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Thorstein Veblen's contribution to the solution of contemporary American social problems.

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Thesis

THORSTEIN VELENN'S CONTRIBUTION TO
THE SOLUTION OF CONTEMPORARY AMERICAN SOCIAL PROBLEMS

by

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# OUTLINE

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INTRODUCTION

From many sources arise attempted contributions toward solving American socio-economic problems. Most of these cures, however, have not thoroughly diagnosed the American situation. Analytical minds have done research within the bounds of their professions, but research on social processes and trends has been inadequate. The results of this research have been used in the fields of technology, medicine, archaeology, religion, history, and in an endless number of arts. Yet too few thinkers have focused their minds fearlessly and critically on the unique American culture and economy of this generation. In searching for an understanding of the American scene, Veblen's works have proven very stimulating and fascinating to the writer. Inasmuch as few seem to have read Veblen's works and since contemporary attempts to alleviate social ills do not penetrate deeply enough, this treatment of Veblen may make some contribution.

A study of most of Veblen's works supplies the basis for this attempt to relate the essence of his analysis and to apply occasionally the formula to the contemporary situation. Since Veblen himself expresses so aptly the situation in contemporary American life, direct quotations are used frequently. The thesis is divided into two main parts entitled "Rule by Corpocracy", treating the rule by vested interests through the pattern of capitalism, and "Rule by Pseudocracy", covering the psychogenic factors which rule the American people. The materialistic and the psychogenic are so inter-related that both are found within each of the main divisions. The conclusion is an attempt to apply the Veblen analysis.
Certain ulterior purposes with which the writer has approached the works of Veblen include the following:

1. To find the control body or medium for American progress. While Marx has pointed to the proletariat and Veblen has proclaimed the engineers, neither approach seems to have a "cutting-edge" in the middle-class philosophy dominating the American scene.

2. To clarify the particular significance in America of Marxian "surplus value". How does it apply to American advanced technology?

3. To develop techniques of teaching others to take the analytical approach to life situations and to see class, economic, and psychogenic factors in all social relations.

4. To study implication of, need for, and dangers in materialistic organicism and unlimited production for use and total human need. In the new profession of social engineering such goals, ideals, and techniques are only a few of the many needed instruments.
PART I

Veblen, the Individual, and His Method

A. Veblen's Career

Into a Norwegian immigrant family in Wisconsin came the future economist, Thorstein Bunde Veblen, in 1857. He spent his youth on the farm, where education was provided by an unusual mother—a practicing physician without professional training, and by a father whose mind Thorstein afterwards said was the finest he had ever known. From here he went to Carleton College, Northfield, Minnesota, to graduate at twenty-three with the class of 1880.

From contacts with his professor and friend John Bates Clarke, economist at Carleton, seems to have come the intense interest in economics which developed later. His immediate interests, however, were in classical philology, natural history, and philosophy. Although attracted first to Johns Hopkins, he soon transferred to Yale and received there the doctor's degree in 1884, the dissertation being, "Ethical Grounds of a Doctrine of Retribution." During further graduate work at Cornell, this time in social sciences, his genius was appreciated by J. L. Laughlin, who invited Veblen to join him when he was transferred to the newly founded University of Chicago in 1892.

Besides teaching agricultural economics, socialism, and history of economic theory here, Veblen edited the Journal of Political Economy. His first and most popular book, The Theory of The Leisure Class, was published
in 1899. From the position of fellow he advanced to an assistant professorship in 1900. Important contacts here were with other members of the economics department, with John Dewey, with the biologist, Jacques Loeb, and with the life of Chicago itself.

The Chicago position ended in 1906, when he went to Leland Stanford, there to remain until 1909. He was in the University of Missouri from 1911 to 1918, and after a brief government service, he transferred to the New School for Social Research in New York City. Failing health caused his retirement in 1926 to Palo Alto, California, where he died in 1929 just before the stock market crash.¹

A few incidents reveal something of the character and temperament of Veblen. The sixth child of twelve in the Veblen family, he was his mother's favorite, both because he was named after her father and because he was her "oddest" child.² Although he disliked farm tasks, he delighted in operating machinery, especially the newly introduced harvester.³ A highly developed sense of economy of effort characterized his farm activities. At the "missionary college", Carleton, he was a misfit intellectually and socially (far too brilliant for the unscientific trend of thinking) and at home afterwards, he was too theoretical even to have his ideas accepted by the rural population. A member of his own family even declared him a "conceited jackass".⁴ Throughout his various university careers he pursued his ideal of finding truth and accuracy in his social analysis, conflicting unavoidably with "divinity-minded" professors, pro-leisure class university execu-

¹ Mitchell, W.O., What Veblen Taught, pp. XI-XIII
² Wagner, Donald O., Social Reformers, pp. 693-695
³ Dorfman, Joseph, Thorstein Veblen and His America, p. 12
⁴ Ibid, p. 12
tives, and classical economists.

The word which seemingly best fits Veblen is the adjective odd. Not that he was necessarily a heretic, although in the economic field he was, or that he stretched the truth to an absurdity, but in the sense that he who is absolutely natural, facing reality, trying to "think it through" without biased preconceptions does find himself stamped "odd". He cut like a plow through the crust of university conventionalities and had little regard for the middle-class "morality" of an American surface culture.

B. The Technique in His Works

Veblen's interests are uniquely comprehensive. His analysis may be focused on almost every object and situation in American life. He points out the economic position of farmers, wage earners, merchants, manufacturers, and bankers, showing the economic effects on the different classes of advertising, salesmanship, monopoly, control of credit, and allocation of economic power. Turning the searchlight of his intellect into international politics, he "traces statesmanship, patriotism, and competitive nationalism back to the institution of property and to the principle of business enterprise." In The Theory of The Leisure Class, he observes that our standards of consumption are of the nature of conspicuous waste, or a sort of envy-inviting show of property obtained and consumed (as if to say that we do our stealing within the secrets of corporation finance and spend the proceeds publicly and with gusto). Even in the field of education, he surveys its control by men with property or with the invidious ideals of competitive

1 Odum, Howard W., *American Masters of Social Science*, p 256
business. Little escapes the scrutiny of his analysis.

His analysis is severe, realistic, and penetrating. Without proposing a plan for a new social order, his philosophic mind brings to a focus psychology, biology, and anthropology, showing how the existing economy, essentially a price system, is not in line with evolutionary economics. Thus his unique breadth of survey has depth. With the insight of a Marx or a Darwin, he combines his wide vision into the many manifestations of American culture to make his unique analysis. To complete it he has dealt with both human nature and human institutions.

The Marxian analysis he considers oversimplified. "Marx is demolished as a mere logician, arguing from untenable premises derived from a materialistic Hegelianism and from the English system of Natural Rights".\(^1\) It seems worthwhile observing that the Veblen analysis includes and eclipse the surplus-value theory of Marx, as applied to technology and the worker in America. Also, his *Theory of the Leisure Class* with its focus on the psychological, sociological, and economic factors does eclipse "capitalist versus proletariat" or class struggle, as applied to America. In his psychogenic approach, nevertheless, Veblen's analysis seems to have a basis in Marxian materialism whether he admits it or not. "Veblen's intellectual focus hovers back and forth between the position of the sociological and the Marxian materialist".\(^2\) In contrast to a concept of system in Marxism is Veblen's view of process or universal economic change. There is in both the element of the inevitability of progress.

1 Odum, Howard W., *American Masters of Social Science*, p244
2 Taggart, Richard Victor, *Thorstein Veblen*, p 13
Throughout Veblen's works runs a stimulating humor and biting irony. He has a remarkable art of finishing important paragraphs with a twist of humor which sets one to laughing heartily over "the imbecility of our thinking, the futility of our habits of consumption, and the amazing inaptitude of our economic institutions." His satire is not like the typical American brand of the late nineteenth century which lacks the stern reality of an economic and psychogenic analysis. Besides bringing into our thinking such new phrases as leisure class, conspicuous waste, absentee ownership, vested interests, invidious distinction, calculable future, etc., he has contributed a new, unique style, paralleling his analytical method, making a valuable contribution to the history of American literature.

Veblen fought the monsters of class egotism, callousness of riches, pomp of possessions, and exploitation of human personality for the sake of property and privilege. His technique was not that of preaching or suggesting a system for improvement, or proclaiming the merits of amelioration. He merely focuses a genetic-historic analysis of institutions on economic problems.

A unique feature of his analysis is that he would replace the hedonistic conceptions of human nature present in classical economics by an instinct-habit psychology. He attempts to bring a realistic psychology into economics. A "hedonistic psychology permitted human nature to be eliminated from the economist's problem, since activity could be regarded as the automatic attempt to achieve pleasurable sensations and to avoid unpleasant ones. In the economic sphere this meant a balancing of the

1 Odum, Howard J., American Masters of Social Science, p 255
pleasures of consumption against the painful exertions of labor.¹ Thus, the unique victory and consummation of hedonism in American life is the presence of immense groups of persons not performing useful labor, while the worker group struggles under its burden. Possibly a powerful antidote needs to be applied to hedonism to solve ultimately the American problem. The present love of pleasure and ease and the individualistic desire to become members of the privileged classes and escape useful labor are subject to Veblen's criticism. Man can come to a new plain of living wherein there is wholesome coordination between work and recreation, or creation by both hand and brain.

At this point in the thesis, a distinction should be made between the more or less satirical use of the term leisure class or leisure-class economy of Veblenism, with the ideal of a leisure economy which is being attempted in contemporary trends toward shorter hours, recreation, and a balanced day for workmen. The present liberal trend is providing for the working proletariat and middle class a portion of the ideal. But the class society, where millions exist as wage-slaves or unemployed and a few thousands in the privileged classes own and spend millions, still exists unchanged. The challenge and criticism in Veblenism remains unheeded. The psychology of a former leisure class tends to be promulgated in middle and lower-class minds, while the economy still enables the purely leisure classes to maintain an unregulated economic standard. A division on "Rule by Pseudocracy" explains this psychogenic condition and its manifestations.

¹ Odum, Howard W., American Masters of Social Science, p 241
PART II
VEBLEN'S ANALYSIS

A American Rule by "Corpocracy"

For the word corpocracy may be substituted vested interests, leisure class, plutocracy, or industrial feudalism. The industrial process, the scheme of use and wont, the flow of goods from one group of individuals to another, or, in short, industry, is ruled by this overhead pattern in the hands of the privileged classes. This rule takes the nature of a conflict expressed in the phrase "business versus industry". In this rule and conflict are many factors wherein seem to lie the causes of economic insecurity in America. Such appears to be the thesis throughout Veblen's works.

1. The Conflict of Business and Industry

Before examining these two forces arrayed in the American conflict, a general comment seems appropriate. Although in "Preconceptions of Economics" Veblen appears aloof from the contributions of the physiocrate and others, it does seem as if he has included certain of their theories in his own thesis of business versus industry. It may be that his comments are a subtle form of telling the good features in certain other theories. For example is his comment on physiocracy:

"Whatever processes contribute to human sustenance by adding to the material available for human assimilation and nutrition, by increasing the substance disposable for human comfort, therefore counts towards the substantial end. All other processes, however

1 Mitchell, W.C., What Veblen Taught, pp 3-150
2 Ibid., pp 47-48
serviceable in other than this physiological respect, lack the substance of economic reality. The test of productivity, of economic reality in material facts, is the increase of nutritive materials.

Adam Smith's labor theory of value makes a similar application to material goods manufactured from natural resources for human need. Smith's thesis that social wealth is based on labor's contribution to the shaping of natural resources is supplemented by Marx's surplus-value theory that labor deserves and must be paid for this value or the economy is unbalanced. The inference is that Veblen's conflict of business and industry is a "Cake of custom" or socioeconomic habit dictated by long-continued failure to heed the warning of Marxian surplus-value. It seems logical to state that Veblen has elaborated the theory of surplus-value by pointing out the ramifications of business enterprise operating in the surplus value-field. His contrast between labor (industry) and the art of getting something for nothing (business) seems to have a firm basis in previously established principles.

Industry and the Instinct of Workmanship

Industry, in his analysis, denotes the technical equipment, labor, and plans whereby the material wants of society are cared for. It is grounded on man's basic ability to work creatively, servicefully, cooperatively for the greatest good to the greatest number. Somehow man is fundamentally a social animal when fears, uncertainties, and leisure-class ambitions and hatreds are removed. Deep-down lies an "instinct of workmanship" which is seldom appreciated or even noted.

In American life this side of human nature is represented in its material aspects by the great masses of workmen using producing machinery
designed by engineers to turn out goods for human consumption. Within this pattern are bodies moving, powered by sun's heat through food, are ideas and plans for recasting materials growing spontaneously out of man's creative imagination. It is a progression, a steady advance, an evolutionary movement following universal law. It is a movement in the material field similar to advances in ethical and spiritual realms.

Veblen seems to be saying that man is inherently not lazy, but has an instinct or tendency toward work and activity, a propensity towards tinkering and investigation. But in society the horror and terror of hard labor is so grinding that men surge from it. As the individual looks up toward the leisure-class position made attractive by societal techniques which the surplus-values of his labor have created, he tends to drift upward. His "drift" is more of a "climb" into comparatively useless leisure activity in the surplus-value fields.

The logic of contemporary technology would provide from natural resources a plentiful supply of goods for the entire community and nation and even plan for international reallocation of natural resources. Given freedom from inhibitions, the natural urge for community, industrial, agricultural, and distributive efficiency would find expression. But its natural development is denied in American life and culture by another more powerful element, that of business. Instead of being efficient, business has become an art of gambling with the items to be distributed. Useful articles go from the hands of those who have an inherent "instinct for workmanship" into the business channels controlled by preditory groups, to become essentially profit-making objects.
b Business, Its Origin and Modern Aspects

According to Veblen, business is a modified form of plunder, originating in the early savage state wherein fighting and exploit were carried on adjunctive to basic homogeneous activity of preparing meals, building huts, and doing the general work in the community. Of course, before this stage, was a comparatively peaceful stage wherein fighting was less frequent although present due to sexual competition. In place of an instinct of workmanship came an imitative use of force in a highly praised predatory activity, involving two factors. First, war or big game hunting, involving injury by force, became habitual. Second, the means of subsistence must be sufficiently plentiful and easy to obtain to free the strong males from labor. The exploits in killing became worthy and honorable while the productive everyday work became dishonorable. Very early became crystallized the concept that "...any effort that does not involve the assertion of prowess comes to be unworthy of the man." Consider the modern implications in the following:

"Under the common-sense barbarian appreciation of worth or honour, the taking of life - the killing of formidable competitors, whether brute or human - is honourable in the highest degree. And this high office of slaughter, as an expression of the slayer's prepotence, casts a glamour of worth over every act of slaughter and over all the tools and accessories of the act. Arms are honourable, and the use of them, even in seeking the life of the meanest creatures of the fields, becomes a honorific employment. At the same time, employment in industry becomes correspondingly odious, and, in the common-sense apprehension, the handling of the

1 Veblen, T.B., Theory of the Leisure Class, p 14
tools and implements of industry falls beneath the dignity of able-bodied men. Labour becomes irksome.  

Although the above belongs properly to the psychogenic rather than to the economic treatment, it provides an anthropological basis for his theory of business conflict.

Veblen considers that the European or Japanese feudal society, "higher stages of the barbarian culture", embody the leisure class or mature predatory class at its best. Chief employment here is warfare, while secondary is the priestly service. Or if the particular community is not especially warlike, the priest will rank higher than the warrior. Besides nobles and priests are other non-industrial members in occupations such as government, warfare, religious observances, and sports. Compared to this feudal society is the modern business-ruled society where similar activities take place.

Business, matured in the contemporary corporation finance and the techniques of the holding company, is really the art of getting something for nothing, in Veblen's analysis. It is the culmination of the exploits of savagery in a capitalist, price-system control of modern technology. Note Veblen's comment hereon:

"The businessman who gains much at a little cost, who gets something for nothing, is rated, in his own as well as in his neighbor's esteem, as a public benefactor indispensable to the community's welfare, and as contributing to the common good in direct proportion to the amount which he has been able to draw out.

1 Veblen, T.B. Theory of the Leisure Class, p 18
of the aggregate product."¹

That this activity is directly opposed to productive work is shown by further remarks:

"Workmanship comes to be confused with salesmanship until tact, effrontery, and prevarication have come to serve as a standard of efficiency, and unearned gain is accepted as the measure of productiveness."²

Business at its worst, in relation to productive work and technology, appears to be a parasite working within its shell of the price system, and tending to limit production for its own class.

C Implications In This Basic Clash

In the evolution of this basic dualism there has come the contemporary conflict of industrial arts versus the price system. The inevitable advancing trend of technology since the Industrial Revolution is met by the business logic of the price system which has developed simultaneously with technology and in response to growing absentee ownership. This business rule of technology is bleakly opposed to natural technological efficiency, according to Veblen:

"It is this visibly growing failure of the present businesslike management to come up to the industrial necessities of the case; its unfitness to take anything like reasonable care of the needed correlation of industrial forces within the system; its continual working at cross purposes in the allocation of energy resources, materials and man power - it is this fact, that any businesslike management of necessity runs at cross purposes with the larger

¹ Veblen, T.B. Instinct of Workmanship, p 250
² Idem, p349
technical realities of the industrial system, that chiefly goes to persuade apprehensive persons that the regime of business enterprise is fast approaching the limit of tolerance. So it is held by many that this existing system of absentee ownership must presently break down and precipitate the abdication of the Vested Interests, under conviction of total imbecility.  

Such a picture is indeed discouraging, and yet it illuminates much of fundamental instability in capitalism.

According to this analysis of our conflict, most activity of a telic or meliorative nature seems worthless. Legislation to preserve the competitive economy or even the puerile injections of the Christian ethic into the social melee, referred to as the "leaven in the lump", appear worthless without a fundamental change of system. Society has evolved into a magnificent form of robbery which can't be stopped by the "one by one" morality. The industrious, with the immense proficiency of modern science, are producing a great mass of wealth and socially useful articles which are withheld from use by the predatory groups. From a material standpoint the situation is too serious to wait until the Holy Spirit may "change all hearts". The majority must have the basic necessities of life. The nature of the conflict is not so simple that it can be dissolved by an application of an individualistic morality to the situation. A change in control forces from captains of industry to engineers and councils, and a growth of absentee ownership to complete ownership of producers' goods, appears to be in the realm of the immoral.

1 Veblen, T.B., *Engineers and the Price System*, p 119
One can make a humorous application of Veblen's basic communal, "peaceable" society from which developed the hunters and fighters. Implating the picture of the primitive upon modern time, two possibilities are present: First, so many of the retainers, in the form of priests, salesmen, statesmen, and women, have accompanied the hunters in their exploits which have become largely a sport, that too few are left to till the land and shape basic needs from metals and wood. Or second, the hunters, finding home resources scarce, have tried to adapt their emulative, invidious manners to the management of home or tribal drudgery. With the present disappearance of the frontier and stagnation of world markets, this over-simplification sounds feasible. The predatory groups embodied in the privileged classes, along with hosts of retainers in the middle class, have determined to make a great show of the entire nation's supply of necessities along with a surplus of luxuries developed by modern science and technology. The workers quietly acquiesce, and worship the frills and promises in the great pantomime of 'hunting' activity carried on with the goods which they have produced. This again, is a rather meaningful reduction to an absurdity.

A serious and important objection is raised to Veblen's analysis at this point. Some say that the salesman, an extravert, with tact and poise, ability to plan and judge demand, is needed to make socially available the contributions of labor and engineering. But usually the salesman cannot plan deliberately for the total needs of the community or even meet honestly the needs of the individual buyer. The salesman is at most an agent exploiting a market for an individual production unit, unplanned in relation to either society's need for the article or the existence of other similar
plants. It appears that just as the boss or foreman has the odious duty of getting the largest quantity of work per hour-wage, the salesman is ardently devoted to obtaining for the same vested interests the most of that paid wage he can obtain for the least amount of valuable goods, or charge "what the traffic will bear". Thus, for the industrial plant, the salesman is efficient. For the system as a whole, the salesmen are parasites, duplicating each other's work, and exhausting the labor value of their product in inefficient distribution.

There is also in both the laborer and the engineer a degree of the predatory or business-like character. The workers "go about their work with more than half an eye to the pecuniary advantage of what they have in mind." The engineers themselves lack insight into the ultimate technological needs and possibilities of the industries which they control for the "corpocracy", and in their anxiety to please their financial masters strive for efficiency per plant, even to the point of extracting enmity from the laborers. Concerning the engineers who, with power, could control wisely:

"...the spirit of American business is a spirit of quietism, caution, compromise, collusion, and chicane...American engineers and technologists are as good and efficient as their kind in other countries; but they do not as a class accumulate wealth enough to entitle them to sit on the directive board of any self-respecting university, nor can they claim even a moderate rank as 'safe and sane' men of business".

1 Veblen, T.B., Instinct of Workmanship, p 346
2 Cf. Veblen, T.B., Higher Learning in America, p 206
3 Ibid, p 70
But this subservience to "powers that be" involves a rule by the leisure class which is largely psychogenic, and which involves many other factors treated later in this thesis.

On the part of business management have come two new steps. One is a rising industrial incompetence. Although Veblen is not explicit, evidently he means here that in the midst of plenty, many starve, and industry is choked or overburdened with its surplus-values. The other is this, that in the corporation is a standardization of routine not requiring the discretion or initiative of the "captains of industry". Management is shifting into the hands of a bureaucratic clerical staff wherein the corporation financier becomes a chief of bureau. The real decisions in the plant may be made by lieutenants recruited from the worker ranks while the "captains of industry" are absent in Florida, Europe, or elsewhere. Thus, by an evolutionary process, the industries are ready for a final step of worker-engineer control of capitalization, production, and distribution, if the yoke of leisure-class rule can be conveniently lifted.

To some, Veblen's division of American industrial life into technology versus high finance seems an oversimplification. Some would resolve it into the conflict of the selfishness and unselfishness in man. This individualistic approach is, however, inadequate. Some, also, want to go back to an early form of capitalism nearer the basic freedom of laissez-faire. Veblen's analysis, however, goes beyond these suggestions, to enable us to envision a society where the two conflicting groups are absent. Whereas Marxism would have workers become predatory, Veblen's analysis advises all to look into the basis of their separate activities.

1 Odum, Howard W., American Masters of Social Science, p 251
and find a ground for mediation in production for use.

2. The Nature of Capitalist Credit and Finance

a. The Price System Arises out of the Needs of Previous Centuries

The financial ladder by which the individual may climb to the leisure class, or this ruling pattern of "corpocracy", deserves treatment. Veblen outlines its origin, growth, and present techniques. On the surface the financial machine's operation is observed in the phenomena of "glutted markets, death of active competition, and so-called overproduction. A principle of sabotage governs distribution. 1 Price-making becomes merely charging "what the traffic will bear" based on the power to interrupt the free flow of materials from one part of the system to another. Thus, the leisure-class or financial hierarchy "lives by the community rather than in it. Its relations to industry are of a pecuniary rather than an industrial kind." 2

This financial control of industrial processes originated in the handicraft stage of the eighteenth century where property was closely related to productive work. Individualism, natural rights, and natural liberty associated with handicrafts and petty trades, plus belief in private ownership of all property, has carried on into modern business. With the rise of technology comes an impossible combination, the philosophy of petty trades applied to mass production. 3 The "natural" metaphysics of liberty, self-help, free competition, and individual initiative is out of place in modern machine-technology.

b. Social Production Versus Individual Accumulation

This basis for capitalist finance has unusual significance in indus-

1 Veblen, T.B., Engineers and The Price System, p 4
2 Veblen, T.B., Theory of The Leisure Class, p 246
3 Cf. Veblen, T.B. Instinct of Workmanship, p 341-342
trial relations of today. The worker is accepted at the employment department under principles of free competition, private initiative, etc. He is "bid" in as a person. Propaganda from all sources has induced him to be a "rugged" individual. He enters the plant dedicated to the principle of private ownership of all property, and to the principle of individual accumulation of wealth which his ancestors had in the eighteenth century. But on settling down to the production line he works cooperatively, socially, and smoothly. As it speeds up he continues to do so. By the piecework system he is immensely more creative than in the former petty trade and handicrafts stage. He participates in "social" production although he believes in "individualistic" accumulation of funds and wealth. Factory ownership is dedicated to individualistic accumulation to the extent that basic creative "social" production is dangerously subordinated. Although this picture is only a modification of "business versus industry", it is essential that this source of capitalist wealth be pointed out. The bubble or credit system built by capitalist finance seems to be based on this fundamental conflict of principle. It lives in the old shell of belief in private property and fastens like a parasite on creative social production. The analysis points in the direction of public ownership and control of producers' goods industries.

It appears also that the entire investment system in America is out of date. It would work well if the nineteenth century risks and frequent losses were involved. But this great and unwieldy superstructure of capitalist "predatory" finance is certainly not needed for the simple task of building large units of producing equipment, planning transportation systems, public utilities and distribution systems in a new "production for use" or "economy of plenty".
The American Finance Credit Bubble

According to Veblen's concept, the "parasite" of capitalist finance uses a certain technique to extract wealth from basic industrial productivity. A possible term for this is the credit bubble, whereby the live steam of industry's creative work escapes into the realm of useless leisure-class activity. The steps in this process are outlined by Veblen in a summary sketch of loan credit in modern business:

1. "...an extension of loan credit beyond that involved in the transference of productive goods from their owners to more competent users is unavoidable under the regime of competitive business."

2. "...such a use of credit does not add to the aggregate of industrially productive equipment nor increase its material output of product and therefore it does not add materially to the aggregate gross earnings obtained by the body of businessmen engaged in industry as counted in terms of material wealth or of permanent values;"

3. The system involves a diminishing of net profits "in that it requires them to pay interest, to creditors outside the industrial process proper, on funds which, taken as an aggregate, represent no productive goods and have no productive effect.

4. Capitalization, then, is on capacity to produce earnings, not on capacity to produce goods. "...there results an over-

1 Veblen, T.B. *The Use of Loan Credit in Modern Business* (1903), pp 13-14
rating of the aggregate capital engaged in industry compared
with the value of the industrial equipment at the starting-
point, by approximately the amount of the aggregate deposits
and loans on collateral."

(5) The previous process makes for continued extension of credit
and a continuous repetition of the same process. It takes on
the nature of a vicious circle.

(6) Then starts the decline."..commonly beginning at some point
where the extension of credit is exceptionally large in pro-
portion to the material substratum of productive goods, or
where the discrepancy between nominal capital and earning
capacity is exceptionally wide, the overrating is presently
recognized by the creditor and a settlement ensues;"

(7) The bubble bursts. "..on the consequent withdrawal of credit
a forced rerating of the aggregate capital follows, bringing
the nominal aggregate into approximate accord with the facts
of earning capacity;"

(8) Someone has to lose. "The shrinkage which takes place in
reducing the aggregate rating of business capital from the
basis of capital goods plus loans to the basis of capital goods
alone, takes place at the expense of debtors and nominal owners
of the industrial equipment, in so far as they are solvent."

(9) Someone has also gained. "..in the period of liquidation the
gain represented by the credit inflation goes to the creditors
and claimants of funds outside the industrial process proper,
except that whatever is cancelled in bad debts is written off."
The "milking" process is completed. "...apart from secondary effects, such as heightened efficiency of industry due to inflated values, changes of the rate of interest, insolvency, etc., the main final outcome is a redistribution of the ownership of property whereby the creditor class, including holders and claimants of funds, is benefited."

This latter point (10) seems especially applicable to the depression of 1930 wherein dividends and incomes for the leisure classes have continued with only partial depletion, and where a present rise in income tax return amounts is considered a mark of prosperity. Veblen's outline of the gyrations of capitalist finance, although appearing in 1903, seems to apply quite aptly to the "prosperity" wave of the twenties and the depression of the thirties. Like a steam-filled bubble in a seething caldron this process of capitalist finance continues.

Seen in this light, the yacht moving on Florida waters, the frequent trips to Europe by business men, the powder used in long-range guns or in leisure-class trap-shooting contests, or the hospitals, churches, and charitable institutions are obtained from basic industrial processes by this extractive, persuasive, "milking" process, ironically called "predatory" by Veblen. Under this light, the philanthropist who gives to society a mental hospital has really robbed from the bodies of the men who may be treated there, men whose bodies or minds have not been able to stand the rigorous slavery on the production line. The surplus-values going into the hospital's building and operation are not too much to ask of the worker. But the burden of the immense amount of leisure class and middle class luxuries and foibles which his energy has provided becomes unbearable. Not even by
voting has the essential working population expressed its will on these matters. It cannot, for it worships the same leisure-class baubles. The ideals of leisure, embodied as a living example in the "business" classes, and the hedonistic, leisure-class aspirations on the part of the worker, have ruled the industrial system.

A fitting conclusion to the treatment of the machinery of the finance "pump" which is attached to American industry seems to be Veblen's comment as follows:

"In the recent past, earnings have been large; these large earnings (free income) have been capitalized; their capitalized value has been added to the corporate capital and covered with securities bearing a fixed income charge; this income charge, representing free income, has thereby become a liability on the earnings of the corporation; this liability cannot be met if the concern's net aggregate earnings fall off in any degree; therefore prices must be kept up to such a figure as will bring the largest net aggregate return, and the only means of keeping up prices is a conscientious withdrawal of efficiency in these staple industries on which the community depends for a supply of the necessities of life."¹

Salesmen trying to cultivate new demands for useless articles, only try to spread the income of the worker into purchasing so-called necessities, that this ruinous overhead system of finance may operate.

¹ Veblen, T. B., The Engineers and the Price System, p. 42
prices by limiting the output".¹ That is, by keeping a scarcity of goods, the market does not become flooded, but must pay to get the product out of the plant through the hands of corporate management which extracts an unlimited and unquestioned profit. An objection to this is raised by the salesman who is apparently pushing the goods into new or difficult markets. But really, the price of his goods is so overburdened with surplus-value that the closed condition of the market is already dictated by the formidable of the price itself.

The other method frequently used is to "maintain profits by lowering the production cost of an increased output."² That is, granting that a sales force has been victorious in its campaign on the public pocketbook and an increased production volume results, the increased increment must not be passed beyond the coffers of corporate ownership into increased wages or employment. Only a minute elasticity in employment and wages is permitted. If anything, production cost must be lowered to make the profits more attractive and the security in private ownership of the means of production more nearly firm and unquestionable.

This control by corporations or vested interests has the rigid reinforcement of the banking system. Veblen states that the Federal Reserve system itself has aided in the crystallization of this power into "...a self-balanced whole, closed and unbreakable, self-insured against all risks and dangers."³ In this rigid control, however, Veblen sees the germ of self-destruction. Such financial centralization "converges to the definitive

¹ Veblen, T.B., Engineers and the Price System, p 42
² Ibid, p 42
³ Ibid, pp 50-51
stabilization of the country's business: but since it reduces financial traffic to a riskless routine it also converges to the conceivable obsolescence of corporation finance and eventually, perhaps, of the investment banker.\textsuperscript{1} Again comes the suggestion that simplification of the investment system makes it all the more nearly prepared for public ownership and control when the majority is willing.

In the price system the captains of industry are in a dilemma. They can't manage with a free hand using a comprehensive judgement, for in the past they have taken on so large an overhead burden of fixed charges that any appreciable decrease in the net earnings of the business will bring any well-managed concern of this class face to face with bankruptcy. They have, in short, realized that the rules of the hunt do not apply to the civilized tasks of agriculture, of household economy, and of the making of goods for use. But without leadership and with the habits learned in the stage of handicrafts and petty trades, they continue to attempt the control of modern technology.

With this treatment of conflict between business and industry and of the techniques of "corpocracy", only the economic aspects of Veblen's analysis have been set forth. Besides the whole problem of economic insecurity is the psychogenic feature of rule by "pseudocracy".

\section*{Rule by "Pseudocracy"}

Besides the materialistic basis in Veblen's analysis is the factor of the psychogenic as he sees it in American life. The disorganized state of mind, the frustrated hopes, the lack of independence of externals, the

\textsuperscript{1} Veblen, T.B., Engineers and The Price System, pp 50-51
hedonism, the lost energy and misplaced emphasis in the minds and lives of American people are strong ruling powers. Now that the privileged classes are enthroned, the masses have only a multiplicity of baubles, escapes, phobias, and unproductive, slavish activities with which to occupy themselves. These particular "gewgaws" have the following material aspects. Veblen outlines them as follows:

1. Unemployment of material resources, equipment and manpower, in whole or in part, deliberately or through ignorance;

2. Salesmanship...needless multiplication of merchants, shops - wholesale and retail, newspaper advertising and bill-boards, sales exhibits, sales agents, fancy packaged labels, adulteration, multiplicity of brands....

3. Production (along with sales cost) of superfluities and spurious goods;

4. Systematic dislocation (poor planning), cross-freights, monopolization of resources, withholding of facilities and information from business rivals.

Veblen devotes several pages to the heavy losses poured into advertising.

"...one half the price paid for goods and services by consumers is to be set down to the account of salesmanship..."2

Of course, recent decades have added a few more apparently inexpensive articles which fall within this area, such as a romantic, fatalistic, and hedonistic popular music available in almost every home by radio, the romantic movie to which any and all may escape, the speedy automobile which

2. Veblen, T.B., Engineers and the Price System
gives the poor man a false sense of power, or even the contraceptive which allows freedom, expression, and adjustment in sex relations, without turning to the bare facts of income shortage which renders the growth of a family impossible without increasing poverty. These and other modern activities become absorbers of the very incomes which the workers should increase by planning and pressure against ruling powers. The American citizen empties his pocketbook to gratify his hedonistic nature at the expense of basic necessities. Under an economy of scarcity the population has learned to "live on love", to exist on its inflated ego, to find a degree of happiness in frequent unsatisfactory adjustments, and to live in terms of its hopes rather than with economic reality and security.

1. Basic Psychogenic Factors in Rule By Pseudocracy

a. Desire for Distinction

Although it is impossible to do justice to The Theory of The Leisure Class by these brief comments, the following points do seem to embody its essence. The first is the basis of ownership is in the desire for distinction. Veblen writes as follows:

"The motive that lies at the root of ownership is emulation and the same motive of emulation continues active in the further development of the institution to which it has given rise and in the development of all those features of the social structure which this institution of ownership touches. The possession of wealth confers honour; it is an invidious distinction."¹

This is, of course, subsidiary to basic production for needs and comforts. In the basic primitive, communal society, the manufacture of articles

¹ Wagner, Donald C., Social Reformers, pp 696-697
for use was primary. But according to Veblen, the "hunting complex" supported by basic community production, involved desire for distinction. Ownership became inevitably associated with desire for distinction. Property in modern life is substituted for booty of the raid, or the trophy of predatory exploit, as the "conventional exponent of prepotence and success".¹

b **Conspicuous Consumption**

Next in sequence comes conspicuous consumption. Tragically and humorously enough, in proportion as he has "robbed", the "gentleman" must conspicuously consume in excess of his needs. Expensive wines, trinkets, apparel, architecture, weapons, games, dancers, and narcotics become a part of his publically displayed spending.² Other articles and activities include costly entertainments, differentiation of costumes, ranks and grades, use of footmen and courtsters both free and servile, evolution of women from position of slave to that of chief displayer of predatory wealth, and the installation of the priesthood to supplement the conspicuous position of the women. Even in the crowded American slums, one finds the poorest man investing in a fur coat for his half-starved wife. To just such an extreme has come the ideal of conspicuous consumption.

c **Reputable Waste**

The climax comes when this conspicuous spending becomes reputable or "the thing to do", and all classes attempt in some way to act as the gentlemen of leisure. The period of reputable waste has set in.³ Not waste in the sense of discarding or misusing, but waste of human energy and activity for

1 Wagner, Donald O., Social Reformers, p 698
2 Of. Veblen, T.B., Theory of The Leisure Class, pp 73-85
3 Idem., pp 96-98
purposes of display rather than in basic production of useful goods, or in a minimum of surplus-values expended in a form-function art, a dynamic spiritual life led by a minister with a simple chapel per community, wholesome recreation, and other relatively simple activities. A given article from production has within its price surplus-values dictated by this "law" of reputable waste. The whole process of capitalization, production, and distribution must run the gauntlet of reputable waste which is basically psychogenic, hedonistic, and existing in the savagery of human nature which has arisen to antidote the essential creativity or instinct of workmanship preceding the savage state.

Although this analysis is largely a repetition of "conflict of business and industry", this treatment stresses the psychogenic factors. The American citizen is ruled by his appetites and desires, his propensity toward emulation and display out of which grows the strength of economic rule by the vested interests. Each man is his own "vested interest". The implication is most humorous, indeed.
2. The Position of Women

Although the position of women in a predatory economy according to Veblen's analysis may appear to be overdrawn, the observations are nevertheless valuable in facing the contemporary social situation. Veblen points out that the source of ownership was inseparably tied up with the seizure of women. He observes as follows:1

"....the institution of ownership has begun with the ownership of persons, primarily women." The incentives to acquiring such property have been:

(a) "a propensity for dominance and coercion"

(b) The utility of these persons as evidence of the prowess of their owners.

(c) The utility of their services.

It is interesting to note how Veblen omits the factors of sex and religion in his stress of capture and ownership. He stresses throughout a principle of "economy of effort" embodied in this particular approach, that the useful labor of women and servants provides the basic energy used in the comparatively useless activities of the warring male.

In early times the chief wife, usually of "gentle" blood was exempted from work. More of the patriarch's wives and finally their maids were exempted. Eventually male servants were substituted for women. They were more powerful and more expensive than the women. They worked more effectively and displayed a greater waste of time and human energy. The ultimate result of this change was that2 "the retinue of hard-working handmaidens gave

1 Veblen, T.B., Theory of The Leisure Class, p 53
2 Ibid., p 57
place to the lady and the lackey." From the hunting period to modern predatory capitalism, women's position has evolved from that of the chattel slave to that of the sex-tied companion in leisure-class financial manipulation and chief displayer of a man's predatory ability. Veblen observes humorously:

"The homely reason for all this conspicuous leisure and attire on the part of women lies in the fact that they are servants to whom, in the differentiation of economic functions, has been delegated the office of putting in evidence their master's ability to pay." ¹

Even the size of the leisure-class family does not escape Veblen's searching observations. The increased expense required to maintain a child in terms of conspicuous consumption acts as a check on the birth rate. Those with the most wealth or even those with intense leisure-class aspirations and emulative desires must limit the number of their wealth-bearing offspring. Humorously and tragically, carried to its extreme, this observation points to sabotage in the creation of new human life itself.

A recent movement within "pseudocracy" has been that of emancipation of women. Veblen considers this a combination of "blind and incoherent efforts to rehabilitate the woman's pre-glacial standing."² "She is petted by her husband, the most devoted and hardworking husband in the world."³ Such a movement has only accompanied an intensified and crystalized individualism. The woman remains still subservient to higher powers.

An application of Veblenism to the average American family may be

1 Veblen, T.B., Theory of The Leisure Class, p 182
2 Ibid., p 356
3 Ibid., p 357
interesting. The husband competes for a higher and higher salary. The wife, doing as much of the drudgery in the home as she can stand physically, and buying with as rigid a savings as possible, consolidates the predatory gains of the husband for family interests. Some, when they enter the upper classes, delegate their work to maids, chauffeurs, and other modern slaves. Those losing in the strife, slide down into the proletariat group where both male and female are in the exploited ranks. If these can learn to cooperate there is a basis for a new type of classless society.

In America, then, women appear to be in a degraded position. Beauty and womanliness are prostituted to the cultural-economic pattern. They design their education, appearances, and actions to attract the wealthiest male. Granting the element of altruism in desire for security to offspring, selfishness and shortsightedness remains. By the very nature of her design and choice, she is inviting the male to be most ferocious and warlike or to serve more basely, bigger powers. Women have sold their endowment by offering sex attractiveness for individualistic security. Emancipation of women takes on a new purpose when it denotes a change in social organization wherein men and women, side by side, plan for a productive economy which has no leisure class. At present, however, woman plays a leading role in Rule by "Pseudocracy".
3. The Priestly Class in "Pseudocracy".

In a society where the provisions of surplus-value tend to be both chief occupations and rulers, the priestly class has a unique significance. Similar to the women, the priests are in the evolutionary pattern servants. "In economic theory, the priest is a body servant, constructively in attendance upon the person of the divinity whose livery he wears." Even the dress of the priest is womanly in keeping with his primary position of servitude along with the women.

In contemporary economy the priest represents vicarious leisure. Even the theological superstructure of saints and angels is in this light a magnification of vicarious leisure. The priest must neither do work nor meddle in the matters of everyday living. If he does interest himself in personal problems, they must be of a nature curable by therapeutic adjustment not involving a change of the environment or leisure-class economy. The priest or minister should not appear too healthy. "They are a servant class, although, being servants of a very exalted master, they rank high in the social scale by virtue of this borrowed light." Carrying this to the extreme, the inference is made that the priest stresses self-sacrifice and non-resistance as worthy of emulation so that the leisure class is rendered all the more powerful.

The never-working priestly group has technical significance. They must keep the leisure-class ideal constantly beyond the grasp of the laity, even to the extent of foregoing material gain or thinking of temporal matters.

1. Veblen, T.B., Theory of The Leisure Class, p 183
2. Cf. Ibid., p 317
3. Cf. Ibid., pp 315-316
4. Ibid., p 312
The minister becomes a sort of "totem" of loafing, freeing the worker temporarily from labor. The laymen receive a Sunday filled with a "hope" for leisure which is supposed to last throughout the week, permitting each to work well opiated, thereby serving the leisure classes, whose positions each layman desires sometime to fill. In short, an unintelligent priesthood is an opiate.

Veblen's observation, though severe, seems just. A sterile priestly message needs the antidote of a virile, dynamic social prophecy and challenge, dedicated to the elimination of the leisure-class form of society. Veblen's type of priesthood, piping an escape theology or bringing mere personal adjustment and inspiration in spite of things as they are, does seem to be the enemy of a classless society which is the ultimate Christian ideal. It appears incumbent upon the preacher to avoid perpetuating the evils of a leisure class system by helping the "Christian" to turn "Cooperator" or communist in the best sense of the word, and the Communist or even the pro-capitalist to be Christian. A docile, slaving priest is the worst enemy of the common people whom he desires in his ignorance to serve. If he merely inspires all men to a type of life of vicarious leisure to which they rise momentarily and imaginatively out of the agony of their labors, his religion has been indeed a mere opiate.

The unique ideal in the ministry, derived from Veblen's criticism, is this, that it shall be devoted to helping the individual antidote hedonism and selfishness in his own life by finding a unique God-control of will and emotions. Then by living stably according to Christian morality, he can counteract this entire "rule by pseudocracy". Along with this personal ministry goes a social message dedicated to the removal of "rule by cor-
pocracy" and to the establishment of the Veblen creative society or Marxian classless society.

4. **Veblen's Treatment of Christian Ethics**

Veblen makes normative in Christianity non-resistance and brotherly love, considering them "intrinsic to the Christian spirit" and "competent marks of identification". He writes:

"With the exclusion or final obsolescence of either of these, the cult would no longer be Christian in the current acceptation of the term; though much else, chiefly not of an ethical character, would have to be added to make up a possibly complete characterization of the Christian system, as, e.g., monotheism, sin and atonement, eschatological retribution, and the like. But the two principles named bear immediately on the morals of Christianity; they are indeed the spiritual capital with which the Christian movement started out, and they are still the characteristics by force of which it survives."^1

Non-resistance he considers original in Christianity, although he suggests that the frame of mind resulting from Roman tyranny brought it forth. "The pride of caste and all the principle of differential dignity and honor fell away, and left mankind naked and unashamed and free to follow the promptings of hereditary savage human nature which make for fellowship and Christian charity."^2 Note how this parallels in ethics the ideal of "instinct of workmanship" which seems to underly the inevitability of economic progress.

1. Ardzrooni, Leon, *Essays on Our Changing Order*, p 204
2. Ibid., p 206
in both Marxian and Veblen theories.

He observes that "it was the subject populace rather than the master classes that took kindly to the doctrine of non-resistance," and that in Scandinavian and British countries, where there is greater freedom, this principle is not firm-rooted. Of contemporary life he comments: The morality of the upper class is in a less degree the morality of noncoercive control and kindly tutelage, which are in no degree distinctive traits of Christianity as contrasted with the other great religious systems. It is observed that without the necessary conditions of extreme suffering and exploitation, the unique ethic of non-resistance does not come into full play. At present, until such a time comes, the unique Christian ethic of non-resistance goes undeveloped. Veblen's thesis seems to have a deeper anthropological basis than the Marxian production of hatred by suppression. Marxian class unification against higher powers, however, as a cooperation without hatred, does appear to be a unique form of social non-resistance applied to modern technology. The solidity of consumers' cooperatives and company and trade unions is of the nature of non-resistance in the socio-economic field compared to an individual morality in the field of conduct.

Concerning business ethics in the handicrafts and petty trades period, Veblen observes that Christian brotherhood parallels the principle of natural rights there involved. But with the development of technology and since business has taken on the character of an impersonal, dispassionate, not to say graceless, investment for profit...the natural right of pecuniary discretion...is out of touch with the impulsive bias of brotherly love."

1. Ardzrooni, Leon, Essays on our Changing Order, p 206
3. Veblen, T.B., "Christian Morals and The Competitive System"
Veblen is, on the whole, pessimistic about Christian morality embodied in the ideals of "Christendom". Fairplay he considers to be nearest to the Golden Rule that a pecuniary civilization can approach. Submission to irresponsible authority fitted easier in a medieval culture, while mutual succor or brotherly love seems to fit somewhat in the modern pecuniary system. Brotherly love he considers best represented now by a thrifty charity or a negative principle of fair play. He considers "humility, renunciation, abnegation, or non-resistance" out of the moral scheme of Christendom because barehanded despotism and servile helplessness are not immediately present. Man fares better without using Christian principles in a capitalist system. Veblen states:

"Freedom from scruple, from sympathy, honesty and regard for life may within fairly wide limits be said to further the success of the individual in the predatory culture.... The individual fares better under the regime of competition in proportion as he has less of these gifts."

Veblen, although his stern realism sounds rather discouraging, does predict the gradual victory of Christian brotherhood over the pecuniary morals of competitive business.

Beyond Veblen's sociological treatment of Christian ethics and the competitive system it seems that there must come a unique application of non-resistance and love to modern technology. Kagawa of Japan has attempted this. America awaits an application eclipsing Marxism and Veblenism to meet the radical needs of a machine age. Veblen's examination

2. Ibid., p 218
3. Veblen, T.B., Theory of The Leisure Class, p 223
has only revealed the subordination of Christian ethics to leisure-class ideals. There is needed a new synthesis. Meanwhile Christian morality remains subservient to "pseudocracy".

5. **Education In a Leisure-Class Society**

It is difficult to discover the essence of Veblen's views on education. *The Higher Learning in America* appears to be colored by his disagreeable experiences with the various universities and is notably verbose and indirect in its style. Exactly how far he wants the utilitarian ideal to permeate the educational system is hard to estimate. Unfortunately, he appears to have negated the spiritual and cultural advantages in a liberal-arts education. Nevertheless, he considers the small denominational college ideal. His thesis seems to be that higher learning or graduate-school work is of two types, the utilitarian and the non-utilitarian. In the graduate school he favors the strictly utilitarian as against the quasi-utilitarian research in such topics as history of jurisprudence, comparative psychology, methods of splitting an atom, construction of snowflakes, habits of worms, and the like. Although it is impossible to infer from Veblen's works an ideal educational system, his epigrammatic analysis does make a contribution to contemporary problems in education.

Chief leisure-class imitators, says Veblen, are the priestly class and the scholars. Of the latter he writes that "there is no class in the community that spends a larger proportion of its substance in conspicuous waste than these."¹ Learning is largely a "by-product of the priestly vicarious leisure class."² Academic gowns, pins, and awards compare

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¹ Veblen, T.B., *Theory of The Leisure Class*, p 114
² Ibid., p 367
favorably with the priestly garb or the lackey's brass buttons. Those in academic circles, humorously and innocently, decorate themselves for a unique mental ability enabling them to serve their financial masters completely, in that they nobly represent vicarious leisure and reputable waste.

The special stock and trade in higher education is esoteric knowledge. That is, the knowledge is useless so far as aiding the normal processes of life is concerned. Observe Veblen's comments:

"...the volume of work done is large and of substantial value, but it runs chiefly on compilation of details and on the scrutiny and interpretation of these details with a view to their conformity with the approved generalizations of the day before yesterday, - generalizations that had time to grow into aphoristic commonplaces at a date before the passing generation of businessmen attained their majority."¹

He makes a damaging criticism of institutions, calling them "products of a past process, adapted to past circumstances, and never in full accord with the requirements of the present. Applying this to the educational system under capitalism he observes:

"They have taken an attitude of depreciation toward all innovations. As a general rule a new point of view or a new formulation has been counterbalanced and taken up within the schools only after these new things have made their way outside of the schools."²

1. Veblen, T.B., The Higher Learning in America, p 189
2. Veblen, T.B., Theory of The Leisure Class, p 380
Although his accusations are severe, they are, even in the contemporary university system, quite applicable. It is easy to observe the presence of quantity in curriculum, and of the impractical and esoteric in course content. The professors by habit of mind tend to remain out of touch with the practical affairs of life. In addition, the powers that control dictate their fidelity to the status quo. Both by cramming the student mind with the esoteric details of the course, so as to keep him from thinking about the socio-economic aspects of all problems, and by making all those details contribute to accepted principles in each course, does the professor transmit this "control by corpocracy" through himself to his student.

Veblen seems to be saying that higher learning is a leisure-class projection into culture, enabling those who have the leisure to find scholarly ways of employing it or to teach those below the leisure class not to be happy without some of the cultural desserts and "rare bits" of the leisure-class higher learning. The leisure-class yearnings cause the individual to bear much exploitation that he may "feast with the gods" in the realms of literature, culture, sports, and emulative activity in general. If he is unusually brilliant, a student may imitate his master and devote his life to professional vicarious leisure. Such is the logical implication of Veblen's teaching. The realm of education, similar to that of the church, becomes in its worst aspects a mere embodiment of leisure.

Although Veblen's comments on university executives may be shaded by his own unfortunate experiences on various faculties, they are nevertheless true to his form and quite interesting. He notes that there has been a change from executive control by priest or minister to control by the captains of industry.1

1. Cf. Veblen, T.B., Theory of The Leisure Class
Whether the clergy did not prove powerful enough to divert community wealth into endowments and salaries for its academic flock or whether this same clergy tended to lead the seminaries of higher learning too scientifically and socially instead of esoterically, Veblen does not state precisely.

Rather humorously he describes the work of a "captain of erudition", a running companion to the "captain of industry":

"Within the last few years one of the more illustrious and fluent of the "captains of erudition" hit upon the expedient of having a trusted locum tenens appointed to take over the functions of the home office for a term of years, while the captain himself "takes the road" - on an appreciably augmented salary - to speak his mind eloquently on many topics...or occasionally to deliver a "homily on one of the staple Christian virtues."

The inference from Veblen's comments seems to be this, that academic institutions have ridden along on the froth above an advancing tide of capitalism. Naturally the docile, well meaning ministers and middle-class professional men were trustees. Now that capitalism's financial supply tide lowers, the parasitic academic groups seek protection among soft-hearted members of the leisure class, embodied in the captains of industry, largely reactionary, or trustee groups. Although this may be severe, something of this nature has occurred. Somehow he seems to be saying that American higher education is a huge, precarious, rotted framework needing collapse or reorganization. As university officials now beg industrialists for millions in endowments, it occurs that more than money from the industrial processes, the schools need a frank invitation for some of the professors

1. Veblen, T.B., Higher Learning in America, p 256
and students to come and work in the factories. Veblen's analysis seems to warrant at least a partial removal of economic surplus-values represented in higher learning.

The essence of the problem as phrased by Veblen lies in "the incursion of business principles into the affairs of learning." Just as the industrial processes are governed by a pecuniary business and finance system, education, supposedly scientific, is governed by the business or predatory element. In *Higher Learning in America*, Veblen summarizes the inner trend in education.

1. There is a "businesslike administration of the scholastic regime," or rather a bureaucratic organization and system of scholastic accountancy, necessary for the "adequate control of immature and reluctant students......coercive control and standardization of tasks has unavoidably given the schools something of the character of a penal settlement."

2. The system has become highly impersonal, under a "pattern of shrewd management similar to that whereby a large concern makes money......to produce on a piece-rate plan, rated, bought and sold by standard units, measured, counted and reduced to stable equivalence by impersonal, mechanical tests."

3. Faculty members become bearers of the banners and baubles of leisure. "Further qualifications requisite in the members of the academic staff will be such as make for vendibility, volubility, tactful effrontery, conspicuous conformity to the popular taste in all matters of opinion, usage and conventions."

4. Executives have become procurers of funds in a sort of "competitive

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salesmanship among the universities", attempting to capitalize on notoriety, prestige, and outward appearances. Although here again his description is largely caricature, it points to what the universities tend to become under the present regime.

The net result of this trend is not exactly pleasing according to Veblen:

"At the same time, such increased enrollment as comes of this competitive salesmanship among the universities is made up almost wholly of wasters, accessions from the genteel and sporting classes, who seek the university as a means of respectability and dissipation, and who serve the advancement of higher learning only as fire, flood and pestilence serve the needs of the husbandman."

The body of students bring a barbarian temperament expressed through sports, clannish fraternities, and endless activities which are models of a leisure-class culture. Members of all economic classes may, once enrolled, revel in this comfortable by-product of predatory wealth, missing the essentially social and scientific purposes for which the institution should stand.

The worthwhile ideals of higher learning Veblen does not outline as clearly as he arrays for our inspection the evils of a business-rulled school system. As in the conflict of management in industrial processes, he sees in education the issue of the claims of science and scholarship versus those of business principles and pecuniary gain. With his socio-economic ideal of improving the industrial processes of the community, Veblen would eliminate the esoteric or impractical as embodied in the classical lore or in the

1. Veblen, T.B., Higher Learning in America
2. Of., Veblen, T.B., Theory of The Leisure Class, p 382
humanities. He observes that the schools of commerce train salesmen, brokers, etc. to become not community-minded but mere parasites on the business side of American economy. Nor do the technologists learn the social implications and ultimate possibilities of their equipment. "The technologist appreciates what is mechanically serviceable; the professional man, as for instance, the lawyer, appreciates what promises pecuniary gain; and the two unite with the business man at large in repudiating whatever does not look directly to such a utilitarian outcome."¹

In any given field the subject matter needs to be definitely applied to human problems and especially the industrial processes from which useful articles are obtained. The way we make our living from industrial processes seems to be the essential basis for all human problems. Real education in terms of science and scholarship is separate from the advertising and notoriety-getting in which the university executives must participate. Once the "big-business" machine is appealed to, there is involved a subtle leisure-class rule. Honest, objective research in the social field, involving acute socio-economic problems brings accusations of American capitalist culture which oppose the very basic leisure-class economy. Higher learning for the good of mankind tends to become sterilized by the nature of its own administrative machinery.

Veblen paints a black future for educational institutions:²

"Meantime, that which is eating the heart out of the American seminaries of higher learning should in due course also work out the like sterilizations in the universities of Europe, as fast as and as far as these other countries also come fully into line with the same pecuniary ideals that are making the outcome in

1. Veblen, T.B., Higher Learning in America, p 30
2. Ibid., pp 274-275
He makes two recommendations. One is that there be established an international university, "...a freely endowed central establishment where teachers and students of all nationalities, including Americans with the rest, may pursue their chosen work as guests of the American academic community at large." The other is more radical, namely, that the presidents and governing boards of our universities be abolished. They are responsible for the tie to vested interests. Their work is really done by a clerical force within the university. He advises direct, democratic control by the faculties. His arguments are as follows:

"Anything short of this heroic remedy is bound to fail, because the evils sought to be remedied are inherent in these organs and intrinsic to their functioning...On the dissolution of the trust, the underlying academic units would return to that ancient footing of small scale parcelment and personal communion between teacher and student that once made the American college, with all its handicap of poverty, chauvinism and denominational bias, one of the most effective agencies of scholarship in Christendom."  

Faculty members, he advises, should manage their own university affairs, determine educational policies, unhampered by the "trust-like coalition in which they are now held."

There seems to be more truth than fiction in his criticism of American education. A power much stronger than the simple, creative ideal

1. Veblen, T.B., Higher Learning In America, p 54
2. Ibid., p 276
3. Ibid., p 281
of education or 

denoting a leading out of creative intelligence through knowledge, seems to rule. The technique of the corporation, the mood of an invidious culture, and the habit of reputable waste, govern the student, the professor, and the educational system.
6. War and Peace

For Veblen, war is but the outgrowth of warlike conditions in peacetime, or, peace is but an intermission of preparation for war. Causes of war arise out of the competitive nature of peace. The call to war by the national authorities subservient to the leisure classes is only a transition from the warlike state of the public mind into active participation. Pressure for war before this decision comes has been made by the leisure class through press, pulpit, classroom, and promises of prosperity in general. The position of the government, he remarks, has the following historic basis: "By lineal descent the governmental establishment and the powers with which they are vested, in all the Christian nations, are derived from the feudal establishments of the Middle Ages; which, in turn, are of a predatory origin and of an irresponsible character." Of attempted contrasts between democracy and monarchy Veblen says that the "contrast so indicated is a contrast of divergent variants, rather than of opposites."

Certain appeals are made to stir the population into "warlike adventure". One is the protection of the nation's material interests, real or fanciful. Another is the appeal to vindicate national honor. The third he lists as the "advancement and perpetuation of the nation's culture" or "its habitual scheme of use and wont". The latter point is really a part of the first appeal with emphasis on the point "fanciful". Threatened national trade or possible increase in territory is construed to be of great concern in the worker's standard of living. Receiving neither in

1. Mitchell, W.C., What Veblen Taught, p 481
2. Ibid., p 496
peace nor in war his dues in high, real wages, the common man is induced to carry on the war to preserve the "scheme of use and want" which cares for his family so meagerly in peacetime. War may become also an escape from depression. To paint over the economic bare spot of depression comes the coat of war profits or promised higher wages due to war boom. The eye or imagination is pleased, at the expense of the well-filled stomach and practical necessities which might conceivably accompany a rise in real wages.

Concerning the World War and the worker, he says that "the common man has come into the case only as raw material of business traffic." ¹ "The common man has won the war and lost his livelihood." He refers to the workers as the people "who have come through the war and have made the world safe for the business of the vested interests." ²

Veblen considers patriotism but a "rosy haze of national aspirations."³ The implication is that the guise of patriotism assists a limited number of persons in their predatory act of profiteering throughout industry. It behooves the common man to plan for what authorities consider to be the next war. His plan may be in the nature of an organization for control of industry with the ideal of economic internationalism and world peace. Leisure-class industrial control thrives under nationalism and its phobias. Patriotism seems to merely aggravate the nature of our economic chaos and permits business to continue its ravenous activities.

The mechanics of a price system with sole goal of profits is well illustrated by the functioning of the American business machine after the

2. Veblen, T.B., The Engineers and The Price System, p 12
World War. A profit-crazed business was unable to function smoothly in immediate post-war years, where there was wide need for food, clothing, shelter and fuel. Layoffs and increasing unemployment accompanied demobilization of troops. Positions in industries designed to supply human needs, industries for which the workers had risked their lives, were not available. Veblen relates:

"But for reasons of business expedience it is impossible to let these idle plants and idle workmen go to work - that is to say for reasons of insufficient profit to the business men interested, or in other words, for the reasons of insufficient income to the vested interests which control the staple industries and so regulate the output of products." The ruling powers consider it "doubtful whether an increased production, such as to employ more workmen and supply the goods needed by the community would result in an increased net aggregate income for the vested interests which control these industries. A reasonable profit always means, in effect, the largest obtainable profit."2

In the stress of immediate post-war years, the capitalist finance system was unable to care for the very men who had fought or worked to preserve it.

A power stronger than government appears to be ruling the industrial processes during both war and peace. War is only a disturbance whereby business takes a new and firmer grip on industry. The rule and conflict is a precarious one. It is dangerous to the leisure class who may be thrown out of the saddle of power. It is dangerous to the masses who find it more

2. Ibid., p 12
and more difficult to buy the necessities of life. This unique government by business classes has on one side the problem of sabotage and curtailment of production, and on the other, danger of popular disturbance when the whole system becomes unbearable. Such is the nature of the conflict of peace, differing only in degree and intensity from that of war.

In the post-war years he predicted for America a precarious and uncertain future. Concerning the sale of machine guns to corporations reported in the papers at that time he comments, "Business enterprise being the palladium of the Republic, it is right to take any necessary measures for its safeguarding. Price is the essence of the case, whereas livelihood is not." The same system of profits which carried industry through the war has grossly mismanaged the same industries in the following ten years to the extent that the chaotic situation predicted by Veblen has arrived. Even national attempts to preserve the price, credit, and profit systems have had questionable and, to many, objectionable results. The chronic chaos of peace awaits only a feverish outbreak into war.

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PART III

A Constructive Elements in Veblen's Teachings

1. Economic Control by Engineers Empowered by Workers

Similar to the proposal of Technocracy is Veblen's ideal of control of investment, production, and distribution by engineers. Although no attempt will be made to compare the ideas in Veblen's *The Engineers and The Price System* with those of the technocrats, it is significant that Technocracy followed the pioneer work in philosophy, economics, and sociology of Veblen, Dewey, and others. Veblen comments on the ability of the engineers to manage efficiently where present business methods have brought only depression:

"The mechanical processes here engaged (in modern technology) are calculable, measurable, and contain no mysterious element of providential ambiguity. In proportion as they work to the best effect, they are capable of theoretical statement, not merely approachable by rule of thumb. The designing engineer takes his measures on the basis of ascertained quantitative fact....He will be proficient in his craft in much the same degree in which he is master of the matter-of-fact logic involved in mechanical processes of pressure, velocity, displacement and the like."  

To the technicians Veblen's suggestion is a challenge. It may be that they will have to turn from higher powers, affiliate with the masses of the workers, and hold themselves responsible for the social distribution of their products, for the elimination of unemployment, and for national

1. See bibliography for list of books on Technocracy
industrial planning instead of the present dangerous inner-plant efficiency at the expense and disregard of all other industry. The mind of the engineer may be used in the area of social management to displace the present anti-social planning of industry.

Veblenism contains also a revolutionary concept not present in Technocracy. He advises the working population to understand the possibilities in engineer control, and the eternal conflicts arising out of the present mismanagement of industry by business. Differing from Marxian proletarian dictatorship where the workers for self-interest seize power and learn to control, Veblen asserts that the workers could not become immediately skilled or intelligent enough to manage the gigantic American technology. Even in the political field, they are too easily deceived by the ruling classes. Veblen’s unique synthesis is the ideal of the worker-empowered soviet of technicians, "...a general strike of the technicians and the formation of a technical soviet, which with the aid of an economic directorate would carry on the productive processes of the nation after the seizure of power."\(^1\) With an inevitable radicalization of the workers and a growing feeling of social responsibility on the part of the engineers, the possibility of this new type of industrial control looms on the horizon.

2. **The Analysis Itself is Constructive**

Beyond the above suggestion, Veblen’s contribution seems to lie mainly within the realism and brilliance of his analysis. Max Lerner has outlined the prophetic message of Veblen as follows:

1. **The machine process is a reality, dictating a new pattern of economic organization.** "We are living in an economy of potential

\(^1\) Lerner, Max, "What is Usable in Veblen?", New Republic, 83 (1935): p 9
plenty."

2. He has pointed out a factor heretofore largely forgotten, that there is an antithesis between industry and business, or between needs and money values. "Recovery and extension of industrial efficiency must wait upon the rebuilding of the pecuniary structure."

3. The essence of business enterprise is wrong in that it restricts production to maximize profits. The original sabotage is on the part of business.

4. Legal and political institutions and ideals are molded to maintain the rights of vested interests. There comes into usage the "legal right to get something for nothing."

5. We are ruled by idea patterns which "however worn and archaic, still move men to action or inaction". In contemporary life is a "middle-class inertia in the widespread economic collapse...the source of strength on which the industrialists who propel fascist movements rely."

6. He predicts the bankruptcy of the leisure-class values and of a culture dominated by them.

It seems fitting to add to Mr. Lerner's outline an appreciation of Veblen's contribution in The Theory of The Leisure Class to an understanding of the individual as he is caught in the decadent American system. To say that the individual is too selfish or hedonistic is one thing. To show how he lives in response to leisure-class values is another. Until the individual develops control enough to resist the surplus-values represented in these

"false gods" he will continue to slave to provide them. The very worker who needs a scaling down of surplus-values to lighten his burden, is most engrossed in hedonistically enjoying those leisure-class or wasteful surplus-values. Veblen has been constructive by way of diagnosis, showing the American people the dilemma in which they are caught.

**B The Future of America**

The most that can be outlined by way of prediction is from converging evidence. Veblen has brought a unique concept of waste in *The Theory of The Leisure Class* and the ideal of a soviet of technicians in *Engineers* and *The Price System*. He suggested that the workers need to be enlightened on the nature of the capitalist system, and on how to eliminate it. His entire works are a challenge to a popular understanding of the business set-up with the ideal of managing more wisely the economic system. An economy filled with reputable waste will certainly topple if fundamental inconsistencies are not removed.

1. **The Elimination of Surplus-Value Activities**

Within the field of economic surplus-values reputable waste is indeed a powerful enemy. The goal of being well-clothed while half-starved is absurd. The great block of income going to such items as cosmetics, government, activities of the leisure class, expensive entertainment and recreation, or to huge war costs, represents natural resources and human energy in non-productive surplus-value areas. These things have become an economic burden on industrial processes. Wrong has been our individualistic climb toward positions with the leisure class or their fellow-spenders of surplus-value, the ministers, lawyers, statesmen, teachers, missionaries, artists, and soldiers. The economic burden of too many of these seems to
throw the system out of balance. This ideal of course, is based on the debatable labor theory of value and surplus-value theory, paralleling Veblen's concept of energy economy. Energy once harnessed may be used for display, preaching, propaganda, governing, travel, amusement, etc. But in these areas the action does not shape or distribute an article for human use or consumption. How long we can continue with millions in non-productive activity is unknown. Possibly, with dictatorship, those producing food and useful articles for the remainder of the population and providing labor value supporting extensive armaments and government, may be induced to struggle on indefinitely.

It is as if we had a great field in which a man plows. He owns neither the land nor the plow. He works diligently for long hours. But countless numbers of professional people and beggars stand or sit on the fence around this field rendering him service. A great singer greets his ears with lyrics and operatic selections. A preacher tells him of Christ, who was also a worker, a carpenter. A doctor mends a bruise on his foot. A beggar inflates his ego by asking for alms. An artist bids him stop to examine a beautiful landscape. The son of this plowman, seeing that his father gets so little for his labor and wanting to escape the drudgery of farm work is training to become a lawyer. He too will find a place on the fence and give his father certain supposedly needed legal advice. An undertaker with a high silk hat also announces his services to the weary plowman. A brewer offers a cheap tonic which helps the plodding fellow to forget the reality of his situation and go his rounds in ignominy. With the advent of the radio, such a picture is all too true.

It appears that a few more plows and several tractors manufactured by
the skill and labor of these others, and some additional field helpers from their ranks, are needed. Then they may all sing at their work, take time out at noon to discuss and shape their own laws, meet in the evening to share their own religious experiences, and on vacations paint their own pictures. The same applies to the factory workers.

The problem behind youth's search for employment is in part based on the scarcity of jobs and in part on the desire to escape from the drudgery and disgrace involved in useful labor in factory and field. The system, overburdened as it is by secondary and primary leisure-class values and non-productive action must extract from basic producers or laborers increasing wage-hour results. To use these young men in a military reserve supported by the economic surplus values, only aggravates the situation. The ultimate ideal should be the employment of all once again in creative labor.

The exact amount of surplus-values to be eliminated is debatable. To what extent a hedonistic people can eliminate conspicuous consumption and reputable waste is not known. Certain minimum activities such as economic government by worker or engineer councils, or simple, inexpensive religious meetings, or community planning for recreation, housing, sanitation, employment, etc. will doubtless be necessary. Armaments, extensive brewing and liquor manufacturing, gaudy sales displays, duplicated sales activity, and luxurious religious services are among the many items which will have to be scaled down. Certain institutions such as secondary schools, high schools, colleges, hospitals, and libraries certainly deserve an immediate increase in their share of income from basic production.

A few oppose strenuously this scaling down, for they believe that some, by their very nature, should preach, teach, or manage, while others
should always remain brutish, unintelligent common laborers. But this ideal is certainly not Christian or even evolutionary. The ultimate ideal of personality points in the direction of the balanced man who works and is at the same time his own priest, who balances his time between creative work and spare-time activity in music, writing, government, or art. As the present dualism of workers and professional "inspirers" reaches a point of stagnation and chaos, a new radical readjustment is necessary. Veblen's ideal of the collapse of a false and useless leisure-class culture is certainly worthwhile for the future of America.

2. Techniques For Building A Planned Economy

With the trend in the thirties toward a false prosperity there comes on the horizon the storm cloud of a future worse depression. Beyond this or to forestall it may come a new war between nations. With this international conflict may come an internal class clash in the nature of an American general strike. The latter needs guidance if it would bring the ultimate result of a planned economy, production for use, and an economic government to replace the antiquated political one. Usable techniques for bringing in this new era include the following:

a. The present trend toward the nature of a socio-economic government in Departments of Labor and of Agriculture certainly deserves encouragement. A nucleus for federal economic planning seems to be embodied in these departments.

b. The evolutionary growth of Consumers' Cooperatives seems to point toward the final goal. The principles of the Rochdale cooperative both undermine the principles and basis of capitalism and at the same time teach the population a new lesson in homogeneous cooperative activity. A national Consumers' Cooperative system may advance into the field of
production, or it may provide the distribution system whereby the worker-empowered, engineer-controlled industrial system disposes of its product.

C. The recent, advancing organization by the Committee on Industrial Organization also provides a nucleus for worker solidarity which will be complete when the engineers identify themselves with the workers. This new development may have value as an educational agency to spread working-class philosophy and as a political agency to develop democratic control.

D. A shortage of incomes in the surplus value groups such as teachers, ministers, artists, etc. tends to create a surge toward adjustment. There comes a time when margins in a leisure-class economy are not available, bringing the non-worker into a difficult position.1 This group, it is hoped, will prove intelligent enough to see through the present "pseudocracy" and Marxian enough to plan with the workers for elimination of "corpocracy" in an effort to establish economic democracy.

The ultimate ideal in the converging of these and other techniques is the cooperative commonwealth. A revolutionary change without bloodshed may conceivably carry an intelligent American nation beyond mere national socialism or even beyond social ownership of producers' goods to a portion of the communistic ideal of a free flow of useful goods in an intelligent planned economy. The advent of Christian communism is certainly to be desired. Veblen before he died (preceding the stock-market crash of 1929) admitted that he saw no other way out than communism.2 Man must learn once again to produce and distribute efficiently for human use, material necessities. In planning his entire industry objectively, man may again be free for creative spiritual living.

1. Veblen, T.B., Theory of The Leisure Class, p 362
3. Veblen's Judgement

Returning to the solid ground of reality, Veblen brings a warning when he says: "In the last analysis the nation remains a predatory organism, in practical effect an association of persons moved by a community interest in getting something for nothing by force and fraud."¹ "The outlook should accordingly be that the businesslike control of the industrial system in detail should presently reach, if it has not already reached, and should speedily pass beyond that critical point of chronic derangement in the aggregate beyond which a continued pursuit of the same strategy on the same business-like principles will result in a progressively widening margin of deficiency in the aggregate material output and a progressive shrinkage of the available means of life."² To free its citizens from current "shrinkage of the available means of life" becomes the unique task in the future of America.

C A Criticism of Veblen

Unfortunately, many are discouraged in reading Veblen's works by the intricacies of his style. That he has written in a smoother, more easily readable style is shown by his Use of Loan Credit in Modern Business or by his translation of Cohn's System der Finanzwissenschaft. Although it is granted that when Veblen shapes into unique caricature scenes in American life he succeeds well, that same style applied to higher learning or to the position of women or the priesthood hardly enables the reader to separate the grain from the chaff. When the reader attempts to interpret "Preconceptions of Economics" he is at a loss to know what Veblen discards and

1. Veblen, T.E., Absentee Ownership, p 442
2. Ibid., p 445
what he extracts from his predecessors. Veblen has not enhanced the value of his own theories by claiming their independence from others.

He may, of course, be clothing the desirable but unaccepted idea under the protection of his own style that it may remain there protected but unavailable like a jewel behind a glass. His "Bolshevism is a Menace - to Whom?" appears to be an example of this technique. The stern logic of his analysis indicates that majority-rule in an economic democracy of soviets or worker councils does endanger the position of the vested interests and, in fact, eliminates the need for a leisure class entirely. Veblen is strategist enough to condemn Bolshevism because of its threat to overthrow a leisure-class economy. Subtly enough, Veblen himself has already pronounced judgement upon that same leisure-class culture. The average citizen, however, is barred from Veblen's books by their strange sentence structure and vocabulary. Veblen's ideas, implicit in his style, need interpretation in the language of American conversation.

The use of understatement, caricature, and irony, while it achieves its purpose in surveying contemporary life, does not do justice to a historic analysis. Although he has doubtless thought it through completely and logically, Veblen's unique synthesis of anthropology and psychology with economics is presented in such a slip-shod manner that rearranging and understanding it is a problem. Some steps in his logic are absent. His synthesis is more of a flash to conclusions out of the very brilliance of his own intelligence. Although his unique phraseology and revelation of the ludicrous in American life bring Veblen a place in the history of American literature, his thinking in anthropology and psychology remains to be fathomed and interpreted, from a scientific rather than a popular
literary approach. Someone in the future may write an appreciation of Veblen, the psychologist of socio-economics. To do this will require a patient examination of hypotheses and evidences reflected in the conclusions stated by Veblen.

Veblen seems unduly severe and pessimistic about the present control of industry by businessmen. It is hoped that the time will come when many salesmen, merchants, agents, and others will accept the cathartic in Veblen's caustic but humorous analysis and come humbly seeking positions in the plants Veblen would have controlled by engineers. These personalities will make a valuable contribution to personnel departments and even to the management of a new, creative, socialist industry. Veblen has a valid point that engineers can be more easily turned into managers of production and distribution than businessmen can be persuaded to become unselfish enough to relax their control. Certainly the present business classes will not come around to the very doors of their own employment departments or leave easy positions to handle machinery, without some objections. Some businessmen, on the other hand, with removal of over-capitalization and inflated values would make excellent "social engineers", and make a great contribution to simplified and socialized distribution within a general program of social planning. Although his revolutionary antithesis between business and industry remains true and the soviet of technicians is ideal, there must be ways and means of employing the present business groups. Veblen's theory should really be an invitation to the latter to welcome technician-rule. By a new organization in production for use instead of for profit, the businessmen as well as the workers have nothing to lose but their chains of anxiety and uncertainty.
D Synthesis

To the problem of finding a controlling medium for American progress, Veblenism offers the management of industry by engineers after the masses of workers have become educated to the point of cooperation and solidarity. The gradual development of such a movement appears to be a very worthy ideal. Although some may read into his analysis a fatalistic determinism, that technology will ultimately dictate the path of man, it behooves the human race to meet this surge with intelligent guidance of economic processes. It seems to the writer that the gospel of Christian communism for cooperative effort in using the full resources of technology becomes the need of the hour. Machine-technology, rather than its product, needs to be the object of economic research.

The medium for carrying into completion a social victory over unsocialized technology appears to be the working population. National socialism, preserving class distinctions and unlimited economic surplus-values at the expense of exploited labor, certainly needs to be avoided. With the workers in a nation-wide proletarian movement lies the hope of future progress. This seems to be the progress medium in Veblenism.

Techniques for implanting this ideal include the Veblenian use of humor, ironic statements, striking phrases, and disinterested observations. To bring individuals into a realistic understanding of their environment may be used in an objective fashion, diagnosis of the causes of economic insecurity, an implanting of class-consciousness, the reflection of the unique significance of Marxian surplus-values, and a pointing out of the shoddiness of leisure-class culture. Beyond these cathartic and diagnostic techniques lies the implanting of ideals. The planned economy,
classless society or cooperative commonwealth are among these ultimate goals. Man may plan for his kingdom of heaven on earth.

Although Veblen is criticized for having the single goal of maximum production of material goods, his thesis is a valid one. We need to agree on a centralized, efficient plan for eliminating poverty, decentralizing dense city populations, lightening the burden per worker, and creating for all economic security. One thing man needs to agree on is the way he shall cooperatively derive food, clothing, and shelter from basic natural resources. The evolutionary movement towards this ideal needs every possible aid. Veblen has only attempted to clear its path.
Comprehensive Digest of the Thesis

Wide interests and a deeply analytical mind are reflected in Veblen's numerous satirical works. He brings a realistic psychology into economics, pointing out the fallacies of hedonism in classical economics. The hedonistic dualism of labor and pleasure embodied in the capitalist ideal is wrong. With a style paralleling his eccentric personality and strange economic ideas, Veblen has skillfully portrayed the pomp and pride of wealth, the class egotism, the exploitation of personality for the sake of high standards of living for the minority, and the general futility of contemporary leisure-class culture. Focusing the contribution of sociology on these monsters, he traces their institutional growth from the savage state in order to discover how man is ruled in contemporary industrial feudalism.

One type of rulership in America is that by the vested interests through the machinery of capitalist finance. The latter, embodied in Veblen's term "business", has the control of industry or technological processes. This management takes on the nature of a conflict when labor theory of value and surplus-value theory are denied. Two sociological inheritances are involved: the instinct of workmanship in man, and the hunting or predatory instinct or desire to live by exploitation without working. In modern times, the manipulations of "high finance" represented by hedging, sales competition, gambling on futures, monopoly or higher profits, and sabotage of production and man-power represents the predatory side. Ultimate production capacity, free use of new inventions, and scientific elimination of poverty and want are not feasible when full employment of technology is denied.
This rule by vested interests or "corpocracy" employs a price system based on the principle of private ownership of all property derived from the eighteenth-century era of handicrafts and petty trades, where liberty, individualism, and free competition were industrial ideals. Upon these antiquated principles operates the contemporary absentee ownership of machine processes. Thus arises a unique conflict of socialized production versus individual accumulation. Useful labor per machine is of a highly social, cooperative nature, while absentee owners extract unlimited returns impersonally through management. The social labor is not paralleled by social accumulation of wealth or the products of the machine.

The financial system built from the resources of basic production operates like a pump, removing the wealth produced by the underlying population. This finance credit system is built upon inflated values, or capacity to earn rather than on capacity to produce. When the margin between the two becomes too great, the investment bubble bursts. The common man loses at the expense of the leisure class, which has all through the process been extracting a high standard of living and continues to do so throughout each depression.

In production and distribution the technique of this rule is a precarious one. Profits must be maintained through limiting output to raise prices and through lowering production costs for the sake of larger margins per unit sold. The danger of popular discontent and uprisings looms out of the very nature of this pressure on the working and consuming population. Rather futile and hopeless appears this rule by "corpocracy" in Veblen's analysis.

The other form of rulership is within the chaos of man's choices and environment, denoted in the term "pseudocracy". By his choices in life, each
individual is ruled. Psychogenic factors involved are the desire for distinction in ownership and the desire to consume conspicuously, or make a showing through spending and consuming the private property owned. Third, when the habit becomes ingrained, reputable waste, or the wasting of wealth is socially desirable. Each person desires to climax his labors or efforts with a display of pecuniary gain by a demonstration of waste. Such is the essence underlying leisure-class ideals and culture.

Women, in Veblen's theory, are the chief means of demonstrating reputable waste. Although they were first the objects of the hunt and are the basis on which private ownership of property rests, they were at first made chattel slaves, until their position has evolved gradually to the present one of being displayer of male predatory ability. Even the emancipation of women is subservient to this principle. Women remain powerful agents for "pseudocracy" until, with their husbands, they resolve to work cooperatively for a new social order.

The priests embody in person, vicarious and useless leisure. In evolutionary economics they are servants along with the women, as is reflected in their dress, manner, and subservience to the privileged classes. The priest becomes thus an opiate for the status quo of modern feudalism. The inference is made that a useful prophetic ministry should be devoted to Christian conversion which will antidote hedonism in "pseudocracy's" rule and to scientific socialism and ultimately communism to antidote industrial feudalism or rule by "corpocracy".

Veblen considers non-resistance and brotherly love the distinguishing marks of Christianity. Although brotherly love thrived with an eighteenth-century economy, its best expression in capitalism can be but through a negative principle of fair play. Those individuals without a strong
Christian morality fare best in capitalism. He takes a fatalistic view of non-resistance, suggesting that it does not develop completely except against acute oppression. This differs from Marxian growth of class conflict and hatred out of oppression and appears more constructive. With the rule of "pseudocracy", Christian ethics remain in the background.

Ranking with the priests as representatives of vicarious leisure and reputable waste are the scholars, decorated with academic gowns and awards and performing useless activity of compiling esoteric details of knowledge or teaching passe theories to youthful "sporting" members of the leisure class. In higher learning as in industry, there is the conflict of the invidious business element in administration and the grading system against the creative in scientific scholarship and independent work. Veblen suggests abolition of trustee control to free higher learning from control by vested interests and recommends democratic faculty management of the respective universities. He considers the small college ideal. Education has too long been dominated by the "pseudocracy" of an invidious leisure-class economy.

War and peace are counterparts. Behind the guise of patriotism, the leisure class manipulates popular sentiment for or against war. These decisions are voiced through the diplomat or statesmen who thus take on the role of demagogues. The common man fights only to preserve a system wherein he is economically enslaved by hard work and comparatively low real wages. The profit-craze in business, intensified during the World War, operated only to harm the common man in the early twenties and still remains a disintegrating force. It behooves the workingman to penetrate the rosy haze of patriotism and plan to avoid war by correcting the economic strife
of peace. "Pseudocracy" rules during both war and peace. The average citizen's attention is well diverted from the bitter reality of his situation.

The method recommended by Veblen for adequately controlling the economic system is a soviet of technicians placed in power by a worker-engineer strike. Although beyond this Veblen offers no solution, his analysis itself is constructive. It points out the unavoidable reality of advancing machine processes, of the conflict between business and industry, and of the error in restricting production to maximize profits. Meliorism is inadequate, for its tools in legal and political institutions are subordinate to capitalistic principles. An inert middle class provides a firm basis for rising fascism. Veblen predicts, however, the final collapse of the leisure-class culture.

For the future of America, elimination of many economic surplus-value activities appears necessary. Business enterprise is overburdened with them. As men go back to basic, creative productive work, shaping articles for human use and distributing them efficiently, the burden of leisure-class values can be dropped. With approaching depression and industrial warfare, usable techniques include the development of a socio-economic trend in the government, the growth of Consumers' Cooperatives, and increasing power in the hands of the Committee on Industrial Organization. Vast millions of unemployed also surge toward re-employment pending economic readjustment. Veblen's ideal of communism is the ultimate goal. To such idealism, Veblen adds a practical note when he points out the essential predatory nature of the American people and a cynical note when he predicts an increasing shortage of necessities in American life.
Veblen is criticized for his intricate, verbose style, which detracts from the scientific clarity of his analysis. His antithesis of business and industry seems over-drawn and over-simplified. Certain extrovertive traits in business-men are needed in a planned economy.

Veblenism does seem to offer a valid suggestion in a worker-engineer control of industry, toward an ultimate, creative classless society. Veblen's works suggest techniques of social control such as the use of peculiarities of style, a diagnosis of our socio-economic situation, and the implanting of cooperative ideals for bringing the ultimate goal of a kingdom of heaven on earth. The unique need of the hour is freedom from poverty and the production of a plentiful supply of necessities and a few so-called luxuries for all people.
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