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1-6-2024

# Thorstein Veblen and His Underlying Philosophical Influences

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## Citation Details

Hall, John Battaile, "Thorstein Veblen and His Underlying Philosophical Influences" (2024). American Social Sciences Association/American Economic Association Meeting, Session#04: "Building on the Ideas of Thorstein Veblen" Organized by the Association for Evolutionary Economics; Presented on 06 January 2024; San Antonio, Texas; USA <https://archives.pdx.edu/ds/psu/41219>

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# Thorstein Veblen and His Underlying Philosophical Influences

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Conference Paper presented at the American Social Sciences  
Association/American Economic Association Meeting,  
**Session#04: “Building on the Ideas of Thorstein Veblen”**  
Organized by the Association for Evolutionary Economics;  
Presented on 06 January 2024;  
San Antonio, Texas; USA

**Abstract:** This inquiry recognizes Thorstein Veblen first and foremost as a philosopher who advanced a literature in Social Sciences, generally, and Economic Science, in particular. Veblen’s thinking and writing were supported by rich traditions drawn from notable philosophers that included among several: Charles Sanders Peirce, Immanuel Kant, and Friedrich Nietzsche. Relying upon his strong background in Philosophy, he then sought to challenge mainstream, neoclassical economics, especially. As his career developed, he would turn his talents and energies towards advancing ideas that would ultimately prove foundational for heterodox economics and, relatedly, American Institutionalism. (Words: 91)

***Journal of Economic Literature* Classification Codes:** B15 – Historical, Institutional, Evolutionary; B31 – History of Economic Thought, Individuals; B41 – Economic Methodology

**Keywords:** Thorstein Veblen, Philosophy, Friedrich Nietzsche, Charles Sanders Peirce, Immanuel Kant

In a recently published, lengthy, and seemingly thorough inquiry stretching to three hundred and sixty-three pages of text, author Charles Camic (2020) introduces a subtitle that is added to his book's one-word title: *VEBLEN*. The subtitle that he formulated describes Thorstein Veblen as: “*the economist who unmade economics.*” Should we judge his book's subtitle as descriptive?

In my judgment what this subtitle fails to account for is that Veblen could and should be more accurately described as a “philosopher” and not as an “economist.” In short, and more precisely than Camic formulates, Thorstein Veblen should be characterized as a “philosopher” who applied his academic background, his talents, and energies for effectively challenged the mainstream of economics, what he coined as the “neoclassical” especially, and who over time would advance ideas that would prove foundational for heterodox economics and, relatedly, American Institutionalism.

### **Veblen's Intellectual Journey**

Thorstein Veblen has been described as “the man who knew everything.” At least, this was an opinion voiced by one of his neighbors back the family homesteads in located in what was once known as the “Old Northwest,” where immigrant families, especially labored to turn forest lands into productive farms. With his curious mind that was also sharply disciplined and especially well-educated in some of the finest programs that the American academy could offer, Veblen's interests and areas of inquiry evolved over the years. The

Disciplines of Philosophy and Philology had captured his interests and attention already when he started into the line of study that would lead towards his baccalaureate from Carlton College in Northfield, Minnesota. When he attended Johns Hopkins University for study towards his master's degree that he completed in 1882, his interest in philosophy proved unwavering and he can be noted for having studied "logic" with Charles Sanders Peirce, the scholar credited with advancing the American School of Pragmatism. Matriculating to Yale University, just two years later, that is by 1884, Veblen had earned his Ph.D. in Philosophy.

In what is referred to in the literature as his "hiatus," after completing his Ph.D. at Yale in New Haven, Connecticut, Veblen spent some seven years back at the family homestead in Minnesota "rusticating" and apparently, seeking to recover from a long case of malaria that he had contracted when studying at Hopkins in Baltimore. As Veblen sought to integrate himself into the academy and with aim of becoming a professor at a promising research faculty, he departed the family homestead in 1891 and got enrolled at Cornell University, therewith forming a comfortable relation with one James Laughlin. His aim was to work towards a second doctoral degree in Economics. However, randomness associated with fate appears to have intervened, as in 1892 Laughlin took a position chairing the Department of Economics at University of Chicago, taking Veblen and two other researchers with him. At Chicago Veblen fell into running the newly founded *Journal of Political Economy*, and this position placed him

at one of the centers of intellectual life at the recently founded University of Chicago. That his career in the academy proved so prodigious after he got settled in Chicago, nothing suggests that he ever completed his Ph.D. in Economics. (see Footnote 1) With these point in mind, and with respect to his education and qualifications, Veblen should be understood not as an economist, but as a credentialed philosopher, having some advanced coursework in Economics.

### **All Too Seldom Do the Twain Meet**

As a once noted and widely read author depicting Britain's Victorian Era, Rudyard Kipling penned the phrase "that never the twain should meet." This word "twain" does not enjoy common usage in today's language, as it is drawn from old English and Middle English, and prior to that from German. Quite simply and unambiguously the word *twain* simple to the number *two*, and in common usage as *two* things. The literal and figurative interpretation would then be "that never the *two* should meet."

As an exponent and author underlining the widely shared culture associated with the British colonial era, Kipling was suggesting that the occidental and oriental realms should maintain respectful distances—and not become intertwined. However, this phrase could be adjusted and related to the Disciplines of Economics and Philosophy. In my mind, the issue is not that

“never the twain should meet.” Rather, the issue is that: “all too seldom do the twain (of Economics and Philosophy) meet.”

As but one example based upon what we could think of as reliable data, the *Journal of Economic Literature* “Classification Codes” offer a long list of twenty major categories for classifying contributions to the economics literature, and an even longer list that would include many dozens of subcategories. One useful indicator to consider is that of the twenty main categories listed, along with their many dozens of subcategories readily found in the American Economic Association’s “*Journal of Economic Literature* Classification Codes,” there exists no category noting or even suggesting the minor importance of an integrated area of inquiry labeled as “Economics and Philosophy.” In sum, the classification codes suggest that at the level of the dominant and far-reaching American Economic Association, a worrisome disconnect separates these two disciplines, portending that all too seldom does the *twain* of Economics and Philosophy ever meet.

To rephrase: of the many dozens of possible classifications cum subclassifications, not one refers to the prospects for a fruitful synthesis—and much less a propitious synergy—associated with fusing the Disciplines of Economics and Philosophy. If we were to single out one implication to consider, we could note that because of his education and qualifications and achievements in the Discipline of Philosophy, Thorstein Veblen’s contributions to the literature—especially the economics literature—ended up beyond and outside

of the established norms and narrow classifications and understandings characteristic of the Economics profession. In this respect, Veblen's professional fate ends up being treated not at all dissimilar to another philosopher turned political economist, namely, Karl Marx (1818-1883): with both generating inquiries that seek to explain the subtle and not so subtle workings of the capitalist system, and therewith offering insights that few mainstream economists have the educational backgrounds to comprehend.

Of philosophers whose contributions appear to have influenced Veblen, we could note several. However, for his inquiry we should like to limit the list to three and include: Charles Sanders Peirce, Immanuel Kant, and Friedrich Nietzsche. These three philosophers are selected, as—with time—their ideas would wield profound influences not only over Veblen's thinking, but would show up as integral to his research agenda, and thereby contribute to the richness of his contributions to the economics and social science literature.

### **Charles Sanders Peirce**

Peirce could be characterized as a philosopher in his own right, though his background and practical work suggests that the term polymath would also be descriptive of his abilities. His name is credited with advancing ideas that established a distinctly American school in philosophy noted as "Pragmatism," or as Peirce further defined as "Pragmaticism."

Connections between Peirce and Veblen, and especially Peirce's influence on Veblen's ideas have been speculated. In his book, *Thorstein Veblen and His America* ([1938] [1943] 1972), Joseph Dorfman appears to be the first to note the connections between Peirce and Veblen. Some decades later, Alan Dyer (1986) elaborated upon similarities related to scientific inquiry and method between Peirce and Veblen. Dyer (1986, 30-2) stressed that Peirce's seminal contributions to epistemology found their way into Veblen's preference for reasoning by "induction" over "deduction." Dyer (1986, 31) further suggests that Veblen's understanding of, definition of, as well as his use of "deduction" would be more accurately interpreted as a direct borrowing of Peirce's concept of "abduction."

In addition, Robert Griffen (1998) explores what initially was a short contact between Peirce and Veblen at Johns Hopkins University in 1881: a contact that would yield long term influences on Veblen's thinking. However, Griffen's detailed account of Peirce's influence on Veblen—like Dyer's—remains limited mostly to questions of epistemology, namely what Veblen's borrowed from Peirce regarding theory of knowledge and scientific method. What Dyer and Griffen fail to emphasize is what appears as Veblen's most important and enduring contribution to Economic Science. Namely, Veblen sought to lead economic science away from its foundation in Newtonian mechanics, recasting economics as an evolutionary science. And in these



efforts, Veblen appears fully indebted to Peirce's contribution to American philosophical thinking, as Veblen relies on concepts advanced by Peirce for developing his understanding of "cumulative causation," and other notions related to processes and changes rooted in continuity and continuousness.

### **Peirce on Synechism**

Charles Peirce devoted his creativity and brilliance toward engaging in numerous areas of inquiry: ranging from geology, to chemistry, to semiotics, to logic, as well as other areas. However, political economy and economic science remained beyond the scope of Peirce's inquiries. Veblen's ranges of interests were indeed broad — in the tradition of Peirce. Veblen's interests ranged — from war and peace to questions of epistemology and even the state of American higher education. Unlike Peirce, Veblen tended to concentrate on and devote the largest portion of his writings to topics related to economic science. Peirce devoted a portion of his broad inquiry into realms of knowledge toward understanding "continuity" and "continuousness." Peirce borrowed the term Synechism from his reading of ancient Greeks, relying on understandings of *synechismos*, that is related to *synechés*, suggesting "continuity" or how things are "held together," as Reynolds' (2002, 10-11) teaches us. Following the Greek understanding, Peirce assigned the definition and meaning of "continuous" to the Greek words. Thus, a "synechist," in Peirce's view, would

then be a person who recognizes the importance of continuity and continuousness.

In a philosophical nutshell, synechism appears as a tendency in philosophical inquiry that insists on the necessity of hypotheses involving true continuity. In his 1898 book, *Cambridge Lectures on Reasoning and the Logic of Things*, Peirce teaches us that synechism considers the importance of “firstness,” “secondness,” and “thirdness.”

To wit, firstness is suggested to be wholly related to chance. Secondness would then be characterized as a “brute” reaction to firstness. Thirdness, is then suggested to not be out of relation to firstness and secondness. Without firstness and secondness, Peirce (1898) teaches us that thirdness “. . . would not have anything upon which to operate.” Peirce’s understanding suggests that thirdness implies an outcome not unrelated to firstness and secondness.

Hausman (1993, 152-3) suggests that Peirce’s thirdness is wholly unlike Hegel’s notion of “synthesis.” Within Hegel’s dialectical framework, synthesis is suggested to emerge as a dependent outcome of “thesis” and “anti-thesis.”

Peirce rejects the Hegelian deterministic understanding of “synthesis,” and instead insists on the independence of thirdness from firstness and secondness.

Peirce’s understanding of continuity and continuousness — as noted by synechism — can be thought to play a fundamental role in philosophical inquiry and imply broad meanings. So important is continuity that Peirce (1898) notes that synechism or the synechist “. . . refuses to believe that when death

comes, that the carnal body ceases quickly.” We take this to imply that continuity transcends the meaning and even the significance of bodily death: that bodily death is not really some kind of definitive end in itself. In addition, the synechist fails to distinguish or differentiate between “physical” and “psychical phenomena”: instead suggesting that all phenomena are of one character, with some appearing more material and others more metaphysical. Joseph Dorfman ([1938] [1943] 1972) notes that Veblen attended Peirce’s lectures when both were at Johns Hopkins University in the early 1880s. With greater respect for detail, Griffen (1998, 733) notes that in the fall of 1881, Veblen was indeed enrolled at Hopkins and taking Peirce’s seminar, “Elementary Logic.”

Griffen (1998, 733) further notes that the topics likely covered in this course included “. . . philosophical questions such as the conception of causation.” Dyer also notes that Veblen did attend Peirce’s lectures when both were at Hopkins. In addition, Dyer also suggests that Veblen’s failure to directly reference Peirce is not to be taken that Veblen was not borrowing from Peirce. Dyer (1986, 30) notes that in Veblen’s article “Kant’s Critique of Judgment” that Veblen fully understood Peirce’s concept of “abduction.” In this vein of thinking, we would also like to speculate that Veblen not only knew of and understood Peirce’s concept of synechism, but that the concept and principles of synechism and continuousness would later emerge as the most foundational and insightful understanding of “cumulative causation,” an

assumption and process at the core of Veblen's understanding of social and also economic processes that served to lay a foundation for his understanding of social and cultural evolution. Where Veblen extends Peirce, is in his understanding of continuity and continuousness, he also strongly implies and even emphasizes "connection" and "connectedness," what Peirce implies but fails to ostensibly emphasize.

Veblen was well schooled in philosophy, completing his master's degree at John Hopkins in 1882 and his Ph.D. in this discipline at Yale University in 1884. A large part of the richness in Veblen's contribution to economic science, and one of the reasons that we still read Veblen so avidly and grapple with the seriousness of his ideas, is that he brought to the Economics discipline a profound as well as a thoroughly schooled knowledge of philosophical inquiry. His knowledge of philosophy proved especially effective at his rethinking, reformulating, and challenging neoclassical economics, especially that tradition represented by his contemporary, Irving Fisher.

Nicholas Georgescu-Roegen (1998, 387) stresses that Fisher, especially, relied on a mechanistic approach: growing out of what he terms "classical mechanics." Schooled in philosophy, Veblen effectively countered Fisher's elementary and mechanical understanding of economic processes through introducing a Peircian influenced approach to economic science, an approach emphasizing continuity and continuousness as it relates to an interplay

between and among material and immaterial elements and forces in the creation of social and economic processes.

### **Peirce's Influences in Veblen**

In his “Instinct of Workmanship” Veblen concerns himself with ways in which material and immaterial changes come about and engender further changes in the material and immaterial. Veblen ([1898a] 1993, 185) can be quoted:

The ways and means, *material and immaterial*, by which the native proclivities work out their ends, therefore, are forever in a process of change, being conditioned by the changes *cumulatively* going forward in the institutional fabric of habitual elements that govern the scheme of life. (authors' italics)

What Veblen is suggesting is that elements, both material and immaterial or, as Peirce asserts—physical and psychical—are characterized by continuousness and connectedness. Though Veblen emphasizes “change” more than does Peirce, when doing so he suggests that change or evolution in society and economy is also integral to continuousness and connectedness, as change and evolution are engendered in the interplay of the material and immaterial (for an elaboration on this subject, please see Hall and Whybrow, 2008).

Shifting his inquiry advances to issues pertinent to human beings, as well as to social science's ability to deal with continuousness, continuity, and evolution, Veblen (139) notes:

The economic life history of the individual is a *cumulative process of adaptation* of means to ends that *cumulatively change* as the process goes on, both the agent and his environment being at any point the outcome of the last process. His method of life today is enforced upon him by his habits of life carried over from yesterday and by circumstances left as the mechanical residue of the life of yesterday.” (authors’ italics)

To Veblen, human and societal activities are far from being pointless, random, and without tendency. Human beings and society exhibit — if not a predetermined or even a specified direction — at least a tendency. Veblen (140-1) notes that:

[e]conomic action is teleological, in the sense that men always and everywhere seek to do something. [Veblen adds] It is necessarily the aim of such an economics to trace the *cumulative* working-out of the economic interest in the cultural sequence. (authors’ italics)

What Veblen poses as continuity, continuousness, connection and connectedness—as well as the profound link between the material and immaterial—can be seen not only as drawing heavily from Peirce’s thinking on Synechism, but also as an extension of its basic tenets. Veblen, just like his Hopkins’ professor, Charles S. Peirce, understands that evolutionary change is integral to the interaction of the material and immaterial. In this way, Peirce’s seminal contribution is advanced by Veblen—away from pure philosophy—and into the realm of economic and social inquiry. Veblen was writing on a diverse range of subjects in economic inquiry in the last decades of the nineteenth

century and in the first three decades of the 20<sup>th</sup> century, moving forward with a Peircian approach.

### **Immanuel Kant**

For many years it was assumed that Thorstein Veblen's doctoral dissertation had become lost. This was broadly accepted as fact. Since I had no other information sources to dispel this widely held view, I accepted it. That his dissertation had become lost fit into the larger narrative formulated around Veblen, and this suggests that Veblen had requested that upon his death that his research papers would be destroyed. The gist of his request was that nothing of his would remain—including the dissertation. In *The Essential Writings of Thorstein Veblen* (2011) edited by Charles Camic and Geoffrey Hodgson, this was their accepted view. With his more recent book, *Veblen: The Making of an Economist Who Unmade Economics* (2020) Camic's position has changed, and he has suggested that Veblen's dissertation actually appeared in the *Journal of Speculative Philosophy*, and was published under the title: "Kant's Critique of Judgment." What lends support to this opinion is that this article was published in July of 1884, the same year and the summer after Veblen completed his Ph.D. in Philosophy at Yale University. Camic has also noted that dissertations written for the Yale's program in Philosophy back at the turn to the twentieth century tended to be relatively short, with respect to numbers of pages, and to the point without adding extraneous discussions.

While Veblen appears to have mastered Kant's writings on the human condition as this could be related to reason, Kant's writing on the subject of what is known as *subreption* appears to be what Veblen took from Kant and later used as the foundation for his book: *The Higher Learning in America*. Though this book first appeared in 1918, it could also be noted that about fourteen years earlier Veblen had authored on this subject of *subreption* and tertiary education and had generated a chapter that he had intended would appear in his 1904 book, *The Theory of Business Enterprise*. Considering the issues with the publisher, Veblen withheld this inquiry into subreption, but it appeared some fourteen years later, in 1918 as a full-blown study and as a scholarly book under the complete title: *The Higher Learning in America: A Memorandum on the Conduct of Universities by Business Men*.

In his article "An Institutional Framework of Analysis", William Dugger (1980, 901) emphasizes that "[s]ubreption is one of the least studied social phenomena of the twentieth century," and that subreption can destroy "... the foundation of a pluralistic society". In Dugger's view, it is through subreption that institutional autonomy is replaced with institutional hegemony and this is the process that he argues gives rise to *corporate hegemony* in the United States during the second half of the 20<sup>th</sup> century. Dugger identifies an evolutionary process that we think has led towards the expansion of corporate control and dominance extending well beyond the American nation state to include



corporate hegemony over an increasingly globalized economy in the 21<sup>st</sup> century.

More than one hundred and twenty years before Veblen started generating contributions and more than two hundred years before Dugger's articles first appeared, through his philosophical writings the Enlightenment philosopher Immanuel Kant offered key advances with his *Inaugural Dissertation* that was initially presented in Latin as *De Mundi Sensibilis atque Intelligibilis Forma et Principis*. At a later date his *Dissertation* was translated to his native tongue of German as: *Von der Form der Sinnen - und Verstandeswelt und ihren Gründen* (For Latin and German texts, please see Kant 1959). For this inquiry we rely upon an 1894 translation to the English language by William J. Eckoff, as well as a 1929 translation by John Handyside. The English translation of Kant's 1770 *Inaugural Dissertation* appears with the title: *On the Form and Principles of the Sensible and Intelligible World*.

Kant's use of the term *subreption* found in his *Dissertation* flows from the ontological and epistemological frameworks that he builds. Accordingly, an introduction to these frameworks and, in particular, to the roles played by time and space prove a necessary precursor for understanding his use of subreption in Philosophy.

In rough terms, Kant's understanding of subreption suggests that a *mistake* or *fallacy* in reasoning arises as knowledge of the tangible world is

applied to purely intellectual concepts that cannot be sensuously perceived. Kant [1770] (in William J. Eckoff 1894, p. 50) divides human cognition into two types, the sensuous and the intellectual. Sensuous knowledge depends upon properties of both the subject (the perceiver) and the object (the external object or thing perceived). Kant [1770] (in Eckoff 1894, p. 51) explains that the matter of our perceptions may be supplied by the object, while the form is supplied by the subject. A Kantian understanding suggests that our minds, according to certain mental predilections, apply properties to the objects they perceive and so these mental representations are subject to features of our human minds and their perceptions. Kant [1770] (in Eckoff 1894, p. 50) explains that intellectual knowledge, by contrast, is that which cannot enter the mind through the senses. Conceptions of time and space assume a particular importance in Kant's account of sensuous knowledge. Kant [1770] (in Eckoff 1894, p. 63) writes that the concept of *time* is "prior and superior" to all our sense perceptions and even our ability to reason. Kant [1770] (in Eckoff 1894, p. 59) denies that we form our conceptions of time by observing processes of change and instances of simultaneity and then infer the existence of time. Instead Kant argues that as human beings we would have no mental framework for making sense of change and simultaneity, that is, if we did not already harbor a notion of time. In this line of reasoning, therefore, time must precede sense perception. By an analogous line of reasoning, Kant argues that our conception of space is also innate and relied upon prior to our sense perceptions. From these conclusions,

Kant can then move to propositions about time and space that we find prove essential for understanding what he defines as the *fallacy of subreption*.

Kant [1770] (in Eckoff 1894, pp. 61-65) asserts that *time* and *space* are “not something objective and real”. In short, there is no reason to suppose that time and space have any existence outside of our human minds. Instead, time and space should be more correctly understood as properties of thought necessary for the mental coordination of distinct objects and events. Our concepts of time and space then constitute the aforementioned mental laws that our minds apply to sense perception and mental representations of objects. To further elaborate upon and further refine our basic understanding, we could then clarify that Kant’s notion of subreption can be understood as the fallacy arising through our applying the laws of sensuous knowledge - that includes his notions of time and space - to concepts that properly belong to the intellect and which stand outside of time and space. These would include intellectual concepts of God, Platonic forms, mathematics, and the like. In Kant’s understanding, when we proceed with reasoning we are prone to conflate the sensual with the intellectual and in this manner we introduce a “falsehood”. Then the problem emerges that, when we commit this *fallacy of subreption* by introducing a *falsehood* into our reasoning, we then arrive at spurious conclusions upon which we can continue adding. In this sense, the fallacy of subreption that Kant identifies takes our thinking astray and down a path of flawed reasoning. Kant keenly notes that:

“[t]he method of all metaphysics in dealing with the sensitive and the intellectual is reducible in the main to an all-important rule: of namely, perceiving ‘... *the principles proper to sensitive apprehension from passing their boundaries and meddling with the intellectual*’.” (Kant’s emphasis in italics as found in John Handyside (1929, p. 73).

While Kant introduces and considers the *fallacy of subreption* as a philosophical challenge and even as a *metaphysical mistake* that can serve to undermine sound reasoning, Veblen takes a mostly different tack. Starting with the first sentence of his first book, *The Theory of the Leisure Class* [1899], Veblen (2007, p. 1) emphasizes that “[t]he institution of a leisure class is found in its best development at the higher stages of the barbarian culture; as, for instance, in feudal Europe and feudal Japan”. Veblen’s introducing and using the term *institution* proves so central, not only for the development of ideas found in this first book, but also for his larger contributions to economic and social sciences. Relatedly, when he later deals with subreption, its meaning gets intertwined with institutions and processes of change.

We could interpret Veblen’s view of subreption found in his *Higher Learning* as suggesting a conscious or unconscious act in which a practice that appears consistent with a certain set of values, is introduced into an institution that does not hold these values. In this manner, subreption succeeds by deceptively representing the practice in question as consistent with values sanctioned by the institution, much like Kant’s understanding of a falsehood introduced into reasoning that then distorts further reasoning (for an elaboration on this subject: see Hall, Dunlap, and Mitchell-Nelson, 2016).

In his *Higher Learning* Veblen divides knowledge into two types and based upon the intended purposes. Veblen [1918] (1993, p. 4) explains that first we need to consider the existence of an intrinsically valuable form of knowledge that he terms as *esoteric knowledge* and also as *dispassionate scholarship*. Veblen elaborates that esoteric knowledge is motivated by the instinct of *idle curiosity* and, although it may eventually be put to practical ends, esoteric knowledge is not necessarily and specifically pursued for arriving at practical ends.

In contrast and as a second form of knowledge, Veblen teaches us that *practical or utilitarian knowledge* is motivated by the *instinct of workmanship*. Initially a need or want shaped by the other dominant institutions of the time, is identified and then utilitarian knowledge is pursued and gained, in order to satisfy this need or want. In Veblen's view, the instinct of idle curiosity, and also of workmanship, leads to differing advances in esoteric and utilitarian forms of knowledge.

In the medieval period, what he designates as the "high era of barbarism in Europe", Veblen asserts that the highest level of values were utilitarian. Veblen [1918] (1993, p. 25) writes that during this era: "[s]aint and sinner alike knew no higher rule than expediency...". Because practical considerations were of the highest importance to Europeans during this era, their universities were oriented towards and reflected values furthering utilitarian knowledge. So universities needed to be depicted for serving as centers disseminating practical,

utilitarian knowledge. However, Veblen [1918] (1993, p. 26) stresses that esoteric knowledge did indeed find its way into Europe's medieval universities and "...by a sophisticated subsumption under some ostensibly practical line of interest and inquiry". This wording can be thought to clarify the process through which esoteric knowledge - in a manner analogous to a Kantian *falsehood* - deceptively entered into university curricula where only practical knowledge was respected. This act and phenomenon is what Veblen [1918] (1993, 26) labels as *subreption*.

In our reading, subreption leads to processes of change that we judge as value neutral, certainly in this case of the curricula of medieval universities. However, this value-neutral approach seems to give way and go through a qualitative transformation with the rise of big business near the start of the 20<sup>th</sup> century, and the related rise in importance and dominance of pecuniary values. Phrased differently, while subreption can be seen as a value-neutral process engendering institutional evolution in Veblen's understanding of the European university in the medieval era, with the rise in dominance of big business, Veblen offers what we perceive as a sharply critical view of the effects of pecuniary values that came to dominate in the United States, and not only in university curricula. In his book, *The Theory of Business Enterprise* [1904], Veblen (2005) develops a poignant critique of the rise of big business and the associated increase in importance of pecuniary values, and the problems these

values caused in the performance of the larger industrial economy with an attendant banking sector.

An interpretation of Veblen's applied understanding suggests that subreption can be viewed as a deliberate act. In the case of tertiary education, a practice such as advancing and disseminating esoteric knowledge through an institution like a university during Europe's era of barbarism, can take place even though the institution does not value the genuine aim of such a practice. Researchers and educators committed the act of subreption by introducing and carrying on the pursuits of esoteric knowledge within the medieval university, all the while presenting an image that their academic activities advanced utilitarian purposes. This is how Veblen views subreption leading to institutional change and evolution. We can cite Veblen [1918] (1993, p. 30) noting that:

“[t]he dissimulation and smuggling-in of disinterested learning has gone on ever more openly and at an ever-increasing rate of gain; until in the end, the attention given to scholarship and the non-utilitarian sciences in these establishments has come far to exceed that given to the practical disciplines for which the several faculties were originally installed”.

In Veblen's view, the “dissimulation and smuggling-in” that seems to form the heart of the act of subreption, in this example, can be thought of metaphorically as the introduction of a *falsehood* in the Kantian sense, and that leads to further distortions in reasoning. As we interpret Veblen's understanding, subreption includes the introduction of an out-of-place value that clearly

exhibits a capacity to induce changes in the values that had dominated a well-established institution, like the curriculum of a medieval university, in this first case, and also in tertiary education in America. This is his second case that we shall consider below. However, we would like to offer a clarification by noting that in Veblen's use of subreption in social science, the introduction of an out-of-place value that alters preexisting values governing an institution should not be judged as necessarily false, *per se*. In short, a newly introduced value that will ultimately generate evolutionary effects does not need to be judged as either positive or negative. Rather, the content of the new value introduced registers as *different from* the overtly stated, traditional values and objectives of the institution under consideration.

### **Friedrich Nietzsche**

That Friedrich Nietzsche should be thought of as a philosopher has not been a subject of disputed. Though it has not been disputed, what has not been established, at least to date, is that Thorstein Veblen's thinking appears influenced by the writings of Friedrich Nietzsche.

### **Nietzsche and Veblen: On Institutions**

Opening with the first sentence of his very first book, *The Theory of the Leisure Class*, Veblen (1899, 2) framed his understanding of a "leisure class" as an *institution*, which he considered in a drawn-out, detailed analysis. In many of his subsequent writings Veblen



continually focused upon the centrality of institutions as well as tendencies for their evolution. In contrast to Veblen, Nietzsche does not introduce and rely upon the term “institution,” at least not per se. Though it shall be argued that “institutions” are indeed implied. In his efforts to advance his ideas, Nietzsche does indeed focus upon institutions, and like Veblen, he emphasizes that institutions can lag behind, becoming outmoded and thusly imbecilic—as relics of the past hampering life in the present.

Veblen introduced the idea that history proceeds in discernable eras, and what interested him in his key book, *The Theory of Business Enterprise* [1904], are the difficulties emerging in the transition from the era of handicrafts to the modern era, which seems synonymous with the Rise of Big Business and that could also be seen as inextricably connected with the emergence of “The Machine Process,” the title and subject matter of Chapter II of this particular book.

Nietzsche was of the understanding that the Enlightenment and the accompanying advancements in scientific inquiry that spread out to include a broad base of population helped to bring into doubt the foundations for Christianity. While the scientific view advanced and became more and more broadly accepted among members of the public, leaders as well as followers of major religions, effectively balanced this hypocrisy by remaining seemingly content with the mismatch of physical laws offering great insights into the world and its workings relative to the enduring legacy of Abrahamic theological explanations. Nietzsche’s aim was to challenge such hypocrisy by boldly advancing what he sought to establish as truths.

Influenced by a Dionysian orientation (that shall be elaborated upon in more detail below), Nietzsche advanced a philosophical position that emphasized the hypocritical character of institutions that had come to dominate and—as it were—to constipate and mislead the Occidental civilization of his day. In Nietzsche’s view, such institutions should be

exposed and torn down in the interests of human freedom and a reopening of life's possibilities. Nietzsche was not alone in his critique of the hypocritical tendencies accompanying the start of the modern era. At least for a time as a fellow traveler, the music composer Richard Wagner also sought to tear down the institutions that had come to stifle the human spirit at the start of the modern era—essentially to liberate members of society from the constraints of the dominant institutions through music and the pitch of drama that became trademark to many of his operas.

Relatedly, Veblen could then be categorized as a bona fide political economist but bearing latent Dionysian leanings that would steadily come out, helping to define what we think of as his own, unique brand of “Veblenian Political Economy.” In my interpretation of Veblen's contributions, his view was not only that Economics needed to be “unmade”—as Camic (2020) emphasized in the subtitle to his biography—but that the capitalist system also needed to be “unmade.” That is, after World War One, the capitalist system needed to be broken down, recast, and reworked, with, for example (Veblen, 1921) the engineers, operating as a “soviet of technicians,” therewith replacing the businessmen limited by their over-emphases on private property and too narrowly focused upon their own pecuniary gain over serviceability of output. As Veblen develops this and other positions in his book: *The Engineers and the Price System* (1921), such suggests to me that indeed he can be described and understood as much more than an “iconoclast.” Rather, an apt description of Veblen would but more realistically note him as: “an especially well educated and able political economist with latent Dionysian tendencies.”

### **Nietzsche's “Last Man” and Veblen's “Common Man”**

In 1919 Veblen had published a book titled: *The Vested Interests and the Common Man*. His developing this character that he dubbed the “common man” appears in his Chapter VIII,

which is the last chapter of this book. Might we identify similarities, commonalities, and parallels between Veblen's notion of a "Common Man" and Nietzsche's "Last Man" developed in the prologue of *Thus Spoke Zarathustra* (1883, 1885). (Footnote #2)

Could Nietzsche's *Zarathustra* introduced near the mid-1880s be viewed as providing a foundation for Veblen's very first book: *The Theory of the Leisure Class*, published in 1899—just one year prior to Nietzsche's passing. One could remain content to interpret *Leisure Class* as a critique of the approach to consumer theory that had been drawn from Bentham's notion of utility and that got imported into economics by Jevons and which, over time, and through Alfred Marshall's assistance, became broadly accepted as the foundation for thinking on consumer choice rooted in calculations of utility and marginal utility. However, it remains questionable whether a critique of Bentham's seminal ideas behind Jevons' and Marshall's choice theory was—in actuality—Veblen's primary intention?

Early on in his publishing efforts and in his book *The Gay Science* (1882) Nietzsche introduced the phrase: "God is Dead." Admittedly, this Nietzschean phrase is strongly worded and evocative. Nevertheless, the question begs answering: how should the words in this phrase to be interpreted?

As noted above, Nietzsche held the view that with The Enlightenment and the broad, public support for knowledge gained through scientific inquiry, this cultural change had shifted interpretations of our world in favor of science and away from theological explanations. In this sense a Nietzschean view of the world suggests that including a supreme being—namely, God—in society's understanding no longer proved necessary. If we were to build from the phrase that indeed "God is dead," in the Nietzschean sense this leads to a host of connected ideas, one being that reality in the modern era should be characterized by a meaninglessness leading to despair. How members of society should deal with meaninglessness and despair takes us the core of Nietzsche's thinking on this subject,

offering insights into the philosophical foundations that help to define the modern era and the philosophical school that he advanced, namely, “Existentialism.” Nietzsche held the view that with the idea of God being undermined by scientific reasoning, then those following the Abrahamic religious traditions would face pessimism, despair, and nothingness, thereby suggesting a tendency for nihilism.

As a way of addressing these tendencies, Nietzsche introduced a character noted as *der Übermensch*, to take the **term** directly from Nietzsche’s text. Responding to the reality that God had been undermined by the rise of science, this *Übermensch* (in the plural form: *die Übermenschen*) would rely upon *der Wille*; that is, *the will* to find direction and also to create meaning in life, understanding that they—themselves—would be faced with assuming full responsibility for their paths and moral choices. The rub that Nietzsche notes is that not everyone would possess the strength of *will* necessary to emerge as an *Übermensch*, resulting in a sizeable portion of members of the human community stuck and faced with suffering difficulties associated with pessimism and nihilism. Rather than taking the harder road required—members of this segment of society whom Nietzsche identified as the *Untermenschen*, were faced with seeking to mitigate these challenging circumstances and would respond by compromising; that is, accepting hypocrisy and settling upon lives oriented towards maintaining levels of creature comforts that contributed to “happiness.” For Nietzsche, this is the origin of his understanding of his notion of “The Last Man:” the compromised *Untermensch* seeking security and creature comforts in place of mustering the will necessary for dealing with the demanding existential struggle associated with accepting the reality that indeed God is dead.

Invoking his background in Philology, Nietzsche draws from ancient Persian sources and traditions and—in particular—to a character reflecting the tenets of a religious community known as “Zoroastrians.” As a Zoroastrian, the Nietzschean character Zarathustra

travels about, endeavoring to bringing his message to the groupings of people collecting to hear his words. However, the experience would leave him disappointed. Listeners were not moved by his encouragement to rise to the challenges and shift away from their complacent lives. Rather, the masses he addressed voiced their preferences for lives of complacency, of comfort, choosing the easy way forward that did not demand exerting their wills and rising to deal with what—with time—we have come to conceptualize and frame as life's existential challenges.

My understanding suggests that Veblen had read and carefully considered Nietzsche's thinking on the "Death of God," and the decisions on the part of the mass of the *Untermenschen* to seek creature comforts over rising to deal with major existential challenges related to what Nietzsche articulates with his choice wording as: "The Death of God." In my judgment, it is the Nietzschean philosophical foundation that offers Veblen's inquiry into the *Leisure Class* its enduring richness.

Why Veblen's 1899 book has endured and continues to be read and cited for more than one hundred and twenty years has—in my understanding—but little to do with its critique of Neoclassical consumer theory, and much more to do with the fact that Veblen's book offers a sequel to Nietzsche's description of "The Last Man." In sum, an interpretation and parallel could be noted as implying that members belonging to (or those aspiring to belong to and emulating) America's *leisure class* should be understood as representative of the Nietzschean *Untermenschen*, those lacking in the *will* to rise-up to meet the pressing challenges of living in a world in which nihilism has come to rule. Rather than mustering the necessary *will*, members of this variegated mass have taken to consuming as a way of offsetting and avoiding dealing with the existential challenges of having to make and then act upon hard choices related to ethics and morality. In my view, this is a *parallel* that we can identify, suggesting a commonness in the writings of Veblen and Nietzsche. In sum, Veblen

appears to have recognize this societal tendency that Nietzsche defined, and then in his book he carries the analysis steps further by framing his notion of a “leisure” class composed of leaders and emulators, against the context of a Nietzschean philosophical challenge.

We could identify other yet plausible parallels between Nietzsche’s “The Last Man” and the “common man” whom Veblen describes. My interpretation, generally, is that in the main Veblen’s notion of his “Common Man” provides a sequel to the Nietzschean “Last Man.” To wit, Veblen takes his analysis quite far, explaining the circumstances of his “common man” within a political economy framework, in which he is well-educated and fully qualified to undertake. That is, Veblen’s “common man” is presented as everything that members of the “vested interests” are not. Members of Veblen’s *vested interests*, whom Veblen (1919, 162) designates as members of the “kept classes” are discernable by their abilities to acquire “something for nothing.” Members of the larger group defined as depicting the *common man* are, in the view of Veblen (1919, 162), suggested to never get anything for nothing—or *nothing for nothing*, to emphasize with use of a double negative. In contrast to members of the vested interests, Veblen’s common man is faced with struggling to gain the material foundations for existence. Clearly, this could include undertaking what Veblen refers to in his writings as “irksome” labor. Essentially, Veblen’s common man is posed as anathema to members of the *kept classes*: those enjoying advantages afforded by their association with the *vested interests*. Members of this privileged community could also be interpreted as taking what Nietzsche seems to characterize as the easy path (gaining something from nothing), and then focusing their efforts upon securing creature comforts as a way of obtaining *happiness*, leading to the emergence of a societal dynamic as the lesser classes seek to emulate the *kept classes*. This notes a parallel in the contributions of Nietzsche and Veblen that appears to serve as the foundation of his 1899 book, *The Theory of the Leisure Class*.

## Footnotes

1. On Saturday, December 30, 2023, at 12:38 pm, Charles Camic replied to my query: Dear Professor Hall,  
.... As to your question: Veblen's only Ph.D. was the one you mention - in Philosophy from Yale in 1884. He did not receive a grad degree in any of the fields you mention or any other. But this was not especially unusual in the 1890s, as you will know. Laughlin and Jenks aside, most other members of the Chicago Department of Political Economy lacked doctoral degrees; several had master's degrees from Harvard. ....

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