The Economics of Fashion Demand

Dwight E. Robinson


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THE ECONOMICS OF FASHION DEMAND*

By Dwight E. Robinson

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I. INTRODUCTION: FASHION AND ECONOMICS

Fashion, as the subtlest and most volatile form of luxury, is also the most difficult to understand. It is to fashion, therefore, that the economist must turn if he is ever to win an acute perception of non-necessitous expenditure and to transcend thereby the rather heavy-handed and somewhat prejudicial projections of Veblen, which, whatever their faults, represent the most serious probing of this momentous subject presently available. Economists have, however, paid remarkably little attention to luxury and next to none to fashion, defined most simply as change in the design of things for decorative purposes.¹ This seems the more regrettable since the ascendency of either over demand has never been more pronounced than in contemporary Western culture. While to the casual observer the mention of fashion immediately conjures up visions of desiccated mannequins displaying the latest Paris modes, no one can survey the modern market in consumer goods without realizing that very few indeed are exempt from the same relentless pressure for style change which characterizes dresses and millinery. If fashion students themselves

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¹ For convenience, I have adopted the sense of the term fashion which denotes the entire process of behavior through which particular “fashions” succeed one another. For the social scientist it seems a more suitable word than style, since the latter does not so strongly suggest change and also possesses stronger normative connotations. I shall, however, speak of “fashion” and “style change” interchangeably.

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have concentrated most of their attention on costume, the explanation is not to be sought in force of habit alone, but also in their realization that no other form of decoration provides quite so lively and suggestive a field for observation of the general tendency. Quentin Bell put the matter very deftly when he likened fashion in dress as a subject of social study to "the role allotted to Drosophila, the fruit fly, in the science of genetics."  

Admittedly, exact quantification of the proportions of the values of goods that are fashion-induced is visionary. It is no surprise, of course, that people in the garment industry with one voice tell us that everything that matters, everything that spells success or failure, everything that gives their trade its nature and place in the world must be ascribed to fashion.  

Even wear and tear can be dismissed as of little moment, for its permissible limits are determined far more by concern for appearances than by serviceability. True, the further we depart from personal adornment the less obvious the impact of fashion becomes. Yet anyone at all familiar with the workings of the automobile industry, for example, is fully cognizant of the unremitting attention and staggering expense which the manufacturers lavish on the yearly introduction of new body styles. He also knows that the popular impression of momentous mechanical advances is far more an achievement of the advertiser than of the engineer. The "styling sections" with their own highly paid vice-presidents employ many hundreds if not thousands of people and are advised by regiments of market researchers. After the stylists are done, the real expense begins: that of translating their design concoctions into steel. Almost all the annual "retooling" investment which Detroit publicizes so fully is for styling. Economist readers familiar with national statistics will surely recognize that it is only necessary to review in this manner a few more appropriate industries — residential construction, decoration and home furnishings spring readily to mind, but even household appliances are heavily saturated with stylistiness — in order to establish style change as one of the nation's most pervasive and omnivorous costs of production. How often

3. This statement is made on the basis of more than fifty interviews with persons involved in various phases of the dress trade including manufacturers, designers, retailers, consultants, journalists and others, carried out under a Ford Foundation Research Fellowship. On one occasion, when I asked a trade association research director to estimate the extent of fashion's impact on the business, he replied in so many words: "Thanks to fashion, this is an industry without statistics."
are we reminded that even the most vital need-serving industries, including food processing and distribution and those supplying the medical profession, are by no means free of a rich admixture of fashion-predicated elements? Nor should we forget that fashion’s empir encroaches upon other seemingly exempt industries wherever they produce consumer goods and services which support the requirement of fashion, such as packaging, cleaning and repair services for delicate fabrics, toiletries and cosmetics, consumer credit and many other. It is really difficult to know where to stop. Shall we treat as economically important the shopping time expended by women? And then there is that final bewilderment to the practical-minded that even functional changes may be introduced for fashion appeal!

Despite the importance of fashion’s role (which is really not new development so much as an increasingly widespread one), it scarcely surprising that the study of the subject has had a rather checkered career; after all, it bespeaks a side of life which rational disposed men of learning have been almost bound to dismiss as she feminine caprice.4 Nevertheless, a highly diverse assortment of writers has built up a modestly presented but quite impressive body of analysis on the subject. Happily for those of us who are analytically inclined, they have discovered a good deal of order in the seeming chaos.5 Even as long ago as 1833, Thomas Carlyle, remember by economists primarily as the arch-foe of the utilitarian philosoph voiced a misapprehension which has persisted down to the present day when he lamented that “little or nothing of a fundamental character, whether in the way of philosophy or history, has be


written on the subject of clothes,"⁶ fashion's aboriginal guise. To cite but one of many “philosophical” examples, the pre-eminent English critical essayist of the Romantic movement, William Hazlitt, had contributed a penetrating essay “On Fashion” to *The Edinburgh Magazine* as far back as September, 1818.⁷ Hazlitt’s prescient interpretation deserves quoting at some length because of its striking proximity to the central tendencies of the contemporary theory of fashion.

Fashion is an odd jumble of contradictions, of sympathies and antipathies. It exists only by its being participated among a certain number of persons, and its essence is destroyed by being communicated to a greater number. It is a continual struggle between “the great vulgar and the small” to get the start of or keep up with each other in the race of appearances, by an adoption on the part of the one of such external and fantastic symbols as strike the attention and excite the envy or admiration of the beholder, and which are no sooner made known and exposed to public view for this purpose, than they are successfully copied by the multitude, the slavish herd of imitators, who do not wish to be behind-hand with their betters in outward show and pretension, and which then sink, without any farther notice, into disrepute and contempt. Thus fashion lives only in a perpetual round of giddy innovation and restless vanity. To be old-fashioned is the greatest crime a coat or a hat can be guilty of. To look like nobody else is a sufficiently mortifying reflection; to be in danger of being mistaken for one of the rabble is worse. Fashion constantly begins and ends in the two things it abhors most, singularity and vulgarity... It is a sublimated essence of levity, caprice, vanity, extravagance, idleness, and selfishness. It thinks of nothing but not being contaminated by vulgar use, and winds and doubles like a hare, and betakes itself to the most paltry shifts to avoid being overtaken by the common hunt that are always in full chase after it. It contrives to keep up its fastidious pretensions, not by the difficulty of the attainment, but by the rapidity and evanescent nature of the changes.⁸

7. As to history, Giulio Ferraro’s stupendous *Il Costumo Antico E Moderno*, in thirty-two magnificently illustrated volumes, was published in Florence in 1823.
8. My attention was drawn to Hazlitt’s essay by Quentin Bell’s charming and lucid study of fashion in dress, *On Human Finery, op. cit.* I can think of no finer introduction to the theory of fashion than Bell’s “slim volume,” to which I must acknowledge a profound debt for its stimulation of my own thinking on the subject. For a valuable treatment written from a marketing standpoint the reader should consult Paul H. Nystrom’s *The Economics of Fashion* (New York: Ronald Press, 1928). It should perhaps be acknowledged, however, that despite Nystrom’s title he is far less concerned with the economic than with the social or institutional side of fashion. Cecil Beaton, in his *The Glass of Fashion* (New York: Doubleday, 1954) has provided a marvelously sophisticated review of fashion origination in the twentieth century. While these three books top my list of recommended readings in the field, other writers (beyond those mentioned below) who have contributed to it significantly include Max von Boehn, James Laver, C. Willet Cunnington, Iris Brooke, Edmund Bergler, Agnes Young, and Joan
Considering that fashion analysts themselves have always fought rather shy of insisting on the strategic importance of fashion’s role in the modern society and its economy, it is entirely understandable that the economist has at best left fashion and the “changing tastes” associated with it among those “other things” which if not equal are, at any rate, indeterminate and, hopefully, of not too great theoretical consequence. As might be expected, any loss which this inattention has entailed for economic theory is matched by a corresponding weakness and lack of development in the explication of the economic components of fashion behavior. The only remedy for either of these deficiencies seems to lie in careful examination of fashion aims in the light of economic concepts.

II. The State of Fashion Theory

Hazlitt’s observation that fashion is “a race of appearances” or, in the terminology of the sociologist, a mode of symbolic expression, has met with no disagreement among contemporary students of behavior. Seen in this light, the choice of an eminent cultural anthropologist whose own work centered on language studies, the late Edward Sapir, to prepare the article on “Fashion” for the Encyclopedia of the Social Sciences, becomes intelligible and significant.

Sapir finds egoistic assertion powerfully at work in the motivation which shapes and alters its symbolic content. He puts forward as a basic hypothesis of fashion theory: “Functional irrelevance as contrasted with symbolic significance for the expression of the ego is implicit in all fashion.” Specifically, it serves “as an outward emblem of personal distinction or of membership in some group to which distinction is ascribed.” Moreover, Sapir is as far as possible from the position that fashion is a casual or superficial aspect of social

Evans. Nor must we overlook the profound studies of style changes in the arts by men such as Jakob Burckhardt, Heinrich Wölflin and Elie Faure.

9. A few perceptive value theorists with a philosophical awareness of the relativity of economic choice realize the importance of fashion. For example, Edward H. Chamberlin writes that “the style cycle is full of special problems and is certainly one of the most interesting and important aspects of the product as an economic variable.” See “The Product as an Economic Variable,” this Journal, LXVII (Feb. 1953), esp. 13–14. In an article in welfare theory, Jerome Rothenberg recognizes that fashion demands provide a strong exception to conventionally conceived demands. See “Non-Convexity, Aggregation, and Pareto Optimality,” Journal of Political Economy, LXVII (Oct. 1960), esp. 449–53.
1. (New York: Macmillan, 1931), VI, 139–44.
2. Ibid., p. 144.
3. Ibid., p. 140.
and individual development. Taking us beyond questions of immediate economic concern, he writes:

Fashion concerns itself closely and intimately with the ego. Hence its proper field is dress and adornment. There are other symbols of the ego, however, which are not as close to the body as these but which are almost equally subject to the psychological laws of fashion. Among them are objects of utility, amusements, furniture... Many speak of fashions in thought, art, habits of living and morals. It is superficial to dismiss such locutions as metaphorical and unimportant. There is nothing to prevent a thought, a type of morality or an art form from being the psychological equivalent of a costuming of the ego.4

In asserting the egoistic impulsion behind fashion, Sapir is, of course, in company with the overwhelming majority of his fellow anthropologists — or, for that matter, of psychologists and sociologists. In the matter of clothes, anthropologist after anthropologist assures us that its key motivation is display, with protection a poor second and modesty trailing far behind. Representative of their findings is R. H. Lowie's observation:

Man is a peacock. He likes to flirt, to smile, to wallow in riches, but he will play ascetic or spendthrift if it gives him a chance to strut. Mere power and material profit are not enough, they do not make life worthwhile without the tinsel of prestige.5

One of the few books dealing with the psychology of fashion which happens at the same time to be written by a professional psychologist is a competent work by J. C. Flugel.6 It is revealing that Dr. Flugel, though a member of the psychoanalytic school and, therefore, hardly to be suspected of slighting the impact of the libido in favor of the ego, is in close accord with writers on fashion representing other disciplines. While his book contains many scattered references to erotic drives and symbolic derivatives therefrom, the main burden of his theoretical explanation rests squarely upon the ego. He concludes:

There can be little doubt that the ultimate and essential cause of fashion lies in competition; competition of a social and sexual kind, in which the social

4. Ibid., p. 143. Cf. G. L. Kittredge in Webster's New International Dictionary of the English Language (Springfield, Massachusetts: G. & C. Merriam Company, 1918): "'Fashion' — a term under which we include not merely the fads and whimsicalities of the moment, but certain larger and more impressive movements and tendencies."
elements are more obvious and manifest and the sexual elements more indirect, concealed and unavowed, hiding themselves, as it were behind the social ones.\footnote{Ibid., p. 15. The mere lust for variety receives scant mention as a motivational factor from writers on fashion. This is probably because the hypothesis is inconsistent with the conformity which is so evident in the behavior. If restlessness is significant anywhere it is in the motivation of the fashion-innovators, who are always highly individualistic.}

From the economist’s standpoint, for that matter, it is not of compelling interest whether people dress up and indulge in other forms of fashionable display to impress each other from amiable or antagonistic motives. So long as the aim is to create an effect relative to the performance of others, be the emotional drive erotic or aggressive as you will, the consequences for economic theory will not be altered.\footnote{It may also be noted that students of that rather amorphous field known as “consumer economics” are in full agreement with the foregoing analytical findings. See e.g., Hazel Kyrr’s foundational study, A Theory of Consumption (Boston and New York: Houghton Mifflin, 1923), p. 269. To a remarkable extent study of the consumer has remained the province of women. Ruth Mack in her review, “The Economics of Consumption,” in A Survey of Contemporary Economics, Vol. II, B. F. Haley (ed.), (Homewood, Illinois: Irwin, 1952), cites the following writers: Dorothy Brady, Geraldine S. DePuy, Janet A. Fisher, Rose D. Friedman, Elizabeth W. Gilboy, Alice C. Hanson, Elizabeth E. Hoyt, Day Monroe, Ruby T. Norris, Maryland Y. Pennel, Mary R. Pratt, Margaret G. Reid, Mabel A. Smith and Faith M. Williams.}

The emulative motivation of fashionable behavior works itself out through a conflict of aims arising between two theoretically distinguishable groups within the social structure. On the one hand, it is the aim of the majority as a group to approximate as nearly as practicable the design choices of those to whom it looks up in terms of social status and, on the other hand, it is the aim of the minority as a group inhabiting the highest levels or prestige or affluence to preserve the distinctive character of its design choices in the face of the efforts of the majority to nullify them through imitation. Both aims (or sets of aims) are subject to a high degree of ambivalence, a behavioral pattern which is emerging as one of the central concepts in psychology. The minority is at one and the same time repelled and flattered by majority imitation, while the latter simultaneously shows empathy in seeking self-identification with the former and antipathy in trying to nullify its distinctiveness.

To this direct conflict of aims, the most intricate workings of the fashion process can ultimately be traced as they take form under the molding influences of any particular social structure and set of circumstances. Of course, this is to present the model in its extremely
simplified form. The possibilities for the refinement of fashion study are as endless as the social fabric is richly complex. If at some points the theory of fashion seems to do violence to our established habits of thought, it is useful to reflect that in a field of behavior which is emulative in aim and symbolic in reference, it is only to be expected that the competitive stratagems of individuals and groups will necessarily give rise to all sorts of illusory devices and consequent misleading impressions. More often than not, the fashion-minded will be unconscious of the real purposes underlying the tactical ruses to which they resort. Consequently, it is the familiar experience of the patient observer that time after time a seemingly hopeless paradox will present itself only to be resolved into the simplest of explanations after a little examination.

Obviously, as in all other human affairs, individual behavior is conditioned by and predicated upon a multitude of variously related and often overlapping sub-cultural groups. Assuming organization in the society, as by definition we must, then it follows that whether they are viewed horizontally or vertically the contiguity of such groups will be to some extent sequential or systematic: they cannot logically all be equally contiguous. Accordingly, any given group (or cluster of groups forming a class) will tend to take its cues from those contiguous with it. Horizontally fashions will spread outward from central loci; and vertically — the more important consideration — any given group will tend to adopt as its mentor not the highest distinguishable group but, rather, those immediately above it. In consequence of the vertical contiguity of class groupings, new fashions tend to filter down by stages through the levels of affluence. The process of discarding any fashion will be a mere reflex of its proliferation. For an object of fashion to lose its meaning for the topmost class it is only necessary for it to be taken up by the secondmost and so on down the line. 9

9. This construction, sometimes referred to as the "trickle-down theory," has been questioned on the grounds that new fashions (as exemplified in the latest Paris imports) frequently turn up in low-priced apparel stores shortly after or occasionally even before their appearance in high-quality retail establishments. I have reviewed this question quite carefully in interviews with retail executives. My finding is that "high fashion" departments of these stores are universally regarded as "loss leaders" and generally cater to well-to-do customers looking for bargains to fill out their wardrobes. For example, a well-known manager of one of these high fashion departments told me that her annual bonus was calculated on a basis of how small a loss her operation showed rather than on how large a profit. (Obviously, the volume of the operation must have been based on publicity and related criteria.) A deeper aspect of the problem is this: the true
In the course of modern history, the sway of fashion and the extent of social mobility have grown side by side. Indeed, the sumptuary laws culminating in the sixteenth century may be regarded equally well as attempts to resist either development. Social mobility introduces interclass competition in consumption standards to a degree unknown in rigidly stratified societies.

It is nothing but a logical consequence of the opposition of aims set forth above that only the emulated minority has anything to gain from the exercise of originality in choice of design. So far as the members of the majority are concerned (whether these be taken in groups or as individuals) they can only advance their own standings inter se through conformity with the standards established by the minority's leadership. From the standpoint of fashion theory, the various forms of nonconformity or eccentricity which are bound to be present in any society are simply imperfections. If we are concerned with the fashion interest in *abstracto*, then everyone outside of those who exercise style leadership must be regarded as essentially conformist. Taking dress again as an illustration of similar tendencies in other forms of consumption, girls in choosing clothes will give expression to peculiarities of their own personalities and physiques and above all to their specific locations in the social structure. Yet the taboo that everybody must be "different" as well as the same is merely a kind of counter, implementing the rules of competition, in the manner of the distinguishing colors worn by opposing teams. Experienced observers of the garment industry seldom bother to distinguish between the effects of the desire for individuality and the desire to be up to the minute, but lump both indifferently under the head of fashion.

Confronted with this social universe of conformity and consequent imitation, the distinction-seeking sector is at continual pains to seek out such things as are currently difficult to come by and to fashion leaders comprise a much smaller and more esoteric group than is commonly supposed. They will have often lost interest in a designer by the time his name is known to the general public. The lag of vertical imitation between this esoteracy and others will be much greater than that between "the great vulgar and the small."

1. Like children in a gang crying "dibs" on this or that position before a game, the girls in an acquaintanceship develop a rather elaborate procedure to avoid the purchase of identical garments. That any self-expression which takes place is extremely qualified is suggested by the frequency of remarks among women such as "Why didn't I see that dress first?," or "Where did you get it?" or "Sally wanted it but the sales lady saved it for me!"
reject and avoid those which are becoming commonplace. This is why the world of luxury, *le bel monde*, displays a continual interweaving of threads of continuity with accents of change. So long as the fashion mentor is confident of the rarity of anything under consideration for acquisition or retention, the question of its novelty or familiarity is incidental. Something new, like bird-of-paradise feathers when they were first discovered, or something long-prized, like costly furs, are alike worthy of approval. Indeed, it is the highly developed capacity to eschew the ordinary and to espy the rare with due regard for the resources of tradition as well as of novelty that is of the essence in the definition of "discerning" or "exquisite" taste. It has too long been overlooked in consumer studies that the exercise of taste is a very positive, energy-demanding undertaking: it is an unending quest. Horace Walpole was close to the heart of the matter when in 1754 he coined the expression *serendipity* to denote the faculty of those who are "always making discoveries, by accidents and sagacity, of things they were not in quest of."² It is precisely in this compulsive pursuit of the rare that we find our bridge between the social psychology and the economics of fashion.

III. THE ECONOMIC FOUNDATIONS OF FASHION

The Pursuit of Rarity

As a preliminary to applying the pursuit of rarity as a key to the understanding of fashion demand, a brief review of definitions is in order. For *rarity* as understood by those who are concerned with the market for luxury has a significantly different meaning from its closely-allied synonym *scarcity*, so consequential in economic reasoning.

In general or everyday usage, of course, both words designate merely limitation with respect to quantitative comparison, although "rare" may suggest more extreme limitation. A species of birds is rare because its numbers make up only a small fraction relative to the populations of many other species; a resource is economically defined as scarce when its quantity — however great — is small

relative to the quantity of wants attaching to it. But, as is true of
the economic definition of scarcity, when rarity is employed in a social
context it presupposes a dependency on, or relationship with, human
desires—essentially a normative signification. It is in their norma-
tive significations that an analytically important distinction arises.
That distinction may be expressed in this way: in speaking of the
rare we have in mind something which is not only in limited supply
but which is also recognized by those interested in it as "highly
distinguished" or "unusually excellent," whereas in speaking of
scarcity we mean anything of which there is an insufficient amount
to satisfy all possible wants for it. To put the matter slightly
differently: when we say that something is rare (an art object, a
collector's stamp or a vintage wine) we do so in recognition that
much, at any rate, of the interest attaching to it actually rests on the
difficulty of its acquisition; when, as economists, we say that a good
is scarce we imply that it possesses inherently desirable or satisfying
properties, but that there happens not to be enough of it readily
available so that no sacrifice need be forthcoming to enjoy it. Press-
ing the difference a little farther, the attribution of rarity to a necessi-
tous good would be nothing but a contradiction in terms unless there
were the added intent to suggest something unusual or special about
it—as in the case of a rare sort of food such as caviar. But many
necessitous goods are, of course, scarce.

Such definitional niceties, for reasons which will soon become
apparent, are quite imperative in the interests of clear understanding
in matters of luxurious values. This is particularly true because
writers, including economists, have not always been as careful as
they might have been to avoid confusion by guarding firmly against
the hidden value judgments which can so easily creep into these
terms. For one thing, the interest in rarity which, as we have just
seen, bears its own unique denotation of obvious operational signifi-
cance to the analysis of demand, has often been loosely thrown into
the general category of scarcity as if it made no difference. Actually,
we would be better off to employ the two terms rarity and scarcity
only in the most colorless quantitative sense unless we make what
we are doing quite explicit when we intend the richer meanings.
In the following discussion, I shall take the liberty of employing
"scarcity" in this noncommittal sense of limited quantity, for no
ulterior purpose beyond convenience of exposition.

3. See Webster's New International Dictionary of the English Language (2d ed.,
The Factor of Demonstrability

In seeking to measure the effects on demand of conditions of scarcity, we immediately encounter the difficulty that the only basis of measurement we have, that of physical quantity, is meaningless per se. The difficulty is that everything is scarce in the sense that its supply is limited because nothing is universally or infinitely abundant. Is gold, for example, "scarcer" than iron? Certainly, in terms of weight and volume. But if the supply of either has effective limits why is one any better suited than the other for the emulative display of command over forms of scarcity? The problem is reminiscent of the conundrum concerning the pound of feathers and the pound of lead.

In a theory of economic choice based solely on emulative assumptions, the capacity to demonstrate possession over a given fraction of the known supply of any distinctive and not readily duplicated material must be regarded as operationally the same as demonstrating possession of the same fraction of any other. Except for accidental influences or cultural predilections stemming from the past, it is difficult to see why as between two natural substances whose sensory appeals seem negligibly different (gold and platinum, for example), there should be any difference in the value of their total supplies. Unless we can find some reason or relationship to explain why differences in sheer physical volume affect the emulative interest in things there can under our assumption be no basis for preference between them.

Yet the weight of empirical evidence seems to suggest that degree of scarcity in terms of bulk does tend to augment the value in exchange of any substance. Precious stones are physically scarcer than semi-precious and we find that the portion of annual national income expended on them for ornamental purposes is, as census figures invariably show, by far the greater. The inference may be drawn that the elasticity of demand for natural ornamental substances is actually less than unity or perhaps inversely proportional to their physical volume in supply. When hitherto naturally scarce substances like oriental pearls, sapphires or mink pelts begin to be perfectly simulated at greatly reduced cost and in far greater bulk, at first the total money sales volume may increase as larger segments of the public are able to afford them but this is presumably because the illusion of former scarcity lingers on. In due course the comparative sales volume of the entire trade generally declines indicating a
long-run elasticity of demand less than unity. The market-control policies of the diamond syndicate seems to accord with these indications as, indeed, although less evidently, do those of the women's dress and apparently all luxury goods trades.

In order to find an explanation for this high inelasticity of demand for scarce substances we need to return to the consideration that their values in the first place are dependent upon the aims of symbolic emulation. In order to subserve such aims, a substance must lend itself with some reasonable degree of convenience to display. Let us call this the factor of demonstrability. Given the properties of the human organism operating under whatever social conditions, the display of certain materials is bound to prove comparatively awkward or otherwise inconvenient. To illustrate, bodily adornment will always loom large in human motivation: in this very central sphere of symbolic emulation, iron obviously will be less prized than gold or platinum since (as was not always the case) the value of a bearable weight of iron is very slight. It is also quite conceivable that the physical supply of something may be too slight for purposes of effective display. This would be the case if even the wealthiest people could only afford quantities so minute as to be barely visible. Presumably, the physical quantities of some substances tend — like the temperature of Goldilocks' porridge — to be "just right" for demonstrability. Moreover, natural limitation of supply (scarcity

4. This probability is, of course, contingent upon the assumption that the demand in question is exercised by a reasonably homogeneous group of consumers. If, owing to secular changes, a large and distinctive income class becomes able to afford a type of commodity for the first time, then demand for it may increase markedly and for a long period before a point of saturation is reached.

5. In this connection it is interesting to reflect that not the least of the economic consequences of the automobile is that in addition to its having afforded cheaper and more efficient transportation than the horse it has also furnished a pretext for the display of possession of significant quantities of steel. A return to the knighthly sport of jousting would have accomplished the same end only to a smaller extent. For a kind of disqualification of scarcity appeal quite distinct from bulk or weight we might consider the physiological inadvisability of personal ornament fabricated from scarce radioactive material such as uranium or plutonium. Yet human fortitude often will endure serious threats to bodily well-being to exploit the appeal of scarcity. Feminine adornment from Ubangi to Paris has in almost all periods and cultures offered striking examples of this disposition.

6. Demonstrability is not to be confused, of course, with Duesenberry's "demonstration effect," which has to do not with the implementation of display but with its effects. See James S. Duesenberry, Income, Saving and the Theory of Consumer Behavior (Cambridge, Massachusetts: Harvard University Press, 1949), pp. 27, 28.
in the uncolored sense) cannot be socially meaningful unless it is
discerned and it is this need of discernment, determined in turn by
the psychocultural context in any case, that creates rarity.\footnote{The need for identification is precisely what gives such tremendous
weight of advantage to those scarcities which have long been embedded in a
cultural tradition. They evoke ready responses and possess, as it were by inheritance,
the affective support which a mass advertising campaign could scarcely
duplicate. A newly mined diamond, for instance, immediately enters into the
kingdom of its gem family’s prestige. The strength of this inertia gives warning
that we must never underestimate how much the occident’s relatively strong
habituation towards changing tastes may have meant in furthering the cause of
economic development.}

If the pursuit of the rare is, as it appears to be, essential to an
intelligible explanation of the world of luxury as perceived from the
vantage point of fashion behavior, then we must conclude that while
sensory gratification\footnote{may be an attribute of any luxury good rarity is a necessary condition. If we were to study luxuries only in a static
sense, this important proposition might not assert itself so clearly
for we would always have difficulty balancing rarity appeal against
putative degrees of sensory gratification since the latter are so notorious-ously uncertain and indecipherable. But, fortunately, it is just as
notorious that, sensorily, the fashion article of one style period is no
whit preferable to that of another: the fur of an animal that\textit{is} modish
provides no greater sensory gratification than did that which\textit{was}
modish. Since the sensory gratification of fashion articles is, except
fortuitously, a constant, we can only conclude that rarity is the
determinant of attractiveness in one great mode of luxurious behavior.
That being the case, it is difficult to suppose that consumers are likely
to ignore this criterion in other directions of luxurious choice.

Our theoretical conclusion is, then, that insofar as the luxury
market is concerned, degrees of demonstrability will tend to determine
the relative values of things, especially in the realm of immediate
personal adornment. In the main, the smaller the physical supply
of any natural substance the greater the value of its total stock (as
marginally indicated) is likely to be. In less direct media of personal
embellishment — housing, transportation and the like — the correla-
tion will be more complex but essentially the same.

An interesting consequence of this hypothesis is that the rate
and direction of technological advances in the production of scarce
substances or materials must, as it were automatically, alter their
relative desirabilities as luxuries. In advanced industrial economies
the erosion of luxury values takes place continually in consequence
of the innovation of new goods, synthetic materials, improved efficiencies in production and the like. When a rarity is deprived of its previous exclusiveness (as determined by the supply: demonstrability relationship) by industrial ingenuity, it will sooner or later lose favor first in the eyes of fashion leaders and then, as if by reflex action, in the regard of the multitude. Technological advances, then, introduce a dynamic element into the standards of luxury.

Since fashion epitomizes dynamism in luxurious consumption it is tempting to regard this process of reaction to ongoing production efficiencies as part of fashion. This, however, would be to depart from our strict definition of the latter as change in the design of things for purposes of decoration. As our definition indicates, people who are closest to fashion behavior (including those who live by it) think of the consumer's appetite for design change as purposeful. Decorative modifications are pursued as ends in themselves and are by no means merely passively accepted readjustments to supply changes. In short, there is the consumer's taste innovation as well as the producer's technical innovation, and, the two, although they interact, are separate and distinct. Economically, as we shall see in a moment, highly interesting consequences are to be derived from this neglected distinction.

**Fashion as Demonstrated Command over Current Factors of Production**

A predilection for fashion, the majority of my readers will doubtless agree, is the next thing to synonymous with extravagance. To the buyer, its costliness is manifested in the way novelties have of not remaining novel very long; to the purveyor (and especially the purveyor of ready-made articles) it takes the form of the expensive readjustment which shifting from the production of one design to another necessarily entails. It is through tracing the connections between the cost of fashion as seen from these two vantage points and the pursuit of rarity as already defined that we can arrive at an understanding of the distinctive economic role of fashion. Economically, the gist of the matter is that the consumer willingly pays the producer for the latter's trouble and outlay in affixing the stamp of impermanence on the commodities he offers for sale.

As is not the case with the stable elements in luxury, time is an essential condition of the value of an article of fashion. Fashion serves not only as evidence that labor (to speak of no other resources) has been expended at some time or other, but it is also testimony
that labor has been expended recently. In other words, an article of fashion demonstrates command over a given portion of current labor as distinguished from any amount that may have been expended in the past. Any physically durable artifact represents the expenditure of labor; but it is only when we see a commodity whose design reflects the fancy of the moment that we are assured that it is of recent manufacture.

The economic importance of this distinction which fashion confers on the durable goods of its choosing rests upon the force and effect of the factor of demonstrability. We must remember that if all the durable consumer goods ever manufactured had been retained, the surface of the earth would groan with an insupportable weight of elaborate and unmanageable junk. If we were totally indifferent to demonstrated recency of production, the task of displaying command over resources through the medium of durable artifacts would be hopelessly awkward. The fruits of past labor if preserved would in time simply bulk too large to permit in any practicable way their enlistment in the cause of demonstrable rarity. For this reason, the distinction between current labor and past labor as forms of rarity appeal is one of the great fault lines in all the economic evaluation that takes place within the area of luxury. Command over the former is practically demonstrable; command over the latter is not.

Only in the case of those old artifacts which have a ceremonial or institutionally exclusive significance or which, as in the case of antiques, have achieved rarity by virtue of the decimation of other relics of the same ilk, is the quantity small enough to be of conceivable interest to a luxury-minded humanity. Museums themselves have their problems of storage and display space: indeed, the provision of such space is their primary economic service. Nor is it economically inconsequential that even the excavation of precious minerals as a means of displaying command over productive resources suffers from the ambiguity that there is nothing in the mineral to show whether the necessary effort was expended currently or not. Consequently, even the most precious of gems are not proof against the visitation

8. For a working definition of current labor it will suit most analytical purposes simply to regard one year's time as its limits. In certain contexts, a year is merely an arbitrary division in a continuum. In considering consumer behavior, however, this is not the case. A year is a cycle of seasons, and on that cycle consumer relations have been institutionalized. For example, the "social" year is divided into a number of accepted seasonal occasions upon which the fashionable woman is expected to reveal a new dress. There are other longer and subtler fashion periods which are outside of our present concern.
of fashion in the form of constant recutting to novel patterns. Fashion preserves us from what would otherwise be the Midas-like curse of durability. It permits us to live in a world of freshly cut blooms where without it we would suffer from an oversupply of artificial flowers. Just as surely as petals must fall from fresh blossoms so the fashion connotations of durable goods ineluctably vanish. From the esthetic viewpoint designs in the latest manner may be more or less pleasing: from the economic viewpoint they are in effect just so much current labor.

To understand the full uniqueness of fashion’s economic effects we must go beyond its comparability with perishable goods to consider the cost to the supplier of continual modification of design. The economic distinction which fashion (defined, let us remind ourselves, as demand for design modification) shares with no other form of demand is its exploitation of the versatility or partial fluidity of the factors of production in order to demonstrate command over currently disposable factors of production. Labor, and to a lesser degree, capital, is mobile enough to be set to a variety of alternative purposes. It can be put to mining obsidian as well as gold or to designing baroque-type furniture as well as the most severely functional. If, on the one hand, the factors were inflexible or entirely immobile, the emulative display of command over them would have to take the form of unceasing accumulation of the same things, after the manner of pyramid-building or the ritualistic potlatch. If, on the other hand, the factors were perfectly mobile or fluid, fashion would also lose much of its meaning, for then design change would involve no cost. Fashion would serve no purpose that could not be served as well by such uses of labor as the direct display of the domestic services of retainers or the production of perishable commodities. But as things are, change of design is costly. Producers of distinctive articles of décor of high quality must employ talented and highly trained designers and must bear, as well, the uncertainties of innovation. But even manufacturers who customarily copy or “pirate” designs cannot avoid time-consuming and often frustrating complications in preparing for new production runs. It is precisely the imperfect mobility of the factors of production — their viscosity as it were — that provides fashion with means to achieve its economic raison d’être. One is reminded of A. N. Whitehead’s oft-quoted observation: “Every scheme for the analysis of nature has to face these two facts, change and endurance.”

While the greatest economic effect of fashion is, no doubt, its reduction of the staying power of physically durable goods (together with its power of hastening the depreciation of semidurables), this additional prepotency to occasion expense in the shifting of imperfectly mobile factors from one form of design to another is the very characteristic which enables fashion to invade any field of expenditure, even including that of perishable goods. It would naturally be cheaper for a perishable goods industry simply to go on turning out the same varieties. Unfortunately for production costs, however, fashion does not permit this, but rather involves the producers of perishable necessities and luxuries alike in the uncertain business of providing appealing novelties. The processor of foods must experiment with new recipes to whet jaded appetites and the horticulturalist with cross-pollination in the quest for intriguing new varieties. If there has been a stepping up as well as spread of fashion interest in the modern world it must be because change in design is particularly proof against latter-day developments which have tended to nullify other forms of rarity. Naturally scarce substances are more and more readily synthesized; ingenious mechanical devices have robbed elaborate goods, such as lace, of their distinctiveness; egalitarian ideals and measures have nearly eliminated the domestic servant as a form of command over current labor. But entrepreneurial ingenuity in satisfying wants is still and irremediably challenged by the alteration of those wants through the modification of tastes.

IV. SOME IMPLICATIONS FOR ECONOMIC FIELDS

Value and Welfare

Few thinkers have taken the curse of Adam with greater seriousness than economic philosophers. Reasoning from assumptions entirely appropriate to the bare necessities of life but more and more dubious as attention draws closer to its indulgences and fripperies, scarcity has come to be regarded in economic writings as entirely a negating obstacle to human welfare, a grim exigency like death or disease thrust upon an innocent humanity by an implacable external universe. The strong likelihood that such a position is ill-taken with respect to luxury has not been squarely faced. Surely it should be, for whether or not we approve of luxury we cannot wish it away from our data.
After all, what is really so surprising or implausible in the supposition that scarcity has been freely adopted by humanity as pretext for the exercise of emulative propensities? Emulation takes many forms of expression: physical combat, legal disputation, occupational competition, games and so on. The securing of command over scarce resources for purposes of display is simply one great order of many outlets for competitive energies. What is really much more surprising is that the intrusion of emulation into consumption has been glossed over so persistently. Instead of thinking of consumption as a kind of final reward or state of rest where all passion is spent, it seems imperative (once we look beyond vital needs and the far more conditional question of sensory gratification) to recognize consumption for what it largely is, another arena of rivalry and competition. We deliberately devise medals and ribbons and restrict their number so that their award will be regarded as recognition for rare excellence of performance; we purposely place sand traps and other hazards on golf courses so as to render the achievement of low scores difficult. Yet simply because another agency than ourselves has disposed that gold and caviar be scarce and securing them laborious, it seems largely to have escaped us that the interest we display in them is really little different from the coveting of symbolic rewards of our own contriving. Actually, the weight of historical and anthropological evidence suggests that our ancestors initially sought out rare materials for display rather than for any other use.

In consequence of the disturbing leitmotif of Keynes's General Theory, namely that consumption needed reappraisal, the conceptual possibility that economic wants may be socially interdependent over wide ranges of satisfaction began to attract serious attention. It was given impressive empirical support by Duesenberry and Modigliani, whose inquiries suggested that the saving:consumption ratio is far more closely correlated with income rank in the community than with the absolute level of real income. And yet in the American Economic Association's A Survey of Contemporary Economics,1 the two contributors most directly concerned expressed serious critical reservations concerning the merit of the case. Ruth Mack admitted that she found "the theory in its extreme form . . . unconvincing," although she did not specify why.2 Moses Abramovitz believed that "other explanations are possible, and some independent test of the

2. Ibid., p. 54.
importance of emulative drives is still necessary." If our hypothesis that emulation is essential to a theory that fits the facts of fashion is correct, then, with all due allowance for the effects of necessitous and sensuous wants and satisfactions, such an independent test seems to have been provided.

These observations need not mean that our culturally sanctioned aim of expanding productivity is no more than a form of idiot's delight or the welfare counterpart of chasing our tails in unprogressive circles. As surely as all cultures have developed their characteristic modes of affording expression for humanity's impulsions toward activity, ours has found its own in the great purpose of improving the standard of living (including luxury) through technical and scientific advance. To this it has added the unending refreshment of novelty in design. Removal or suppression of such avenues of expression would surely give rise to very serious forms of social imbalance.

Economic Competition and Organization

If the women's garment industry may be taken as the purest form of fashion purveying, it is equally certain that no more classic example of monopolistic competition can possibly be found. Indeed, it is not stretching things too far to say that the product or output of this industry is product differentiation. Just as the consideration of selling costs (as initially demonstrated by Chamberlin) exposes the disabilities of traditional cost and demand curve analysis, so, in almost a purer sense, does an examination of the dependence of dress manufacturers on furnishing designs which are fashionably attractive. When we speak of selling costs we can still talk as if it were possible to distinguish the effects of advertising and other marketing devices from the products, such as cigarettes, packaged foods, gasoline and so on. But in the pure fashion market the commodity itself — conceived as separate from the design it carries and, therefore, independently of its design costs — is utterly incidental. The cost of making the physical dress is a dependency of the cost centering on design. Even the cost of material and workmanship is in large part a design cost because, among other things, if the design will not sell, then both material and workmanship are almost pure loss.

The central function of the entrepreneur in a fashion industry is far less the efficient organization of the production of a given com-

3. Ibid., p. 150.
modity and much more the shrewd anticipation of the changing preferences of his numerically restricted clientele—his own small niche in "the great neighborhood of women." In essence, what the entrepreneur offers for sale is his experienced judgment and willingness to assume risks in the matter of design. The extraordinarily high rate of failure in such an industry is far more often due to erroneous style decisions and anticipations than to production inefficiencies. And not only is the entrepreneur's reward dependent on his stylistic and, therefore, qualitative determinations, but even his quantitative decisions relating to the number of copies of a given design that should be produced are themselves rendered qualitative, for the simple reason that the number he can dispose of profitably will in every case be uniquely determined by the nature of the design! He is virtually stopped from testing the elasticity of demand for any of his products, since, owing to unceasing modification in tastes, he must catch his buyers when he can. To do this he must usually commit himself to a production schedule, one that may never be repeated, well in advance of the sales period. It is as if, either in the qualitative or quantitative case, his inelastic demand curve were to shift upwards and to the right whenever he became shrewder (or luckier) and downwards and to the left whenever his diviner's rod faltered. Just as his demand curve shifts so his acumen varies in its value as a factor of production.

In applying assumptions about demand consistent with the theory of fashion to the analysis of industrial organization, extreme inelasticity of product demand would seem, once again, to be the master key. For that matter, it is a familiar enough reflection among economists that businessmen in their group behavior everywhere do in fact act as if they regarded product demand as almost catastrophically inelastic. Moreover, the same key obviously promises to fit many puzzles in industrial organization, especially that of the determination of firm size. For a notable example, the assumption of extreme inelasticity should help to resolve the question that has puzzled theorists since Marshall concerning the establishment of equilibrium for an industry and its firms with increasing (real) returns.4

Economic Development and Cycles

The economist's unfortunate tendency to treat the consumer in terms of passivity may very well have retarded deepening insights into

the course of the economic growth of advanced economies, a condition which promises to be corrected through the study of stylistic innovation and propagation. Indeed, almost all of Schumpeter's elaborations of how producer innovation transforms an otherwise stable economy may be applied pari passu to the demand side. It is proverbial wisdom that satisfactions can be changed through modifying wants as well as through providing means of satisfaction: the quotient of an act of measurement is just as much affected by a change in the scale of the measuring unit as by the object measured. In particular, we must bring into focus of analysis the great style leaders, properly deserving the title of "entrepreneurs of taste," who by converting the world of fashion to new wants have exercised potent and immediate influence on the course of economic development. The social activity we call consumption is active: it is for the most part hard work, it is filled with risks and uncertainties and it molds behavior. Goods and services are not satisfying — hence they are not wealth — until they have been recognized as having utility in a process of living.

Change in the design of commodities and in consumer tastes is an interlocking and reciprocating affair. Although any class of product — the dress, the automobile, the chair — will always to some extent have its own design history, ultimately taste in all its ramifications is powerfully integrated around one central point of reference: the style of life characteristic of a society in a particular era. "The lady of the house" is seldom disposed to adopt fashions in one compartment of her life which are of a different taste vantage or vintage from those in another. There is always a master stylistic code. It may be complex and rich, frequently permitting or even encouraging contrasts and variances: antiques from different periods may be thrown together, restraint and exuberance may be played off one against the other. But, fundamentally, there is an integrating order constantly asserting itself and constantly denying the outmoded.

Experience shows very clearly that the reconstruction of design in conformity with a new schematism in tastes transpires in bursts of activity followed by lulls, rather than pursues a smooth, unhurried course. To speak of fashion waves is immediately to think of those other waves of behavior — business cycles — with which they cannot fail but be significantly related. The building cycle, for example, must be in part a function of desires to give body to the ideas of a new school of architecture. It is quite conceivable that our statistical search for lead indicators of cyclical movements might be more
successful if attention were paid to the proportion of buildings (or other goods) being constructed at any time in accordance with novel or radical as opposed to long-established architectural standards. At the beginning of a style wave, for example, we might find that the number of residential houses being built was small and unpromising but that the ratio of new designs to old was high and increasing. The latter factor might well foreshadow a strong demand for new housing where sheer number-counting would not. In short, the correlation of waves of fashion activity with business cycles offers means of effectively enriching that presently vacuous and stagnant vein of cycle theory known as “psychological factors.”

V. Conclusion

The analysis of fashion behavior points to the conclusion that the pursuit of demonstrable rarity for its own sake is a principal key to the motivation underlying the demand for luxuries. Rarities, in turn, are to be understood as conditions of physically limited supply which have excited the interest of the fashionably inclined. It seems to follow, therefore, that scarcity (defined as nothing more than supply limitation) is a positive consideration in consumer motivation over the entire range of the demand for luxuries. In its more obvious and quantitatively important aspect, fashion serves as a means of demonstrating command over current, as opposed to former, output. In its less obvious, qualitative and organizationally decisive effect, it serves to demonstrate command over such current means of production as are needed to accomplish changes in design for decorative purposes. Changing the design of commodities is expensive because of the imperfect mobility of the factors and it is just this consideration which makes fashion demand economically unique. As is equally true with respect to necessities, we do not at present possess adequate means of measuring the portion of demand which depends on luxurious or fashionable purposes, but there are strong reasons for supposing it to be very great. Whatever this magnitude, we must expect to find within it extreme inelasticity of product demand (unity or less than unity) save in the short run, as economists have long, if uneasily, suspected. If the economist comes to admit into his deliberations the actively rarity-minded consumer which fashion theory requires, the discipline may well undergo a readjustment of quasi-Copernican proportions.

University of Washington