

CAPITALISM, SOCIALISM AND DEMOCRACY 80 YEARS LATER

*Looking at capitalism today in light of its past and
possible future*

A conference from the WEA

1st March to 20th March, 2024

WEA 12 YEARS OF ONLINE CONFERENCES

Capitalism, Socialism and Democracy in the XXI Century: Insights from Schumpeter's Book and Other Heterodox Economics' Contributions

Arturo Hermann

As is known, Schumpeter's book "Capitalism, Socialism and Democracy" constituted a significant point of reference in the debate on the different forms of economic organization. Even today, the problems raised in his text are very topical and, consequently, a rereading of it is very interesting for understanding the problems of our time. Given the complexity and breadth of the topic, in our work¹ we will try to highlight some aspects that can contribute to deepening the problems raised by Schumpeter. It is organized as follows: in the first part, we will outline the essential features of Schumpeter's theses. In the second, we will highlight a number of problematic/debatable aspect of his arguments. In the third, we will consider contributions from original institutional economics (OIE) and various theories of socialism and social justice that can help to cast more light on these complex issues.

1. The Main Theses of Schumpeter's Book

The Collapse of Capitalism

Provisional version. Some aspects of the present work were also addressed in Hermann (2005, 2014, 2015).

The central argument of Schumpeter's text is that capitalism cannot survive its own development, in the sense that its development lays the foundations — through the progressive bureaucratization of big firms and the parallel loss of importance of the role of the innovative entrepreneur — for the destruction of the economic, sociological and psychological foundations on which capitalism rests and, as a rather direct consequence, for the transformation into socialism.

Considering that the last edition of the book was completed in 1949, it could however appear that, since capitalism is still alive, Schumpeter's hypothesis has not come true and that, consequently, the validity of his analysis results in some way diminished. However, since Schumpeter has repeatedly clarified in the text that, first of all, **(i)** his hypothesis of the end of capitalism requires a sufficiently long period to unfold its effects and that, furthermore, **(ii)** it is in any case conditional on the occurrence of a series of circumstances, it is clear that his hypothesis still exists in all its "problematicity" and that, consequently, our interest in these issues is as lively as ever. Let us now see how Schumpeter's hypothesis is articulated, in particular what are the factors that tend to determine the progressive bureaucratization of the capitalist system.

In his analysis, Schumpeter maintains that the progressive bureaucratization of economic life constitutes — also through its effects of change on the typical value scheme of capitalist society — the antechamber of socialism. But what are the factors that determine such trend, and which can therefore predict the inevitability of the "march towards socialism" hypothesized by Schumpeter?

Schumpeter is well aware of this problem, and therefore focuses his attention on the characteristics of the market forms of the capitalist economy. In this regard, the central core of his reasoning can be so summarized: **(i)** In the capitalist system, forms of monopolistic and oligopolistic markets linked to the rise of big corporations increasingly tend to prevail. Alongside with the possible advantages in terms of scale economies, the growing importance of big firms tends to reduce the economic space for the birth and growth of new businesses and thus undermine the basis on which, in Schumpeter's analysis, the capitalist economy has developed: the role of the innovative entrepreneur and the related process of "creative destruction" which, in our time, is increasingly replaced by the managerial career within the organizational structures of large companies. On that account, Schumpeter effectively underscores that the monopolistic character of our economies makes inapplicable the maximizing virtues of free market economies. As he puts it in a significant passage,

“As soon as the prevalence of monopolistic competition or of oligopoly or a combination of the two is recognized, many of the propositions which the Marshall-Wicksell generation of economists used to teach us with utmost confidence become either inapplicable or much more difficult to prove. This holds true, in the first place, of the propositions turning on the concept of equilibrium....[in fact]....in the general case of oligopoly there in fact no general equilibrium at all....[because]....there may be an endless sequence of moves and countermoves, an indefinite state of warfare between firms. It is true that there are many special cases where a state of equilibrium theoretically exists. In the second place, even in these cases not only is it much harder to attain than equilibrium in perfect competition, and still harder to preserve, but the “beneficial” competition of the classic type seems likely to be replaced by “predatory” or “cutthroat” competition or simply by struggle for control in the financial sphere. These things are so many sources of social waste, and there are many others such as the costs of advertising, the suppression of new methods of production (buying up of patents in order not to use them) and so on. And most important of all: under the conditions envisaged, the equilibrium, even if eventually attained by an extremely costly method, no longer guarantees either full employment or maximum output in the sense of the theory of perfect competition. It may exist without full employment. It is bound to exist, so it seems, at a level of output below that maximum mark, because profit-conserving strategy, impossible in conditions of perfect competition, now not only becomes feasible but imposes itself.”, J.A.Schumpeter [2010 (1942)]: 69-70.

Which Socialism and Which Democracy?

Once it has been hypothesized that, based on the operation of these factors, the system will move, barring catastrophic wars caused by the same capitalist contradictions, slowly but surely towards socialism, Schumpeter addresses the second order of problems inherent in his analysis: what kind of socialism will prevail, and what will be its relationship with democracy?

In this regard, Schumpeter defines socialist an institutional framework in which economic affairs belong to the public sphere and are organized through a central authority. He defines this type of socialism as "centralist". For Schumpeter, such system can exist without particular problems. The main, rather implicit, argument for this belief is that a socialist economy can be work along the lines of Walrasian theory of general equilibrium, with a central authority ensuring that prices be equal to their marginal costs.

With regard to the links between democracy and socialism, Schumpeter believes that socialism, in his definition, can exist even without democracy, which is defined by Schumpeter as competition for political leadership.

The reason why Schumpeter does not hypothesize a direct link between democracy and socialism is that he believes that democracy does not guarantee, in itself, that the choices made are intrinsically better than the choices made in a non-democratic way. Clearly, this may be true in some cases, but, as we will see later, it does not eliminate the problem of building institutions that can guarantee increasingly adequate participation in collective life. Another related and debatable aspect of Schumpeter's analysis relates to the "cultural indeterminateness of socialism". In his words,

"In fact, according to our definition, as well as to most others, a society can be fully and truly socialist and yet be led by an absolute ruler or be organized in the most democratic of all possible ways; it may be aristocratic or proletarian; it may be a theocracy and hierarchic or atheist or indifferent as to religion; it may be much more strictly disciplined than men are in a modern army or completely lacking in discipline; it may be ascetic or eudemonistic in spirit; energetic or slack; thinking only of the future or only of the day; warlike and nationalist or peaceful and internationalist; equalitarian or the opposite; it may have the ethics of lords or the ethics of slaves; its arts may be subjective or objective; its forms of life individualistic or standardized; and — what for some of us would by itself suffice to command allegiance or to arouse our contempt — it may be bred from its supernormal or from its subnormal stock and produce accordingly supermen or submen accordingly.", J.A.Schumpeter, quoted: 152.

Open Problems

As appears from this brief description, the issues raised by Schumpeter are of great interest, and, at the same time, of great complexity. They involve, in an explicitly interdisciplinary approach, the complex of social sciences, from economics to sociology, and from sociology to psychology. In his account, the intuition that capitalism based on the process of creative destruction triggered by individual entrepreneurs is a system gone forever has proved to be, with some qualifications, extremely valid. In the same spirit, it is very centered the hypothesis that one of the reasons for the decline of individual capitalism has been its own success. In fact, in Schumpeter's analysis, it was the accumulation of wealth related to this success that paved the way for the emergence

of big firms that have largely substituted, with their internal R&D departments, the role of individual entrepreneur.

Along these aspects, there are other elements of Schumpeter's book that are less developed and/or convincing. As can easily be observed, the examination of current economic systems shows a more complex picture and a less "linear" path than that hypothesized by Schumpeter. In particular, we can note:

(a) Small and medium-sized enterprises continue to play an important role both in terms of product and employment in all the most developed countries.

(b) The characteristics of competition across countries and sectors differ significantly.

(c) the "value scheme" typical of capitalist society does not seem characterized by an unstoppable decline but by a complex co-evolutionary process with respect to the characteristics of the system. In particular, along various common traits, there are several types of economic systems (in particular, as we will see, mixed economies or "concerted capitalisms") that reflect the unique socio-economic and cultural dimensions of the countries/areas considered (this can appear evident by noting, for instance, the differences between Europe, US, China, Japan).

(d) On that account, if it is true that the R&D departments of big firms have largely substituted the role of the innovative entrepreneur, this is true up to a point, as the case of Facebook, Google and others ventures witness. However, it seems safe to note that, **(1)** these examples are more the exception than the rule and that **(2)** the big firms and the institutional structure play a relevant role in orienting, controlling and even at times promoting the activities of these new firms.

(f) Large companies and public structures are not necessarily synonymous with rigidity and bureaucratization, since, in this regard, much depends on the type of organization adopted; in this regard, innovation and creativity can be promoted in these structures.

(g) The forms of competition tend to be separated from the characteristics of ownership and can therefore also be created in public and semi-public domains.

(h) In the analysis of the reasons leading to decline of capitalism, Schumpeter chiefly highlights the growing bureaucratization of big firms. However, there are also other factors pointing in that direction. We can mention, in particular, the growing importance of public action and public spending, and the circumstance that one important reason for this trend lies in the necessity to manage the imbalances of the economic system at micro and macroeconomic level.

(i) These aspects highlight that what Schumpeter indicates as a “march towards socialism” is in a reality largely a march towards a mixed economy or the “concerted capitalism” of our days. It remains then an open and interesting question the analysis of how such economies can evolve towards a socialistic and sustainable system based on substantial democracy and real participation of citizens to collective life.

(j) Schumpeter’s conception of socialism only as a centralized system which needs not be democratic is unconvincing for various aspects. The main reason is that, in the theories of Marx, Engels, Lenin and other authors, socialism and communism are needed in order to replace the only formal bourgeois democracy with the dictatorship of proletariat. Such system means that the real locus of decision-making should rest on the working class as a way to realise a substantial democracy. But if, as it came about in the former “socialist countries”, the power was concentrated in the political and bureaucratic elite of the single party, this means that the dictatorship of proletariat had been actually replaced by a dictatorship over the proletariat. But this being the case, such systems can hardly be defined socialist or communistic. In our view, it was the lack of substantial democracy (and hence of real socialism) of these systems that paved the way for their inefficiency and subsequent collapse. It is for this reason that we cannot agree with Schumpeter’s idea of the cultural indeterminateness of socialism. Of course, socialism can assume different forms also related to the “national ways to socialism” but, at least in our view, democracy and participation constitute the fundamental ingredients of any socialist society. A centralized control of the economy where citizens are not allowed to have voice is not socialism, is a totalitarian management of the economy.

(k) Schumpeter’s idea that a socialist economy works along the lines of Walrasian theory of general equilibrium, with a central authority ensuring that prices be equal to their marginal costs is very unrealistic. And this not so much for the simplistic character of the general equilibrium analysis (GEA) but for the circumstance the GEA is applicable, as well clarified by Walras himself, only in very simple markets where the hypotheses of perfect competition are closer to reality. In all other cases of monopolistic markets, public intervention is necessary for ensuring economic efficiency. And Walras went so far in this way to advocate nothing less than the complete nationalization of land, including also the urban soils. But why the GEA system — or more in general a system where prices are approximately equal to their real costs — cannot be applied to a socialist country? The reason, also corroborated by the experiences of what happened in former “socialist countries”, is that such system can be applicable in theory but very rarely in

practice. And this especially where planning is concentrated in few hands and the system, for that reason, becomes self-referential. In such instances, also considering that the quest for power and prestige of many people — which can be reinforced by predatory attitudes well investigated in psychoanalysis — has not diminished in the socialist countries, what prevents the political and bureaucratic elite from increasing as much as possible their salaries? Considering that, as underlined by Marx, the real costs for economy and society are represented by labour costs, it is clear that high executive salaries will go to increase the prices of the products and the taxes for the workers.

2. Some Contributions from Heterodox Economics

In the analysis of these complex aspects, we will also consider contributions, in an interdisciplinary perspective, from original institutional economics (OIE) and various theories of democratic socialism and social justice. We will consider a number of contributions that, rather than dealing with the ideal characteristics of a socialist system, will help understand the imbalances of our time and the policies for moving towards a more equitable and sustainable system: **(a)** Various theories of democratic socialism. **(b)** Thorstein Veblen's analysis of capitalism, stressing the dichotomy between ceremonial and instrumental institutions and between production oriented to profit and to serviceability. **(c)** John Rogers Commons's analysis of transactions, institutions and collective action, also in their relations with his analysis of the evolution of individual capitalism towards a mixed or "concerted" form. **(d)** John Dewey's theory of "social liberalism" and democratic socialism. **(e)** The theories of reasonable value, instrumental value and democratic planning in the OIE's perspective.

Market, Capitalism, Socialism and Democracy

We will address some elements of such issues by analysing how institutional analysis can help us to define significant aspects of market, capitalism, socialism and democracy.

For instance, what has been the historical evolution of capitalism towards economic systems marked by a growing complexity of public intervention in the economy? And, with respect to the various conceptions of socialism, what are the criteria for evaluating "what is socialized" and through which institutional frameworks are the decisional processes in a hypothetical socialist society organized? If the socialization extends

beyond income distribution, the central problem becomes that of ensuring an increasing participation in collective life: that is, of realizing an increasingly complete form of democracy. But how can we appraise whether these conditions are met in real situations?

The previous considerations directly bear on the role of the market and the forms of competition in social dynamics. This is perhaps one of the most moot aspect in the debate on the various forms of socialism. In fact, as underlined in particular by the literature on market socialism, the market is not necessarily associated with capitalism. In fact, in the opinions of many authors, market pre-existed capitalism and, consequently, can also exist in a socialist² society.

The main problem in this debate is that the concepts involved are extremely complex and intertwined and can be interpreted differently according to the experiences and values of the different subjects. In fact, as we have tried to show, the market does not constitute an "exogenous mechanism" in relation to the goals and values of the subjects involved. But, rather, it is an institution that, with its relationships of "conflict", "dependence", and "order" — which are expressed, as noted above, in a complex system of juridical relations of rights, duties, liberties and exposures — evolves along with other institutions, thus contributing to identify the distinctive features of economic, social and cultural evolution³ in any given context.

In this respect, if we consider the alleged more free market-oriented productive sectors, we realize that, even in these instances, consumers' demand rarely constitute the sole criterion for the existence and development of these sectors.

Indeed, in the related policy action there often comes into play other goals which embrace numerous policies and institutions: for example, scientific and technological development, increase in employment, industrial restructuring, social and environmental impact. Moreover, these policies tend to carry multifarious influences on consumers' demand.

² In Lawler's analysis (in Ollman, 1998) the decisive factor for the development of the socialist economy is not the elimination of the market for goods but the progressive limitation and regulation of competition in the labour market. Of course, as we are trying to make evident, also the market for goods would require different types of intervention and would be compatible with a notion of socialized ownership (for a comprehensive analysis of socialist thought see the encyclopaedic works edited by A.Salsano (1979) and Cole (2003).

³ This relates to the importance of cultural factors (meant in a broad sense) in determining the forms of economic and social organization: in this regard, we can observe that in different historical experiences the various forms of capitalism and socialism, while sharing important features and in turn influencing pre-existing cultural structures, also acquired their own distinct specificity.

This complexity tends also to be reflected in the increasing articulation of the ownership structures of companies, which tend to mirror the presence of the various — "public" and "private" — interest groups involved⁴.

It is also important to note that changes occurring in the market system directly impinge upon the forms of competition; in this sense, we can observe — without entering into the complex psychological and social implications⁵ of the concept of competition — that competition does not constitute a static concept but evolves with the transformations of economic and social organization.

Bringing together Liberty and Social Justice

The previous discussion directly bears on the issues of democracy and participation, which, as is known, have always been the crux of the debate on the various forms of economic organizations. As a matter of fact, there seems to exist an irreconcilable trade off between social justice, on the one hand, and liberty and democracy, on the other. In this regard, socialist thought often regards the so-called "bourgeois liberty" and the market system associated with it as a stratagem for exploiting the worker in the factory system under the guise of an apparent equality of conditions.

For instance, in Marxist theory the market produces an "exchange of equivalents", which, however, actually is based on the corresponding extraction of their "surplus value", which accrues to the company's owners. As a consequence, the most appropriate solution would be — possibly through a revolutionary process — the abolition of this system of the "freedom of the strongest" and the establishment of a system of centralized economic planning⁶, the contents of which are to be defined by the new political leaders⁷.

⁴ It is important to note that also the notions of "public" and "private" are not absolute concepts but are created by, and evolve with, the set of norms, institutions and policies of any given context.

⁵ It is important to note that competition arises not only in economic action. As widely investigated in psychology, psychoanalysis and sociology, forms of rivalry and competition, often associated with emotional problems, are likely to play a pivotal role in childhood during family and school experiences. Relatedly, social environment can also embody forms of competition among persons, groups, classes, institutions and nations based on values not directly economic-driven, such as influence, power and prestige. In this regard, also competition assumes a distinct "institutional" character. As effectively expressed by Commons, "Competition is not Nature's "struggle for existence" but is an artificial arrangement supported by the moral, economic, and physical sanctions of collective action.", (Commons, 1934: 713).

⁶ For a comprehensive history and analysis of how economic planning worked in real socialist countries refer in particular to Ellman (2014).

⁷ In this regard, it seems appropriate to pinpoint that in every process of social change Marx gave primary importance to workers' active participation in all aspects of collective life.

This solution⁸, however, as pointed out by many scholars both pro- and anti- socialism, is inadequate for reaching the goal of a complete development of the person. This type of system, in fact, gives rise to problems of self-referential action at all levels of public management. For that reason, all the problems of policy action and the related tendencies towards authoritarian “solutions” tend to become more acute.

In fact, even supposing that political leaders are driven by the best intentions to realize the common good for citizens — a hypothesis known in economic literature as that of the "benevolent dictator" — there remains the fundamental problem of evaluation: what are the norms and institutions for assessing whether the policies pursued are truly "socialist"? On the basis of what criteria, informational background and systems of coordination are made the thousands of micro-decisions necessary to keep the system working? How can those who govern provide for the full expression of the true needs of citizens without involving them in the process of social decision-making? And how can citizens express their different wills, opinions and conflicts in this context?

From these remarks one can infer that, if socialism means a type of social organization the main goal of which is citizens' untrammled participation in economic and social life then, in addition to the satisfaction of primary needs, a system of substantial democracy constitutes an essential ingredient of every socialist organization.

In this sense, as stressed by the theories of guild socialism and industrial democracy, the issue becomes to provide full expression to the various interests attached to production and consumption. As a matter of fact, a system of authoritarian socialism (and hence unaccountable) suppressing by decree these more specific interests will not be more just as it would only reinforce the interest of the dominant group. Hence, a good system of guild socialism process, by improving the social value process necessary for an effective democratic planning, will be the best antidote to the formation of situations of power and privileges.

In this regard, we believe that a joint consideration of institutional theories and psychological sciences can contribute — by helping to identify the advantages and disadvantages of the various options of economic policy — to bring to the fore the issues related (and extremely interwoven) to both the "collapse of capitalism" and the "cultural indeterminacy" of socialism underscored by Schumpeter.

Veblen's evolutionary perspective

⁸ We will address these aspects also in the discussing the various types of economic planning.

Thorstein Veblen's famous 1898 article *Why Is Economics Not an Evolutionary Science?* can be considered the initiation of the evolutionary and institutional approach in economics. It stressed that mainstream economics, based on simplistic hypotheses and a static approach, cannot succeed in analysing the complexity of economic phenomena. Instead, a deeper and more interdisciplinary analysis must analyse habits, instinct, evolution, and the role of technology in promoting social progress.

Habits, instincts and evolution

The existence of habits of thought and life that arise and change slowly and cumulatively implies, in Veblen's analysis, that people do not behave out of a supposed 'rational' decision-making process aimed at maximising their 'hedonism'. Thus, they do not react instantly to different economic circumstances as assumed within the neoclassical framework. Rather, following norms may itself be a goal, since norms reflect the values and criteria through which society classifies and appraises human conduct. Hence, norms can indicate to a person what the appropriate behaviour is.

Veblen's focus on habits also draws attention to important aspects of the nature of human development and the role played by *instincts* (sometimes called 'propensities'). This gives a different conception of human nature. In Veblen's words: 'According to this conception, it is the characteristic of man to do something, not simply to suffer pleasures and pains through the impact of suitable forces. He is not simply a bundle of desires that are to be saturated by being placed in the path of the forces of the environment, but rather a coherent structure of propensities and habits which seek realisation and expression in an unfolding activity' (Veblen 1990, p.74).

In Veblen's further elaboration — particularly in his book *The Instinct of the Workmanship and the State of the Industrial Arts* — workmanship and parental bent are held to be the most important human instincts. Both are intended in a broad sense: 'workmanship' means not only technical abilities but the whole set of manual and intellectual activities, whereas 'parental bent' means an inclination to look after the common good that extends beyond the sphere of the family alone. These instincts are appraised by Veblen as complex entities. As he said, "Instinct, as contra-distinguished from tropismatic action, involves consciousness and adaptation to an end aimed at [...]"

Hence all instinctive action is teleological. It involves holding to a purpose.”, [Veblen 1990 (1914): 4, 31].

In Veblen’s view, these propensities tend, under ideal circumstances, to strengthen one another. This important insight is confirmed by studies in psychology and psychoanalysis that stress people’s need to enhance their intellectual, social and emotional potential through the construction of adequate interpersonal relations. These propensities are likely to prevail in a situation where other instincts that can act at cross-purposes with them — for instance, predatory instincts which may be expressed through a framework of ceremonial and “acquisitive” institutions based on invidious distinctions — have little social grounds to express themselves. Veblen supposes that the first stage of human life was of this kind but, since then, disturbing factors have caused progressive deviation. He posits that: ‘the growth of institutions — usage, customs, canons of conduct, principles of right and propriety, the course of cumulative habituation as it goes forward under the driving force of the several instincts native to man — will commonly run at cross purposes with serviceability and the sense of workmanship [Veblen 1990 (1914): 49-50].

The main disturbing factor is located by Veblen in the emergence of the business enterprises of the capitalistic system. To secure foreign markets and maximise profits, this system led to imperialist policies of national aggrandisement. Internally, the system is characterised by ceremonial institutions and invidious distinctions of wealth and status expressed through the phenomenon of ‘conspicuous consumption’. Therein lies a tenuous relation, if any, between the serviceability of the product and the pecuniary gain.

The Evolution of Business Enterprise

As is known, Veblen has set up a far-reaching evolutionary theory in economics, whose main aspects are instincts (or propensities), habits, institutions, technology.

One central aspect of Veblen’s analysis is the dichotomy between production oriented to the profit and production oriented to the satisfaction of the needs of society. To this corresponds the distinction between engineers and business men, on individual level, and between ceremonial and instrumental institutions, at collective level.

In this picture, the institution of business enterprise includes both engineers and business men. Also for this reason, such theory — as expounded in particular in *The Theory of Business Enterprise* — plays a central role in Veblen’s theory.

In Veblen's opinion, the evolution of technological progress applied to the industry will tend, in the absence of counter forces, to sweep away the system of business enterprise. The reason for this is that the system of business enterprise is considered to rest — although not completely — on more primitive, predatory and acquisitive habits of thoughts.

Therefore, in his words, "Broadly, the machine technology acts to disintegrate the institutional heritage, of all degrees of antiquity and authenticity....It thereby cuts away that ground of law and order on which business enterprise is founded.", (Veblen, 2012: 374; original edition 1904).

For these reasons, the system of business enterprise is considered by Veblen as intrinsically unstable. This happens because the two tendencies underlying it — technological progress and ceremonial-acquisitive tendencies — are not only incompatible between themselves, but also with the system of business enterprise.

In fact, technological progress tends to push the system towards a society based on the serviceability whereas the ceremonial-acquisitive tendencies towards archaic and predatory pre-industrial societies. These concepts are expressed in the following passage,

"Modern business principles and the modern scheme of civil rights and constitutional government rest on natural-rights ground. But the system of natural rights is a halfway house....The quests of profits leads to a predatory national policy....If national (that is to say dynastic) ambitions and warlike aims, achievements, spectacles, and discipline be given a large place in community's life, together with the concomitant coercive police surveillance, then there is a fair hope that the disintegrating trend of the machine discipline may be corrected. The regime of status, fealty, and arbitrary command would guide the institutional growth back into the archaic conventional ways and give the cultural structure something of that secure dignity and stability it had before the times, not only of socialistic vapors, but of natural rights as well.", (*ibidem*: 394, 398-399).

In this analysis it remains an open question which of two tendencies will prevail in the long run, and the book closes in the following way,

"Which of the two antagonistic factors may prove the stronger in the long run is something of a blind guess; but the calculable future seems to belong to one or the

other. It seems possible to say this much, that the full dominion of business enterprise is necessarily a transitory dominion. It stands to lose in the end whether the one or the other of the two divergent cultural tendencies [technical progress or ceremonial-acquisitive tendencies] wins, because it is incompatible with the ascendancy of either.”, (*ibidem*: 400).

This conclusion, which can undoubtedly be considered as one of the most brilliant of Veblen’s intuitions, tends to be too dichotomic. In fact, such conclusion is based on the idea that technological progress, in its supposed rationalizing role, cannot modify from within the basic principles of business enterprise, as identified in the natural rights and in the notion of perfect competition associated with them. In fact, Veblen’s analysis, however interesting, does not consider that between “pure capitalism” (if ever existed outside economics’ textbooks!) and “pure socialism or communism”, there is the wide land of mixed economies characterise by a growing role of public action and by a parallel articulation of the stakeholders of corporations. The latter include not only the classic shareholders (who of course, still play a prominent role) but also other subjects like workers, civic associations and, especially today, environmental associations. In this sense, as also underlined by Dewey (more in the next paragraphs) the modern corporation is acquiring a social character that is incompatible with the wild liberalism of the *homo oeconomicus*.

John Commons’s Theory of Collective Action

Other important contributions to the understanding of the dynamics of individual and collective action were provided by John Rogers Commons. We will organize our discussion around a number of his key concepts, by pinpointing their relevance for the analysis of the problems of today.

Institutions and Transactions

One of Commons’s most important insights is that collective action constitutes a necessary element for an adequate performance of individual action. The dialectic and

dynamic relations intervening between individual and collective action are effectively expressed in this passage:

“Thus, the ultimate unit of activity, which correlates law, economics and ethics, must contain in itself the three principles of *conflict*, *dependence*, and *order*. This unit is a Transaction. A transaction, with its participants, is the smallest unit of institutional economics.”, (Commons, 1990: 58, 69; original edition 1934).

Transactions are classified into three categories — Bargaining, Managerial and Rationing — according to the relationship intervening between the parties involved.

The first concerns the relation between individuals with equal rights — which does not necessarily correspond to equal economic power — for instance, between buyer and seller. The second regards the relations between people organized within an institution, for instance between a manager and his or her collaborators. And the third refers to the relations between the person and a kind of collective action where there is less direct involvement. This happens, in particular, with the policy action of Government and Parliament, but also with the collective action of the most important economic and social associations of society (for instance, political parties, unions, consumers associations).

These transactions are quite diverse according to the degree of direct intervention of collective action but, at the same time, are extremely intertwined. In their various combinations, they make up the tangled web of collective action. It is interesting to observe the complex, conflicting and evolutionary role that institutions assume in Commons's analysis, as expressed in the following passage,

“Thus conflict, dependence, and order become the field of institutional economics, builded upon the principles of scarcity, efficiency, futurity, working rules, and strategic factors; but correlated under the modern notions of collective action controlling, liberating, and expanding individual action.”, (*ibidem*: 73, 92).

The importance of this concept of institution lies in the fact that it does not consider individual and collective action as opposite entities, but as different but complementary aspects of the "human will-in-action". The importance attributed by Commons to the human will does not mean, however, the adoption of a mere "contractual" view of institutions that overlooks the role of coercion and unexpected consequences of

human action. As a matter of fact, Commons takes these aspects explicitly into account, but, instead of treating them as exogenously determined by some dusky and impersonal "structural factor" or "natural law", considers them as the outcome of the joint action of all the "human wills-in-action" in any given context.

Of course, collective action is something more than the mere sum of individual actions. In fact, in many ways collective action has a bearing on individual behaviour and, furthermore, can generate effects which do not lie in the intentions of the individuals promoting it. But, and this constitutes one of Commons's most significant insights, such individual actions tend increasingly to unfold within institutions — e.g., within a framework of collective action — rather than being the expression of a series of self-contained acts.

In particular, his definition of transactions and institutions makes it easier to analyze the various forms of collective action in their economic, social, cultural and psychological domains, and in their interrelations with political economy.

The articulation of transactions and the “double” definition of the market

For bargaining transactions, the concept of market adopted by Commons acquires an interesting “double” meaning - not only the sphere of exchange but also that of production. In this respect, Commons provides a historical reconstruction of the emergence of the market, underscoring the importance of deliberate public intervention in its creation. The origin of the market is located in the processes by which the justice courts decided disputes and thereby established the reasonable value. As he wrote,

“A market usually originated with a special monopolistic franchise, named a ‘liberty’, and granted to a powerful individual or ecclesiastical magnate, authorising him to hold concourse of buyers and sellers, with the privilege of taking tolls in consideration of the protection afforded [...] [in the course of time] [...] The courts, in their decisions, developed the principle of the ‘market overt,’ or the public, free and equal market [...] These principles were not something innate and natural but were actually constructed out of the good and bad practices of the time. The early physiocrat and classical economists thought of them as handed down by divine Providence or the natural order.”, (Commons 1934: 775).

From this perspective, the market cannot realistically be considered as an abstract mechanism leading automatically — if it is sufficiently “perfect” — to individual and social utility maximisation. Indeed, as a matter of fact, even the (seemingly) most atomistic and impersonal transaction occurring between individuals who are unknown to each other does not take place in an imaginary ‘free market’ world but within a complex institutional and legal framework that defines the ‘working rules’ of transactions, with the related set of ‘rights’, ‘duties’, ‘liberties’ and ‘exposures’, (Commons 1924: 6).

Hence, the market is heavily embedded in the social and cultural domain and that it involves a process of social valuing. This kind of analysis explicitly considers transactions as a dynamic process. As Commons said: ‘A transaction occurs at a point of time. But transactions flow one into another over a period of time, and this flow is a process’ (Commons 1924, pp.7-8). By stressing the necessity to consider the temporal sequence of transactions, this analysis shows a further inadequacy of the static approach of neoclassical economics

The Emergence of Concerted Capitalism

Commons identifies three stages in the development of capitalism: **(i)** the period of scarcity, in which there was “the minimum of individual liberty and the maximum of communistic, feudalistic or governmental control through physical coercion”; **(ii)** the period of abundance, characterised by “a maximum of individual liberty, the minimum of coercive control through government, and individual bargaining takes the place of rationing”; **(iii)** the third period is that of “stabilization” whose main features are “a diminution of individual liberty, enforced in part by governmental sanctions, but mainly by economic sanctions through concerted action, whether secret, semi-open, open, or arbitral, of associations, corporations, unions, and other collective movements of manufacturers, merchants, labourers, farmers, and bankers.”, (1990: 334, 335; original edition 1934).

In this regard, we can note that the issues of socialism can receive a better insight by Commons’s account (1934) of the evolution of the concept of ownership, from a notion of simple possession of goods to one of relationships, rights, and opportunities referred to as incorporeal and intangible property. In this regard, Commons shows how the evolution of the concepts of ownership and freedom has accompanied the birth and evolution of capitalism that saw (and sees) the rise and development of new social

classes in respect to which has arisen the need of building a body of norms, transactions and institutions in order to increase their participation in economic and social life. With regard to the worker, this implies a significant shift from a physical concept of ownership, tending to consider the workforce as mere goods, to a notion of rights and relationships extending their opportunities to participate in productive life. It is from this basis that, through a wide scrutiny of legislation and court rulings, Commons investigated the evolution of labour rights, union rights, and social legislation.

Reasonable Value, Social Value and Policy Action

Within his institutional perspective, Commons elaborates the concept of reasonable value to draw attention to the conflicting and evolutionary nature of the process of social valuing. These concepts are expressed as follows,

“[T]he common law courts were developing an institutional idea of reasonableness and reasonable value, in the process of deciding conflicts of interest and bringing order out of incipient anarchy. This institutional idea of reason and reasonable value has been collective and historical, whereas the rationalistic idea was individualistic, subjective, intellectual and static....Reasonable Value is the evolutionary collective determination of what is reasonable in view of all changing political, moral, and economic circumstances and the personalities that arise therefrom to Supreme bench.”, (Commons 1934 pp.682, 683-4).

Thus, reasonable value can be regarded as an imperfect process whose characteristics can be interpreted as the synthesis of the conflicting and evolutionary components of collective action. The imperfection of reasonable value is also caused by its partly unconscious and conflicting character, often embodied in habits of thought and life.

These aspects, in turn, relate to the importance of the process of social value in the dynamics of collective action. An interesting definition of the concept of social valuing is the following,

“To conceive of a problem requires the perception of a difference between ‘what is

going on' and 'what ought to go on'. Social value theory is logically and inescapably required to distinguish what ought to be from what is....The role of social value theory is to provide analyses of criteria in terms of which such choices are made.", M. Tool, in Hodgson, Samuels and Tool, 1994: 406, 407.

This is linked to the "instrumental value criterion", developed in the Veblen-Ayres's strand of institutional economics, which pertains to the goal of "the continuity of human life and the non-invidious re-creation of community through the instrumental use of knowledge", Tool, 1986: 50.

On this matter, and in the spirit of pragmatist perspective, the appraisal of adequacy of social systems can be found not so much in abstract universal principles of social good but, rather, in linking these principles to people's actual needs. In this respect, the notion of psychological soundness — namely, the extent to which persons can really express at individual and collective level their profound needs — can also help better clarify the central distinction between the instrumental value principle and ceremonialism resting on invidious distinctions of wealth and status. Moreover, if we assume, following insights from pragmatist psychology and psychoanalysis, that the propensities of workmanship and parental bent lie at the heart of the needs of the person, the ethical principles of solidarity and participation become endowed with a more precise scientific content, since they become based on a systematic analysis of the ontological foundations of human needs in their social and cultural expressions. On that basis, the formulation of policies can become more focused on the profound needs and orientations of society.

John Dewey and the Growing Importance of Collective Action

In his article "Toward a New Individualism", John Dewey remarks that our productive life is acquiring a corporate and collective character. And that, conversely, our moral culture is still "saturated with ideals and values of an individualism derived from a pre-scientific, pre-technological era.", Dewey, "Toward a New Individualism", *ibidem* [1999 (1930): 37].

The somewhat paradoxical idea of Dewey is that the spiritual roots of such individualism are to be found in medieval religion. In this sense,

“The apparent subordination of the individual to established institutions often conceals from recognition the vital existence of a deep-seated individualism....the fact that the controlling institution was the Church should remind us that in ultimate intent it existed to secure the salvation of the individual....The power of established institutions proceeded from their being the necessary means of accomplishing the supreme end of the individual.”, Dewey, *ibidem*: 37.

It is interesting to note how this wild form of individualism went in tandem with political absolutism and a very hierarchical society. With the advent of industrial revolution, many things had changed, and societies became more dynamic, but such kind of individualism — expressed in the form of natural rights — remained relatively unaffected and persisted in the next stage of corporate capitalism. This stage, despite its semblance of individualism, is much more collective than individual capitalism. This assertion can appear paradoxical: in fact, is it not that corporations are privately owned? This is true, of course, but it is also true that the work of corporations requires a notable socialization of their activities as they must work together and interact each other in order to keep the system working. Also, the legally “private structure” of corporations often conceals the articulation of the stakeholders. These include not only the classic shareholders, but also other subjects like workers, consumers, local and (especially today) civic communities and environmental groups. Although these aspects would require a different and more collective attitude, the earlier creed of economic individualism still persisted. But, notes Dewey, “If [this individual creed] is not an echo of the echo of a voice of a long ago I do not know what it is.”, Dewey, *ibidem*: 38.

In this respect, the “pure individualism” so often held as the basis of American development plays in the corporate time a modest role and exists only “in the movie and the novel”. But the persistence of this old individualistic creed in a context that requires a totally different attitude has caused the phenomenon of “lost individual”. This comes about in a situation of “anomie”, when there is for the persons a lack of social relations and no clear meaning of the public functions of their activities. As noted by Dewey,

“They [influential and wealthy people], may be captains of finance and industry, but until there is some consensus of belief as to the meaning of finance and industry in the civilization as a whole, they cannot be captains of their own souls...An economic

individualism of motives and aims underlies our present corporate mechanism, and undoes the individual.”, Dewey, “The Lost Individual”, *ibidem*: (1930), 1999: 27, 30.

In Dewey’s idea, also religion, conceived of as a cultivation of individual virtues detached from the social scene, cannot help realize a more organic society.

This lack of social meaning has its economic counterparts in economic insecurity, unpredictable and disruptive business cycles, chronic unemployment and precarious work. A situation of this kind, as people cannot live in a vacuum and continue to express their need of social relation, calls for vacuous and surreptitious values of “liberty” and “nationalism”. In this way, a kind of uniformity of thought is engendered but, notes Dewey, such standardization does not go deep. In fact,

“All agreement of thought obtained by external means, by repression and intimidation, however subtle, and by calculated propaganda and publicity, is of necessity superficial; and whatever is superficial is in continual flux. The methods employed produce mass credulity, and this jumps from one thing to another according to the suggestion of the day. We think and feel alike—but only for a month or a season. Then comes some sensational event or personage to exercise a hypnotizing uniformity of response. At a given time, taken in cross-section, conformity is the rule. In a time span, taken longitudinally, instability and flux dominate.”, Dewey, “Toward a New Individualism”, *ibidem*: 42.

It is then a psychological anchorage to a wild and unsocial form of individualism that produce these evils. In this respect, it is interesting to note that such wild individualism, far for promoting more liberty, ends in mass credulity and conformism. Overcoming these aspects constitutes a central step for realizing an economic system based on new, social oriented forms of individuality. We will see in the next sections how these new forms of individuality can be attained.

The role of democratic planning in realising an equitable and sustainable economy

As many of us would agree, the idea of a perfect and optimising market is far detached from reality. For these reasons, a kind of economic planning is always necessary for attaining the objectives of policy action. We shift then to the issue, namely, as to what kind of economic planning is preferable. On that account, Original Institutional Economics (OIE) identifies three kinds of economic planning:

(I) The first is corporate planning, which is the reality of modern capitalism. In this system, the operation of “free market forces” is heavily conditioned by the interests of big corporations. They possess a wide array of instruments to influence the structure of all relevant markets in which are engaged. In William Dugger’s words,

“The corporation is privately efficient [in the pursuit of its goals], but it is not socially efficient because its low-cost, high-productivity performance benefits those who control it, generally at the expense of those who depend upon it but frequently also at the expense of the society at large.”, (Dugger, 1988: 239).

Corporate planning is highly hierarchical, since the key decisions are made by the top managers with little involvement of workers and citizens at large.

(II) Then comes totalitarian planning, which is a system characterised by a public purpose which is pursued through a highly hierarchical structure. Such organizations — although have sometimes achieved important results in building infrastructures and poverty alleviation — are flawed by a fundamental lack of accountability and democratic representation. This system, then, by acquiring a marked self-referential character, makes it impossible any objective and pluralistic assessment of the policies adopted and the results achieved.

(III) We move then to the third alternative, democratic planning. This system, although it does not always work miracles, is definitely more promising. By allowing a more complete expression of the ideas, experiences, competences, motivations and conflicts of the involved subjects, such system can improve the process of social valuation, and then the capacity of policy action to respond to the profound needs of society. This relates to the realization of the “instrumental value criterion” mentioned before which pertains to the goal of “the continuity of human life and the non-invidious re-creation of community through the instrumental use of knowledge” (see, in particular, Tool, 1986). This encompassing goal, which constitutes the cornerstone of the institutionalism, requires the attainment of the two intertwined objectives: **(a)** an accountable and participatory democracy in which every citizen can play an active role in decision-making; and **(b)** a substantial reduction of economic and social inequalities.

How to attain a real democratic system?

A real democratic system, however, is not easy to realize. We can refer here to other interesting aspects of John Dewey's analysis of these issues, which are very topical in our time. He observes that intelligence and knowledge, while finding a cooperative application in physical sciences and the related technical applications, remain at an abstract level in all the matters concerning social sciences. In the latter instance, intelligence is appraised as an individual asset, with no direct social import. These aspects appear evident in the activities more oriented to the social sphere, like education and the conduct of public affairs. In education, science is treated as a separate and specialized subject. What is lacking is teaching how to apply scientific insights and intelligence in action to social issues.

In public affairs, the situation is no better. Here, the political discussion is based more on catching slogans and personages than on scientific-grounded analyses and debates over the best policies to address socio-economic problems. As he notes,

"Our presidential elections are upon the whole determined by fear. Hundreds of thousands of citizens who vote independently or for democratic candidates at local election or in off-year congressional elections regularly vote the Republican ticket every four years...[in this respect]....because of vague but influential dread lest a monkey-wrench be thrown into the economic and financial machine....[all this]...testifies to the import of crowd psychology of suggestion and credulity in American life...[and, for these reasons]....We live politically from hand to mouth.", Dewey, "Capitalistic or Public Socialism" in *Individualism, Old and New*, (1929) 1999: 51-52, 53, 56.

How, then, citizens can become more independent in their assessments, and in this way realize a democracy not only formal but substantial? To that purpose, for Dewey, the state and the major political and economic actors should promote organised debates really involving citizens in order to devise policies based, not on alluring but ungrounded slogans, but on the intelligent application of scientific methodology (meant in a humanistic conception and then including also social sciences).

This aspect is central, of course, and it has been in our time in part realised also through the diffusion of the internet based "social networks". However, despite this progress, not much has changed from Dewey's time in the ways to address socio-economic issues. Even today, in many cases political elections are won not by a

scientific analysis of the problems, but by a pervasive propaganda — most often based on wild nationalism and xenophobia — aimed at arousing sentiments of fear and anger towards the weaker groups; and of parallel belief that every limitation of the power of the stronger groups would end up in the bankrupt of the system.

In addressing and solving these problems, also the theories addressed can provide, in a synergic spirit, relevant contributions. Particularly important is the analysis of the evolution of capitalism towards a managed or concerted form. And, in this respect, how this evolution takes form in the various types of transactions (bargaining, managerial, rationing) and with what consequences on the power relations informing the economic structure. Other important aspects addressed in particular by institutionalism relate to the role of technology in the evolution of capitalism and the relevance of “reasonable value” in policy action.

As we have seen, reasonable value is “reasonable” only in relative terms, in the sense that it can be regarded as an imperfect process whose characteristics can be interpreted as the synthesis of the conflicting and evolutionary components of collective action. This aspect calls for an interdisciplinary approach and this leads us to consider how psychological and psychoanalytic contributions can cast light on these issues—for instance, the phenomenon of mass credulity highlighted by Dewey.

As noted before, such mass credulity is related to the fear that any attempt to reduce the economic disparities would cause the anger of the wealthy class and the crisis of the system. It is easy to see how ungrounded this belief is in economic terms: as a matter of fact, it is the working class that is essential for keeping the economy going, rather than the reverse. But, this being the case, what psychological factors sustain that fear? A psychoanalytic explanation⁹ would underscore the role of the early stages of child development and in particular the often ambivalent relations toward its caretakers. For instance, also in connection with an experience of anxiety and deprivation, the child identifies itself with their caretakers and their protecting and nourishing power. But, at the same time, it can be envious of such power and may develop greedy and aggressive fantasies of stripping the caretakers of their nourishing power. As a result, a feeling of guilt emerges, with the corresponding formation of the *superego*. This early conflict, when transposed at social level, makes it difficult for persons to react to wide and unjustified economic disparities. In fact, if they identify

⁹ For some interesting psychoanalytic contributions that also address the social dimension of psychological life refer to Bion (1970), Erikson (1968), Fenichel (1945), S.Freud (1921, 1930), Horney (1939), Kernberg (1998), Ketz de Vries and Miller (1991), Klein (1975), Klein, Heimann and Money-Kyrle (1955), Sullivan, Perry and Gawel (1953).

themselves with a tycoon, this is likely to cover a partly unconscious envy and aggressiveness. In this situation, any proposal to reduce such economic power, by reactivating such greedy fantasies, tends to be hampered by feelings of fear and guilt. Hence, overcoming these distressing feelings is advantageous not only for the single persons but also for realizing a more equitable and rewarding society.

Conclusions

In conclusion, we can note that the heterodox contributions addressed before (and others as well), however different in many respects, present notable complementarities both between themselves and with various aspects of Schumpeter's perspective.

The most significant aspects that have emerged are that the Schumpeter's "march into socialism" and the "cultural indeterminacy of socialism" are in reality a "march into a mixed or concerted economy" and a "cultural indeterminacy of mixed economy".

For that reason, also by looking at real experiences of the latest decades, we can note that there are wide differences between countries in relation to the participatory and equitable character of their economic and social systems. Hence, the central question becomes how such countries can evolve towards a socialistic and sustainable system based on substantial democracy and real participation of citizens to collective life. In particular, an interdisciplinary approach casting light on the links between the "material", cultural and psychological aspects of economic action can help understand how these aspects can reinforce each other and give rise to vicious or virtuous circles.

For instance, the ambivalent and aggressive tendencies noted before can contribute to a formation of a predatory system centered on invidious distinctions of wealth and status. And this circumstance can, in turn, reinforce the individual conflicts by instilling the credo that the war of all against all depends on the "characteristics of human nature" and not by neurotic conflicts. The same reinforcing process can work in virtuous circles. Here, a reduction of individual conflicts, by leading to a more equitable and humane economy, can help reinforce individual self-realisation.

In these dynamics, the concept of instrumental value, defined as the "continuity of human life and the non-invidious re-creation of community through the instrumental use of knowledge", perfectly fits with, and can help better attain, the goals of creating an equitable and sustainable economy. As a matter of fact, the participation process required for realising an effective instrumental valuation — by improving the self-understanding (and hence the real knowledge) of the values, interests and conflicts of

individual and collective action — would also help understand and overcome its most “disturbed” and conflicting aspects and so improve the capacity of policy action to respond to the profound needs of society.

References

Bion, W.R. (1970), *Attention and Interpretation: a Scientific Approach to Insights in Psycho-analysis and Groups*, London, Tavistock Publications.

Cole, G.D.H. (ed.)(2003), *A History of Socialist Thought* (7 volumes), London, Palgrave Macmillan.

Commons, J.R. [1995 (1924)], *Legal Foundations of Capitalism*, (New Jersey, U.S.A.), Transaction Publishers. Originally published by the Macmillan in 1924.

Commons, J.R. [1990 (1934)], *Institutional Economics: Its Place in Political Economy*, New Brunswick (New Jersey, U.S.A.), Transaction Publishers, originally published by the Macmillan in 1934.

Dewey, J. (1999), *Individualism, Old and New*, Amherst, New York, Prometheus Books. It includes several articles published in the progressive magazine “New Republic” between 1929 and 1930.

Dewey, J. (2000), *Liberalism and Social Action*, Amherst, New York, Prometheus Books. First published in 1935.

Dugger, W.M. (1988), “An Institutionalist Theory of Economic Planning”, in *Evolutionary Economics*, vol.II, edited by Marc.R.Tool, New York, Sharpe.

Ellman, M. (2014), *Socialist Planning*, Cambridge (UK), Cambridge University Press.

Erikson, E.H., *Identity, Youth and Crisis*, New York, Norton, 1968.

Fenichel, O. (1945), *The Psychoanalytic Theory of Neuroses*, New York, Norton.

Freud, S. (1921), *Group Psychology and the Analysis of the Ego*, The Standard Edition of the Complete Psychological Works of Sigmund Freud, Volume XVIII (1920-1922).

Freud, S. (1930), *Civilization and its Discontents*, The Standard Edition of the Complete Psychological Works of Sigmund Freud, Volume XXI (1927-1931).

Galbraith, J.K. [1998 (1958)], *The Affluent Society*, second edition, New York: Mariner Books.

Hermann, A. (2005), “Il Dibattito su *Capitalismo, Socialismo e Democrazia* di J.A.Schumpeter ed il contributo dell’economia istituzionale”, *Nuova Economia e Storia*, N.4: 25-54.

- Hermann, A. (2014), "Market, Capitalism and Democracy in an Interdisciplinary Perspective", *International Journal of Pluralism and Economics Education*, Vol.5 (4): 327-353.
- Hermann, A. (2015), *The Systemic Nature of the Economic Crisis: The Perspectives of Heterodox Economics and Psychoanalysis*, London and New York, Routledge.
- Horney, K. (1939), *New Ways in Psychoanalysis*, New York, Norton.
- Kernberg, O.F. (1998), *Ideology, Conflict and Leadership in Groups and Organizations*, New Haven, Yale University Press.
- Ketz de Vries, M.F.R. and D.Miller (1991), *The Neurotic Organization*, New York, Jossey Bass Publishers.
- Klein, M. (1975), *Envy and Gratitude and Other Works, 1946-1963*, New York, Delacorte Press.
- Klein, M., P.Heimann and R.Money-Kyrle (1955)(eds.), *New Directions in Psycho-Analysis*, London, Tavistock Publications.
- Ollman, B. (1998)(ed.), *Market Socialism*, London and New York, Routledge.
- Salsano, A. (1982)(ed.), *Antologia del Pensiero Socialista*. (5 volumes), Bari (IT), Laterza.
- Schumpeter, Joseph A. [2010 (1942)], *Capitalism, Socialism and Democracy*, London and New York, Routledge. Originally published by Harper & Brothers in 1942.
- Sullivan, H.S., Perry, H.S. (ed.) and Gawel, M.L. (1953)(ed.), *The Interpersonal Theory of Psychiatry*, New York, Norton.
- Tool, M.R. (1986), *Essays in Social Value Theory: A Neoinstitutionalist Contribution*, New York, Sharpe.
- Tool, M.R. (1988)(ed.), *Evolutionary Economics*, 2 volumes, New York, Sharpe.
- Veblen, T. [1990 (1914)], *The Instinct of Workmanship and the State of the Industrial Arts*, New Brunswick, Transaction Publishers. Originally published by Macmillan in 1914.
- Veblen, T. (1904), *The Theory of Business Enterprise*, New York, Charles Scribner's Sons.