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Article

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A Foucauldian view of Veblen's institutionalism: Non-teleology and the interdiscursivity between economics and biology

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Abstract

This paper explores some ontological and epistemological conditions of the emergence of the Veblenian system of political economy. For that, we refer to Foucault's archaeology of political economy, since it offers insights into some of the relations that help us to understand the underlying structure of thought in Veblen's historical intellectual context. Considering Foucault's archaeology as a reference, it is possible to understand how Veblen, inspired by the epistemological conditions that political economy shared with biology, constructed a unique method in economic thought, thus overcoming what was at that time one of its main characteristics: teleology.

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Resumo

Este artigo explora algumas condições ontológicas e epistemológicas da emergência do sistema vebleniano de economia política. Para tal, recorre-se à Arqueologia da Economia Política de Foucault, uma vez que ela pode oferecer *insights* a respeito da estrutura basilar do contexto intelectual em que Veblen criou seu sistema. Tomando essa arqueologia foucauldiana como referência, é possível entender como Veblen, inspirado pelas condições epistemológicas que a economia política dividia com a biologia, construiu uma metodologia peculiar para o pensamento econômico, ultrapassando uma das principais da economia política de seu tempo: a teleologia.

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Palavras-chave: Thorstein Veblen; Economia institucional; Michel Foucault; Arqueologia do conhecimento; Teleologia em economia

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1. Introduction

Amariglio (1988) makes the following quotation, regarding Michel Foucault's work: "he writes on such a wide range of topics that his readers include people interested in literature, philosophy, history, sociology, politics, psychiatry, medicine, linguistics and semiotics." (Lemert and Gillian *apud* Amariglio, 1988, 584). In the paper where Amariglio made this citation, he intended to provide us with "an economist's introduction to Foucault" and argued that he had decided to write the paper because he was utterly astonished by the fact that economists were neglecting Foucault, who had undoubtedly been one of the greatest thinkers of the twentieth century. Amariglio was actually drawing attention to the exclusion of economics in the fields mentioned by Lemert and Gillian.

Perhaps, it would have been less of a surprise if Foucault had not included economics in his investigations. Nonetheless, economics was a focus of many of his writings. If we only consider what has been called "the archaeological phase" of his intellectual life, which will be the focus of this paper, the history and methodology of economics played a prominent role in one of his main works, *The Order of Things* (1966). Even more emblematic is the fact that, in this book, Foucault worked on the emergence of political economy as a well-defined field of human knowledge to support the methodological approach to his studies concerning knowledge in general.

Amariglio (1988, 584) also draws attention to an event occurring in the research on the methodology of economics at that moment, regarding a turn to non-justificationist and non-demarkationist approaches that were emphasising "the textual nature", "the rhetorical resources" and the discursive character of the economic knowledge.¹

Since *archaeology*, the research method proposed by Foucault, was specifically concerned with "the discursive formations of different ages", Amariglio concludes that: "the opening up of the philosophy of economics and the history of thought to questions raised by philosophers of language, aestheticians, and literary theorists *makes our reading of Foucault a must*" (Amariglio, 1988, 584 – emphasis added).

However, more than two decades after the publication of Amariglio's paper, very few economists have adopted the work of Foucault as a major approach or even as a crucial influence to their studies. Naturally there are very few exceptions, and although Amariglio (1988, 584) even goes on to mention some of them, it is not an exaggeration to assert that they remain marginal and appear to consist of a mere few cases of sporadic interest.²

With this in mind, the Foucauldian thought is used here to examine the work of Thorstein Veblen. It is an attempt to deal with the proposal made by Amariglio, suggesting the use of the Foucauldian archaeology to advance the understanding of some of the authors and events that marked the history of economics.

This study has two objectives. Firstly, it aims to demonstrate the possibilities of using the ideas of Foucault in the study of an author who proposed a unique theoretical system. Secondly, it suggests that, if Foucault's thought perspective is to be considered, Veblen's theoretical system, while insisting on the refusal of teleology in economic thought, proposed a way of overcoming one of the cornerstone characteristics of the political economies that preceded it: teleology. Following Foucault's archaeology, it is possible to suggest that Veblen introduced a practice to economics that was characteristic of evolutionary biology, since both political economy and biology were inter-determined by the same epistemological conditions.

Since Foucault's ideas are not so widely exploited amongst economists, this article primarily draws on the attention to Foucault's archaeology. In the following section, a brief account is provided as a formal introduction, since a more detailed study can be found in Amariglio (1988), Kololugil (2010), and Lima (2010). Next, the emergence of the political economy according to Foucault's archaeology is considered, emphasising three main consequences in economic thinking of what Foucault called the modern episteme. The third section analyses Veblen's system, according to this modern episteme, suggesting its marked difference in relation to other political economies, and arguing that, in addition to the fact that his system of economics followed the fundamental ontological and epistemological conditions of his time, Veblen adopted from biology a distinct way of thinking with respect to time and historicity in economics.

¹ Amariglio of course mentioned Deirdre McCloskey and Arjo Klamer as the main authors of this (at that time) new trend.

² Recently, Kololugil (2010) published an article which has basically the same objectives as the pioneering Amariglio's paper. We welcome his attempt as a new effort to establish Foucault's archaeology as a legitimate approach to the reading of the history of economics.

Table 1
The three epistemes – some characteristics.

| Essential elements | Episteme – configuration of knowledge | | |
|------------------------|--|--|--|
| | Pre-classical: until the end of the sixteenth century | Classical: seventeenth and eighteenth centuries | Modern: from the end of the eighteenth century to today |
| General character | Age of Similitude | Age of Representation | Age of History |
| Object of knowledge | God | Nature | Man |
| Mode of knowledge | Interpretation of signs given by god | Representation: signs are formed during the process of knowledge. The system of signs is constructed | Interpretation of signs through man |
| Things's mode of being | Similitude | Order | History |
| Main procedure | Analogy | Analysis and ordering; tabulation | Analogy and succession; not tabulation, but a sequential connection (of development) |
| Orientation | Subordinated time within space | Spatial ordering of things | Temporal |

Source: Authors' own work based on Lima (2010).

2. Foucault's archaeology: a brief account

Foucault, in his archaeological project, was searching for the conditions of possibility of knowledge through an investigation of historical interdiscursive practices. More specifically, in *The Order of Things* (1966), he was investigating the emergence of the human sciences and, for that, he concluded that he needed to understand an interdiscursive practice that economics, biology and linguistics began to share at the end of the eighteenth century. For Foucault, “discursive practices” comprise a set of regularities regarding “the demarcation of a field of objects, by the definition of a legitimate perspective for a subject of knowledge, by the setting of norms for elaborating concepts and theories” and enable one to analyse “systems of thought”, in as much as their analysis allows us to find out “a type of systematicity” in the way of thinking in a certain historical period (Foucault [1976] 2000, 11).

As a consequence, Foucault's archaeology introduced a fundamental category, the *episteme*, which Foucault ([1969] 2002, 211) defines as: “the total set of relations that unite, at a given period, the discursive practices that give rise to epistemological figures, sciences, and possibly formalised systems”. Accordingly, each time, each context has a singular episteme that establishes the conditions of existence of discourses formed under the level of knowledge. Foucault's archaeology was a search of the “rules of formation” that shaped and limited those discourses and identified three historical periods marked by different epistemes: (1) The Age of Similitude, also named pre-classicism, which covered the years of the Renaissance and finished at the end of sixteenth century; (2) The Age of Representation or classicism, which ranged from the early seventeenth century until the beginning of the last quarter of the eighteenth century; and (3) The Age of History, the time of the modern episteme, which began at the end of classicism. Table 1 summarises some aspects of the epistemes, which are detailed in what follows.

Foucault characterised the period until the end of the sixteenth century as the Age of Similitude. Even though that is regarded as a time of Renaissance, Foucault was neither concerned with the recovery of the Greek and Roman knowledge nor the emergence of a “secular culture” (Major-Poetzel, 1983, 143). For Foucault, knowledge during that period was a kind of “mirror of nature” and was generated through the comprehension of a set of similarities that could be found in the things of the world. These similarities were to be perceived through the signs that were hidden in everything and were actually the proper objects of knowledge in that period (Cousins, 1984, 33). There was nothing deeply separated in the world, the analogies and affinities could be extended *ad infinitum*. Language was part of the dissemination of similitudes, so words and things mirrored themselves. To know was to interpret things in terms of their apparent analogies, leading to a “hermeneutics of the same”.³

³ Amariglio (1988) mentions the example given by Foucault related to the content of a walnut, which used to be perceived as useful for the maladies of the brain. However, it is worth mentioning that knowledge in that episteme did not always follow just the most obvious similarities. Foucault also provides as an example, Ulisses Aldrovandi (1522–1605), who wrote in *Monstrorum Historia* (1658) that: “The human face, from afar, emulates the sky, and just as man's intellect is an imperfect reflection of God's wisdom, so his two eyes, with their limited brightness, are a reflection of the vast illumination spread across the sky by sun and moon” (Aldrovandi *apud* Foucault [1966] 1970, 19).

With regards to economic knowledge during the sixteenth century, which Foucault would never have defined as political economy, the studies on money, monetary substance and prices, such as developed by Jean Bodin (1530–1596) and Bernardo Davanzatti (1529–1606) displayed its epistemic configuration. As things mirrored themselves, so too did precious metals, money and wealth. Gold and silver essentially determined the attribute of wealth and were therefore carved and shaped accordingly and symbolically (wealth). This resulted from a belief that God had provided “so much gold, so many things, so many men, so many needs; and to the degree that each thing satisfies needs, its value shall be so many things, or so much gold.” (Davanzatti *apud* Foucault [1966] 1970, 172).⁴ Thus, in the depths of the earth, there could be enough precious metal as required to equate to all the things that circulated in the sphere of trade.

From the beginning of the seventeenth century until the end of the eighteenth century, knowing was mainly to find a correct language to name what was visible for man. Ordering and analysing replaced the pre-classical interpretation and analogy, respectively, as modes of knowing. In that era, the ontological conception of all things in the world was that they had an order, which could be formalised in a kind of table. The table was the basic figure of that episteme, where the various identities and differences of the phenomena would then be established. Thus, Foucault asserted that the “space” was the privileged perspective in knowledge.

The economic field of knowledge in that age, which Foucault named “the analysis of wealth”, was the means to identify the difference between wealth and its symbols. In “the analysis of wealth”, the symbols were representative, rather than “were” (in absolute terms). It was the period of the mercantilism during the seventeenth century onwards. Foucault identified Scipion de Gramont (1570–1638) as the mercantilist founder of a new definition for wealth, which would become marked by desire, necessity and rarity. The concept of wealth was, therefore, expanded. Foucault ([1966] 1970, 176) asserts: “Gold is precious because it is money – not the converse. [...] the value of things will no longer proceed from the metal itself; it establishes itself by itself, without reference to the coinage, according to the criteria of utility, pleasure, or rarity. Things take on value, then, in relation to one another.” And, then, it was possible to establish the similarities of the discourses in the analysis of wealth and the natural history, since they had the same epistemological conditions of possibility: “All wealth is *coinable*; and it is by this means that it enters into *circulation* – in the same way that any natural being was *characterizable*, and could find its place in a *taxonomy*.” (Foucault [1966] 1970, 175 – emphasis in the original).⁵ Within this field of knowledge, there formed a wide movement of circulation, where things of need and utility were compared, either as equal or unequal, and money emerged as the means to represent them. Physiocracy, also situated within the same episteme had the same indelible conditions. *Tableau Économique* was an exemplar translation of those epistemic conditions. Similarly, the “psychological theory” of the utility value of Condillac (1715–1780), Galiani (1728–1787) and Graslin (1727–1790) was an analysis of wealth, which put exchange at the centre of the knowledge regarding the economic phenomena. The most important distinction that mercantilism (from Gramont onwards), physiocracy and utilitarianism (Galiani, Condillac, Graslin) had, in relation to what was about to emerge in economic thought (with the modern episteme), was that during the classical episteme economic thought did not define value as originating in man.⁶

Afterwards, in the late eighteenth century, there was a radical break, marking the rise of the modern episteme and the emergence of what Foucault called the empirical sciences: biology, philology and political economy. From that moment onwards, knowledge will require analysts to take a closer, a deeper look at the objects of knowledge. Foucault used the term “vertical cut” to allude to the penetration of knowing within the depths of objects. This descent into the interior of things led to the emergence of an invisible element in knowledge that became the basis of the empirical sciences.

⁴ Davanzatti, Bernardo. *Leçons sur les Monnaies*. In Branchu, Jean-Yves. *Écrits Notables sur la Monnaie*. Paris, 1934.

⁵ In relation to this issue, it has been noticed that it is necessary to separate the mercantilists of the 16th century from those of the 17th and 18th centuries. According to Screpanti and Zamagni (1993), for example, during the 16th century, mercantilists wrote making an essential association between money and wealth. This seems to have changed at the end of the 16th century. For example, even Smith already conceded that authors like Thomas Mun (1571–1641) and John Locke (1632–1704) referred to wealth as being not only gold and silver, but also lands, houses, consumable goods (Blaug, 1997, 11).

⁶ Here we have to take in consideration that, according to Amariglio (1988, 593), this similarity between the theory of the utility value and physiocracy is Foucault’s most controversial thesis. Nonetheless, this has no important implications in the argument of this paper, so it is not discussed further.

In political economy, the basis of knowing changed. While economists used to look for what represented value in the previous episteme, they started looking for the origin of value. Labour was to establish value, presenting itself as the basic element behind the determination of production and circulation.

The most important change brought by the modern episteme was that “time” took on the privileged position, which was previously ascribed to “space” (table). With this new outlook, which delves vertically and deeply and within things, which led to seeing labour as the foundation of all economic laws, wealth shall be considered as the result of a process, namely *the labour process*. The workings of the economy were established to be temporal; they spread out in a linear sequence of successive events. This is precisely why the modern episteme was called “the age of history” by Foucault. “History” replaced “order” as the main condition of possibility of knowledge; it became the things’ new mode of being. To disclose temporal successions becomes a new mode of thought in the production of knowledge.

Above all, Foucault claimed that there was an *anthropologisation* of knowledge in the modern episteme. Man occupies the most important place in the conditions of possibility of modern thinking. When he became the subject matter of those empirical sciences (biology, political economy and philology), man became the object of knowledge, since the study of life, labour and language required the study of man. This meant that man also became the philosophical basis of knowledge, or as Foucault wrote: the *transcendental* element of it. Foucault used the term “anthropology” not to refer to the specific science of man, but literally as “a logic of man”: “anthropologism” became the philosophical foundation of all human sciences. Thus, as Lemert and Gillian (1982, 128) synthetised, man replaced God (pre-classical episteme) and logos (classical episteme). Man, whilst established as the transcendental condition of knowledge in the modernity, carries with him an aspect that is fundamental with respect to what is related to time, his *finitude*. This finitude has elementary consequences for the knowledge that is in the process of construction, particularly for the political economy.

3. The modern episteme consequences for political economy

According to Foucault, Ricardo was the economist who made the radical breakthrough in the modern episteme. Foucault considered Adam Smith, traditionally regarded as the founder of political economy, to be an author of transition.

The major factor that manifested from the transition of Smithian economic knowledge to the Ricardian political economy was related to the source of the exchange value. In Ricardo’s work, labour was no longer considered as simply the exchange value unit of measurement, but rather the very “source”, the process that essentially provided the commodities an exchange value. Consequently, as the notion of a “process” became fundamental, the historicity of the object of economics revealed itself more clearly. Hence, “time” was required as the primary orientation unit of this new knowledge, which, from that time on was referred to as political economy.

From the emergence of the modern episteme onwards, Foucault identified three specific consequences as the result of this new historical configuration for economic thinking:

- (1) A new way of organising knowledge in economics regarding an underlying causal series;
- (2) The emergence of a different meaning for the notion of “scarcity”, which became more fundamental than in the previous episteme;
- (3) The imposing of a finitude for those causal series in economics.

The idea of temporal sequences, which organise events in terms of antecedents and consequents, shall determine the making of economic theories. The mental frame that allows this new form of organisation results from the understanding that labour is the very source of value. Hence, this source, labour, is a phenomenon organised primordially in time. Foucault explained that:

we see the emergence of a great linear, homogeneous series, which is that of production. All labour gives a result which, in one form or another, is applied to a further labour whose cost it defines; and this new labour participates in turn in the creation of a value, etc. This accumulation in series breaks for the first time with thereciprocal

determinations that were the sole active factors in the Classical analysis of wealth. It introduces, by its very existence, the possibility of a continuous historical time [...] The mode of being of economics is no longer linked to a simultaneous space of differences and identities, but to the time of successive productions. (Foucault [1966] 1970, 255–6).

However, this historicity does not need to be confined simply to the comprehension of the labour process; it could also be extended, from this fundamental level, to other levels on which the economic analysis focuses. Throughout his political economy Ricardo made use of this temporal-sequential organisation, from the idea of labour as the source of value, to the understanding of historical population growth, to the dynamics of the income distribution and to the economic consequences of land utilisation.

The second consequence relates to the notion of scarcity in political economy. This new knowledge brought the scarcity to its core, considering economic phenomena through the idea that there are a perennial miserly in nature, what is a result of man and his finitude. Foucault ([1966] 1970, 257) avowed: “nineteenth century economics will be referred to an anthropology as to a discourse on man’s natural finitude.” According to this, political economy examines labour, because it is through labour that man will be incessantly fighting against his demise, his death. Foucault then claimed that *homo economicus*: “is the human being who spends, wears out, and wastes his life in evading the imminence of death.” (Foucault [1966] 1970, 257). He does this through labour as the basic process of political economy.

Once again, Foucault differentiated the meaning of “scarcity” in the modern episteme from the concept possessed in the days of the classical episteme – as in Galiani’s *rarità*. In the classical episteme, scarcity was strictly linked to man’s needs, which were fulfilled by the generosity of land – as in the Physiocracy – and were the essence of value – as with the utilitarians. From the period of Ricardo onwards, scarcity became a sign of fundamental insufficiency. In that context, population growth was to be apprehended by this perennial facing of natural scarcity, and concepts like the theory of diminishing marginal returns would become an emerging possibility. According to Foucault: “At every moment of its history, humanity is henceforth labouring under the threat of death: any population that cannot find new resources is doomed to extinction; and, inversely, to the degree that men multiply, so they undertake more numerous, more distant, more difficult, and less immediately fruitful labours.” (Foucault [1966] 1970, 256).

Finally, the ultimate consequence of modernity in economic thought is related to the completion of the economic sequences elaborated under the first consequence. Foucault claimed that political economy revealed the historicity of its subject matter and saw the history of economics as the formation of a progressive inertia, as a gradual suspension of its own history (Foucault [1966] 1970, 258–63). In plain English, Foucault was stating that in political economy the time sequences always have a moment of standstill.

According to Foucault, the Ricardian theory reveals this characteristic of the modern episteme in its conclusion of a steady state (Foucault [1966] 1970, 258–9). Foucault labelled Ricardo’s variety of sequence completion as “pessimistic”: “finitude and production will be exactly superimposed to form a single figure. Any additional agricultural labour would be useless; any excess population would perish.” (Foucault [1966] 1970, 261–2).

Foucault ([1966] 1970, 260–1) analysed another notion of finitude in political economy, which was incorporated in the work of Marx. Foucault named it the “revolutionary promise” variety. There was not exactly a suppression of history in Marx’s work, but rather a reversal. Although, from the point of view of the archaeology of knowledge, that reversal is also a confirmation of the presence of the same finitude, for “then alone will a time begin which will have neither the same form, not the same laws, not the same mode of passing.” (Foucault [1966] 1970, 261). Whilst Ricardo pointed out to “an indefinite deceleration”, Marx saw a “radical reversal” as “the fulfilment of an end to history.” (Foucault [1966] 1970, 262).

When referring to Marx’s work, Foucault ([1966] 1970, 320) named this need and the search for completion in political economy as eschatology (*eschatologie*). According to Little (2012), the term eschatology signifies a religiously inspired attempt to find a meaning, directionality or a pre-defined structure while relating events to a ordained Divine plan. Generally, in the Western religious and philosophical thought, this godly determined plan is supposedly to have an ultimate event. Therefore, eschatology can be interpreted as the doctrine of the last things or the end of history (Bruseke and Romantismo, 2004). In this sense, it is possible to argue that Foucault’s eschatology can be equate to what other philosophers generally name teleology. The main difference between the two terms is that the word eschatology refers to a godly inspired finality or completion, whereas teleology takes a more secular denotation. It is very likely that Foucault employed the term eschatology instead of teleology because he wished to emphasise the fact that in the

modern episteme man took the place of God as the transcendental object.⁷ This change resulted in that which Foucault termed “analytics of finitude” and was problematic as a possibility of knowledge, since it placed a finite being – man – in God’s position.

Our understanding of this issue is supported by Nietzsche’s influence on Foucault’s critique of teleological systems, as has occurred with other French post-structuralist intellectuals like Jacques Derrida and Jean-François Lyotard (Choat, 2010, 15–6). In particular, Choat (2010, 98) asserts that Foucault took Lyotard’s meaning for eschatology, which signifies the achievement of a promised finality. Indeed, the difference between eschatology and teleology in Foucault’s work could be discussed further, but it not an overstatement to equate eschatology and teleology for the limited purposes of this paper.

Thus, it is possible to say that Foucault identified, in political economy, a characteristic that Veblen had emphasised and condemned fiercely in his methodological work: the economist’s teleological method. Foucault was actually focusing his investigations on European thought, as he often referred to in his archaeology in *The Order of Things*, and it seems that he completely ignored what was happening on the other side of the Atlantic.

Besides that, Foucault provided an insight which could be considered to be an explanation as to why Veblen’s economic ideas were diverging from other political economies. Foucault actually argued that there were some fundamental differences between economics and biology, in spite of the same epistemic conditions that was the basis for them. This is what helps us to understand why Veblen introduced such a peculiar way of thinking into economics.

Foucault summarises these differences as follows. According to him, political economy adopted a triple foundation: irreducible needs (scarcity), the objectivity of labour (a causal series orientation), and the end of history (a completion for the causal series) (Foucault [1966] 1970, 279). Biology conceived that: a certain individuality of life was only a precarious moment doomed to destruction, the objectivity of things was mere appearance, and, in complete opposition to the third foundation of political economy, it is impossible to impose a limit of duration upon life (non-completion for the causal series). In biology, contrary to what was happening in economic thought, there was no “end of history”, because there was an eternal recommencement of life (evolutionism). Foucault writes: “Where one mode of thought [political economy] predicts the end of history, the other [biology] proclaims the infinity of life” (Foucault [1966] 1970, 279). Foucault concluded with the following statement, which is indeed very inspiring, when taking into consideration how the introduction of Veblen’s institutional economics could be considered a crucial moment in the history of economic thought:

Is this opposition [between biology and economics] the sign that from the nineteenth century the field of knowledge can no longer provide the ground for a reflection that will be homogeneous and *uniform* at all points? Must we admit that from now on each form of positivity will have the ‘philosophy’ that suits it? Economics, that of a labour stamped with the sign of need, but with the eventual promise of the great reward of time? Biology, that of a life marked by the continuity that forms beings only in order to dissolve them again, and so finds itself emancipated from all the limitations of History? (Foucault [1966] 1970, 279).

This excerpt, from Foucault’s *The Order of Things*, needs to be apprehended, bearing in mind that he only considered European thought in his Archaeology. The argument here is that Veblen was capable of crossing the “philosophy that suits” economics, bringing the refusal of teleology, which in the modern episteme is characteristic of biology, to political economy. Thus, in the next section of this paper we discuss how the Veblenian system of political economy and his critique of the political economy are rooted on the conditions of a modern episteme.

4. A Foucauldian gaze on Veblen’s institutionalism: the three consequences

4.1. *The causal series in Veblen’s system of political economy*

As the author of a system that was born under the discursive conditions that established the notion of causal series as a way of organising political economy, Veblen could hardly be regarded as being outside of the modern episteme. Veblen’s institutionalism is in complete agreement with that condition of possibility. Causal series, as it appears in the Veblenian economic thought, manifests itself in both his methodological claim and in his research protocol.

⁷ We thank one referee of this journal for pointing us to this possible interpretation.

In his first and possibly most important methodological essay – *Why Is Economics Not an Evolutionary Science?*, while arguing that economics should become an evolutionary science, he asserted: “Any evolutionary science, (...), is a closed-knit body of theory. It is a theory of a process, of an unfolding sequence.” (Veblen [1898a] 1994b, 58).⁸

Following this methodological device, Veblen made this temporal orientation even more explicit in one of the most important synopsis of the logic in his system of political economy. In *The Theory of the Leisure Class* (TLC hereafter):

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 the fittest habits of thought and to a process of enforced adaptation of individuals to an environment which has progressively changed with the growth of community and with the changing institutions under which men have lived. Institutions are not only themselves the result of a selective and adaptive process which shapes the prevailing or dominant types of spiritual attitude and aptitudes; they are at the same time special methods of life and of human relations, and are therefore in their turn efficient factors of selection. So that changing institutions in their turn make for a further selection of individuals endowed with the fittest temperament, and a further adaptation of individual temperament and habits to the changing environment through the formation of new institutions (Veblen [1899] 1994d, 188).

It should be noted that, in the above quotation the terms referring to time, such as *progress*, *evolution*, *change*, in particular, *process*, prevail in what is being enunciated. Veblen definitely aimed to formulate a theory in which events would follow a succession in time, and this chronological series could not be compounded except through causal relations. The causality should then be interpreted in a very straight forward sense: specific causes lead to specific effects. Causality, in this sense, pervades the Ricardian and Marxian political economies, as well as Veblen’s evolutionary propositions.⁹ Therefore, this temporal dimension and its underlying causal relations also spread through Veblen’s research protocol to establish evolutionary links between two fundamental categories: instincts and institutions.

Instincts in Veblen’s economic thought are regarded as human characteristics that are biologically established in the form of primary propensities and that outline the objectives pursued by men. In *The Instinct of Workmanship and the State of Industrial Arts* (TIWO hereafter), his book of 1914, Veblen claimed: “. . . ‘instinct’, in the narrower and special sense to which it seems desirable to restrict the term for present use, denotes the conscious pursuit of an objective end which the instinct in question makes worth while.” (Veblen [1914] 1994f, 5). Significantly, the manner through which men pursue the accomplishment of the instinctive propensities is the human intentionality locus in Veblen’s socio-economic theoretical system. In this special sense, Veblen asserted that human action is “teleological” (Veblen, 1994 [1914f], 3, 31–2). By stating that the action is teleological, Veblen was pointing out that men deliberate and purposefully choose a course of action. Later in this article we show how this teleological action in individual level can lead to a non-teleological process in the social level.¹⁰

Veblen described three main human instincts which, according to him, had achieved a certain level of stabilisation during the process of natural selection. The first and the most important instinct is the *workmanship*. Veblen first suggested this instinct in an article entitled *The Instinct of Workmanship and Irksomeness of Labor*, published one year before the release of TLC, in which he aimed to criticise the classical economics that hypothesised labour as an unpleasant activity. Veblen defined this instinct as follows: “. . . a discriminating sense of purpose, by force of which all futility of life or of action is distasteful to him.” (Veblen [1898b] 1994c, 80). The second instinct is the *parental bent*, which is not only a sense of preservation of the offspring – as a relationship of consanguinity – but also of the

⁸ In *The Order of Things*, Foucault was actually very assertive in saying that the evolutionary discourse was part of the modern episteme (Foucault [1966] 1970, 151–3).

⁹ Jochen Runde asserted: “a cause of an event [includes] anything that contributes, or makes a difference, to the realisation of that event in one or more of its aspects.” (Runde *apud* Hodgson, 2004). Runde, Jochen. “Assessing Causal Economic Explanations.” *Oxford Economic Papers*, 50 (1), 1998.

¹⁰ Moreover, it is worth mentioning that, whilst deriving a non-teleological social process from individual teleological action, Veblen was pointing to a radical way to overcome that which he had criticised in pre-Darwinian economic science, namely the fact that the manner through which human behaviour is conceived defines the collective outcomes.

human species as a whole. And, the third instinct is the *idle curiosity*, which is a disposition that leads man to seek an understanding of the world, even if the acquired knowledge has no direct practical use.¹¹

However, if the instincts are what establish the basic objectives to be pursued, then it is the intelligent human decisions that create sequences of actions that will lead to the achievement of the instinctive purposes. In *TIWO*, Veblen ([1914] 1994f, 5–6) asserted: “The ends of life, then, the purposes to be achieved, are assigned by man’s instinctive proclivities; but the ways and means of accomplishing those things which the instinctive proclivities so make worthwhile are a matter of intelligence.” Following this line of logic, Veblen then stated that the ways and means situated between primary impulses and their achievements could develop into institutions: “Under the discipline of habituation this logic and apparatus of ways and means falls into conventional lines, acquires the consistency of custom and prescription, and so takes on an *institutional character* and force.” (Veblen [1914] 1994f, 7). Since there is a trend for the increasing of the social interactions and the “body of knowledge” of a community, the institutional network that governs social life becomes more complex and multifaceted.

Taking these dynamics between the instincts and the institutions, we can then conclude that Veblen organised his system of economics employing a temporal and causal dynamics. In a nutshell, time in Veblen’s institutionalism can be apprehended as follows: firstly, instincts lead to actions that are designed with the purpose of achieving instinctive goals; and then, these actions become habits and institutions.¹²

We believe that Veblen’s work mostly consists of variants on the application of this type of research protocol, relating instincts and institutions for studying a variety of issues regarding the economy and the society as whole. The transforming of the actions that pursue the instinctive propensities into institutions were often illustrated in Veblen’s *oeuvre* by examples drawn from both history and everyday life, but most of all from anthropology.

4.2. Scarcity as a fundamental element of Veblen’s institutionalism

In Veblen’s work, the struggle against the fundamental scarcity is an essential human characteristic, and therefore becomes basic in one of the central concepts of his system of political economy: the instinct of workmanship.

Using an evolutionary argument, Veblen said about the classical hypothesis of aversion to work: “If such an aversion to useful effort is an integral part of human nature, then the Edenic serpent should be plain to all men, for this is a unique distinction of the human species. (. . .) Under the selective process through which species are held to have emerged and gained their stability there is no chance for survival of a species gifted with such an aversion to the furtherance of its own life process. (Veblen [1898b] 2010, 187).”

Therefore, in Veblen’s economics, the aversion to work is not a fundamental inclination of human beings, or an element of the *homo economicus* nature, but rather a convention, an institution, something that appeared throughout the history of human life in society.¹³ Thus, from this interpretation of human inclination, it is possible to grasp Veblen’s system as an intellectual construction in which man seeks a permanent escape from the imminence of his demise through labour.

It should be noted that Veblen himself considered that his most important contribution was an anthropological view of history, where the stages of the evolution of society were analysed in terms of catalisation, or mitigation, that the institutions had on the instinct of workmanship as a basic human propensity.¹⁴

According to Veblen, there were four stages in the history of human society: a peaceful savagery, barbarism, the era of handicraft, and the machine era. The alignment between the institutional network and the instinct of workmanship

¹¹ We consider debatable if Veblen has added a fourth instinct, which would have a negative connotation: the *predatory* instinct. Diggins (1999, 71) argued that this instinct was presented in *TLC*; however, the same author asserted that this instinct, while a natural and independent human propensity, was not in Veblen’s late works.

¹² That instincts are modified by the action of institutions is proposed as much more difficult, but it was admitted by Veblen in two passages (Veblen [1899] 1994d, 244; [1914] 1994f, 35–6).

¹³ As for the workmanship instinct and antipathy to useful effort, Veblen ([1898b] 1994c, 82) wrote: “There can scarcely be a serious question of precedence between the two. The former [instinct of workmanship] is a human trait necessary to the survival of species; the latter [antipathy to useful effort] is habit of thought possible only in a species which has distanced all competitors, and then it prevails only by sufferance and within the limits set by the other.”

¹⁴ The work is *TIWO*, which the founder of institutionalism planned to write after the publication of *TLC* (1899), but that was only published in 1914. It is possible to say that the introductory chapter of this book is a kind of a methodological chapter of the Veblen’s system of political economy. More about how Veblen considered this to be his most important work can be found in Dorfman (1947, 324).

stabilised during the period of peaceful savagery (since this inclination was vital to human survival). But, it was hindered during the period barbarism. Then, surfaced again during the era of handicraft (Veblen [1914] 1994f).¹⁵ For Veblen, this stage of handicraft coincides with the emergence of capitalism, and was the time narrated in *The Wealth of Nations*.¹⁶

The historian Peter Cain, 1994(ix–x) observed the very clear similarities between the Smithian and the Veblenian economic thoughts. In the Smithian political economy, the economic growth and the welfare of the average man was dependent on the proportion of productive labour in relation to the non-productive one, together with a division of labour. The Smith's dichotomy of labour between productive and unproductive only makes sense in an epistemic environment founded on a fundamental scarcity. This is also made clear in Veblen's economic thought, even if slightly modified, as he did not exactly embrace Smith's concept of productive labour, he did use a notion about productive and non-productive activities in the core of two of his most important works.

In *TLC*, the aim was to assess the “place and value” of the leisure class as an economic factor of modern life. Hence, the emergence of this class is depicted as a result of the separation between two types of labour. In the process of institutional evolution of society, as already discussed in *The Instinct of Workmanship and Irsomeness of Labor*, the stabilisation of emulation and of invidious comparison as instances of social life has transformed productive labour – the one responsible for the maintenance of life – into unworthy labour, which began to be regarded as suitable only for inferior individuals. The leisure class was the result of this process, which could be apprehended as the mitigation on the influence of the instinct of workmanship on economic life. For the members of the leisure class, only the labours related to war, to religious observances, to government and to sports are worthy. This meant that unproductive labour, since unrelated to the maintenance of life and to the survival process that stabilised the workmanship instinct as a human characteristic, was respected and valued in terms of emulation and invidious comparison (Veblen, [1899] 1994d, passim).¹⁷ The existence of a leisure class – a portion of the population that could systematically abstain from productive labour – was an institution that denied the fundamental human characteristic of struggling against extinction through labour. Furthermore, other institutions that appeared as a result of the emergence and strengthening of the leisure class, such as the conspicuous consumption and the conspicuous leisure, also seems to diverge from that modern human characteristic which aimed to surpass the nature of scarcity.¹⁸ Nonetheless, in spite of focusing the analyses on those individuals that avoided productive labour, Veblen's study about the rise of the leisure class demonstrated a primary concern with fundamental scarcity, which was emphasised by Foucault.

However, a second influential consideration about the dichotomy of productive and unproductive labour on Veblen's system was also manifested itself by what he termed as *pecuniary activities* as opposed to *industrial occupations*. Veblen first introduced this theme in *Industrial and Pecuniary Employments*, which was published for the first time in 1901, and became the core of his second book *The Theory of Business Enterprise*, whose first edition appeared in 1904.¹⁹

For Veblen, the activities related to the “vendibility” of industrial goods, to use a Veblenian term, were wasteful, simply unproductive efforts. Commenting on the direction that business men imparted to the industrial system, Veblen ([1904] 1994e, 51) wrote: “The vital point of production with him [the business man] is the vendibility of the output,

¹⁵ Veblen ([1914] 1994f, 234) asserted: “Under the handicraft system, and to the extent to which that system shaped the situation, the instinct of workmanship again came into a dominant position among the factors that made up the discipline of daily life and so gave their characteristic bent to men's habit of thought.” And he said about the handicraftsman of this period: “... [he] owes nothing to inherited wealth or prerogative, and he is bound in no relation of landlord or tenant to the soil. With his slight outfit of tools he is ready and competent of his own motion to do the work that lies before him, and he asks nothing but an even chance to do what he is fit to do.” (Veblen, [1914] 1994f, 235).

¹⁶ Veblen ([1914] 1994f, 237) wrote: “Adam Smith consistently speaks of industry in terms of manual workmanship, [...]. He writes during the opening passages of machine era, but he speaks in terms of past industrial era, from which his outlook on the economic situation and his conception of normal economic relations had been derived.”

¹⁷ In *TLC*, Veblen wrote: “For this class also the incentive to diligence and thrift [the instinct of workmanship] is not absent; but its action is so greatly qualified by secondary demands of pecuniary emulation, that any inclination in this direction is practically overborne and any incentive to diligence tends to be of no effect. The most imperative of these secondary demands of emulation, as well as the one of widest scope, is the requirement of *abstention from productive work*.” (Veblen [1899] 1994d, 36).

¹⁸ In *TLC*, consumption and conspicuous leisure are the practices of consuming and refraining from work for the sole purpose of acquiring *social* status, i.e., they are consumption and leisure only for emulating motivation, invidious comparison.

¹⁹ In a previous article, published in *The Journal of Political Economy* in 1892, entitled *Overproduction Fallacy*; one can identify the first ideas that would be developed throughout his career, and would be the core of *The Theory of Business Enterprise. Absentee Ownership and Business Enterprise in Recent Times*, which was Veblen's last book, published in 1923, replacing, in another perspective and repeating similar themes (Veblen [1892] 1994a, [1923] 1994g).

its convertibility into money values, not its serviceability for the needs of mankind. A modicum of serviceability for some purpose or other, the output must have if it is to be salable. But it does not follow that the highest serviceability gives the largest gains to the business man in terms of money, nor it follow that the output need in all cases have other than a factitious serviceability.”²⁰

Hence, it is possible to see Veblen’s political economy, in both *TLC* and his work of 1904, as a body of modern knowledge that is conveyed by the fundamental problem that haunts and moves man in his economic life: scarcity. That is why, from a Foucauldian perspective, it is indeed possible to identify Veblen’s economic thought as a political economy.

4.3. *The third consequence: Veblen’s system against teleology*

According to [Abbagnano \(2000, 457\)](#), teleology or finalism is “the doctrine of causality of the end”. This implies that, in terms of causal explanations, the teleological explanation of an event consists of a fitting of the event in a trend towards a conclusion, usually set by a religious, a political or a metaphysical preconception. For the ancient Greeks, more specifically Anaxagoras (500–428 BC), the finalistic teleological explanation was an accepted kind of causal explanation of the phenomena. Moreover, Aristotle (384–322 BC) classified causality into four types: material, efficient, formal and final. For the purpose of this paper, efficient and final causes are the most important to be considered.²¹ As the term “final” implies, they refer to causalities of the teleological type, for they are conducted by a final cause that acts as a “universal attractor” of events. As for the “efficient” type, they are a form of causality that assumes that an event is the effect of a previous cause, and which, in a temporal sequence, can become the cause of other events.

Thorstein Veblen consistently classified all the political economies that had preceded him, and even those that were contemporary to him as theoretical structures based upon final causalities. That is why Veblen denominated his political economy as post-Darwinian, unlike the physiocratic, classical, Marxian, German Historicist and neoclassical economic thoughts, which, according to him, would have been regarded as pre-Darwinian.

5. The refusal of teleology in Veblen’s methodology and theoretical explanations

Recently, [Liagouras \(2009, 1054–5 – emphasis added\)](#) restored one of the central aspects of the Veblenian system of political economy: “Veblen, *in his work as a whole*, 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.”²² In this quotation, Liagouras, whilst observing the absence of teleology in the Veblenian system, identifies a very strong characteristic of Veblen’s work: its consistency between his methodological manifesto and his writings. In one typical example of his methodological advices, [Veblen \(\[1898a\] 1994b, 61 – emphasis added\)](#) affirmed: “The great deserts of the evolutionist leaders – if they have great deserts as leaders – lie, on the one hand, in their refusal to go back of the colourless sequence of phenomena and seek higher ground for their ultimate synthesis, and, on the other hand, in their have shown how this colourless impersonal sequence of cause and effect can be made use of theory proper, by virtue of its cumulative character.”

A prime example, very revealing regarding his opposition to teleology can be noted when he stated that one of his fundamental categories, the instinct of workmanship, could lead the economic system to multiple ends. In *TIWO*, there is what Veblen referred to as *self-contamination of workmanship*. That fundamental inclination was able to lead the

²⁰ Veblen went so far as to point out that the portion of the activities related only to businesses would achieve, in some extreme cases, 90% of the total cost of goods ([Veblen \[1904\] 1994e, 60](#)). Another important aspect regarding this application of the Veblenian system is its analysis of mergers between companies that resulted in savings in production costs, which largely derived from the lower costs involved in business activities. At this point [Veblen \(\[1904\] 1994e, 46\)](#) propounds to a principle that refers to something resembling the modern notion of transaction costs: “The amount of ‘business’ that has to be transacted per unit of product is much greater where the various related industrial processes are managed in severally than where several of them are brought under one business management. A pecuniary discretion has to be exercised at every point of contact or transition, where the process or its product touches or passes the boundary between different spheres of ownership.”

²¹ Veblen’s understanding of causality was profoundly influenced by Charles Sanders Peirce’s pragmatic philosophy, which only considered that efficient and final causes were significant.

²² [Hodgson \(2004, 148\)](#) affirmed something in the same sense: “Contrary to some Marxist and neoclassical thinking, Veblen hinted that multiple futures are possible. (...) History has no pre-ordained destination.”

social system to paths of development that would oppose the results which can be expected as the obvious results of an instinctive rejection to futile efforts.

Based on anthropological studies of his own time, Veblen analysed what he called *anthropomorphic and animistic beliefs* of primitive peoples worldwide. He defined these beliefs in *TIWO* as follows: “the naïve imputation of a workmanlike propensity in the observed facts.” (Veblen [1914] 1994f, 52–3). As an example, Veblen mentioned the custom of certain native peoples of North America to impute human characteristics to the clay from which they used to do pottery (Veblen [1914] 1994f, 56–7). Veblen ([1914] 1994f, 53) explained how and why that habit established through the instinct of workmanship’s influence:

The reason of this imputation of conduct to external things is simple, obvious, and intimate in all men’s apprehension; [. . .]. All facts of observation are necessarily seen in the light of the observer’s habits of thought, and the most intimate and inveterate of his habits of thought is the experience of his own initiative and endeavors. It is to this “apperception mass” that objects of apperception are finally referred, and it is in terms of this experience that their measure is finally taken. (. . .). The sense of workmanship is like all human instincts in the respect that when the occasion offers, the agent moved by its impulse not only runs through a sequence of actions suitable to the instinctive end, but he is also given to dwelling, more or less sentimentally, on the objects and activities about which his attention is engaged by the promptings of this instinctive propensity.

According to Veblen, the origin and development of this type of behaviour, together with the complexity of its instantiations, would give rise to a common belief in providential interference in human life, and would form a social fact – the institutionalising of the behaviour – from which teleology would then emerge as a means of intellectual development (Veblen, [1914] 1994f, 59).

For the author of *TIWO*, this self-contamination of workmanship would be “the most obstructive derangement that besets workmanship” (Veblen [1914] 1994f, 52). In Veblen’s analysis, the attribution of anthropomorphic characteristics to real phenomena appears as the first obstacle in achieving the goals established by the instinct of workmanship.

Veblen contrasted the animistic understanding of reality to the matter-of-fact understanding that captures the phenomena in an impersonal, objective, and non-emotional way. In a sense, it is possible to interpret the self-contamination of workmanship as a radicalisation of a search for non-teleological theory. This is the case because even when considering his less changeable or more solid concept, that is the instinct of workmanship, his non-teleological approach could lead to differing paths from those consequences most obviously expected. This is why Geoffrey Hodgson interprets Veblen as a social theorist that adopted a stratified ontology, which means that in his theory emergent properties appear when passing from the individual to the social level. In Hodgson’s (2004, 32) own words: “Essentially, in *stratified ontologies*, what separates one layer from another is the existence of *emergent properties* at the higher level. (. . .). A property may be said to be *emergent* if its existence and nature depend upon entities at a lower level, but the property is neither reducible to, nor predictable from, properties of entities found at the lower level.” Therefore, Veblen’s system shows how teleological action in the individual level could generate a process that could result in unexpected (so, non-teleological) consequences in the aggregate (social) level. In fact, there are many applications of these processes based on finding emergent properties in Veblen’s works.

Another example that is worth mentioning regarding Veblen’s attachment to his non-teleological research protocol can be taken from his first major work *TLC*. In this work, Veblen included a very interesting chapter entitled *Survivals of the Non-Invidious Interests*, in which he analysed institutions that could counteract the tendency that the existence of a leisure class seemed to inflict on the social system (Veblen [1899] 1994d, 332–62). Veblen, who had always been ambiguous and apparently refused to display a final verdict about the future, examined the tenacity of some institutions like charity and good fellowship (conviviality), together with other human manifestations of solidarity and sympathy. There, he argued that the leisure class, which was predominantly harmful to the goals posed by the workmanship, could become a catalyst for the permanence of the motivations related to the attitudes like charity.

Specifically, Veblen explained how charity became an attitude pursued by the leisure class members as a symbol of status. Charity, for the leisure class members, was interpreted as a sign of wealth and of leisure time availability, which were the two main characteristics that assigned points in the system of status of the leisure class. Thereby, since the leisure class members started doing charity regularly, it was established as a habit, and then became an institution. Once again, in this second example, Veblen took an element that seemed to lead to an expected path of development, and analysed how it could actually lead to a divergent result, an emergent property in the terms defined by Hodgson (2004).

In the next section, these theoretical applications and their methodological directives will be analysed as innovative features of Veblen's political economy. Given that Veblen's system of political economy, as demonstrated above, is in agreement with the first and the second consequences of the modern episteme for political economy, the focus will be on the third one, since this is where Veblen's system seems to be detached.

6. Veblen's refusal of teleology and its place in the modern episteme

In a section of *The Order of Things* entitled *Ricardo*, Foucault wrote about the finalism in the modern episteme: “[K]nowledge is no longer constituted in the form of a table but in that of a series, of sequential connection, and of development [. . .], for *historicity* will have been superimposed exactly upon human essence. The flow of development, with all its resources of drama, oblivion, alienation, will be held within an anthropological finitude, which finds in them, in turn, its own illuminated expression. *Finitude*, with its truth, is posited in *time*; and *time* is therefore *finite* (Foucault, 1970, 262–3).”

Foucault then suggested ways for surpassing this element of the modern positivities: “This arrangement maintained its firm grip on thought for a long while; and, Nietzsche, at the end of the nineteenth century, made it glow into brightness again for the last time by setting fire to it. [. . .] It was Nietzsche, in any case, who burned for us, even before we were born, the intermingled promises of the dialectic and anthropology (Foucault, 1970, 263).”

Amariglio (1988, 599) drew attention in his article to the fact that the French philosopher, when writing about the epistemes, not only described them, but went beyond that: “Foucault welcomes the passing of the modern episteme; he believes it is taking place currently through the decentering of a variety of discursive forms.” The archaeology is more than just a way of looking at the discourses and describing the positivities in knowledge, it is a critique. Amariglio (1988, 600) wrote about what he understands to be Foucault's purpose: “Foucault makes clear in the introduction to the English edition of *The Order of Things* and in *The Archaeology of Knowledge*, his is not an antiquarian project. Indeed, Foucault is interested in intervening actively in the present construction of knowledge, and his later works, especially *Discipline and Punish* and the several volumes of the *History of Sexuality*, are clearly attempts to locate, in the present, a way out of the humanism and essentialism of modern discourses.”

Amariglio also stressed that Foucault could not identify any sign of surpassing the modern epistemic conditions in the economic thought, although some indications could be found in other discourses of knowledge (Amariglio, 1988, 599). One might consider that it was not by chance, that in the section that Foucault entitled “Ricardo” in *The Order of Things* and where he analysed Marx's political economy, Foucault went on to describe, more vehemently, the finalistic – teleological – characteristic of the modern episteme in the economic thought.

As did Foucault, Veblen identified teleology as a significant characteristic of the political economy. However, Veblen went on to demonstrating methodological ways to overcome it. Veblen, definitely, sets out the foundations for a new method, a new theoretical system within political economy, insofar as he built a research protocol that engendered a non-teleological analysis of economy.

In following Amariglio's suggestion, this could be seen as a step towards postmodernism, since Veblen is surpassing a fundamental epistemic condition of economic thought. Actually, when analysing postmodern moments in economics, Amariglio (1988, 600–2) located some postmodern conditions, such as “a strong antihumanism, a desire to decenter economic analysis, a rejection of the primacy of anthropocentric categories of analysis, a refusal of historicism, and a denial of epistemologies that rely on a subject/object distinction.” Amariglio even emphasised that the Marxist tradition that started with Foucault's professor Louis Althusser was an instance within this new configuration of thought.

However, for the authors of this article, Veblen's economics did not represent a shift towards postmodernism. As mentioned above, it is undoubtedly clear that, given the emphasis that Veblen put on refusing teleology, his work represented a break in relation to a fundamental element of economics in the modern episteme. Nonetheless, Veblen could promote such a change in political economy because he was inspired by the evolutionist thinking, which in Foucault's system constituted a modern discourse of biology. Besides, Veblen's political economy is embedded in the two other consequences of the modern episteme for economic thought. Therefore, we must still consider Veblen as an author who abused the categories that focused on man, with his analyses of instincts being an example of this.

It has still to be emphasised that Foucault was completely silent when it comes to the characteristics of what can be regarded as postmodern economic thought. Moreover, if political economy, as it emerged, is only related to its own modern epistemic conditions, in a strict Foucauldian sense, it would be reasonable to infer that the economic thought in a postmodern episteme would be something completely different from what we call political economy today. Another

important aspect to be considered is that, if archaeology is an *ex post* exploration, a postmodern economic knowledge could only be identified when its characteristics were at least reasonably solid.

Hence, This article wants to stress that one of the most crucial and influential contributions of the Veblenian critique – particularly in what concerns the method and theory of economics – was the way he, inspired by what was going on in another science, introduced to economics a method that disowned teleology. And, he accomplished that by keeping the two first consequences above mentioned as aspects of his own system of political economy. He was not trying to criticise *scarcity* as the specific object of economics. Also, he preserved the organising principle of *causal series* to the study of economic phenomena, which places his system close to other approaches to political economy even today. His uniqueness was in surpassing a disciplinary boundary, while keeping the same conditions of possibility of knowledge set by the modern episteme.

Furthermore, when analysed under the light of Foucault's archaeology, Veblen's proposal can be interpreted as a discourse "waiting to happen". Foucault's archaeology of knowledge is marked by the existence of strong discontinuities between different epistemic periods in the history of knowledge. In *The Order of Things* there were two radical discontinuities separating three epistemes. On the other hand, it is fundamental to keep in mind that within the same epistemic conditions there are not thick borders separating different sciences. Because political economy and biology shared the same conditions of possibility, they must be open to interdiscursive practice between themselves. Therefore, a Foucauldian way to read the critical moment of the history of economic thought focused here is that, *in the modern episteme, the total set of relations that unite the discursive practices gave rise to the epistemological figure of non-teleology in economics, and, in particular, this happened in a set of texts associated to the author called "Veblen"*.²³

7. Final remarks

Beyond demonstrating the use of the Foucauldian archaeology in the consideration of the emergence of a unique method in the history of economic thought, this paper sought to understand some essential epistemic conditions – ontological and epistemological – that allowed the emergence of Veblen's institutionalism and its distinctiveness in relation to other political economies before him. Hence, the study showed that Veblen's theoretical system proposed a non-teleological approach to economic thought, which was possible due to the existence of some conditions of possibility of knowledge that political economy shared with biology.

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²³ Once more, we thank one referee of this journal for pointing us to this possible interpretation.

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