

## Lecture on Thorstein Veblen (based on Heilbrauner's, **The Worldly Philosophers**.)

I will start my description of Veblen with a quote from C. Wright Mills, one of his disciples:

It has been fashionable to sentimentalize Veblen as the most alienated of American intellectuals, as the Prince outside even the ghetto. But Veblen's virtue is not alienation; it is failure. Modern intellectuals have made a success of 'alienation' but Veblen was a natural born failure. To be conspicuously 'alienated' was a kind of success he would have scorned most.

He was born in Wisconsin and moved to Minnesota at an early age. He was the son of a Norwegian farmer. He had several brothers and sisters (seven in all). He attended Carlton college. His father wanted him to be a Lutheran pastor which would be quite difficult for an agnostic.

Carlton faculty considered him to be quite brilliant, but mentally unstable.

He married Ellen Rolhf in 1888. Ellen was the daughter of the president of the college. He was described as being from another world - perhaps more like Saint-Simon than like Marx. Robert Heilbroner described him in this fashion and said that this other-worldliness gave him the ability to look at modern American society with necessary detachment.

In 1881, he went to Johns Hopkins University where he thought he had a scholarship to attend graduate school. He didn't. He completed his PhD in Philosophy at Yale in 1884.

It is significant that his degree was in philosophy since his views of society transcended any one discipline. He, like other great social critics, did not specialize and is claimed as one of the premiere leaders by many disciplines in the social sciences.

He couldn't find a job - so he went home with his parents where he did *nothing* but read and talk to his father for seven years. He refused to help with farm chores. He refused to treat his mother, and later his wife, with anything but contempt.

He decided to go back to graduate school at Cornell. J. Lawrance Laughlin was the department chair at the time. Laughlin took Veblen with him when he went to chair the Philosophy department at the University of Chicago - Veblen's first real job! Veblen was given the rank of Instructor and was never promoted.

He was also a womanizer of sorts. Actually, for some strange reason, the women liked him - a lot.

This got him in big trouble everywhere he went. He had trouble hanging on to the job in Chicago because he did not promote the school to the president's liking. He eventually left (involuntarily) Chicago shortly after writing his first major work, The Theory of the Leisure Class, in 1889.

His wife left him several times. He treated her quite badly in their marriage. The last time was shortly after he left for Stanford where his play with co-eds again cost him his job. He went from there to the University of Missouri where he reportedly got the job after saying in the interview, "Don't worry about me, I've seen all your wives."

During World War I he had an unexplainable bout of patriotism. He secured a position in the Food Administration in Washington where he had a very undistinguished career writing memos that no one paid any attention to.

He died in his seventies, a recluse in a cabin in New York, refusing to write anything in his retirement.

His books include: The Theory of Business Enterprise, The Instinct of Workmanship, The Engineers and the Price System, Absentee Ownership and Business Enterprise, The Technicians and Revolution, Higher Learning in America. They are all works of art. There is no substitute for reading them whether you agree with him or not. His critique opens our minds which is, perhaps, his greatest gift to social reasoning. However, he is probably not a true radical.

Veblen identified two different behavioral traits in history: the trait of workmanship and the predatory trait (the tendency to exploit and plunder). Workmanship includes such things as parenting and "idle curiosity" in addition to the more usual use of the term - creativity. It is out of this trait that advances in civilization stem. It is also out of this trait from which the instinct for cooperation stems.

The predatory instinct is what made early societies revere the strong. The booty from victory at war, including slaves, ears, scalps, etc., were often displayed by the mightiest of warriors. In other systems, the instinct might be less obvious - but it always leads to sexism, racism, subjugation, and exploitation. If this instinct is hidden in society, it is usually hidden behind sportsmanship and ceremonialism.

Veblen wanted to look at all this under the system called capitalism - in particular - under U.S. capitalism. In this context, the predators were the "business class," "the leisure class," "the captains of industry," or "the absentee owners." The working class were the "engineers," "the workmen," or the "absentee owners."

What was the role of private property? In the earliest stages of capitalism, workmanship was

dominant. Efficiency in work was necessary for survival. Property was still mostly social and cooperation was seen as being necessary. The predators were the military and government leaders - it were these that the population envied and looked up to.

When efficiency grew, first in agriculture and later in the cities, it became possible to live by brute exploitation and seizure. In other words, private property came into being. Private property brought with it a class society consisting of those in industrial employments and those involved in non-industrial exercises, such as war, government, sports, and religion. Early capitalism saw much progress. But as growth occurred, the predatory instinct began to dominate the system.

The two classes revolved around industry and business. Industry is comprised of the "workmen" and "the engineer." Their jobs are to create efficiency; to produce the best product with the fewest resources. Their motivation is workmanship - the pride of the professional. However, they are not free individuals. They have to work for a living and do what they are told.

The predatory class's success was measured in profits and in other forms of pecuniary gain. They will do *anything* towards obtaining this goal. Their role in the capitalist system becomes one of "sabotage." Profits are not made from a steady state economy. Constant oscillations and uncertainty provide opportunities for profit. Profits are not made from products that are of high quality or that are long lasting (so there Adam Smith).

Profits are made from planned obsolescence. Profits are not made from new inventions. Profits are made from buying up patents and retiring them. (Note: Patents were not in force when Veblen wrote this, but I feel safe with this example.) Profits are not made through the competitive process, but are made through the control and exercise of monopoly power. In Veblen's terminology, profits are made from selling fewer products at higher prices. Sabotage is defined as the withdrawal of efficiency, and all the activities listed in this paragraph represent this withdrawal.

Capitalism is characterized by the business cycle. This results from, according to Veblen, the same factors as Marx identified: underconsumption and lay-offs for the purposes of cutting production and raising prices.

When workmanship prevailed; knowledge, cooperation, and equity were the dominant social mores. As the predatory instinct took over; things changed. The predators became the leaders of society. They were to be emulated.

This is one major place where Veblen parts from Marx. Marx saw a conflict between the workperson and the business leader. Veblen saw the workperson as envying the business leader. The workperson would try to act as much like the predator as possible.

To Veblen, work eventually became irksome because work was accorded a lesser place in the social hierarchy. It was not undignified because it was irksome, it was irksome because it was undignified.

Leisure is defined as anything other than productive work. The booty of the predatory class changed from ears, scalps, and slaves to wealth. A person's place on the social hierarchy was determined by his/her command over wealth. The clearest identifier of wealth was in the form of "conspicuous consumption." If I could show you that I owned more than I need for survival, I could elevate myself socially. One of the principal commodities in this regard was the commodity of leisure.

The working class tried to elevate themselves in a similar fashion. They would conspicuously consume, often on the basis of debt. The citizenry would come to judge each other by this criterion. Thus, work became a means to the end of consumption. We no longer identify ourselves by our workmanship, but by the things we possess and control.

The highest form of such standing in the community is the useless pursuit of pecuniary gain. In other words, to be useless and idle puts one in the center of society. "Conspicuous leisure ... put one's wealth and power on social display." The more obviously wasteful and expensive one's lifestyle, the stronger the individual in the eyes of society. Mere idleness was not enough. Idleness in the form of vice, costly entertainment, etc., was the real goal.

The wife's role in this was to be a consumer good herself; to be conspicuously displayed in the pursuit of leisure. Beauty, a talent for organizing leisure activity, a talent for being a hostess, all were minimum requirements for the privilege of marrying the business person.

One other key to all this. Veblen asserted that the businessperson's desire for pecuniary gain would cause him/her to lose any interest in producing things. Buying and selling companies, closing and opening companies, in short, financial wheeling and dealing would take precedence over production. Absentee ownership would become the pinnacle of success. The absentee owner spends his/her time with accountants, lawyers, stockbrokers, advisors, but not with the engineers. The engineers would keep production going for the business leaders so that at least something will be produced.

What was the role of government in all this? Veblen agreed with Marx on this point (although Veblen never mentioned Marx in his writings). The ultimate control of power is in the hands of the elite and the government's major role was protecting the existing social order. In this regard, the government was designed to protect property rights over individual rights. A second role of government is to create and manage ceremony.

Ceremony plays a major role in keeping people in line. In this sense, the military, sports, religion, and other ceremonial procedures are used to keep people's minds off the functioning of the system. Ceremony leads to the acceptance of arbitrary command and unquestioning obedience to one's superiors. I might mention that families and schools also play this ceremonial role.

Of the factors listed above, the most important is the military. Patriotism is the key to control. The key to patriotism is external threat. Therefore, external threat must be maintained for the system to function. The only possible result of this is imperialism by the dominant capitalist economies over other economies that wish to emulate the successful.

Where does this all end? The chase of pecuniary gain leads to wealth inequality. Eventually, the working class finds out that they can not live the life they want to live - i.e., they are excluded from the hierarchy. The majority also begin to see the wastefulness of the current system. Don't forget that the system is plagued by business cycles. Each depression brings with it increased worker awareness of system problems, especially a knowledge as to who it is that causes by business cycle. This awareness causes the working class to change (take over?) The system.

Veblen doesn't have a picture of what would replace this system. He thought the engineers would take over and workmanship would be elevated to a preeminent position. He seems to imply that the system would be run as a socialist system, but this is only an implication. He did say there were equal possibilities for emerging to a more efficient system or to a system that is worse than the one now in place. The worst possibility is the emergence of fascism.