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THE DEVELOPMENT OF THORSTEIN VEBLEN'S
THEORY OF ECONOMIC REVOLUTION

THESIS

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THEORY OF ECONOMIC REVOLUTION

From the moment when Dr. Robert H. Montgomery's brilliant lectures enticed me into a study of economics, I have had a growing interest in Thorstein Veblen. A non-conformist in both his writings and his life, he was denied the honor and fame which would have come had he been more conventional. Yet it was because he refused to accept blindly the conventional wisdom of his time. Presented to the Faculty of the Graduate School of The University of Texas in Partial Fulfillment of the Requirements

This then is a study of a non-conformist, a revolutionary social thinker, and the development of his theories.

Grateful acknowledgment is due to Professors E. E. Hale and C. E. Ayres for many stimulating discussions both in and out of class. I am especially grateful to Dr. Ayres for the guiding hand he extended during the early stages of my research as well as for his cooperation which has enabled this thesis to be completed while I am abroad at another university.

The debt of gratitude to my wife, Helen Keeling, is far beyond expression.

Austin, Texas

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PREFACE

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CHAPTER I

INTRODUCTION

Economic theory has always held a precarious position in the world of science. Perhaps more than any other social science, Eco-

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But it is not so with all theory. While it is true that those mavericks who travel outside the herd fall into the deepest holes, some of them also climb to the highest peaks. A maverick is continually exploring new paths, many times off to the side in areas that are never reached by the main herd. But occasionally one discovers new paths that lie ahead of the herd, paths that the herd itself even-

¹"The Theory of Value in Economics as a Rationalization of Social Status," a dissertation by Rosser B. Melton in 1940 at The University of Texas, is a study of the way in which one particular phase of economic theory has been used to justify the status quo.

CHAPTER I

INTRODUCTION

Economic theory has always held a precarious position in the world of science. Perhaps more than any other social science, Economics has been accused of being merely a rationalization of the existing order of society. Much too often this criticism has been justified. Many times a theory has been generally accepted not because of its merits but because it provided a convenient rationalization of the status quo.¹ Such theories furnish excellent material for those who have no desire to see the existing organization of society changed and have been used to great advantage by them. But they are of little validity in the eyes of those who view society as being part of a dynamic, ever-changing process. To them, accepted economic theory usually only mirrors the past, is out of touch with the present, and provides very few clues to the future.

But it is not so with all theory. While it is true that those mavericks who travel outside the herd fall into the deepest holes, some of them also climb to the highest peaks. A maverick is continually exploring new paths, many times off to the side in areas that are never reached by the main herd. But occasionally one discovers new paths that lie ahead of the herd, paths that the herd itself even-

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tually takes. Such a maverick in the field of theory is of necessity far apart from his contemporary writers. Only the passage of time decides whether he was ahead or merely off on a false trail.

Thorstein Veblen was a maverick who ventured off in many different directions. Time has already indicated that on some ventures he was apparently lost. But on others it may yet prove him to have been far in front blazing the trail for those who were to follow. It is along one of his trails that this discussion proceeds, a trail that extends throughout his entire writing and teaching life. It is along the trail of his ideas on those forces which are actively seeking to promote changes in our social and economic life. Because these forces seek to make active changes in the established order, they are called revolutionary. As a proponent of change, Veblen was intensely interested in them, even to the extent of developing a theory of economic revolution himself. It is with the evolution of this theory of Veblen's that this paper is mainly concerned.

This particular trail of economic revolution has not been idly chosen. The present period of adjustment through which the world now seems to be going since the Second World War is surprisingly similar to the period following the First World War which so strongly stirred Thorstein Veblen. The same forces seem to be lined up on the same sides. The devastation of the war has been a little greater and both sides have grown more powerful and proficient in arts of mechanical destruction and ideological warfare, and a solution to the problem is correspondingly much more important and urgent. But the basic issues

have remained the same. It is still a fight between those desirous of social change and those who resist that change. For this reason, Veblen's observations and comments on these forces are as pertinent today as they were when they were first written.

These comments are spread through some thirty years of writing and are found in essays, book reviews, articles for professional journals and books. This present study represents an attempt to collect some of the more important observations made on the subject of economic revolution, paying particular attention to the development of Veblen's own theory. It is hoped that the writer himself, if no one else, will be able to clarify his own views on this most important of subjects through these efforts.

Although it is often dangerous, it is many times convenient for purposes of investigation to divide a writer's works into "periods." Veblen lends himself to such a division, his writing falling into three periods. The first is the period extending from the publication of his first article in 1884 up to the years of the First World War. During this time he engaged in acute observations of the social and economic scene. He was the observer who commented on customs and conventions with an air of detachment, never descending from his grandstand seat to participate in the actual brawl--or so it seemed to the casual reader of his books. To his more astute admirers he was as much in the fight as if he were swinging a club. His weapons were sarcasm, wit, and occasionally a bit of biting irony. To dissect a custom

tracing it to its origin in some deep crevice of cultural anthropology was to condemn and to fight it. He looked with patronizing pity on those who thought The Theory of the Leisure Class "just a satire" and did not understand it to be the violent condemnation of our society that it was. Throughout this period he continued to analyze the basic institutions of our society, making his contributions in the form of books, articles for professional journals, and many reviews for the Journal of Political Economy.

The general unrest which accompanied the First World War promoted a profound change in Veblen. Here was a period of violent conflict, a period when time-honored customs and conventions were giving way, and Veblen was tremendously excited about it. Perhaps here was his chance to help in the construction of a society more to his liking. Discarding his old weapons of sarcasm and irony he began to speak in language easily understood by all about the practical issues of the day. He wrote on peace, labor, education, prices, and on that new force which seemed to be crawling under everyone's bed--bolshevism. Economic revolution seemed almost probable, and Veblen's writings toward the end of the period were full of plans for the future. As examples of a powerful intellect unhampered by bonds of custom and convention commenting on practical issues of the day and planning for the tomorrow, his writings in this period are profoundly revealing.

The last period was one of discouragement. As the world settled down and bolshevism was "put in its place," he began to realize that the profound changes which he had advocated were not to be forthcoming

soon. One last book, a powerful analysis of the society of the time, was to come from him before his pen was stilled. This book held little hope for the future of society--the optimism of earlier days had departed from Thorstein Veblen. ¹ This introduction, entitled "From Freedom to Bondage," warned readers that man had only two alternatives, either a regime of contract or a regime of status. Man had succeeded in escaping from "the hard discipline of the ancient regime" of status to the present one of contract and now was eager to try still another system. This urge to try something else is comparable to a person who is tired of an easy chair which he had first enjoyed and now wishes to move back to a harder one similar to the one from which he came; but, warns Spencer,

The other system is, in principle if not in appearance, the same as that which during the past generations was escaped from with much rejoicing.

For as fast as a regime of contract is discarded the regime of status is of necessity adopted. As fast as voluntary co-operation is abandoned, compulsory co-operation must be substituted.²

Thorstein Veblen had received his Ph.D. degree at Yale in 1884, but had not been able to obtain a suitable academic position. When Spencer's essay appeared, he was registered as a student in the graduate school at Cornell University. Not agreeing that man's attraction

¹ A Plea for Liberty, edited by Thomas Mackay.

² Ibid., p. 10.

CHAPTER II

THE ECONOMIC AND SOCIAL CAUSES OF SOCIALISM

In 1891 Herbert Spencer wrote an introduction to a book which presented arguments against socialism and socialistic legislation.¹ This introduction, entitled "From Freedom to Bondage," warned readers that man had only two alternatives, either a regime of contract or a regime of status. Man had succeeded in escaping from "the hard discipline of the ancient regime" of status to the present one of contract and now was eager to try still another system. This urge to try something else is comparable to a person who is tired of an easy chair which he had first enjoyed and now wishes to move back to a harder one similar to the one from which he came; but, warns Spencer,

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¹ A Plea for Liberty, edited by Thomas Mackay.

² Ibid., p. 10.

to socialism was merely a desire to change his position, he "offered in the spirit of the disciple" a suggestion that perhaps there is ... an economic ground, as a matter of fact, for the existing unrest that finds expression in the demands of socialist agitators.³

The suggestion was in form of an essay entitled "Some Neglected Points in the Theory of Socialism" and was published in the Annals of the American Academy of Political and Social Science, 1891.⁴

After noting that there has been a general movement toward nationalization of industries which would seem to make it appear that the logic of events is on the side of the socialists, Veblen proceeded to analyze the reason for this trend. In America, at least, it has not been due to any socialistic dogma, but rather each move has been made on its own merits. Expediency has been the principle followed.

But this still does not explain why it has become "expedient." Many industries have been nationalized because of their municipal importance. But the growth of sentiment for a wider scope of government activity has not been confined to industries of this sort. It has included an ever-increasing group of "natural monopolies," the motive for their inclusion being mainly discontent with the injustice and inequality of the existing system insofar as these industries were concerned. Veblen stated that this discontent "is the truly socialistic

³The Place of Science in Modern Civilisation, p. 387.

⁴Republished in ibid.

element in the situation."⁵

The economic ground for this unrest must be found, and Veblen was not content with Spencer's explanation that it was due to a desire for a change in position of the social body. Nor can the ground of discontent be in a comparison of the material aspects of the present and the past. Veblen agreed that the institution of private property under free competition has co-existed with the most rapid advance in average wealth and industrial efficiency that the world has ever seen. But man does not judge his position and advantages by those which existed in the past as much as he compares himself with his neighbors in the present. This is the key to the discontent. It is a characteristic of the existing system that it tends to make the industrious poor, in their own eyes, relatively poorer measured in terms of comparative economic importance. This, said Veblen, is what seemed to count the most; for in our society, "Economic success is ... the most widely accepted as well as the most readily ascertainable measure of esteem."⁶

It is not a characteristic of the present system only that man wants to assure his standing in the esteem of his fellow men--that is a characteristic extending far back beyond present society. The capitalist contribution is the form in which this age-old characteristic of man asserts itself. Since ours is an economic society, this striving to be thought better than one's neighbor exerts itself in an economic form.

⁵Ibid., p. 389.

⁶Ibid., pp. 393-94.

To sustain one's dignity--and to sustain one's self-respect--under the eyes of people who are not socially one's immediate neighbors, it is necessary to display the token of economic worth, which practically coincides pretty closely with economic success.⁷

This appearance of success is very important--each person feels that he continually must prove to those about him that he has the ability to afford those things which others about him purchase. It is essential to keep up with the Joneses--and desirable to keep ahead of them. Because of this characteristic the "standard of living" becomes very elastic. Almost any amount of income can be absorbed after the physical wants and comforts have been provided for. And things once become accustomed to take on an essential nature which makes them a permanent part of the "standard of living."

... the system of free competition has accentuated this form of emulation, both by exalting the industrial activity of man above the rank which it held under more primitive forms of social organisation, and by in great measure cutting off other forms of emulation from the chance of efficiently ministering to the craving for a good fame.⁸

Because man's environment has been broadened he now comes in contact with many more people--people who judge him only by his ability to pay. This is a comparative emulation. No general advance in the well-being of the community can satisfy the craving to be "better than one's neighbor."

Since private property is the cornerstone of the modern industrial

⁷Ibid., p. 393.

⁸Ibid., p. 395.

system, it is inevitable that it should become inseparable from this emulation. Because of this, and of the jealousy of those who possess less than those with whom they make the comparison, the growth of sentiment among these people has come to favor some readjustment adverse to the interest of those who possess more.

Therefore the industrial system has intensified emulation and centered it on the possession of material goods. On the surface the source of unrest which supports socialism thus appears to be jealousy, and this jealousy is centered on private property. "With private property, under modern conditions, this jealousy and unrest are unavoidable."⁹ While Veblen emphasized that this emulation was not the sole cause of the unrest, he stated that it was one of the causes, if not the chief one, and is more prominent than almost any other equally powerful moral factor in our society.

Although this entire discussion is carried on in an objective manner with the author seemingly not taking sides, it is not hard to see that Veblen was in fact sympathetic with this unrest. One does not try to establish economic grounds for a movement to which he is opposed. Though his method is objective, his sympathies are revealed in the development of his analysis.

Three years later, in 1894, Veblen again found reason to assert that the basic institution of private property was beginning to be questioned by a great many people. The occasion was the march of the

¹⁰"The Army of the Commonwealth," republished in *Essays on Our*
This quotation taken from p. 98.

⁹Ibid., p. 397.

"Army of the Commonweal" on Washington, D. C., led by Jacob Coxey. Veblen stated that while the main purpose of the march--the creation of employment through the creation of capital by the issuing of fiat money--was "an articulate hallucination," the fact remained that this was a new departure in American methods, and "... a new departure in any people's manner of life and of looking at things does not come about altogether gratuitously."¹⁰

The message of the "Army of the Commonweal" seemed to be that certain economic concepts have changed their meaning to many people. Capital has become the capital of Karl Marx rather than that of the classical economists of the old school or of the market place. Under the new concept, after a limit is reached added increase of a person's wealth should not give him increased command over the means of production. "Beyond an uncertain point of aggregation, the inviolability of private property, in the new popular conception, declines."¹¹ It now appears that a change in quantity if large enough becomes a change in kind, and a man--or corporation--should no longer be free to do what he wishes with his own, if that which is his own is in great excess of the average.

Veblen also stated that the classic phrase "life, liberty and the pursuit of happiness" is now being read as "life, liberty and the means of happiness." This he took as an indication of a trend to so-

¹⁰"The Army of the Commonweal," republished in Essays on Our Changing Order. This quotation taken from p. 98.

¹¹Ibid., p. 99.

cialism; and the fact that the appeal was made to the national government rather than to the local governments as it would have been in the past was indicative of the integration which industrial efficiency had forced upon us. If a change had come about at that time, Veblen said, the result would have been one integrated country with virtually all authority residing in the national government.

The most important thing to note about this movement was that it was provided much more easily than they were a few generations ago.

... in substance due to a cumulative organic change in the constitution of the industrial community ... a change of sufficient magnitude to seek expression, now that the occasion offers.¹²

It is interesting to note the thread of optimism which runs through Veblen's early writings. It seems as though he was eager to seize upon any indication that the people were tiring of the old system and were gradually getting to the point where they would demand changes. He was still young (thirty-seven) and, expecting to see great changes in his lifetime, he eagerly grasped at each happening which might be indicative of growing unrest. The contrast between these writings and his last book is indeed striking. For there it is a discouraged, embittered old man uttering his final condemnations of the society which had proved so impervious to his teachings.

After pointing out that emulation was a factor which must be understood if the current unrest was to be correctly analyzed, Veblen

¹²Ibid., p. 103. *Science in Modern Civilization*, p. 399.

¹⁴Ibid., p. 401.

then proceeded in the second half of "Some Neglected Points in the Theory of Socialism" to show how socialism would, by doing away with private property, shift the emphasis from an attempt to keep up appearances to something which might be socially more useful. He stated that "... it is at any rate not easy to imagine it running into any line of action more futile or less worthy of human efforts."¹³ Modern industry has developed to such an extent that the necessities of life are provided much more easily than they were a few generations ago. Emulation has come to consume much of the productive effort. In a society which succeeds in diverting this emulation to some other channel by doing away with private property and inequalities of acquisition on which emulation is now centered, it would be possible to supply the needs of society with much less labor than is now being applied. Veblen stated that the struggle to keep up appearances consumes roughly one-half of the aggregate labor. Thus the new society could survive with considerably less labor than the present one, and since the less irksome and exacting the new society, the greater the measure of success possible, the point to note is that ... a society which has reached our present degree of industrial efficiency would not go into the Socialist or Nationalist state with as many chances of failure as a community whose industrial development is still at the stage at which strenuous labor on the part of nearly all members is barely sufficient to make both ends meet.¹⁴

Veblen is not too specific as to what form the emulation would

¹³The Place of Science in Modern Civilisation, p. 399.

¹⁴Ibid., p. 401.

take under the new society, but it can be assumed that he meant for it to be diverted to a competitive struggle to gain good fame by some activity which would result in the social good. Since labor would no longer be held in low esteem, it should be possible to make it assume a position worthy of the emulation now centered on the keeping up of appearances. Veblen was cautious here however, and said that such a possibility is not without an utopian look which makes it highly impractical as a basis for a new society. Nevertheless, it has interesting possibilities and the suggestion should be exploited to its utmost.

As his final point of the essay, Veblen took issue with Spencer's statement that when the present system of voluntary cooperation under contract is displaced it will necessarily be by one of compulsory cooperation under a regime of status. These are the only two alternatives posed; but Veblen proposed that the socialist wishes to escape from both of these systems.

The modern system of constitutional government does not fall under the head of either status or contract, Veblen continued, and it is within something analogous to this that the socialists propose placing the industrial system. The industrial system would be subject to regulation by the will of the social organization as expressed by impersonal law. A system such as this would not be one of status with its subjection to personal authority, privileges and immunities, and class distinction; nor would it be one of free contract. It would be subjection to impersonal power vested in authority by the will of the

people, but not subjection to that authority itself. The socialists wish to merge the political and the industrial organizations, with the political organization becoming the ruling one. This would eliminate the system of contract but would not entail the setting up of a system of status to take its place.

Several key statements serve to sum up the views of Veblen at this time on socialism. The first is that there is "... an economic ground, as a matter of fact, for the existing unrest that finds expression in the demands of socialist agitators."¹⁵ The second statement is one which Veblen made in a review of the Rev. Robert Flint's Socialism. He stated that "modern socialism, whatever its definitions, stands for an economic fact."¹⁶ The third quotation is

In America at least, this movement ... has not generally been connected with or based on an adherence to socialistic dogmas.¹⁷

These statements reveal certain patterns of thought which Veblen held at this time about socialism and which he later was to apply to other forms of economic revolution. First, he was sympathetic to it. He refused to write it off as merely the jealousy of the "have nots" directed against those who were better off by recognizing that the outward expression of jealousy was symptomatic of economic disparities in the social structure. Second, he pointed out that socialism was an

¹⁵Ibid., p. 387.

¹⁶Quoted by Joseph Dorfman in Thorstein Veblen and His America, p. 117.

¹⁷The Place of Science in Modern Civilisation, p. 388.

economic fact: it was actually in existence. Disproving the arguments of the socialists would not abolish the fact of socialism. It was a moving active force--it must be treated as such. No matter how inconsistent its definitions (which was what the Rev. Flint had pointed out) or absurd some of its doctrines, it still stood for an economic fact. Third, Veblen tended to treat socialism as a force which had its basis in an economic fact and not in any theoretical dogma. This point reappears later when he attempted to separate socialism from Marxism (discussed in Chapter III) and is a characteristic viewpoint to which he held throughout his life, but one which cannot be fully understood until the issue of Darwinism is explored. For it was Veblen's strict adherence to the tenets of Darwinism which prevented him, despite his sympathies, from embracing "scientific socialism."

thought which would assure men of perfect harmony. Certain systems of thought are still in a great measure influenced by this method of procedure which grew out of the age of reason. A third system admits to no ultimates or absolutes and concerns itself with a study of things as they are and the process by which they change. Ultimate ends are discarded in favor of a study of the process of change. This was the system which was developed following the publication of Charles Darwin's Origin of Species in 1859, and the system which was to be used throughout his life by Thorstein Veblen.

The fight over Darwinism was in full swing during the latter half of the nineteenth century, the period in which Darwin's philosophy was being formed. To the popular mind it was a fight between Darwinism and

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theology. But as John Dewey has pointed out, the issue lay primarily within science itself.

CHAPTER III

DARWINISM AND THE REJECTION OF SCIENTIFIC SOCIALISM

Religious considerations lent fervor to the controversy, but they did not provoke it. Intellectually, religious men gave readily to the current view of the world and consequently large ideas about the world being independently generated by science and philosophy, not in religion. Interwoven into each system of rational thought or action is some method of procedure. It is to this method of procedure that the proponents of the system turn when questions arise which call for rational decisions or answers. The method of procedure used by the scholastics was logical reasoning from their interpretation of the word of God. Using this method, they erected a system of thought which still controls great numbers of the world's population. Another method was reasoning from universal principles which themselves had been reached through a process of reasoning and observation. These principles once discovered would furnish the basis for a system of thought which would assure men of perfect harmony. Certain systems of thought are still in a great measure influenced by this method of procedure which grew out of the age of reason. A third system admits to no ultimates or absolutes and concerns itself with a study of things as they are and the process by which they change. Ultimate ends are discarded in favor of a study of the process of change. This was the system which was developed following the publication of Charles Darwin's Origin of Species in 1859, and the system which was to be used throughout his life by Thorstein Veblen.

The fight over Darwinism was in full swing during the latter half of the nineteenth century, the period in which Veblen's philosophy was being formed. To the popular mind it was a fight between Darwinism and

theology. But as John Dewey has pointed out, the issue lay primarily within science itself. no longer wastes much time trying to disprove them. It has found it much more profitable to continue its search for Religious considerations lent fervor to the controversy, but they did not provoke it. Intellectually, religious emotions are not creative but conservative. They attach themselves readily to the current view of the world and conserve it. ... there is not, I think, an instance of any large idea about the world being independently generated by religion. Although the ideas that rose up like armed men against Darwinism owed their intensity to religious associations, their origin and meaning are to be sought in science and philosophy, not in religion.¹

As Dewey also pointed out, there are but two alternative courses; either man must search for knowledge in the mutual interaction of changing things or he must seek them in some transcendent and supernatural region.

The human mind, deliberately as it were, exhausted the logic of the changeless, the final, and the transcendent, before it essayed adventure on the pathless wastes of generation and transformation.²

Darwin effectively stopped science's wanderings in the supernatural and directed its footsteps toward the study of "specific values and the specific conditions that generate them."³

Although the fact of organic evolution has been recognized from Darwin's time by biologists and scientists in general without serious doubt, great numbers of people, as was stated earlier, are still in-

¹The Influence of Darwinism on Philosophy, pp. 2-3.

²Ibid., pp. 6-7. Kosmos Club at the University of Chicago, May 4, 1908.

³Ibid., p. 13.

fluenced by systems of thought based on the supernatural. Old ideas die slowly and science no longer wastes much time trying to disprove them. It has found it much more profitable to continue its search for knowledge--a search that in itself by making facts known is gradually rendering matter-of-fact much that used to be considered in the realm of the supernatural.

The fight over Darwinism profoundly influenced Thorstein Veblen. He became firmly convinced of the validity of Darwinism, and throughout his life it remained the supreme test to which he put all other theories. He divided them all into two classes, pre-Darwinian and post-Darwinian, and judged them accordingly. No matter how much he might be in sympathy with a theory or a movement in other respects, if it failed to pass this crucial test he could not officially accept it.

In "The Evolution of the Scientific Point of View"⁴ Veblen discussed this method of analysis that was to influence his thinking so much. After explaining that Darwinism is merely a catchword that is associated with the general revolution in scientific thinking that came about in the nineteenth century, Veblen went on to explain his conception of the difference between a pre-Darwinian and a post-Darwinian point of view.

The prime postulate of modern science is that of consecutive change. Since consecutive change can come to rest only provisionally, the inquiry can never reach a final turn in any direction. The inquiry

⁴Read before the Kosmos Club at the University of Chicago, May 4, 1908, and reprinted in The Place of Science in Modern Civilisation, pp. 32-55.

is directed at the process of constant cumulative change rather than to any end. On the other hand, pre-Darwinian science was engaged mainly in definition and classification. The scientists of that period looked both to a final end and to a first beginning, and their inquiry was directed to an explanation of

... how things had been in the presumed primordial stable equilibrium out of which they, putatively, had come, and how they should be in the definitive state of settlement into which things were to fall as the outcome of the play of forces which intervened between this primordial and the definitive stable equilibrium.⁵

The center of interest was the body of natural laws which controlled the sequence of events between these two ends. Emphasis was placed on how these natural laws would effect the final consummation.

In post-Darwinian science the emphasis is placed on the process of causation instead of any final effect. It is interested in the process of consecutive change which is assumed to have no end. The past and present rather than the definitive future constitute the main fields of inquiry.

These were the standards which were applied to any system of thought he wished to evaluate--standards from which he would admit no deviation.

Classical economic theory was one of the first systems of thought to suffer a Darwinian analysis at the hands of Veblen. The results were given in "Why Is Economics Not an Evolutionary Science" in

⁵The Place of Science in Modern Civilisation, p. 37.

1898.⁶ In this article, Veblen explained exactly why orthodox economic theory is pre-Darwinian in nature. The main difference between economics and "modern" sciences is a difference in the point of view with which they approach the problem under analysis. "The modern scientist is unwilling to depart from the test of causal relation or quantitative sequence."⁷ Veblen said that the evolutionary leaders were to be commended for their refusal to seek higher ground as a basis for their colorless sequence of phenomena and for their contribution in showing how this sequence because of its cumulative character could be made use of in theory.⁸ Classical theory, however, has always sought an ultimate, a "natural law" which would give spiritual stability and consistency to the causal process. It has been interested in deviations from and propensities to return to a given end, such as a restoration of equilibrium. The classification of any force as a "disturbing factor" is an admission in itself that there has been a propensity to travel to some given end which has been "disturbed" by a "foreign" force. Its ultimate desire has been to "formulate knowledge in terms of absolute truth."⁹ It has concerned itself with the imputation of spiritual coherence to the facts at hand. This method is not consistent with

⁶ The Quarterly Journal of Economics, Vol. XII, July, 1898. Reprinted in The Place of Science in Modern Civilisation, pp. 56-81.

⁷ Ibid., p. 60.

⁸ Ibid., p. 61.

⁹ Ibid. The Quarterly Journal of Economics, Vol. XX, August, 1906. Reprinted in The Place of Science in Modern Civilisation, pp. 409-56.

modern science and its non-spiritual sequence. As long as economics retains such concepts as natural, normal, tendencies, controlling principles, and disturbing causes, it cannot be classified as evolutionary. Thus Thorstein Veblen, through the application of Darwinian principles, concluded that classical economic theory was invalid.

Veblen applied the same criteria to the Marxian system of thought, and it too failed to meet the test of Darwinism. In 1906, Veblen secured a two weeks' leave of absence from his teaching position at the University of Chicago to deliver a series of lectures on socialism at Harvard University. The lectures were later published as "The Socialist Economics of Karl Marx and His Followers."¹⁰ The article is divided into two parts, the first being a penetrating analysis of the main tenets of Marxian doctrine, and the second a discussion of how those doctrines have fared since his death.

Veblen conceded that there is no system of economic theory more logical than that erected by Karl Marx. However it is logical only when viewed in the light of its basic preconceptions and postulates. The two sources from which Marx drew heavily were the English system of natural rights and a materialistic version of Hegelianism. The former furnished him with a foundation, the latter influenced his method of construction. Veblen devoted most of his article to the latter, partly because he had already discussed natural rights in his article on economics and evolution, but mainly because he thought the

¹⁰ The Quarterly Journal of Economics, Vol. XX, August, 1906. Reprinted in The Place of Science in Modern Civilisation, pp. 409-56.

actual working out of the system much more important than the pedigree of Marx's postulates. Even if an acceptable pedigree could be established, Veblen stated that the fact that Marx used Hegelian methods in the development of his theory would invalidate his whole work--for the Hegelian dialectic is incompatible with the post-Darwinian conceptions of evolution.

According to Veblen's analysis, the dominant feature of the Hegelian system is the conception of movement, development, or progress by the method of conflict or struggle. This is true both of orthodox Hegelianism and of materialistic Hegelianism as developed by Marx. There is movement or progress toward a goal. As Veblen put it,

The movement is, further, self-conditioned and self-acting: it is an unfolding by inner necessity. The struggle which constitutes the method of movement or evolution is, in the Hegelian system proper, the struggle of the spirit for self-realization by the process of the well-known three-phase dialectic.¹¹

This dialectical movement becomes, for Marx, the class struggle.

The class struggle is material in nature. By material, Marx meant economic. It is material because it is the struggle between classes for the material means of life. However, Veblen pointed out that it is not consistently material but is sublimated by the conscious class struggle. If it were completely and consistently material it could not place any genetic powers in the class struggle, which would be reduced to a "mere unconscious and irrelevant conflict

¹¹ Ibid., pp. 414-15.

of the brute material forces."¹² It would be a simple interpretation in terms of cause and effect with no recourse to the concept of a conscious class struggle and thus would be not inconsistent with Darwinism. A class struggle might take place as the result of certain material forces, but the Marxian concept of a conscious class struggle as the one necessary method of social progress could hardly have been developed. Nor could this process, if it were completely and consistently material, lead up to a final term, a society toward which all factors involved are heading and beyond which the process would not go. If the process were Darwinian, there would be no final, classless society with its perfect equilibrium and its infinite existence, for Darwinism admits of no final or perfect term and no definitive equilibrium.

Veblen went on to explain how Marx had visualized this class struggle working to eliminate capitalism. Because of Marx's labor theory of value, there is a surplus value in production which goes to the capitalist. This surplus is the difference between wages as set by the wage contract and the full value of the product represented by its price. This surplus value goes to the capitalist who adds part of it to his capital. This process of capital accumulation brings about a change in the technological organization of the industry with more labor-saving machines being used, and causes the "industrial reserve army" to be increased by the amount of labor displaced. These two factors are inseparable; as capital increases, the number of unem-

¹²Ibid., p. 416.

ployed workers (relatively) increases also. Since the income of the workers constitutes the most important source of purchasing power, as it decreases depression and crises result because the market is more subject to glut from overproduction. However, this alone does not bring on socialism. Veblen pointed out that socialism could be brought about under the Marxian system only through a conscious class movement on the part of the propertyless laborers acting in their own interests.

To Marx, this was all part of a scheme, all part of the life history of the human species, a life history which has as its goal the final achievement of a classless society. Capitalism is an essential step in the attainment of that goal. In the three-phase dialectic of thesis, antithesis, and synthesis, capitalism with its increasing misery and degradation fits in as the last phase of antithesis. Capitalism is an evil, but a necessary evil; and the fact that it is regarded in that light was one more proof to Veblen that Marxism was of pre-Darwinian and thus unacceptable to him.

In the second half of his article on "The Socialist Economics of Karl Marx and His Followers" Veblen analyzed how the socialist movement of that day (1907) had departed from the doctrines set up by Marx a half century earlier. It was his contention that although the school of socialism prominent at that time called itself Marxian and claimed to be following Marxian doctrine, it had in fact gradually changed its point of view until it was the materialism of Darwin which was exerting primary influence on it.

It is interesting to note what Veblen seems to have been trying to do here. As an outstanding critic of the existing social order, it

was quite natural that he should be in sympathy with a socialist movement which was trying to change that order. His works contain ample evidence of such sympathies.¹³ But no matter how strongly his sympathies urged him to support it, intellectually he could give neither his acceptance nor his backing to a movement which violated the Darwinian system of thought of whose validity he was so firmly convinced. Conceivably there was a way out of this dilemma. He had continually treated socialism as an economic fact rather than as the result of Marxian doctrine. If a careful analysis of the socialism of his day showed that it had indeed lost all relationship to Marxian doctrine, then Veblen would be achieving two purposes. He would be rendering the socialist movement a service in freeing it from dogma which being unscientific might hinder it, and he would be making it possible for his support to follow his sympathies in perfect intellectual honesty.

It was Veblen's contention that the essential characteristics of Marx's system were worked out as early as the "Communist Manifesto" in 1848. However, during the following half century the principles of Darwinism had become generally accepted, and the doctrines of Marx had gradually undergone change through the different points of view of his followers. The new generation, Veblen thought, saw things in a different light--the light of Darwinism. However, this criticism by it-

The neo-Hegelian Marxist standpoint is almost wholly personal whereas the evolutionary or Darwinian standpoint is wholly impersonal. The continuity in the older school is a continuity of reason and there-

¹³See Chapter II. *Science in Modern Civilization*, pp. 436-37.

fore of logic. The facts are supposed to fall into a pattern which can be interpreted by intelligent men into a sequence of logical consistency leading to the eventual goal of a classless society. Darwinism on the other hand is a scheme of blindly cumulative causation with no trend or final term. In the former, the scheme of development is centered around struggling, ambitious human spirit. In the latter, evolution is in the nature of a mechanical process.¹⁴ From this basis, Veblen proceeded to analyze the modern socialism of his day.

His analysis showed four main postulates of Marxism which had undergone revision because of exposure to the Darwinian point of view. The first is the doctrine that the exigencies of the material means of life control the conduct of men throughout society and therefore guide the growth of institutions and the course of human culture. In the Darwinian system material exigencies are not the sole determinant of human action but become only one of a number of influences which impersonally influence the course of human action. Everything with which man comes in contact exerts a certain influence on him. Thus the only members of society who will be influenced by material exigencies alone are those whose total existence consists of nothing but a struggle for material goods. Supposedly the modern socialists are now looking at materialism in this light. However, this criticism by itself does not seem altogether valid. It is doubtful if Marx ever intended for the struggle for the material means of life to affect anyone but the lower classes who were indeed engaged in that struggle.

¹⁴The Place of Science in Modern Civilisation, pp. 436-37.

The dictatorship of the proletariat was to exist for the express purpose of suppressing those who had not been convinced, as the lower classes had, that socialism was the only solution.

Secondly, Veblen also considered the class struggle as being untenable in the light of modern Darwinism. Marx held the class struggle to be inevitable, leading at each successive revolution to a more efficient adjustment of human industry to human needs. But Veblen stated that the class struggle was not inevitable and in fact might easily be eclipsed by more powerful stimuli of the moment. For instance, support for dynastic, imperialistic politics might be had from the people of a nation whose habits of loyalty and patriotism are stronger than the class struggle. Veblen stated that

It is a question of habit and native propensity and of the range of stimuli to which the proletariat are exposed and are to be exposed, and what may be the outcome is not a matter of logical consistency, but of response to stimulus.¹⁵

In a like manner, Veblen stated that the Marxian theory of value and the natural right of labor to the full value of its product had fallen into disuse because of the influence of the Darwinian point of view. It must be remembered that this analysis was written in 1907 and Veblen was looking toward the Social Democratic movement in Germany as representing the most powerful socialistic force in existence. This explains his statements to the effect that these basic postulates of Marxism were being dropped. He saw in that movement a tendency of socialism to drift away from Marxist doctrines and become something more

¹⁵Ibid., p. 442.

consistent with the modern point of view.

As proof of the discarding of Marxian concepts and principles, Veblen showed how these Social Democrats had deviated from the Marxist doctrine in three important instances. Due to the stress of practical party politics and ever-changing circumstances, they have had to alter their policies with regard to the labor movement, the agricultural population, and the question of imperialism.

Original Marxian economics had no room for the labor union. As the growth of capitalism brought on a powerful trade unionism, the Social Democrats found themselves obliged to deal with it. Since the purpose of trade unionism is to improve the position of the workman, it would seem that the Social Democrats would strongly oppose it, for only through the misery of the workers was the revolution to come. Modern socialism has accepted the trade union and even has written it into Marxist doctrine with the explanation that a strong working class can wage a much more successful revolution than an unemancipated one. Therefore it becomes the duty of the trade union movement to keep the working class strong and well until that all-important day of revolution. In fact, his analysis was not completely mistaken.

According to Veblen, socialism also has had to make its peace with the agricultural population. The farmers were not in sympathy with the Marxist proposal to communize the farms. In order to get their support the Social Democrats have had to revise their plans so that the farmers will not be disturbed in their small holdings when the great change finally comes about. Only "capitalistic" enterprise is to be socialized, and small farms are not to be classified as

"capitalistic."

Likewise, Veblen said that in order to remain a powerful force, socialism has had to adapt and change its policies to meet the growth of nationalism and imperialism in Germany. This is indeed contrary to Marxian internationalism. At the time of the Franco-Prussian War, there was an attempt to keep workers on both sides from fighting; but it soon made the International, which sponsored it, unpopular in both France and Germany. As a result, its policies were watered down to such an extent that at that time (1907) the Social Democrats, in line with the increasing patriotism of the German people, had placed national aggrandizement first and international comity second.¹⁶

Before criticism of Veblen is justified for using his analysis of the Social Democrats in Germany as proof that Marxism was fast disappearing, both the date and the circumstances at that time should be recalled. It was 1907 and the German socialists were the leaders of the movement. The Russians had not yet assumed power with their strong revival of Marxian doctrines. Veblen analyzed the trend as he saw it and the trend at that time seemed to be away from Marxism.

In fact, his analysis was not completely mistaken. Social Democracy has in fact discarded much of Marxian doctrine. It has become a social liberalism which today is not inconsistent with Darwinism. What Veblen could not possibly see at that time was the coming to power of a small group of obscure agitators and conspirators called Bolsheviks which represented the left wing of the Social Democratic party in

¹⁶Ibid., p. 454.

Russia and favored a highly disciplined, monolithic party dedicated uncompromisingly to social revolution and a dictatorship of the proletariat. In short, he fell into the same error as the evolutionary socialists. conditions and the Bolsheviks took full advantage of them.

While it is not the present writer's purpose to make apologies for Veblen's inability to predict the revival of Marxian doctrine, there is another contributing factor which should be mentioned--one of which Veblen himself was quite aware. This factor is the large amount of human behavior which is controlled by other than logical reasoning. Veblen stated that

Under the Darwinian norm, it must be held that men's reasoning is largely controlled by other than logical, intellectual forces; that the conclusions reached by public or class opinion is as much, or more, a matter of sentiment than of logical inference.... It is a question of habit and native propensity and of the range of stimuli to which the proletariat are exposed and are to be exposed, and what may be the outcome is not a matter of logical consistency, but of response to stimulus.¹⁷

Not always have the most widely accepted systems of thought been the most logical. Men are still ruled very effectively by sentiment and emotion as well as by logic, and the Marxian system was originally calculated to inspire revolution among the lower classes. It has great emotional appeal entirely apart from its logical coherence. Even though Veblen might be right in questioning its logical coherence by proving it pre-Darwinian or for any other reason, he was wrong in underestimating its emotional appeal. All that was necessary for a

¹⁷Ibid., pp. 441-42.

revival of Marxism was the proper set of world conditions (whether they had come about as Marx had predicted or not) and a devoted group of Marx's disciples to spread his doctrines. The First World War furnished the conditions and the Bolshevists took full advantage of them.

During this first period. Thus far we have seen how he had established an economic basis for socialism, rejected Marxian doctrine as being pre-Darwinian, and proved that socialism in fact had broken away from the Marxian principles on which it was supposedly based. The last step was the examination of the causal sequence to which Veblen attributed the socialist movement.

To be sure, he had already shown how socialism was to some extent due to the emphasis on economic emulation in our civilization and the failure of the industrious poor in their own eyes to obtain adequate economic reward. But Veblen felt that this was not the entire cause. He was hopeful of establishing some cause which would be consistent with his Darwinism. The "cultural incidence of the machine process" met these requirements. This theory was first discussed in an essay on "Industrial and Pecuniary Employments" which appeared in the Publications of the American Economic Association in 1901¹ and was further developed in The Theory of Business Enterprise in 1904.

It was Veblen's method of analysis to look at a custom, social force, or at society as a whole as made up of two opposing forces. One is the conventional force usually teleological in nature and dependent

¹Series 3, Vol. II. Reprinted in The Place of Science in Modern Civilization.

CHAPTER IV

A DARWINIAN THEORY OF SOCIALISM

We now come to the last part of Veblen's analysis of socialism during this first period. Thus far we have seen how he had established an economic basis for socialism, rejected Marxian doctrine as being pre-Darwinian, and proved that socialism in fact had broken away from the Marxian principles on which it was supposedly based.² The last step was the examination of the causal sequence to which Veblen attributed the socialist movement.

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for guidance on the supposition of some divine providence, invisible hand, or natural order. The other is impersonal, dynamic, evolutionary and matter of fact. It is guided by an impersonal causal sequence and has as its primary axiom cumulative causation. This dichotomy runs throughout his writing. It is the basic distinction of the scientific as against the pre-Darwinian point of view. John Dewey has called it "... the old problem of design versus chance, mind versus matter, as the causal explanation, first or final, of things."²

Unlike the Marxist-Hegelian thesis and antithesis, these two forces do not come into violent conflict thus creating a synthesis. Veblen represents them as two forces moving along in the same direction with static institutions continually holding back a more dynamic technology. There is an ever-present cultural lag between these two forces which makes for continual maladjustment of society.

In his analysis of the way in which men make their living Veblen utilized this basic dichotomy. Employments are divided into two classes, industrial and pecuniary. All those who come in constant contact with the machine process and are influenced by it are placed in the industrial category. They are the skilled and semi-skilled workers, technicians, engineers, and scientists who are imbued with the matter-of-fact cause and effect process of modern technology. On the other hand those who work is concerned not with producing but with buying and selling move within the lines and under the guidance of the principles of ownership, custom, legal rights and private property.

²John Dewey, op. cit., p. 9.

These men are in the pecuniary category and are little influenced by the machine process.

It is within the cultural incidence of the machine process that Veblen found the basis for socialism. The machine process exerts a causal influence on those who work with it closely.

Its dominance is seen in the enforcement of precise mechanical measurement and adjustment and the reduction of all manner of things, purposes and acts, necessities, conveniences, and amenities of life, to standard units.³

This discipline, he thought, naïvely perhaps, falls on those closely engaged in machine industries with the result that there is a standardization of the workman's intellectual life in terms of mechanical process. Veblen went on to explain that

Insofar as he is a rightly gifted and fully disciplined workman, the final term of his habitual thinking is mechanical efficiency.... But mechanical efficiency is a matter of precisely adjusted cause and effect.⁴

What the discipline of the machine industry inculcates, therefore, is the habitual use of the impersonal cause and effect sequence in the habits of life and thought of the workman. At the same time, through neglect and disuse, such intellectual facilities as do not correspond with this sequence are gradually weakened. The natural right basis of ownership, the ultimate ground of validity for the thinking of the business classes, is not in accordance with this impersonal cause and

³The Theory of Business Enterprise, p. 306.

⁴Ibid., p. 309.

⁵Ibid., pp. 336-37.

effect sequence and is disappearing from the habits of thought of those who are subject to the discipline of the machine process. The growth of trade unionism is a result of this weakening of the doctrine of natural right. Trade unionism denies both the individual freedom of contract to the worker and the right to carry on his business as he wishes to the business man. Both of these things are in direct opposition to the received doctrine of natural rights. But when trade unionism not only tries to limit the natural rights of ownership and free contract but takes a position of overt hostility to them, it becomes something else which Veblen calls "socialism for want of a better term."⁵ Socialism seems to be the logical outcome of the trade union movement.

The phrase, "which may be called socialism for want of a better term," is typical of the light in which Veblen viewed socialism. In line with his distinction between Marxism and socialism,⁶ he continually treated socialism as "an animus of dissent from received traditions"⁷ and nothing else. According to Veblen,

When distrust of business principles rises to such a pitch as to become intolerant of all pecuniary institutions and leads to a demand for the abrogation of property rights rather than a limitation of them, it is spoken of as "socialism" or "anarchism." ... There is little agreement among socialists as to a program for the future. Their constructive proposals are ill-defined and inconsistent and almost entirely negative.⁸

⁵Ibid., p. 331.

⁶See Chapter III above.

⁷The Theory of Business Enterprise, p. 338.

⁸Ibid., pp. 336-37.

This, then, is the socialism about which Veblen was speaking throughout this early period. It is consistently viewed as "vague and inconsistent and for the most part negative."⁹ "It demands a reconstruction of the social fabric, but it does not know on what lines the reconstruction is to be carried out."¹⁰ As for the "scientific socialism" of Marx and Engels, Veblen states that

This socialism never made serious inroads among the working classes outside of Germany--the home of Hegelianism. Even in that country a most vigorous growth of socialistic sentiment came after Hegelianism had begun to yield to Darwinian methods of thought, and this later growth has been progressively less Marxian and less positive. Marxism is now little more than a pro forma confession of faith.¹¹

Viewed in the light of the above definitions, Veblen's treatment of socialism becomes much more understandable. If the movement actually was as he defined it, then his treatment cannot be criticized. If any censure is to be adjudged, it should be directed at his definition. And it would seem that he had a tendency to read into the movement the characteristics he would like for it to have. This may be condoned in part because of the actual vagueness of the movement at the turn of the century. The lines at that time were rather ill-defined. Final judgment must await an analysis of the world war period, and Veblen's writing about bolshevism during those years. For the first period it will suffice to say that Veblen was a bit hasty in

⁹The Place of Science in Modern Civilisation, p. 319.

¹⁰The Theory of Business Enterprise, p. 339.

¹¹Ibid., p. 340.

writing off Marxism as no longer having any influence in the movement of socialism at that time. This was probably due to his conviction that anything as obviously pre-Darwinian as Marxism could no longer have any validity or be of any consequence. On this point at least we know now how gravely mistaken he was. These writings about socialism are important however for the insight they give into Veblen's early thoughts about economic revolution. His own theory of revolution was not yet developed, and he viewed socialism as a possible vehicle of change. The concept of absentee ownership also not yet being present, he tended to adopt the socialist doctrine of the elimination of all private property. It was not until stimulated by the unrest of the war period that he began to develop his own concepts of how economic revolution was to come and the changes it would bring with it. and national patriotism, and he continually warned that perhaps they might exert such a powerful influence that they would outweigh the effects of the machine technology and thus cause the old order of things to be perpetuated. While to a certain degree this element of caution was always present, it became much more prominent toward the end of the period. In the earlier writings, "the cultural incidence of the machine process" is described as inescapable.

The growth of business enterprise rests on the machine technology as its material foundation. The machine industry is indispensable to it; it can not get along without the machine process. But the discipline of the machine process cuts away the spiritual, institutional foundations of business enterprise; the machine industry is incompatible with its continued growth; it can not, in the long run, get along with the machine process. In their struggle against the cultural effects of the machine process, therefore, business

CHAPTER V

PEACE, BOLSHEVISM, AND THE SOVIET OF TECHNICIANS

As we have seen, the dominant mood of Veblen's writing up to the outbreak of the war in Europe was one of general optimism that sometime in the future the effects of modern technology would at last cause the people to divorce themselves from the obsolete conventions of private ownership and of business control of the industrial system. For a while he thought this change might be brought about through a socialism which he viewed as purely an animus of dissent from received conventions and as having received little or no inspiration from the Marxian system of thought. However this spirit of optimism was tempered with a measure of caution. Veblen recognized the power of sentiment, habits of thought, and national patriotism, and he continually warned that perhaps they might exert such a powerful influence that they would outweigh the effects of the machine technology and thus cause the old order of things to be perpetuated. While to a certain degree this element of caution was always present, it became much more prominent toward the end of the period. In the earlier writings, "the cultural incidence of the machine process" is described as inescapable.

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principles can not win in the long run; since an effectual mutilation or inhibition of the machine system would gradually push business enterprise to the wall; whereas with a free growth of the machine system, business principles would presently fall into abeyance.¹

On the other hand, in The Instinct of Workmanship, which might be listed as the final book in this first period, Veblen stated that

Even in those members of the community who are most directly and rigorously exposed to its discipline the machine process has hitherto wrought no such definite bias, no such positive habitual attitude of workmanlike initiative towards the conventions of industrial management as to result in a constructive deviation from the received principles.²

Thus the first period might be characterized, with the inherent dangers of such a generalization always in mind, as one of generally fading optimism that the cultural effects of the modern system of technology working through socialism or a like movement would cause the elimination of the business enterprise which was so dependent upon it.

The second period begins with Veblen frankly doubtful of the surviving vitality of socialism as a revolutionary force. Whether Marxian or not, it seemingly had been removed as an active threat to the established order in 1915 when Veblen inserted this footnote into his book on Imperial Germany:

So, universal military service has proved the most effectual corrective yet brought to bear on the socialistic propaganda and similar movements of discontent and insubordination; and the discipline of servility, or of servitude, enforced in the underlying population. But for several reasons, he could not com-

¹The Theory of Business Enterprise, p. 375.

²The Instinct of Workmanship, p. 343.

the service is probably to be accounted the chief agency in bringing about the definitive collapse of socialism in Germany,--definitive, that is, for the present and the calculable future, and in all respects but the name, the ritual, and the offices. The concomitant warlike propaganda and unstinted dynastic magniloquence have contributed their share to this consummation, but except for the positive training in subjection to personal authority given by universal military service it is at least very doubtful if the German socialist movement could by this date have fallen into its present state of "innocuous desuetude."³

But Veblen was profoundly conscious of the need for economic re-adjustment and soon was again hopeful that some of his objectives would be accomplished, this time through the efforts of the nations to set up a lasting peace. Even before the United States entered the war, Veblen was looking ahead to the peace. He believed that if he could demonstrate without a shadow of a doubt the incompatibility of the rights of ownership, the price system, and the principles of national sovereignty with enduring peace, he could help influence the peace settlement to such an extent that some or all of the readjustments he proposed would be made. Thus the first part of his war writings was concerned with peace and its problems.

But two happenings occurred to cause him to change his emphasis. One was the realization that his peace proposals would not be accepted and the other was the Russian Revolution. There is every reason to believe that the revolution excited Veblen tremendously and started him on an exploration of the possibilities of a general revolt of the underlying population. But for several reasons, he could not com-

³Imperial Germany, p. 239.

pletely accept bolshevism although it had his sympathies in its fight against the established order. Realizing that the differences in the Russian and the American industrial systems would render ineffective in the latter a movement that had been successful in the former, he began to speculate on the character a revolutionary movement would have to assume to be successful in the United States or any other highly industrialized modern nation. The "Soviet of Technicians" then entered the picture as more or less of an Americanized bolshevism and remained Veblen's center of interest until the unrest created by the war began to dissipate and the prosperity of the twenties infected any revolutionary movement in the United States with an acute case of rigot mortis.

It is with this war period and Veblen's writings about the possibility of economic revolution which were stimulated by it that this section of the study is concerned.

In many ways Veblen may be classified as an opportunist. While he did not change his primary objective of a reconstruction of the economic order on a matter-of-fact basis, he was willing to adopt almost any method that seemed likely to achieve this objective. We have seen how, in his early years, he was much interested in socialism as a means to this end even to the extent of constructing a new and modern theoretical basis on which it could rest. The "Army of the Commonwealth" was viewed in somewhat the same manner. It is not surprising then to note that Veblen was tremendously interested in the war and the possibility that through it and the peace that would follow he might be able to accomplish some of his aims.

War had long been viewed by Veblen as the logical outgrowth of business control of the industrial system. In the final chapter of The Theory of Business Enterprise war is described as one of the means that business resorts to in order to offset the effect of the new technology and retain control of the underlying population. Veblen was convinced by the end of 1916 that the United States must finally enter the war and even showed some impatience because President Wilson delayed the final step so long.⁴ Partially because he was interested in peace as an instrument of change and partially because he habitually thought at least several years ahead of his contemporaries, shortly after the reelection of Wilson in 1916 he began writing, at a rather rapid rate for him, An Inquiry into the Nature of Peace and Terms of its Perpetuation. This book is a logical inquiry into the causes of war and the problems which have to be solved before an enduring peace can be attained. War is viewed as inevitable under the present system of national frontiers, tariff walls, business control of industry, and the competitive struggle of sovereign nations to advance the interests of their own privileged classes. The conclusion is as obvious as it is inescapable. Enduring peace can be obtained only by the "... abatement and eventual abrogation of the rights of ownership and of the price system in which these rights take effect."⁵ Either the price system and business enterprise must go

⁴Joseph Dorfman, op. cit., pp. 354-55.

⁵The Nature of Peace, p. 367.

... or the pacific nations will conserve their pecuniary scheme of law and order at the cost of returning to a war footing and letting their owners preserve their ownership by right of force of arms.⁶

The book was finished before the entry of the United States into the war, and it received some rather favorable reviews.⁷ As a result, Veblen found himself considered as somewhat of an authority on the problems of a lasting peace. In the fall of 1917 he responded to President Wilson's request to specialists in various fields for advice on peace questions by submitting two memoranda to the inquiry headed by Colonel House.⁸

In these memoranda, Veblen emphasized again that the decision would have to be made as to whether the peace was to be another temporary diplomatic compromise or a lasting peace with a neutral league of peoples to enforce it, even if the latter method entailed considerable cost to the various vested interests. If it was to be an enduring one, Veblen advocated that the United States take immediate moral leadership and that the league be set up at once for the purpose of directing the remainder of the war as well as the establishment of the peace.

While he did not deviate from the fundamental principle that national sovereignty, ownership, and the price system were the causes of war, Veblen's proposals were noticeably tempered down from those in

⁶Ibid., p. 366.

⁷Especially notable was the one by Francis Hackett in The New Republic.

⁸Joseph Dorfman, op. cit., pp. 373-74.

The Nature of Peace. After stating that he realized that no nations were prepared to make concessions as extreme as really were needed, he proposed that "a league of pacific peoples" be set up to keep the peace and that the participants be asked to give up only those things which are "patently incompatible with the uninterrupted continuance of peace and security."⁹ He then went on to enumerate such things as the elimination of national ambitions, partial elimination of the effect of national frontiers, strict control of the resources of backward countries, and the abolition of all extra-territorial jurisdiction and claims. Instead of the complete abolition of business enterprise, he now seemed willing to settle for the discouragement of it insofar as the resources of backward countries were concerned and the setting up of the principle

... that the community will no longer collectively promote or safeguard any private enterprise in pursuit of private gain beyond its own territorial bounds.¹⁰

There are at least two possible explanations for this compromising mood on the part of Veblen. First, he recognized fully the strength of the prevailing habits of thought and sentiment. In fact they were the enemy which he fought throughout his life. He was never condemning of any one business man or group of business men. He realized that they were merely acting according to the rules of the game as they stood at present. Given the existing state of society they

⁹Essays on Our Changing Order, p. 362.

¹⁰Ibid., p. 376.

were the ones who had come to the top. Veblen's adversary was the existing state of society. It may be that here Veblen was making a concession to the power of his old enemy. Realizing that the prevailing habits of thought were so powerful that the people would not immediately be willing to make the complete changes which were called for, Veblen may have decided to tone his proposals down to a bare minimum of what might suffice to eliminate some of the basic causes of war in hopes of realizing at least a few of his objectives. Rather than risk gaining nothing by demanding too much, he was willing to ask only for what he thought possible to attain.

The other explanation of this compromise might lie in the nature of the memoranda themselves. The Nature of Peace was a thorough discussion of the problems of peace from the viewpoint of logical inquiry, while the two later memoranda were specific proposals to the government of the United States for immediate action. It is understandable how the one could end with an unequivocal conclusion stated in absolute terms and the other with a somewhat tempered compromise.

But compromise or no compromise his proposals were not to be accepted. This must soon have become evident to Veblen by the way in which preparations for peace were shaping up. But about the time he must have realized the uselessness of ever persuading the "guardians of the vested interests" and the "elder statesmen," as he was so fond of calling the peace negotiators, that it was the vested interests themselves that should be eliminated, Veblen began to be interested in another social force which seemed likely to become a vehicle of change.

In April of 1918, there appeared two articles by him in which for

the first time may be seen evidence that Veblen had detected a change in the nature of the struggle then going on. One article was a reprint of an address "On the General Principles of a Policy of Reconstruction" which was delivered in January to the National Institute of Social Sciences.¹¹ The other was an article on "The Passing of Na-

tional Frontiers" which appeared in the April 25th issue of The Dial.¹² But before discussing this change in emphasis it might be helpful to fill in some background concerning Veblen's opinions on Russia and the revolution up to this time.

At least twice, Veblen had predicted revolution in Russia. The first time was in a street conversation with Grover C. Hosford of the law faculty of the University of Missouri in 1911.¹³ Veblen is quoted as saying that it would come before many years and that the executions and bloodshed would far exceed that of the French Revolution. Later, in The Nature of Peace, Veblen had written that in industrializing Russia in order to keep pace with other nations, the Russian Imperial Establishment would soon make it impossible for it to retain its hold on the people.¹⁴

When the revolution did come in March of 1917, it was welcomed by Veblen. But when the Kerensky regime was overthrown by the Bolsheviks, the extreme proponents of Marxian dogma, Veblen's enthusiasm

¹¹Reprinted in Essays on Our Changing Order, pp. 391-98.

¹²Reprinted in Essays on Our Changing Order, pp. 383-90.

¹³Reported by Joseph Dorfman, op. cit., p. 312.

¹⁴The Nature of Peace, p. 312.

must have indeed turned to disgust. Marxism with its unscientific and pre-Darwinian methods now seemed not only to be undergoing a revival but also to be about to become the set of guiding principles for the reconstruction of Russia. Veblen was especially disappointed when the Bolsheviks signed the Treaty of Brest-Litovsk, for he feared that it would give Germany the added boost which might cause her to win the war.¹⁵

But beyond this his immediate reactions to the Russian Revolution are not to be ascertained, for there is no mention of it in any of his writings immediately following the Kerensky or the Bolshevik coups. It may have been that he decided to wait a while until the situation in Russia had clarified enough for it to be seen how permanent the revolution was to be and how much a part in it Marxian doctrine was to play. Or it may have been that his main interests were still focused elsewhere. It was during the few months immediately following the Bolshevik success that he was engaged in preparing the memoranda on peace for the House Inquiry.

At all events it was not until the two previously mentioned papers that a noticeable reaction appeared in his writings. The reaction seemed to be in the form of a recognition that the current struggle either had already become or rapidly was becoming so different in nature "that the peoples of Christendom are now coming to face a revolutionary situation."¹⁶ What had merely been a war between nations

¹⁵Joseph Dorfman, op. cit., p. 372.

¹⁶Essays on Our Changing Order, p. 383.

for the benefit of their respective vested interests now seemed to be turning into a struggle between the vested interests and the common man. This situation has occurred because of the new bias with which those affected by the discipline of the new conditions of life look at the world about them. The old traditions, conventions and standards of conduct are unintelligible to those affected with the new bias.

So today a critical situation has arisen, precipitated and emphasised by the experience of the war, which has served to demonstrate that the received scheme of use and wont, of law and order and equity, is not competent to meet the exigencies of the present.¹⁷

It appears not too unlikely that it was the revolution in Russia that had much to do with this new interest in economic revolution on the part of Veblen. The final thought in the essay on reconstruction seems to add weight to this hypothesis.

Current events in Russia, for instance, attest that it is a grave mistake to let a growing disparity between vested rights and the current conditions of life over-pass the limit of tolerance.¹⁸

The subject matter of the articles also indicates a change of viewpoint on the part of Veblen. The essay on national frontiers shows far less tendency to compromise with prevailing habits of thought than did Veblen's previous peace essays on the question. The denunciation is complete and the conclusion is "simple and obvious."¹⁹ Two

¹⁷Ibid., p. 384.

¹⁸Ibid., p. 398.

¹⁹Ibid., p. 390.

quotations will serve to illustrate the point.

As an industrial unit, the nation is out of date. This will have to be the point of departure for the incoming New Order.²⁰

So that the question of retaining or discarding the national establishment and its frontiers, in all that touches the community's economic relations with foreign parts, becomes in effect a detail of that prospective contest between the vested interests and the common man out of which the New Order is to emerge, in case the outcome of the struggle turns in favor of the common man.²¹

In the other essay, the emphasis is on domestic reconstruction with Veblen designating "... the present as the appointed time to take stock and adopt any necessary change in the domestic policy."²² In this essay, he discussed certain adjustments which should be made immediately and closed with the implied warning (quoted above) that a situation analogous to the one in Russia could develop unless such changes were made.

In the discussion of these needed adjustments, the concept of absentee ownership which was to assume such importance in Veblen's thoughts in the remainder of his life is seen coming into prominence. He was searching for some way to alleviate the situation which had developed in certain types of industry whereby the business and laboring interests work at cross purposes with themselves and with the community at large. Both are vested interests and both reserve the right

²⁰Ibid., p. 388.

²¹Ibid., p. 390.

²²Ibid., p. 391.

to limit or stop production at any time to further their own ends, a situation which Veblen rightly considered as insufferable. He had noticed that this incompatibility or mismatching of interests was much worse in some types of industry than in others, and it was in trying to isolate the characteristics which seemed to engender such disagreement and ill will between employers and employees as well as waste, expense, and disservice generally to the community that the concept of absentee ownership was developed.

It is believed that this working at cross purposes, commonly and in a way necessarily, though not always, rises to disquieting proportions when and in so far as the industrial process concerned has taken on such a character of routine, automatic articulation, or mechanical correlation, as to admit of its being controlled from a distance by such means of accountancy as are at the disposal of a modern business office.... The mischief appears to arise out of or in concomitance with the disjunction of ownership and discretion from the personal direction of the work....²³

Veblen then went on to propose certain remedial measures which he stated

... might hopefully be turned to account--in case some person or persons endowed with insight and convictions were also charged with power to act.²⁴

He had two proposals which he indicated would correct the evils of absentee ownership.

- (1) Disallowance of anything like free discretionary control or management on grounds of ownership alone, whether at

²³Ibid., pp. 394-95.

²⁴Ibid., p. 394.

first hand or delegated, whenever the responsible owner of the concern does not at the same time also personally oversee and physically direct the work in which his property is engaged, and in so far as he is not habitually engaged in the work in fellowship with his employees;

- (2) To take over and administer as a public utility any going concern that is in control of industrial or commercial work which has reached such a state of routine, mechanical systematisation, or automatic articulation that it is possible for it to be habitually managed from an office by methods of accountancy.²⁵

Stating that "it is a condition, not a theory that confronts us," Veblen emphasized that although his proposals might seem so "shockingly subversive of law and order" as to appear "socialistic," that there is no "socialistic iconoclasm" in them. The proposals grew out of "material expediency" and nothing else. Under the strain of war, the present system of management of industry by business interests was proving a failure and there was rapidly growing up a "prospect of an inordinary popular distrust."²⁶ Presumably it was because of this popular distrust that Veblen was advocating his proposed changes.

There are several points of interest in these two articles which should be summarized here. First, as mentioned before, they seem to mark a turning point in Veblen's interest. The emphasis which formerly had been placed on the peace settlement as means of promoting change now seemed to center on a clash of the vested interests and the underlying population. The present writer thinks that this new interest in economic revolution may be assumed to be at least in part in-

²⁵Ibid., p. 396.

²⁶Ibid., p. 397.

fluenced by the revolution in Russia. Secondly, by basing his proposals on "the facts of the case" and "material expediency," Veblen not only reiterated his stand on Marxist theory but this time showed his rejection of socialist theory as well. Thirdly, these articles mark the coming into prominence in Veblen's writing of the concept of absentee ownership--a concept which was to remain as the central theme of his last book even after the enthusiasm over bolshevism and a soviet of technicians had died down.

The next published work of Veblen which shows strong signs of being influenced by this same intense interest in economic revolution is The Vested Interests and the Common Man. According to a chronological list of his writings²⁷ there were five articles and a book published in the interval. At first glance this would seem to indicate a break in Veblen's expectation of an oncoming clash. But a closer analysis of the works in question and the dates of preparation proves the contrary to be true.

In February, 1918, Veblen had joined the Food Administration as an economic adviser. During the five months before his resignation, he prepared three reports for them containing proposals to increase the national efficiency and thus expedite the winning of the war. It is quite true that the measures in these reports could be called "revolutionary." (They included among other things the setting up of a governmentally administered combination mail order-parcel post-chain store-post office system for the distribution of supplies to farmers

²⁷Such as the excellent one on pp. 519-24 of Thorstein Veblen and His America.

so that the inhabitants of country towns could be released to work in the fields.) However the particular interest in a clash between segments of the population as a means of change is not in evidence. In view of the fact that they were to be submitted to the United States government, such an omission is understandable. They are extremely interesting because of the actual planning they indicate Veblen was doing for the future. Since the proposals were advocated in the interest of industrial efficiency, it may be assumed they represent changes which Veblen would like to see incorporated in the industrial republic about which he was doing much thinking and planning during these days. The Industrial Arts. Thus there is a continuity to this point. An article on menial servants also contained a proposal in the interest of efficiency. A progressive tax was to be set upon all menial servants thus increasing both the available labor supply and the federal revenue. This article is similar to the three submitted to the Food Administration and in fact was written at the same time. Just before resigning his position with the Food Administration, Veblen submitted an article to the leading educators of the country about the effect of war on higher learning. It contained proposals that American schools provide sanctuary to foreign students and teachers who have been disturbed by the war and that American universities set up a "clearing house" for the location and exchange of resources, personnel and knowledge. Shortly afterwards, Veblen prepared The Higher Learning in America for publication. Since this book had been completed in 1916, while he was at the University of Missouri,²⁸ it

²⁸Joseph Dorfman, op. cit., p. 353.

also contains no trace of the point of view under discussion.

But concurrent with these writings, Veblen was busy developing his concept of a growing conflict between the old and the new which seemed about to result in economic revolution. His ideas were expressed next in a series of lectures at Amherst College in May, 1918, just one month after the publication of the two articles in which this new point of view can first be detected. These lectures were restated in a series of articles which ran in The Dial from October, 1918, to January, 1919, entitled "The Modern Point of View and the New Order." In 1919, they were published in book form as The Vested Interests and the State of the Industrial Arts. Thus there is a continuity to this point of view which does not at first seem to be there. The gap is in reality no gap at all.

As The Vested Interests and the Common Man²⁹ is read, it becomes plain that it is a continuation and elaboration of the implied warning which was given in the two articles published in March, 1918. It is a detailed discussion of how and why a dangerous split in the basic concepts of the two segments of our population is growing ever wider and concludes with a few prophesies about the probable result. That result of course is economic revolution, and Veblen gives a few hints as to what changes would probably result from such a shift in basic concepts.

It is difficult to say exactly how much influence the revolution in Russia actually had on this book. While it would be a mistake to

²⁹Title changed to this in 1920.

assign it more credit than it is due, it would also be erroneous not to credit it with any influence at all. In the final analysis the question resolves in a matter of conjectural interpretation. There are two main facts on which such an interpretation may be based. One is the central theme of economic revolution and the other is the coincidence of dates.

While the idea of a split in classes goes back to Veblen's earliest works, it was not until after the Russian Revolution that the split is viewed as actually having reached the point where economic revolution was likely to result. In fact it is difficult to locate any idea in Veblen's later works that was not at least implied in his earlier ones. The central concept of the existence of a basic dichotomy in society is always present. It is only in the manner in which he applied this basic concept and in the placing of emphasis that his works differ. And the striking difference from his previous works in this book and the two preceding articles is that the emphasis is placed on economic revolution. Hence Veblen's theory of social change now coincides closely with Marxian theory. When it is again considered that one of these articles was delivered in the January following the Bolshevik Revolution, it begins to appear most likely that there indeed existed a causal relationship.

The general plan of the book is relatively simple and can be outlined in a few sentences. Veblen pointed out that those laws and customs which go to make up the modern point of view were actually conceived in an eighteenth-century setting and are incompatible with the new order of things brought about by the twentieth-century state of

the industrial arts. Institutions which once benefited almost all men now work to the benefit of only a few and to the detriment of the many.

Security and unlimited discretion in the rights of ownership were once rightly made much of as a simple and obvious safeguard of self-direction and self-help for the common man; whereas, in the event, under a new order of circumstances, it all promises to be nothing better than a means of assured defeat and vexation for the common man.³⁰

Life under the influence of the twentieth-century state of industrial arts has provided the common man with a new bias, and he is rapidly coming to lose respect for those eighteenth-century conventions which now serve only to benefit the vested interests. Thus the conflict is growing closer, the rift is ever widening, and common men everywhere are beginning seriously to question the laws and customs under which they live.

Although this is an unjust over-simplification of what is an extremely fascinating book, it serves the purpose in pointing out the shift which Veblen had taken and the new line of thought he was now following.

There are a few points in the book however which are especially germane to this discussion and thus should be briefly mentioned. In one phrase which should be set up as a classic example of brevity if not of analytical genius, he summed up why he had given up hope of an effective peace settlement and why the compromise agreement that was to be formulated was doomed to failure.³¹ It was because the League

³⁰The Vested Interests and the Common Man, p. 62.

³¹This book was written before the peace negotiations at Versailles began.

was "to be a league of nations, not a league of peoples."³² Keeping in mind Veblen's analysis of the role which national sovereignty plays, it is easy to understand that this was all the condemnation he had to utter to express his complete disgust with the way the peace arrangements were going. That he could sum up in one phrase the basic weakness of both the League of Nations and the United Nations is indeed amazing.

The concept of absentee ownership is again mentioned. Veblen prophesied that

a matter-of-fact project of reconstruction will be likely materially to revise outstanding credit obligations, including corporation securities, or perhaps even bluntly to disallow claims of this character to free income on the part of beneficiaries who can show no claim on grounds of current tangible performance.³³

This concept of absentee ownership is mentioned here because of the important role it is to play in Veblen's analysis of bolshevism.

The idea that was to form the central theme of Veblen's next book was introduced in The Vested Interests and the Common Man. It was that

... the control of the industrial system had best be entrusted to men skilled in these matters of technology. The industrial system does its work in terms of mechanical efficiency, not in terms of price. It should accordingly seem reasonable to expect that its control would be entrusted to men experienced in the ways and means of technology, men who

³²The Vested Interests and the Common Man, p. 119.

³³Ibid., p. 156., op. cit., p. 43.

are in the habit of thinking about these matters in such terms as are intelligible to the engineers.³⁴

This quotation emphasizes again how Veblen was now making proposals which he hoped would be carried out when economic revolution came. As this specific proposal is discussed in detail later it is only mentioned here.

Veblen's next essay is the first of several he wrote on the specific subject of bolshevism. When analyzed in conjunction with the book just discussed, it confirms the hypothesis that Veblen indeed had undergone a complete shift in point of view and now was interested primarily in economic revolution. It also makes it appear more certain that this change in point of view was greatly influenced by the Bolshevik success in Russia. Veblen had joined The Dial and together with John Dewey and others had been placed in charge of the development of a program of reconstruction in industry and education.³⁵ He stayed with The Dial for a year and contributed numerous articles and editorials, most of them dealing with bolshevism and the prospect of economic revolution and a few containing ringing condemnations of the peace settlement.

His essays on bolshevism are of special interest to us in the present discussion because of his previous experience with socialism. That he was sympathetic to it and even was influenced by it is beyond question. Yet it is also beyond question that bolshevism was greatly

³⁴Ibid., p. 89.

³⁵Joseph Dorfman, op. cit., p. 411.

influenced by the Marxian doctrines of whose invalidity on the point of Darwinism Veblen was convinced. Here was a situation similar to the one he faced earlier with socialism. He was at least consistent, for he solved it almost in the same manner. Almost but not quite. Veblen did not attempt to prove that bolshevism either was not influenced by Marxism or even that it had grown away from Marxism as he had in the case of socialism. He just ignored the issue completely. Not once did he even mention bolshevism's Marxian background. To the present writer this is one of the most interesting aspects of this war period. It was quite a dilemma in which Veblen found himself. He was hopeful that economic revolution would promote the changes he was convinced were necessary; yet again the leading force of economic revolution claimed to be a direct descendant from Marxism. It is interesting to see how he met this problem.

It will be remembered that the Social Democratic party in Russia split in 1903 into two wings, the Menshevists and the Bolsheviks (minority and majority). The Bolsheviks were the extreme proponents of Marxian doctrine, and it was this group of revolutionists who gained control of Russia in the fall of 1917. The Marxian ancestry of bolshevism is beyond question. This was, of course, known to Veblen. How then did he treat bolshevism in his articles and essays on it?

In an article for The Dial³⁶ in February, 1919, Veblen set the precedent for his future treatment of bolshevism. The article was entitled "Bolshevism Is a Menace--to Whom," a phrase taken from The

³⁶ Reprinted in Essays on Our Changing Order, pp. 399-414.

Vested Interests and the Common Man.³⁷

Veblen began this article by stating that while an English translation of the term bolshevism would be "majority rule" or some other phrase with democratic connotations, the word itself had become the center of so many controversial arguments that

... its etymology is no safe guide to the meaning which the word has in the mind of those who shout it abroad in the heat of applause or of denunciation.³⁸

But since it was first used to designate the wing of the Social Democratic party in Russia which represented the "out-and-outers of the socialist profession," it has

... been carried over to designate the out-and-outers elsewhere, wherever they offer to break bounds and set aside the underlying principles of the established order, economic and political.³⁹

This is as close as Veblen ever came to discussing the Marxian background of bolshevism.

Veblen also said that bolshevism is revolutionary in that it proposed to carry democracy and majority rule over into the domain of industry. The Russian Revolution of March, 1917, was regarded as important only because it prepared the ground for the November, 1917, over-

³⁷On p. 157, the only time bolshevism was mentioned by name in the entire book.

³⁸Essays on Our Changing Order, p. 399.

³⁹Ibid., p. 400.

throwal.⁴⁰ The first was military and political; the second was economic in nature. "This economic policy is frankly subversive of the existing system of property rights and business enterprise."⁴¹ Veblen also stated that bolshevism draws an

... unambiguous line of division between the vested interests and the common man; and the bolshevist program puts up to a simple and comprehensive disallowance of all vested rights.⁴²

While the Kerensky regime was willing to disallow the vested rights of privilege, they would not consent to the disallowance of vested rights of ownership, and it is because of this policy toward ownership that the great powers elsewhere are afraid of bolshevism and consider it a menace.

Bolshevism is also a menace to banking and investment interests, to the small retailers in the cities (which brings to mind Veblen's report to the Food Administration proposing the elimination of retailing in country towns), and finally, because the great powers seem ready to go to war to halt it, bolshevism is a menace to the common man--for it is the common man who in the final analysis pays for war.

The closing thought in this article contains a reference to the peace negotiations which were then going on at Versailles.

⁴⁰Veblen had thus completely reversed his first position on the two revolutions. See Chapter V, pp. 47-48.

⁴¹Essays on Our Changing Order, p. 402.

⁴²Ibid.

The Bolshevik is the common man who has faced the question: what do I stand to lose? and has come away with the answer: Nothing. And the elder statesmen are busy with arrangements for disappointing that indifferent hope.⁴³

In this first article on bolshevism, Veblen views it as being the term applied to the extremists who advocate economic revolution which would do away with the vested interests of ownership. It is a system of ideas which

... is extremely simple and is in the main of a negative character. The Bolshevik scheme of ideas comes easy to the common man because it does not require him to learn much that is new, but mainly to unlearn much that is old. It does not propose the adoption of a new range of preconceptions, so that it calls for little in the way of acquiring new habits of thought. In the main it is an emancipation from older preconceptions, older habitual convictions. And the proposed new order of ideas will displace the older preconceptions all the more easily because these older habitual convictions that are due to be displaced no longer have the support of those material circumstances which now condition the life of the common man, and which will therefore make the outcome by bending his habits of thought.⁴⁴

According to this analysis bolshevism becomes synonymous with the movement Veblen had been expecting and predicting. It is the name applied to the common man who has at last reached the revolting point; but it is interesting to note that this common man, while disallowing the preconceptions of the past, is not guided in his actions by any concise system of thought, Marxian or otherwise. Since Marxism is not even mentioned it must be presumed that Veblen's stated position on that subject had not changed since the first period when Marxism was

⁴³Ibid., p. 414.

⁴⁴Ibid., p. 405.

declared to be no longer an influence in the world. state it so.

How can this stand on bolshevism be explained? Veblen was not intellectually dishonest. While he might be and often was prejudiced in his viewpoints, it cannot be charged that he would deliberately inject interpretations which he knew to be false into his writings. The present writer believes that to a certain degree Veblen was right in his interpretations of bolshevism. It must be remembered that while technically the term Bolshevik was used to designate the controlling party in Russia, the term had come in common parlance to mean almost anyone who questioned any of the received laws and customs. This is not hard to understand today when the term Communist is misused in the same way. While it cannot be questioned that the Bolshevik party in Russia was looked to as the spiritual leader of many who were known by this term, this was not true in the case of all those who had the name forced on them. Despite their public professions of faith in Marx-

In so far as this term was used loosely to designate any who questioned the received institutions Veblen was fully justified in placing the interpretation he did on the term; but, conversely, to the extent that Marxian doctrines did exert influence on those who were called by the name Bolshevik, Veblen's interpretation was not a full and complete one. To this extent then can he be accused of dealing unfairly with his readers? evidently was convinced that the movement

A man cannot be accused of intellectual dishonesty unless he knows fully and completely that some point is true or false without question and then proceeds deliberately to state it otherwise. Everyone is entitled to his own interpretation, and as long as he honestly

believes it to be the true one he has the right to state it so.

Because of its conflict with Darwinism Veblen was convinced that the Marxian system of thought was invalid from a scientific point of view. There is no evidence that he deviated from this conclusion which was reached in the first decade of the twentieth century. He was also convinced that, although many revolutionary movements still professed to be guided by Marxian doctrine, they in fact had deserted it for more modern points of view. There is also no evidence that he departed from this conclusion.

During the first few years of their regime, the Bolsheviks were faced with both civil war and foreign invasion. Because of the pressure of these disturbing influences they were not free to carry out their economic reforms in the way in which they might have desired. They had to adopt temporary policies calculated to enable them to secure their regime. Despite their public professions of faith in Marxism there was no way of knowing exactly what policy they would take once the opportunity for undisturbed economic reconstruction presented itself. Therefore, especially to one who had already settled the Marxian question to his own satisfaction as had Veblen, it is easy to see that in those early days of unrest it would have been impossible to determine how closely this movement actually was going to follow Marxian doctrines. Veblen evidently was convinced that the movement would eventually turn out to be Marxian in name only and thus felt justified in treating it solely as an economic revolution aimed at the destruction of the vested rights of privilege and property.

However, even with these arguments in view it would seem that

Veblen is still subject to some censure for his sins of omission. Regardless of its validity or the extent to which it actually was being followed, the Marxian system of thought was, both in and out of Russia, regarded as the basis of Russian Bolshevism. Because of this, the bolshevist movement was generally considered as a Marxian movement. Veblen, however, considered it as a non-Marxian movement and as such gave his support to it; and to the majority of the people to whom bolshevism was considered Marxian he therefore was giving his support to Marxism also. By never mentioning the Marxian aspect of bolshevism he was in effect doing nothing to correct this impression.

The effect then was that Veblen even though not violating any of his basic concepts (his bolshevism actually was post-Darwinian) was giving his influential support to a system of thought which he considered thoroughly pre-Darwinian and thus invalid. To this extent then Veblen's writings on bolshevism certainly were misleading.

Veblen's writings for the remainder of this second period are distinguished for their constant and increasing support of bolshevism, even to the extent of considering the Treaty of Versailles as nothing more than a gigantic conspiracy to destroy bolshevism. He also made a number of predictions as to the lines an economic revolution must follow in order to be successful in the United States or any other highly industrialized nation. The final work in this period is The Engineers and the Price System, which itself is a collection of a number of articles that appeared in The Dial from April to November of 1919. It, together with a few other articles and editorials, rather effectively sums up the extent to which his thinking advanced along the lines of

economic revolution during this period of unrest following the war.

The peace itself Veblen considered catastrophic. In speaking of the League of Nations he stated that

economic and political order rests on absentee ownership" the elder
 Its defect is not that the Covenant falls short, but rather
 that it is quite beside the point. The point is the avoid-
 ance of war, at all costs; the war arose unavoidably out of
 the political status quo; the Covenant re-establishes the
status quo, with some additional political apparatus sup-
 plied from the same shop ... it contemplates no measures for
 avoiding war by avoiding the status quo out of which the
 great war arose.⁴⁵

In this same editorial he deplored the secret agreements which had
 been made, including the arrangement between the great powers for the
 suppression of Russia.⁴⁶

His most violent criticism of the peace was to come in a review
 of a book by J. M. Keynes, The Economic Consequences of the Peace.⁴⁷
 In this review, completely ignoring Keynes' own vigorous attack on the
 treaty, he took Keynes to task for not recognizing that

... the central and most binding provision of the treaty
 (and of the League) is an unrecorded clause by which the
 governments of the Great Powers are banded together for the
 suppression of Soviet Russia....⁴⁸

It was Veblen's claim that the exigencies of the campaign against Rus-
 sian bolshevism had influenced the working out of the treaty more than

⁴⁵ Ibid., p. 416.

⁴⁶ Ibid., pp. 421-22.

⁴⁷ The Political Science Quarterly, Vol. XXXV, September, 1920.
 Reprinted in Essays on Our Changing Order.

⁴⁸ Essays on Our Changing Order, p. 464.

any other consideration. The term absentee ownership had become one of Veblen's favorites by this time and he continually referred to bolshevism as being a menace to absentee ownership. Because "the present economic and political order rests on absentee ownership" the elder statesmen were forced to discard the fourteen points in favor of saving absentee ownership and the existing order.

Bolshevism is a menace to absentee ownership; and in the light of events in Soviet Russia it became evident, point by point, that only with the definitive suppression of Bolshevism and all its works, at any cost, could the world be made safe for that Democracy of Property Rights on which the existing political and civil order is founded. So it became the first concern of all the guardians of the existing order to root out Bolshevism at any cost, without regard to international law.⁴⁹

The suppression of bolshevism therefore became the primary objective, one of the means to that end being the bolstering up of absentee ownership in Germany and the avoiding of any measures that would confiscate property there. Any indemnities that were imposed were of course levied on the underlying population rather than the vested property owner. In the final analysis Veblen stated that the terms of the treaty were calculated "to make the world safe for a democracy of investors."⁵⁰

By the spring of 1921 it became clear that Russia had succeeded in defending herself from both civil war and from invasion by foreign powers anxious to suppress bolshevism. She then turned to the problem

⁴⁹Ibid., p. 467.

⁵⁰Ibid., p. 470.

⁵¹Essays on Our Changing Order, p. 439.

of getting her industrial machine working smoothly again. Accordingly, on the twenty-first of March she announced the New Economic Policy. It re-established private trade to a certain extent and also removed the bans on certain types of small manufacturing. A tax in kind was imposed on the farmers with all excess remaining theirs to dispose of as they wished. Foreign capital was invited to come in to operate certain types of large industry under governmental supervision. These were emergency measures calculated only to help the country regain its economic footing.

To Veblen, however, they must have seemed to be confirmation that his treatment of bolshevism had been correct. In his articles and editorials he had constantly been referring to it as a menace to absentee ownership. Two months and four days after the announcement of the New Economic Policy an article entitled "Between Bolshevism and War" appeared in The Freeman.⁵¹ In it Veblen gave for the first time an actual definition of the movement about which he recently had written so much. It is almost beyond question that the appearance of the definition was a result of the adoption of the New Economic Policy.

Veblen stated that bolshevism is a loose descriptive term which has

... definite meaning at least to the extent that it always denotes a revolutionary movement of such a kind as to displace the established economic scheme of things. Beyond this there is no reasonable agreement between those who speak for Bolshevism and those who speak against it.⁵²

⁵¹Vol. III, May 25, 1921. Reprinted in Essays on Our Changing Order.

⁵²Essays on Our Changing Order, p. 439.

In any case, he continued, bolshevism is not to be reconciled with the established order of things. And the points of conflict which are of an economic nature when reduced to their lowest terms

political and economic control. The soviet itself Veblen compared to ... may be drawn together under a single head: The Disallowance of Absentee Ownership. On this main head the conflict between Bolshevism and the established order is irreconcilable, and it will be seen on reflection that any of the minor points of conflict follow from this main article of contention. Just yet there is no conclusive ground for assuming that Bolshevism involves any other general principle of action than this one.⁵³

The fact that the New Economic Policy allowed a certain amount of small scale manufacturing and private ownership to continue seemed to be proof that

Patriotism and warlike enterprise are the only things which may ... ownership of useful property by its immediate users is quite securely an integral part of Bolshevik policy as it is working out....⁵⁴

Indeed at that time it did seem that bolshevism in Russia had become something similar to Veblen's description of it. Veblen viewed this as a permanent change and was quick to seize upon it.

Veblen also drew a distinction between socialism and bolshevism in this same article. Whereas socialism had hoped to extend the established political organizations over into the realm of industry, bolshevism harbored no such illusions.

... democracy and representative government have proved to be incompetent and irrelevant for any other purpose than

⁵³Ibid., pp. 439-40. Underlining by the present author.

⁵⁴Ibid., p. 443.

It is the security and profitable regulation of absentee ownership that ship.⁵⁵

Because of this the Bolsheviks have turned to the soviet for both political and economic control. The soviet itself Veblen compared to the New England town meeting except that it dealt with economic as well as political problems.

There was another difference also. Whereas socialism had advocated the eventual abrogation of all ownership, bolshevism advocated only the elimination of absentee ownership (according to Veblen's definition). The final difference was that "Socialism is a dead horse; whereas it appears that Bolshevism is not."⁵⁶

Patriotism and warlike enterprise are the only things which may be counted on to divert the drift of sentiment which seems to be drawing the underlying population together under "something like the red flag" and Veblen said that while it may appear remote "America too seems to be headed that way." Thus the statesmen face the alternatives--bolshevism or war.

This article is very significant for several reasons. Whereas in the first period Veblen was sympathetic with a socialism which advocated complete abrogation of private ownership, now his idead on the subject had changed to the extent that he favored a bolshevism which seemed to ask only for the elimination of absentee ownership. This concept of absentee ownership had become extremely important to Veblen.

⁵⁵Ibid., p. 441.

⁵⁶Ibid., p. 442.

It now was the criterion which he applied to distinguish between that ownership which was not harmful to the community and that which was a hindrance and should be eliminated. We have noticed how quickly he seized upon the New Economic Policy as an indication that bolshevism was following his idea of economic revolution. The last and final stage in the evolution of Veblen's theory of economic revolution was that in the matter-of-fact industrial republic which was to be created control would be exercised by technical experts rather than business men. "Bolshevism and War" is thus significant also because of the introduction of this idea which was further developed in Veblen's next book.

Despite the way bolshevism seemed to be conforming to his analysis of it and despite his very sympathetic and defensive treatment, Veblen still felt that for economic revolution to be successful in America it needed to be guided by something more positive than his conception of bolshevism.

One of the principal reasons the vested interests fear bolshevism is because Soviet Russia has been able to achieve such a measure of success. Not only has she maintained herself against great odds on the military front but she has achieved considerable success with transportation and industrial problems. Yet Veblen stated that it is this very ability to maintain itself that points to the reason why Russian bolshevism as such is not at present a menace to the vested interests in America.

But the Soviet owes this measure of success to the fact that the Russian people have not yet been industrialized in any

thing like the same degree as their western neighbors.⁵⁷

Each community is close knit and self sufficient, and the country has been able to exist and even to prosper somewhat under conditions that would have completely paralyzed a nation in a more advanced state of the industrial arts. Violent revolution, civil war, foreign invasion, and disorder have not been able to cripple it appreciably.

But Veblen was quick to point out that highly industrialized America is vastly different from Soviet Russia. America's industrial system is too highly organized and closely integrated for the same type of revolutionary movement which swept Russia to be successful here, for

... the main lines that would necessarily have to be followed in working out any practicable revolutionary movement in this country are already laid down by the material conditions of its productive industry.⁵⁸

Unless and until a movement comes along which conforms to these main lines of management which the state of the industrial arts requires, nothing will result from revolutionary attempts but flares of disorder which would be quickly suppressed.

These main lines of revolutionary strategy are lines of technical organization and industrial management; essentially lines of industrial engineering; such as will fit the organization to take care of the highly technical industrial system that constitutes the indispensable material foundation of any modern civilized community.⁵⁹

⁵⁷The Engineers and the Price System, p. 95.

⁵⁸Ibid., p. 98.

⁵⁹Ibid., p. 99.

Any revolution to be successful in America or any other highly industrialized nation will not be military and political, as nineteenth-century revolutions were, but industrial in nature.

No movement for the dispossession of the Vested Interests in America can hope for even a temporary success unless it is undertaken by an organization which is competent to take over the country's productive industry as a whole and to administer it from the start on a more efficient plan than that now pursued by the Vested Interests....⁶⁰

The vested interests need have no immediate fears, for even if the established order of business enterprise, vested rights, and commercialized nationalism were to collapse because it is no longer a suitable system of management for an industrial system operating under the twentieth-century state of the industrial arts,

The outcome could assuredly not be an effectual overturn of the established order; so long as no practicable plan has been provided for taking over the management from the dead hand of the Vested Interests.⁶¹

The vested interests, Veblen concluded, are safe for a while. However, his discussion did not cease there but continued with a description of

... what would have to be the character of any organization of industrial forces which could be counted on effectively to wind up the regime of the Vested Interests and take over the management of the industrial system on a deliberate plan.⁶²

It is mainly in the last two chapters of The Engineers and the

⁶⁰Ibid., p. 88.

⁶¹Ibid., p. 102.

⁶²Ibid., p. 104.

Price System that we find the actual discussion of the lines an economic revolution would have to take in order to be successful in the United States. Throughout this discussion he insisted that such a movement is at present doomed to failure because of the lack of a plan. But it is a safe assumption that he hoped the contribution of this book would be the inspiration of a plan that would be successful. It does not attempt to incite the engineers to revolt, but his hope probably was that by its cool logic he could hurry up their awakening (which was bound to occur anyway) and thus encourage revolution.

The modern industrial system of today is a comprehensive and balanced scheme of technological administration which is under the domination of a business enterprise based on absentee ownership. This business enterprise, according to Veblen, is notorious for its waste and obstruction. Unemployment of material resources, equipment, and man power; salesmanship; production of superfluities and spurious goods; and systematic dislocation, sabotage, and duplication--all are examples of the tremendous inefficiency which is acting to bring about an end to the existing system of absentee ownership.

But there is another factor which tends to counteract the inefficiency of business enterprise. That is the extraordinary productivity of the modern industrial system. All that is needed to save the established order of things is "a decent modicum of efficiency, very far short of the theoretical maximum production."⁶³ The margin for waste and error is so wide that even under the inefficient hand of business

⁶³Ibid., p. 121.

enterprise enough is produced to stave off collapse.

But this margin for waste and error is continually being narrowed by the further advance of the industrial arts.

With every further advance in the way of specialization and standardization, in point of kind, quantity, quality, and time, the tolerance of the system as a whole under any strategic maladjustment grows continually narrower.⁶⁴

As the system becomes more closely interwoven, dislocation or inefficiency at any one point becomes more disastrous; but Veblen's other point must also be kept in mind,

... that even a fairly disastrous collapse of the existing system of businesslike management need by no means prove fatal to the Vested Interests, just yet; not so long as there is no competent organization ready to take their place and administer the country's industry on a more reasonable plan.⁶⁵

This highly organized, mechanical, specialized, standardized, modern industrial system is based on a massive body of technological knowledge and is directed by a highly trained and well experienced group of technicians. These engineers possess the essential technical knowledge which is imperative to the functioning of the modern integrated machine industry. They in fact are the general staff of the industrial system, and

... any question of a revolutionary overturn, in America or any other of the advanced industrial countries, resolves it-

⁶⁴Ibid., p. 122.

⁶⁵Ibid., p. 123.

business self in practical fact into a question of what the guild of technicians will do.⁶⁶
 than salesmanship and profitable investment.

Veblen emphasized that there was no third party. As long as absentee ownership remained, the vested interests would continue to conduct the industrial system for their own profit; and when those vested interests give way, control will pass into the hands of the technicians.

"The chances of anything like a Soviet in America, therefore, are the chances of a Soviet of technicians."⁶⁷

What would be the primary objectives of such a soviet? Obviously the first thing would be to correct those errors and wastes which were committed by the old system; that is, full employment and allocation of resources and man power, the avoidance of waste and duplication of work, and the maintenance of equitable and sufficient supply of goods and services to consumers. In order to obtain these objectives a central directorate must be set up to deal with matters of industrial administration. It would consist of technicians and would have three main subdivisions dealing with matters of the production, transportation, and distribution of goods and services. To assist these technicians would be a number of consulting economists (trained in the discipline of "industry" rather than "business") and other specialists qualified to assist in the attainment of utmost efficiency. As a matter of course, it would be necessary to exclude from responsible office all those who have been trained for business or who have had

⁶⁶Ibid., p. 133.

⁶⁷Ibid., p. 134.

business experience since what is wanted is productive industry rather than salesmanship and profitable investment.

Under the new order the existing competitive commercial traffic now engaged in the distribution of goods to consumers will presumably fall away. Distribution of goods to consumers would take place through a system combining the best elements of mail order houses, chain stores and the parcel post system, similar to the one Veblen advocated in his war essay on farm labor and country towns. In fact, any technically efficient methods developed under the old system should be utilized to the utmost by the new order of organization.

As to the actual mechanics of the shift to the new system, Veblen stated that all that would be necessary would be a simple but a complete disallowance of all absentee ownership. By absentee ownership he still meant

... the ownership of an industrially useful article by any person or persons who are not habitually employed in the industrial use of it.⁶⁸

It would probably involve the canceling of all corporation securities, articles of partnership, evidences of debt and other legal instruments of debt which now give title to property not in hand or not in use by the owner.

But it of course follows that long and careful planning must precede the actual setting up of an industrial organization such as this. Inquiries must be made into the ways and means of such a move, and

⁶⁸Ibid., p. 156.

surveys must be made of the available personnel. Practical organization tables must be set up and provision must be made to insure the growth of the spirit of teamwork which would be essential to success.

As to the nature of the initial movement which is to result in the break with absentee ownership, Veblen said that it rested entirely in the hands of the technicians.

... so far as regards the technical requirements of the case, the situation is ready for a self selected, but inclusive, Soviet of technicians to take over the economic affairs of the country and to allow and disallow what they may agree on; provided always that they live within the requirements of that state of the industrial arts whose keepers they are, and provided that their pretensions continue to have the support of the industrial rank and file; which comes near saying that their Soviet must consistently and effectively take care of the material welfare of the underlying population.⁶⁹

Only when the engineers draw together and decide among themselves to take action against absentee ownership will the move be made. Once it is decided upon however, a simple general strike by the technicians would be all that would be necessary to gain their point, for it would paralyze the nation and force the granting of their objectives.

But while they can incapacitate the nation by themselves, the actual sympathy and support of the population at large and especially of the trained working class would be essential to the setting up of a working organization along the lines just elaborated. Thus additional preparation must be made to insure this support before any move is undertaken. An active campaign of inquiry and publicity must be con-

⁶⁹Ibid., p. 166.

ducted to bring the underlying population to an understanding of what it is all about, and a working understanding must be obtained between the technician and the workmen in at least the essential industries.

The evolution of Thorstein Veblen's theory of economic revolution
Until these prerequisites are taken care of, any project for
the overturn of the established order of absentee ownership
will be nugatory.⁷⁰

Throughout the entire discussion Veblen ostensibly was enumerating what would have to be done to insure successful economic revolution only for the purpose of pointing out that there was no present danger to the existing order. Presumably by pointing out that these steps were absolutely essential to success and then by showing that none of these steps had been taken, he was proving the security of absentee ownership. But his reassurances that there was no danger just yet sound more like ominous warnings, and despite his stated motives, it cannot be denied that when he finished he had constructed a complete and definite plan which was presented to the engineers with the notation that they were the chosen ones to do the job. His repeated assertions that there is nothing to fear since the engineers are still content to follow the orders of the vested interests could very easily have been calculated to show the engineers that they were foolish to do so. In short, the whole discussion which was ostensibly written to point out the improbability of economic revolution seems to the present writer to be a careful and deliberate plan to guide, if not inspire, just such an event. It seems to be a revised edition of

⁷⁰Ibid., p. 168.

Veblen's notion of bolshevism with additions and improvements to meet the exigencies of America's highly industrialized methods of production.

The evolution of Thorstein Veblen's theory of economic revolution was now complete. It had started in the first period with his intense interest in socialism and had as its objective at that time the complete elimination of all private ownership. In the second period it shifted from socialism to bolshevism which Veblen eventually described as a movement to eliminate only absentee ownership; and finally toward the end of the second period it reached its culmination with the development of the soviet of technicians.

There remains but little to be said. The enthusiasm kindled by the war and the resulting unrest were soon extinguished by the prosperous days of the twenties. Veblen had posed a fight between the sentimental and emotional holds of the old order and the convention-shattering discipline of the new state of technology. But as law-and-order regained its power and the unrest was dissipated by the free and easy days of the post-war prosperity following the short depression of 1920-21, Veblen realized that his old enemy, the existing state of society, had proved stronger and more tenacious than he thought. In fact, if anything it now seemed to be stronger than ever. The discipline of the war and the "Red scare" had strengthened the bonds of patriotism and national integrity and the loyalty of the underlying population to the system of business enterprise.

Veblen wrote one last book, a strong and detailed analysis of the society which had proved to be the victor in their long struggle.

Absentee Ownership and Business Enterprise in Recent Times contains very little mention of economic revolution. It is still held out as a possibility but the general tone is one of hopelessness.

There is always the chance, more or less imminent, that in time, after due trial and error, on duly prolonged and intensified irritation, some sizable element of the underlying population, not intrinsically committed to absentee ownership, will forsake or forget their moral principles of business-as-usual, and will thereupon endeavor to take this businesslike arrangement to pieces and put the works together again on some other plan, for better or worse.⁷¹

This is a far different statement in tone from those which were ordered only a few years earlier when the emphasis was on plans for an economic revolution directed by technicians.

Veblen was a careful writer in that he always acknowledged and discussed both of the forces which were at work in a given situation. The key to his true meaning is found in where he placed the emphasis. During the war years the emphasis was on the forces which cause economic revolt and change. In Absentee Ownership the emphasis is on those forces which combine to perpetuate the existing order of absentee ownership and business as usual.

The entire book suggests that business enterprise will retain its hold on the industrial system, but as the margin for waste and inefficiency becomes smaller through the increasing integration of industry the result will be

⁷¹Absentee Ownership and Business Enterprise in Recent Times, p. 425.

... a progressively widening margin of deficiency in the aggregate material output and a progressive shrinkage of the available means of life.⁷²

Business and government will continue to become even more closely identified and because of the exigencies of national intrigue and statecraft more feudalistic in nature. But the people, because of their training in patriotism and nationalism, will accept a gradual substitution of coercion in place of consultation in dealing with national problems. In regard to the principles of business-as-usual there does not seem to be

... any probability that the effectual run of popular sentiment touching these matters will undergo any appreciable change in the calculable future.... For the immediate future the prospect appears to offer a fuller confirmation in the faith that business principles answer all things.⁷³

In short, the book is a grudging testimonial to the strength of the existing order of things and those sentiments and habits of thought which perpetuate it.

Veblen was tired, disappointed, and discouraged. All the optimism of his earlier days was gone. In his last paper to the American Economic Association in 1925 he outlined the future course of economic theory in much the same way as he had outlined the future of America. It would to an increasing extent follow the preconceptions of the price system.

⁷²Ibid., p. 445.

⁷³Ibid.

Increasingly the facilities of economic science are taken up with instruction in business administration, business finance, national trade, and salesmanship, with particular and growing emphasis on the last named, the art of salesmanship and the expedience of sales-publicity. Such is the current state of academic economics, and such appears to be its promise as conditioned by the circumstances that promise to surround it in the near future.⁷⁴

This must have been half in the nature of an admission of defeat that he had not been able to influence economic theory more and half in the nature of a last subtle condemnation of it. The implications to the more astute members present must have been plain indeed. The writer hopes that there were a few present at that meeting who appreciated the light in which Veblen held "the art of salesmanship and the expedience of sales-publicity," and who squirmed uncomfortably in their seats at this description of economic science at the hands of Thorstein Veblen, who probably chuckled to himself that his last condemnation was so subtle that the majority who heard it would not get the point at all.⁷⁵

⁷⁴Essays on Our Changing Order, p. 15. Common Man. New York: The Viking Press, 1946.

⁷⁵For an example of how two prominent economists missed the subtle implication of this description, see pp. 490-91 of Thorstein Veblen and His America.

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