

PLAYBOY FORUM

THE CULT OF THE BOSS

WHY DO AMERICANS ADMIRE BUSINESSMEN?

BY JOHN SUMMERS

Conservatives invoke Adam Smith and Friedrich von Hayek in their defense of the free market. Liberals invoke John Maynard Keynes for his defense of government intervention. Only in Thorstein Veblen, however, may a sane person hope to understand the carnival of mendacity that has sent America spiraling into the abyss.

Veblen, nearly forgotten today, grew up in a gilded age disfigured, like our own, by robber barons, predatory monopolies, financial panics, lockouts, strikes and mass unemployment. Then as now a priestly class of economists rationalized such phenomena while the people, overwhelmed by a swell of

ignorance and greed, emulated the pecuniary values of business. A long agricultural crisis devastated the country. Politicians intoned assurances that these were temporary abnormalities in a Sound System, just as our own Depression is cast as a trial of faith, a crisis of confidence.

Veblen smashed this big lie by attacking the superstition of “natural law.” Classical economists, thus indebted, had portrayed capitalism as a reflection

of timeless truths and eternal laws. Veblen treated economics as Darwinian cultural science. He found conflict, force and fraud persisting in a society supposedly harmonized by contracts, laws and peaceful rules of rational exchange. His economics tried to explain why capitalism did not fall apart from sheer sleaziness. “The great American game, they say, is poker,” he wrote in 1923’s *Absentee Ownership*, his book that most illuminates our own era. “Just why real estate should not come in for honorable mention in that way is not to be explained offhand.”

Although Veblen armed his contemporaries with irreversible insights into the monstrous nature of consumer capitalism, life among the late-Victorian academic class condemned him to the immiseration that is often the fate of original minds in America.

He was born on the Wisconsin frontier in 1857 to Norwegian immigrants and reared on a farm in Minnesota. At Carleton College he married Ellen Rolfe, a niece of the president. He embarked on graduate study at Johns Hopkins and then at

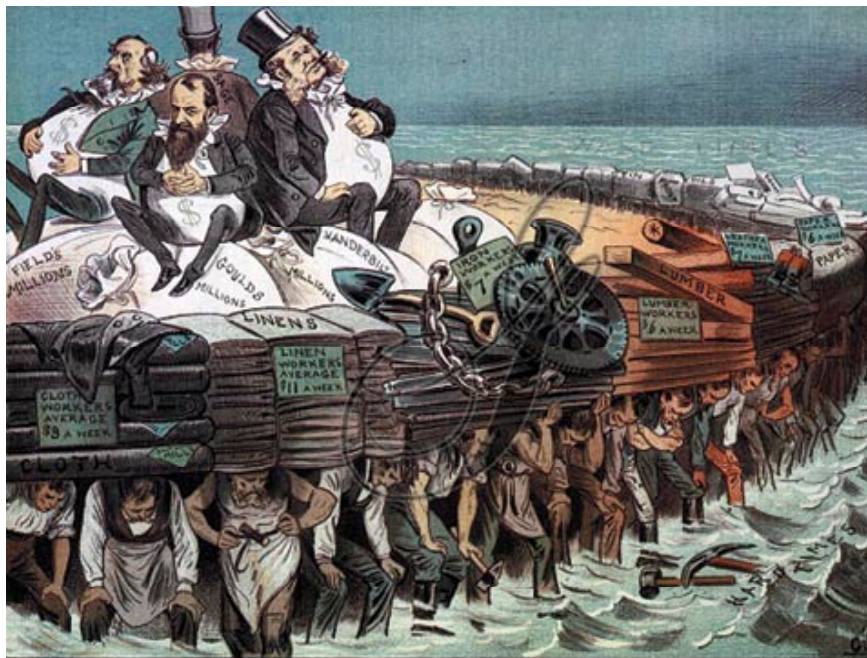
Yale, where he received his doctorate in philosophy in 1884.

But as he disbelieved in supernaturalism, he disqualified himself from teaching philosophy in any God-fearing college or university. The next seven years he passed reading, unneeded and unemployed, on farms owned by his father and father-in-law. Eventually he found work teaching economics as a low-level instructor at the University of Chicago, where, in 1899, he wrote his first and most famous book, *The Theory of the Leisure Class*.

Nobody has attacked the strategic imperative of consumer capitalism—confusing personal worth with the accumulation

and display of commodities—with a more vicious erudition than Veblen in this great book. Most of its admirers, however, misunderstood his intentions. His students complained of his mumbling through interminable lectures and refusing to give examinations. He gazed silently out the window while his students waited for him to speak.

Even this indiscretion Veblen’s senior colleagues might have for-



given had he not also seduced their wives. Irregular relations with Laura Trigg, the wife of a colleague, got him fired from Chicago when Ellen supplied school officials with a dossier of his infidelities. He moved to Stanford, where he was fired again, also for reasons of moral unfitnes. Dismissed or refused at Cornell, Harvard and the University of Missouri, he took revenge by writing *The Higher Learning in America: A Memorandum on the Conduct of Universities by Business Men* (1918). The subtitle he preferred was “A Study in Total Depravity.”

Veblen wrote prodigiously after leaving Missouri and won a share of notoriety and influence as an editor in New York. But the Roaring Twenties left him a defeated man. During his last years he lived alone, unemployed and impoverished, in a small cabin in the hills surrounding Palos Altos, California. He survived on the strength of donations from admirers. “After all,” said President Calvin Coolidge, “the chief business of the American people is business.” And the people had joined the businessmen in an extravagancy of frenzied greed, the end of

which he knew was coming. Veblen died on August 3, 1929, less than three months before the Great Crash. Shortly after, he resurfaced as a prophet without honor, a “masterless man” who suffered from “woman trouble,” as John Dos Passos wrote.

The conspicuous inattention given today to Veblen’s criticism of business can’t conceal his broad relevance. The corporation, he said, burst into the 19th century as nothing more creative than a collective credit transaction; it was an institution mobilized by the business class for the purpose of seizing control of the industrial process from workers, farmers and engineers.

Business enterprise was “a competitive endeavor to realize the largest net gain in terms of price.” The point was to manipulate markets, to maximize profits, using methods of chicanery and prevarication against consumers. “Its end and aim is not productive work,” he wrote, “but profitable business; and its corporate activities are not in the nature of workmanship but of salesmanship.” Joseph Schumpeter famously said business entrepreneurs practiced “creative destruction.” Veblen said they were just destructive.

Even Karl Marx, who marveled at the productive capacities of modern capitalism, turned businessmen into heroes. Veblen called them saboteurs in pursuit of “the right to get something for nothing.” Their network of credits, liabilities, collateral and other make-believe schemes of capitalization operated on the medieval principles of force and fraud.



Thorstein Veblen: doubter.

Business-as-usual extracted a continuing surcharge on the underlying population’s “instinct of workmanship.” Industry made useful things for human needs. Business made money.

Veblen’s distinction between industry and business reads like an advanced memorandum on the follies of “growth” as the tonic for our malaise. Against the barrage of pecuniary language directed our way by consultants, management theorists, self-help gurus, venture capitalists, financial journalists and other vested interests, he said America’s enormous productive capacity suffered from a corporate form designed to make money, whatever the cost, while denying workers a chance at meaningful participation. Business’s destruction of farming, handicrafts and small-scale production, combined with its plunder of natural resources, has left us—just as Veblen warned—with ancestral memories of craftsmanship, and a food fetish. The best we can hope for, while our politicians wrangle over the businessman’s debt and securities, is to return to the same stupefying jobs we once held and to pay for the privilege of turning ourselves into brands. Liberals, meanwhile, make new idols of rapacious businessmen such as Steve Jobs and Warren Buffett, and evangelical Christians make common cause with their natural enemies—libertarians—in the Tea Party. America, left and right, remains in thrall to what Veblen called the “business metaphysic.” The market is not an impersonal, fallible mechanism for distributing resources. It’s a source of spiritual values, and it’s never wrong. The invisible hand distributes virtue and honor along with wealth. God wants you to be rich. But rich or poor, you have what you deserve. Such is their message in this time of despair. Which proves that orthodoxy in the service of business, and business armed with religious purpose, cannot be killed by ideas alone.

John Summers is editor of The Baffler.