

***Good for business, good
without reservation? Veblen's
critique of business enterprise
and pecuniary culture.***

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Abstract:

Thorstein Veblen's work undoubtedly has a place within the field of institutional economics but he has been a relatively marginal figure within the discipline of sociology. If Veblen is discussed at all within contemporary sociology it is almost without exception in relation to his first major work *The Theory of the Leisure Class* (TLC) and his principal contribution to our understanding of modern social life is considered to flow from observations on consumer conduct and associated practices and predispositions. While TLC is a significant work it by no means exhausts the contemporary relevance of Veblen's *oeuvre*. It is argued in the paper that in a series of subsequent interconnected studies which embed economic matters in their social and political context Veblen proceeded to develop a powerful critical analysis of business enterprise and pecuniary culture, one that bears comparison with aspects of Karl Marx's work. Veblen's early twentieth century critical political economy, his references to social and economic dilemmas and tensions, as well as his identification of the potential scope for change or 'reconstruction' arising from substantial conflicts of interest between 'the established order of business' preoccupied with maximizing profit and 'the underlying population who work for a living', is of considerable contemporary significance, as is his recognition that what is good for business is not good without reservation, not necessarily good for the community or 'the common man'.

Introduction: Veblen and the classical canon

In a major contribution to the constitution of the discursive formation 'classical social theory' American sociologist Talcott Parsons (1937) presented a particular cohort of European thinkers - Max Weber, Emile Durkheim and Vilfredo Pareto – as the pivotal founding figures of the discipline of sociology (Giddens 1995). While Parsons was familiar with the work of American social and economic analyst Thorstein Veblen he was highly critical of his analyses and ultimately found no place for him in his treatise on social thought. Intellectually close to the neo-classical conception of economics, Parsons objected strongly to Veblen's critique of property, market relations, and business enterprise, describing it as 'utopian' and arguing that Max Weber had already expressed more effectively everything of value that Veblen considered (Parsons 1969: 40; Simich and Tilman 1983: 423).

Only rarely has Veblen been accorded a place within the classical canon and even in wide-ranging critical engagements with the idea he has been excluded from consideration (Connell 1997; Turner 1999; Ritzer and Smart 2001). While regarded by some analysts as 'the indubitably indigenous figure' in American social and economic thought, if not the first figure in whose work traces of an 'indigenous critical theory' might be found (Simich and Tilman 1980: 645; Sementelli and Abel 2000), Veblen's unremitting criticisms of economic orthodoxy and the detrimental consequences of business enterprise for industry and the common good led to his analyses not being as 'widely read or taught' as they might have been (Galbraith 1963: 53).

However, a number of contemporary analysts have argued that Veblen's work has grown in relevance with the passage of time (Reinert and Viano 2012). His critical analyses of 'pecuniary culture', the intrusion of a business ethos into more and more areas of social and economic life, including universities and 'higher learning', the presence and influence of salesmanship, advertising, and consumerism within everyday life, and the gulf in wealth between 'absentee owners' and 'the common man' have grown in relevance and continue to inform understandings of late modern capitalism and the crisis tendencies to which social and economic life is exposed and which democratic states continue to strive to manage in the interests of 'the nation's substantial citizens' and the powerful business interests to which they are bound (Sweezy 1958: 194; Spindler 2002: 146: 149; Mitchell 2007a:b; Camic and Hodgson 2011: 37; Plotkin and Tilman 2011; Reinert and Viano 2012; Veblen 1998: 444).

Beyond biography: situating Veblen

Veblen has been portrayed as a rather marginal figure within sociology. Accounts of his personality, behaviour, and lifestyle have led his various studies to appear to be the views on modern American social and economic life of a misfit. An often cited early benchmark text is Joseph Dorfman's (1934) study *Thorstein Veblen and His America* in which it is suggested Veblen's Norwegian roots, the formative influence of growing up on a farm in Midwest America, and alleged difficulties encountered in coming to terms with the English language led him to suffer existential angst and made him a rather awkward character, an alienated outsider lacking in social skills.

In what has been described by Daniel Bell (1963: 7n3) as a 'provocative psychoanalytic interpretation' of Veblen's work David Reisman (1960: 3) draws heavily on Dorfman's book, describing it as a 'conscientious biography'. To understand Veblen's work, Reisman (1960: 1) suggests, 'we are led to look to the idiosyncratic elements in him for what they tell us about his ideas' and so he focuses on aspects of Veblen's biography, including home life, relatively late entry into academia, treatment of students, as well as anecdotes about his wives and lifestyle. Reisman (1960: 196: 199: 200) suggests that 'there is something jejune about Veblen', that he lacked self-confidence, 'suffered from an intimidating father', felt vulnerable in 'the modern market place ... [and] disguised his feelings of inadequacy by silence'. However, notwithstanding his preoccupation with perceived 'contradictions' and 'limitations' in Veblen's character, Reisman concludes on a more positive note, remarking 'we are all in his debt for his way of seeing' (1960: 208).

Later studies have tended to concentrate more on Veblen's contribution to and place within modern social thought, engaging more directly with his intellectual output and considering the contemporary relevance of his critical analyses of 'the new order in business and industry' (2005b: 174) he recognised was developing in the early twentieth century (Camic and Hodgson 2011; Plotkin and Tilman 2011; Mitchell 2007a:b; Spindler 2002; Edgell 2001). These studies have exposed the 'pathological thrust of Dorfman's account of Veblen's life', the 'false trail' it led others along, and have provided more subtle connections between the 'intellectual contribution' and the 'cultural baggage' (Edgell: 2001: 160; Lunden 2012).

The historical context in which Veblen produced his early works (1882-1898), including journal articles on rising social discontent with the waste and inefficiencies of the existing industrial system and scope for a 'socialist' nationalizing of industrial functions, the

'economic theory of women's dress', and reviews of various works by Karl Kautsky, Karl Marx, Enrico Ferri, Antonio Labriola, and Gustav Schmoller amongst others, was one in which industrialisation in the North was taking place on a massive scale and where the proportion of Americans living in towns and cities was growing rapidly (Camic and Hodgson 2011, Part 1; Spindler 2002; Reinert 2012). For the most part it was a period of rising economic growth and increasing capital accumulation, one marked, then as now, by the disproportionate appropriation by a capitalist class of 'the vast increase in national wealth' (Spindler 2002: 5). By 1890 the richest 9% owned 71% of personal wealth in the USA and the ostentatious displays of wealth and conspicuous consumption engaged in by entrepreneurs and tycoons, including J D Rockefeller (oil), Andrew Carnegie (steel), Cornelius Vanderbilt (railroad and shipping), J P Morgan (corporate finance and banking), and William Randolph Hearst (newspapers), led to the era being designated 'the gilded age' (Gallmen 1969; Shrock 2004; Reich 2009; see Veblen 2005b: 162). Business mergers and an 'accelerating movement towards industrial consolidation', mass production and 'mass distribution of manufactures', and the development of a new culture of consumption and leisure were transforming the economy and social life in America and allowing modern business enterprises to generate vast profits (Camic and Hodgson 2011: 5).

From 1892-1906 Veblen was at the University of Chicago. During the period 1893-1897 America experienced a significant economic depression as banks and businesses closed and millions of people were made unemployed. In the 'industrial metropolis' of Chicago, a city in which social standing was equated with wealth, twenty per cent of the labour force were without work (Camic and Hodgson 2011: 6). This was the rapidly changing social and economic landscape in which Veblen's celebrated first book *The Theory of the Leisure Class: An Economic Study of the Evolution of Institutions* (1899) was written and published, the original subtitle of which was amended in 1905 to *An Economic Study of Institutions*, this in turn would disappear from a number of later editions (Camic and Hodgson 2011: 579; Saram 1999: 225).

Veblen is generally regarded as an economist and his work is undoubtedly primarily focussed on economic matters, including business enterprise, workmanship and industrial technology, transformations in the status of ownership, as well as the 'vested interests' that benefit from the prevailing economic order (Wood 1993). But insofar as his critical analyses embed economic matters in their social and political context his *oeuvre* bears close comparison with other classical figures of his era, analysts whose works transcend the intellectual boundaries

that were then crystallizing to constitute the cognate disciplinary fields of sociology and economics, and in that respect it is appropriate, as Plotkin and Tilman contend, to regard Veblen as 'an economic sociologist who is at the same time a sociological economist' (2011: 201). (1)

The more explicit address of the discipline of economics and economic issues in Veblen's writings has led to him being treated as a relatively marginal figure within sociology, with significant social and economic texts, including *The Theory of Business Enterprise* (2005[1904]), *The Instinct of Workmanship and the State of the Industrial Arts* (2004[1914]), *The Vested Interests and the Common Man* (2005b [papers originally published in the *Dial* 1918-1919]), *Engineers and the Price System* (2001[1921]), and *Absentee Ownership: Business Enterprise in Recent Times: The Case of America* (2006[1923]), either being granted relatively little, if any, sociological recognition or being selectively interpreted in terms of his first major study. (2) For the most part Veblen's principal contribution to social inquiry has been deemed to derive from his text *The Theory of the Leisure Class* (1994[1899]) and in consequence when he has been read sociologically it has been primarily as an analyst of consumption (Ritzer, Goodman and Wiedenhof 2001; Ritzer 2001), rather than as a critical analyst of the wider-ranging capitalist ordering of business, industry, and social life (Sweezy 1968; Pluta and Leathers 1978; Spindler 2002; O'Hara 2002; Cornehl 2004; Foster 2011).

Both the critical sociologist C Wright Mills (1970[1953]) and the social economist J K Galbraith (1973) in introductions to editions of Veblen's *The Theory of the Leisure Class* expressed great admiration for his contribution to American social thought, acknowledged the significant influence his ideas had on aspects of their own thinking, and argued that his work as a whole should receive greater consideration in analyses of social and economic life because it remains of significant contemporary relevance. As Wright Mills (1970: xiii) remarked of Veblen, 'we could not see the newer features of our own time had he not written what and as he did'.

Marx and Veblen

In 2008, in the midst of the first 'Great Crash' of the twenty-first century, the Portuguese writer and Nobel Prize winner for Literature José Saramago (2010: 5) remarked in an interview that 'Marx has never been so right as today. The time we are living in now is proving Marx right'. A comparable claim has been widely made for Veblen's work, notably

that his `theoretical and philosophical contributions remain as powerful and relevant in the twenty-first century as at the start of the twentieth' (Camic and Hodgson 2011: 9; see also Frank 2012: 359; Plotkin and Tilman 2011: 209; Foster 2011; Cornehl 2004: 29; O'Hara 2002: 78).

While the focus of Marx's (1818-1883) analytic endeavours was on England, the most highly developed industrial capitalist country in the mid-nineteenth century, for Veblen (1857-1929), writing a few decades later, the United States of America constituted `the prototype of an advanced capitalist society' (Sweezy 1958: 177n1). Notwithstanding differences in respect of intellectual influences, method, and analytic focus, Marx's critical view of the expansive and predatory character of capitalism receives broad endorsement from Veblen's critical analysis of business enterprise in America and its policy of `seizure and conversion ... [of] natural resources to absentee ownership, with all haste and expedition ... [and] settled practice of converting all public wealth to private gain on a plan of legalised seizure' (2006[1923]:168: 185-6; see also Veblen 2005[1919]: 159-160).

Just as Marx was critical of `vulgar economy ... the systematisation of what is immediately visible in the sphere of market relations: individual preferences, prices and exchange' (Rowthorn: 1973: 3), so Veblen too was critical of the fundamental assumptions and analytic orientation of neoclassical economics. In contrast to the rational choice, utility maximizing, sovereign consumer subject of mainstream economics, Veblen's critical analyses recognise both the complexity of human conduct, informed by diverse habits and propensities, and the respects in which economic processes and practices are necessarily embedded in evolving social and political contexts (Camic and Hodgson 2011: 8-9; Veblen 2011 a:b).

At the forefront of Veblen's (2011c: 154-5) analysis are the ways in which `economic interest' shapes processes of `cultural growth'. In a manner that bears close comparison with Marx's identification of the importance of economic life and material conditions Veblen comments that:

The economic life history of any community is its life history in so far as it is shaped by men's interest in the material means of life. This economic interest has counted for much in shaping the cultural growth of all communities ... The economic interest goes with men through life and it goes with the race throughout its process of cultural development. It affects the cultural structure at all points, so that *all institutions may be said to be in some measure economic institutions* (2011c: 154, emphasis added).

Important differences have been identified between Veblen and Marx, notably their respective analyses reveal 'contrasting points of departure and arrival, both of which are related to the issues of teleology and agency', they inhabited 'vastly different worlds of time and space', and further 'Veblen's analysis of modern capitalism concerned its survival rather than its imminent demise' (Edgell 2001: 135). It has also been remarked that intellectual affinities between the two thinkers can at times be 'overstated' and that by virtue of a shift of analytic focus from 'production-centred economics' to consumption 'Veblen moves beyond Marxist analysis' (Spindler 2002: 2: 11). However, in both instances important parallels are simultaneously acknowledged, notably Veblen's absorption of 'Marx's social determinism and his critical animus towards capitalist society' and the various respects in which his work 'resembles Marx's theory more than any other' (Spindler 2002: 11; Edgell 2001: 135).

Just as intellectual kinship may at times be overstated so too might differences.

Notwithstanding reservations expressed by Veblen (2011d) about aspects of Marx's work, the substantive analyses of capitalist economic life they provide have been judged 'quite compatible', as complementing one another in significant respects (Hunt 1979: 114). Veblen viewed American capitalism 'as an inherently crisis-ridden social system' and his work has been considered to belong 'in a broadly defined Marxian tradition' (Davis: 1957: 52; 1980). While they held different ideas about historical origins both considered capitalism to be 'characterized by an intense class struggle ... waged primarily over the conditions of employment, wages, and general working conditions' (Hunt 1979: 124) and as another analyst notes: the 'general framework of Veblen's theory of capitalism is remarkably similar to Marx's and was doubtless largely derived from that source ... [the] Veblenian framework is fundamentally Marxian' (Sweezy 1958: 179: 180). And on the eve of the 2008 global economic crisis William Dugger (2007) observed:

Both Marx and Veblen believed that the social system of which they were part was unjust and wasteful ... [and] sought to explain how a minority of people could get away with taking advantage of the vast majority ... the principal difference ... is that Marx constructed a labour theory of value to explain how capitalists grew rich through exploiting the workers while Veblen constructed a theory of business enterprise to show how business people grew rich at the expense of the underlying population ... Marx emphasized the exploitation of the working class through the capitalist class's control of the production process; while Veblen emphasized the exploitation of the underlying population through the control of the market system by big business and big government. There is a difference, but no contradiction between the two. (3)

Veblen's critical political economy

The development of the institution of private property, in its modern form largely a product of 'an appreciable advance in the industrial arts', is argued by Veblen (2004[1914]: 100; 1994[1899]: 24) to be behind the perpetual struggle for wealth, resources, and goods in modern economic life. Wealth confers 'honour' and in modern industrial capitalist societies there is a struggle, driven by 'invidious comparison' and emulation, for both wealth and conspicuous signifiers of its possession (actual and apparent), including the acquisition and accumulation of consumer goods (Veblen 1994: 26: 31). Individuals are led to aspire to higher 'pecuniary standards' and to pursue fresh acquisitions in order to competitively elevate themselves above their peers and 'the normal pecuniary standard of the community', which itself continually rises with industrialisation, growth in productive capacity, and associated increases in advertising and marketing promoting the new consumer goods and services continually being produced and driving the consumer treadmill. Given the persistence of such a pecuniary culture Veblen (1994: 32) believed there was little prospect of desire for wealth and acquisition of consumer goods being satiated.

Throughout Veblen's critical analyses contrasts are drawn between particular classes, cultures, principles, and interests. In *The Theory of the Leisure Class* (1994: 39-43) the principal contrast drawn is between a 'leisure class' and a 'labouring class', between a relatively small, wealthy, parasitical class which exploits others, a class that is not in 'useful employment' or engaged in productive work, itself regarded by them as 'unworthy', and the majority of the population engaged in production in manufacturing and services. The relationship of the leisure class to the economic process is 'pecuniary', it is 'a relation of acquisition, not of production; of exploitation, not of serviceability', and their occupations are described as 'predatory' rather than 'productive' (Veblen 1994: 40: 209). Subsequently the distinction is redrawn as a cleavage running through 'the advanced industrial countries', a division between 'two main classes', those with wealth - 'the vested interests' - who 'control the conditions of life for the rest', including production, working conditions and employment, as well as 'the rate and volume of output and to whom the net output of industry goes', and the 'common man ... those others who have the work to do' and whose prospects of a livelihood are increasingly uncertain and insecure, subject as they are to 'those massive interests that move obscurely in the background of the market' (Veblen 2005b:160-3: 175).

The distinction made in the *Leisure Class* (1994: 229) between 'the pecuniary and the industrial' as two categories of modern economic institution is developed further in *The Theory of Business Enterprise* (2005a [1904]: 7: 10: 149) where a contrast is drawn between a culture of 'business enterprise' and 'pecuniary or business employments' on the one hand and 'the modern complex of mechanical industry' and 'industrial or mechanical employments' on the other hand. A version of this distinction is carried over into *The Instinct of Workmanship and the State of the Industrial Arts* (2004[1914]: 109) where Veblen refers to the ways in which 'self-regarding impulses' or 'invidious self-interest' corrode the instinctive disposition or sense of 'workmanship' and lead to it being 'hedged about and guided by the institutional exigencies and preconceptions incident to life under the circumstances imposed by ownership'.

Ownership, emulative acquisition, a commercially competitive business enterprise system, salesmanship, and the quest for profit and capital accumulation, are compared invidiously with the practice of 'workmanship' able to utilise forms of technological knowledge that are argued to be communal property, an intrinsic part of 'the community's industrial proficiency' (Veblen 2004: 216: 219). Veblen argues that over time, and 'loosely correlated with technological improvement', the claims of ownership have become inextricably attached to what formerly had been communal or 'common stock' and as this has occurred industry has become increasingly subject to 'pecuniary control' (2004: 96: 67; see also 2005b: 58-9 and 2011e: 444-445). Ownership of the means of production or 'material means of industry' has brought with it a legal right to use and derive profit from immaterial resources such as technological proficiency, knowledge, and mastery of productive techniques and practices, it represents an appropriation of 'the industrial arts' formerly vested in the community as constituting 'a fact of group life not of individual or private initiative or innovation' (Veblen 2004: 96: 67; see also 2011e: 447). In addition ownership and a pecuniary system of social and economic organisation have detrimental consequences for social welfare leading to 'class divergence of material interests ... differential hardship ... [and] accentuated class disparity in the consumption of goods' (Veblen 2004: 120).

Business enterprise 'governed by pecuniary standards of efficiency and serviceability', within which salesmanship is of necessity central, and where the 'highest achievement ... is the nearest approach to getting something for nothing', contaminates workmanship and for Veblen (2004: 216-7; 2005b: 92) is at odds with 'the common good'. This contrast between business enterprise on the one hand and workmanship or industry on the other is pivotal for

Veblen (2004: 140-1: 190) who argues that with the transformation from small-scale handicraft capitalism, where an owner-employer maintains oversight over work and workers whilst managing the business of buying and selling materials and marketing the goods produced, to larger-scale 'absentee ownership' of capitalist industry, predicated on increasing scientific innovation and development of machine technology, the 'unfitness' of business management of industrial processes became ever-more apparent.

The advent of 'machine industry' led to an increase in both industrial plant size and the scale of industrial organisation, precipitating a transformation in ownership and control, involving the virtual disappearance in the major industries of the figure of the employer-owner whose 'place is now filled by a list of corporation securities and a staff of corporation officials and employees who exercise a limited discretion' (Veblen 2005b: 43). Elaborating further on the significance of the transformations involved Veblen observed:

[A]s the scale of things in business grew larger ... so the directive head of any such business concern came progressively to give his attention more and more exclusively to the "financial end." At the same time and driven by the same considerations the businesslike management of industry has progressively been shifting to the footing of corporation finance. This has brought on a further division, dividing the ownership of the industrial equipment and resources from their management ... also at the same time the industrial system, on its technological side, has been progressively growing greater and going farther in scope diversity, specialization, and complexity, as well as in productive capacity per unit of equipment and man power (2001: 23).

There are parallels here with Marx's (1909[1894]: v.xxvii.9: v.xxvii.4) earlier references to the 'gradual transformation of capitalist private enterprises into capitalist stock companies', where there are on the one hand 'functioning capitalists', managers of 'social capital', effectively administrators of 'other people's capital', and on the other hand the 'owners of capital' who are transformed into 'mere money-capitalists'. These developments were subsequently conceptualised by Berle and Means (2009[1932]) and later Galbraith (1969) as signifying a process of separation of ownership from management and control (Rutherford 1980). As Veblen (2005b: 44) anticipated, '[a]bsentee ownership of anonymous corporate capital' has become an increasingly prominent feature of late modern economic life.

But Veblen does not simply outline a process of transformation, he is critical of the way business profits from 'systematic dislocations of the industrial system', the advantages businesses derive from the presence of monopoly elements, the frequency with which production is 'sabotaged' or deliberately restricted by being kept within limits that are below

productive capacity, and how advertising and marketing are 'indispensable to most branches of modern industry' yet do not serve the wider community well, indeed are for the most part 'parasitic industries' and 'wasteful' of resources (2005a: 32-3: 36; 2005b: 80; see also 2001: 4-5: 8-9).

Veblen argued that business in pursuit of pecuniary gain is generally indifferent to the disturbances it causes to the industrial system and that 'the community's industry is not well taken care of by the loose corrective control which is exercised by a competitive market' (2005a: 20: 181; 2005b: 87: 92-3). This led him to conclude that insofar as the businessman is preoccupied with pecuniary gain and lacks technological insight or the acumen for industrial efficiency, it would be preferable for the industrial system to come under the systematic control and direction of 'industrial experts, skilled technologists, who may be called "production engineers"' (Veblen 2001[1921]: 34; see also 2004: 123: 141; 2005b: 89). But while the interests of the community might best be served by 'unhampered working of the industrial system at its full capacity' Veblen (2005b: 93; 2004: 190) was well aware that this was not likely to occur given the vested business interests prevailing over the new economic order that had developed with the expansion of industrial capitalism.

Technology and the globalization of business and industry

In his analysis of the increasing impact of machine technology on work and production Veblen (2004: 193) describes how the 'operative workman' is reduced to an attendant or assistant who 'supplements the machine process', observations that replicate Marx's mid-nineteenth century (1973[1857-8]: 705) discussion of the respects in which, with the deployment of increasingly powerful technologies of production, the workman 'comes to relate more as watchman and regulator to the production process itself'. But whereas for Marx (1973: 704) the significance of production coming to depend more and more on science and technology is that 'the creation of real wealth comes to depend less on labour time and on the amount of labour employed', for Veblen (2004: 193) it is the technological knowledge, training, and discipline required for the worker to be able to operate effectively in 'the occupation to which the machine industry calls him' that receive emphasis and are deemed to warrant further consideration.

Veblen (2004: 194-5) notes that education 'beyond the three R's' had become a pre-requisite for proficiency in the skilled trades and that longer and more exacting schooling had become 'a matter of economic expediency'. A requirement for synchronisation, systematisation, and

routine, associated with the growing complexity of production following processes of technological innovation generic to industrial capitalism, serves to discipline employees and 'in great part ... determine[s] the habits of all members of the modern community' (Veblen 2004: 195). In a manner that bears comparison with Georg Simmel's (1990) observations on the punctuality, calculability and exactness associated with metropolitan existence and money culture, Veblen (2004: 196) describes how modern social life, subject to the routine, timekeeping, and discipline of the machine process, 'goes by clockwork'. Technological innovations, which accelerate the pace of production and have a significant impact on 'competitive gain or competitive spending', have become essential, 'imperative', to the maintenance of competitiveness (Veblen 2004: 197). But, mindful of the unanticipated consequences of 'modern inventions', Veblen cautions that the wider costs of innovations may outweigh the benefits because, in addition to any 'depreciation and obsolescence' caused, technological innovations may have 'wasted more effort and substance than they have saved' (2004: 197-8; see Mitchell 2007a: b; Foster 2011).

With increasing development of the machine process under capitalistic management the industrial system has become a 'delicately balanced affair', one of 'interlocking processes and mutually dependent working units' and, in turn, the industrial community has outgrown national boundaries to become 'cosmopolitan' (Veblen 2005b: 53: 87-8). Industrial capitalism, constitutional government and 'modern materialistic science' might have had their formative roots in Great Britain and Continental Europe, but the terrain 'over which affairs political, industrial and cultural' increasingly exercise their influence has become global in scope (Veblen 2005a: 145). At times the primary agent of transformation in Veblen's narrative appears to be modern technology, which through the machine process has promoted standardization and discipline and 'made it impossible for any community to stand peaceably outside the great community of nations' (2005a: 146). But what is variously termed 'machine industry', the 'machine process' or 'the modern industrial system' is consistently acknowledged to be perpetually subject to the prevailing social relations of production, to the exigencies of 'the institution of ownership', 'business enterprise', and an overriding preoccupation with the pursuit of 'pecuniary gain' (Veblen 2005a: 16-20: 37; 2004: 216-217; 2001: 91-2). Industry, as Veblen (2005a: 128; 2005b: 160; 2004: 213-214; 2001: 90) repeatedly observes, 'is managed for business ends'.

Business and/or the common good

Notwithstanding the fact that business management of industry serves business ends there is, Veblen (2005a: 136-7) contends, a 'naive, unquestioning persuasion abroad among the body of the people' that their material interests coincide with the pecuniary interests of business men, that 'gains which accrue to the business men ... [are] beneficial to all'. Elaborating on the increasing pervasiveness of pecuniary culture Veblen (2004: 216) remarks that economic efficiency has come to be equated with 'proficiency in pecuniary management and the acquisition of wealth' rather than 'technological mastery and productive effect'. The measure of how well a person has done is increasingly bound up with income received and wealth accumulated. The measure of social worth and contribution in terms of 'price' (level of salary, pay, bonus, profit) has contaminated the human spirit, compromised workmanship, and is held to be 'at cross purposes with the common good' (Veblen 2004: 217: see also 216).

The central objective of business enterprise, a pecuniary operation, is to make money. The making of things - industry, workmanship, and the actual production of goods and services – is largely incidental to money making (Veblen 2005b: 92). Business enterprise, predicated on private ownership of the means of production and preoccupied with pecuniary gain, is regarded by Veblen (2005b: 88: 91) as constraining, if not sabotaging, the 'good working efficiency' or 'working capacity' of the industrial system, effectively fettering the productive forces as Marx and Engels (1968[1848]: 86) had earlier argued, in order to maintain prices at a profitable level, promote profitable sales, and enhance the interest of business in capital accumulation.

In the course of a series of critical observations on the respects in which business principles and enterprise constrain industrial activity and compromise the community's needs and 'common welfare', Veblen (2004; 2005a; 2005b: 85-7) challenges the premises of economic liberalism and associated assumptions about 'the natural state of man' and 'free competition in the market'. The assumption at the heart of what is termed 'the modern point of view' on free competition and free bargaining is that 'the work and trading of any given individual or group can go on freely by itself, without materially helping or hindering the equally untrammelled working of the rest', but if this might once have had some credence, Veblen (2005b: 86: 89-90; 2005a: 135) discounts its relevance to the more complex, interconnected, 'increasingly large and increasingly sensitive' developing economic order of industrial capitalism in which 'discretionary control' is in the hands of businessmen, 'those persons who are highly skilled in the higgling of the market, the masters of financial intrigue', whose interests, in turn, are fostered by '[m]odern governmental policies'.

Concluding remarks: business interest and representative democracy

In a world increasingly infused with business values and governed by business interests, a world in which the combined wealth of fifty of the largest multinational corporations exceeds that of one hundred and twenty nation states (Gabel and Bruner 2003), Veblen's work 'offers categories and forms of critical theory' that retain significant contemporary relevance (Plotkin and Tilman 2011: 209). The growing influence exerted by business enterprise over social life, industry, and representative democracy is a critical concern throughout Veblen's work. Business principles and interests are recognised not only to be in the process of becoming all-pervasive in contemporary social life, in law, politics, and education, but in addition are observed to be protected by legislation, 'safeguarded ... by the guardians of law and order', that is by representative democratic government (Veblen 2005a: 181; 2009[1918]; 2004: 217).

Within the system of constitutional government and ostensibly representative democratic parliaments business ends and interests have effectively become paramount: 'constitutional government is a business government', it has become 'a department of the business organization and is guided by the advice of business men' (Veblen 2005a: 135-6; see Plotkin and Tilman 2011; Smart 2012). Highly critical of the fact that '[r]epresentative government means chiefly representation of business interests', whichever political party happens to be in government, Veblen argues that "'democratic sovereignty" ... has been converted into a cloak to cover the nakedness of a government which does business for the kept classes' (2005a: 136: 139; 2005b:125). The vested interests - 'the new order in business' - might only be a minority, according to Veblen's (2005b: 160: 162) early twentieth century estimate significantly 'less numerous by some ninety-five per cent' than those described as the common man, the variegated mass, or the common lot, but government policy tends to be subservient to their interests. Much may have changed in the course of the century that has passed, but not the 'singleness of purpose' with which government 'works in the interest of business' (Veblen 2005a: 136), as austerity administrations in the USA and UK have been keen to remind the corporate world with declarations that they remain 'open for business' (BBC News 2010; ABC News 2012).

What would Veblen have made of the subsequent globalization of capitalist economic life, world-wide diffusion of American consumer culture, and increasing subordination of the economic sovereignty of representative democratic political systems to global financial

institutions and credit agencies, capital flows, business corporations, and the vested interests of the 'substantial citizens' and business establishments for whom 'what is good for business is good, without reservation' (2009: 132; see also Chomsky 2007: 217-219: 241-250; Reich 2009 168-173)? In a critical political and economic analysis of the status of money in American society William Greider remarked that if Veblen had witnessed the late twentieth century he would have shuddered at 'the spectacle of conspicuous consumption', the 'enduring barbarism' of economic liquidation, and the continuing dominance of money values and pecuniary culture over human need (1987: 235-240: 422: 457; see also Plotkin 2010 and Veblen 2006: 217). (4)

Described as a 'dissenting rather than a practical radical', Veblen has been criticised for being 'insufficiently engaged with the analysis of practical alternatives' and for neglecting to provide any ideas as to how a complex modern economy might be better organised (Camic and Hodgson 2011: 36). It is correct that Veblen does not attempt to outline an alternative mode of social and economic organization, but there are in his texts several references to the dilemmas, tensions, and potential for change or 'reconstruction' arising from the conflicts of interest 'growing wider and more evident from day to day' between on the one hand 'the established order of business', predicated on absentee ownership and focused on achieving the greatest obtainable profit, and on the other 'the underlying population who work for a living' (2001: 66-67; 2005b: 156-7; 2006: 425).

Veblen (2005a: 166-168) thought that developments in machine technology and the 'mechanical standardization of industry' might induce greater socialist political awareness in the classes whose lives were closely affected by 'machine industry'. Further contemplating the chances of radical transformation in a context where there were fears of 'popular uprising in the nature of Bolshevism' and aware of the importance of efficient allocation of mechanical power and resources to the optimization of productivity, Veblen (2001: 76: 81-82) identified technicians and engineers as indispensable for any alternative management of industry freed from the 'wilful derangement ... of the existing system of businesslike management', a viewpoint subsequently dismissed by Daniel Bell (1963: 4: 27: 33) as 'utopian' and 'elitist'. In any event the prospect of radical transformation in America was viewed by Veblen (2001: 83: 86) as remote, 'the technicians, the engineers and industrial experts ... [as] harmless and docile ... employees in the pay of the financiers', unaware of their strategic position and under the circumstances that then prevailed possessing little if any influence over the planning and development of the industrial capitalist system.

While Veblen (2006: 425) regarded the prospect of 'revolutionary overturn' in America at the time as remote the business community and its management of the industrial system was considered to be 'incompetent, irrelevant, and not germane to the livelihood of the underlying population'. Moreover, Veblen conjectured that the growing cleavage between 'the vested interests and the variegated mass of the common lot' within industrial capitalist societies was leading to increasing social tensions and a 'movement of dissent', which was reaching 'the limit of tolerance' (2005b: 179: 180-181: see also 162-3 and 2006: 424-5). Such observations resonate strongly with the social, economic, and political conditions of the early twenty-first century, in particular with public responses to the economic crisis and associated financial predicaments, austerity measures, and rapidly growing disparities in wealth and income between the rich and the rest in an increasing number of societies in which 'the dialectic of democracy and capitalism has been unfolding at breathtaking speed' (Streeck 2012: 64; see also Plotkin 2010; Stiglitz 2011; We are the 99% 2011; Occupy Wall Street 2011; Roos 2011).

Notes

1 See for example comparison of Veblen's analyses with those of Marx (Hunt 1979; Dugger 2007); the Frankfurt School and critical theory (Simich and Tilman 1980); Simmel, particularly on money (Greider 1987) and fashion (Tilman 1998); Durkheim (Tilman 2002 a:b) and Weber (Tilman 2007).

2 There are exceptions, notably in the respective works of David Reisman (1960), Daniel Bell (1963), and Stjepan Mestrovic (2003). It is also worth adding that there are two brief references in Max Weber's (1976: 258 n187: 275 n 71) *The Protestant Ethic and the Spirit of Capitalism* to Veblen's book *The Theory of Business Enterprise*.

3 In addition an intellectual affinity has been identified between ecological aspects of Marx's critical political economy and Veblen's critique of monopoly capitalism, resource exploitation, waste, and the systematic appropriation of public wealth for private gain (Foster 2011).

4 In the wake of the 2008 economic crisis a growing body of evidence has emerged documenting the scale of business and financial sector influence exerted over USA and UK administrations. See Foley S 2008 'How Goldman Sachs took over the world', *The Independent*, 22nd July, <http://www.independent.co.uk/news/business/analysis-and-features/how-goldman-sachs-took-over-the-world-873869.html> retrieved 4/10/11; Johnson S 2009 'The quiet coup', *The Atlantic Magazine*, May, <http://www.theatlantic.com/magazine/archive/2009/05/the-quiet-coup/7364/> retrieved 2/10/10; Huffington Post 2009 'Government Sachs: Goldman's close ties to Washington arouse envy, raise questions', http://www.huffingtonpost.com/2009/06/02/government-sachs-goldmans_n_210561.html?view=print retrieved 30/8/11; Eturk I, Froud J, Johal S, Leaver A, Moran M, and Williams K 2011 *City State against national settlement: UK economic policy and politics after the financial crisis* CRESC Working Paper Series, Working Paper Number 101, June, University of Manchester; Mathiason N 2011 'Hedge funds, financiers and private equity make up 27% of Tory funding', *Bureau of Investigative Journalism* September 30th, 2011 <http://www.thebureauinvestigates.com/2011/09/30/hedge-funds-financiers-and-private-equity-tycoons-make-up-27-of-tory-funding/> retrieved 4/10/11.

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