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(一九二四年五月)

撰 録

THEORSTEIN VEBLEN.

Frank W. Fetter.

Graduate Student in Harvard University.

I.

Introduction.

Biographical sketch

Veblen comes of a family in which the pedagogic instinct is strong. His brother, Andrew Veblen, was for many years professor of Physics at the University of Iowa, and his nephew, Oswald Veblen, is professor of Mathematics at Princeton. He is of Norwegian ancestry. The first information we have in regard to his life is that he graduated at Carleton College, Minnesota in 1880, where John B. Clark taught from 1877 to 1881. He took graduate work at Johns Hopkins and secured his Ph. D. at Yale in 1884. He was fellow in economics at

Cornell University in 1891-1892, and at the University of Chicago in 1892-1895. For three years he was reader and associate at Chicago, in 1896 was made instructor in Economics there, and in 1900 was promoted to assistant professor. From 1896 to 1905 he was managing editor of *The Journal of Political Economy*. In 1906 he left Chicago and from then until 1909 was associate professor at Leland Stanford. From then until 1917 he was professor at the University of Missouri, leaving as a result of trouble at the outbreak of the war. Since 1917 he has taught at The New School For Social Research, in New York City. This school was started by a group of men, prominent among whom were Charles A. Beard and Wesley C. Mitchell, for the purpose of bringing about a closer coordination between the physical and social sciences. Veblen gives one course there, "Economic Factors in Civilization."

II. Veblen's Works.

Veblen has published nine books, of which three are reprints of essays and articles that have appeared in magazines and scientific periodicals. He has never published an economic text, or any general work on the theory of economics.

The Theory of the Leisure Class

His first book, "The Theory of The Leisure Class" was published in 1899. This is his best known book. The brilliant, the crude originality of it has given it a great popularity with the layman and considerable influence with the professional economist and sociologist. The purpose of the book, as given in the introduction is "to discuss the place and the value of the leisure class as an economic factor in civilization." To quote from Professor Edward A.

Ross,⁽¹⁾ "The fundamental thesis of Veblen's remarkable book is that the possession of means sufficient to exempt from productive labor moulds so subtly the notions of utility, of fitness, of right, and of beauty that in the course of time the wealthy become spiritually a distinct type, so recognized by all the world. His consummate analysis shows that in every age and society the "gentleman," altho he may be quite incidentally an epitome of human excellences, is in point of origin, the finished product of the views, canons, and standards that develop inevitably, albeit unconsciously, in a leisure class by sheer virtue of its pecuniary independence."

The idea on which Veblen builds his theory of the leisure class is that of "conspicuous waste." According to Veblen the end is not consumption, it is pecuniary legislation of acquisition.⁽²⁾ *The Foundations of Sociology* - p. 323.

sition and accumulation of goods. "As far as regards those members and classes of the community who are chiefly concerned with accumulation of wealth, the incentive of subsistence or physical comfort never plays a considerable part."⁽¹⁾ "Among the motives which lead men to accumulate wealth, the primacy, both in scope and intensity, therefore, continues to belong to this motive of pecuniary emulation."⁽²⁾

In a remarkably clever analysis Veblen shows how our idea of the beautiful is colored by the pecuniary element, that we judge things beautiful not alone because of an intrinsic quality of beauty, but because of the expense they represent, and on the other hand we judge other things undesirable merely because the low cost. In this connection Veblen coins the apt phrases, "pecuniary beauty" and "aesthetic beauty." This pecuniary judgment is not a conscious process, it is ingrained in our habits

of that without us realizing it is there. In one of his illustrations he says that the shine of a high silk hat is intrinsically no more beautiful than the shine on a well worn suit, yet the pecuniary idea so subtly color our judgment that we regard one as the most correct thing, the other as almost degrading.

This book is marred by the features that detract from so much of Veblen's work; particularly a satirical vein which leads him to sacrifice scientific accuracy for catching remarks and cutting satire, often giving the most ridiculous conclusions. As one example may be mentioned the close connection which Veblen claims to find in college circles between participation in athletics and in religious activities, both of which he regards as hang-overs from a lower stage in man's development.

(1) *The Theory of The Leisure Class* - p. 266.

(2) *Ibid.* - p. 34.

The Theory of Business Enterprise

"The Theory of Business Enterprise" was published in 1904. This book may be divided into two parts, the first taking up the theory of business enterprise from the point of view of the business man, the second studying the effect of modern business on the mind of man and on human institutions.

By business enterprise Veblen refers to "big business", "the Empire of Business." Modern business enterprise is founded on two things, the machine process and investment for profit. Business, as Veblen sees it, is a financial operation, as contrasted with industry, a technological operation. Business in the time of Adam Smith was primarily a matter of physical production, and the successful business man was the one who could produce goods cheaply. There was a fairly close relation between business success and service to the

community. But as the production of commodities caught up with the demand, business success no longer depended on physical production, but on financial operations. Value production is no longer closely related to physical production, and the great successes in business are made by manipulating the market at the expense of the community. The captains of industry rob the community by cutting down its supply of goods, and then get a larger price for this reduced supply. They make their profit, not because of service to the community, but as a result of the harm done to the community. Clearly and vividly Veblen brings out the difference between physical and value production.

From this, Veblen discusses capital in business, his contention being that the old concept of capital is an anomaly in modern business. A large part of the assets, against which

securities are issued, are intangible one, and it is futile to stick to a concept of capital that is so out of accord with the facts in the market. Tho he does not develop a capital concept of his own, he makes it clear that the only thing the economist can do is to accept the concept of capital as he finds it in the business world, an investment concept. On this concept of capital he develops a psychological theory of crises,—crises being caused by the disparity between the capitalization of expected future earnings and the capitalization of the actual earnings. This is a theory which has a wide acceptance to-day. But Veblen carries it still further, believing that depression is now (1904) a chronic state, caused by new advances in technology making obsolete old equipment, thus keeping earning power always below that on which the capitalization is based.

The latter part of the book is a discussion

of the effect of labor on the mind of man and on human institutions. This modified economic determinism, the "technological interpretation of history" as one reviewer calls it, is developed at much greater length in his later books on "The Instinct of Workmanship" and "Imperial Germany and The Industrial Revolution".

The Instinct of workmanship

In 1914 Veblen published "The Instinct of Workmanship". In the preface the author states, "The following essay attempts an analysis of such correlation as is visible between industrial use and wont and these other institutional facts that go to make up any given phase of civilization. It is assumed that in the growth of culture, as in its current maintenance, the facts of technological use and wont are fundamental and definitive, in the sense that they underly and condition the

scope and method of civilization in other than the technological respect, but not in such a sense as to preclude or overlook the degree in which these other conventions of any given civilization in their turn react on the state of the industrial arts."

Two quotations from the latter part of the book give an excellent indication of the general conclusions. "There is indeed, a curiously pervasive concomitance, in point of time, place, and race between the modern machine technology, the material sciences, religious skepticism, and that spirit of insubordination that makes the substance of what are called free or popular institutions. On none of these heads is the concomitance so close or consistent as to warrant the conclusion that race and topography alone have made this modern cultural outcome. The exceptions and side issues are too broad and too numerous for that; but it

is after all a concomitance of such breadth and scope that it can also not be overlooked."⁽¹⁾ "Both in its incidence on the cokenan and on the members of the community at large therefore, the training given by this current state of the industrial arts is a training in the impersonal, quantitative apprehension and appreciation of things, and it tends strongly to inhibit and discredit all imputation of spiritual traits to the facts of observation. It is a training in matter-of-fact; more specifically it is a training in the logic of the machine process."⁽²⁾

This is, in the writer's opinion, Veblen's finest work. It is written in more of a scholarly spirit than either his earlier or later works, and is marred neither by the hand of the satirist or the propagandist. It is a real

(1) The Instinct of Workmanship-p. 201.

(2) Ibid. p. 318.

contribution to economics.

Other works of Veblen

In 1915 appeared "Imperial Germany and The Industrial Revolution", which is a study along the same general lines as "The Instinct of workmanship." "An Inquiry into the Nature of Peace and the Terms of its Perpetuation," which appeared in 1917 and "The Higher Learning in America," which appeared in 1918, are not of particular interest to us. In 1919 appeared "The Vested Interests," and in 1921 "The Engineers and The Price System," both reprints of article that had appeared in The Dial. The general argument is much the same as in his earlier books, the much more radical in tone.

In 1919 appeared "The place of Science in Modern Civilization," a collection of Veblen's scientific articles running over a period from 1892 to 1913. This contains almost all his

important articles and it is from these that we get what material there is for a discussion of his treatment of the more orthodox subjects of economic inquiry.

III.

Economic Theory.

Veblen has never written a systematic treatise on economics. His treatment of the theoretical aspects of the science is very meager. What he was written has been to attack the old concepts, or to tell how he believes the new concepts should be developed, rather than to develop them himself.

Distribution

He gives no space to a theory of distribution, for this he believes is a waste of time, a begging of the question. It adds nothing to the science of economics, for it is nothing but

a description, a recording of the obvious. Of course men get what they earn if one begs the question in favor of the existing economic order, is his attitude. His criticism of Clark's theory of distribution is sharp and caustic. "It affords basis for those who believe in the old order-without which belief this whole structure of opinion collapses - to argue questions of wages and profits in a manner convincing to themselves, and to confirm in the faith those who already believe in the old order. But it is not easy to see that some hundreds of pages apparatus should be required to find one's way back to the worn commonplaces of Manchester."⁽¹⁾ Any other mentions of theories of distribution are equally critical.

Land

In only one place does he have any extended reference to land, in his article "On The Nature of Capital." And the reference is

capital is his capitalized earning power, and if we are to be in accord with reality we must accept the business conception.

Interest

Veblen's theory of interest is no theory at all and his attitude is frankly Socialistic - he regards it as an unearned income that the owners of capital are able to exact because of the nature of the existing economic order. He denies that interest is a universal phenomenon, that has its origin in the psychology of man or the productivity of tangible assets. "Interest, as it demands the attention of the modern economist, is eminently a pecuniary phenomenon, and its rate is a question of business adjustments. It is in the business community and under the guidance and excitement of business exigencies that the rate is determined. The rate of interest in any other bearing in modern life is wholly subordinate and subsidiary. It

incidental, the purpose being to show that all the single tax arguments can with equal force be applied to capital goods. "All this argument regarding the unearned increment may be carried over, with scarcely a change of phrase, to the case of" "capital goods."⁽²⁾ He rejects without argument the Ricardian concept of land, considering it to be one class of tangible property.

Capital

His capital concept is an investment concept. In addition to his discussion in "The Theory of Business Enterprise" he has written two articles "On the Nature of Capital." The argument is essentially the same as in his book. Tangible goods are but a part of the general assets, indistinguishable from intangible goods. As far as the business men is concerned, his

(1) The Place of Science in Modern Civilization. p. 206.

(2) *Ibid.* p. 338

is therefore an inversion of the logical sequence when Mr. Fisher, with others of the school, explains pecuniary interest and its rate by appeal to non-pecuniary factors." "In point of historical sequence anything like a consistent rate of interest emerges into the consciousness of mankind only after business traffic has reached some appreciable degree of development; and this development of business has taken place only on the basis and within the lines of the so-called "money economy," and virtually only on that higher stage of the money economy specifically called a "credit economy." Indeed interest is strictly a phenomenon of credit transactions alone."⁽¹⁾

But as to what it is that explains the rate of interest, Veblen gives no further explanation than is given in this quotation. But he believes

(1) Fisher's Rate of Interest- Political Science. Quarterly- Vol. 24: p.

interest is possible only because of an archaic economic structure that comes over from the eighteenth century, and that the time may come when interest is legislated out."

Value

Veblen's theory of value is a fit partner for his theory of interest. Implicit in what he has to say on value is the idea that there are two kinds of value, "exchange value" and just plain "value," the one being value in the market, fixed by "what the traffic will bear," the other an intrinsic value.

The idea that there can be such a thing as value independent of a market is at the bottom of whatever theory Veblen has on value. As he says in his article on "The Economics of Karl Marx."⁽¹⁾ "Under the capitalistic system the determination of exchange value is a matter of competitive profit making and exchange values therefore depart erratically and incon-

tinently from the proportions that would legitimately be given them by the real values whose only expression they are. Marx's critics commonly identify the concept of "value" with that of "exchange value" and show that the theory of "value" does not square with the run of the facts under the existing system of distribution, piously hoping thereby to have refuted the Marxian doctrine; whereas, of course, they have for the most part not touched it." Such a concept of value is entirely out of accord with Veblen's avowed approach to economics; his strong psychological bent and his aversion to natural laws and controlling principles.

IV.

Veblen's Approach to Economics.

Veblen's contribution in the field of distribution and value would certainly not entitle him

(1) The Place of Science in Modern Civilization-p. 421-422.

慶應義塾の

三田通りの

カフェー 米 華 堂

電話高輪二二六六

●カルピスとソーダ水

●冷いコーヒーと紅茶

●宴会至便料理と菓子は御存じの美味

●館主は多年の經驗を有し北米ニユ
 ーヨーク市の大家バツク氏の寫眞
 場に於て實地研究仕候

●光線法及表情を重んじ美術的に撮
 影仕候

(出張及夜間撮影仕候)

●寫眞料は従前之通りに御座候

東京市麻布區飯倉通
 芝公園前赤羽橋側

中鉢寫眞館

電話芝三三三四番

炎暑の氣候に應しい
 輕快の服裝品

御立寄の節是非御試を

三田慶應義塾正門横

安心堂洋品店

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change, realized to be self-continuing or self-propagating and to have no final term. Questions of a primordial beginning or a definitive outcome have fallen into abeyance with the modern sciences, and such questions are in a fair way to lose all claim to consideration at the hands of the scientists. Modern science is ceasing to occupy itself with the natural laws-the codified rules of the game of causation-and is concerning itself wholly with what has taken place and what it taking place."⁽¹⁾

It is on this basis of a pre- and post-Darwinian concept that Veblen divides the classical from the modern economists, contrary to the usual basis of division, which is roughly speaking, the cost of production theory of value and the treatment of land as a separate factor in production. But on his basis Veblen classes the Austrians and John B. Clark with the classicists, because they take what he calls a

"teleological" view. The writer accepts in general Veblen's stand for a post-Darwinian conception, without necessarily accepting all the implications that he tries to read into it. As a part of the evolutionary concept is the genetic treatment, a recognition that institutions and customs are not immutable, but the result of growth and development, and that it is in this light that they must be studied.

Psychological studies

Veblen's studies in psychological fields have made a real contribution to economics. "The Theory of The Leisure Class" and "The Instinct of Workmanship" have been powerful in helping to shatter the old concept of the economic man, the former by showing that more than a cold rationality is needed to explain man's economic actions, the latter by developing the idea that aversion to work is

(1) *Ibid.* p. 27-38.

Satirical and humorous style

not a fundamental trait of man. According to Veblen, man has a strong and creative "instinct of workmanship," which, however, has been put in eclipse by certain features in the institutional and cultural development of the race.

Closer coordination with other sciences

Throughout the writings of Veblen is the idea, sometimes expressed, more often implicit, that economics cannot stand by itself, but must use freely the contributions from other fields, if it is to be a vital and living science. He uses whatever ethnology, anthropology, biology, and psychology have to offer, and despite his avowed aversion to classical studies, he does not hesitate to use to contributions of classical scholars and archaeologists.

V.

Shortcomings of Veblen's Treatment.

There are certain characteristic features in the writings of Veblen which greatly mar his work and prevent him from being a really great scientist. For he is a man of unquestioned brilliancy and originality. He suffers from an overpowering desire to be satirical and humorous when humor and satire are out of place. Again and again he will force a brilliant and original idea to a ridiculous conclusion for the sake of making a satirical remark or startling statement. This has greatly enhanced his popular reputation but no his scientific standing. His best work, "The Instinct of workmanship" is the one book in which he suppressed this desire, which is almost a mania with him. He might be compared to a small boy who starts out to pick the burrs off a cur's back, but finds the task tedious and little appreciated, so decides it would be much more

fun to tie a tin can on the dog's tail and bask in his playmates' admiration for his cleverness.
Spirit of his writing

Of all the men whom we have discussed this term, Veblen is the only one who can advisedly be called a Socialist. But there is something about the spirit of his writing that makes one question if he is really as much concerned about humanity as he professes to be. His work does not breathe the spirit of a man whose heart throbs for a down-trodden humanity, but rather of one who with objective cynicism analyses the ailments of the economic body. Despite his professed concern for the "common man," his writing show rather a contempt for a humanity whose illogic and irrationality has made possible this pathological state of the economic body. He might be called the George Bernard Shaw of the economists.

field and refuses to even carry the ball down near the goal line.

Graham Wallas, the English political writer, in a review of "Imperial Germany and The Industrial Revolution,"⁽¹⁾ with ill-concealed impatience admirably expresses this feeling of incompleteness that every careful reader must feel in the works of Veblen. "I want Professor Veblen to write a new book, in which he shall drop the irony and reticence which is such an admirable means of self-protection for a sensitive teacher who thinks for himself. Let him address not the universities, but the outside world. He analyzed before the war the causes of the disharmony between the nature of man and the institutions which the existing generation have inherited or created or drifted into. He saw with a good natured but unmitigable contempt the muddle we had made of our lives. Obviously he had some better man-

Failure to advance constructive measures

Veblen has a most provoking way of failing to carry his studies three to a constructive conclusion. He has shown his ability in psychological lines, yet he drops psychology out just at the point where we might expect it to give us some solution. He shows the illogic and irrationality of economic institutions, but takes up no discussion of how this institutions may be remedied, given man's imperfect make-up. In "The Theory of The Leisure Class" he does not give any discussion of the place that "conspicuous Waste" has played in man's development. In our progress to our present position has "conspicuous waste" been a millstone around our necks, or has it been a driving incentive that has made possible our rise from savagery. To mental questionings of this kind he gives no answer. He is content to make brilliant runs in the middle of the

ner of life at the back of his mind. Does he advise us to tear up the railways that have extended society so far beyond the "neighborhood" organization of our Baltic ancestors? Or has he some plan by which the existence of railways, and aeroplanes and wireless telegraphy and the rest, can be combined with the old anarchistic principle of Live and Let Live? Ought we, as he seems to think, to turn our backs once for all on traditional Christianity? If, as he hints, our present "waste of time and substance" is due to the "price system," what are we to put in its place? In our present distress it seems a little inhuman of him not to tell us. He is a long way from the war, and can afford to say that the British fleet is in the nature of things of "secondary importance or something else," and

(1) Quarterly Journal of Economics- Vol. 33; p. 187- Nov. 1915.

that since our officers are gentlemen, and "gentlemen commonly have no industrial value," the mortality among them "may be set down as a net gain in the economic respect." Professor Veblen might perhaps tell us that he feels himself stronger as a critic than as a inventor, or that he is not very sure of his own ideas of reconstruction, and that if he formulated them they would not amount to a complete scheme. We should answer that no one else is in a better case, and that we hungering for anything, complete or incomplete, which may help to make that about the future of mankind seems worth while."

V.

Veblen's Place in Economics.

It is difficult to give an appraisal of the place that a man still living holds in the develop-

ment of economics, particularly one whose principal work has been along such unorthodox lines as that of Veblen. His abstract theoretical studies would not entitle him to a high rank. But in the new light which he has thrown on man's motives in economic life he has made a real contribution. There is no doubt that in his general approach he is on the track that economic development is going to follow; a treatment more in accord with the newer concepts which evolutionary thought has introduced, and a greater utilization of the discoveries in other sciences. The many references to Veblen in current sociological and economic writing show the power of his ideas, and the writer believes that he has had more influence on conservative thinkers than they would care to admit.

共產主義の經濟的基礎

に就て (下)

伊藤 秀一

六

茲に「人類が存在して以來、始めて、各部分の總ゆる點に於て、調和的に建設せらるゝ所の制度が成立する。其處には社會的にも生産的にも何等の階級が無い。其れは人類が人類に對する鬭争を永久に剿滅し、自然の無限の富を速かに掌握する所の一の共同體の中に全人類を包含する。」(Bucharin. *Oekonomik*. S. 196) 再び Marx の所説に還つて之れを観るに「共產主義社會のより高き階梯に於ては、個人が分業の下に奴隸的に束縛せらるゝ事従つて又精神的勞働と肉體的勞働との對立が消滅したる後、勞働が

單に生活の爲めの一手段たるのみならず、其れ自ら第一の生活欲望となるに至る後、個人の總ゆる方面に於ける發展に伴つて、生産力も亦増進し、團體的富の一切の源泉が十分に流れ出す様になつた後、此の時始めて狹隘なブルジョアの權利思想が全く踰越せられ、社會は其の旗印に「各人は其の能力に應じて、各人に其の欲望に應じて」と書く事が出来る。」(Marx. a. a. O. SS. 145-146)

Lenin も亦右の一句を引用し來り、且つ言ふ。生産手段の共有及資本の收用は生産力の異常なる發展を可能ならしむるだらう。「如何に資本主義が法外にも此の發達を阻害して居る乎、又如何に多くの進歩が、著るしき發達を遂げたる近世技術の基礎の上に爲され得る乎は既に知られて居る。故に我々は充分の自信を以て資本の收用は疑もなく生産力の強大なる發達に