as their economic and social endowments but also where individuals are located in the social space. Moreover, to the extent that decisions under uncertainty and intertemporal decisions have a formal similarity, it would not be surprising if the notion of hyperdiscounting applies to social emulation under uncertainty and creates a strong bias toward man’s current social status. Experimental and game theoretical economists have worked on the economics of prosocial orientation including fairness, reciprocity, and altruism, suggesting that man’s preferences or dispositions are not simply self-centered but anchored in social norms of fairness and other-regarding [see Fehr and Gächter (2000) for a review of the literature]. On top of these developments, there has been a remarkable development known as rational choice theory [e.g., Homans 1961; Blau 1964; Coleman 1973]; this theory, within the framework of methodological individualism, has flourished as a powerful way of explaining complex social phenomena in terms of rational actions of individuals and in terms of voluntary exchanges among approval-seeking individuals. The development of this theory ironically has brought with it a serious need to reconcile rational individual actions on the one hand and social value norms on the other. That is, we cannot avoid the question of how such norms are internalized into individual preferences if they are to be made compatible with individual preferences. All these new developments may be taken, as Thaler (2000) describes, as an attempt to bring down homo economicus to the level of a more earthly homo sapiens by focusing on how in fact human beings behave as social animals constrained by bounded capabilities. Of course, how to characterize the behavior of homo sapiens is no less problematic than how to characterize the behavior of homo economicus.

These developments have shed new light on the two-way relationship between individual preferences and social norms, but how individuals internalize social norms into their preferences has remained largely an open question. Often we hear that individuals are motivated by their self-interest, and that this interest is not necessarily in harmony with, if not contradictory to, social interest. But the notion of self makes sense only if it is paired with the notion of society, for the obvious reason that the self of a person does not develop unless it is embedded in society. A fortiori, self-interest does not make much sense if it is treated as an integrated whole of inclinations that is independent of social relations and norms. So any statement to alarm that self-interest necessarily contradicts social order is itself problematic because by so saying it assumes that self-interest is an autonomous motivational force that disregards the interest
While human physiological needs originate in the physiology of the body, human social needs originate in the thinking of the mind; the latter is no less real than the former. If human behavior is embedded in society, this question of internalization of social norms in individual preferences, or, of blending of physiological needs and social dispositions in the formation of social self, cannot be bypassed. If the self of a person owes its origin to society, man’s preferences (in economists’ terms) or man’s need-dispositions (in sociologists’ terms) must have their origin in social relations and social norms; at the same time, if society is characterized by self-sustaining value norms that keep it from falling apart, such norms must be reinforced by decisions made voluntarily by individuals. How can we then account for such a norm-conscious (or culture-conscious) behavior of individuals, which is necessary for the continuation of society as an integrated and cohesive whole? It is this question that motivates our inquiry in this paper.

From the standpoint of individuals making actual choices, what matters is how human beings assess and, in the end, rank choice objects no matter how complicated and difficult this process of assessment might be. As long as human beings are social beings, this ordering, being inclusive of both physiological and social needs of diverse kinds, must be a mixed relation, a net outcome of so many non-commensurable elements taken into account simultaneously side by side. It should incorporate physiological needs and desires, acquired or innate, as well as moral/ethical values, social sanctions, social responsibilities, friendship, legal rules, customs, and many other factors that cannot be reduced to the common denominator of utility. From the choice-theoretic standpoint we are, therefore, forced to ask in the final analysis: How would individual agents determine their ordering of choice objects if social and cultural value norms (e.g., social norms that sanction emulative efforts for higher status identification), social control mechanisms (such as positive sanctions for conformity and negative sanctions against deviant behavior), and the duty to respect the general rules of morality are internalized into their motivational structure, and what would be a socioeconomic rationale for this determination? If economists’ and sociologists’ views are to complement each other in explaining socially embedded human action, there must be a reasonable accounting of the process of this endogenous preference/disposition formation in the mind of a human being. This question needs to be addressed, at least, at two different levels, one at the level of examining various theories of internalization of social norms/values into the disposition of individuals in order to capture the constitutive elements that run through them, and the other at the level of building models of endogenous preference formation that are based on these elements.

For this reason, the present study is pursued in two steps. The first step is to examine carefully four major theories of institutionalization in economics and sociology: (1) Parsons’ theory of social systems, (2) Veblen’s theory of the leisure class, (3) Adam Smith’s theory of moral sentiments, and (4) Bourdeau’s theory of practice and distinction. These theories contain important observations on social actions/practices as well as on internalization of social norms into the need-disposition of the individual. The second step is to construct a theory that models the process of this internalization that brings about an effective ordering of choice objects that is firmly grounded in society, and then to examine the precise nature of this ordering and its implications for social behavior. In doing so, we bring in, on top of the main elements of the four theories, such notions as the bounded rationality, reference group taking, and the strategic complementarity in the behavior of socially interacting individuals. Although this second step is only outlined here, it suggests that there is yet a rich middle ground between economics and sociology, in which human behavior can be analyzed as a socially rational behavior.
that transcends the question of whether this behavior is completely voluntaristic or completely deterministic.

2. Parsons' notion of human action in a social system

To account for human action in a social system systematically, it is still useful to start with the basic framework of Parsons' theory of social systems articulated in the opening part of *The Social System* (1951) (hereafter, SS), which views society as a structure of roles and statuses that integrate functionally relations of interactions among individual agents. While his functionalism-structuralism has been criticized from more dynamic, micro-oriented perspectives (e.g., from the standpoints of the theories of symbolic interactionism, phenomenology, ethnomethodology, rational choice and exchange), it still provides a unified way of organizing micro-theories of individual actions-interactions and macro-theories of emergent properties [see, e.g., Alexander (1983)].

According to Talcott Parsons, social actions are, most fundamentally, interactions among individual actors. Such actions constitute a system with three features. (1) Actions are oriented to social, cultural, and physical objects in an environment or situations in which they take place. (2) Actors' motivations, which are organized and integrated on the personality level, have three orientations: cathectic (gratificational), cognitive, and evaluative. (3) Actions become structured with complementary expectations under stable symbolic systems of meanings called culture, without which it would not be possible to integrate action systems in which double contingency of actions of alter and ego is the critical feature of interactions (SS, pp. 1–6). Parsons writes:

Reduced to the simplest possible terms, then, social system consists in a plurality of individual actors interacting with each other in a situation which has at least a physical or environmental aspect, actors who are motivated in terms of a tendency to the 'optimization of gratification' and whose relation to their situations, including each other, is defined and mediated in terms of a system of culturally structured and shared symbols. (Parsons 1951, pp. 5–6)

Culture is a tradition of shared symbolic systems; it is comprised of three systems: belief systems, systems of expressive symbolism, and systems of evaluative standards. The elements of the third system, serving as criteria or standards for selection among the alternatives that open in concrete situations, constitute a system of values. Parsons identifies orientation to this system, distinguished from motivational orientation, as the fundamental device of articulating cultural traditions into the action system (SS, p. 12).

More specifically, a concrete action/interaction system of an individual actor is an integrated structure of motivational and cultural or symbolic elements. Because interactions are embedded in situations of double-contingency, expectations as to alter's actions play a crucial role in deciding ego's actions. Such expectations, by their complementarity, give rise to the need for order in two dimensions, namely, (1) order in the symbolic systems which make communication possible and (2) order in the mutuality of the motivational orientation to the normative aspect of expectations to avoid the "Hobbesian" disorder. The latter order necessitates orientation to common standards with positive sanctions to encourage conformity to them and negative sanctions to discourage deviation from them; it also necessitates integration of actors' motivation with the normative cultural standards. On a range of possible modes to a value-standard in the motivational sense, Parsons distinguishes at the one pole the attitude of "expediency" where instrumental interests dictate whether or not to conform and at the other pole the "introjection" or internalization of the standard to make the act of conformity a need-disposition of the actor's
own personality structure. It is this introjection of cultural values in the motivational structure of the actor’s personality that integrates actions-interactions in a social system. In Parsons’ view, when conformity to a value-orientation standard not only fulfills the actor’s own need-dispositions but also optimizes the reactions of other significant actors, the standard acquires the status of being institutionalized. Thus, institutionalization of cultural value patterns, together with positive and negative sanctions, is a consequence of an internalization of such patterns in the motivational structure of individual actors of the society; it is not a spontaneous order that emerges from actions and interactions of agents motivated by instrumental interests to satisfy idiosyncratic tastes. With such institutionalized common normative standards and sanctions, the conformity-deviation dimension of an actor tends to coincide with the favorable-unfavorable or the gratification-deprivation dimension. Individual actors with such institutionalized normative values then participate in a network of patterned interactive relations between actors, which is positionally and procedurally integrated with statuses and roles, respectively (SS, pp. 36–39).

Internalization of common normative values is mediated by the sentiments or value-attitudes that are learned and acquired socially. Such sentiments then become the need-dispositions of the personality. By internalizing institutionalized values and developing the sentiments for them, “the ‘deeper’ layers of motivation become harnessed to the fulfillment of role-expectations” (SS, p. 42). Moreover, once common cultural values are internalized in the motivation structure of the personality in the form of the need-dispositions, conformity to such values of role-expectations acquire the character of the ‘ego-ideal’ in the sense it is what one wants to achieve as well as the character of the superego in the sense it is moral to meet the responsibilities that the conformity implies. It also gives actors the sense of self-respect, adequacy, or security in the psychological sense (SS, p. 40).

Then, Parsons states the fundamental dynamic theorem of sociology, calling for sociological theory in the sciences of action. He defines the nature of this theory and this dynamic theorem as follows:

This integration of a set of common value patterns with the internalized need-disposition structure of the constituent personalities is the core phenomenon of the dynamics of social systems. That the stability of any social system except the most evanescent interaction process is dependent on a degree of such integration may be said to be the fundamental dynamic theorem of sociology. It is the major point of reference for all analysis which may claim to be a dynamic analysis of social process.

It is the significance of institutional integration in this sense which lies at the basis of the place of specifically sociological theory in the sciences of action and the reasons why economic theory and other versions of the conceptual schemes which give predominance to rational instrumental goal-orientation cannot provide an adequate model for the dynamic analysis of the social system in general terms. . . . (SS, p. 42)

The theory of institutional behavior, which is essentially sociological theory, is precisely of the highest significance in social science because by setting the problems of social dynamics in a context of institutional structure and drawing the implications of the theorem of institutional integration which has just been stated, this theory is enabled to exploit and extend the knowledge of modern psychology about the non- and irrational aspects of motivation in order to analyze social processes. It follows also that any conceptual scheme which utilizes only the motivational elements of rational instrumental goal-orientation can be an adequate theory only of certain relatively specialized processes within the framework of an institutionally structured
social system. (SS, p. 43)

Thus, Parsons’ view of society and individual actions is one of integration, between norms (common value patterns) on the one hand and the internalized need-dispositions of individuals on the other. Because social and cultural values are introjected into the personality of actors as need-dispositions, the conformity-deviation tends to coincide with the gratification-deprivation, thereby making it possible for both society and individual actions to be integrated. That is, social and cultural values are reflected in the mirror image of need-dispositions of individuals with the conformity-deviation constantly correcting this image through gratification-deprivation. He cautions against reducing motivational dynamics to rational instrumental terms, for this reduction leads to Hobbesian thesis, which, to Parsons, is a reduction ad absurdum of the concept of a social system (SS 43). Parsons makes it clear that for institutionalized action there is no dichotomy between preferences/values of individuals and the social system in which their actions take place. Thus, this intimacy between social and cultural values and need-dispositions (or preferences/values) of individuals marks, for Parsons, a complete departure from economics whose fundamental methodology is founded on rational instrumental goal-orientation.

We next turn to Parsons’ use of Freud’s notion of superego as an integrating factor in the motivation at the personality level, followed by Wrong’s (1961) and Kaye’s (1991) criticisms against an over-socialized view of man and the use of Freudian superego as an integrating factor.

3. Motivation on the personality level—Parsons’ extension of Freud’s notion of superego

Parsons holds that action systems of individual actors are integrated around three integrative foci: (1) the individual actor, (2) the interactive system, and (3) a system of cultural patterning. Integration around the individual actor proceeds at the level of the personality or, equivalently, at the motivational structure of the actor. In order for this integration to take place successfully, the personality structure (or the psychoanalytic structure of the personality) and the social system have to be integrated somehow. Since how the actor’s motivations are generated and structured to form the personality is a central focus of psychoanalysis, and since how behaviors of individual actors become patterned, through interaction, to form a social system is a primary concern of sociology, integration of action systems at the level of individual actors implies that there has to be convergence of the two approaches around a unifying conceptual scheme that binds the personality structure with the social system. That is, it implies that there has to be a mechanism through which a commonly shared system of symbols called culture can be taken into the personality structure of the actor.

On this convergence of psychoanalysis of the personality and sociological analysis of the social system, Parsons develops a unified theory of his own in his article, “The Superego and the Theory of Social Systems” published in Psychiatry 1952. His theorizing is based on his critique on the limitation of Freud’s notion of superego and Durkheim’s insight on the internalization of moral values.

Superego is that function in the actor’s ego which is assigned the duties of self-observation, conscience, and the maintenance of ideals. Through a process of identification, the prohibitions that initially come from parents are introjected into the personality to take the place of the parental authority. Once the superego is formed, it observes, guides, and threatens the ego through moral restrictions and the impulse towards perfection. What is crucially important about superego is the fact that the superego of children is built on that of their parents, hence it serves as a vehicle to transmit, from one generation to another, age-old values that have much bearing on man’s social behavior [see Hollitscher (1947), pp. 72–76].

Freud’s superego is a psychological instrument
by which moral values of society are introjected into the personality structure. It provides a mechanism by which the regulative or the moral aspect of a common culture is transmitted to the personality structure so that it contributes to the maintenance of the stability of a social system under a generalized system of symbols. But, it is limited in that it does not take account other important aspects of culture that may be internalized in the ego. In Durkheim’s view (1893), society is a symbolic system of moral norms that guide behavior of individual actors. In such a system, moral norms function as the regulator of social behavior through creation of moral authority and moral values, so that society binds itself not by external coercion but by internalization of moral norms. Thus, if internalized moral values are what sustains society over time, and if Freud’s superego is an instrumental mechanism by which moral norms or values are internalized into the personality structure of constituent members of society, society has in its hand a mechanism of self-sustaining. In this respect, Freud’s postulation of superego as a way of taking into the personality structure externally given moral values of society and Durkheim’s view of society as a coherent whole united by the presence of moral norms that are valued as such by individual actors are converging on one important insight that there is a personality-mediated mechanism that contributes crucially to the creation of society without external coercion. On this convergence, Parsons writes:

. . . Freud’s discovery of the internalization of moral values as an essential part of the structure of the personality itself constituted such a crucial landmark in the development of the sciences of human behavior. . . . [Parsons (1952), p. 18]

Parsons’ view is that because society is a system of interacting individuals with cognitive, cathectic, and evaluative orientations, and because culture is a system of generalized symbols and their meanings (containing the cognitive reference system, the system of expressive symbolism, and the system of moral standards) that mediate the cognitive, emotional, and evaluative components of this interaction, the superego, as the moral regulator of emotional reactions against actions of others, cannot be isolated from how society is organized in the three aspects; hence, Freud’s notion of the superego hints that internalization of the crucial characteristics of society into the personality structure takes place on a much wider scale, so that what is morally restraining is learned through social interaction guided by a cultural symbolism. In order for cultural symbolism to be internalized into the personal structure, the individual need to achieve an affective organization of a high order by building up emotional attachments to other persons and by developing the sensitivity to their attitudes through social interactions, and such an emotional organization is made possible only through acquisition of a cultural symbolism.7

Thus, Parsons replaces Freud’s id-superego-ego structure with a more integrated structure. Freud’s structure is based on the dichotomy of the external reality to which the person tries to adapt, with the id being the source of incessant impulses and instincts, with the superego being the moral and punitive regulator, and with the ego having many defense mechanisms; there, the superego is viewed to internalize the moral values of society into the personality structure. Parsons, on the other hand, holds that all three components of culture (the cognitive, cathectic, and evaluative components) are internalized into the ego structure of the individual actor. Freud’s impulse-repression model with ego-functions having defense mechanisms is replaced by Parsons with a model of a socialized actor whose values and need-dispositions are a result of socialization under a system of cultural symbols in all three dimensions: cognition, cathexis, and evaluation. Once the individual actor becomes socialized to such an extent, the personal structure and the cultural environment cannot be separated from each other. The culture consists of (1) cognitive
reference system, (2) expressive-affective symbolism, and (3) common moral standards. The symbolic elements of these are then internalized into the personality of the actor, whose ego has, internalized into it, (1) self-object images, (2) superego, and (3) symbolically organized affect. Between individual actors, there are then (1) mutual cognitive orientation and evaluative appraisal, based on internalized self-object images, and (2) mutual cathexis and evaluative appraisal, based on symbolically organized affect. With such internalization of culture, the individual actor's motivations/need-dispositions become integrated with it. This is Parsons' socialized conception of man and of the society-personality relationship expounded in Parsons (1952). It is a conception of homo socius as institutionalized man, in which internalization of the symbolic elements of culture in the personality structure takes place on a wider scale than imagined by Freud.

A word of caution on the socialization of man. In his classical paper "The Oversocialized Conception of Man in Modern Sociology" (hereafter OS) published in American Sociological Review (1961), Wrong, in opposition to Parsons' view of institutionalized man, raised a flag of caution on the oversocialized conception of man in sociology. Arguing that the goal of sociological theory is not to create a formal body of knowledge after the logical criteria of natural science, and being suspicious of the formalistic quest for universal propositions and all encompassing conceptual schemes, he insists on recalling the fundamental questions that theories are designed to answer as raison d'être of social theory. These questions include: "How are men capable of uniting to form enduring societies in the first place?"; "Why and to what degree is change inherent in human societies and what are the sources of change?"; "How is man's animal nature domesticated by society?" (OS, p. 183).

Focusing on the question, "How is it that man becomes tractable to social discipline?" (OS, p. 184), Wrong expresses his concern that "much of current social theory offers an oversocialized view of man in addressing the Hobbesian question" of "how men are capable of the guidance by social norms and goals that makes possible an enduring society," and "an over-integrated view of society in answering the Marxist question" of "how complex societies manage to regulate and restrain destructive conflicts between groups" (OS, p. 184). According to Wrong, two theories are prevalent in answering the first question; (1) the first is based on the internalization of social norms as seen in Parsons' theory of institutionalized action, and (2) the second is based on man's desire to achieve a positive image of self or social status. But, Wrong cast these theories as unsound as eristical thinking. More properly, it should be asked, in his words: "How is it that violence, conflict, revolution, and the individual's sense of coercion by society manage to exist at all, if this view is correct?" (OS, p. 186). To Wrong, Parsons' view of social norms as constitutive of human nature and his attempt to integrate this view with Freud's theory of superego hides the tension and the inner conflict between powerful impulses and superego controls that are crucially important in determining actual behavior; Parsons appropriated the concept of superego from a dynamic Freudian id-superego-ego structure. Likewise, the view that man is the acceptance-seeker is only a partial view of man, too simple-minded. Wrong reminds us:

... All of the great nineteenth and early twentieth century sociologists saw it as one of their major tasks to expose the unreality of such abstractions as economic man, the gain-seeker of the classical economists; political man, the power-seeker of the Machiavellian tradition in political science; self-preserving man, the security-seeker of Hobbes and Darwin; sexual or libidinal man, the pleasure-seeker of doctrinaire Freudianism; and even religious man, the God-seeker of the theologians. It would be ironical if it should turn out that they have merely contributed to the creation of yet another reified
abstraction in socialized man, the status-seeker of our contemporary sociologists. (OS, p. 190)

Rather than suggesting that we return to the older dualistic view of a human nature divided between a “social man” and a “natural man”, Wrong stresses the need for a more dialectical view of the human nature along a social-psychological Freudian view of man. Socialization consists in the transmission of culture and in the process of becoming human, but men are not completely molded by social norms and cultural values. Yet, men cannot exist without culture and outside of society (OS, p. 192). “When our sociological theory over-stresses the stability and integration of society we will end up imagining that man is the disembodied, conscience-driven, status-seeking phantom of current theory. We must do better if we really wish to win credit outside of our ranks for special understanding of man, that plausible creature whose wagging tongue so often hides the despair and darkness in his heart” (OS 193).

Thus, Wrong cautions that while excessive psychologism is not productive in sociology, we should work toward making assumptions about human nature explicit and that such assumptions should not be simple-minded, over-abstracted views of man; only by doing so can we avoid falling into the trap of over-socialized views of man and over-integrated views of society.

Another flag of caution was raised by Kaye (1991), who, in his paper “A False Convergence: Freud and the Hobbesian Problem of Order” published in *Sociological Theory* (1991) (hereafter FC) argues that placing Freud’s social theory within the Hobbesian problem of order is a false convergence. While this theory is understood/interpreted as saying primarily that asocial human nature is transformed into a social one and that individual personality is integrated with the social order by internalizing social and cultural forces into the superego (or that psychology is integrated with sociology by the process of internalization), such an understanding obscures Freud’s theory based on “the notion of unconscious mental processes governed by fundamentally ambivalent desires and watched over by the defensive forces of ‘repression’ ” (FC, p. 89); “such a sociologized Freud is reduced to yet another observer of the struggles between nature and culture, passion and reason, individual and society, offers little of value” (FC, p. 89). Examining Kalakowski’s critique of Freud, Kaye points out that Kalakowski fails “to see what Freud regards as the fundamental reality of human ambivalence, namely the simultaneous presence of conflicting desires in the human psyche—love and hate, aggression and submission, individuation and union, attraction and repulsion” and that Kalakowski “attributes to logical contradictions what Freud considers to be the contradictory aspects of our nature” (FC, p. 91). The civilizing effects of love that makes the human nature both social and asocial; the feelings of hostility and fear from which are born a creative sense of guilt, fraternal feeling, religion, and morality; the immortal id which contains “the experiences and residues of countless historical egos, resurrected in the individual psyche in the formation of the superego”; the historical nature of instinct which is not separate from the human nature that includes cultural acquisitions and transformations; culture which is not simply anti-instinctual (of external necessity of conformity) and is engaged in both the compensation and the constraint of wishes; the simultaneous satisfaction of individual desires (id) and cultural demands (superego), *et cetera* are, according to Kaye, examples of the complex aspects of human nature and culture which cannot be reduced to or dismissed as a contradiction (FC, p. 91).

It is equally false to identify Freud’s *repression* with *suppression*, which results in confusing the former with the externally imposed coercive force that suppresses the expression of desires of individuals; Freud regards culture as “a complex and delicately balanced array of forces, meanings, and images that attempt to rule nature, to regulate human relations, to master our ambivalent desires,
and to provide compensation for our unfulfilled wishes” (FC, p. 93); it is” neither an “unmoved mover“ nor a symbolic representation of social structure, but provides collective means for stabilizing, controlling, expressing, and ultimately transforming intrapsychic forces” (FC, p. 93). It is also false to “attribute moral sentiments to an involuntary repression of envy and resentment–feelings born of wounded narcissism–demanded by rational self-interest and by ‘identification with a superior being’ “ (FC, p. 93).

Another mistake was pointed out on the origin of the external social authority. Freud’s myth of the primal horde does not simply perform the same function of Hobbesian state of nature as the cause of the external social authority, but it “attempts to explain the development of other forms of social order besides tyranny and other bases for social feeling besides fear and envy, namely guilt, the practical necessities of social life, and a shared identification with an ego ideal” (FC, p. 93). More fundamentally, narcissism in Freud is not simply antisocial and brutal selfishness that must be tamed by the social coercion; it is expressed in many forms including even “love relations with others” and “the narcissistic identification with shared cultural ideals” (FC, p. 94).

Kaye’s criticism is also directed to the various stances of the Frankfurt school of social theorists, early and contemporary, which maintain basically that it is external social force that causes asocial or instinctual individuals to be social through internalization of its coercive powers in the form of repression, reason, and conscience (FC, p. 95), or, more strongly, that human psyche is so deformed by social coercion that it becomes nearly impossible to oppose it, or, alternatively, that civilization represses human instinct and becomes the sources of its own destruction. Such views, by their insistence on the opposition of instinctual and social/cultural nature and on the identity of repression with social/economic domination forces, “ignore other mechanisms of defense and expression such as projection, reaction formation, and sublimation” (FC, p. 95), and by their orientation toward Marxism, replace factory with dehumanizing civilization, the proletariat with the id, and alienation with instinctual discontent (FC, p. 95). Habermas’ idea of the pathology born of repression and the possibility of a utopian end of alienation through communicative action in a free speech society is criticized as meaning, in Freud’s view, “only madness within and chaos without” (FC, p. 97); his view that human evil is an historical contingency that can be eliminated in the end goes counter to Freud’s theory that “consists of the notion of uneliminable, unconscious mental processes that are both creative and pathological in their effect, a theory of repression not reducible to economic necessity and social oppression, and an awareness of the vicissitudes to which ambivalent sexual and aggressive trends are prone in the lives of individuals and cultures” (FC, p. 98). A similar criticism is made against Jessica Benjamin’s feminist theory, which insists that Hobbesian world driven by antisocial human nature but checked by the internalization of the social authority experienced as inner compulsion is a product of the ego that acts as an agent of patriarchal authority and represses certain impulses and emotions, and that elimination of destructive pathologies that such an ego develops necessitates that the patriarchal authority be lifted and replaced with the maternal nurturance (FC, p. 98). But, Freud “believed that what is internalized is not confined to rules and to the real experience of terror, violence, and domination but also includes lost love objects, “with whom we identify–that is, images of loved persons and of our emotional relations with them” (FC, p. 98). Kaye points out that “the narcissistic longing for the mother may prove as problematic and pathogenic as the longing for the father” (FC, p. 99).

With respect to Parsons’ account of the process of internalization, Kaye points out that his view that internalization is a “relatively conflict-free, stable, and stabilizing form of socialization in which the rules of expectations are incorporated
into a fully social self" (p. 101) does not take into consideration the “inherently ambivalent nature of all internalization” (p. 101). Freud’s insight that the superego is as much a function of one’s own aggressive and punitive fantasies turned against the self as it is a function of the real father experienced is omitted (FC, p. 101). This insight is central to Freud’s cultural theory; “the superego and its moral passions are not simply a source of social control and integration, stability and harmony, but at times, may exert, profoundly destabilizing, disordering, and even culturally transformative forces” (FC, p. 101). Also, Kaye is critical of the metaphor of structure and social structural determinism as developed by the followers of Parsons.

After reviewing many sociological interpreters of Freud, Kaye concludes:

In reading Freud’s sociological interpreters, one would never realize that Freud believed his most important contributions would be made in the cultural sciences, not in therapy. Calling his “depth psychology” an “indispensable” instrument for sociologists, historians of civilization, and psychologists of religion, Freud believed his “theory of the mental unconscious” could provide new insights into the sources of social feeling, social causes of neurosis, the role of social institutions in the mastery of unsatisfied wishes, and ultimately the nature and dynamics of culture. . . . Instead Freudian theory has been rendered superfluous by faulty and incomplete sociological interpretations, and its central concepts and cultural theory have been emptied of meaning. Thus much to our detriment, it has fallen from the ranks of living sociological theories.” (FC, p. 102)

Now that Parsons’ theory of internalization of common normative values in the need-dispositions of individuals and of the stability of a social system as dependent on this integration has been made clear along with Wrong’s and Kaye’s criticisms, we next turn to the question of how the institutionalization of man takes place through an historical process of socio-economic and cultural evolution. We examine in sequence three related theories of this process, by Thorstein Veblen, Adam Smith, and Bourdieu, in the light of Parsons’ fundamental theorem of sociology. Veblen’s view of institutionalization of man is focused on the institutionalization of the canon of pecuniary reputability or honorific wastefulness. His theory is particularly important for our purpose as he addresses the very question of how man’s proclivity for emulation and the canon of pecuniary reputability, or, more generally, man’s emulative social nature, have come about through an historical process of cultural evolution, in which the instinct of workmanship, namely, the innate aptitude for productive work, habituates man’s apperceptive activity in perceiving beauty. The first principle of his theory is the instinct of workmanship, which should not be confused with a biological one. In the following section we read and examine closely the most important part of his theory as expounded in The Theory of Leisure Class in order to discern his chain of thought.

4. Veblen and the canon of conspicuous waste

In The Theory of Leisure Class (TLC hereafter), Veblen develops his theory of how the taste of conspicuous consumption has come about through a long history of cultural evolution. His theory does not take any assumption for granted as to what motivates human beings in their actions; men are not assumed to be seekers of any kind, such as status-seekers, pleasure-seekers, profit-seekers, or utility-seekers. Rather his aim is to show how such motives, if they exist, have come to be ingrained in man’s social nature. In this sense, his theory is an account of the evolutionary process through which the most prominent proclivity in human nature as it exists in our civilization has come about.

Starting with his observation on what he calls man’s instinct of workmanship, he shows how
this instinct works itself out through stages of social development and habituates our sense of beauty. This instinct is not a biological instinct, but rather an aptitude to appreciate the merit of the serviceability and the efficiency of what man does for his end, over and against the demerit of the futility and the waste in man’s effort, which promotes invidious comparison and emulation between persons through demonstration of visible success. He writes:

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 a distaste for futile effort. He has a sense of the merit of serviceability or efficiency and of the demerit of futility, waste, or incapacity. This aptitude or propensity may be called the instinct of workmanship. Wherever the circumstances or traditions of life lead to an habitual comparison of one person with another in point of efficiency, the instinct of workmanship works out in an emulative or invidious comparison of persons. The extent to which this result follows depends in some considerable degree on the temperament of the population. In any community where such an invidious comparison of persons is habitually made, visible success becomes an end sought for its own utility as a basis of esteem. Esteem is gained and dispraise is avoided by putting one’s efficiency in evidence. The result is that the instinct of workmanship works out in an emulative demonstration of force. (TLC, pp. 29–30)

In the primitive phase of social development (the peaceable barbarian or savagery stage), whose evidence is more psychological than ethnological, the incentive and the scope of emulation, mostly working through industrial serviceability, is limited. When industrial methods increase the efficiency of production and leave a margin of product worth fighting for, this phase moves on to a predatory phase, in which emulation gains in scope and urgency as invidious comparison now praises exploit and acquisition by war and seizure higher than industrial employment, which is increasingly looked down as irksome and as lacking dignity. This predatory culture can be supported only if the predatory attitude becomes habituated and spiritualized among the members of the society. What separates this stage from the earlier one is, therefore, the spiritual appraisal that goes to exploit and seizure made possible by higher industrial productivity (TLC, pp. 30–32).

For Veblen, “the point in question is the origin and the nature of a conventional leisure class on the one hand and the beginnings of individual ownership as a conventional right or equitable claim on the other hand” (TLC, p. 33). And, he explicates how they emerge through social development.

The above phase of ownership of property by way of acquisition and seizure passes into the quasi-peaceable phase of an incipient organization of industry and private property, in which accumulation of wealth becomes a common basis of esteem in the community while the highest honors are still granted on predatory or quasi-predatory efficiency in war or statecraft (TLC, pp. 36–38). If wealth becomes the source of popular esteem, it also becomes the source of self-respect. The acquisition of wealth therefore sets in motion a never-ending process of the struggle for a higher relative standing against competitors in the community. Now the instinct of workmanship is channelled into a straining race for pecuniary achievement (TLC, pp. 38–40).

The struggle of pecuniary reputability works in different directions for different classes. While this struggle takes the form of increased diligence and parsimony for those whose actions are bounded to field of productive efficiency, the
dominant incentive of the superior pecuniary class is the gaining of abstention from productive work, for this work is now considered debasing to a spiritual human life; through the predatory phase, productive work has become associated with a mark of weakness, subjection, and inferiority (TLC, pp. 41–42).

Thus, in the predatory phase and in the early part of the succeeding quasi-peaceable stage, the life of leisure establishes itself as the most definitive evidence of pecuniary achievement and reputability. Wealth consists predominantly of slaves at these stages, and their services and products make conspicuous abstention from labor possible for the superior class. Pecuniary emulation of this exemption from useful labor continues to inhibit the habits of industry and thrift or the instinct of workmanship. Wealth as a direct meritorious measure of social standing is now taken over by insistence on the exemption from productive labor. The life of the leisure class thus becomes institutionalized with all its honorific and meritorious requisites (TLC, pp. 43–45). Veblen is explicit on this point:

. . . According to well-established laws of human nature, prescription presently seizes upon this conventional evidence of wealth and fixes it in men’s habits of thought as something that is in itself substantially meritorious and ennobling; while productive labor at the same time and by a like process becomes in a double sense intrinsically unworthy. Prescription ends by making labor not only disreputable in the eyes of the community, but morally impossible to the noble, freeborn man, and incompatible with a worthy life. (TLC, pp. 44–45)

With the institutionalization of the leisure class comes refinement of a code of decorum (refined tastes, manners, and habits of life). While manners, both as a symbolic expression of the relation of status and as a sign of gentility, are intrinsically good, the ulterior economic ground of a code of decorum lies in the honorific character of leisure; it takes time and effort to refine manners and to cultivate tastes for them, and demonstration of them evidences that a good portion of the time of the leisure class has been spent in acquiring them; they are, therefore, the “voucher of a life of leisure.” If so, acquisition of the proficiency in decorum becomes an effective and irreplaceable means to demonstrate the life of pecuniary decency (TLC, p. 49). The race for this proficiency leads to the cultivation of decorum in many details and to the development of a comprehensive discipline as a social norm. Thus, conspicuous leisure grows into a detailed code of decorum as well as into discriminate tastes on the decorous nature of consumption (TLC, p. 50). And, this development of conspicuous leisure is also accompanied by a syncopated evolution of gentle birth and breeding.

In the “quasi-peaceable” stage of cultural development, still under the pressure of coercion and class antagonism, personal service becomes an important economic institution for consumption purposes. Initially, leisure is performed vicariously by housewives and menials for their masters. As competition for conspicuous leisure gains in scope, there emerges a subsidiary leisure class comprised of servants of various grades with a division of labor among them; these servants spend vicariously the leisure of their masters or corporate households all for the demonstration of the pecuniary reputability of the leisure class (TLC, pp. 56–59).

Parallel to the development of the institution of conspicuous leisure is the beginning of a differentiation in consumption based on pecuniary strengths in the earlier quasi-peaceable stage. As competition for conspicuous leisure becomes increasingly strenuous, gentlemen of leisure turns to consumption as another means of demonstration of their pecuniary reputability, seizing those innovations that turn out more elaborate goods for consumption. They cultivate their tastes and learn to discriminate the noble from the ignoble among goods for consumption. How to live a life of
ostensible leisure by demonstrating refined tastes for manners and through consumption of valuable goods becomes just as important as demonstrating conspicuous leisure. Thus, conspicuous leisure and conspicuous consumption become the social norms to be conformed to for the leisure class (TLC, pp. 60–64).

As wealth accumulates and as conspicuous leisure and consumption is increasingly refined, the leisure class becomes differentiated with a system of ranks and grades, which is furthered by inheritance of wealth and gentility. With the proper leisure class in point of birth and wealth at the top, there emerge hierarchical classes of impecunious or half-caste gentlemen of leisure with various degrees of dependence on the upper classes. These lower classes become various consumers of their patrons.

At the same time, with the emergence of this hierarchy of social classes, there arises the norm of reputability set by the leisure class at the top, with the scheme of life of the upper class playing a role of an ideal to be aspired to by the lower class (TLC, pp. 65–70). Moreover, Veblen observes that the proclivity to use the serviceability of consumption as a means of repute will be greater the wider the human contact and the more mobile the population (TLC, p. 72).

We mention in passing that the emergence of this kind of a social status ladder, in which the lower classes seek to emulate the higher status groups and in which the norm of reputability is set by the highest group, will be of great importance to our model of status emulation and avoidance via reference groups and of endogenous formation of social preferences, which will be explored in a separate paper. Also, Veblen’s observation that the mobility of the population (which affects the width of the human contact) influences the proclivity to use consumption for invidious comparison will be considered as one of the factors to shape the emulation-avoidance pattern of a status seeking individual in this exploration.

This theory of Veblen’s regarding the development of a hierarchical social differentiation and emulative conformity to the social norm of aspiring to the ways of life of the upper class is one of the most significant implications of his instinct of workmanship working out in invidious comparison. On this very point, Veblen states:

. . . Other circumstances permitting, that instinct disposes men to look with favor upon productive efficiency and on whatever is of human use. It disposes them to deprecate waste of substance or effort. The instinct of workmanship is present in all men, and asserts itself even under very adverse circumstances. So that however wasteful a given expenditure may be in reality, it must at least have some colorable excuse in the way of an ostensible purpose. . . . (TLC, p. 75)

. . . but when the quasi-peaceable stage (with slavery and status) passes into the peaceable stage of industry (with wage labor and cash payment) the instinct comes more effectively into play. It then begins aggressively to shape men’s views of what is meritorious, and assets itself at least as an auxiliary canon of self complacency. . . . (TLC, p. 76)

Again Veblen’s theory of hierarchical differentiation of social classes and institutionalization of consumption norms will be considered in our later attempt to model endogenous formation of social preferences in an emulative culture.

Veblen also observes that reputable consumption is necessarily wasteful; that no standard of expenditure, or no norm of consumption, would develop from sole insistence on the bare necessities of life; and that invidious comparison in other dimensions of life are indistinguishably bound up with the pecuniary comparison (TLC, pp. 77–78). Veblen is viewing consumption as a dynamic evolutionary force constantly reaching beyond the basic needs of life through various forms of wasteful consumption.

On the notion of conspicuous waste, Veblen makes a point that the elements of use and
waste are mixed in actual goods. Because all expenditures, whether made for invidious pecuniary comparison or for other purposes, conduce to the consumer’s gratification, the real test of invidious comparison is whether an expenditure in question enhances human life taken impersonally (TLC, p. 79). But, in real life, the elements of use and waste are included in varying degrees in goods, with the wasteful element being dominating consumable goods (TLC, pp. 79–80). This implies that in building a model of norm-guided preferences under Veblenian emulation and avoidance, we need to address the task of identifying these two elements in consumer goods, particularly, in those of durable nature.

Veblen’s view on the life process as an open process of unfolding activity with formation of habits and also on a standard of living as comprised of various habits is critical. Men have different aptitudes in unfolding their life activities, and in this life process various habits of expression are formed. But, certain habits, which “coincide with or proceed upon a relatively strong specific aptitude or a relatively great specific facility of expression become of great consequence to the man’s well-being” (TLC, p. 84). In particular, the habits facilitated by those aptitudes or propensities for emulation are of this consequence. In an invidious culture, the propensity for emulation is of ancient growth, and the ability to pay constantly seeks expression along accredited lines of conspicuous consumption, thereby forming corresponding habits. This explains the reluctance to curtail conspicuous consumption under counteracting circumstances (TLC, pp. 82–85). We note in passing that this Veblen’s view resonates with a modern socio-economic theory of Duesenberry’s relative income hypothesis, in which consumption behavior is explained by the relative ability to pay and the non-reversibility of consumption over time called the ratchet effects [Duesenberry (1949)].

Veblen’s theory of the life process in an invidious pecuniary culture is most succinctly stated in the following passage, in which consumption as a means of communicating one’s relative standing in the scale of living is suggested.

The accepted standard of expenditure in the community or in the class to which a person belongs largely determines what his standard of living will be. It does this directly by commending itself to his common sense as right and good, through his habitually contemplating it and assimilating the scheme of life in which it belongs; but it does so also indirectly through popular insistence on conformity to the accepted scale of expenditure as a matter of propriety, under pain of disesteem and ostracism. To accept and practice the standard of living which is in vogue is both agreeable and expedient, commonly to the point of being indispensable to personal comfort and to success in life. The standard of living of any class, so far as concerns the element of conspicuous waste, is commonly as high as the earning capacity of the class will permit—with a constant tendency to go higher. The effect upon the serious activities of men is therefore to direct them with great singleness of purpose to the largest possible acquisition of wealth, and to discountenance work that brings no pecuniary gain. At the same time the effect on consumption is to concentrate it upon the lines which are most patent to the observers whose good opinion is sought; while the inclinations and aptitudes whose exercise does not involve a honorific expenditure of time or substance tend to fall into abeyance through disuse. (TLC, p. 86)

In Veblen’s thought, man’s habits are complex but they are interrelated to one another: “Habits of thought with respect to the expression of life in any given direction unavoidably affect the habitual view of what is good and right in life in other directions also. In the organic complex of habits of thought which make up the substance of an individual’s conscious life the economic interest does not
lie isolated and distinct from all other interests” (TLC, p. 88). The case in point is the canon of conspicuous or honorific waste, which unavoidably traverses habitually the canons of moral conduct, beauty, utility, ritualistic fitness, and even scientific sense of truth in the community. One such example is clearly seen in the institution of the sacredness of private property traversed by the habit of accumulating wealth for its reputable value of conspicuous consumption (TLC, p. 88–89). He continues:

. . . all that considerable body of morals that clusters about the concept of an inviolable ownership is itself a psychological precipitate of the traditional meritoriousness of wealth. And it should be added that this wealth which is held sacred is valued primarily for the sake of the good repute to be got through its conspicuous consumption. (TLC, p. 91)

Another example of the influences of the canons of reputability is found in the popular sense of what is useful and beautiful, or more generally, what is serviceable in consumable goods. The superior article is appreciated more often for its superior honorific serviceability than for its brute beauty or utility. Consciously or unconsciously, the cannons of conspicuous waste are traversing our sense of what is beautiful and are guiding our discrimination of consuming articles (TLC, p. 95). This is how the beautiful and the honorific meet and blend; it is no longer easy to separate the intrinsic beauty of beautiful things from the pecuniarily honorific service that their possession confers on the possessors. The beauty of an object, under this blending, subsumes both features, its expensiveness and its beautiful features. Such is the case with many consumable articles such as dress and household furniture (TLC, pp. 95–97).13

The notion of beauty in this blended sense is not uniform among different classes. Just as classes are differentiated with their own norms of reputability, so are matters of taste allowing for diverse views on what is beautiful. “It is not a constitutional difference of endowments in the aesthetic respect, but rather a difference in the code of reputability which specifies what objects properly lie within the scope of honorific consumption for the class to which the critic belongs” (TLC, pp. 98). This implies that the objects of the honorific consumption themselves depend on where the consuming critic is located in the social status ladder. Any model of status emulation needs to incorporate this dynamic feature of status emulation.

On the psychological basis of the blending of the beautiful and the honorific, Veblen’s thought is clear: Long and close habituation makes the mind to unfold its apperceptive activity of perceiving beauty in certain directions. While the economic interest in the constitution of beauty of an object is focused on its efficiency in facilitating the material ends of life, “the canons of beauty must be circumvented by some contrivance which will give evidence of a reputably wasteful expenditure, at the same time that it meets the demand of our critical sense of the useful and the beautiful” (TCL, p. 109). Such circumvented sense of taste is called the sense of novelty, directed at those objects that combine ingenuity, ostensible economic end, and pecuniary waste (TLC, pp. 109–110). Thus, the generic element of beauty is traversed by the sense of novelty, resulting “in making the physiognomy of our objects of tastes a congeries of idiosyncrasies” yet subject to “the selective surveillance of the canon of expensiveness” (TLC, p. 110). This theory, combining (a) the apperceptive activity of the mind, (b) long habituation of this activity in an invidious culture, and (c) the blending of the generic and the honorific beauty in forming the sense of taste for the novel, provides the basis of Veblen’s evolutionary view of social and cultural development.14

If our sense of beauty is the blended of the generic and the honorific beauty, our tastes for consumable goods and our notions of the serviceability of such goods cannot escape its
impact. Because consumption is an effective means for emulation in an invidious culture, consumable goods are now invested not only with their economic efficiency in serving the material ends of human life but also with their social and cultural serviceability in emulating higher status classes and in demonstrating the relative ability to pay of the critic. The goods serving the second end must show adequate marks of superfluous costliness beyond the brute efficiency. If goods can be measured by utility, their utility now comes from two sources.\(^{15}\) If consumers are habituated to look for the marks of honorific conspicuousness, producers of goods direct their efforts to the meeting of this demand (TLC, pp. 112–113). More importantly, the effectiveness of goods as a means of emulation is no longer independent of the social context in which man exercises his choice on consumable goods; often it is the case that goods effective in this sense under one culture are not as effective in another. Veblen is here breaking the conventional dichotomy between values/preferences and choice objects; how one values choice objects for their effectiveness as a means of invidious comparison is intimately bound to the social context in which such comparison is made, which is to say that preferences are convoluted with the facts of social and cultural norms of emulation. This will be one of the most important facts we take into account in building our model of preference formation in the social context later.

The canon of taste for the honorific or the wasteful is forcefully ingrained in the mind of the consumers that they make it their habit to look upon wasteful expensiveness as the measure of honorific decency and to degrade cheap things as dishonorable. And, “any retrogression from the standard of living which we are accustomed to regard as worthy in this respect is felt to be grievous violation of our human dignity” (TLC, p. 112).

But, the canon of taste for waste does not imply that the wasteful goods lack evidence of skillful workmanship or ingenuity; it is quite the contrary. Skillful workmanship or ingenuity is normally the ground on which to screen goods selectively for their honorific serviceability. In this sense, the canon of conspicuous waste works as a selective principle, rather than as a generative principle, for variation and growth.\(^{16}\) Whenever innovative articles or methods are introduced, the canon of conspicuous waste serves to select such forms as are suitable as effective means of invidious comparison (TLC, p. 118). Veblen is clear on this point:

The position of machine products in the civilized scheme of consumption serves to point out the nature of the relation which subsists between the canon of conspicuous waste and the code of proprieties in consumption. Neither in matters of art and taste proper, nor as regards the current sense of the serviceability of goods, does this canon act as a principle of innovation or initiative. It does not go into the future as a creative principle which makes innovations and adds new items of consumption and new elements of costs. The principle in question is, in a certain sense, a negative rather than a positive law. It is a regulative rather than a creative principle. It very rarely initiates or originates any usage or custom directly. Its action is selective only. . . . The law of conspicuous waste does not account for the origin of variations, but only for the persistence of such forms as are fit to survive under its dominance. It acts to conserve the fit, not to originate the acceptable. Its office is to prove all things and to hold fast that which is good for its purpose. (TLC, p. 118)

Veblen’s thought that the canon of pecuniary waste is not a creative principle but rather a negative and regulative principle follows from his position that it is from the instinct of workmanship (man’s taste for productive work and distaste for futile effort) that man’s sense of beauty, art, proper conduct, and the propriety of consumption comes about by habituation of the sense of beauty...
through a long history of cultural evolution. In his view, therefore, the canon of conspicuous waste is rather a product (or an emerged pattern of tastes) than a cause of cultural evolution. But, as this passage implies, Veblen suggests that the instinct of workmanship is the source of two principles of major importance in cultural evolution, one positive and creative as the principle of innovation and the other negative and regulative as the principle of selection. While man creates new and refined goods because of his innate desire to do so, other men as consumers, with their habituated tastes for the novelty, evaluate and screen them for their serviceability as effective means of invidious comparison. What course an actual process of cultural evolution takes, therefore, depends on an intricate and continuing interaction of the two principles.

Such is Veblen’s theory of cultural evolution and the emergence of the leisure class and the cannon of conspicuous waste. Starting with the instinct of workmanship (man’s sense of the merit of productive effort and the demerit of the contrary), Veblen argues how this instinct, initially working out in an emulative or invidious comparison between persons, (1) habituates our apperceptive activity to perceive beauty and our tastes for invidious comparison through succeeding phases of cultural development, (2) contributes to a hierarchical differentiation of social classes, (3) brings forth the institution of private property to honor accumulation of wealth as a basis of esteem, (4) cultivates our sense of what is beautiful by blending the generic and the honorific beauty, thereby forming our conjoined tastes for both the brute efficiency and the honorific reputability, and (5) solidifies the canon of conspicuous waste as a selective principle that screens innovative goods and methods for the evidence of their honorific serviceability. Particularly important is Veblen’s notion that through long habituation the canons of conspicuous waste traverse the canons of beauty to develop the sense of novelty which guides our discrimination of consuming articles for both ingenuity and pecuniary waste. It is a theory of the emergence, the evolution, and the institutionalization of the leisure class and the canon of conspicuous waste supporting it, but, more importantly, it is a dialectical theory of instinct and habituation setting in motion, under industrial growth, an evolutionary process of a cultural development, in which man’s quest for invidious comparison and esteem in society is just as important as the attainment of impartial well-being. It is also an evolutionary theory of the genesis of preferences in the individual self, or a dynamic theory of the internalization of the norm of the canon of conspicuous waste into the motivational structure of the self by way of habituation. Veblen’s theory brings to light that the conventional economic theory, whose premise is that preferences are given, is incomplete as an explanatory account of human action in socio-cultural contexts in which the proclivity to gain in social status and esteem incessantly seeks and finds its new expressions through access to novel routes to pecuniary reputability. Moreover, Veblen’s theory provides an excellent example of the general proposition that the linkage between actions of individual persons under cultural influences and the emergence of cultural patterns cannot be understood fully without analyzing how tastes or the sense of beauty are shaped by cultural norms and how such norms are brought forth or reproduced dynamically through voluntary actions of individuals.

5. Adam Smith’s moral sentiments and Veblen’s proclivity for emulation

Veblen’s theory of invidious pecuniary comparison has much to share with Adam Smith’s theory of the sentiment of approbation for emulation; in fact, this theory, in many ways, is a precursor to Veblen’s. We now capture closely what Adam Smith has to say in Part IV of The Theory of Moral Sentiments (hereafter, TMS) and compare it with Veblen’s theory of invidious culture. Adam Smith starts the first chapter of this part with the following
statement:

That utility is one of the principal sources of beauty has been observed by everybody, who has considered with any attention what constitutes the nature of beauty. (TMS, p. 257)

But, going beyond the idea that it is the utility of an object that pleases its possessor whose sentiment is shared by the spectator by way of sympathy, Adam Smith holds:

But that this fitness, this happy contrivance of any production of art, should often be more valued, than the very end for which it was intended; and that the exact adjustment of the means for attaining any conveniency or pleasure, should frequently be more regarded, than that very conveniency or pleasure, in the attainment of which their whole merit would seem to consist, has not, so far as I know, been yet taken notice of by any body. That this, however, is very frequently the case, may be observed in a thousand instances, both in the most frivolous and in the most important concerns of human life. (TMS, p. 258)

And, his example speaks well for this sentiment.

A watch, in the same manner, that falls behind above two minutes in a day, is despised by one curious in watches. He sells it perhaps for a couple of guineas, and purchases another at fifty, which will not lose above a minute in a fortnight. The sole use of watches, however, is to tell us what o’clock it is, and to hinder us from breaking any engagement, or suffering any other inconveniency by our ignorance in that particular point. But the person so nice with regard to this machine, will not always be found either more scrupulously punctual than other men, or more anxiously concerned upon any other account, to know precisely what time of day it is. What interests him is not so much the attainment of this piece of knowledge, as the perfection of the machine which serves to attain it. (TMS, p. 259)

But, it is this subtle difference that makes an enormous difference in the way the economy works out its order. The utility of articles of conveniency cannot be a perpetual drive to attain ever new ones that contribute to beautiful arrangements serving as objects of admiration by spectators, because this utility, being rather limited, is not worth fighting for. When a poor man is exposed to the display of articles of conveniency by the rich, there arises in him a perpetual ambition to pursue wealth through unceasing industry. Man’s endeavors to acquire talents, professions, better jobs and his willingness to bear the required burden of hardship and sacrifice all originate in this ambition, although those observable articles of vanity sought so earnestly do not yield much of the conveniency dreamed of, in comparison with cheaper articles of similar utility (TMS, pp. 259–261).

The principal cause of this quest for elegant contrivances as means of happiness is rooted in our proclivity to pay more attention to the sentiments of other people for our mode of living and in our belief that such fancy contrivances are objects of their admiration and applaud, although this belief is separate from how much they contribute to the happiness of their masters (TMS; pp. 261–262). Smith writes:

. . . If we consider the real satisfaction which all these things are capable of affording, by itself and separated from the beauty of that arrangement which is fitted to promote it, it will always appear in the highest degree contemptible and trifling. But we rarely view it in this abstract and philosophical light. We naturally confound it in our imagination with the order, the regular and harmonious movement of the system, the machine or economy by means of which it is produced. The pleasures of wealth and greatness, when considered in this complex
view, strike the imagination as something grand and beautiful and noble, of which the attainment is well worth all the toil and anxiety which we are so apt to bestow upon it. (TMS, p. 263).

Smith calls this confounding of satisfaction (in the sense of utility), beauty (in the sense of the arrangement), and order (in the sense of the harmony of the economy) a deception that "rouses and keeps in motion the industry of mankind"; it is the source of all sorts of innovations that embellish our life and push the frontiers of sciences and arts. But, this deception is part of Providence: Our economy expands through this quest for more elegant contrivances, and the order of the economy never loses its harmony as the wealthy, whose stomach is far less than their desires for conveniency, consume only a small but the most precious portion of the output produced while the rest trickles down to lower levels to feed those who actually produce the trinkets and baubles enjoyed by the great (TMS, p. 263–264). Smith continues:

. . . They are led by an invisible hand to make nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal portions among all its inhabitants, and thus without intending it, without knowing it, advance the interest of the society, and afford means to the multiplication of the species. When Providence divided the earth among a few lordly masters, it neither forgot nor abandoned those who seemed to have been left out in the partition. (TMS, pp. 264–265).

Smith also notes that our love for the beauty of order and elegant contrivances extends to our desire for better institutions that promote the public welfare (p. 265–268).

On the origin of ambition and the distinction of ranks, Smith has a separate chapter (Chapter II) in section III of Part I of The Theory of Moral Sentiments (pp. 70–83). His argument rests on the premise that “it is because mankind are disposed to sympathize more entirely with our joy than with our sorrow, that we make parade of our riches, and conceal our poverty”, and that “it is chiefly from this regard to the sentiments of mankind, that we pursue riches and avoid poverty” (TMS, p. 70). The end of our ambition is to seek conveniences and to better our life; it is to derive from it the advantages of sympathy, complacency, and approbation from other people. But, this vanity is founded on our belief that we are exposed to the attention and the approbation of other people. So, “the rich man glorifies in his riches”, and “the poor man, on the contrary, is ashamed of his poverty” (TMS, p. 71) And, “the poor man goes out and comes in unheeded” (TMS, p. 71) and, “the man of rank and distinction, on the contrary, is observed by all the world” (TMS, p. 72). Essentially, it is this observation by other fellows, “which, notwithstanding the restraint it imposes, notwithstanding the loss of liberty with which it is attended, renders greatness the object of envy, and compensates, in the opinion of mankind, all that toil, all that anxiety, all those mortifications, which must be undergone in the pursuit of it; and what is of yet more consequence, all that leisure, all that ease, all that careless security, which are forfeited for ever by the acquisition” (TMS, p. 72).

But, our disposition to emulate the rich and the powerful and to avoid the poor and the mean is not without serious consequences on our moral sentiments. Smith firmly states:

This disposition to admire, and almost to worship the rich and the powerful, and to despise, or, at least, to neglect persons of poor and mean condition, though necessary both to establish and to maintain the distinction of ranks and the order of society, is, at the same time, the great and most universal cause of the corruption of our moral sentiments. (TMS, p. 84)

We desire the admiration of mankind, either by taking the road to wisdom and virtue, for which
the admirers are of a select few, or by taking the road to wealth and greatness, for which there is no shortage of admirers. How the two roads diverge depends on the stations of life. In the inferior stations in which the greater part of mankind find themselves, men are prudent in seeking professional abilities and observe the rules of justice; moral sentiments from neighbors reinforce virtues of prudence and justice. In the superior stations of life, where in peaceful times the success depends on winning the favor of proud and vain superiors, however, the great virtues are tamed by “the external graces, the frivolous accomplishments of that impertinent and foolish thing called a man of fashion” (TMS, p. 87). But, because of our disposition to emulate the rich, the superior stations of life are enabled to set the fashion or the decorum including vices and follies, which are imitated by the greater part of men who desire to be thought rich by imitating it despite their humble stations. Thus the fashion, through envy, causes the road to the fortune to diverge from that to the great virtues as men become ambitious at seeking higher stations of life under the illusion that the aspired higher stations of life, if achieved, will afford the winner the luster of a more generous living and thereby earn the respect and admiration of mankind (TMS, p. 88–90). If this observation by Adam Smith is compared with Veblen’s theory of an invidious culture in which the norm of honorific consumption is set by the highest status class and is emulated by the lower ones, the similarity between the two is obvious.

Moral sentiments are also affected by the principles of custom and fashion, which can cause different judgments of beauty to emerge in different ages and nations. When different things are observed together repeatedly, our imagination puts these ideas in a certain arrangement that excites our sense of beauty, and habituates our mind to appreciate this connection in similar situations. From this habituation arises our custom for connecting different things and our feeling for the propriety or the impropriety of different combinations of things. As a particular species of custom, a fashion, initiated by those in high ranks of life in whatever area, is viewed genteel and magnificent by virtue of its connection “in our imaginations with the idea of something that is genteel and magnificent.” As this fashion is emulated by inferior ranks of people, it acquires the character of meanness and awkwardness and loses its grace it once had. Custom and fashion are an extensive principle as their influence covers all objects of choice; modes of dress, furniture, poetry, music, architecture, manners, and so on. They even influence our judgments of the beauty of natural objects, as in our appreciation of a certain middle or the general pattern with respect to the features of things, animate or inanimate. Smith continues:

Such is the system of this learned and ingenious father, concerning the nature of beauty; of which the whole charm, according to him, would thus seem to arise from its falling in with the habits which custom had impressed upon the imagination, with regard to things of each particular kind. (TMS, p. 288)

. . . But though I cannot admit that custom is the sole principle of beauty, yet I can so far allow the truth of this ingenious system, as to grant that there is scarce any one external form so beautiful as to please, if quite contrary to custom, and unlike whatever we have been used to in that particular species of things; or so deformed as not to be agreeable, if custom uniformly supports it, and habituates us to see it in every single individual of the kind. (TMS, p. 289)

Our notion of the beauty of human conduct is not exempt from the influence of the power of custom and habit. But, because our sentiments of moral approbation and disapprobation are rooted in vigorous passions of human nature, this influence is not expected to be so great. Noting that the nature of this influence is similar to that in
other cases, Smith observes:

. . . To superficial minds, the vices of the great seem at all times agreeable. They connect them, not only with the splendour of fortune, but with many superior virtues which they ascribe to their superiors; with the spirit of freedom and independency, with frankness, generosity, humanity, and politeness. The virtues of the inferior ranks of people, on the contrary, their parsimonious frugality, their painful industry, and rigid adherence to rules, seem to them mean and disagreeable. They connect them both with the meanness of the station to which those qualities commonly belong, and with many great vices which, they suppose, usually accompany them—such as an abject, cowardly, ill-natured, lying, pilfering disposition. (TMS, pp. 291–292)

With his observation of these influences of custom and habit on our moral sentiments, Smith assures that such influences are not considerable and that “it is not concerning the general style of character and behavior that those principles produce the greatest perversion of judgment, but concerning the propriety or impropriety of particular usages” (TMS, pp. 302–303). The reason for this limitation is clear for him: No society in which the usual practices of human conduct are horrible enough to destroy it would not subsist a moment (TMS, p. 306). Yet, “with regard to particular usages, its influence is often much more destructive of good morals, and it is capable of establishing, as lawful and blameless, particular actions, which shock the plainest principles of right and wrong” (TMS, p. 304).

These words of Adam Smith resonate with Veblen’s theory of an invidious culture in which the apperceptive activity of the mind is habituated to admire goods for invidious purposes. While Veblen addresses how our instinct for workmanship habituates our tastes of beauty for the honorific reputability, invidious comparison, and conspicuous waste, Smith starts with his version of the instinct of workmanship that aims at the perfection of articles of conveniency and that values the fitness of such articles more than the end or the utility for which they are produced. The new and more elegant contrivances, when displayed to the view of common men, become the objects to be acquired for admiration and applaud by others. For Adam Smith, the instinct is the source of constant innovations and our perpetual quest for wealth. As new contrivances are produced and acquired by the wealthy, people of lower ranks try to acquire them as a means to emulate the rich. Running parallel to this instinct are the moral sentiments of approbation and disapprobation that are habituated to admire the rich and despise the poor. Corrupted as such sentiments may be, they, nonetheless, shape our desire to seek the articles
of conveniency, thereby making it possible for enough employments to be created for all people of the society. Custom and fashion, by habituating both our tastes for things of conveniency and moral sentiments in certain directions depending on the circumstances, may take men to particular usages of things and conduct that deviate from the natural beauty and the principles of right and wrong but never to the detriment of the fundamental moral sentiments of approbation and disapprobation; it may be said that habituated custom and fashion channel the social force of innovation and emulation and mediate the dynamic force of economic growth with expanding opportunities of employment. To emulate the rich to gain the reputation of the higher status at the expense of all the toil of labor is part of a grand deception, but it is the cause of the quest for as well as the creation of wealth through proliferation of productive activities of mankind. The satisfaction that the articles of conveniency afford is confounded, in his own words, “in our imagination with the order, the regular and harmonious movement of the system, the machine or economy by means of which it is produced. The pleasures of wealth and greatness, when considered in this complex view, strike the imagination as something grand and beautiful and noble, of which the attainment is well worth all the toil and anxiety which are so apt to bestow upon it” (TMS, p. 263).

This theory of Adam Smith’s regarding the instinct of workmanship as the source of innovations and the habituation of the moral sentiments of approbation and disapprobation to emulate the rich sits in a bigger picture of his theory of moral sentiments, in which the notion of the general rules of conduct plays a crucial role not only in guiding human behavior but also in preserving our society. Therefore, our account of his theory of emulation needs to be supplemented by a note on his emphasis on such rules. On the origin and use of the general rules of morality, Smith writes:

So partial are the views of mankind with regard to the propriety of their own conduct, both at the time of action and after it; and so difficult is it for them to view it in the light in which any indifferent spectator would consider it. But if it was by a peculiar faculty, such as the moral sense is supposed to be, that they judged their own conduct, if they were endowed with a particular power of perception, which distinguished the beauty or deformity of passions and affections; as their own passions would be more immediately exposed to the view of this faculty, it would judge with more accuracy concerning them than concerning those of other men, of which it had only a more distant prospect. (TMS, p. 223)

Endowed with the moral sense and the power of perception, Smith holds, man, by continually observing the conduct of others, forms “certain general rules concerning what is fit and proper either to be done or to be avoided” (TMS, p. 224). His view on this matter is firm:

It is thus that the general rules of morality are formed. They are ultimately founded upon experience of what, in particular instances, our moral faculties, our natural sense of merit and propriety, approve or disapprove of. We do not originally approve or condemn particular actions, because, upon examination, they appear to be agreeable or consistent with a certain general rule. The general rule, on the contrary, is formed by finding from experience that all actions of a certain kind, or circumstanced in a certain manner, are approved or disapproved of. . . . (TMS, pp. 224–25)

The regard for the general rules of morality is a sense of duty, which, Smith says, is “a principle of the greatest consequence in human life, and the only principle by which the bulk of mankind are capable of directing their actions” (TMS, p. 229), and which separates “a man of principle and
honour” from “a worthless fellow” (TMS, p. 231).

In fact, in Smith’s mind the very existence of human society hinges on the observance of the general rules of morality. Smith says, with full respect for such rules:

But if without regard to these general rules, even the duties of politeness, which are so easily observed, and which one can scarce have any serious motive to violate, would yet be so frequently violated, what would become of the duties of justice, of truth, of chastity, of fidelity, which is often difficult to observe, and which there may be so many strong motives to violate? But upon the tolerable observance of these duties depends the very existence of human society, which would crumble into nothing if mankind were not generally impressed with a reverence for those important rules of conduct. (TMS, pp. 241–32)

Furthermore, Smith says that the emergence of the general rules of morality precedes philosophical reasoning, and that they are beyond philosophical researches, which are slow and uncertain.

. . . And thus religion, even in its rudest form, gave sanction to the general rules of morality, long before the age of artificial reasoning and philosophy. That the terrors of religion should thus enforce the natural sense of duty, was of too much importance to the happiness of mankind, for nature to leave it dependent upon the slowness and uncertainty of philosophical researches. (TMS, pp. 233)

This point is more elaborately developed by Hayek in his thesis on the role of the abstract rules of conduct in the extended order; we shall take up this point shortly afterward. And, while success in business, wealth and honors are the recompense “for encouraging industry, prudence and circumspection”, the proper recompense “for promoting the practice of truth, justice and humanity” is “confidence, the esteem, and love of those we live with” (TMS, p. 236) Smith says:

. . . Humanity does not desire to be great, but to be loved. It is not in being rich that truth and justice would rejoice, but in being trusted and believed, recompenses which those virtues must almost always acquire. . . . (TMS, p. 236)

But, very importantly, Smith says that the observance of the general rules of morality are supported by “the strongest motives of self-interest.” Smith’s notion of self-interest is both self-regarding and other-regarding; one without the other is destructive of their foundation. In this regard, take a look at the following passage:

How vain, how absurd would it be for man, either to oppose or to neglect the commands that were laid upon him by infinite wisdom and infinite power! How unnatural, how impiously ungrateful not to reverence the precepts that were prescribed to him by the infinite goodness of his Creator, even though no punishment was to follow their violation! The sense of propriety, too, is here well supported by the strongest motives of self-interest. . . . (TMS, p. 241)

Thus, for Adam Smith, while the instinct of workmanship and the moral sentiments of approbation and disapprobation brings about an extended order of our economy, our moral faculties (our innate sense of merit and demerit of our conduct) and our sense of duty to observe the general rules of morality are what preserves this extended order.

Before leaving Adam Smith, it is worth adding that Hayek, in the epilogue to Law, Legislation and Liberty mentions the three sources of human values: natural values (innate values that are genetically determined), artificial values (those that are designed by rational thought), and cultural or traditional values (those abstract rules of
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conduct that have come out through the process of cultural evolution). He places the cultural and traditional values between instinct and reason as a separate category, calling our attention to the fact that the evolution of an extended order is neither made possible by instinct nor created by the power of reason. This idea is fully developed in his thesis, Fatal Conceit (1988). There, Hayek calls “the idea that the ability to acquire skills stems from reason” the “fatal conceit.” He claims that it is the other way around: “our reason is as much the result of an evolutionary selection process as is our morality,” and that “one should never suppose that our reason is in the higher critical position and that only those moral rules are valid that reason endorses” (Fatal Concept, p. 21). Hayes writes:

. . . Learning how to behave is more the source than the result of insight, reason, and understanding. Man is not born wise, rational and good, but has to be taught to become so. It is not our intellect that created our morals; rather, human interactions governed by our morals make possible the growth of reason and those capabilities associated with it. Man became intelligent because there was tradition—that which lies between instinct and reason—for him to learn. This tradition, in turn, originated not from a capacity rationally to interpret observed facts but from habits of responding. It told man primarily what he ought or ought not to do under certain conditions rather than what he must expect to happen. (Fatal Concept, pp. 21–22)

And, according to Hayek, it is by following abstract rules of conduct that we acquire through learning that our great civilization has been made possible. This thesis of Hayek is well known, but it reconfirms Adam Smith’s notion that it is the general rules of morality that keep our society from crumbling into nothing. Hayek’s words are precise to the point:

. . . What are chiefly responsible for having generated this extra-ordinary order, and the existence of mankind in its present size and structure, are the rules of human conduct that gradually evolved (especially those dealing with several property, honesty, contract, exchange, trade, competition, gain, and privacy). These rules are handed on by tradition, teaching and imitation, rather than by instinct, and largely consist of prohibitions (‘shalt not’s’) that designate adjustable domains for individual decisions. Mankind achieved civilization by developing and learning to follow rules (first in territorial tribes and then over broader reaches) that often forbade him to do what his instincts demanded, and no longer depended on a common perception of events. These rules, in effect constituting a new and different morality, and to which I would indeed prefer to confine the term ‘morality’, suppress or restrain the ‘natural morality’, i.e., those instincts that welded together the small group and secured cooperation within it at the cost of hindering or blocking its expansion. (Fatal Conceit, p. 12)

6. Bourdieu’s logic of practice and habitus

In Logic of Practice (1990), Bourdieu proposes a theory of practice as practice, which has its position between two polar opposites: objective idealism (or what may be called positivist materialism) on the one pole, which essentially views the social relationships as objective relationships that can be obtained and ordered in the form of knowledge of the objective structure, and subjectivism, on the other pole, which consists in abstaining from any account of the social world from the viewpoint of objective necessity. Bourdieu insists that the objects of knowledge are not passively recorded but rather actively constructed under the principle of construction he named the habitus, which is a durable system of structured as well as structuring dispositions (LP, p. 52). Bourdieu writes:

. . . The theory of practice as practice insists,
contrary to positivist materialism, that the objects of knowledge are constructed, not passively recorded, and, contrary to intellectualist idealism, that the principle of this construction is the system of structured, structuring dispositions, the habitus, which is constituted in practice and is always oriented towards practical functions. (LP, p. 52)

According to Bourdieu, building a theory of practice calls for returning to the very site where the dialectic of practice, “the dialectic of the opus operatum and the modus operandi”, takes place, falling neither into objectivism which necessarily leads to the realism of the social structure nor into the subjectivism which cannot address the necessity of this structure at all (LP, p. 52). With this preliminary, Bourdieu defines this site, that is, habitus, as systems of durable and transposable dispositions that function as structuring structures for practices as well as for representations.

The conditioning associated with a particular class of conditions of existence produce habitus, systems of durable, transposable dispositions, structured structures predisposed to function as structuring structures, that is, as principles which generate and organize practices and representations that can be objectively adapted to their outcomes without presupposing a conscious aiming at ends or an express mastery of the operations necessary in order to attain them. Objectively, ‘regulated’ and ‘regular’ without being in any way the product of obedience to rules, they can be collectively orchestrated without being the product of the organizing action of a conductor. (LP, p. 53)

If habitus is a system of durable and transposable dispositions produced by the conditions of existence themselves, Bourdieu says there should be no such things as stimuli for practice in the objective sense, because stimuli act on agents only if agents are preconditioned to recognize them as such (LP, p. 53). For him, the world in which practices take place is already the world of a pre-realized or pre-conditioned ends and means.

. . . the practical world that is constituted in the relationship with the habitus acting as a system of cognitive and motivating structures, is a world of already realized ends—procedures to follow, paths to take—and of objects endowed with a ‘permanent teleological character,’ in Husserl’s phrase, tools and institutions. This is because the regularities inherent in an arbitrary condition (‘arbitrary’ in Saussure’s and Mauss’s sense) tend to appear as necessary, even natural, since they are the basis of the schemes of perception and appreciation through which they are apprehended. (LP, pp. 53–54)

So it is natural for Bourdieu that the habitus, “the dispositions durably inculcated by the probabilities and impossibilities, freedoms and necessities, opportunities and prohibitions inscribed in the objective conditions . . . generate dispositions objectively compatible with these conditions and in a sense pre-adapted to their demands” (LP, p. 54). This is how the habitus becomes a virtue created of necessity (the conditions of existence), a virtue “to refuse what is anyway denied and to will the inevitable” (LP, p. 54). Thus, the habitus “ensures the active presence of past experiences, which, deposited in each organism in the form of schemes of perception, thought and action, tend to guarantee the ‘correctness’ of practices and their constancy over time, more reliably than all formal rules and explicit norms” (LP, p. 54). It connects the internal with the external (or internalizes the external) and becomes the source of the principle of the continuity and regularity in the social world.

. . . This system of dispositions—a present past that tends to perpetuate itself into the future by reactivation in similarly structured practices, an internal law through which the law of external necessities, irreducible to immediate constraints,
is constantly exerted—is the principle of the continuity and regularity which objectivism sees in social practices without being able to account for it; and also of the regulated transformations that cannot be explained either by the extrinsic, instantaneous determinisms of mechanistic sociologism or by the purely internal but equally instantaneous determination of spontaneist subjectivism. Overriding the spurious opposition between the forces inscribed in an earlier state of the system, outside the body, and the internal forces arising instantaneously as motivations springing from free will, the internal dispositions—the internalization of externality—enable the external forces to exert themselves, but in accordance with the specific logic of the organisms in which they are incorporated, i.e., in a durable, systematic and non-mechanical way. (LP, pp. 54–55)

Claiming that the external forces are internalized into the dispositions, Bourdieu is critical of the dichotomy on which the neoclassical economics is based, namely, the separation between external constraining conditions and the preferences that are internally born. In his view, which is focused on the internalization of the external constraints into preferences that end up willing the inevitable, this dichotomy makes no sense. For him, the regularity and the continuity of human behavior must find its source ultimately in the habitus-dispositions.

Bourdieu’s notion of habitus is not limited to the logic of practice on the plane of everyday choices. It is also thought to be the generative source of “all the thoughts, perceptions and actions inherent in the particular conditions of its production” (LP, p. 55). But, he insists that the power of this source is contained by “the historically and socially situated conditions of its production” (LP, p. 55). Bourdieu states:

. . . Because the habitus is an infinite capacity for generating products—thoughts, perceptions, expressions and actions—whose limits are set by the historically and socially situated conditions of its production, the conditioned and conditional freedom it provides is as remote from creation of unpredictable novelty as it is from simple mechanical reproduction of the original conditioning. (LP, p. 55)

. . . In short, being the product of a particular class of objective regularities, the habitus tends to generate all the ‘reasonable’, ‘commonsense’, behaviors (and only these) which are possible within the limits of these regularities, and which are likely to be positively sanctioned because they are objectively adjusted to the logic characteristic of a particular field, whose objective future they anticipate. At the same time, ‘without violence, art or argument’, it tends to exclude all ‘extravagances’ (‘not for the likes of us’), that is, all the behaviors that would be negatively sanctioned because they are incompatible with the objective conditions. (LP, pp. 55–56)

For Bourdieu, the habitus is an embodied, internalized, but forgotten history of past practices, a spontaneity in the unconscious, which forgets history while its objective structures leave their imprints in the quasi-natures of habitus (LP, p. 56). According to him, “the habitus is a spontaneity without consciousness or will, opposed as much to the mechanical necessity of things without history in mechanistic theories as it is to the reflexive freedom of subjects ‘without inertia’ in rationalist theories.” (LP, p. 56). Bourdieu states in strong terms:

Thus the dualistic vision that recognizes only the self-transparent act of consciousness or the externally determined thing has to give to the real logic of action, which brings together two objectifications of history, objectification in bodies and objectification in institutions or, which amounts to the same things, two
states of capital, objectified and incorporated, through which a distance is set up from necessity and its urgencies. This logic is seen in paradigmatic form in the dialectic of expressive dispositions and instituted means of expression (morphological, syntactic and lexical instruments, literary genres, etc.) which is observed in the intentionless invasion of regulated improvisation. (LP, pp. 56–57)

And, Bourdieu insists that, “the habitus is what enables the institution to attain full realization” (LP, p. 57), saying that “an institution, even an economy, is complete and fully viable only if it is durably objectified not only in things, that is, in the logic, transcending individual agents, of a particular field, but also in bodies, in durable dispositions to recognize and comply with the demands immanent in the field” (LP, p. 58). This notion of habitus is in close agreement with Parsons’ position mentioned in section 2 that for socialization the crucial characteristics or cultural symbolism of society need be internalized into the personality structure on an all inclusive scale integrating an affective organization of emotional attachments and proper attitudes acquired by way of the common culture that includes cognitive reference system (the system of cognitive categorizations of the world), the system of expressive symbolism, and the system of moral standards (1952, p. 27–30).

The habitus also produces a common-sense world through formation of consensus on the meaning of practices and the world (LP, p. 58), and practices within the habitus are objectively harmonized and mutually adjusted without any conscious reference to a norm or explicit coordination. He says:

The objective homogenizing of group or class habitus that results from homogeneity of conditions of existence is what enables practices to be objectively harmonized without any calculation or conscious reference to a norm and mutually adjusted in the absence of any direct interaction or, a fortiori, explicit co-ordination. . . . So long as one ignores the true principle of the conductorless orchestration which gives regularity, unity and systematicity to practices even in the absence of any spontaneous or imposed organization of individual projects, one is condemned to the naive artificialism that recognizes no other unifying principle than conscious co-ordination. (LP, pp. 58–59)

On collective action, Bourdieu cautions that it is “extremely dangerous to conceive collective action by analogy with individual action, ignoring all that the former owes to the relatively autonomous logic of the institutions of mobilization (with their own history, their specific organization, etc.) and to the situations, institutionalized or not, in which it occurs” (LP, p. 59). Then Boudieu discuses the relationship between class habitus and individual habitus by distinguishing the non-individualized (identical, impersonal, and interchangeable) part of internalized subjective structures from the singularity of the trajectories of individual dispositions, and characterizes this relationship as one of homology (diversity within homogeneity) in which the systems of dispositions of individuals who belong to the same class are viewed as structural variants to one another. On this important point, he states:

. . . class (or group) habitus, . . . , could be regarded as a subjective but non-individual system of internalized structures, common schemes of perception, conception and action, which are the precondition of all objectification and apperception; and the objective co-ordination of practices and the sharing of a world-view could be founded on the perfect impersonality and interchangeability of singular practices and views. But this would amount to regarding all the practices or representations produced in accordance with identical schemes as impersonal and interchangeable, like individual intuitions of
space which, according to Kant, reflect none of the particularities of the empirical ego. In fact, the singular habitus of members of the same class are united in a relationship of homology, that is, of diversity within homogeneity reflecting the diversity within homogeneity characteristic of their social conditions of production. Each individual system of dispositions is a structural variant of the others, expressing the singularity of its position within the class and its trajectory. (LP, p. 60)

An important question arises here: If the systems of dispositions of individuals who are placed in similar conditions of existence are homologous, and if the society is divided into differentiated classes with corresponding life-styles, what would be the relationship among these classes, each with homologous dispositions?

Individual dispositions owe their singularity to the sequence of irreducible past experiences (LP, p. 60). And, the dialectic of the habitus is between the constancy and stability that it unconsciously seeks and new contingently occurring experiences with new information that may threaten its defense against crises. Nonetheless, this dialectic is dominated by earlier and accumulated experiences through the defense mechanism of rejecting information that threatens the stability of the habitus and avoiding exposure to such information, although it must be admitted that it is paradoxical that the habitus needs information to tell which information is to be avoided for its stability. If the class distinctions or the life-styles of different classes are defined by privation relative to what other classes have, it inevitably follows that the habitus belonging to a given class must be aware of what it does not have, hence of the information that threatens its constancy. As Bourdieu focuses on the self-fulfilling nature of the habitus, the problem of this paradox about the unchosen principle of all choices is solved by saying that the avoidance strategies or, more fundamentally, the underlying schemes of perception are an unwilling non-conscious product borne by the conditions of existence. In comparison, in Veblen and Adam Smith, class divisions and class consciousness, which are a product of cultural evolution, are the conditions of invidious comparison, whether for the purpose of winning the applaud of others or for the purpose of emulating higher classes under the canon of conspicuous waste. In this respect, Bourdieu’s theory of habitus can be viewed as the closing principle that generates classes and their symbolic distinctions, not as the opening principle that extends the socio-economic order through innovative activities of mankind. At any rate, Bourdieu says:

The habitus which, at every moment, structures new experiences in accordance with the structures produced by past experiences, which are modified by the new experiences within the limits defined by their power of selection, brings about a unique integration, dominated by the earliest experiences, of the experiences statistically common to members of the same class. Early experiences have particular weight because the habitus tends to ensure its own constancy and its defense against change through the selection it makes within new information by rejecting information capable of calling into question its accumulated information, if exposed to it accidentally or by force, and especially by avoiding exposure to such information . . . Through the systematic ‘choices’ it makes among the places, events and people that might be frequented, the habitus tends to protect itself from crises and critical challenges by providing itself with a milieu to which it is as pre-adapted as possible, that is, a relatively constant universe of situations tending to reinforce its dispositions by offering the market most favourable to its products. And once again it is the most paradoxical property of the habitus, the unchosen principle of all ‘choices’, that yields the solution to the paradox of the information needed in order to avoid
information. The schemes of perception and appreciation of the habitus which are the basis of all the avoidance strategies are largely the product of a non-conscious, unwilled avoidance, whether it results automatically from the conditions of existence (for example, spatial segregation) or has been produced by a strategic intention (such as avoidance of ‘bad company’ or ‘unsuitable books’) originating from adults themselves formed in the same conditions. (LP, pp. 60–61)

The self-fulfilling nature of habitus is emphasized still more by denying that the strategies of agents endowed with a habitus are oriented to their own consequences because they are themselves “determined by the past conditions of production of their principle of production, that is, by the already realized outcome of identical or interchangeable past practices, which coincides with their own outcome only to the extent that the structures within which they function are identical to or homologous with the objective structures of which they are the product” (LP, p. 61). He is, therefore, critical of the teleological description of rational agents interacting under perfect information of each other’s preferences and competencies and of any description of the reactions of interacting agents as mechanistic responses (LP, p. 61). According to him, the objectively organized strategies or practices that one employs are not the product of genuine strategic intention that scans the space of all possible moves; they are rather the product of the habitus, a particular durable relationship among the possible between dispositions and the objective conditions. The fact that such strategies have the appearance of being determined by anticipation of their consequences owes decisively to the fact that they are part of the practices that are preadapted to the objective conditions in which they are used so that the past is always present in them. When this adaption is perfect, it gives “the most complete illusion of finality,” or “self-regulating mechanism” (LP, p. 62).

... the dispositions durably inculcated by the objective conditions and by a pedagogic action that is tendentially adjusted to these conditions, tend to generate practices objectively compatible with these conditions and expectations pre-adapted to their objective demands ... As a consequence, they tend, without any rational calculation or conscious estimation of the chances of success, to ensure immediate correspondence between the a priori or ex ante probability conferred on an event (whether or not accompanied by subjective experiences such as hopes, expectation, fears, etc.) and the a posteriori or ex post probability that can be established on the basis of past experience. They thus make it possible to understand why economic models based on the (tacit) premise of a ‘relationship of intelligible causality’, as Max Weber (1922) calls it, between generic ('typical') chances ‘objectively existing as an average’ and ‘subjective expectations,’ or, for example, between investment or the propensity to invest and the rate of return expected or really obtained in the past, fairly exactly account for practices which do not arise from knowledge of the objective chances. (LP, p. 63)

Bourdieu relates the practices borne of habitus to Max Weber’s distinction between a pure model of rational action under complete knowledge of circumstances and intentions and an anthropological description of practices (1922, 1968) for the reason that practices depend on specific chances that are appropriated by capital that an actor possesses.

By pointing out that rational action, ‘judiciously’ oriented according to what is ‘objectively valid’ (1922), is what ‘would have happened if the actors had had knowledge of all the circumstances and all the participants’ intentions’ (1968: 6), that is of what is valid in the eyes of the scientist’, who alone is able to calculate the system of objective chances to which perfectly informed action would have to be adjusted, Weber shows clearly that the pure
A model of rational action cannot be regarded as an anthropological description of practice. This is not only because real agents only very exceptionally possess the complete information, and the skill to appreciate it, that rational action would presuppose. Apart from rare cases which bring together the economic and cultural conditions for rational action oriented by knowledge of the profits that can be obtained in the different markets, practices depend not on the average chances of profit, an abstract and unreal notion, but on the specific chances that a singular agent or class of agents possesses by virtue of its capital, this being understood, in this respect, as a means of appropriation of the chances theoretically available to all (LP, p. 63).

Bourdieu is critical of economic theory which "acknowledges only the rational 'responses' of an indeterminate, interchangeable agent to 'potential opportunities', or more precisely to average chances," because it "converts the immanent law of the economy into a universal norm of proper economic behavior" (LP, p. 63). He emphasizes that the rational habitus or rational dispositions themselves can only be acquired under certain social conditions as the product of particular economic condition defined by economic and cultural capital. We note in passing that this account of the habitus-bound rational practices resonates with Hayek’s point on the use of knowledge in society (Hayek 1945). The economic order is not a product of universally valid rational responses, but rather a product of the chances that are appropriated by economic and cultural capital acquired under social conditions. He says:

... In so doing, it conceals the fact that the 'rational' habitus which is the precondition for appropriate economic behavior is the product of particular economic condition, the one defined by possession of the economic and cultural capital required in order to seize the 'potential opportunities' theoretically available to all; and also that the same dispositions, by adapting the economically most deprived to the specific condition of which they are the product and thereby helping to make their adaptation to the generic demands of the economic cosmos (as regards calculation, forecasting, etc.) lead them to accept the negative sanctions resulting from this lack of adaptation, that is, their deprivation. In short, the art of estimating and seizing chances, the capacity to anticipate the future by a kind of practical induction or even to take a calculated gamble on the possible against the probable, are dispositions that can only be acquired in certain social conditions, that is, certain social conditions. (LP, pp. 63–64)

Furthermore, on the pre-emptive rights on the future, Bourdieu holds that such rights cannot be appropriated without the projection of the power relations that are present; according to him, they are "the explicitly guaranteed form of the whole set of appropriated chances through which the power relations of the present project themselves into the future, from where they govern present dispositions, especially those towards the future" (LP, p. 64). What he sees is the relationship between the habitus and a state of the chances offered in the social world, which is dictated by a relation to power. In this sense, habitus is 'the principle of a selective perception of the indices' for confirmation and reinforcement of itself; it makes itself an accomplice by reading in the future what is probable in its social space and thereby brings about what it can effectively anticipate (LP, pp. 64–65). In Bourdieu’s view, the habitus is not a creative principle that transforms itself by going beyond the probable since it is already restrained by its social conditions. This is what he says on this self-fulfilling nature of the habitus.

... In fact, a given agent’s practical relation to the future, which governs his present practice, is defined in the relationship between, on the one hand, his habitus with its temporal structures and dispositions towards the future, constituted in the course of a particular relationship to
a particular universe of probabilities, and on the other hand a certain state of the chances objectively offered to him by the social world. The relation to what is possible is a relation to power; and the sense of the probable future is constituted in the prolonged relationship with a world structured according to the categories of the possible (for us) and the impossible (for us), of what is appropriated in advance by and for others and what one can reasonably expect for oneself. The habitus is the principle of a selective perception of the indices tending to confirm and reinforce it rather than transform it, a matrix generating responses adapted in advance to all objective conditions identical to or homologous with the (past) conditions of its production; it adjusts itself to a probable future which it anticipates and helps to bring about because it reads it directly in the basis of what Marx (1975: 378) calls ‘effective demand’ (as opposed to ‘demand without effect’, based on need and desire), a realistic relation to what is possible, founded on and therefore limited by power. This disposition, always marked by its (social) conditions of acquisition and realization, tends to adjust to the objective chances of satisfying need or desire, inclining agents to ‘cut their coats according to their cloth’, and so to become the accomplices of the processes that tend to make the probable a reality. (LP, pp. 64–65)

7. Bourdieu’s theory of distinction and life-styles

In Distinction (1984), Bourdieu turns to the implications of the logic of practice for distinction and life-styles. He opens his discussion by first affirming the legitimacy of an institutional approach to sociological investigations of the social space, that is, by asserting that the question of what the social space is should be raised within this space itself. He then takes the position that the social space is structured by a generative principle called the habitus, whose systematicity and transportability is assured by the fact that it is both a structuring structure (modus operandi) and a structured structure (opus operatum), and that the internalization of the habitus in the mind of agents becomes the source of life-styles supported by a distribution of symbolic capital and power in the social space. Thus, Bourdieu’s notion of habitus contains, in a complementary manner, both the meaning-giving acts of agents living in it and a coherent complex of the products of such acts. In the language of Bourdieu’s theory, Veblen’s instinct of workmanship (his primary generative principle) and the habituated tastes for invidious pecuniary comparison (his selective principle that has resulted from the instinct of workmanship through a long history of habituation and evolution) can be thought of as being, simultaneously, a structuring structure (that carries within it the symbolic products that meet the tastes for invidious comparison in pecuniary terms) and a structured structure. Likewise, Adam Smith’s notion of the moral sentiments for approbation and disapprobation can be thought of as a structuring structure, and the space of those differentiated articles, both of ordinary usage and of those of elegant contrivances, that satisfy our quest for approbation, can be thought of as a structured structure. Adam Smith’s human folly of toiling for more wealth and better contrivances resonates with Bourdieu’s notion that the experiences in the social world belong to a misrecognized order of this world.

First we confirm that Bourdieu defines habitus as a generative principle with dual roles. This is what he has to say on this principle in Distinction.

. . . The habitus is both the generative principle of objectively classifiable judgements and the system of classification (principium divisionis) of these practices. It is in the relationship between the two capacities which define the habitus, the capacity to produce classifiable practices and works, and the capacity to differentiate and appreciate these practices and products (taste),
that the represented social world, i.e., the space of life-styles, is constituted.

The relationship that is actually established between the permanent characteristics of economic and social condition (capital volume and composition, in both synchronic and diachronic aspects) and the distinctive features associated with the corresponding position in the universe of life-styles only becomes intelligible when the habitus is constructed as the generative formula which makes it possible to account both for the classifiable practices and products and for the judgements, themselves classified, which make these practices and works into a system of distinctive signs. . . . The habitus is necessity internalized and converted into a disposition that generates meaningful practices and meaning-giving perceptions; it is a general, transposable disposition which carries out a systematic, universal application—beyond the limits of what has been directly learned—of the necessity inherent in the learning conditions. (D, p. 170)

The habitus is not only a structuring structure, which organizes practices and the perception of practices, but also a structured structure: the principle of division into logical classes which organizes the perception of the social world is itself the product of internalization of the division into social classes. . . . The most fundamental oppositions in the structure (high/low, rich/poor etc.) tend to establish themselves as the fundamental structuring principles of practices and the perception of practices. As a system of practice-generating schemes which expresses systematically the necessity and freedom inherent in its class condition and the difference constituting that position, the habitus apprehends differences between conditions, which it grasps in the form of differences between classified, classifying practices (products of other habitus), in accordance with principles of differentiation which, being themselves the product of these differences, are objectively attuned to them and therefore tend to perceive them as natural. (D, pp. 171–172)

The habitus, both as a structuring structure (modus operandi) and as a structured structure (opus operatum), then becomes the source of life-styles for agents therein, by engendering systematic configurations of properties that are differentiated by differential deviations.

. . . the practices engendered by the different habitus appear as systematic configurations of properties expressing differences objectively inscribed in conditions of existence in the form of systems of differential deviations which, when perceived by agents endowed with the schemes of perception and appreciation necessary in order to identify, interpret and evaluate their pertinent features, function as life-styles. (D, p. 170)

But, the life-styles as the products of the habitus, are recognition of an order in the mind; they are, therefore, socially qualified sign systems, not an objective truth. This is an important point as it rejects any notion of the spontaneous generation of class consciousness. For Bourdieu, the dialectic between the conditions of existence and habitus takes place through life-styles and a distribution of symbolic capital in the plane of perceived differences established in the mind of agents, while the practices and products of agents of the same class preserve the objectivity of the habitus without any conscious effort at orchestration (D, pp. 172–173). Bourdieu writes:

. . . The dialectic of conditions and habitus is the basis of an alchemy which transforms the distribution of capital, the balance-sheet of a power relation, into a system of perceived differences, distinctive properties, that is, a distribution of symbolic capital, legitimate capital, whose objective truth is misrecognized.
If the mind of agents is structured by the structuring structure of the habitus and if life-styles are the products structured by the habitus, what preserves the two in their structuring-structured relationships, or what mediates such relationships is the tastes for life-styles. Bourdieu explains how taste serves as the generative formula of life-style and why taste is so pervasive in the social space. He elaborates on this point as follows:

Systematicity is found in the opus operatum because it is in the modus operandi. It is found in all the properties—and property—with which individuals and groups surround themselves, houses, furniture, paintings, books, cars, spirits, cigarettes, perfume, clothes, and in the practices in which they manifest their distinction, sports, games, entertainments, only because it is in the synthetic unity of the habitus, the unifying, generative principle of all practices. Taste, the propensity and capacity to appropriate (materially or symbolically) a given class of classified, classifying objects or practices, is the generative formula of life-style, a unitary set of distinctive preferences which express the same expressive intention in the specific logic of each of the symbolic sub-spaces, furniture, clothing, language or body hexis. Each dimension of life-style ‘symbolizes with’ the others, in Leibniz’s phrase, and symbolizes them. An old cabinetmaker’s world view, the way he manages his budget, his time or his body, his use of language and choice of clothing are fully present in his ethic of scrupulous, impeccable craftsmanship and in the aesthetic of work for work’s sake which leads him to measure the beauty of his products by the care and patience that have gone into them. (D, pp. 173–174)

For Bourdieu, taste is also an operator of mapping from the universe of objects more or less continuously distributed to the universe of symbolic expressions of life-style, from an order of physical bodies to an order of symbolic distinctions. Taste in this sense reflects the opus operatum of the habitus. It is, moreover, an operator of mapping from the universe of objectively classified practices into the universe of classifying practices of symbolic expression. Taste in the latter sense mediates the modus operandi of the habitus as a systematic expression of the condition of existence which constitutes a life-style. He says:

Taste is the practical operator of the transmutation of things into distinct and distinctive signs, of continuous distributions into discontinuous oppositions; it raises the differences inscribed in the physical order of bodies to the symbolic order of significant distinctions. It transforms objectively classified practices, in which a class condition signifies itself (through taste), into classifying practices, that is, into a symbolic expression of class position, by perceiving them in their mutual relations and in terms of social classificatory schemes. Taste is thus the source of the system of distinctive features which cannot fail to be perceived as a systematic expression of a particular class of conditions of existence, i.e., as a distinctive life-style, by anyone who possesses practical knowledge of the relationships between distinctive signs and positions in the distribution—between the universe of objective properties, which is brought to light by scientific construction, and the no less objective universe of life-styles, which exists as such for and through ordinary experience. (D, pp. 174–175)

Bourdieu then holds that this system of a life-style, the product of internalization of the structure of social space, is the transformer of the necessity into the virtue of making appropriate choices that constitute it. For Bourdieu, therefore, preferences of an agent do not exist independently of the conditions of his or her existence. Choices and the
regularities within the limits of economic feasibility are transformed into self-fulfilling preferences. This view of the non-mechanical relationship between the necessity and the virtue of the choices induced is central to his position that the social space is reproduced from within itself through the medium of life-styles and tastes. On this important point, he writes:

This classificatory system, which is the product of internalization of the structure of social space, in the form in which it impinges through the experience of a particular position in that space, is, within the limits of economic possibilities and impossibilities (which it tends to reproduce in its own logic), the generator of practices adjusted to the regularities inherent in a condition. It continuously transforms necessities into strategies, constraints into preferences, and, without any mechanical determination, it generates the set of 'choices' constituting life-styles, which derive their meaning, i.e., their value, from their position in a system of oppositions and correlations. It is a virtue made of necessity which continuously transforms necessity into virtue by inducing 'choices' which correspond to the condition of which it is the product. As can be seen whenever a change in social position puts the habitus into new conditions, so that its specific efficacy can be isolated, it is taste—the taste of necessity or the taste of luxury—and not high or low income which commands the practices objectively adjusted to these resources. Through taste, an agent has what he likes because he likes what he has, that is, the properties actually given him in the distributions and legitimately assigned to him in the classifications. (D, p. 175)

Bourdieu also claims that the generative schemes of the habitus applies universally across all dissimilar practices and goods of different classes, because the principles of oppositions and correlations constituting different systems of life-styles are homologous to one another. The extensiveness of this homology derives from the fact that such systems are homologous to "the structure of objective oppositions between class conditions." Bourdieu then shows how the two principles or axes, economic capital and cultural capital, organize the universe of life-styles and govern the space of cultural consumption. That is, the dispositions and induced practices of different classes are differentiated by the opposition dictated by the extent to which economic and cultural capital are appropriated; this appropriation ranges from that of the rich in both capital to that of the poor who lack both. The rich and the dominant develop the tastes of luxury and freedom, while the poor and the dominated develop the tastes of necessity. For example, those at the top "demand of art a high degree of denial of the social world and incline toward a hedonistic aesthetic of ease and facility." The dominated, on the other hand, caught between ambition and restraint, develop an aesthetic disposition for self-imposed austerity, restraint, reserve, and relaxation in tension, are inclined to "welcome a pessimistic representation of the social world." Such stylization of life permeates to all areas of practices, in language where the opposition is observed between the refined and the outspoken styles of speech, in body language where a similar opposition is observed between the noble and the fast gestures, and in primary tastes where an analogous principle shows up again between quantity and quality. This two-way organization of the social space by the composition of economic and cultural capital brings to focus on the differences in tastes of those who belong to the same income bracket but differ in the cultural capital they possess. Economic variables, therefore, are necessary, because they measure the distance from or the proximity to the necessity and the degree of freedom from the material constraint, but not sufficient to account for the human proclivities to look for symbolic profits of cultural consumption (D, pp. 175–177). Bourdieu writes in forcible terms:
... The true basis of the differences found in the area of consumption, and far beyond it, is the opposition between the tastes of luxury (or freedom) and the tastes of necessity. The former are the tastes of individuals who are the product of material conditions of existence defined by distance from necessity, by the freedoms of facilities stemming from possession of capital; the latter express, precisely in their adjustment, the necessities of which they are the product. Thus it is possible to deduce popular tastes for the foods that are simultaneously most 'filin' and most economical from the necessity of reproducing labour power at the lowest cost which is forced on the proletariat at its very definition. The idea of taste, typically bourgeois, since it presupposes absolute freedom of choice, is so closely associated with the idea of freedom that most people find it hard to grasp the paradoxes of the taste of necessity. Some simply sweep it aside, making practice a direct product of economic necessity (workers eat beans because they cannot afford anything else), failing to realize that necessity can only be fulfilled, most of the time, because the agents are inclined to fulfill it, because they have a taste for what they are always condemned to. ... Taste is *amor fati*, the choice of destiny, but a forced choice, produced by conditions of existence which rule out all alternatives as mere daydreams and leave no choice but the taste for the necessary. (D, pp. 177–178)

And, Bourdieu says that the taste of necessity forms the basis of a life-style only by the relationship of privation *vis-à-vis* other life-styles. In this sense, a life-style as a classificatory system can be as such only if it is defined by what it lacks, not by what it has.

The taste of necessity can only be the basis of a life-style 'in-itself', which is defined as such only negatively, by an absence, by the relationship of privation between itself and the other life-styles.

For some, there are elective emblems, for others stigmata which they bear in their very bodies. ‘As the chosen people bore in their features the sign that they were the property of Jehovah, so the division of labour brands the manufacturing worker as the property of capital.’ The brand which Marx speaks of is nothing other than life-style, through which the most deprived immediately betray themselves, even in their use of spare time; in so doing they inevitably serve as a foil to every distinction and contribute, purely negatively, to the dialectic of pretension and distinction which fuels the incessant changing of taste. (D, pp. 178–179)

Holding that tastes in food cannot be isolated from other dimensions of the relationship to the social world (Distinction, p. 193), Bourdieu observes that the demonstration of such a point requires a systematic comparison of the working-class and bourgeois ways of serving, presenting, offering food, and eating food, which should reveal the enactment of the social world of the two classes much more closely than the nature of the products served, admitting at the same time that it is not easy to make such a comparison because each life-style can only be defined by the relation of privation *vis-à-vis* other life-styles (Distinction, p. 193). Nonetheless, Bourdieu gives a detailed account of the manners with which food is served in the life-styles of the two classes, and highlights the antagonistic approaches to practical philosophy on the treatment of food and the act of eating and serving food, i.e., the differences between the abundance, the substance, and liberties with emphasis on the immediate satisfactions of food and drink and with no strict observance of dining rules on the one hand, and the form, the restraint, and the censorship on the bodily pleasure to aestheticize the material reality of food consumption into the art of living on the other (D, pp. 195–196, p. 199).

In the concluding part of *Distinction*, Bourdieu characterizes (1) taste as a certain acquired
disposition and a practical mastery of certain distributions, (2) the schemes of the habitus as the primary source of classificatory schemes working below the level of consciousness and language, and (3) the social agents as producers of both classifiable acts and acts of classification (D, pp. 466–467). And, on the importance of the active aspect of social knowledge, Bourdieu reiterates that the knowledge of the social world is an act of construction through a system of internalized embodied schemes or social structures based on the principles of division common to all agents, and that such divisions are revealed in the network of common place oppositions that finds its source in the opposition between the dominant and the dominated (D, pp. 467–469).

Two principles of opposition inhere in this social mythology of the social order, the opposition between the dominant and the dominated, inscribed in the division of labor, and the opposition between two principles of domination in two powers. (D, p. 469) In Bourdieu’s view, the social order of the opposition and divisions becomes inscribed as principles in people’s minds in constituting the image of the social world through the differentiated and differentiating conditionings that are associated with the conditions of existence (D, p. 471). What is important about such conditionings is that experiencing objective limits gives rise to a sense of limits or exclusion in the mind of people from what is beyond their appropriation (D, p. 471).

Bourdieu holds that there is a correspondence between the real world (social structures of real divisions) and the thought world (the mental structures of the practical principles of division), and, in consequence, the relations of order that run through them inseparably are accepted as self-evident structures of the social world and become embodied in people’s schemes of cognition (miscognition). This is the origin of the logical conformity (Durkheim 1915). It is this conformity that “makes it possible to act as if one knew the structure of the social world, one’s place within it and the distances that need to be kept” (D, p. 472).

This logical conformity and the conservation of the social order need to be scrutinized carefully in the light of the Husserlian distinction between the static and genetic phenomenology, particularly with respect to whether the social world, constructed in the mind of people, is finitely closed or infinitely open. If the construction of the social world is a mental phenomenon that fulfills itself through a synthesis of single and particular forms of intentional mental process, it gives rise to a higher level consciousness that sees this construction just as another construction and leaves a gap to be filled by a dynamic or genetic phenomenology in which “I” as the subject transcends itself. To place Bourdieu’s static phenomenology of habitus in perspective in relation to Husserl’s genetic phenomenology, it is useful to heed what Husserl says on the static and the genetic phenomenology. In his introduction to phenomenology (1927) he has this to say:

The systematic construction of a phenomenological pure psychology demands:

(1) The description of the peculiarities universally belonging to the essence of intentional mental process, which includes the most general law of synthesis: every connection of consciousness with consciousness gives rise to a consciousness.

(2) The exploration of single forms of intentional mental process which in essential necessity generally must or can present themselves in the mind; in unity with this, also the exploration of the syntheses they are members of for a typology of their essences: both those that are discrete and those continuous with others, both the finitely closed and those continuing into open infinity.

(3) The showing and eidetic description [Wesensdeskription] of the total structure [Gesamtgestalt] of mental life as such; in other words, a description of the essential character [Wesensart] of a universal “stream
of consciousness.”

(4) The term “I” designates a new direction for investigation (still in abstraction from the social sense of this word) in reference to the essence-forms of “habituality”; in other words, the “I” as subject of lasting beliefs or thought-tendencies — “persuasions” — (convictions about being, value-convictions, volitional decisions, and so on), as the personal subject of habits, of trained knowing, of certain character qualities.

Throughout all this, the “static” description of essences ultimately leads to problems of genesis, and to an all-pervasive genesis that governs the whole life and development of the personal “I” according to eidetic laws [eidetischen Gesetzen]. So on top of the first “static phenomenology” will be constructed in higher levels a dynamic or genetic phenomenology. As the first and founding genesis it will deal with that of passivity—genesis in which the “I” does not actively participate. Here lies the new task, an all-embracing eidetic phenomenology of association, a latter-day rehabilitation of David Hume’s great discovery, involving an account of the a priori genesis out of which a real spatial world constitutes itself for the mind in habitual acceptance. There follows from this the eidetic theory dealing with the development of personal habituality, in which the purely mental “I” within the invariant structural forms of consciousness exists as personal “I” and is conscious of itself [27] in habitual continuing being and as always being transformed. For further investigation, there offers itself an especially interconnected stratum at a higher level: the static and then the genetic phenomenology of reason. (Husserl, “Phenomenology,” Encyclopaedia Britannica 1927, §1.5)

And, Bourdieu keeps the system of classificatory schemes separate from “a taxonomy based on explicit and explicitly concerted principles” or, more strongly, from any reflective mastery “that is required in order to construct a taxonomy that is simultaneously coherent and adequate to social reality,” or, even, from any act of cognition, emphasizing that “the practical ‘attributive judgement’ whereby one puts someone in a class by speaking to him in a certain way (thereby putting oneself in a class at the same time) has nothing to do with an intellectual operation” and that “whether it is used to situate oneself in social space or to place others, the sense of social space, like every practical sense, always refers to the particular situation in which it has to orient practices.” For Bourdieu, the practical logics and the image of classificatory schemes is inherently fuzzy and depends on people’s position in the social space, yet the social structure is inscribed into one’s taste like a ‘memory jogger’ that finds its expression practically in all acts including speech and gestures within “the space and time one feels entitled to take from others” (D, pp. 472–475).

Then, Bourdieu argues that the interest in using classificatory schemes or making attributive judgments is inherently related to the advantage of doing so. “Every real inquiry into the divisions of the social world has to analyze the interests associated with membership or non-membership” (Distinction, p. 476) Bourdieu says that it is the power over the classificatory schemes that brings out the difference and distinction out of undifferentiated continuity. But, because this power is socially conditioned by its limits, institutionalization of the system of classificatory schemes in the mind of individual agents requires that it be no longer perceived as limits if they themselves are to act as agents of production for the established order. In this sense, classificatory systems become a principle of reproducing the differences that make up the established order through the symbolic logic of differentiation. Such systems, therefore, are a symbolic power that reproduces themselves as a symbolic logic of practice and distinction that is imposed on the mental structures of individual agents without a sense of being coerced by it. And, finally, on the
reality of representation and the representation
of reality, Bourdieu holds that social science does
not have to choose between social semiology that
aims at knowing the reality through the logics
of classification and the idealist semiology that
describes a social world as a product of mental
(linguistic) structures, or between the objectivist
and the subjectivist theories. What we need is the
practical knowledge of divisions and classifications
that social agents acquire by internalizing the
external conditions of their distributions into their
dispositions. This brings us back to the thesis that
the habitus, as the site of the dialectic between
the opus operatum and the modus operandi of
divisions and classifications, is what constructs the
social world. We end our inquiry into Bourdieu’s
theory with the following quotation.

In short, social science does not have to
choose between that form of social physics,
represented by Durkheim—who agrees with
social semiology in acknowledging that one
can only know ‘reality’ by applying logical
instruments of classification —and the idealist
semiology which, undertaking to construct ‘an
account of accounts’, as Harold Garfinkel puts
it, can do no more than record the recordings of
a social world which is ultimately no more than
the product of mental, i.e., linguistic, structures.
What we have to do is to bring into the science
of scarcity, and of competition for scarce goods,
the practical knowledge which the agents obtain
for themselves by producing—on the basis
of their experience of the distributions, itself
dependent on their position in the distributions
—divisions and classifications which are no
less objective than those of the balance-sheets
of social physics. In other words, we have to
move beyond the opposition between objectivist
theories which identify the social classes (but
also the sex or age classes) with discrete
groups, simple countable populations separated
by boundaries objectively drawn in reality, and
subjectivist (or marginalist) theories which
reduce the ‘social order’ to a sort of collective
classification obtained by aggregating the
individual classifications or, more precisely, the
individual strategies, classified and classifying,
through which agents class themselves and
others. (D, p. 483)

8. Veblen, Adam Smith, and Bourdieu from
the Parsonian perspective

We started our inquiry into institutionalized values
as the need-dispositions of socialized individuals
by examining Parsons’ notion of social action and
social system. Apart from many of the criticisms
some of which were discussed here, it does
provide a useful theoretical framework in which
to place the theories of Veblen, Adam Smith,
and Bourdieu in perspective. Parsons views an
individual actor as an integrated structure of
motivational and cultural elements, and he views
culture as a whole comprised of three systems—
belief systems, systems of expressive symbolism,
and systems of evaluative standards, the last of
which, constituting a system of values, becomes
integrated into an action system and serves as
selective criteria for screening actions. In essence,
cultural value patterns (common normative values)
are internalized into the motivational structure of
an individual actor along with positive sanctions for
conformity and negative sanctions for deviation.
This internalization is mediated by value-attitudes
or sentiments which become the need-dispositions
of the personality. In this way, the ego-ideal (what
one desires to accomplish) becomes integrated
with the superego (the moral responsibilities),
along with the sense of self-respect, adequacy, and
security. Thus, for Parsons, this integration of
common value patterns with the need-dispositions
of individuals through internalization constitutes a
social system, and the stability of a social system
depends crucially on the extent of this integration.

If Veblen’s theory of the leisure class and the
canon of pecuniary waste for invidious comparison
is placed within the framework of Parsons’ theory
of institutionalization of cultural values in the
motivational structure of individual actors, it is seen that what is achieved by internalization in Parsons’ theory is made possible by habituation in Veblen. The instinct of workmanship, through succeeding phases of cultural development, constantly motivates our desire for invidious comparison and self-respect, whether through demonstration of force in the primitive phase, or through acquisition by war and seizure in the predatory phase, or through accumulation of wealth in the quasi-peaceable phase. Through the evolution of the cultural expression of this instinct comes, in a subsequent phase, the life of leisure as the most definitive evidence of pecuniary achievement and reputability, with exemption from productive work taking over accumulation of wealth as a measure of social standing. The institutionalization of the leisure class brings with it refined codes of decorum on all walks of life and other vicarious means for the demonstration of the life of leisure. The institution of conspicuous leisure also spawns the culture of valuing elaborate goods for invidious comparison and using such goods in consumption as a symbolic means of demonstrating pecuniary reputability. In this way, conspicuous leisure and conspicuous consumption gain the status of social norms for members of the leisure class. The institutionalization of the leisure class also brings with it a hierarchical differentiation of social classes, where lower classes emulate the norms set by the leisure class at the top as an ideal. Moreover, the habits of thought fixed on the canon of conspicuous waste for invidious comparison traverse our sense of what is useful and beautiful, cultivating our sense of tastes for novelty through the blending of the beautiful and the honorific in the apperceptive activities of the mind. Such tastes tend to admire those goods that combine beauty, skillful workmanship, and honorific reputability, thereby serving as a selective principle that helps screen goods according to such combined effects.

In Veblen’s theory, the culture of conspicuous leisure and consumption emerges through a long process of habituation that draws from the instinct of workmanship. This culture is then internalized into the motivational structure of individuals, forming a norm-oriented disposition that seeks emulation in the life process both as an ego-ideal and as a morally responsible act and which, in turn, is rewarded with social approval and self-respect. Our sense of novelty and our desire for goods that meet it motivate producers of such goods. To be innovative in creating ever more ingenious goods, thus, is an important part of the invidious culture, but the canon of tastes for invidious comparison and pecuniary waste does not provide a generative principle for future innovative activities; this canon, however strongly it may be ingrained in the mind of individuals, plays its role as a selective principle that guides individuals in screening goods for their effectiveness as a means of invidious comparison. In Veblen, it is the instinct of workmanship that is the fundamental generative principle, which, together with the culture of the leisure class and the canon of conspicuous waste that goes with it, keeps the cultural evolution going that always thrives on invidious comparison in one form or another.

Like Veblen’s, Adam Smith’s theory has two complementary elements, an instinct for workmanship for better articles of conveniency on the one hand and our moral sentiments of approbation and disapprobation, which dispose men to desire such articles for the sake of getting applause from other people on the other. Such sentiments are habituated to admire the rich and despise the poor, and they underlie our never ceasing desire to emulate the rich by acquiring ever more refined articles of conveniency. Because these sentiments are universal, superior stations of life set the standard to be imitated by men of lower stations of life. Custom and fashion of different ages and nations, by habituating the judgments of beauty (the apperceptive activity of beauty in Veblen), affect the moral sentiments of approbation and disapprobation, but their influences are limited to the propriety and impropriety of particular usages of such sentiments (particular
passions and particular rules of decorum), never to their general character. Our moral character is compromised, but our moral sentiments of approbation and disapprobation never wane. In Parsons’ terms, the cultural (moral) values of emulating the rich and avoiding the poor are internalized into the motivational structure of the personality, and this internalized disposition shares the moral sentiments of approbation for the rich and of disapprobation toward the poor as well as moral sentiments for perpetual quest of wealth. It may be said that the moral approbation and disapprobation dimension of an individual coincides with the favorable-unfavorable or the gratification-deprivation dimension. For Adam Smith, this is all part of a deception that constantly renews the industry of mankind. It is part of Providence: A society with such moral sentiments has a conjoined force of innovation and emulation that mediates economic growth and expansion of employment through class differentiation and division of labor. Alternatively, in Adam Smith, an instinct of workmanship and the moral sentiments of approbation and disapprobation, when conjoined, serve as a generative principle of not only the tastes for refined articles of conveniency and the invidious culture in general but also of an economic order that expands with spontaneous division of labor. In this sense, the theory of Adam Smith is a theory of reinforcing dynamics of the instinct of workmanship and the moral sentiments of approbation and disapprobation. The crux of his theory is inherited by Veblen’s theory of the instinct of workmanship and the evolution of invidious culture, where the question of an economic order is set aside. In Parsons’ terms, common normative values of emulation for invidious comparison are integrated, through internalization, with the need-disposition structure of individuals, and this integration, mediated by the sentiments or value-attitudes that are learned and acquired socially, drives the evolution of the society in search for further novelty and ingenuity.

But, the moral sentiments are not enough for the way the economy works out its order. Such sentiments sit in a bigger picture of moral sentiments. Man’s regard for the general rules of morality (man’s sense of duty) is a principle of the greatest consequence in human life, and the very existence and development of human society hinges on the tolerable observance of these rules. Thus, the way the economy works out its order as an extended one is a product of the working of two principles, moral sentiments and moral sense. The first kindles man’s ambition for admiration by others and, therefore, keeps going all industry of mankind including workmanship, and the second supports man’s endeavors by the general rules of conduct that are shared by men of good faith. But, this order is part of a deception that perpetuates economic growth; it is, still more, part of Providence as it results from what is innate in man. A society of men endowed with moral sentiments of approbation and disapprobation and moral faculties has a conjoined force of innovation (to produce refined articles of conveniency) and emulation (to gain in reputability) that mediates economic growth and employment through class differentiation and division of labor. In this sense, Adam Smith’s evolutionary theory is a theory of mutually reinforcing dynamic forces of moral sentiments and moral sense. It has much to share with Veblen’s dynamic theory of the instinct of workmanship and conjoined tastes, but there is a fundamental difference. Adam Smith starts with the premise of certain sentiments from which man’s industry including workmanship is derived, whereas Veblen starts with the instinct of workmanship from which circumvented tastes are derived. In addition, Adam Smith puts moral faculties on an equal footing with moral sentiments, whereas Veblen sees the canon of moral conduct as traversed by the canon of honorific waste. The two theories are, nonetheless, almost homologous. In Parsons’ terms, whether in Adam Smith or in Veblen, the cultural (moral) values of emulating the rich and avoiding the poor are internalized into the motivational structure of the personality, and
This internalized disposition guides an evolution of a socio-economic and cultural order. It may be said that the tastes for the honorific reputability form the basis of the favorable-unfavorable or the gratification-deprivation dimension of an individual agent in a social system. In Parsons’ terms, common normative values of emulation for invidious comparison are integrated, through internalization, with the need-disposition structure of individuals, and this integration, mediated by the value-attitudes that are learned and acquired socially, drives the evolution of the society in search for ever more refined novelty and ingenuity. While Parsons is concerned with the stability of a social system as affected by the degree of this integration, Adam Smith and Veblen point to the dynamic evolution of a social system perpetuated by the generative principles, whether of workmanship or of moral sentiments and moral sense.

Bourdieu shares much with Veblen and Adam Smith. Bourdieu’s fundamental question focuses on how social space is constructed actively in the mind of individuals, with all its differentiation, from otherwise undifferentiated continuity and uniformity, and he attempts to answer this question, not by an intellectual operation of a third person, but from within the space itself. Bourdieu’s notion of habitus is the self-fulfilling or self-generating principle, and is defined both as a structuring structure and as a structured structure. It is the necessity of one’s position in the social space turned into a systematic and transportable disposition that generates practices and perceptions that are socially meaningful. The social space is then filled with life-styles as socially qualified sign systems based on a distribution of symbolic capital and power, all in the mind of the constituent individuals. This habitus is then preserved by tastes, which are a coherent set of preferences in the logic of sign systems, or, more generally, an operator of mapping from the space of neutral objects or physical bodies into the space of symbolic distinctions. It is such tastes that turn the forced choices or the necessity of one’s position in the social space into the virtue of making such choices. In a social space mediated by these tastes, economic and cultural capital is appropriated to different degrees in different classes; such capital determines the distance and the proximity of life-styles; the rich and the dominant develops the tastes of luxury and freedom which traverse their aesthetic preferences for ease and facility, refined language, noble gestures, and quality, whereas the poor and the dominated develop the tastes of necessity which traverse their aesthetic preferences for self-imposed austerity, outspoken language, and fast gestures. Thus, in Bourdieu’s theory, the principle of habitus, by its structuring structure mediated by tastes for symbolic expressions, reproduces the social space from within, by structuring the mind with the logic of socially meaningful symbolic distinctions. In Parsonian language, the habitus is the need-disposition which internalizes normative values or a logic of sign systems appropriate to a social class that one belongs, which is sustained by turning the economic necessity into the virtue of making appropriate choices. While Parsons identifies the institutionalization of common normative values as a necessary condition of a stable social system, Bourdieu identifies the habitus as the generative principle of this system, not as an objective operation, nor as a subjective one, but as a creative operation that turns the external into a durable and active disposition that generates and embodies a meaningful social space from within. Moreover, Bourdieu’s habitus is not limited to the construction of a social space in its role. It is a creative operation by which the institution of the economy becomes fully viable, although the way the economy works out its order is not brought to light fully in his theory.

In the language of Bourdieu’s theory, the expression of Veblen’s instinct of workmanship (his primary generative principle) and the habituated tastes for invidious pecuniary comparison (his selective principle that has resulted from the
In search for a middle ground between economics and sociology

If the preferences/need-dispositions of individuals are rooted in the institutionalized motivational structure, the notion of utility function as a surrogate of the true objective function (which lies hidden, hence not observable) loses its usual power. The reason is simple: When it comes to the social utility of any good, it is not possible to know a priori how useful it can be, unless one knows how meaningful it is to acquire it for the purpose of emulation or avoidance; that is, the social value of a good should consist in the symbolic profits that it yields, or in cultural consumption that it affords. This means that at least four elements are needed for social valuation of a good: (1) a social space or field which features life-styles of various social classes, (2) a measure of distance that separates social classes on the social status
ladder, (3) a reaction function or pattern, not in the game-theoretical sense of the best response function derived from some original utility or payoff function, but rather as a socially meaningful composite pattern based on economic, sociological, psychological, and communicational factors, and (4) a measure of the popularity of goods in various life-style which informs which goods can yield symbolic profits in terms of higher status identification. If the social value of choice objects is determined through these elements, preferences can no longer be independent of the social space/field in which individuals are located/situated and of the motivational structure in which common normative values are internalized. In approaching the problem of decision making, economists usually start, with a good reason, with a utility function, whether this be defined on the space of choice objects or on the space of characteristics. In this conventional approach, the demand for any choice object reflects the nature of the constraints (the budget constraint or a production function that relates choice objects to final characteristics). In contrast, the institutional theories of Veblen, Adam Smith, Bourdieu, and Parsons suggest that the utility of a good arises more from an individual’s appreciation of its symbolic value, either in relation to the social space perceived in the mind of an individual or in relation to the socially acquired need disposition, than from its objective characteristics. It is the symbolic power of a good that defines its social utility.

In one of my previous papers (Hayakawa, 2000), I related such social orientation in decision making to the economics of bounded rationality á la Simon (1955, 1959) and to the economics of limited cognition (e.g., Cyert and March, 1963; Conlisk, 1988; Day and Pingle, 1991; Pingle, 1992; Pingle and Day, 1996), by drawing on the following points: (1) The decision-making environment including the internal psychology and the cognitive capacity of a decision maker may be significantly short of being perfect; (2) the time endowment is fixed so that all activities including cognition compete for the use of time; (3) information on which decisions are based is almost always insufficient but information gathering/processing entails a significant cost of time; (4) many situations in which decisions are made are imbued with risk and uncertainty. With these limitations, decision makers may turn, for their motivation, to the procedurally rational means of handling them in order to economize on the cost of problem solving. That is, they turn to simple modes of behavior which have been proven effective over years through an error-learning process. This is, in essence, the point made by Simon (1978) when he brought forth the notion of the \textit{procedural rationality} as opposed to the \textit{substantive rationality}.

If the decision making environment is characterized by these limiting conditions, and if humans are predisposed to act in accordance with common normative values, it is rational for individual actors to economize on the modes of behavior, by adapting to socially meaningful heuristics that can be found in social/cultural capital, without losing sight of competition for symbolic profits. Hodgson (1986) argues that in understanding human behavior it is not necessary to fall into the trap of complete voluntaristic individualism nor into the trap of the structural determinism. Bounded rationality that draws on social capital of heuristics allows human behavior to be molded by social and cultural norms while retaining the autonomy of individual decision makers.

In this connection, it is useful to recall that Day (1984, 1987) listed seven basic modes of economizing choices: (1) obedience to an authority, (2) imitation of others’ modes, (3) habit (unconscious repetition of past behavior), (4) unmotivated search, (5) hunch, (6) experimentation (trial and error), and (7) procedural optimizing (see Pingle and Day, 1996). Some of these modes may draw on social and cultural norms, not only as a source of low-cost heuristics but also as a source of socially acceptable forms by which to endow human action with social meaning. In a similar
vein, Beckert (1996) argued that if the means-end relations on which economic calculations are based are lacking because of uncertainty, some external mechanisms are needed to reduce the choice set of decision makers and to restore certainty in the means-end relations. Since, as Knight (1921) argued, uncertainty is not reducible to calculable probabilities, the means-end relations break down when the condition of uncertainty prevails, and with this difficulty falls the power of the conventional rational choice theory. Hence, the condition of uncertainty necessitates that this theory be replaced by a more practical one that can somehow restore the means-end relations by limiting the set of choice objects. As an alternative to the objective rationality, Beckert introduced the notion of intentional rationality, which relies on simple devices as instruments of uncertainty reduction. Such devices include (1) tradition, habit, and routines, (2) norms and institutions, (3) structural pre-dispositions of decisions such as social networks, organizational structures, and past decisions, and (4) power relations (Beckert, 1996; pp. 827–829). Beckert argues that making use of these devices narrows the choice set of decision makers and make actions adaptive and hence predictable, by building up rigidities in human behavior. This argument shares much with Heiner’s insight (1983, 1989) that the boundedness of the decision-making environment is an important source of predictable behavior as decision makers turn to more inflexible decision rules. It is similar to Simon’s argument that the intended and bounded rationality (that takes the form of satisficing behavior) forms the theoretical basis of administrative behavior (Simon, 1976). In this regard it is useful to recall that Hayek (1967) made a similar point that while our conscious activities are subject to supra-conscious rules (which are intuited but whose content cannot be made clear), we resort to such rules as customs, habits, and moral rules in order to narrow the range of choice alternatives so that our actions are made more meaningful. All this line of reasoning was pursued in various forms in the 84th Dahlem Workshop on Bounded Rationality: The Adaptive Toolbox, Berlin, 1999 (see, e.g., the papers by Gigerenzer and Selton, 2001; Selton, 2001; Gigerenzer, 2001; Boyd and Richerson, 2001; Goldstein, Rapporteur, 2001).

However one may argue for the case of bounded rationality, the recognition that human behavior is boundedly rational and that this limited rationality calls for devices that reduce the complexity of the problem solving situations may support the institutional approaches of Veblen, Adam Smith, Bourdieu, and Parsons, the reason being that behaving in accordance with institutionalized norms is a mode of behavior that is not only simplifying but also socially meaningful and acceptable. In my paper (2000), I considered the following points particularly important in constructing a model of norm-guided behavior or norm-guided endogenous preference formation: (1) The society takes on a bigger meaning than a mere aggregation of its parts, since it holds itself as an order by a principle of internal connection and integration that is higher than a principle that applies to its parts. (2) What the society has accumulated as social and cultural capital over years can serve as reliable sources of socially meaningful (i.e., symbolically meaningful) simplification devices to otherwise complex decision problems. (3) Decision makers will turn to simple modes of behavior or heuristic solutions in order to economize on cognitive effort otherwise required to deal with the limiting conditions of the decision-making environment. (4) If preferences are composed of various needs that are not necessarily commensurate, these needs may have to be prioritized and satisfied sequentially with switching from one need to the next being effectuated as soon as the aspiration level is reached. (5) There are social and cultural norms (social institutions, customs, sanctions, cultural values, etc.), which would not be reproduced and sustained unless such norms motivate individuals to endow their actions with
social meaning supportive of the norms. If the needs beyond physical ones are social needs that arise from social norms, such norms may account for the origin of norm-guided preferences for social interdependence. (5) More strongly, the formation of norm-guided preferences or the recognition of social needs reflects the desire to act in a socially meaningful way when there are serious limits to the objective rationality. Social and cultural norms are, therefore, not simply the sources of external influences on human behavior, but rather they endow the decision-making environment with a social and cultural structure under which norm-oriented preferences are actively formed to reproduce the structure itself. (6) Under a socially structured environment, individuals are likely to exercise local rationality within their zones of flexible responses (in Day’s terms (1984, 1986)), which are determined by the history of their past emulation and avoidance.

Based on these considerations, I proposed a theory of choice behavior that answers Simon’s call for procedural rationality as well as Hodgson’s call for norm-oriented purposive behavior, by positing that low-cost heuristics to otherwise complex choice problems can be found in the life-styles of social groups. These life styles constitute a form of social capital that has been accumulated through some collective learning processes. The idea is that if the cost of problem solving is too excessive for single individuals to bear, it makes sense to invest in this capital collectively by sharing the cost of the required investment, since the benefits of the accumulated consumption know-how accrue to all members of social groups. If one relies on this capital in the choice of consumption goods, the task of selecting the best object from the set of feasible alternatives is reduced to the act of referring to what has been tested and approved collectively. The life styles of social groups are embedded in a cultural-value system so that the act of orienting to them is in accord with the need-dispositions that are acquired socially; hence individuals in a social system are aware of appropriate actions to take for status seeking under social sanctions (Granovetter, 1985). In this sense, the society is not simply a collection of life-styles or clusters of wants, but is a culturally directed social field (analogous to a magnetic field in physics) in which the life styles of social groups exist as norms of consumption and in which individuals are informed of the direction for higher status identification when acting within their zones of flexible responses. It is this social field that gives rise to social want as a culturally directed social predisposition.

If we are to build a theory of choice based on this social want, we need to measure the degree to which this want is satisfied by choice objects, and then use this measurement to rank such objects. Since there is no a priori utility function, this measure has to be constructed from the social field. If we locate the life-styles of various social groups on the social status scale and define an emulation-avoidance pattern on this scale through constructing a composite function based on economic, sociological, psychological, communicational, and other factors, similar to the one constructed by Ray (1973), the degree to which any commodity can satisfy the social want can be approximated by the convolution of this emulation-avoidance pattern with the distribution of its popularity index over the life-styles of the social groups. Such measurement is grounded in a social field in which social distance and the direction of social status emulation are defined. We may call such measurement (of social want satisfying property) the convoluted social value of a commodity. If members of society evaluate the social value of a commodity in this fashion, the rationality of basing one’s choice decisions on this convoluted measurement becomes another important source of social evolution driven by the motives for emulation and avoidance.18

In Figure 1 are shown two emulation-avoidance patterns, 1 and 2. Pattern 1 has a shape typical of individuals whose need-dispositions are formed under invidious culture as in Veblen’s theory of the leisure class and Adam Smith’s theory of moral
sentiments. It is skewed toward higher statuses. On the other hand, pattern 2 has a shape typical of individuals whose dispositions are inclined to value the life-styles that are being lived now; it captures roughly what Bourdieu expounded when he says that economic necessities are turned into virtues (liking what one has).

Suppose we summarize an emulation-avoidance pattern by a normalized effort index on the domain between zero and one. With such normalization, it may be said that the more skewed this pattern is toward higher social statuses, the more effort is exerted by a typical individual for a higher status identification, which, therefore, can be represented by a greater index number. Once an emulation-avoidance pattern is translated into an effort index, all individuals in the society as a group can be represented by the set of their effort indices. Since the shape of an emulation/avoidance pattern of a given individual should be affected by those of other individuals, the effort index of an individual should depend on those of other individuals. If the first is viewed as the effective response to the second, then we may characterize the society-wide state of emulation/avoidance in terms of a Nash equilibrium of all individuals’ effort levels. Since such levels are defined on the domain of [0, 1], we may treat all individuals symmetrically as far as their effort intensity is concerned. Such treatment allows the society-wide emulation/avoidance to be represented by a symmetric Nash equilibrium. Then, depending on the nature of an individual’s response to the rest of society, various equilibrium possibilities arise. Moreover, if a typical individual’s effort index rises in response to a symmetric increase in the effort indices of other individuals, there arise strategic complementarities among the effort indices of all individuals, and such strategic complementarities give rise to the multiplier process and the multiplier effect. These possibilities fall within the general framework analyzed by Cooper and John (1988), in which the optimal response functions of symmetric agents are derived from their payoff functions that are given a priori. One could think of our response patterns/functions as the effective response functions as opposed to the notional ones (derived from given payoff functions). Such functions are a composite of various relations based on economic, sociological, psychological, and communicational factors (Ray, 1973). They are analogous to Keynes’ notion of effective demand (as opposed to the notional one), which says that demand cannot be implemented without the purchasing power, either income with which to purchase consumption goods or funds with which to purchase durable goods for investment purposes. The effective response functions here are effective in the sense that they are feasible response patterns under all relevant constraints.

Figure 2 shows four possible response functions of a typical individual. If the effective response function coincides with the 45° line as in the case of pattern 1, any point on this line gives a symmetric Nash equilibrium. If it takes the shape of pattern 2, every symmetric increase in the effort indices of all other individuals raises the effort index of a typical individual. Hence, in this case, there are two symmetric Nash equilibria, one at (0, 0) and the other at (1, 1); the first is unstable since any small change in other individuals’ effort indices leads to an ever higher effort index of a typical individual until it converges to equilibrium (1, 1). Point (1, 1), on the other hand, is a stable symmetric Nash equilibrium. If the effective response function is shaped after pattern 3, there is only one stable...
symmetric Nash equilibrium, at point A. To give another example, if a typical individual responds to other individuals positively but by taking an effort index that is lower than those of others, there will be two symmetric Nash equilibria, one at (0, 0) and the other at (1, 1), as in the case of pattern 1. But, this time, point (0, 0) is a stable symmetric Nash equilibrium while point (1, 1) is an unstable one. If the response function coincides with the 45° line, there arises a continuum of symmetric Nash equilibria. These possibilities reflect the degree to which the cultural values of emulation/avoidance are internalized in the motivational structure of individuals. In a society which is strongly motivated to emulate higher statuses and avoid lower ones, a typical individual’s response function takes a high position in comparison with societies that are less motivated to do so or in which emulation is negatively sanctioned. In terms of the effort indices of all individuals, such a society will attain a symmetric equilibrium further out on the 45° line in comparison with other societies.

Another important point to be noted here is the multiplier process. Take the case of the response function 3, which gives a symmetric Nash equilibrium at point A. If this function shifts upward on a permanent basis for some reason, a rise in a typical individual’s effort index caused by this shift causes a multiplier process which converges to point B. The equilibrium change from point A to point B is greater than the initial shift for any individual, and, if so, the combined total of the equilibrium changes from point A to point B across all individuals is a fortiori greater than the equilibrium change of a typical individual. Notice that if the response function coincides with the 45° line, any small upward shift of this function takes the effort levels of all individuals eventually to (1, 1), and any small downward shift takes such levels to (0, 0).

This discussion on norm-guided social orientation and emulation-avoidance patterns suggests that there is still an ample ground for meaningful research on the institutional nature of decision making as well as on the evolutionary nature of society, based on the common normative values of emulation and avoidance for invidious purposes. Such an agenda resonates with Hodgson’s recapitulation, of reconstitutive effects of institutions on the preferences of individuals, of the habit formation through institutional channels and constraints as the key to the mechanism of such reconstitution, and of the degree on which institutional evolution may depend on this habit formation (Hodgson, 2004). It also shares the stand that Gintis (2009) takes, namely, that humans have a normative predisposition that allows common beliefs and social norms to choreograph a correlated equilibrium, which points to a new direction in research on how the bounds of reason and forms of sociality are integrated by a higher principle that correlates conflicting interests of social actors. It may be regarded as an outgrowth of Parsons’s institutionalization theory, which says that social systems are constituted of the need-dispositions acquired by individual actors by internalizing common normative values into their motivational structure. This theory, in my view, can gain in power if social ontology (downward causation) is integrated with economic ontology (upward causation).
Notes

1) This paper was presented at The Multidisciplinary Decision Science Symposium held in Singapore in August 2010. The Symposium was organized by Nanyang Technological University (Center for Liberal Arts and Social Sciences and School of Humanities and Social Sciences). The author would like to take this opportunity to thank the organizing and program committees of the Symposium for giving me an opportunity to take part in this productive conference as Invited Speaker. The author thanks the participants of the Symposium for many productive comments, in particular, Dr. Shuntian Yao for his suggestion on how my approach can be connected to the evolutionary game theory of norm formation, Dr. Euston Quah for his suggestion on how the knowledge of law helps the endogenous formation of social norms and preferences, Dr. Kwok Kian Woon for his suggestion on the need to delve further into the difference in the notion of rationality that lies between economics and sociology, Dr. Kim Kaivanto for his comment on the connection between my research and epistemological game theory involving knowledge of social norms, and Dr. Basant Kapur, who kindly chaired my session with his sexcellent command and gave an insightful comment on the importance of acting on moral principles that are not compromised by social norms in breaking the status-quo of our society for the betterment of humanity.

2) Stigler and Becker, in their paper, “De Gustibus Non Est Disputandum” (1977), demonstrated that many of such phenomena that are thought to be inconsistent with the assumption of stable and similar tastes across different households can be analyzed without abandoning this assumption if the constraint functions are expanded beyond the usual budget constraint. They did so by viewing the household as engaged in extensive production/investment activities that transform goods purchased in the market into the commodity objects that yield utility, with the help of, among others, time and human capital inputs of all individuals involved. The relationship that holds between the commodity objects and the utility therefrom is assumed stable and identical across different households, whereas these transformation functions are treated as the (objective) production functions whose form is fixed but the exact position of which depends on time and human capital inputs of the individuals involved. It is a distinct feature of their theory that the external influences from other individuals are not included in the utility function defined on the commodity space; they are instead incorporated into the production functions by way of the time and human capital inputs that they render. By applying this formulation to such phenomena as addiction, custom and tradition (habitual behavior), advertising (imperfect information), and fashions (or distinction seeking), they show that these phenomena can be explained without modifying the assumption of stable preferences, provided consumption activities can be combined with production/investment activities.

This is certainly an insight with many applications. What Stigler and Becker are suggesting in their reformulation is that for each class of economic phenomena, there may be a corresponding class of models that, if specified correctly, can account for the phenomena in question without altering the basic assumption that preferences are stable and similar among people. Such classes of models will take various forms depending on the nature of phenomena to be analyzed, but they share a similar structure spelled out in their new theory. The traditional consumer theory, which directly ties the market goods consumed to the utility that they yield, is a special case of their theory, in which the production functions are reduced to trivial transformations of one-to-one from goods to commodities without the mediation of investment activities. To the extent such a generalized consumer theory can reconcile, within the assumption of stable tastes, a wide range of phenomena that, on the surface, appear to be explainable only by allowing tastes to change, it is a welcome insight that buttresses the mainstream economist’s view that it is the prices of goods and income after all that matter ultimately in explaining consumer behavior. As shown by Stigler and Becker, what is needed to gain this added power of the conventional consumer choice theory is to view each household as a consumer-factory and to allow it to make production choices aimed at producing its direct objects of consumption.

Their new theory is expressed in the following framework: A household is assumed to maximize the
utility function of the form

\[ u = U(Z_1, \ldots, Z_m) \]

subject to the production functions

\[ Z_i = f_i(X_{i1}, \ldots, X_{ik}; t_{j1}, \ldots, t_{jl}, S_1, \ldots, S_l, Y), \]

\[ i = 1, \ldots, m, \]

where \( Z_i \) are the commodity objects of choice entering the utility function (there are \( m \) such commodities); \( f_i \) is the production function for the \( i \)-th commodity; \( X_{ij} \) is the quantity of the \( j \)-th market good or service used in the production of the \( i \)-th commodity (there are \( k \) such goods and services in total); \( t_{ji} \) is the \( j \)-th person’s own time input; there are \( l \) such inputs as \( l \) individuals are involved in the production functions; \( S_i \) is \( j \)-th person’s human capital (there are \( l \) such inputs); and \( Y_i \) represents all other inputs.

3) On the question of the position of sociology in relation to other social sciences, namely, economics and political science, Parsons holds a view that as the social system of action increases its degree of complexity, there emerge new properties that cannot be adequately dealt with in an analytical scheme applicable to a less complex system of action. According to Parsons, the first emergent property of action systems is that of economic rationality of individual actions that has given rise to an integrated economic theory. The second emergent property comes from inclusion of a plurality of individuals, from which arises a new problem of coercion, (an exercise of power over others), and, consequently, the problem of a distributive order of power; these ‘political action elements’ are analyzed in the field of political science. The third emergent property is that of social integration of individuals by way of a common value system; it is this property that defines the field of the science of sociology [Parsons (1949), vol. 2, pp. 765–769]. He states:

\[ \ldots \]

the solution of the power question, as well as of a plurality of other complex features of social actions systems, involves a common reference to the fact of integration of individuals with reference to a common value system, manifested in the legitimacy of institutional norms, in the common ultimate ends of action, in ritual and in various modes of expression. All these phenomena may be referred back to a single general emergent property of social action systems which may be called “common-value integration.” This is a clearly marked emergent property readily distinguishable from both the economic and the political. If this property is designated the sociological, sociology may be defined as “the science which attempts to develop an analytical theory of social action systems in so far as these systems can be understood in terms of the property of common value integration.” [Parsons (1949), p. 768]

4) If, furthermore, the objects of the utility function is extended to other entities, animate or inanimate, and even to the entire universe, then this function carries the information as to how one assesses one’s activities in relation to other entities and the universe itself. If the human being is a universe on its own, it is not surprising that the utility function, metaphysically, is a representation of this universal nature. There is, however, one serious problem with the postulation of the utility function; once it is expressed, it makes all of its arguments commensurate in terms of their utility values. Often, it is pointed out that moral values do not belong to the pleasure principle, therefore, are not commensurable with the usual objects of utility that satisfy our mundane needs; but it is worth contemplating on the real meaning of the commensurability principle rather than throwing it away on the ground that certain goods are not simply commensurate. If the pleasure principle and the reality principle are both products of a human psyche, the commensurability principle can be viewed as mediating the two; it allows human beings to assess all of their activities without causing a schizophrenia in their personality. This point will be discussed in a separate paper in which a model of norm-guided preference formation is presented.

It is useful to recall in this connection that Etzioni (1986) argued that the concept of the monoutility is inadequate to capture the deontological aspect of human behavior, hence calling for the concept of multiple utility, basically one for pleasure and the other for moral values, and, later, for a new deontological I&We paradigm that casts individuals into social structures [Etzioni (1988)]. He criticized the traditional utility theory and its variants (namely, the pleasure utility theory based on utilitarianism, the interdependent utility theory that extends the objects of utility to the satisfactions of other
individuals, and the grand X utility theory that emphasizes the formality of a ranking of all choice objects through a common denominator called a grand X), and suggested that we should pay attention to the moral dimension of valuation, i.e., the moral utility arising from moral commitments and obligations as a distinct and non-reducible entity that affects human behavior in ways distinctly different from the way the pleasure-seeking does [Etzioni (1986)]. Etzioni’s call for multiple utility has motivated a new movement of metaeconomics that is based on the premise that a proper balance (or a healthy tension) between hedonistic self-interest and other-interest benefits both the individual and the society to which she belongs. See Lynne (2000a, 2000b, 2002) and the Metaeconomic Homepage (posted at the University of Nebraska-Lincoln, USA) for an overview of this approach. See also Hayakawa and Venieris (1977) for a critique of interdependence via individuals, in which many of the past efforts along this line are cited, and for an alternative approach to interdependence, namely, interdependence via reference groups.

5) Adam Smith is well known for this statement in *The Wealth of Nations*:

... It is not from the benevolence of the butcher, the brewer, or the baker, that we expect out dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. Nobody but a beggar chuses to depend chiefly upon the benevolence of his fellow-citizens. . . . (p. 14)

But, to Adam Smith, the self-interest is not antithetical to our moral sense of propriety and impropriety of our conduct: he says in *The Theory of Moral Sentiments* that “the sense of propriety, too, is here well supported by the strongest motives of self-interest” (p. 241), and that “upon the tolerable observance of these duties depends the very existence of human society, which would crumble into nothing if mankind were not generally impressed with a reverence for those important rules of conduct” (pp. 241–32).

6) See Manual Furer (1972) for the history of the concept of superego in psychoanalysis.

7) Parsons (1952) writes:

It would seem that only when a sufficiently developed cognitive reference system and a system of expressive symbolism have been internalized is the foundation laid for the development of a superego; for only then can the child be said to be capable of understanding, in both the cognitive and the emotional senses, the meaning of the prescriptions and prohibitions which are laid upon him. The child must mature to the point where he can begin to play a responsible role in a system of social interaction, where he can understand that what people feel is a function of his and their conformity with mutually held standards of conduct. Only when he has become dependent on his mother’s love, can he develop meaningful anxiety in that then e might jeopardize his security in that love by not living up to her expectations of being a good boy. (pp. 27–28)

... If this analysis is correct, the crucial problem concerns the process of internalization of the common culture, including all three of its major components—the cognitive reference system, the system of expressive symbolism, and the system of moral standards. (p. 28)

The conditions of socialization of a person are such that the gratifications which derive from his cathexis of objects cannot be secured unless, along with generalization of emotional meanings and their communications, he also develops a cognitive categorization of objects, including himself, and a system of moral norms which regulate the relations between himself and the object (a superego). (p. 29)

If the foregoing account of the internalized content of personality and of the processes of identification points in the right direction, it would seem to imply the necessity for certain modifications of Freud’s structural theory of personality. The first point is that it is not only the superego which is internalized—that is, taken over by identification from cathected social objects—but that there are involved other important components which presumably must be included in the ego—namely, the system of cognitive categorizations of the world and the system of expressive symbolism. (p. 30)

8) Kaye cites the following from Marcuse (1955, p. 8):
repression [i.e., "domination" and "suppression"] from without has been supported by repression from within: the unfree individual introjects his masters and their commands into his own mental apparatus. The struggle against freedom reproduces itself in the psyche of man. (FC, p. 95)

9) Veblen cautions: In making use of the term “invidious,” it may perhaps be unnecessary to remark, there is no intention to extol or depreciate, or to commend or deplore any of the phenomena which the word is used to characterize. The term is used in a technical sense as describing a comparison of persons with a view to rating and grading them in respect of relative worth or value—in an aesthetic or moral sense—and so awarding and defining the relative degrees of complacency with which they may legitimately be contemplated by themselves and by others. An invidious comparison is a process of valuation of persons in respect of worth. (TLC, p. 40)

10) On the use of the term leisure, Veblen is explicit: It has already been remarked that the term 'leisure,' as here used, does not connote indolence or quiescence. What it connotes is non-productive consumption of time. Time is consumed non-productively (1) from a sense of the unworthiness of productive work, and (2) as an evidence of pecuniary ability to afford a life of idleness. . . . (TLC, p. 46)

11) On the setting of the norm of reputability by the leisure class at the top of the social status, Veblen states: . . . The leisure class stands at the head of the social structure in point of reputability; and its manner of life and its standards of worth therefore afford the norm of reputability for the community. The observance of these standards, in some degree of approximation, becomes incumbent upon all classes lower in the scale. In modern civilized communities the lines of demarcation between social classes have grown vague and transient, and wherever this happens the norm of reputability imposed by the upper class extends its coercive influence with but slight hindrance down through the social structure to the lowest strata. The result is that the members of each stratum accept as their ideal of decency the scheme of life in vogue in the next higher stratum, and bend their energies to live up to that ideal. On pain of forfeiting their good name and their self-respect in case of failure, they must conform to the accepted code, at least in appearance. (TLC, p. 70)

12) On the use of the term “waste”, Veblen provides the following account: The use of the term “waste” is in one respect an unfortunate one. . . . It is here called “waste” because this expenditure does not serve human life or human well-being on the whole, not because it is waste or misdirection of effort or expenditure as viewed from the standpoint of the individual consumer who chooses it. If he chooses it, that disposes of the question of its relative utility to him, as compared with other forms of consumption that would not be deprecated on account of their wastefulness. Whatever form of expenditure the consumer chooses, or whatever end he seeks in making his choice, has utility to him by virtue of his preference. As seen from the point of view of the individual consumer, the question of wastefulness does not arise within the scope of economic theory proper. The use of the word “waste” as a technical term, therefore, implies no depreciation of the motives or of the ends sought by the consumer under this canon of conspicuous waste.

But it is, on other grounds, worth noting that the term “waste” in the language of everyday life implies depreciation of what is characterized as wasteful. This common-sense implication is itself an outcropping of the instinct of workmanship. . . . (TLC, p. 78)

13) Goods with both features of the beautiful and the honorific include, in addition to dress and household furniture, houses, household appliances, cars, jewelry, wine, dinner, services, et cetera.

14) Veblen writes: . . . If abstraction is made from association, suggestion, and “expression,” classed as elements of beauty, then beauty in any perceived object means that the mind readily unfolds its apperceptive activity in the directions which the object in question affords. But the directions in which activity readily unfolds or expresses itself are the directions to which long and close habitation has made the mind prone. So far as concerns the essential elements of beauty, this
habituation is an habituation so close and long as to have induced not only a proclivity to the apperceptive form in question, but an adaptation of physiological structure and function as well. . . . (TLC, p. 109)

15) Thus, in Veblen’s view, goods provide two kinds of serviceability, economic serviceability (to meet the material/physiological ends) and social serviceability (to meet the desire to emulate consumption of higher status groups). The latter depends on the current status of the consumer as well as on the scope of honorific consumption objectively recognized. How to quantify the social serviceability contained in goods is thus critical to a model of social status emulation. In a separate paper we explore the possibility of this quantification through the convolution of social facts and the emulation-avoidance pattern.

16) The canon of conspicuous waste as a selective principle, not a generative principle, marks a difference between Veblen’s theory of habituation of the canon of honorific consumption and Bourdeau’s theory of habitus as a generative principle [Bourdieu (1984)]. From the standpoint of the formation of norm-guided preferences, Veblen’s habituation of tastes through the apperceptive activity of man’s mind can be thought of as generating the preferences for honorific consumption, which, in turn, act as a selective principle in choosing goods of skillful workmanship and ingenuity. But, Veblen’s fundamental generative principle is his instinct of workmanship, namely, man’s sense of merit of productive work and of demerit of futile effort, from which the canon of conspicuous waste comes about through a long history of habitation.

17) This remind us of the point that Veblen makes regarding the inseparability of the effectiveness of goods as a means of invidious comparison and the social context in which men exercise their choice decisions. How a good is valued as a means of invidious comparison crucially depends on the social facts as to how fashionable it is in the high social class and how vogue it is in the lower social class, since emulation and avoidance is a matter of successful identification with social classes to be emulated. In our model of social preference formation, we will consider this point in terms of the popularity of goods within social groups placed across the social status ladder.

18) Cowan, Cowan, and Swann (2004) modeled consumption along a similar idea of emulation and avoidance via three reference groups: a peer group of similar consumers, a distinction group, and an aspiration group, and demonstrated that waves of consumption can be created through the interplay of aspiration and distinction based on emulation of the avant-garde consumption of up-market pioneers by others and how consumption activity started up-market may spread to the social spectrum. This model also shares the idea of consumption via reference groups expounded by Hayakawa and Venieris (1977).

References


