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# Commons, Veblen and Inequalities: Looking Up or Down?

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# Commons, Veblen and Inequalities: Looking Up or Down?

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## Introduction

The growth of economic inequalities in recent decades has given rise to multiple studies that approach the issue from different angles. Thomas Piketty (2013) focuses on the haves, the first decile and even the first percentile. Angus Deaton (2013), on the other hand, analyses at length the downgraded categories of the population. For his part, Branko Milanovic (2016) reasoned at the global level by distinguishing inequalities between countries and those between the individuals who inhabit countries. At a time when the old institutionalism is emerging, the United States is also in a dynamic of unequal distribution of resources. It is so strong that, in his famous intervention in which he tries to define the contours of this intellectual current, Walton Hamilton (1919) explains that the very notion of an institution, which is one of its major characteristics[1], must be thought of in relation to the distribution of income. Institutional change should only be considered in this perspective. This article explores how two of the central figures of institutionalism, John R. Commons and Thorstein B. Veblen address the issue. Although both are shocked by the rise in inequality, there is indeed a discrepancy between them. Commons has his eyes turned towards the lower classes while Veblen is obsessed with the behavior of the elites[2].

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This result may seem paradoxical. The political positions of the two men are well known. Veblen is a radical (Dugger and Sherman, 1994; Edgell and Townshend, 1993; Tilman, 1996) and Commons a reformer (Chasse, 2017; Harter Jr., 1962), relating himself to a form of social "conservatism" (Commons, [1934] 1964). One would expect a person like Veblen who rejects the system to refer to its injustices, to the suffering they generate like European revolutionary thinkers in the nineteenth century. This is not what Veblen does. Besides, his argument is based on a social division that is more American than European (section 2). As for Commons, he is surprisingly moderate. However sensitive he may be to the socio-economic situation of the poor, he is not led to adhere to a strategy of rupture - this at a time when a class struggle fed by the Marxist theory is present in the backdrop of his work. It is even likely that his intimate knowledge of the most vulnerable categories has contributed to his preference for immediate improvements, without risk, although they are less ambitious. To this end, the help of the elites is partly essential (section 3). Before that, the historical context, *id est* the explosion of economic disparities that Commons and Veblen have witnessed, will be described (section 1).

## I. The Growth of Inequalities

The period between the end of the American Civil War and the very beginning of the twentieth century is called the "Gilded Age" (Cashman, 1984; Morgan, 1963; White, 2017). The somewhat ironic wording reveals a mixed picture of the era, to say the least. Economic performance is accompanied by problems that arise in the political and social spheres[3]. The figures for economic growth are indeed striking. The post-war reconstruction combined with a forced-march industrialization led to an annual growth rate of more than 4%, or about 300% over 30 years despite a few episodes of depression. The economic landscape is changing with the naked eye. Large production units are developing at a frenetic pace. The share of agriculture in the national wealth has decreased from more than a

[1] In addition to institutions, Hamilton (1919) invites to integrate the ideas of process, social control and a more realistic theory of human behavior.

[2] Commons and Veblen propose other stratifications, notably according to gender (Jennings, 1998; Leonard, 2016) and race (Leonard, 2016; Zouache, 2017) which are not incompatible with this social division. But these representations are not the core of Commons and Veblen's approach.

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quarter to 15% over these few decades, while the evolution of industry has followed exactly the opposite path. This relative decline is measured in parallel by the drop in the share of peasants in the working population whereas they used to make up more than half of the workforce.

This economic boom first occurred in the extractive and heavy industries before spreading to the other sectors. A phenomenon of concentration accompanies it. The omnipotence of these quasi-monopolies that dominate the country's economy is scaring. The contradiction between their interests and those of the population is so apparent that it forces the legislator to intervene in 1890 with the Sherman Act. As the problem remains unresolved, an Industrial Commission appointed by President William McKinley also meet between 1898 and 1902 to reflect on it more systematically[4]. However, the influence of these mastodons is not limited to setting high prices. Collusion between economic and political circles causes scandal after scandal. They are denounced by journalists or "muckrakers" who describe a society in which corruption reigns. As a result, the image of the great industrial magnates is not uniform (Folsom, 1987). Some people are full of admiration for their remarkable success. For these scholars, men like John Davidson Rockfeller and Andrew Carnegie maintain the myth of the self-made-man (Morris, 2006). Others detect beings bereft of morals, convinced that no-holds-barred - hence the nickname of "robbers barons" with which they were labelled by their detractors (Josephson, 1934).

The social issue is an additional flaw in this economic expansion. The increase in gross national product per capita is only 2 per cent and not only because 14 million immigrants have had to be absorbed in 40 years. The fruits of growth are not fairly distributed. The power relationship between capital and labor is not balanced. The Homestead conflict in 1892 is emblematic of this state of affairs: the clash between the managers of the firm which belonged to Carnegie and a union of skilled iron and steel workers turned against the latter, who even end up crushed by it. As a result of this setback, the number of unionized workers in the steel industry fell drastically from 24 000 to 10 000 in eight years. Two years later, the Pullman strike confirmed the supremacy of companies. The strike movement supported by a boycott of unionized railway workers against the company producing railway cars ended with an intervention of federal forces in Chicago to stop the strike. It is the workers and trade union leaders who will be convicted by the courts.

It must be said that the judicial system is favorable to companies. Although freedom of association has always been a fundamental right in the United States, employers have ensured that trade union action becomes deprived of substance with the complicity of the courts. The "injunction" is its main weapon (Brody, 2003). Boycotts and even strikes are criminalized. Companies that consider themselves victims of damage that would fall within the scope of a "conspiracy" are entitled to demand immediate compensation from labour unions who defy them by defending their interests through collective action. Any attempt to exert pressure is regarded as being tantamount to a desire to destroy the companies. The "yellow dog contracts" that condition the hiring of workers on their non-union membership was crucial in this opposition between employers and trade union organizations. When called upon to rule on the subject, the Supreme Court legalized them in 1917 with the Hitchman case.

Many segments of the population are vulnerable. Despite solid growth, the unemployment rate sometimes exceeds 10%. In the midst of a depression, the lack of available jobs forced battalions of unemployed people to march on Washington in the spring of 1894. Among these dozens of "armies", the one that its leader Jacob Coxey calls "Army of the Commonwealth in Christ" is certainly the best known and enjoys broad popular support (Debouzy, 2003; McMurry, [1929] 1968). Its demands, which are not political but only economic, will not be met. For those lucky enough to work, the modernization of the productive apparatus or slowdowns in activity often lead to wage cuts - the strikes in Homestead and Pullman illustrate this. Since employers categorically refuse to give in to the demands of workers, the working classes live in conditions of economic insecurity and social discomfort. Inequalities are widening and entire sections of the population are living in precariousness and poverty.

Moreover, the problem is not limited to an income gap. Working hours, Sunday rest or safety are similarly variations of capital-labor conflict. The clear awareness that it is necessary to ease social tensions triggers initiatives that move in this direction. Founded in 1900, the National Civic Federation (*NCF*) is an organization that brings together business leaders, workers's representatives and experts, while being guided by a rather progressive approach (Cyphers, 2002). Its members share the conviction that a benevolent application of the law is not enough and that it is necessary to be proactive on these issues. Pioneer states, particularly Wisconsin, where Commons will play a significant role, also address the problem by legislating. In the same vein, they implement industrial commissions (Chasse, 2017; Harter Jr.,1962). Nevertheless, all these actions do not prevent the situation of workers from deteriorating in the United States (Kaufman, 1993). In this context, President Taft considers that the social "unrest" has to be handled at

[4] Enacting the *Clayton Act* in 1914 was also intended to remedy the shortcomings of this law.



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the federal level (Adams Jr., 1966). This is why he set up a National Commission on Industrial Relations in 1912[5].

This historical sequence undeniably helps to shape the thinking of Commons and Veblen. The Industrial Commission is an excellent illustration of this (Hamilton, 1998). In *The Theory of Business Enterprise* ([1904] 1978), Veblen quite often refers to its reports in footnotes. They are supposed to consolidate his thesis that companies are prepared to use any means they can to create power relations that are favorable to them and increase their earnings. According to Commons ([1934] 1990), Veblen draws excessive conclusions in terms of coercion. This example is all the more eloquent because it is one of the rare cases where one comments on the analysis of the other[6]. Usually, the two men do not rely on the same facts. Those that attract their attention are normally correlated with their political conceptions. On the theme of trade unionism, Veblen ([1932] 1934) took advantage of a survey he conducted on behalf of the Food Administration on labor problems in agriculture to show support for the demands of the Industrial Workers of the Word (*IWW*), a radical union. For his part, Commons ([1925] 1996) will react to the death of Samuel Gompers, the historical leader of the *American Federation of Labor* (AFL), by praising his conduct as responsible.

It is also important to keep in mind that the professional relationship of Veblen and Commons to this event flow is not identical either. Despite a brief interlude in the service of the federal administration during the First World War, during which he conducted his survey on agricultural issues (Dorfman, [1934] 1972), Veblen remains a pure academic. Being at an exclusively intellectual level, he does not intervene in economic life and confines himself to a position of observer. This certainly does not prevent him from commenting on current events such as the march of Coxey's army, in an academic journal (Veblen, [1894] 1934), or the Bolshevik Revolution in a newspaper with a strong political impact, *The Dial* (Veblen, [1919] 1934). But he does so each time on the basis of a pre-existing reading grid that will vary little throughout his career. The facts he selects are merely illustrations that he mentions to validate his point.

As for Commons, he is quickly becoming an actor involved in attempting to resolve economic problems. Excluded from academia, he was invited at the turn of the twentieth century to produce a report on immigration for the Industrial Commission (Commons, [1934] 1964). He then joined the *NCF* in 1902 where he eventually specialized in arbitrating or conciliating labor disputes (Cyphers, 2002; Chasse, 2017). His come back to the academic world was combined with a continuation of his reformist action in the service of Robert La Follette's administration in the State of Wisconsin. The abilities he is recognized with even earned him a seat on the National Commission on Industrial Relations (Chasse, 2017; Harter Jr., 1962). His analytical corpus was built up as these experiments progressed. The first sentence of *Institutional Economics*, « my point of view is based on my participation in collective activities from which I here derive a theory » ([1934] 1990, 1), announces it. His institutionalism is the result of his role as an actor - his legal tropism, his interest in jurisprudence should be understood in this light[7].

## II. Veblen: Targeting the Dominant Classes

In *The Theory of the Leisure Class* (Veblen, [1899] 1994, *TLC*), the solidarity which supposedly united men originally has disappeared. Individualism reigns. Veblen describes a childish confrontation between individuals, a desire to distinguish himself at any price from other men through his "conspicuous consumption" and his "conspicuous leisure"- this competition itself being synonymous with disorder and dissatisfaction since it never has an end. According to some critics (Dorfman [1934] 1972), the book would reveal mostly satire. It is intended as a caustic painting of the morals of his time. It is true that the practices of the "robber barons" appear to be completely shocking and even grotesque. Beyond the mockery, however, a theory is presented. The mechanisms underlying these behaviors are carefully dissected and how they relate to the economic situation. The second point is that all categories of the population are affected by this spiral. Its general character is attested by Veblen's reference to institutions, which are the habits of life and of thought prevalent in the community, and even to the notion of culture, which is defined by its institutions.

Veblen effectively dissociates two types of institutions, industrial institutions and pecuniary institutions. While the groups spirit leads to productive efficiency in the former, inter-individual rivalries result in a waste of collective resources in the latter. To be considered at the top of the social ladder, it is important to adopt a dilapidating attitude that ultimately penalizes society as a whole. Besides, waste is a sign of the

[5] Then, for the first time, the expression "industrial relations" supersedes "labor problems" (Kaufman, 1993). The underlying intention is to go beyond the classic framework of the opposition between capital and labor by taking into account subjects such as productive efficiency with the effects of Taylor's "scientific management".

[6] The other situation in which Commons comments Veblen - the opposite has never happened - is more theoretical: he criticizes his colleague's conception of property (Commons,[1899-1900] 1965).

[7] Commons ([1924] 1959; [1934] 1990) will thus mention several times the Hitchman case to criticize its implicit logic. The vision of a face-to-face meeting between an association of people gathered within a trade union, likely to create a "conspiracy", and a simple unit of ownership, the company, was biased, even partisan.



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"industrial exemption" from which the wealthy benefit. This scheme therefore pinpoints the upper categories and those who seek to stand out from the crowd (Veblen, [1899] 1994). Seeking to maintain its privileged position, the "leisure class" defines honorable conduct and imposes the criteria of good taste. However, the rest of the population is following in its footsteps within its means. Without being aware of what is at stake, people lend themselves to this comedy by admiring the practices of the wealthy and striving to imitate them. Consequently, Veblen's approach is binary "superior" is opposed to "inferior" or "common people" which are equivalent, "noble" faces "base".

This divide leaves little space for the poor. They belong to the inferior class without, most of the time, being dissociated from the middle class. Veblen is so obsessed with the ruling classes that commentators discuss his possible inclination for the "savage" period, *id est* a society where the life of the entire community is frugal, without superfluous consumption (Diggins, 1978 ; Dowd, 1964 ; Riesman, 1953). Whether they are right or not, it is clear anyway that the question of social status, a true indicator of the breakdown of the solidarity, takes precedence over that of the standard of living in his eyes (Veblen, [1899] 1994). The case of the penniless nobles who prefer to live in poverty rather than recognize that they need to work shows it. Similarly, consumption is not addressed through the practical service that goods can provide. As Georges Friedmann (1971) rightly points out, the function of dressing, for example, is erased in front of the symbolic dimension of the habit. These arguments confirm that Veblen's aim is not to improve the material situation of the weakest but to attack the undue advantages of the ruling class.

A passage from TLC ([1899] 1994) represents an exception to Veblen's silence on the situation of the poor. It ends with the following summary:

> "The institution of a leisure class hinders cultural development immediately 1) by the inertia proper to the class itself, 2) through its prescriptive example of conspicuous waste and of conservatism, and 3) *indirectly* through that system of unequal distribution of wealth and sustenance on which the institution itself rests" ([1899] 1994, 127, italics mine).

*The Argument is Elementary:* If institutions remain ill-adapted to the needs of community members, it is also because people who struggle to earn a livelihood do not have the energy to challenge or revolutionize the ways of thinking ([1899] 1994). They are too busy trying to survive to innovate in terms of social organization[8]. However, this is only an indirect effect and comes after the explanations previously advanced. This model is perpetuated mainly because the elites are the forerunners and the majority of the "common men" imitate them.

The statement that "the accumulation of wealth at the upper end of the pecuniary scale implies privation at the lower end of the scale" (Veblen, ([1899] 1994, 126) should not be misunderstood. Veblen explains that the "barbarian" culture which comes after the solidarity which characterized the beginnings of humanity, arose after the emergence of a surplus. This abundance of material resources has generated many desires. Men fought over their ownership; this led to the end of the peaceful era (Veblen,[1899] 1994 ; [1914] 1990). Yet, "deprivation" does not mean that some individuals have offloaded other members of the group from their own property. The best evidence is that the surplus has often been made up of people captured in conflicts with other groups. It is taken outside. Veblen argues that a differentiation has occurred within communities on the basis of specific criteria such as bravery in combat. The elite that loomed on this occasion simply siphoned off the overages for its own benefit. Inequalities have resulted from this confiscation of wealth. In this configuration, capitalism is only a particular form of barbarian society in which the search of "invidious distinctions" is only pecuniary.

In this respect, Veblen refutes Karl Marx's positions. Regardless of the indisputable political convergences between the two men (Dugger and Sherman, 1994), their conceptions are ultimately quite different (Edgell and Townshend, 1993). By transposing to production his consumption analysis, Veblen ([1904] 1990) retains the concept of waste as a guiding principle. The logic of wealth accumulation implemented by business leaders does not push them to increase production, for the benefit of the community too, but rather to develop restriction strategies. It is the artificial shortage they initiate that Veblen presents as the first factor of their economic success. The influence of the Industrial Commission is obvious. The institutionalist author even speaks of "sabotage" to describe this policy as systematic obstruction (Veblen, [1921] 1983). The main social antagonism that emerges from the pecuniary culture is between "vested interests" and "common men" - it is even the title of one of his books (Veblen,[1919] 1946). There are no poor, no proletarians, just citizens who are overwhelmed by the cartels implemented by the business community.

Therefore, the sabotage in question must not be confused with the notion of "exploitation" that Veblen criticizes in particular from an epistemological point of view. The Marxist idea that the worker is expropriated of the product of his work is related to the theory of natural rights. According to him, this is an archaic preconception in the era of methodological Darwinism

[8] It is interesting to note that recent works have called into question this vision, which seems a priori to be a matter of common sense. In developing countries, people living in poverty do not use their meagre resources to feed themselves with high-calorie foods and to dress. Due to a lack of perspectives, they seek to move away from poverty markers and consume like the privileged classes (Banerjee and Duflo, 2011).

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(Veblen[1906] 1990). Marx establishes a direct link between the enrichment of capitalists and the impoverishment of their employees. The "economic freedom" of the workers, that is their situation of extreme deprivation, forces them to offer their productive services to the holders of capital that rob them on this occasion (Marx,[1867] 2008). The "surplus value" theory stipulates that what is lost by some is won by others. The Marxist solution consists in putting an end to these relationships of domination that have structured the economy since slavery. For Veblen, the objective is to enable the economic system to operate at full capacity. In the "Memorandum on a Practicable Soviet of Technicians" (Veblen,[1921] 1983), he proposes that experts take control of the productive organization for the benefit of the community as a whole[9].

Actually, Veblen is in line with the way social sciences developed in the United States. The analysis in terms of conflicts between social classes has penetrated relatively little in this country. Marx's transplant did not succeed (Dorfman, [1949] 1969, Gurney, 1981; Small, 1916). The image of citizens facing economic giants in a rapidly changing environment has left its mark on people's minds - hence the influence of Darwinism, and more precisely Spencer's ideas (Fine, 1956; Hofstadter,[1944] 1965); Ross, 1991). The theme of poverty is rather neglected in the academic field and, when mentioned, it includes very disparate categories - Blacks, rural populations, the elderly without resources. ... - whose status is not connected to the springs of capitalism (Roach, 1965). In this social stratification, it is the "common man" who is put forward, not only by intellectuals but also in the American collective imaginary[10].

Veblen's ([1894] 1934) view of the march of the "Army of the Commonwealth in Christ" corroborates this observation. He notes that it was composed primarily of the unemployed worker, the poor in search of a decent income. However, these claims are not up to the challenge of transforming the economic system[11]. They are based on three influences whose anachronistic nature is asserted: a protectionist discourse combined with bimetallism, a socialist Christianity and a reformism confident in the corrective role of the state. There is certainly nothing radical in the speeches of these few hundred beggars. Veblen would have liked their distress to have led to a different kind of awareness. He hoped that inequalities, respect for social hierarchy and the institution of property would be fully called into question. This explains Veblen's lack of compassion towards these unfortunate marchers as if the final fiasco was a reflection of the movement's lack of ambition. With the ironic turns that characterize him, he even teases it a little:

> "After all deduction is made for the spectacular and meretricious in this 'movement', after allowing for the attraction which it exerts on idlers as a temporary means of subsistence and entertainment, and on the friends of humanity as a means of martyrdom, after allowing for the elements of blackmail and of business shrewdness in the enthusiasm with which these straggling bands have sometimes, especially in the Middle West, been speeded on their way, and for the promptings of discontent that have mingled in the sympathy expressed by outsiders" (Veblen, [1894] 1934, 98).

It appears that Veblen's fight against wealth gaps requires a change in the economic model - hence his support for the Bolshevik Revolution, which attacks the "vested interests"- the business community, the landowners, the clergy (Veblen,[1919] 1934). He keeps his eyes fixed on them. As they drain economic resources, it is easy to imagine the consequences for the "common men" but Veblen does not dwell on the pressure that is exerted on them, nor on any explanatory mechanisms in Marxist logic. At most, he suggests that their frustration may feed a deleterious nationalism (Veblen, 1919[1946]). Within this vast group, one category of individuals nevertheless emerges: the industrial workers. Subjected to the process of the machine, they tend to become more lucid about the contradictions between productive efficiency and the artifices of social domination. It is not their status as proletarians but their proximity to industrial institutions that opens their eyes (Veblen,[1904] 1978). With diverse intellectual influences (Dubofsky, 2000), the members of the *IWW* are in total rupture with capitalism and Veblen ([1932] 1934) therefore supports them in this respect[12].

## III. Commons: The Support of the Weak

Works that give account of the early stages of Commons's thought highlight that the issue of social misery is already very present (Chasse, 2017; Gonce, 1996; Harter Jr. , 1962). In addition to his deep interest in Henry George and "Progress and Poverty", the American economist showed a strong sensitivity towards religion, which came from his family environment. Social Christianity, which was very influential at the time, was characterized by a broad

[9] To what extent this memorandum was considered a real recommendation and how much Veblen felt close to Howard Scott's technocratic movement remain issues discussed (Brette, 2005; Dorfman [1934] 1972; Riesman, 1953; Tilman, 1996). Nevertheless, all these commentators agree that productive efficiency is limited and that it is the cause of the suffering of the population.

[10] He sometimes bear a different name. Apostle of economic liberalism and Spencer's propagator in the United States, William Graham Sumner (1918) calls "forgotten man" the middle-class citizen who is taxed by the state to finance unnecessary expenses. In another register, Frank Capra's films, especially "Meet John Doe" deal precisely with these people (Phelps, 1987) - John Doe designating in Anglo-Saxon law the man in the street or an unknown person.

[11] For Veblen, the dynamics of social change are such that there is a "dichotomy emerging from changing ways of production and the tendency to hold to the ideas of the past" (Mayhew, 1989, 561).

[12] See also Joseph Dorfman ([1934] 1972) and Ron Phillips (1987).



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spectrum of perspectives (Hopkins, 1940; Leonard, 2011). Commons quickly joined the "Social Gospel" movement, which strived to fight social injustices. Between Christians who considered poverty to be a moral test to be accepted and radicals who rejected the capitalist system, this was a moderate path that calls on the state to take measures to help the most disadvantaged[13]. In articles published in the *Oberlin Review*, of which he is editor-in-chief, he called for action by the public authorities (Gonce, 1996). All these elements are invariants of Commons's theorization and, even when he ceased to rely on religion in the 1890s, his desire for reform would not die out (Broda, 2013).

The meeting of Commons with Richard T. Ely, who became his mentor, strengthened his inclination to a form of "Christian socialism" (Chasse, 2017; Gonce, 1996; Harter Jr., 1962). In addition, it opens him up to new intellectual horizons since Ely, after studying economics under Karl Knies, became an ardent propagator of the conceptions of the German historical school (Rader, 1966). The capitalist-proletarian social stratification and the obvious nature of the state's conciliatory action in the conflict between the two classes, both in vogue on the European continent, will serve as a general framework for him. Moreover, Ely's contribution is not limited to these theoretical considerations. Commons is invited to develop a social worker activity. It is important to carry out an investigation of the facts in the field, his master recommends. This inductivist approach called "look-and-see" method[14], which he would later impose on his own students (Commons, [1934] 1964), puts him in direct contact with poverty. In other words, while Commons does not fail to analyse the causes of socio-economic upheavals, he also spends a lot of time observing their consequences.

The investigations that Commons conducts among disadvantaged categories of the population bring him into contact with the difficulties they face. He regrets that women are sometimes forced to abandon their role as housewives, which he considers essential, in order to work outside the home because the husband's income is not enough to provide for family (Commons, 1894a). Commons also mentions the deplorable living conditions, the insalubrity and lack of hygiene. He also underlines the ravages of alcoholism. These precise descriptions suggest a vicious circle of illiterate children who are ill-equipped to overcome precariousness. The measures he advocated at that time had the purpose to protect the family base from the threats he perceived: shortening working hours, protection against Sunday work, lighter Saturday hours, regulation of women's and children's work, higher wages - not to mention measures considered preventive such as alcohol prohibition, an ambitious housing policy and a change in nutritional habits.

The fight against poverty must be founded on social science knowledge rather than emotion (Commons, 1894a). However, the proximity of Commons to the harsh social reality is certainly not without impact on his ideas. Without having to be directly linked to empathy or love of neighbor, it can only reinforce his argument of an urgency for reform. The contrast between his positions and those of Veblen on the "industrial armies" of marchers to Washington is striking. Commons (1894b) describes it with benevolence[15]. He shows a great understanding of the motivations of the marchers. He sees in their movement proof that the poverty in which entire sections of the population are maintained borders on the unbearable. Political stability is threatened – and if not now, in the long term. There is no hint of irony in his text. The sarcastic tonality in Veblen's position must be reminded here. Of course, this writing trait is almost a Veblenian trademark. But it also reports a huge distance with the object studied. Between the Weberian axiological neutrality and indifference, the limit is certainly thin. On the other hand, a lack of perspective could be reproached to Commons, but for the latter, a social movement is not measured by its ability to overthrow the system. It is the fate of the weak that matters.

The exploration of the lower classes that Commons carries out takes into account very diverse situations because the bottom of the social scale includes a range of heterogeneous configurations. Victim of an unfavorable balance of power between supply and demand on the labor market (Commons, [1893] 1965; 1894), the native American worker who does not earn a decent livelihood for his family is his reference. But immigrants are more to be pitied. As part of his report on immigration for the Industrial Commission, Commons became acquainted with the "sweatshop system" thanks to Abraham Bisno, who guided him into this universe (Commons,[1934] 1964). The existence of small workshops, or even dwelling houses, with intermediaries called "contractors", makes it possible to play with regulations such as working hours and safety. A flexibility is thus offered to centralized production units, which rely on economies of scale and whose small structures are complementary (Albrecht, 1982, Auten, 1901). These arduous working conditions are more willingly accepted by immigrants who, as a result, contributes to the "displacement of

[13] These measures do not address all the shortcomings of economic liberalism. Thus, Commons and his mother founded the "Anti Saloon League" in Oberlin (Hunting, 2017; Harter Jr., 1962).

[14] Commons ([1934] 1990) will eventually relate himself to pragmatism. On this point, see William M. Dugger (1979) et Yngve Ramstad (1986).

[15] Whereas Veblen is interested in Coxey's "Army of the Commonwealth in Christ", Commons draws on Lewis C. Fry's army, which he calls Frey, and whose headquarters he visited (Commons, 1894b).

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higher standards by lower standards of living" (Commons, 1901, 304).

This overview can be considered quite complete because Commons is also immersed in the slums. Debates on questions of heredity and environmental influence rage in the United States in the second half of the nineteenth century. Lamarck's defenders have not yet given in to Darwinists (Haller, 1963; Hofstadter [1944] 1965). It is in this context that atypical populations find themselves in the spotlight. The Jukes are among them. This community is described as a large family composed mainly of marginalized, delinquent, degenerated and epileptic people[16]. Commons ([1934] 1964) takes advantage of the proximity of one of these tribes to send his students to observe them. The study confirms his reformist convictions since, according to him, the environment was chiefly to be incriminated (Commons [1897] 1996). In the end, whether it is workers, immigrants, desocialized people, women or children, Commons will have acquired a particularly detailed knowledge of socio-economic vulnerability over the years. The dissonance with Veblen, which focuses on the nuances at the top of the social ladder, is remarkable: the penniless nobles should not be confused with the captains of industry, some of whom use their resources to finance higher education by corrupting it (Veblen, [1899] 1994; 1918).

Besides this downward orientation, another feature has to be emphasized. Commons addresses inequalities in a logic of social conflicts. The institution of private property is essential in a context of material scarcity to regulate the allocation of resources (Commons, [1899-1900] 1965). Its securing function has as its counterpart a risk of deprivation for those who do not have an access to it. The right to "hold" a good gives also the right to "withold" it vis-à-vis others who are then in a situation of "exposure" to this right. Commons ([1924] 1959) forged a unit of economic analysis that made it possible to visualize this pattern of interdependence. Drawing on Wesley N. Hohfeld's system of jural relations, the "bargaining transaction" covers four pairs of "jural opposites" - "power-disability" for example - and four pairs of "jural correlatives" - among them, "power-liability". If it is true that Commons's formulation - two buyers, two sellers plus the state - goes beyond Hohfeld's bi-lateral relationship (Fiorito, 2010), it nevertheless reveals a conflicting mutual dependence. This means that, when inequalities are observed, the wealth of the dominant has as a corollary the destitution of the weakest. This is not directly the case for Veblen with his cleavage between elite and common men.

Under these circumstances, it is not surprising that Commons ([1924] 1959; [1934] 1964; [1934] 1990) evokes in several places the existence of a class struggle. He endorses his principle but, if he then refers most often to Marx's ideas, he blames him for an overly simplistic social division into capitalists and workers. We must not forget farmers and the self-employed. Similarly, the lower classes should not be aggregated into a single category. Thanks to the knowledge he has acquired about them, he is aware that not only is there a gradation of situations but that interactions occur between them. The presence of immigrants but also of women and children is a windfall for employers and weighs on the working conditions of wage earners (Commons, 1894a; 1901). If measures are proposed to protect all (Chasse, 2017; Harter Jr., 1962), including *Lumpenproletariat*, Commons reformism targets white, male and native workers first and foremost[17]. By establishing an appropriate institutional framework, the unions representing them are able to resist the capitalists (Commons [1934] 1964).

Commons's support for Samuel Gompers's policy as head of the *AFL* is in line with this perspective[18]. Moreover, the union has opted for a realistic approach to defending workers's interests (Yellowitz, 1989) that can only satisfy the American economist. The latter attacks the "intellectuals", the utopians, whose revolutionary projects are adventurous and sterile for the working class. Less ambitious, the strategy to immediately improve the economic situation of workers is widely sustained. Taking up the distinction presented by his student Selig Perlman, Commons ([1934] 1964, 87) prefers the union representatives to be "wage conscious" than "class conscious". His reformist method, the imprint of pragmatism (Dugger, 1979; Ramstad, 1986) certainly explains this in part. It is possible that a very close knowledge of the living conditions of disadvantaged populations also plays a role in this respect. The balance of power exists and Commons often agrees with elements of Marx's diagnosis about it (Commons, [1934] 1964; [1934] 1990). However, the urgency of change is paramount and the responses to the growth of social inequalities must take this reality into account.

It is the same urgency to implement workable reforms, one of the definitions that Commons provides of "reasonable" (Dugger, 1979), that pushes him to open up to the standpoint of capitalists as well. Of

[16] The subject was introduced by Richard Dugdale in a lecture and then a book in 1877. While he did insist on intergenerational degeneration, it seems that the place of heredity in his thought was overestimated since he had also stated that: "unhealthy Jukes were much likely to be paupers than were healthy Jukes" (Trent, 1994, 66). In any case, if Commons has approached the theme, it is from another book, written by Alexander Johnson (Commons,[1934] 1964).

[17] It is symptomatic that, in his article on industrial armies, Commons (1894b) strives to show that marchers are "American workingmen" and that vagrants or beggars, reported by newspapers, are on the periphery of the movement but are not members.

[18] *AFL*'s positions on subjects like immigration (Mink, 1986) and women labor (Degler, 1980) converge coherently with Commons's.



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course, the aim is not to help them reach directly any objective of profit maximization. Some of them already know that concessions have to be made to the workers if they want to be sure that the system will not collapse. Others must become aware of this. Therefore, Commons inquires about good practices in place in specific companies or sectors. By being able to prove that their arrangement is not a pipe dream, it is easier to propose their generalization to the whole economy. Likewise, the atmosphere of conflict is so vivid that capitalists sometimes forget that they share common interests with the workers. Fewer workplace accidents is better for all. During his own personal career, Commons has met with business leaders, notably at the *NCF*. His respect for business leaders such as Andrew Carnegie and Mark A. Hanna, the latter having also been a politician, is sincere (Commons[1934] 1964). For him, the consent, even the collaboration, of the capitalists guarantee the effectiveness of the reforms. His progressivism may therefore seem mundane to radicals, but his concern for the lower classes is not contestable.

## IV. Conclusion

Institutionalists agree on their firm rejection of "laissez-faire" in the face of the transformations of the economy at the turn of the twentieth century in the United States. The growth of inequalities is unacceptable to them. However, there are palpable differences between the positions of Commons and Veblen on the subject. While the former is primarily concerned with the plight of the deprived people, the latter is not really interested in them, focusing his attention on the elites he attacks with vigor. The translation into political terms is not self-evident since it is the one who knows best poverty and is most offended by it who is also the most moderate. However, this is not the only singularity to be noted. It appears that Veblen, which has long been considered alien to American society (Dorfman [1934] 1972) is probably more integrated into the American model than Commons. In an environment where Marx's theories have had little impact and Frederick Jackson Turner's "Frontier Thesis" has strongly forged national identity (Cronon, 1987), there were no irreducible social conflicts. The common man lived peacefully there until the emergence of large industrial groups. It is therefore those who run them who are targeted by Veblen. More European, Commons develops an analysis based on the traditional analysis of social conflicts. Its values encourage him to stand up for those who are dominated.

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