Socio-economic evolution and Darwinism in Thorstein Veblen:
A post-Marxist appraisal

George Liagouras
Department of Financial and Management Engineering
University of the Aegean, Greece

Correspondence Address:
George Liagouras
27, Ventouri Street
15561, Holargos, Greece
E-mail: g.liagouras@fme.aegean.gr
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Abstract

The paper questions the idea that a biology-based perspective, and more specifically Darwinian population thinking, constitutes a real alternative for the study of the evolution of social systems. This is done though a critical appraisal of the work of Thorstein Veblen. Even though, Veblen’s account of the evolution of humankind makes the notion of natural selection practically redundant, his remaining attachment to Darwinism created two serious tensions for him. First, his attachment to the Darwinian scheme of ‘descent with modification’ led him to reduce theory to a historical account. Second, by postulating that human history is a question of cultural change, he was tempted to conflate social structures, institutions and habits of thought.

Keywords: evolution, Thorstein Veblen, Darwinism, institutions, social structures

J.E.L. Classification: B52, B41, B15, P10

EAEPE Research Era: Ontological Foundations of Evolutionary Economics

1 The author thanks Stavros Ioannides and Stella Zambarloukos for their helpful comments in an earlier draft. Of course, he assumes full responsibility for the remaining errors.
Introduction

Today the idea of evolution is very fashionable in economics. Paraphrasing Nixon’s words on Keynesianism, one could say that we are all evolutionists now. Still, the notion of evolution is not new in economics. From the Scottish Historical School to Smith and Marx and then on to Veblen, Schumpeter and Hayek, the notion of evolution has always been present, although not dominant, in economics. The specificity of the recent prevalence of the evolution concept in economic discourse is, at least, twofold. First its main inspiration comes from biology and not from the philosophy of history or another domain specific to the study of human societies. Second, its domain of predilection concerns the microeconomic level and not the long run dynamics of socio-economic systems.

In the history of economic thought T. Veblen occupies a special position because of his effort to combine the Darwinian breakthrough in biology with the study of the evolution of human societies.

The following citation from R. Lewontin, a leading Darwinian biologist of our times, clearly demonstrates the originality, as well as the controversial implications, of adopting the Darwinian framework in the study of the evolution of social structures and institutions:

There are two basic dynamic forms for evolving systems. One is transformational, in which the collection of objects evolves because every individual element in the collection undergoes a similar transformation. (…) Most physical systems and social institutions evolve transformationally, and it was characteristic of pre-Darwinian evolutionary theories that they, too, were transformational. Lamarck held that a species evolved because its individual members, through inner will and striving, changed to meet the demands of the environment.

The alternative evolutionary dynamic, unique as far as we know to the organic world, and uniquely understood by Darwin, is variational evolution. In a variational scheme, there is variation of properties among individuals in the ensemble, variation that arises from causes independent of any effect it may have on the individual who possesses it. That is, the variation arises at random with respect to its effect. The collection of individuals evolves by a sorting process in which some variant types persist and reproduce, while others die out. Variational evolution occurs by the change of frequency of different
variants, rather than by a set of developmental transformations of every individual (Lewontin 2001, pp. 53-4).

Of course Lewontin is not a social scientist, nor was Veblen a biologist. But the difference between the transformational and the variational conception of evolution is so marked that it is difficult to see how the second could be substituted for the first, and vice versa².

The aforementioned difference can also be defined in terms of ‘essentialism’ and ‘population thinking’, which are very popular in the philosophy of biology (Mayr 1991, pp. 40-2; Hodgson 2006, pp. 32-3). The term ‘essentialism’ entails the disadvantage that, without proposing anything more than the term ‘transformational’, it brings to the debate deep philosophical issues that have found many different interpretations and meanings from Antiquity to the present.

It must be noted however that the idea of transformational evolution can also be subject to different interpretations. In the social sciences of the 18th and 19th century the dominant version of transformational evolution was the teleological one. This was mainly due to the influence of Enlightenment philosophy, which viewed human history as a process of progress aimed towards a perfect society. Even K. Marx, who considered himself a severe critic of the ‘bourgeois’ thinkers, was captivated by the Enlightenment’s view of progress. Today it’s extremely rare to find scholars who believe in a Marxian or in some other Enlightenment-type ideology of progress. By the beginning of the 20th century E. Durkheim and M. Weber had already introduced post-Enlightenment versions of transformational evolution in social theory. So the real question for contemporary social theory is if variational evolution could be a serious alternative to the existing post-teleological versions of transformational evolution.

The objective of this paper is to prove that this is not the case. To put it in more philosophical terms, the ontology of socio-economic systems is foreign to variational evolution. The above position is exemplified by a critical appraisal of the work of T. Veblen. The paper follows the thought of Veblen to show how the adoption of the population thinking paradigm leads to serious tensions and shortcomings.

The paper is divided into two sections. The first section presents Veblen’s early work. His initial evolutionary programme, found in his early publications at the end of 19th

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² The existence of specific domains within human and natural history where the opposite concept of evolution could be plausible, or complementary to the dominant one, cannot be refuted *a priori*. But exceptions don’t make the rules.
century, is analysed mainly in relation with Darwinism. The main question is, to what degree and in what sense Veblen can be considered a Darwinian. Our concern is to avoid searching in Veblen’s thought answers to questions and problems that are our own and not Veblen’s. The second section concerns how Veblen applied his early evolutionary programme in his more mature writings. The objective is not simply to show that Veblen’s initial research programme has remained an unfulfilled promise, or that there are remarkable tensions inherent in it, but that the most serious tensions in his work have their origin in his Darwinian way of thinking.

Veblen’s Initial Evolutionary Programme: Darwinism as Social Criticism

It is often said about Marx that his thought combined German philosophy (especially Hegelian dialectics), English political economy and French radical politics. By the same token, it can be said that Veblen’s evolutionary economics combined Darwinism, Spencer’s evolutionary sociology and American political radicalism (Industrial World Workers, Bellamyite movement for nationalization, American Socialist Party, ...).³

Concerning Darwinism, Veblen’s programmatic positions can be found primarily in his manifesto about evolutionary economics (Veblen 1898a) and his Theory of the Leisure Class (Veblen, 1989). Still, Veblen’s call for a Darwinian social science demands further clarification. More concretely, today we can find at least three possible Darwinian perspectives in the social sciences, and, more specifically, in the Veblenian heritage. Presented in an order going from looser to stricter, they can be summarised as follows:

a) Human history as a continuous evolving process with no legitimate-natural-predetermined end, nor a unique pattern of direction (the general Darwinian materialistic position).

b) Human evolution as an impersonal and continuous sequence of cause and effect characterised by variation and natural selection (the application of Darwin’s population thinking to economics and sociology).

c) A simultaneous study of the evolution of institutions and human intentionality (a solution to the structure-agency dilemma).

³ For the influence of Spencer on Veblen, see Eff (1989). Regarding Veblen’s relationship with the socio-political radicalism of his times, see particularly Stabile (1982, 1988).
In what follows it is argued that Veblen’s relationship to Darwinism concerns all of point (a) and part of point (b).

The General Darwinian Materialistic Position

Veblen was the first important thinker who introduced to the social sciences the idea of human history as an evolving process of change with neither a predetermined end, nor a specific pattern of development. This is a powerful idea that clearly demarcates Veblen’s evolutionary programme from other currents in social sciences, like neoclassical economics, Marxian materialism and Spencerian evolutionism.

Thus, in his famous article ‘Why is economics not an evolutionary science?’, Veblen (1898a) charged the ‘pre-Darwinian’ (neo-classical and Austrian) economics of his times with two main shortcomings. The first one was the attachment of economists to the hedonist and utilitarian philosophy that conceived agents ‘in terms of a passive and substantially inert and immutably given human nature’ (Veblen, 1898a, p. 73). The second one concerned the static and teleological methodology of economic analysis postulating equilibrium as the legitimated end of all economic phenomena, or, in Veblen’s own words, “formulating laws of the normal or the natural, according to a preconception regarding the ends to which … all things tend” (Veblen 1898a, p. 65). According to Veblen, the above shortcomings rendered the pre-Darwinian economics unproductive and condemned to perish as “matter-of-fact” habits of thought spread by the ascending machine technology.

Marx’s historical materialism and Spencer’s evolutionary sociology were closer to Veblen’s evolutionary “tastes”. Still, both thinkers, in spite of their totally different views on capitalism and socialism, presupposed the existence of a trend towards social progress, as well as a legitimate and predetermined end to the course of human history. Therefore, their theories were also “pre-Darwinian” from Veblen’s point of view.

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4 Similar positions to the one defended in this paper have already been developed by authors like Edgell and Tilman (1989) and Rutherford (1998). On the contrary, Jennings and Waller (1998) argued that Veblen’s evolutionism concerns only the point (a). At the other extreme, Hodgson (2004a) is the only author that interprets Veblen’s Darwinism through points (a), (b) and (c).
The need for a mitigated Darwinism in the study of human evolution

Veblen accepted that individuals are capable of purposeful action, and that the direction of their activities is determined by their ‘desires’ which are ‘circumstances of temperament’. But at the same time he insisted that the latter is the ultimate reason from the perspective of the acting individual but not the viewpoint of science:

These circumstances of temperament are ultimate and definitive for the individual who acts under them (...) But in the view of the science, they are elements of the existing frame of mind of the agent, and are the outcome of his antecedents and his life up to the point at which he stands” (Veblen, 1898a, p. 74).

Thus, circumstances of temperament are entrenched in a socio-economic environment constituted by the communities where individuals live. And communities, like individuals, are subject to a never-ending process of change: their efforts to adapt the material means of their lives to their personal ends lead to new methods, which in turn result in new ends, which then require new means, and so on. The central subject in the above evolutionary process is not the individual but what Veblen called, without clearly differentiating between them, habits of thought, conventions and institutions. In his own words, ‘the change is always in the last resort a change in habits of thought’ (op. cit., p. 75). So, the main objective of his evolutionary economics is to provide ‘a theory of a cumulative sequence of economic institutions stated in terms of the process itself” (ibid., p. 77), or, said otherwise, a theory of the “process of cultural growth as determined by the economic interest” (ibid., p. 77).

From a philosophical point of view, the above account is very close to the way Marx transcended the Kantian dualism between the physical and the moral world (Habermas, 1968). Nevertheless, contrary to Marx and in conformity with the American pragmatism of his times, Veblen believed that the evolution of habits of thought and institutions was not free from human nature. For him, there are some ‘hereditary traits’, he called instincts, but also proclivities or innate propensities, which remain stable though the passage of time. What differentiates societies across time and space, is the different mixture and the further development of instincts that prevail in each case. Instincts that are part of a human nature: parental bent (concern for the community welfare in the present and the future), predation (involving self-seeking, acquisitive, rapacious conduct), workmanship (search for technical efficiency, or instrumental rationality), and idle curiosity (tendency to produce systematised interpretations of the world).
Veblen’s theory of human instincts was intimately linked to his general Darwinian position about the open-ended character of human evolution and was part of his rejection of Spencerian and Marxian teleologies. But at the same time, the above theory of instincts permitted Veblen to combine his Darwinian inquiry on mechanical and impersonal causes with a crypto-normative\(^5\) standpoint that enabled him to judge the evolution of humankind. According to his secular ‘Protestant Ethic’, everything was a battle between the *Good* (hard work in the service, and for the survival, of the *community*) and the *Bad* (conspicuous leisure and consumption in the service of the self-seeking and acquisitive *individual*).

More concretely, the parental bent expressed Veblen’s communitarian ideal or, in other words, his strong ontological collectivism. In the same vein, his conception of the predatory instinct permitted him to denounce the possessive individualism of capitalist societies by imputing its origins to the more barbarian and abominable traits of the human psyche. Last but not least, his workmanship instinct served as an ultimate justification of his pivotal anti-capitalist position assuming the existence of insurmountable contradictions between making goods and making money, productive and pecuniary employments, centrally-organised production and wasteful competition, satisfaction of basic collective needs and conspicuous consumption (including culture), and so on. Veblen borrowed most of the above simplistic contradictions in the early 1890s from the utopian and authoritarian socialist Edward Bellamy (1887) and he remained faithful to them throughout his life\(^6\).

The above evolutionary scheme going from instincts and material circumstances to habits of thought and institutions was too philosophical to be operational. In his ‘*Theory of the Leisure Class*’ (Veblen, 1899), Veblen tried to provide a more concrete answer to the question of the forces shaping institutional change. He distinguished between two kinds of mechanisms: “selection between stable types of temperament and character” and “adaptation of men’s habits of thought to changing circumstances” (Veblen, 1899, p. 5).

\(^5\) Veblen treated his theory of instincts as a scientific one by providing anthropological, biological and psychological evidence in favour of it (i.e. Veblen 1899, chapter IX). Especially regarding the instinct of workmanship Veblen (1898b) went further and defended it as the outcome of Darwinian selective processes.

He also added that it is of little importance which of the above two mechanisms was behind the process of institutional change. Even though, the combination of the two mechanisms cannot be excluded a priori, Veblen’s agnosticism about the prevalent mechanism of institutional change implied a neutral position between Darwinism (‘a process of selection and survival of persistent ethnic types’) and Lamarckism (‘a process of individual adaptation and an inheritance of acquired traits’) (ibid, p.190). This implies that when Veblen moved from his philosophical-methodological positions to the concrete study of the mechanisms of social change, he found it impossible to defend a purely post-Darwinian economics. But this point will be developed in the next section, which focuses on how Veblen applied his research programme. The present section ends with a discussion on the relationship between Veblen’ Darwinism and the structure-agency debate.

**Human intentionality is beyond the scope of Darwinian science**

As seen in the previous paragraph, according to Veblen, even though individuals are capable of purposeful action, the latter “in the view of the science” was but an element in the process of social change. As Veblen argued at another point in the same article, the study of human intentionality is not a valuable scientific object for evolutionary economics.

In all this flux there is no definitively adequate method of life and no definitive or absolutely worthy end of action, so far as concerns the science which sets out to formulate a theory of the process of economic life. What remains as a hard and fast residue is the fact of activity directed to an objective end. Economic action is teleological, in the sense that men always and everywhere seek to do something. (…)

It (i.e. economic action) may or may not be a teleological process …Whether it is or it is not is a question with which the present inquiry is not concerned; and it is also a question of which evolutionary economics need take no account (Veblen 1898a, pp. 75-6)

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7 Veblen was never clear in qualifying the nature of ‘changing circumstances’. Usually he referred to material circumstances as the basic factor of social change (Veblen 1989). Other times, however, he insisted that the new conditions of life can be ‘of a cultural or of a material nature’ (Veblen, 1914, pp. 19, 22).
Perhaps one could speculate that what was residue for evolutionary economics could be a serious object of study for another science. But the important point is that for Veblen the question of human intentionality was beyond the scope of his Darwinian science\textsuperscript{8}.

This is hardly surprising. As already stated above, in Veblen’s Darwinian economics the main units of selection were habits of thought. In the continuous impersonal process of selection, human individuals were subject to selection but only as *carriers* of concrete habits of thought. And this in the same way that animal ‘individuals’ were subject to natural selection as carriers of concrete physical traits. In his own words:

\begin{quote}
(T)his elimination of personality, and so of teleological content, from the sequence of events, and its increasing imputation to the conduct of the human agent, is incident to the growing resort to an apprehension of phenomena in terms of process than in terms of outcome as was the habit in earlier schemes of knowledge (Veblen, 1900, p. 158).
\end{quote}

Furthermore, the elimination of personality was in perfect accordance with Veblen’s pre-modern collectivist ontology.

The above discussion implies a fortiori that Veblen cannot be counted to provide a solution to the modern structure-agency dilemma. What he did with his Darwinian population thinking was *abolish* the notions of structure and agency in favour of an immanent and incremental process of change. Whatever the pertinence of such a transfer of ‘zoological’ analysis to human affairs, it can hardly be considered a synthesis between structuralism and interactionism\textsuperscript{9}.

**From programmatic statements to scientific practice: Veblen’s main achievements and tensions**

In this second section we focus on how Veblen applied his evolutionary programme of post-Darwinian economics. It is argued that he was very successful in applying the

\textsuperscript{8} For alternative interpretations of the passage explored here, see Lawson (2003, pp. 208-12) and Hodgson (2004, pp. 153-4). Hodgson, in order to support his interpretation of Veblen as an antecedent of Universal Darwinism, holds that ‘economic action is teleological’ and omits that in Veblen intentionality was a ‘residue’, of ‘which evolutionary economics need take no account’. Lawson, trying to challenge the imperialist claims of Universal Darwinism in economics, correctly insists that for Veblen teleological action is outside evolutionary economics. But then he continues by suggesting that “Veblen does not seek to reduce all of economics to evolutionary science”, and consequently “he does not rule out the idea of teleological processes constituting legitimate objects of economic study” (208).

\textsuperscript{9} The issue of the abolition of the notion of social structure will be treated in the next section.
Darwinian conception of history as an open-ended process to the social sciences. However, the larger part of this section explores the tensions raised by Veblen’s effort to imitate Darwin in the field of social sciences.

The affirmation of the general Darwinian position

Veblen discerned four stages in the evolution of mankind: the peaceable savagery era, the barbarian era, the handicraft (and petty trade) era, and the machine age. His attachment to his Darwinian programmatic declarations is reflected in his account of transitions from one economic system to another.

The passages from peaceable savagery to barbarism and from handicraft era to capitalism are explained by Veblen through the dialectical schema of an economic system that becomes victim of its own technological success. But, this does not imply a unique pattern of development. The first causes of the passage from feudalism to handicraft were not technological but cultural and political ones. Veblen remarked that this transition occurred only in northwest Europe, and this could be explained by the relative weakness of political power and religious institutions in the historical evolution of communities living in this region. ‘On the whole, it is only through the Middle Ages that these peoples have been subject to the rigorous servile discipline that characterises a dynastic despotism, secular or religious’ (Veblen 1914, p. 201). Certainly, once the transition to quasi-peaceable ownership occurred, there followed a cumulative change between technology and institutions:

‘the development of trade, industry and a technological system has come into the foreground, and these habitual interests then reacted on the character of institutions in force, thereby accelerating the growth of conditions favourable to their further advance’ (ibid. p. 203).

Moreover, concerning the question of the future of the capitalist system, Veblen’s anti-capitalist stance did not lead him to eschatological positions, as in the case of Marx.

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10 Ultimately, Veblen explained the cultural particularities of northwest European peoples by the interplay of their native instinctive endowment - which was a mixture of more than two racial stocks - and their material environment (Veblen, 1914, pp. 14-18 and 194-201). Such an explanation that ascribes social particularities to racial ones cannot be easily accepted today (except by sociobiologists).
This is clear even in his most optimist attitude towards the dynamics of capitalism, apparent in his 1904 book on *The Theory of Business Enterprise*. Indeed he wrote:

> (I)n their struggle against the cultural effects of the machine process, therefore, business principles cannot win in the long run; since an effectual mutilation or inhibition of the machine system would gradually push business principles to the wall; whereas with a free growth of the machine system business principles would presently fall into abeyance (Veblen, 1904, p. 375).

But what Veblen actually had in mind was the presence of a structural contradiction between the principles of business and technology, rather than a single-issue to this contradiction. In fact, Veblen was seriously preoccupied with the following backward scenario: business classes in their effort to preserve the status quo would promote predatory (imperialist, chauvinist,… ) national policies. This in turn could lead to a retour de force of the ‘ancient patriotic animosity and dynastic loyalty’ (Veblen, 1904, pp. 394-5) that would eliminate both the new habits of machine industry and the old business principles.

The above brief discussion shows that Veblen’s account of the history of the human species has successfully followed the Darwinian position of a continuous evolution without a legitimated or predetermined end, neither an ameliorative trend, nor a unique pattern of development. On this fundamental issue, Veblen clearly overtook former social theorists that offered interpretative frameworks for human history, especially Marx. The question to be tackled now is whether Veblen’s Darwinian thought was consistent with his concrete analysis of social evolution.

**An internal critique (I): The useless rhetoric of natural selection**

As many students of Veblen’s work (Edgell and Tilman 1989, pp. 1009-10; Rutherford 1998, p. 467; Jennings and Waller 1998; Lawson 2003, p. 331) have remarked, the Darwinian concept of natural selection, claimed by Veblen in his initial research agenda, did not survive for long in the evolution of his thought. Recently Hodgson challenged the above point by arguing that a) Veblen was concerned that the concept of natural selection could be misinterpreted in natural, normal, or even predestined terms, and b) in Veblen’s work ‘words such as “select”, “selection” and “selective”, used in the Darwinian sense (…) are used with conspicuous frequency’ (Hodgson 2004, p. 190) Hodgson adds that he
has counted ‘over a hundred appearances’. But the four examples he cites all come from the *Theory of the Leisure Class*.

Most importantly, the question is not if Veblen continued to use the notion of selection or its derivatives in a Darwinian sense, but if the above concept is necessary or redundant for his comprehensive account of the evolution of humankind. The whole process can be presented without any reference to the Darwinian concept of natural selection (or to other biological theories)\(^\text{11}\). To put it bluntly, even if one manages to reformulate Veblen’s survey of human history in Darwinian terms, this would only prove redundant. The evolutionism *endorsed* by Veblen is close to what Dugger called ‘truncated dialectic’. Dialectic because ‘he did see institutions occasionally turn into their own negation’, and truncated because of ‘the thesis-antithesis contradiction not inevitably leading to a higher synthesis that transcends the contradiction’ (Dugger 1979, p. 241). Moreover, the fact that in Veblen’s account of human history biology-based explanations are redundant also implies that the puzzling question about the co-existence between Darwinian and Lamarckian frameworks in his work is actually of little value.

Of far more importance is the elucidation of the above inconsistency between Veblen’s programmatic declarations and their application to the history of the human species. Note that Veblen’s analysis concerned the macroscopic level of the totality of human history, divided into four stages or socio-economic systems. Of course, each of them resulted from the combination of a multitude of institutions. But, to put it in modern terms, at such a macroscopic level each socio-economic system possesses emergent properties that make it independent from its individual institutions. Natural selection presupposes a big variety of species-institutions, and in this case it is an interesting device for studying the struggle for existence between them. But, it can neither explain how a multitude of different institutions is organized in a (socio-economic) system, nor how such a system produces ‘its negation’. Significantly enough, in the major transition phases of human history studied by Veblen, as well as in his more concrete study of Germany and Japan (Veblen, 1915a,b), the enormous variety of institutions divide along two contradictory cultural logics.

\(^{11}\) Alternatively, the reader could consult Edgell’s seminal article on *Thorstein Veblen’s Theory of Evolutionary Change* (Edgell, 1975) and ask (her)himself if Darwinism, Lamarckism, or another biological theory is really of critical importance to Veblen’s survey of human history.
An internal critique (II): The impossibility of a theory of the process

As explained in the first section, the aim of Veblen’s research agenda was to study human history as a “unique unfolding process”, and to provide a theory of this process. Such a stance implied two extremely strong positions. First, that the permanent evolution of human societies rendered impossible the elaboration of physics-like scientific laws. Second, the impossibility of ‘naturalism’ in social sciences implied that, in order to grasp the present state of human affairs, one needs to go back and study the origins of the whole process. As Murphree nicely phrased it:

Veblen’s investigations in economics ranged as widely as Darwin’s in biology, and were not less genetic or historical. At one end of the scale was that amiably inefficient savage, the first economic man. At the other end, alongside Darwin’s finished products wagging their tales behind them, were the complex institutions of modern capitalism. The inescapable, obvious fact to Veblen was the continuity between the two (Murphree 1959, p. 120).

Still, the above overview of human history can hardly be considered a theory, at least according to the criteria of contemporary social sciences. A.W. Coats, in his critical account of Veblen’s methodology, pointed very succinctly to this problem:

Veblen seemed to imply that the efficient cause of any phenomenon was to be found in the immediately antecedent circumstances, and this interpretation is supported by his explanation of ‘cumulative causation’. (…) (T)he inevitable outcome was a historical account of successive cultural changes, despite his assertion that such an account did not constitute ‘theory proper’ in the modern evolutionary sense (Coats 1954, p. 101) (italics added).

Stated otherwise, producing an evolutionary theory to explain human history as a unique unfolding process seems to be a self-defeating task. By following the anthropologists that divided human history into a few socio-economic systems, Veblen could have tempered his Darwinian methodology and could have studied theoretically at least one of them, in the same way that Marx tempered his Hegelian dialectics and focused on the analysis of what he called the ‘capitalist mode of production’. But, Veblen strongly opposed this strategy, as in his view such a stasis led to the false explanations and physics-like laws of pre-Darwinian sciences. Therefore, it is not a surprise that in spite of the centrality of the anti-capitalist stance in his work, he didn’t produce a theoretical analysis of capitalism and limited himself to developing Bellamy’s naïve dichotomy between ‘making goods’ and ‘making money’.
In order to clarify this point, imagine someone comparing Veblen to Marx in terms of their respective conceptions of evolutionary political economy. One would rather use Marx’s writings on the philosophy of history than his analysis of Capital. The ultimate reason for this is Veblen’s Darwinian methodology. By rejecting all kinds of laws and tendencies and by seeking to present the history of humankind as a unique unfolding process, he paid little attention to the fact that socio-economic systems present important regularities demanding theoretical explanations, independently of their genetic causes. Indeed one of the more interesting methodological points in Marx, but also in Weber, is that the origin and the dynamics of a social structure remain two different questions. That is, both thinkers insisted that the confirmation or the rejection of their historical accounts on the origin of capitalism (the Protestant Ethic versus the primitive accumulation hypothesis) could not confirm or reject their theoretical analysis of capitalism.  

An external critique: Darwinian cognitivism and the conflation between social structures, institutions and habits of thought

Veblen started his academic career with a (now lost) PhD on Kant and Spencer. The fusion he accomplished in his later work between Darwinism, historical anthropology and pragmatist psychology can be seen as a materialist and historicised answer to the classical philosophical question concerning the possibility of human knowledge. Cultural change and its corollary, the evolution of habits of thought, were his constant and primordial subjects of interest. This poses the puzzling question of how to combine in a single analytical framework the evolution of culture (habits of thought) with the evolution of institutions and social structures. Even though Veblen had no clear-cut definitions of what he meant by habits of thought, institutions and social structures, he did recognise that they were different entities. Still, by postulating that ultimately everything is a question of cultural evolution, he was constantly tempted by the idea that social structures are

12 The scientific evolution of Veblen’s disciple Wesley Mitchell, discussed in detail in Rutherford (1998, pp. 472-3), is also very instructive concerning the impossibility to be faithful to Veblen’s conception of Darwinian economics. Mitchell after having worked on the ‘genealogy’ of money in the life history of humankind, decided to leave such a task to economic historians and to limit himself to the quantitative study of business cycles. As Mitchell wrote later: ‘problems of cumulative change in “life history” are extremely difficult to treat by any method of measurement. Each change is by hypothesis a unique event, begotten by an indefinite number of causes. To disentangle the tangled skein is impossible’ (Mitchell 1950, p. 298).
determined by institutions, which in turn are determined by habits of thought. The primacy of habits of thought in his analysis is expressed very clearly in the following passage from his *Theory of the Leisure Class*:

> The life of man in society, just like the life of other species, is a struggle for existence, and therefore it is a process of selective adaptation. The evolution of *social structure* has been a process of natural selection of *institutions*. The progress which has been and is being made in human institutions and in human character may be set down, broadly, to a natural selection of fittest *habits of thought* and to a process of enforced adaptation of individuals to an environment which has progressively changed with the growth of the community and with the changing institutions under which men have lived (Veblen 1899, 188) (*italics added*).

The above cascade from social structures to institutions and then on to habits of thought implies a double reductionist fallacy. Firstly, the reduction of institutions to habits of thought leads to a clear underestimation of the legal and political aspects of institutions, or in Commons’ jargon, of artificial selection.

Secondly, the reduction of social structures (systems) to institutions becomes even more problematic because it uses the concept of natural selection in a totally inappropriate context. The making of a social structure, and *a fortiori* of a social system, is a question of complementarity and synergy between multiple institutions. Natural selection could explain the survival of certain institutions but not of others in an imaginary stateless world, yet it could not explain how the surviving institutions form a relatively coherent system (structure). This poses the problem of *institutional complementarity* studied today mainly by scholars focusing on different varieties of modern capitalism (Crouch et al., 2005). In this case as well, the underestimation of legal and political aspects becomes a serious handicap because the coherence of an institutional system depends on the role of the State and the conflicts arising around it.

It is worth noting that the above twofold reduction is intimately related to the incremental view of change characterising Darwinism. Usually, habits of thought evolve gradually according to the maxim ‘*natura non facit saltum*. The same, however, cannot be said for legal and political institutions, and *a fortiori* for social structures or entire social systems. The demise of the soviet-type economies and societies is the more recent and well-known example of a *multi-temporal* evolution of the different realms (economy, politics, law, culture …) forming a social system.
Concluding Remarks

Veblen saw in Darwin’s population thinking a genuine alternative to teleological accounts of human history. Yet his attachment to Darwinism was not all-embracing. Even in his early writings (Veblen 1899) he admitted that the precise mechanisms of social change could be either Darwinian or Lamarckian. The further Veblen moved from his evolutionary programme towards the study of human evolution, the less prominent were the Darwinian analogies in his work. It has been argued that this is due to the incompatibility between the Darwinian paradigm of variational evolution and Veblen’s main subject of inquiry. Veblen focused on the macroscopic level of human history, which he divided into four main socio-economic systems. Natural selection mechanisms could be more or less relevant at the micro level of competition between different individual institutions or organisations. They could not explain however the emergent properties of an entire socio-economic system that make it irreducible to the properties of its constituent parts.

Still, even though Veblen proved to be very flexible in the application of Darwinism in his evolutionary economics, his Darwinian mind provoked two other shortcomings in his work. The first one was that, because of his effort to present the evolution of humankind according to the Darwinian scheme of ‘descent with modification’, he was not able to produce a theory of capitalism or of any other socio-economic system he studied. More specifically, his intention to produce a theory of the ‘unfolding historical process’ led him to reduce the theory to a historical account. The second major shortcoming stems from his use of Darwinism in order to answer, in the field of evolutionary economics, the philosophical question about the possibility of knowledge. By postulating that human history is a question of cultural change, he was tempted to reduce social structures to habits of thought.

In sum, the variational concept of evolution founded by Darwin is of little help to scholars aiming to continue the critical tradition of Veblen. Certainly the argument defended in this paper has a Marxian flavour. It must be noted however that this is by no means a roundabout way to return to Marx.

During the last two decades Marxism has undergone the most serious crisis in its history. The ultimate reason for this is not lack of coherence. Internal problems, like the transformation of value to production prices or the tendency of the profit rate to fall, have been known for a long time. What’s changed during the last decades is the relevance of
the Marxist paradigm for today's capitalism. The passage from an energy-based to an
information-intensive technological paradigm, the possibility of capitalism working in real
time on a planetary scale, the ongoing dematerialisation of commodities (inputs and
outputs), the importance given to knowledge workers and intangible capital as opposed to
manual labour and physical capital … are some of the tendencies that openly undermined
the foundations of industrial capitalism. From this standpoint, the severe crisis of labour
unions and communist or socialist parties in the Western World is but the political
expression of the progressive decomposition of industrial capitalism.

By consequence, what could be of big help for modern institutionalists is not the
reheated critique of (classical) political economy proposed by the remaining Marxists, but
Marx’s general stance of:

- critically appropriating the most valuable theories of his time in order to analyse
  and put in question the deep structures of the capitalist system,
- combining theory and history that Schumpeter so openly admired in him and
called ‘histoire raisonnée’ and,
- using multiple levels of abstraction going from the more abstract notions (the
  analysis of the commodity) to the more concrete social phenomena (the 18th
  Brumaire of Louis Bonaparte).

This means that institutionalists and Marxists instead of ‘looking backward’ and
trying to rationalise or synthesise the habits of thought they inherited from the past, they
would be better of if they worked together on the salient features of post-industrial
capitalism. In this direction, it must be noted that what is lacking is neither dominant
theories that deserve to be appropriated and criticised (Gibbons et al. 1994, Foray and
Lundvall 1996, …) nor already existing critical approaches (Block 1985, Hodgson 1999,
Castells 2000, …). What is perhaps lacking is our capacity to go beyond the ‘imbecile
institutions’ of the past.

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13 An analytical account of the above tendencies is beyond the scope of this paper. For a systematic
comparison of industrial and post-industrial (information) capitalism that also ventures into new
contradicions of the emerging post-industrial economy, see Liagouras (2005).
14 Broadly speaking, today the three main directions for making sense of Veblen have their source
in Veblen’s fusion between social structures, institutions and habits of thought. Institution is the
paradigmatic concept for Post-Ayresians (scholars federated around The Journal of Economic
Issues), habits of thought for Hodgson’s Universal Darwinism (Hodgson, 2004), and social
structures for Marxo-Veblenians (Dugger and Sherman, 2000). The assessment of the above
institutionalist currents is beyond the scope of the present paper.
Bibliography


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