THORSTEIN VEBLEN'S THEORETICAL SYSTEM – A CONSISTENT AND COMPLETE EVOLUTIONARY RECONSTITUTION OF ECONOMICS

William Waller*

Abstract

Thorstein Veblen has been described alternately as a satirist, a marginal man, an iconoclast, and the economist who unmade economics. Only the last two descriptors are nearly correct. As an iconoclast, Veblen undermined cherished cultural beliefs, but mostly by presenting them within a complex theoretical framework that caused these cherished beliefs to look "imbecilic". Veblen certainly unmade economics, but he was a systematic scholar who provided an alternative to the economics of his day (which included the remnants of classical economics and the emergent marginalist framework, as well as any teleological framework that would be inconsistent with his evolutionary perspective). This is not the first effort to describe Veblen's theoretical system.

Keywords: Thorstein Veblen; Evolutionary Economics.
JEL Code: B15; B25; B31; B41 & B52.

* Professor, Department of Economics, Hobart and William Smith Colleges, United States. E-mail: waller@hms.edu. Orcid-id: 0000-0003-1324-1519.

1 Introduction

Thorstein Veblen has been described alternately as a satirist, a marginal man, an iconoclast, and the economist who unmade economics[1]. Only the last two descriptors are nearly correct (Camic, 2020, pp. 4-7 & 42-43 & 49-50). As an iconoclast, Veblen certainly undermined cherished cultural beliefs, but mostly by presenting them within a complex theoretical framework that caused these cherished beliefs to look "imbecilic". Veblen certainly unmade economics, but he was a systematic scholar who provided an alternative to the economics of his day (which included the remnants of classical economics and the emergent marginalist framework, as well as any teleological framework that would be inconsistent with his evolutionary perspective). This is not the first effort to describe Veblen's theoretical system. In 1933, Karl L. Anderson published an article entitled "The Unity of Veblen's Theoretical System", the only merit of which is that Anderson notes that Veblen had a theoretical system. Otherwise, he succumbs to the usual problem of mainstream economists' inability to read and understand Veblen's analysis, which is presented in Waller and Robertson's (1990), "Why Johnny (Ph.D., Economics) Can't Read".

2 Thorstein Veblen's Methodological Critique

Veblen's first methodological essay, "Why is Economics Not an Evolutionary Science?" (1898b [1990]), poses the title question and subsequently outlines the framework of the alternative theory Veblen employed. Veblen observes that economics has not adopted an evolutionary perspective. He defines an evolutionary methodology as utilizing facts to construct a close-knit body of theory. In contrast to the static nature of mainstream economics, an evolutionary theory represents a theory of process and unfolding sequence. This focus on process arises from the cumulative nature of causality in evolutionary theory. He contrasts this with natural law philosophy, which has underpinned classical economics since Adam Smith and the Scottish Enlightenment.

Natural law posits the existence of a natural order characterized by a preconceived normality. It represents a form of animism, attributing intent, direction, and propensity to the nature of the universe and human propensities. The "natural order" includes all such propensities and serves as a secularized interpretation of the medieval divine order.

[1] Camic (2020) explores Veblen's early work including *The Theory of Business Enterprise*.

Consequently, there is a meliorative tendency toward this natural order, which in classical economics manifests as equilibrium. This tendency contributes to the taxonomic and static nature of classical economics, as the natural order continually reasserts itself. Essentially, both the universe and human social organization exhibit a teleological character. The universe's nature, whether created by a creator or through a creating event, inevitably leads to a stable natural order when allowed to develop unimpeded. This stands in contrast to an evolutionary framework, where evolutionary processes induce change without predetermined direction or outcome. It is an open system; without efforts to guide these evolutionary processes, the system will drift blindly.

A natural order framework necessitates an assumption about a fixed human nature. Veblen offers a famous description of the flawed mainstream assumption.

> […] the human material with which the inquiry is concerned is conceived in hedonistic terms; that is to say, in terms of a passive and substantially inert human nature. The psychological and anthropological preconceptions of the economics have those which were accepted by the psychological and social sciences some generations ago (Veblen, 1898b [1990], p. 73).

He describes those preconceptions thus:

> The hedonistic conception of man is that of a lightning calculator of pleasures and pains, who oscillates like a homogeneous globule of desire of happiness under the impulse of stimuli that shift him about the area, but leave him intact. He has neither antecedent nor consequent. He is an isolated, definitive human datum, in stable equilibrium except for the buffets of the impinging forces that displace him one direction or another. Self-imposed in elemental space, he spins symmetrically about his own spiritual axis until the parallelogram of forces bears down upon him, whereupon he follows the line of the resultant. When the force of the impact is spent, he comes to rest, a self-contained globule of desire as before. Spiritually, the hedonistic man is not a prime mover. His is not the seat of a process of living, except in the sense that he is subject to a series of permutations enforced upon him by circumstances external and alien to him (Veblen, 1898b [1990], p. 73-74).

Veblen notes that economic action is teleological because the actor has a definitive purpose (Veblen, 1898b [1990], p. 75). But the overall system is one of an evolutionary process with no particular direction or end. He notes:

> The question of the tendency in events can evidently not come up except on the ground of some preconception or prepossession on the part of the person looking for a tendency. … The notion of a legitimate trend in a course of events is an extra-evolutionary preconception and lies outside the scope of an inquiry into the causal sequence of any process. The evolutionary point of view, therefore, leaves no place for formulation of natural laws in terms of definitive normality, whether in economics or in any other branch of inquiry (Veblen, 1898b [1990], p. 76).

Economic change is part of overall cultural evolution, albeit an important part. "Primarily … it has guided the formation, the cumulative growth, of the range of conventionalities and methods of life that are currently recognized as economic institutions"

(Veblen, 1898b [1990], p. 76). Veblen concludes his description of the appropriate methodology implicit in economics as an evolutionary science. "From what has been said, it appears that an evolutionary economics must be the theory of a process of cultural growth as determined by the economic interest, a theory of a cumulative sequence of economic institutions stated in terms of the process itself" (Veblen, 1898b [1990], p. 77).

Veblen's three later methodological essays, entitled "Preconception of Economics I" (1899), "II" (1899), and "III" (1900)", provide thorough historical examinations of economic theorizing to find the source and development of the preconceptions, assumptions, and determination of the method employed within classical economics. His article "The Limitations of Marginal Utility" (1909) extends this investigation and uses it to critique the marginalist understanding of the economy[2].

3 *The Theory of the Leisure Class* (TLC), 1899: Veblen's Theory of Consumption, Waste, and the Evolution of Institutions

Veblen's first book, *The Theory of the Leisure Class* (1899), is the cornerstone of his evolutionary, cultural, and institutional approach and his systematic reconstruction of economics. This book illustrates how to conduct evolutionary economics using the starting point of every economics textbook from Veblen's time to today: the theory of consumption. Veblen begins with an anthropologically based discussion of the origin of the first leisure class in early hunter-gatherer societies based on gender. The first leisure class consisted of male hunters; the subservient class consisted primarily of women. The division of labor occurs between hunting, the outcome of which is uncertain, mainly performed by men, and the routine work that Veblen calls drudgery, which women perform. Success in hunting, the source of protein, is revered, and good hunters achieve esteem and high status in their community, while the routine work done every day by women, children, and the elderly is less socially valued, as are the people who perform it. This account might oversimplify matters. Modern anthropologists have noted that certainly women also hunted, that male hunters occasionally failed in their quest (with possible catastrophic consequences for the community as a whole), and that the everyday work of the community was carried out with contributions from all members.

[2] All of these articles appear in the edited volume *The Place of Science in Modern Civilization and other Essays* (1990).

Veblen then moves to later expressions of the leisure class in the western European context where landed aristocrats collected rents from farmers and lived a life of leisure, all of which was because of their status which ultimately derived from the feudal system. The ability of the aristocrats to extract the social surplus by force, with an underlying ideology present that this social order was designed by the Christian god, and was therefore natural and just, with the peasant farmers and serfs receiving their reward for performing their appropriate Christian duties (feudal dues of service and product) in the next life.

Veblen completes his cultural history of the evolution of the leisure class in his discussion of the contemporary case (the Gilded Age in the U.S.). He notes a status system that ranks individuals as higher because of their control of resources obtained without work but through ownership, along with the associated behaviors of this class. Rather than utility maximization, the motive for consumption is pecuniary emulation—imitating the consumption behavior of peers to demonstrate entitlement to the status attributed to one by owning the social surplus, regardless of how it was actually attained. This consumption consists primarily of conspicuous leisure (being observed engaged in activities that are not productive or serviceable for the community), such as vacationing, travel, sports, entertainment, attending social events for the leisure class, and engaging in philanthropic activities, etc. It excludes any activities directed at earning a livelihood through actual work.

Additionally, it includes conspicuous consumption: the acquisition of expensive items, including conspicuously wasteful items, while being observed consuming them to showcase one's status to the entire community. As 18th-century industrialists, by virtue of their wealth, sought recognition as part of the leisure class, conspicuous consumption became increasingly important, especially since many of these industrialists had to work. Ultimately, it is their consumption of goods and the consumption of leisure and goods by their families that supported their esteem in the eyes of their peers.

This is a system based on wasteful consumption, whose purpose is to demonstrate the differential status of individuals in society. The qualification of emulation (imitation for the purpose of attaining or demonstrating status) with pecuniary (money) is a cultural evolutionary development where wealth and income, not birth or hunting skills, determine status. However, the attainment of wealth is pursued with the same predatory capacities as early hunters. Together, this demonstrates both the continuity in human attributes and the historical development of the institution of a leisure class. What changes the way the leisure

class appears in different cultures is determined by the particular evolution of the institutions of that culture.

The evolution of institutions is how cultures change over time. This is how Veblen presents his alternative theory of consumption, along with a theoretical account of the evolution of this institution. He notes that modern industry, through the mass production of consumer goods, creates a dynamic within this system where the goods favored by the leisure class are desired by those in subordinate income brackets. However, mass production causes the prices of these goods to fall, making their purchase increasingly attainable lower down the status hierarchy, thus diminishing these goods' ability to differentiate consumers' status. Consequently, a very wasteful race emerges to provide new status goods for the leisure class to continue demonstrating their superior status and good taste. Here, Veblen argues for a distinction between goods that contribute to social provisioning by supporting the generic means of life and wasteful consumption. This process is supported by multiple examples throughout the book, utilizing anthropological evidence and an evolutionary framework.

Veblen's book *The Higher Learning in America* (1919) is an extended case study of his last chapter on higher education in *TLC*. Much of his critique of higher education is only amplified in modern higher education. However, extended attention to it is unwarranted for the purpose of this paper[3].

4 Veblen's Evolving Definition of Institutions

Veblen defined institutions in a number of ways. Indeed, his conception evolved throughout his scholarship.

It is interesting to note that his very first discussion of institutions is a rejection of the definition employed by "the classical theorists", which today is a clear statement of the definition of institutions as manifest in the scholarship of the new institutional economics. He writes:

> By their use the theorist is enabled serenely to enjoin himself from following out an elusive train of causal sequence. He is also enabled, without misgivings, to construct a theory of such an institution as money or wages or land-ownership without descending to a consideration of the living items concerned, except for convenient corroboration of his normalized scheme of symptoms By this method the theory of an institution or a phase of life may be stated in conventionalized terms of the apparatus whereby life is carried on, the apparatus being invested with a tendency to an equilibrium at the normal, and the theory being a

[3] Camic indicates that *The Higher Learning in America* was actually written earlier than the publication date would indicate and that was likely written around the time of The Theory of Business Enterprise (Camic 2020, p. 322).

> formulation of the condition under which this putative equilibrium supervenes … With this normalized scheme as a guide, the permutations of a given segment of the apparatus are worked out according to the values assigned the several items and features comprised in the calculation; and a ceremonially consistent formula is constructed to cover that much of the industrial field.… Features of the process that do not lend themselves to interpretation in the terms of the formula are abnormal cases and are due to the disturbing causes. In all this the agencies or forces causally at work in the economic life process are neatly voided (Veblen, 1898b [1990], p. 66-67).

Instead, according to Veblen:

> The institutions are, in substance, prevalent habits of thought with respect to particular relations and particular functions of the individual and of the community; and the scheme of life, which is made up of the aggregate of institutions in force at a given time or at a given point in the development of any society, may, on the psychological side, be broadly characterized as a prevalent spiritual attitude or a prevalent theory of life (Veblen, 1899 [1934], p. 190).

The "in substance" part of the comment "the aggregate of institutions in force at a given time" which is the material reality of "particular relations and particular functions of the individual and of the community". The "habits of thought" about them are "the psychological side … the prevalent spiritual attitude or a prevalent theory of life".

In 1909, Veblen again addresses the nature of institutions.

> As a matter of course, men order their lives by these principles and, practically, entertain no question of their stability and finality. That is what is meant by calling them institutions; they are settled habits of thought common to the generality of men (Veblen, 1909 [1990], p. 239).

Again, in 1923, he stresses the habits of thought element of institutions. He writes that institutions are "of the nature of a usage which has become axiomatic and indispensable by habituation and general acceptance" (Veblen, 1923 [1945], p. 101). It is these statements that are used to argue that institutions are 'ideational' for Veblen.

But this interpretation is unsustainable when Veblen describes the evolution of institutions. In *The Theory of the Leisure Class*, he describes social structure as the natural selection of institutions.

> The evolution of social structure has been a process of natural selection of institutions. The progress which has been and is being made in human institutions and in human character may be set down, broadly, to a natural selection of the fittest habits of thought and to a process of enforced adaptation of individuals to an environment which has progressively changed with the growth of the community and with the changing institutions under which men have lived (Veblen, 1899 [1934], p. 188).

He continues his description of the evolution of institutions as being the result of behavior because their evolution is a change in the "habitual method of responding to

stimuli", which are more accurately described as habits of action or behavior that change because practice must change in light of changing circumstances.

Institutions must change with changing circumstances, since they are the nature of a habitual method of responding to the stimuli which these changing circumstances afford. The development of these institutions is the development of society (Veblen, 1899 [1934], p. 190).

He reinforces the active behavior that constitutes the way people live. But the habitual character of these thoughts and actions means they are often somewhat obsolete at any given time.

> The institutions—that is to say the habits of thought—under guidance of which men live are in this way received from an earlier time; more or less remotely earlier, but in any event they have been elaborated in and received from the past. Institutions are products of the past process, are adapted to past circumstances, and are therefore never in full accord with the requirements of the present. (Veblen, 1899 [1934], p. 191).

It is in *The Vested Interest and the Common Man* (1919) where Veblen makes his view clear. While habit is still prominent, it is habituation to the ways and means, the habits of thought and habits of action that must change to address the exigencies that vary incontinently and cumulatively.

> Like all human culture this material civilization is a scheme of institutions—institutional fabric and institutional growth. But institutions are an outgrowth of habit. The growth of culture is a cumulative sequence of habituation, and the ways and means of it are the habitual response of human nature to the exigencies that vary incontinently, cumulatively, but with something of a consistent sequence in the cumulative variation that so go forward—incontinently, because each new move creates a new situation which induces a further new variation in the habitual manner of response; cumulatively, because each new situation is a variation of what has gone before it and embodies as causal factors all that has been effected by what went before; consistently, because the underlying traits of human nature (propensities, aptitudes, and what not) by force of which the response takes place, and on the grounds of which the habituation takes effect, remain substantially unchanged. (Veblen, 1919 [1964], p. 241-242).

5 The *Theory of Business Enterprise* (TBE), 1904: Veblen's Evolutionary Theory of the Firm, Monetary Theory of Production, the Evolution of Finance, Economic Instability

In *TBE* (1904), Veblen presents his alternative theory of the firm, explained through an evolutionary lens of the machine process and business enterprise. The modern industrial system is dominated by two processes: the machine process and investment for profit.

According to Veblen, not all production occurs in this manner, but firms that use machinery dominate the economy. Thus, he begins his analysis by defining these processes.

5.1 The Machine Process

The machine process involves more than just mechanical appliances; it encompasses technical knowledge and "machine methods" (Veblen, 1904, p. 6) The machine process is dominated by knowledge of causal sequences of "reasoned procedures on the basis of systematic knowledge of the forces [mechanical industry] employed" (Veblen, 1904, p. 6). The characteristics of industrial processes include technological interdependence and quantitative precision, leading to uniformity in factors and consumer goods. This uniformity also includes the standardization of production as well as delivery of services.

Due to this interdependence, a breakdown at any point in the system can cause the entire productive process to fail. Furthermore, the more highly developed (specialized) the system, the more susceptible the production process is to this hazard. The avoidance of this hazard is the role of "business" activity.

5.2 Business Enterprise

Veblen's discussion of business begins with an historical analysis. He notes that early business was mercantile or banking. The concerns of business emerge from property rights, not technology. In early domestic industry in England (from which mainstream economics derives its understanding of the firm), business involved the oversight of industry. This combined and complementary normative character of the firm was the standard. The success of this industry relied on industrial efficiency, suggesting that earning a living and profit on investment were interconnected parts of the same process—namely producing efficiently.

This success led to the growth of these enterprises, a process that continues today. This resulted in a division of labor in which managing the pecuniary aspects of the firm (business) becomes the full-time responsibility of some workers. This marks the beginning of the modern industrial economy, where both industrial efficiency and pecuniary manipulation generate profits.

The business worker develops channels for communication and offsets disturbances, such as supply chain or logistics problems. But from the business side of the firm, "industry is carried on for the sake of business" (Veblen, 1904 p. 26). From the "Report of the Industrial Commission" (1900-1902), Veblen notes that businessmen discussed the benefits

of monopoly. They say that they are interested in the greater control and pecuniary leverage that combinations bring. However, creating such combinations is often preceded by protracted struggles that inhibit industrial efficiency.

Veblen notes that the closer relationship between the producer and consumer in earlier capitalism has been eliminated. Bargaining between producer and consumer is no longer present. Consideration of the reputation for workmanship is also diminished due to the standardization, quantitative precision, and quality produced by large industrial machine production. In modern business enterprises, use-value is not a business concern.

Veblen further notes that all successful modern businesses have some element of monopoly (Veblen, 1904, p. 54-55). He discusses the expanded role of advertising (Veblen, 1904, p. 55-57; both the text and the footnote). Veblen shows that advertising and vending constitute a significant part of the "cost of production". Veblen considers this a waste. Here, the concept of waste reappears as it does in a complementary way in Veblen's theory of consumption. This analysis lays the theoretical groundwork for John Kenneth Galbraith's revised sequence (Galbraith, 1967, p. 211-218).

These modern business enterprises are concerned with securing property rights, as they are the foundation of business principles. This theme expands in Veblen's later works (Veblen, 1919 [1964]; Veblen, 1923 [1945]). The dominant institutions on which such enterprises depend include the stability of money, the evolution of interest, and the treatment of normal profit as a cost of production. Moreover, a focus on the capitalization value of the enterprise based on earning capacity is a dominant feature of the system. This dominant feature leads Veblen to a sophisticated description of business finance.

5.3 Finance

There are two major components to Veblen's development of a theory of finance: the use of loan credit for production and modern business capital. Loan credit is a cumbersome term that encompasses normal commercial borrowing to bridge the gap between the beginning of production and the sale of the product, which all firms must do, and is determined by the speed of turnover. More importantly, it involves financing large-scale business enterprises by raising money through the issuance of stocks and bonds. Veblen notes that these funds are a pecuniary fact, not an industrial one; as such, they do not affect industrial output.

Veblen explores several issues related to this development. Common stock is traded on a secondary market for shares, representing the right to an income flow if the board of

the enterprise decides that paying a dividend is warranted. However, this secondary trading is largely speculative. Thus, the value of the firm's output and its future income stream from production are somewhat irrelevant. What matters to stock owners is the price they can sell it for, which can be manipulated by the firm's managers. The question of properly valuing a firm's goodwill (the value of its good name and reputation) in its accounts is quite subjective. Indeed, Veblen suggests that goodwill is almost spiritual; it embodies the belief in productive potency, a kind of spiritual efficacy recalling his critique of animism (Veblen, 1898b [1990], p. 62-64).

Furthermore, trading by owners of large blocks of stock, rumors, and various other factors can cause the stock's value to fluctuate. Since one measure of a firm's value is the total number of outstanding shares of common stock multiplied by their current price, these factors, which are external to the production of output, can alter the perceived capitalization of the firm.

Bonds are complex contracts that include bond indenture agreements, in which the firm pledges some of its assets as collateral. This means those assets must remain in place for the duration of the bond, which can last thirty years or more. Even if those assets are technologically obsolete and should be retired and replaced, their continued use can hinder the updating of the firm's productive assets or, at the very least, increase their average cost of production due to the reliance on ineffective assets in the production process. This dependency builds in obsolescence.

5.4 The Theory of Modern Welfare

In the new order of modern industry, the successful quest for profits leads to business prosperity. This change from the old order, where the quest for a livelihood led to industrial sufficiency, greatly increased the importance of price. Veblen argues that price fluctuations cause business fluctuations, and there is no reason for them to be cyclical. (Veblen, 1904, p. 183) Indeed, he notes that dull times are the norm (as John Maynard Keynes argued [1935] 1964). He points out that most explanations of depression focus on industry and ignore business (which is paradoxical in a monetary theory of production). He also observes that depression and exaltation are psychological phenomena, in some way anticipating Keynes' notion of animal spirits.

Veblen makes some observations that are also prescient. He notes that depressions and lack of credit occur simultaneously, but the causal relationship, if it exists, remains unclear. He observes that depressions receive less attention than speculative crises (Veblen

is writing this during the "the long depression", which lasted from 1873 to 1896 in the U.S, and Europe, leading to 30 years of price deflation). Most importantly, these crises are entirely pecuniary; no factories collapse and disappear, machinery does not stop working, workers do not all disappear, and no real productive capacity is lost. Instead, the price of output is simply not as profitable as needed for the business side of the firm to allow production to take place. Thus, production stops.

Firms go bankrupt and are liquidated. This occurs because, in a downturn, many firms have fixed interest obligations from previous expansions. Thus, their interest costs do not fall even if current interest rates have decreased. Moreover, Veblen notes there is no certainty that interest rates will, in fact, fall.

Veblen discusses how inflation could alleviate a depression. He emphasizes that expectations are crucial, once again anticipating Keynes (Veblen, 1904, p. 237). Veblen mentions another remedy: regulating prices and output. He also points out that government waste and military expenditures present another potential solution. Furthermore, he identifies the creation of monopolies as an evident remedy.

Veblen concludes the book with a discussion of the consequences of this theory of business enterprise. He notes that its institutions, particularly property rights, are codified in law. This legal structure depends on the acceptance of the natural law conception of property rights, their identification with natural liberty, and the definition of freedom as the absence of constraints rather than as having any positive connotations.

On a hopeful note, Veblen states that the machine process teaches workers to think in terms of cause and effect, to work collectively to accomplish the production process, and to value productivity and efficiency. Essentially, it encourages thinking about economic activity in real terms, rather than the spiritual terms of business enterprise he has identified. He observes that those who manage the industrial machine processes can produce the necessary goods and services without the business accretions that interfere with production. Furthermore, these managers and workers could transform how the production process functions. However, Veblen adds that if such worker organization and aspirations arise, businesspersons would simply buy off the production managers.

6 The Theory of Capital articles (1908)

In 1908, Veblen returned to the issue of the nature of capital in two articles named "The Nature of Capital I & II". Here, he begins with an evolutionary and cultural account

of the nature of capital. It rejects the notion of capital employed in business enterprise in Veblen's age and our own.

The first article was subtitled "The Productivity of Capital Goods". In this article, he notes the cultural nature of human beings, emphasizing that they are not atomistic but fundamentally social. The community, of which each human being is a part, possesses a body of knowledge greater than what any individual can acquire by themselves. Veblen refers to this collective body of knowledge as the "intangible assets of the community" (Veblen, 1908, p. 330). He notes:

> While this immaterial equipment of industry, the intangible assets of the community, have apparently always been relatively considerable and are always mainly in the keeping of the community at large, the material equipment, the tangible assets, on the other hand, have, in the early stages … of the life history of human culture, been relatively slight, and have apparently been held somewhat loosely by individuals or household groups (Veblen, 1908, p. 330).

As this is a collective asset, the individual plays only a minor role in adding to or changing the course of the technical development of these assets. Thus, Veblen rejects the hero theory of invention and innovation that was so prevalent in the economics of his day and continues to be so today.

However, the growth of knowledge eventually alters this state of affairs. Veblen writes:

> But as the common stock of technological knowledge increases in volume, range, and efficiency, the material equipment whereby this knowledge of ways and means is put into effect grows greater, more considerable relatively to the capacity of the individual. And so soon, or in so far, as the technological development falls into such a shape as to require a relatively large unit of material equipment for the effective pursuit of industry, or such as otherwise to make the possession of the requisite material equipment a matter of consequence, so as seriously to handicap the individuals who are without these material means, and to place the current possessors of such equipment at a marked advantage, then the strong arm intervenes, property rights apparently begin to fall into definite shape, the principles of ownership gather force and consistency, and men begin to accumulate capital goods and take measures to make them secure. (Veblen, 1908, p. 331-332)

For Veblen, this represents a process in which the common stock of community intangible assets, previously shared throughout the community as a collective resource, is transformed through a process of "engrossment" and the takeover of the commonplace knowledge of ways and means of doing things by individuals. He notes that in capitalism, industrial equipment is acquired by capitalists and then utilized in business enterprises. The capitalist controls but does not produce the capital equipment employed by them.

Veblen explains, "The owner of the material equipment, the capitalist-employer, is, in the typical case, not possessed of any appreciable fraction of the immaterial equipment

necessarily drawn on in the construction and subsequent use of the material equipment owned (controlled) by him. … The slight technological proficiency which he has or needs for his business ends is … wholly superficial and impracticable in point of workmanlike efficiency; nor is it turned to account in actual workmanship" (Veblen, 1908, p. 344).

The capitalist must employ workers skilled in the use of the so-called capital equipment. "[T]he service of persons who have a competent working mastery of this immaterial technological equipment" are hired (Veblen, 1908, p. 344).

> By and large, the measure of their serviceability for [the capitalist's] ends is the measure of their technological competency. No workman not possessed of some fractional mastery of the technological requirements is employed. … The 'common laborer' is, in fact, a highly trained and widely proficient workman (Veblen, 1908, p. 344).

It is through such workers, the competent supervision of the foreman, and the use of material equipment along with the community's shared knowledge of technological methods that the capitalist, who controls these community assets through property rights, turns them to account for the purpose of pursuing personal gain.

In the second article on the nature of capital, Veblen returns his attention to capital in modern business enterprises. He focuses on investment, intangible assets, and the pecuniary magnate. Here, he differentiates between investment and the tangible equipment and knowledge necessary for production. Investment refers to assets, but tangible equipment and knowledge of its use, from a business perspective, are merely tools. This is because, in modern business enterprises, investment is a strictly pecuniary transaction. Using his distinction from *TBE*, intangible assets are the concern of business, while tangible assets belong to the realm of industry. He notes that tangible assets are not valuable for what they produce but for the owner's ability to withhold the equipment from use. Since the owners cannot produce anything with the tangible assets, they must be compensated by the community to allow those who can produce to utilize the tangible assets to generate output. Indeed, the power to restrict the use of tangible assets for production is the source of monopoly power to set and increase prices.

He observes that intangible assets, monopoly, patents, goodwill, advertising, or other differential advantages of a business enterprise, are assigned monetary value and become the firm's assets. Veblen calls this the "capitalization of inefficiency" (Veblen, 1908, p. 355). He then notes that businesses utilize their tangible and intangible assets to produce goods and services that result in waste. He argues:

> These wasteful or disserviceable uses of capital goods have been cited, not as implying that the technological proficiency embodied in these goods or brought into effect by their use, intrinsically has a disserviceable bearing, nor that investment in these things, and business enterprise in the management of them, need aim at disserviceability, but only to bring out certain minor points of theory, obvious but commonly overlooked: (a) technological proficiency is not of itself and intrinsically serviceable or disserviceable to mankind,--it is only a means of efficiency for good or ill; (b) enterprising use of capital goods by their business like owner aims not at serviceability to the community, but only at serviceability to the owner; (c) under the price system—under the rule of pecuniary standards and management—circumstances make it advisable for the business man at time to mismanage the process of industry, in the sense that it is expedient for his pecuniary gain to inhibit, curtail, or mis-direct industry, and so the community's technological proficiency to the community's detriment (Veblen, 1908, p. 357).

Veblen then proceeds to introduce the concept of vendible capital. This occurs when the intangible assets of the firm are incorporated into their capitalization. Thus, goodwill, reputation, patents, and monopoly are all intangible assets to which a stream of future income is attached. Once capitalized, these assets become vendible. They are bought and sold among investors, and the point of business becomes to acquire such vendible assets. These assets produce nothing (though Veblen believes they must be distantly connected to some actual productive activity somewhere). The result is that the business enterprise becomes speculation on the value of vendible intangible assets, which is nothing more than the redistribution of income claims attached to the ownership of vendible assets.

In this extended analysis, Veblen establishes the notion of genuine capital as the body of knowledge regarding the ways and means of acquiring the generic means of life, held collectively by the community at large as the "intangible assets of the community". He circles back to *TBE* and develops the idea that capital in business enterprise serves to transform the community's capital into private property in the form of material tangible assets, primarily control of production equipment. This control is then exercised to produce profits—a pecuniary practice to which the production of goods and services becomes incidental. This process increasingly occurs through the creation of intangible capital assets, to which value is attributed, and a portion of the business's income flow is apportioned. These intangible assets evolve when capitalized (valued for the future income stream attributed to them) into vendible assets. These vendible assets are then bought and sold among capitalists, thus transforming capital into a purely pecuniary phenomenon unrelated to production or community well-being in any way.

These two articles on capital greatly magnify the pessimism Veblen expressed in *TBE*. They also extend the analysis of the concept of capital in both modern and radical directions. Our contemporary so-called capital markets deal almost exclusively with speculation in

vendible capital, representing a significant amount of human effort lost and wasted for the commonweal. The instability created by this speculation in essentially nothing (property rights) is intolerable from any instrumental understanding of human behavior as it relates to the maintenance of community and the continuity of decent human life.

7 *The Instinct of Workmanship and the State of the Industrial Arts* (IW), 1914

It was clearly Veblen's intent to discuss what he meant by the instinct of workmanship and its contribution to the production of goods and services for a long time. Veblen first published on this topic in an article entitled "The Instinct of Workmanship and the Irksomeness of Labor" in 1898! The instinct of workmanship is central to Veblen's theory of production. Thus, it is what one would expect as the next step in a systematic presentation of an alternative evolutionary economic theory.

But *IW*, by virtue of needing to ground his production theory in evolutionary terms, Veblen articulates more than a theory of production. By addressing the nature of instincts, Veblen adds an evolutionary theory of human nature and establishes the motivation for human behavior in instincts, introducing a theory based on biological instincts to his social theory of cultural institutions that organize social relationships. Veblen argues that the nature of human social behavior is anchored in a dual biological-social ontology. In many ways, it is unsurprising that Veblen first wrote on the instinct of workmanship before *TLC*. This is because implicit in his combined instinct-culture social ontology is a distinctly different theory of human nature than the atomistic individualism he criticized in mainstream economics.

We will proceed by first presenting Veblen's definition of instinct and its relation to his theory of production based on the instinct of workmanship. Then we will discuss instincts and their relation to social behavior in general.

7.1 Definitions of Instincts

Veblen indicates that the term instinct is imprecise and used in many ways. So, he describes what he means by an instinct in evolutionary terms. He writes that the "needs of an inquiry into the nature and causes of the growth of institutions are not precisely the same as those of an exhaustive psychological analysis" (Veblen, 1914 [1964], p. 2). Instead what is

called for is: A genetic inquiry into institutions [that] will address itself to the growth of habits and conventions, as conditioned by the material environment and by the innate and persistent propensities of human nature; and for these propensities as they take effect in the give and take of cultural growth, no better designation that the time-worn 'instinct' is available" (Veblen, 1914 [1964], p. 2-3).

Veblen indicates that these innate proclivities have one thing in common: they "more or less imperatively, propose an objective end to an endeavor" (Veblen, 1914 [1964], p. 3). Instincts are identified and distinguished by the "characteristic purpose, aim, or object to be attained, differently from the objective end of any other instinct" (Veblen, 1914 [1964], p. 3). He continues that instinctive action is consciously teleological and that each instinct is a teleological category. "The distinctive feature by the mark of which any given instinct is identified is to be found in the particular character of the purpose to which it drives" (Veblen, 1914 [1964], p. 4). So for Veblen, the term instinct is used to "denote the conscious pursuit of an objective end with the instinct in question makes worth while" (Veblen, 1914 [1964], p. 5). He argues that the ends of life, the purposes to be achieved, are assigned to human beings' instinctive proclivities. However, the means of accomplishing these ends—the human behavior required and necessary to do so—are not a function of instincts but of human intelligence in action (Veblen, 1914 [1964], p. 6). The instinctive proclivities "look directly to the attainment of a concrete objective" (Veblen, 1914 [1964], p. 7). But he argues that the ways and means of accomplishing the concrete objective are cultural, involving habits of thought and action derived from prior attempts to attain the objective.

Veblen states that instincts evolved in a manner similar to tropismatic responses. Instincts are hereditary traits, impulses to accomplish necessary goals that sustain human individuals and their communities. Through normal evolutionary processes, humans or groups with a propensity to achieve these necessary goals will be more successful in doing so than those without such tendencies. As a result, this propensity will become more common and will be effectively selected for by the species over time. The difference between instincts and tropismatic responses is that the latter are automatic. In contrast, human beings must consciously decide which behaviors will accomplish the instinctive objective, stemming from the constant need to solve this problem in the evolutionary past to survive. Due to the complexity of cultural systems, human instincts often interact and affect one another in intricate ways. Because of the regular need to solve a particular objective, effective patterns of behavior become habits of thought and action, eventually evolving into institutions—

organized behaviors aimed at addressing recurring social problems. While the behaviors employed to solve these recurring social problems evolve as new solutions or techniques are discovered, Veblen notes that the instincts and the solutions tend to be institutionalized and past-oriented or best adapted to prior circumstances.

7.2 Veblen's theory of human nature supporting the provisioning of the generic means of life and cultural continuity

Veblen describes both the community's possibilities of success in the continuity of social provisioning and problem solving in the following:

> In the course of cultural growth most of those civilizations or peoples that have had a long history have from time to time been brought up against an imperative call to revise their scheme of institutions in the light of their native instincts on pain of collapse or decay; and they have chosen variously, and for the most part blindly, to live or not to live according s their instinctive bias has driven them. In the cases where it has happened that those instincts which make directly for the material welfare of the community, such as the parental bent and the sense of workmanship, have been present in such potent force, or where the institutional elements at variance with the continued life-interest of the community or civilization in question have been in a sufficiently infirm state, there the bonds of custom, prescription, principles, precedent, have been broken—or loosened or shifted so as to let the current of life and cultural growth go on, with or without substantial retardation (Veblen, 1914 [1964], p. 24-25).

But the past-oriented character of the institutions in place for solving recurring or persistent problems and the blind drift that characterizes the choice made in communities is the source of Veblen's pessimism. He notes: "But history records more frequent and more spectacular instances of the triumph of imbecile institutions over life and culture than of peoples who have by force of instinctive insight saved themselves alive out of a desperately precarious institutional situation, such as now [1913] face the people of Christendom" (Veblen, 1914 [1964], p. 25).

In addition to the instinct of workmanship, Veblen argues that the parental bent, the instinctive motivation to care for offspring, is applied more broadly than just to one's children; it extends to other members of the family, friends, neighbors, and the larger community. It involves taking pains to care for others. Indeed, he contemplates that the instinct of workmanship itself is an extension of the parental bent. To these two instincts, Veblen adds idle curiosity, noting that humans collect random information about their environment as they navigate daily life. This stored information may enhance future problem-solving endeavors.

Viewing this theory of human nature as instinctual, where the instincts at play include the instinct of workmanship, alongside idle curiosity and the motivation to take pains to ensure the well-being of oneself, family, friends, neighbors, and community, enhances problem-solving and efforts to achieve ends efficiently. All of this supports efforts to be productive and efficient in the processes of provisioning and utilizing the knowledge acquired through idle curiosity to refine these endeavors. Additionally, it supports the theory proposed in *TBE* concerning the significance of the machine process and its impact on culture.

Veblen then discusses how the advent of 'barbarian' culture, by which he means communities that have achieved the capacity to produce a social surplus, introduced predatory cultural elements into cultural processes. In this context, Veblen notes that the instinctive dispositions of predation and emulation are expressed in cultural activities in detrimental ways. William Waller (2017) discusses Veblen's development of his instinct theory in detail, arguing for OIE economists to reconsider and embrace this instinct approach as consistent with modern theories of instincts and adaptations within an evolutionary framework.

8 *Imperial Germany and the Industrial Revolution* (IG), 1915

In *IG*, Veblen employs historical analysis of Germany and England to highlight the differing nature of industrialization in these two countries. In England, industrial technology was introduced while social and political institutions were shaped by the classic liberalism of the day. Conversely, the industrialization of Germany took a different path. As a latecomer to industrial transformation, Germany benefited from borrowing technology from England but did not adopt the accompanying cultural transformation. During this period, Germany remained an imperial, dynastic state. Negative consequences arose when it began applying this technology to pursue its dynastic ambitions.

Through these case studies, Veblen introduces a framework for development that includes "the merits of borrowing" technology, since it is always borrowed at the most advanced stage possible by the borrower, and existing cultural characteristics do not inhibit such borrowing (Veblen, 1915a [1964], p. 43). Conversely, there is "the penalty for taking the lead" in technology because the legacy assets from developing that technology remain (Veblen, 1915a [1964], p. 132). The societies that develop the technology continue to use the less efficient legacy production capacity alongside the new. This is a handicap that the

borrowing society does not face. Furthermore, the borrowing society need not adopt any of the social organization of the culture that developed the technology. This is a theory of development, not merely growth. Veblen applies a similar analysis to Imperial Japan (Veblen, 1915b [1964]).

IG is also part of a genre in economic history that uses the Industrial Revolution in England to formulate a theory of development aimed at facilitating industrialization in pre-industrial societies, of which there are too many examples to cite. It is also a precursor to the theory of the ceremonial encapsulation of technology articulated by Paul D. Bush (1986) and William Waller (1987).

9 *The Vested Interests and the Common Man* (VI), 1919

This volume consists of a series of essays from *The Dial* magazine, where Veblen served as an editor. In these essays, Veblen articulates his theory of power in an accessible manner. He describes his understanding of class in capitalist systems as similar to others, where vested interests in a culture wield power over common people and act in ways that are detrimental to the commonweal.

Veblen begins by describing the modern point of view as a habit of thought. The modern point of view is a system of generally accepted views on what is right, good, true, and beautiful. He argues that what we accept as the foundation of our knowledge and belief is a cultural construct. Consistent with his evolutionary perspective, this cultural construct has changed and will change again; however, at any given time, it is socially perceived as eternal, immutable, and natural (Veblen, 1919 [1964], p. 4-6). These habits of thought are the imponderables of society; they are those things that it is unseemly to question (Veblen, 1919 [1964], p. 8).

Veblen then contrasts the modern point of view with both matter-of-fact knowledge and, significantly, law and custom. The latter are the formal codifications of knowledge and belief systems, and as a result, they are more stable. This codification is achieved by ascribing the modern point of view to a natural law framework. These become first principles that can be enforced by society in their written form and through social institutions, hence their stability (Veblen, 1919 [1964], pp. 33-34). Two consequences of this are that individual liberty, understood as self-help, has been achieved at unprecedented levels, and property has become inviolable. But Veblen notes,

> Unrestricted ownership of property, with inheritance, free contract and self-help is believed to have been highly expedient as well as eminently equitable under the circumstances which conditioned civilised life at the period when the civilised world made up its mind to that effect. And the discrepancy which has come in evidence in this latter time is traceable to the fact that other things have not remained the same. The odious outcome has been made by disturbing causes, not by these enlightened principles of honest living. Security and unlimited discretion in the rights of ownership were once rightly made much of as a simple and obvious safe-guard of self-direction and self-help for the common man; whereas the event, under the new order of circumstances, it all promises to be nothing better than a means of assured defeat and vexation for the common man (Veblen, 1919 [1964], p. 61-62)

The vested interests arise from the differences between business and industry and between tangible and intangible assets described in *TBE*. The ownership of intangible assets (goodwill, monopoly power, special license—consisting of patents, copyrights, tariffs, and other privileges, and the benefit of advertising) is the source of what Veblen calls "free income". The vested interests are the kept classes (and their lackeys) who produce nothing but have a legitimate claim to income.

The vested interests are a burden on the common man in two ways. The community suffers from reduced output as a result of monopoly. Additionally, the community suffers from the excess consumption of the privileged classes. Here, building on his analyses in *TBE* and *TLC*. All of this conflicts with the matter-of-fact character of industrial production, whose internal logic pushes for engineering efficiency. Veblen notes with interest that the common person is more exposed to machine processes and thus more aware of this conflict than the vested interests who live off free income resulting from ownership of property.

Since the state is the institution that establishes and enforces property rights, it acts as an instrument for vested interests. These interests define their interests as the "national interest". Veblen notes that they benefit from maintaining the state through tariffs, standing armies, diplomacy, and the general use of national power to protect vested interests both at home and abroad. The common man, on the other hand, receives fewer goods (because of tariffs), is obligated to provide military service, and bears the brunt of war.

Veblen summarizes the position of the common man:

> These people of the variegated mass have no safeguard, in fact, against the control of their condition of life exercised by those massive interests that move obscurely in the background of the market, except such considerations of expediency as may govern the manoeuvres of those massive ones who move in the background. That is to say, the condition of life for the variegated mass are determined by what the traffic will bear, according to the calculations of self-help which guide the vested interests, all the while that the farmers, workmen, consumers, the common lot, are still animated with the fancy that they have themselves something to say in these premises (Veblen, 1919 [1964], p. 175)

10 *Absentee Ownership* (AO), 1923

Veblen's 1923 book on absentee ownership is his final theoretical work. He revisits the concept of national integrity, which he addressed to some extent in *VI* and his wartime writings. He offers a historical account of elements in the development of the U.S. economy. Significantly, he emphasizes the historical role of natural rights. Of course, property rights and the right to free income from ownership of intangible assets are central to *TBE* and grow more important in *VI*; now, they become the central concern in his development of the concept of absentee ownership. According to Veblen, absentee ownership is a "peculiar institution" that "has visibly come to be the main controlling factor in the establishment of the order of things" (Veblen, 1923 [1945], p. 4). He notes that it is based on a time-worn principle of ownership and control (Veblen, 1923 [1945], p. 5). He writes, "[t]he effectual division of interest and sentiment is beginning visibly to run on class lines, between absentee owners and the underlying population", recalling the distinction of the vested interest as the owners of intangible assets and the common man who has none (Veblen, 1923 [1945], p. 6). Moving to a global scale, Veblen notes, "[i]n material effect, the national frontiers no longer divide anything but national groups of special interests, and these special interests are quite uniformly the interests of absentee owners" (Veblen, 1923 [1945], p. 6). The interests of these 'substantial persons' who are absentee owners of much property now represent the content of the national interest and ambitions (Veblen, 1923 [1945], p. 7).

Veblen's historical account of the development of business enterprise in the U.S. clarifies the concept of absentee ownership. This clarity arises from his examination of property rights, particularly the right to one's product in the handicraft industry, which stems from natural rights and John Locke's definition of property. It evolves in line with his evolutionary methodology, emphasizing cumulative causation, and is continuous in Veblen's narrative up to and including the development of the modern corporation. What has changed from *TBE* in this account is the significance of intangible assets, specifically the capitalization of the firm as measured by the net present value of its earning capacity, as recognized by the financial community. The process of financing such an enterprise involves the use of credit (Veblen, 1923 [1945], p. 50). Those who control substantial amounts of property as absentee owners (stockholders of significance, or other holders of corporate debt) are regarded as "Captains of Industry". They hold high status and accompanying prerogatives due to their control of corporations. This status is sustained by the myth of the self-made man, which was prevalent in earlier stages of business development (Veblen, 1923 [1945], p. 49). It is also

maintained by extending the concept of inviolable property rights to profits from investment. Veblen makes the history of this change more explicit than in *TBE* (Veblen, 1923 [1945], p. 76-81).

Veblen notes that two economic agents are reduced to essentially a fantasy. The first is the entrepreneur. Veblen writes:

> So, the function of the entrepreneur, the captain of industry, gradually fell apart in a two-fold division of labor, between the business manager and the office worker on one side and the technician and industrial worker on the other side. Gradually more and more, by this shift and division, the captain of industry developed into a captain of business, and that part of his occupation which had given him title to his name and rank as captain of 'industry' passed into alien hands. (1923 [1945], p. 106)
>
> In the manuals the captain of industry still figures as the enterprising investor-technician of the days of the beginning, and as such *he still is a certified article of the economic doctrine under the caption of the 'Entrepreneur'* (1923 [1945], 107, italics added).
>
> So, by force of circumstances the captain of industry came … occupied wholly with the financial end of those industrial ventures of which he still continued to be the captain. (1923 [1945], p. 108)

The cultural mythological creature of the "Entrepreneur" persists, yet it does not exist in real-life business (Hamilton, 1957 [2010]).

The second, the farmer, is in a more tragic yet still occupies an illusory position. Veblen concedes that the farmer-owner is an absentee owner to the extent that they possess the land and machinery. But farming is teamwork (Veblen, 1923 [1945], p. 130-131). Veblen explains:

> Always, of course, the farmer has with him the abiding comfort of his illusions, to the effect that he is in some occult sense the 'Independent Farmer', and that he is somehow by way of achieving a competence of absentee ownership by hard work and sharp practice, some day; but in practical effect, as things habitually work out, he is a rather to be called a quasi-absentee owner, or perhaps a pseudo-absentee owner, being to small a parcel of absentee ownership to count as such in the outcome. But it is presumably all for the best, or at least expedient for business-as-usual, that the farmer should continue to nurse his illusions and go about his work; that he should go on his way to complete that destiny to which it has pleased an all-seeing and merciful Providence to call him. (Veblen, 1923 [1945], p. 131).

The reality is that the captains of industry are driven by a conservative estimate of their net gains. This was achieved through the conditions that brought corporate finance into business enterprise "as the ordinary means of controlling output of industry and turning it to account for absentee owners" (Veblen, 1923 [1945], p. 110).

Veblen describes the new industrial order, explaining how finance and the needs of absentee owners drive all aspects of business enterprise, particularly corporations and creditors. The growth in the use of credit as a means of controlling business enterprises and

transferring the wealth created (often by restricting output) becomes, by natural right, the gains of absentee owners, to the detriment of the common good and the well-being of workers.

11 Conclusion

Thorstein Veblen developed a sophisticated theoretical system based on the evolutionary methodology proposed in his Evolutionary Economics essay (1898b [1990]). Appropriately, his views evolved over time. Veblen's theoretical works follow the outline introduced by Alfred Marshall in his *Principles of Economics* (1890). Both begin with a discussion of the appropriate methodology for economics. Next, they define basic terms. Then, they address the substance of economic theory: For Marshall, it starts with wants and their satisfaction; for Veblen, it is the theory of the leisure class. For Marshall, it continues with agents of production, including factors and organization; for Veblen, it is the theory of business enterprise, elaborated and expanded in his essays on capital, the vested interests and the common man, and absentee ownership. Production is motivated by the instinct of workmanship. For Marshall, the theory of distribution follows, accompanied by progress in relation to standards of living and the growth of free industry and enterprise; for Veblen, he somewhat reverses the order by starting with his theory of industrialization in the cases of Imperial Germany and England. Because distribution is a function of status and power, it runs throughout the entire corpus of Veblen's writings, whereas for Marshall, power is confined to the ability of monopolies to set prices. So, Veblen's theoretical system covers all the essential topics in an economic theory of social provisioning from an evolutionary perspective.

One should note that Veblen's anthropological accounts reflected his milieu. His historical analysis is similarly outdated. Oddly, the instinct psychology he employed—the reason many discounted or rejected his theories—has been rehabilitated and is now a standard part of evolutionary psychology. Indeed, as an evolutionary thinker, it is likely Veblen understood that this would be the case, given that his pragmatist training would lead him to assume that all warranted knowledge is tentative.

Naturally, because Veblen does not provide a formal model, his theory seems indecipherable to mainstream economists. Alas, Veblen's narrative does not fit the structure of a recognizable theory; the standard trope in mainstream economics is equilibrium existed, something changed, and equilibrium is restored. Since in evolutionary-institutional

economics there are no ameliorative trends, statics, or logical time, someone seeking the typical mainstream deductive-formalistic conception of theory cannot get past the missing initial equilibrium because none exists. Fortunately, for the last 125 years, heterodox economists, anthropologists, sociologists, historians, philosophers, and the general public have not shared that incapacity.

12 Postscript: Wartime and its Aftermath and Veblen's applied work

Two areas in Veblen's work elaborate on and apply his theoretical systems. These include his wartime writings and his 1917 book, *An Inquiry into the Nature of the Peace and the Terms of Its Perpetuation*. Additionally, many of Veblen's other elaborations and/or application articles are found in two collections of essays: *The Place of Science and Modern Civilization and Other Essays*, and *Essays in Our Changing Order*. The political aspects of Veblen's theoretical system are explored thoroughly in Sidney Plotkin and Rick Tilman's 2011 book, *The Political Ideas of Thorstein Veblen*.

References

Anderson, Karl L. (1933). The Unity of Veblen's Theoretical System. *Quarterly Journal of Economics*. 47 (4): 598-626.

Bush, Paul D. (1986). On the Concept of Ceremonial Encapsulation. *The Review of Institutional Thought*. III: 25-45.

Camic, Charles (2020). *Veblen: The Making of an Economist Who Unmade Economics*. Harvard.

Galbraith, John Kenneth (1967). *The New Industrial State*. Houghton-Mifflin.

Hamilton, David (1982). The U.S. Economy: The Disadvantage of Having Taken the Lead. *The Review of Institutional Thought*. II: 1-14.

Hamilton, David (1957 [2010]). The entrepreneur as a cultural hero. *Cultural Economics and Theory: The evolutionary economics of David Hamilton*. Hamilton, D., Atkinson, G., Dugger, W.M. & Waller, W.T. (eds.), Routledge, 58-66.

Marshall, Alfred (1890). *Principles of Economics*. Macmillan and Company, Ltd.

Plotkin, Sidney & Tilman, Rick (2011). *The Political Ideas of Thorstein Veblen*. Yale.

United States Industrial Commission. (1900-1902). Report of the Industrial Commission. Government Printing Office, 1900–1902.

Veblen, Thorstein B. (1898a [1964]). The Instinct of Workmanship and the Irksomeness of Labor. *Essays in our Changing Order*. Ardzrooni, Leon (ed.), Augustus M. Kelley.

Veblen, Thorstein B. (1898b [1990]). Why is Economics not an Evolutionary Science? *The Place of Science in Modern Civilization and Other Essays*. Transactions Press.

Veblen, Thorstein B. (1899 [1934]). *The Theory of the Leisure Class*. Modern Library.

Veblen, Thorstein B. (1904 [1975]). *The Theory of Business Enterprise*. Augustus M. Kelley.

Veblen, Thorstein B. (1908 [1990]). On the Nature of Capital, I & II. *The Place of Science in Modern Civilization and Other Essays*. Transactions Press.

Veblen, Thorstein B. (1909 [1990]). The Limitations of Marginal Utility. *The Place of Science in Modern Civilization and Other Essays*. Transactions Press.

Veblen, Thorstein B. (1914 [1964]). *The Instinct of Workmanship and the State of the Industrial Arts*. Augustus M. Kelley.

Veblen, Thorstein B. (1915a [1964]). *Imperial Germany and the Industrial Revolution*. Augustus M. Kelley.

Veblen, Thorstein B. (1915b [1964]). The Opportunity of Japan. *Essays in our Changing Order*. Ardzrooni, Leon (ed.), Augustus M. Kelley.

Veblen, Thorstein B. (1917 [1964]). *An Inquiry into the Nature of the Peace and the Terms of Its Perpetuation*. Augustus M. Kelley.

Veblen, Thorstein B. (1919 [1964]). *The Vested Interests and the Common Man*. Augustus M. Kelley.

Veblen, Thorstein B. (1923 [1945]). *Absentee Ownership and Business Enterprise in Recent Times: The Case of America*. Viking Press.

Veblen, Thorstein B. (1964). *Essays in our Changing Order*. Ardzrooni, Leon (ed.), Augustus M. Kelley.

Veblen, Thorstein B. (1990). *The Place of Science in Modern Civilization and Other Essays*. Transactions Press.

Waller, William. 1987. Ceremonial Encapsulation and Corporate Cultural Hegemony. *Journal of Economic Issues*. 21(1): 321-328. DOI: 10.1080/00213624.1987.11504612

Waller, William. 2017. Reconsidering Thorstein Veblen's Use of Instincts. *The Anthem Companion to Thorstein Veblen*. Plotkin, Sidney (ed.), Anthem Press, 39-67.

Waller, William and Linda Robertson. 1990. Why Johnny (Ph.D., Economics) Can't Read: A Rhetorical Analysis of Thorstein Veblen and a Response to Donald McCloskey's Rhetoric of Economics. *Journal of Economic Issues*. 24(4), 1027-1044. DOI: 10.1080/00213624.1990.11505100.