

THE INSTITUTE FOR ANACYCLOSIS
EXCERPT FROM
THE THEORY OF THE LEISURE CLASS
BY THORSTEIN VEBLEN

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*Note: This text demonstrates how the accumulation of economic surplus becomes virtually the universal standard by which social status is measured. Veblen exempts from this general rule valor or success in combat and distinguished statesmanship, but aside from those exemptions, Veblen undertakes to describe how wealth becomes the most common standard by which reputation is measured among the populace. The Institute has held (based largely on Aristotelian theory) that the chief preoccupation of mankind is to improve its status; The Institute has also concluded (consistent with Veblen) that the main occupation of mankind – the primary method by which mankind improves its status (whether expressed in absolute terms (e.g., standard of living) or relative terms (e.g. equality vs. superiority)) – is through the accumulation of material surplus. Veblen’s chapter on Pecuniary Emulation does much to elaborate Aristotle’s statement in *The Politics* that “Inferiors revolt in order that they may be equal; and equals that they may be superior.” (B. Jowett Translation, 1885). H. Rackham’s Translation (1932) renders the same line as follows: “...for when inferior, people enter on strife in order that they may be equal, and when equal, in order that they may be greater.” (Aristotle, *The Politics*, 1302a.) This concept is one of the pillars of The Institute’s philosophy. This text also describes how self-esteem can be tied to economic success. Finally, Veblen argues, consistent with the idea from Aristotle noted above, that even if the absolute, material needs or desires of the community could be met (i.e. even if every individual were raised to a decent or high standard of living), that mankind’s inability to tolerate equality, and its concomitant desire for superiority (i.e., the drive for relative superiority) is insatiable. The Institute agrees with this conclusion, for if it is true (as The Institute believes) that the chief preoccupation of our species is to improve its status, this desire must necessarily result in an unbalancable social equation. This is because the equality of all cannot be maintained without suppressing the drive for superiority, while the superiority of few cannot be sustained without consigning the many to inferiority, which such condition must give rise to a struggle for equality, etc.*

II. Pecuniary Emulation

Wherever the institution of private property is found, even in a slightly developed form, the economic process bears the character of a struggle between men for the possession of goods. It has been customary in economic theory to construe this struggle for wealth as being substantially a struggle for subsistence. Such is, no doubt, its character in large part during the earlier and less efficient phases of industry. Such is also its character in all cases where the niggardliness of nature [*i.e. scarcity*] is so strict as to afford but a scanty livelihood to the community in return for strenuous and unremitting application to the business of getting the means of subsistence. But in all progressing communities an advance is presently made beyond this early stage of technological development. Industrial efficiency is presently carried to such a pitch as to afford something appreciably more than a bare livelihood to those engaged in the industrial process. It has not been unusual for economic theory to speak of the further struggle for wealth on this new industrial basis as a competition for an increase of the comforts of life primarily for an increase of the physical comforts which the consumption of goods affords.

The end of acquisition and accumulation is conventionally held to be the consumption of the goods accumulated whether it is consumption directly by the owner of the goods or by the household attached to him and for this purpose identified with him in theory. This is at least felt to be the economically legitimate end of acquisition, which alone it is incumbent on the theory to take account of. Such consumption may of course be conceived to serve the consumer's physical wants his physical comfort or his so-called higher wants spiritual, aesthetic, intellectual, or what not; the latter class of wants being served indirectly by an expenditure of goods, after the fashion familiar to all economic readers.

The motive that lies at the root of ownership is emulation; and the same motive of emulation continues active in the further development of the institution to which it has given rise and in the development of all those features of the social structure which this institution of ownership touches. The possession of wealth confers honour; it is an invidious distinction. Nothing equally cogent can be said for the consumption of goods, nor for any other conceivable incentive to acquisition, and especially not for any incentive to accumulation of wealth.

It is of course not to be overlooked that in a community where nearly all goods are private property the necessity of earning a livelihood is a powerful and ever present incentive for the poorer members of the community. The need of subsistence and of an increase of physical comfort may for a time be the dominant motive of acquisition for those classes who are habitually employed at manual labour, whose subsistence is on a precarious footing, who possess little and ordinarily accumulate little; but even in the case of these impecunious classes the predominance of the motive of physical want is not so decided as has sometimes been assumed. On the other hand, so far as regards those members and classes of the community who are chiefly concerned in the accumulation of wealth, the incentive of subsistence or of physical comfort never plays a considerable part. Ownership began and grew into a human institution on grounds unrelated to the subsistence minimum. The dominant incentive was from the outset the invidious distinction attaching to wealth, and, save temporarily and by exception, no other motive has usurped the primacy at any later stage of the development.

Property set out with being booty held as trophies of the successful raid. So long as the group had departed and so long as it still stood in close contact with other hostile groups, the utility of things or persons owned lay chiefly in an invidious comparison between their possessor and the enemy from whom they were taken. The habit of distinguishing between the interests of the individual and those of the group to which he belongs is apparently a later growth. Invidious comparison between the possessor of the honorific booty and his less successful neighbours within the group was no doubt present early as an element of the utility of the things possessed, though this was not at the outset the chief element of their value. The man's prowess was still primarily the group's prowess, and the possessor of the booty felt himself to be primarily the keeper of the honour of his group. This appreciation of exploit from the communal point of view is met with also at later stages of social growth, especially as regards the laurels of war.

But as soon as the custom of individual ownership begins to gain consistency, the point of view taken in making the invidious comparison on which private property rests will begin to change. Indeed, the one change is but the reflex of the other. The initial phase of ownership, the phase of acquisition by naive seizure and conversion, begins to pass into the subsequent stage of an incipient organization of industry on the basis of private property (in slaves); the horde develops into a more or less self-sufficing industrial community; possessions then come to be valued not so much as evidence of successful foray, but rather as evidence of the prepotence of the possessor of these goods over other individuals within the community. The invidious comparison now becomes primarily a comparison of the owner with the other members of the group. Property is still of the nature of trophy, but, with the cultural advance, it becomes more and

more a trophy of successes scored in the game of ownership carried on between the members of the group under the quasi-peaceable methods of nomadic life.

Gradually, as industrial activity further displaced predatory activity in the community's everyday life and in men's habits of thought, accumulated property more and more replaces trophies of predatory exploit as the conventional exponent of prepotence and success. With the growth of settled industry, therefore, the possession of wealth gains in relative importance and effectiveness as a customary basis of repute and esteem. Not that esteem ceases to be awarded on the basis of other, more direct evidence of prowess; not that successful predatory aggression or warlike exploit ceases to call out the approval and admiration of the crowd, or to stir the envy of the less successful competitors; but the opportunities for gaining distinction by means of this direct manifestation of superior force grow less available both in scope and frequency. At the same time opportunities for industrial aggression, and for the accumulation of property, increase in scope and availability. And it is even more to the point that property now becomes the most easily recognised evidence of a reputable degree of success as distinguished from heroic or signal achievement. It therefore becomes the conventional basis of esteem. Its possession in some amount becomes necessary in order to any reputable standing in the community. It becomes indispensable to accumulate, to acquire property, in order to retain one's good name. When accumulated goods have in this way once become the accepted badge of efficiency, the possession of wealth presently assumes the character of an independent and definitive basis of esteem. The possession of goods, whether acquired aggressively by one's own exertion or passively by transmission through inheritance from others, becomes a conventional basis of reputability. The possession of wealth, which was at the outset valued simply as an evidence of efficiency, becomes, in popular apprehension, itself a meritorious act. Wealth is now itself intrinsically honourable and confers honour on its possessor. By a further refinement, wealth acquired passively by transmission from ancestors or other antecedents presently becomes even more honorific than wealth acquired by the possessor's own effort; but this distinction belongs at a later stage in the evolution of the pecuniary culture.

Prowess and exploit may still remain the basis of award of the highest popular esteem, although the possession of wealth has become the basis of common place reputability and of a blameless social standing. The predatory instinct and the consequent approbation of predatory efficiency are deeply ingrained in the habits of thought of those peoples who have passed under the discipline of a protracted predatory culture. According to popular award, the highest honours within human reach may, even yet, be those gained by an unfolding of extraordinary predatory efficiency in war, or by a quasi-predatory efficiency in statecraft; but for the purposes of a commonplace decent standing in the community these means of repute have been replaced by the acquisition and accumulation of goods. In order to stand well in the eyes of the community, it is necessary to come up to a certain, somewhat indefinite, conventional standard of wealth; just as in the earlier predatory stage it is necessary for the barbarian man to come up to the tribe's standard of physical endurance, cunning, and skill at arms. A certain standard of wealth in the one case, and of prowess in the other, is a necessary condition of reputability, and anything in excess of this normal amount is meritorious.

Those members of the community who fall short of this, somewhat indefinite, normal degree of prowess or of property suffer in the esteem of their fellow-men; and consequently they suffer also in their own esteem, since the usual basis of self-respect is the respect accorded by one's neighbours. Only individuals with an aberrant temperament can in the long run retain their self-esteem in the face of the disesteem of their fellows. Apparent exceptions to the rule are met with, especially among people with strong religious convictions. But these apparent exceptions are scarcely real exceptions, since such persons commonly fall back on the putative approbation of some supernatural witness of their deeds.

So soon as the possession of property becomes the basis of popular esteem, therefore, it becomes also a requisite to the complacency which we call self-respect. In any community where goods are held in

severalty it is necessary, in order to his own peace of mind, that an individual should possess as large a portion of goods as others with whom he is accustomed to class himself; and it is extremely gratifying to possess something more than others. But as fast as a person makes new acquisitions, and becomes accustomed to the resulting new standard of wealth, the new standard forthwith ceases to afford appreciably greater satisfaction than the earlier standard did. The tendency in any case is constantly to make the present pecuniary standard the point of departure for a fresh increase of wealth; and this in turn gives rise to a new standard of sufficiency and a new pecuniary classification of one's self as compared with one's neighbours. So far as concerns the present question, the end sought by accumulation is to rank high in comparison with the rest of the community in point of pecuniary strength. So long as the comparison is distinctly unfavourable to himself, the normal, average individual will live in chronic dissatisfaction with his present lot; and when he has reached what may be called the normal pecuniary standard of the community, or of his class in the community, this chronic dissatisfaction will give place to a restless straining to place a wider and ever-widening pecuniary interval between himself and this average standard. The invidious comparison can never become so favourable to the individual making it that he would not gladly rate himself still higher relatively to his competitors in the struggle for pecuniary reputability.

In the nature of the case, the desire for wealth can scarcely be satiated in any individual instance, and evidently a satiation of the average or general desire for wealth is out of the question. However widely, or equally, or fairly, it may be distributed, no general increase of the community's wealth can make any approach to satiating this need, the ground of which is the desire of every one to excel every one else in the accumulation of goods. If, as is sometimes assumed, the incentive to accumulation were the want of subsistence or of physical comfort, then the aggregate economic wants of a community might conceivably be satisfied at some point in the advance of industrial efficiency; but since the struggle is substantially a race for reputability on the basis of an invidious comparison, no approach to a definitive attainment is possible.

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