

# **A Veblenian Articulation of the Monetary Theory of Production**

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# A Veblenian Articulation of the Monetary Theory of Production

**Abstract:** The article presents a further articulation of the monetary theory of production inspired by the writings of Thorstein Veblen. Particularly I offer a formulation of the monetary theory of production as part of broader theorizing about social provisioning and the life process. This includes an analytical focus on non-commodities; an extension of the Veblenian dichotomy to non-market activities; discussion of Veblen's theory of social valuation in connection to monetary theory of production and class; delineation of as social processes that constitute social provisioning and their commodity and non-commodity aspects. The goal is bridging the gap between monetary theory of production and analysis of "the social".

**Keywords:** monetary theory of production; Thorstein Veblen; capitalism; heterodox economics; social provisioning; class; political economy.

**JEL classifications:** B15; B41; B52; B54; P16; Z13

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## **A Veblenian Articulation of the Monetary Theory of Production**

### **Introduction**

Marx's familiar formulation of the capitalist mode of production  $M-C...P...C'-M'$  is the basis of understanding the monetary theory of production. At a most basic level the monetary theory of production is an analysis in which money as a social relation is central to the process of undertaking production for exchange, that illustrates that capitalist production does not ensure livelihood—its main goal is money making, and, hence, that unemployment is a structural problem under capitalism (Veblen [1904] 2005, 104; [1919] 2005, 92; Keynes [1933] 1973; Henry 2014).

There are various formulations and specifications of the monetary theory of production. For example the edited volumes by Fontana and Realfonzo (2005), and Rochon and Seccareccia (2013) demonstrate the diversity in the monetary theory of production, including varieties of Circuitist and Post Keynesian approaches. In addition, links between Post Keynesian, Institutional, and Feminist economics have been drawn by arguing for commonalities stemming from utilization of a monetary theory of production (Dillard 1980; Wray 2007; Jennings 1994; Todorova 2009). The work of Veblen has played a central role in revealing those links. Veblen's relevance for understanding contemporary capitalism has been discussed by a number of heterodox economists (see essays in Brown 1998; O'Hara 2002). Further, there are also works specifically expanding upon monetary production analysis by bringing in arguments drawing upon Veblen (Wray 2007; Jo and Henry 2015).

The paper offers further articulation of the monetary theory of production inspired by the writings of Veblen. This includes a formulation of the monetary theory of production as part of social provisioning and the life process, focusing on the production of non-commodities; an extension of the Veblenian dichotomy to non-market activities; a discussion of Veblen's theory of social valuation in connection to the monetary theory of production and class; and delineation of social processes that constitute social provisioning, and their commodity and non-commodity aspects. All of these are directed towards bridging the gap between monetary production and "the social".

### **Monetary production, social provisioning, and the life process**

Various explications of the monetary theory of production make it clear that pecuniary relations of exchange are only one of the elements of the capitalist economy. Much of heterodox economics has been directed towards re-envisioning the economy, and thus towards extending the scope of economics. One such effort is defining the economy as social provisioning and

formulating the analysis of social provisioning (Nelson 1993; Dugger 1996; Hutchinson et al. 2002; Power 2004; Lee 2009, 2011; Jo 2011; Lee and Jo 2011; Todorova 2013).

Capitalist social provisioning is anchored in monetary production whose outcome is differentiated goods and services. The volume and composition of intermediate goods and services (i.e., basic goods) and of final goods and services (i.e., surplus goods) are determined by the agency of capitalists. Households, the business enterprise, and the state consume surplus goods to survive, to maintain lifestyle, and to reproduce themselves over time. That is, social provisioning is theoretically explained by the monetary theory of production, the surplus approach, and the theory of effective demand (Lee and Jo 2011; Lee 2009, 2011).

Social provisioning expands the scope of analysis in two main ways. First, like the monetary theory of production social provisioning analysis looks below the surface of exchange and studies the production and distribution of the social surplus (Lee and Jo 2011; Henry 2014). Thus an analysis of social provisioning is grounded in class relations and institutions/environment in a historical context. Second, social provisioning analysis goes beyond pecuniary valuation (Henry 2014; Power 2004; Todorova 2009), and deems important activities that are not directed toward markets (Power 2004; Todorova 2009; 2013). The latter answers Ann Jennings's (1994) call for further developments in the monetary theory of production along the feminist insights provided by Veblen. Thus, social provisioning is a broader concept than exchange and monetary production because it is tied directly to social activities and outcomes beyond finance, commerce, and commodity production. Some feminist economists have made a similar argument (see Picchio 1992; Elson 1998). The objective of this chapter is further articulating it in a Veblenian framework that is also, I argue, a feminist framework.

Consequently, the total social surplus includes commodities (produced for exchange and driven by the motive of making money) as well as non-commodities (not for exchange) that are support the production of commodities, the reproduction of labor power, and the social fabric of the monetary production economy. While commodity production is *determined* by effective demand, non-commodity production is *affected* by effective demand. Further, effective demand has a structure—that is, that is, the composition of effective demand depends upon structured social relations (e.g., gender, class, and race/ethnicity) as well as nature (Todorova 2015).

Table 1 outlines the monetary production process using Marx's notations and also taking the production of non-commodities into consideration. As Marx ([1867] 1967, 40) recognizes: "A thing can be useful and the product of human labour, without being a commodity." Marx continues: "Whoever directly satisfies this wants with the produce of his own labour, creates, indeed, use-values, but not commodities. In order to produce the latter, he must not only produce use-values, but use-values for others, social use-values" (40-41). Apparently, in this statement Marx has market exchange in mind when he refers to "use-values for others." In the 4<sup>th</sup> German edition of *Capital*, Engels adds a note in parenthesis: "(To become a commodity a product must be transferred to another, whom it will serve as a use-value, by means of an exchange.)" (41).

Thus, we could envision within this formulation a non-commodity (produced with labor power) that is transferred to others outside of market exchange. Feminist economists have made a point (in various ways) that non-commodities help reproduce labor power, and hence the economy. Then a following step should be re-defining *the economy* and developing an analysis of it. If monetary production is the organizing principle of the economy, non-commodity production should also be formulated and analyzed in the context of the monetary production economy. Furthermore, if monetary production is done through the production of the social surplus, then non-commodities enter the production of social surplus and a portion of non-commodities goes to support social activities of households (or of other non-commodity producing going concerns).<sup>1</sup>

**Table 1: Monetary production – commodities and non-commodities**

Obtaining inputs for production through money	$M \begin{cases} nC \\ C \end{cases}$
Production of commodities	$\begin{cases} nC \\ C \end{cases} \rightarrow C'$
Production of non-commodities and labor power	$M-C-nC-L$
Realization	$C' - M'$

“Production” of non-commodities requires commodities and thus necessitates not only labor power but also income flows. Non-market activities are non-monetary only with respect to motivation. Non-market “outputs” do not generate income flows and are qualitatively different from market goods and services. They too are produced through labor power and (commodity and non-commodity) inputs.<sup>2</sup> Thus, “non-market” refers to organizational motivation, and does not mean it is located in a separate sphere; commodity and non-commodity production are intrinsically related in accordance with the capitalist mode of production.

Often the activities giving rise to non-commodities are theorized as “social reproduction” (Pichio 1992; Bakker 2007), which is then presumably opposed to production. Here I define production as a broader term that applies to both commodities and non-commodities. Then monetary production is a specific type of undertaking productive activities. In this way, we are able to define both monetary production and market exchange as social activities, and to acknowledge that “social reproduction” is part of monetary relations. Thus, social provisioning refers to the whole process of producing and distributing the total social product, which includes

social reproduction as well as all other activities in the economy. Whether motivated by making money or not, any activities are socially organized. That is, markets are not “asocial”; rather markets are socially constructed. This view is at odds with the distinction between society and the market sphere (Todorova 2014a). Some activities within the social process may contribute to or inhibit the life process, yet all of those are social in their organization. The Veblenian dichotomy discussed in the following section allows us to make the evaluative distinction of those activities with respect to their support or obstruction to the life-process. In order to introduce the dichotomy, we will discuss first Veblen’s notion of instincts.

Veblen’s concept of *human proclivities* (or “instincts”) is helpful in analyzing and evaluating various activities at the level of structure without erasing individuals from the analysis. Human proclivities are traits developed in the course of social and material interaction and in historical time. The instincts discussed by Veblen include: “parental bent,” “idle curiosity,” “workmanship,” “self-preservation,” “predation,” “invidious distinction,” and “emulation”. Veblen’s concept of instincts is not to be equated with personal attitudes. Motivation and valuation involve individual perceptions and actions, but distinction ought to be made between individual motives, subjective valuation, and identities on the one hand, and motivation behind social organization, social values, and structures on the other hand.

*Workmanship* is a sense of “the demerit of futility, waste, or incapacity,” and a concern for continuation of the group life process (Veblen [1899] 1994, 9). Workmanship is also applied to business practices to master activities that promote invidious distinction, such as conspicuous leisure, as well as to perfect methods of predation and pecuniary gains (Veblen [1914] 1964, 160). Similarly, the “innate predisposition to *parental bent*” is a “resilient solicitude for the welfare of the young and the prospective fortunes of the group” (48, original emphasis). Yet, it also undergirds habits of life, of thought, and of processes that rely on notions of common interest—including nationalism, and surveillance and supervision by the state or the business enterprise (161).

*Invidious distinction* is a comparison of persons, goods, and activities “with view to rating and grading them in respect of relative worth or value—in an aesthetic or moral sense—and so awarding and defining their relative degrees of complacency with which they may legitimately be contemplated by themselves and by others” (Veblen [1899] 1994, 22). For example the distinction between “exploit” (through acquisition) and “drudgery” is an invidious distinction between employments (9). Thus, invidious distinction undergirds hierarchical differentiation based on wealth, division of labor, consumption, residence, and appearance.

*Emulation* manifests itself in terms of industrial serviceability as well as in practices of hierarchical differentiation and predatory activities. With respect to invidious distinction, it is “the stimulus for invidious comparison which prompts us to outdo those with whom we are in the habit of classing ourselves.” The method of comparison is to emulate “those next above us in reputability,” “while... compares itself with those below or with those who are considerably in

advance.” Thus, emulation among social classes could be traced in the end to the leisure class (Veblen [1899] 1994, 64).

The instinct of *self-preservation* is connected to the proclivity for emulation. Particularly in a pecuniary culture, when the possession of property becomes the basis of social esteem, “it is necessary, in order to his own peace of mind, that an individual should possess as large a portion of goods as others with whom he is accustomed to class himself; and it is extremely gratifying to possess something more than others” (Veblen [1899] 1994, 20).

This leads us to the instinct of *predation*—an exploit by acquisition and seizure (Veblen [1899] 1994, 10). The end-in-view of predation is prowess, which manifests itself as force and fraud (167). Ferocity and astuteness are the traits that make up the “predaceous temper or spiritual attitude” (168). These traits succeed in the “conversion of the economic substance of the collectivity to a growth alien to the collective life process... Both are highly serviceable for individual expediency in a life looking to invidious success. Both also have a high aesthetic value. Both are fostered by the pecuniary culture. But both alike are of no use for the purposes of the collective action” (168).

On the contrary, *idle curiosity* is a drive to seek knowledge apart from any ulterior vested interest (Veblen [1914] 1964, 5). Idle curiosity is related to the aptitude of play—it is inquiry and exploration without notion of (pecuniary) expediency (Veblen [1906] 1947, 12). The scheme or system of knowledge reflects the culture. Thus, in a predatory culture: “[a] shrewd adaptation to this system of graded dignity and servitude becomes a matter of life and death, and men learn to think in these terms as ultimate and definitive” (14).

The delineated system of instincts provides the basis of Veblen’s analysis of the evolution of pecuniary culture, and of the development of capitalism. Particularly he places economic activities within capitalism under the category of predation, business, or industry (Veblen [1914] 1964, 184). Table 2 offers a summary of Veblen’s analysis, relying on his own terminology and description found in *The Theory of the Leisure Class* (1899), *The Theory of the Business Enterprise* (1904), *The Instinct of Workmanship* (1914), *The Vested Interests and the Common Man* (1919), and *Absentee Ownership and Business Enterprise* (1923). The table also offers a parallel to the notations describing the monetary theory of production, and intersects this analysis with Veblen’s theory of social valuation and class analysis. The focus is on production and income generating activities.<sup>3</sup>

**Table 2:** Veblenian Analysis of the Capitalist Economy and Social Valuation

Activities and their general form in the	Effect on the life process	Effect on the individual in terms of accumulation of	Motives, Motivation, and End in view	Social valuation (based on Veblen’s terminology)
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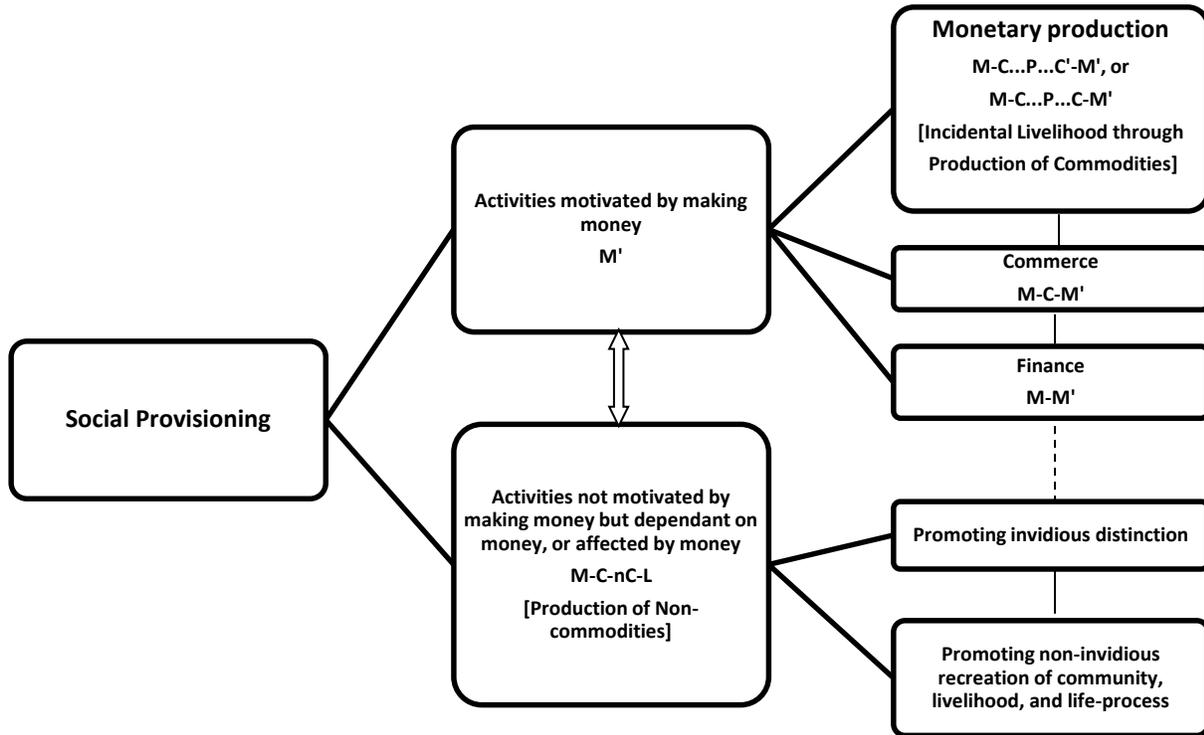
<b>monetary production economy</b>		<b>pecuniary wealth and social position</b>		
Predation  M-M'	disserviceable	gainful  superior position	to gain repute for prowess  infliction of damage, adventuresome exploit  possession; subordination	meritorious, respectable
Business  M-C-M'	incidental serviceability  sabotage of production  social costs	gainful  creative factor and source for initiative	to make money  disciplining of industry to the ends of pecuniary gains  business efficiency money, and markets	serving the common good
Industry  M-nC, C-L L-M-C	serviceable	non-gainful  subservience or submission	to make goods; to support the life process to gain access to and support livelihood	discreditable

This articulation lets us think beyond the conflict between production and speculation (or between enterprise and speculation) discussed in Keynes ([1936] 1964, 158-159). Veblen's categorization is broader than Keynes's because the applied end-criterion is *support for the life process*, of which employment (Keynes's concern) is one aspect, given a monetary production economy (second column). Veblen's category of predation includes Keynes's speculation, although it refers to broader processes such as violence. Business is equivalent to Keynes's enterprise. Veblen's analysis of the business enterprise allows him to make a more detailed distinction between business and industry. Thus, when held to the standard of the life process, industry is not just the production of goods and services, but in fact refers to the serviceability to

livelihood. Furthermore, serviceability is a broad concept that includes a definition of human needs and the individuals as part of communities and ecosystems. Business also produces such serviceability, but that is incidental to the life process; as well as entails social costs, such as pollution resulting from production. Therefore, I argue that Veblen's notion of industry is broader than monetary production, which is evident given his discussion of division of labor, the industrial arts, parental bent, and the life process (for example, see Veblen [1914] 1964, 89-100). The rest of the paper builds on this point.

Figure 1 depicts monetary production as a broader system of social provisioning. Money (M) purchases commodities (C) in order for capitalists to engage in production and gain more money (M') through production (P).<sup>4</sup> Monetary production requires produced labor power that is reproduced by produced commodity and non-commodity inputs. The monetary production process can take two forms:  $M-C...P...C'-M'$  or  $M-C...P...C-M'$ . The latter form indicates that production actually does not increase the available commodity output, but still results in more money income to capitalists. On the other hand, activities not motivated by making money (undertaken by households, communities, and the state) produce non-commodities (nC) that sustain labor power (L) as well as other aspects of human life, and contribute to production of the social surplus. That is, livelihood is supported by other activities beyond market exchange, but non-market activities depend on inputs obtained through markets, and thus on money (Todorova 2009). Activities driven by the goal of obtaining more money need not involve production at all. Purely financial activities skip production altogether (M-M') and, hence, do not contribute to the production of the social surplus, but create "vested interests"—claims on social surplus, or "free income" (Veblen [1904] 2005, [1919] 2005, 1923; Hudson 2010).

**Figure1.** Monetary Production as a Part of Social Provisioning



The following implications emerge out of the above formulation of the monetary production economy. Firstly, the point that making goods that service livelihood is incidental in the monetary production process (Veblen [1919] 2005, 97; Keynes [1933] 1973) is recognized by Institutionalist and Post Keynesian analyses (Dillard 1980; Wray 2007; Lee 2009; Henry 2014). What needs further exploration and theorizing is agency that is exercised by those who direct the production and distribution of the social surplus within the economic class structure. This includes specific social activities and collective actions, as well as the institutionalization of discourse (conventional wisdom, rhetorical constructs; expert discourse signs, and their interrelations), social beliefs, and the emergence of personal attitudes. The social structure of accumulation (SSA) approaches exemplify scholarship along those lines, particularly with respect to identifying institutional conditions for economic growth, as well as “contradictions” within the structure which manifestations impede capital accumulation and lead to a change in the structure (See Kotz 1994; O’Hara 2006, ch. 9). Capital accumulation and manifested contradictions of the structure are thus the focal points of SSA analysis. Veblen’s analysis of pecuniary culture goes beyond those focal points.

Second, the point of a broader view of the economy as comprised and/or supported by market and non-market activities and outputs has been made in various ways by various feminist

and social economics approaches (Picchio 1992; Fraad, et al. 1994; Elson 1998; Power 2004; O'Hara 2004; Todorova 2009). However, making this point within Veblen's notion of the life process allows us to conceive "the state of industrial arts" of an economy as supported not only by engineering, science, and production of commodities, but also by birthing, raising, and educating people (Veblen 1921, 43), but also by the production of non-commodities. It can be done without such vague notions as "human capital," "social capital," and "cultural capital."

Third, all social activities may promote invidious distinction rather than livelihood. Communities and the state generate non-commodities and engage in activities not directed to exchange, yet these may support the vested interests of a ruling class, or be part of invidious social class distinction such as communitarianism. The desire for community is a desire for social cohesion and identification which underline racism and ethnic chauvinism, for example (Young 1986, 2). In what follows the Veblenian dichotomy is utilized to further articulate the point that both commodity and non-commodities may support or inhibit the life-process.

### **Revisiting the Veblenian dichotomy**

In Veblen's analysis there is a dichotomy between "the business concern" (centered on pecuniary valuation) and the "industrial concern" (centered on the serviceability to the life-process, or addressing problems of livelihood). The Veblenian dichotomy has been formulated as instrumental and ceremonial methods of valuation (Waller 1982; Bush 1987; Todorova 2009; Sturgeon 2010). Capitalist economy is organized in such a way that monetary valuation takes precedent over sustaining livelihood. Of course output serving livelihood is produced by business activity, yet this is not the end-in-view of the monetary production process (Veblen [1904] 2005, 26; Henry 2014).

It ought to be stressed that "instrumental" is not equivalent to "useful," "good," "efficient," "productive," or to "technological"—all of those notions are subject to instrumental/ceremonial valuation. Thus, something is useful or good for a particular end. There are instrumental efficiency and ceremonial efficiency; and there are ceremonial aspects to technology. Further, the productive-unproductive distinction as defined by classical political economy with respect to the accumulation of capital is not equivalent to the instrumental-ceremonial dichotomy formulated with respect to the continuation of the life process. Particularly, "instrumental" refers to the non-invidious continuation of the life process, and is not based on relativist subjective valuation (Tool 1996; Sturgeon 2010). Importantly, the dichotomy between pecuniary (ceremonial) and industrial (instrumental) is formulated with respect to the continuation of the life-process, rather than with respect to individual subjective valuation. An instrumental theory of value is centered on the life-process on "non-invidious recreation of community" through warranted knowledge, participation, work, and care (Tool 1996; O'Hara 1997; Hutchinson et al. 2002). In the context of a broader view of social provisioning discussed

earlier, Table 3 offers a depiction of how the ceremonial and instrumental methods of valuation can be articulated both in activities motivated by making money (monetary production and finance, which direct the social surplus) and by activities not motivated by making money.

**Table 3.** Social activities within capitalism: motivation and valuation

Motivation		Valuation	
		ceremonial	instrumental
<b>Activities motivated by making money</b>	<i>Production:</i>	business concern vendibility salesmanship promoting invidious distinction	industrial concern engineering making “goods” non-invidious distinction
	<i>Finance:</i>	speculation vendibility salesmanship invidious distinction	
<b>Activities not motivated by money</b> (but dependant on/affected by money)		<i>Unpaid Activities</i> invidious distinction	<i>Unpaid Activities</i> non-invidious recreation of community and life process

As finance (represented by M-M') is entirely pecuniary, it is categorized here as a social activity with no instrumental attributes with respect to the social surplus, albeit the plethora of socially created financial “products.” In no way does this imply that money is not central for production under capitalism, that money is neutral (not affecting output and effective demand), and that only “real” variables matter for economic analysis.<sup>5</sup> On the contrary, to theorize social provisioning under capitalism, it is essential to unveil pecuniary (ceremonial) valuation and its power to restrict or permit livelihood. In this respect, it is worthwhile to note the case of community development credit unions and cooperative banks, and micro credit. On the one hand, if the serviceability to the life-process is dominant, they do not fall under the described activity of finance. On the other hand, to the extent that these arrangements involve interests, they do fit in with the activity of finance. Even if proceeds go to “industrial” ends of livelihood, the mechanism is ceremonial because livelihood is again to be permitted *only* through pecuniary

valuation. From an Institutionalist perspective the operation of these “social entrepreneurship” financial schemes within the system of capitalism is described as “ceremonial encapsulation.”<sup>6</sup>

In a nutshell, all social activities, output, work, and processes include both ceremonial and instrumental aspects in various degrees. There is a continuum between instrumental and ceremonial valuation, as institutions contain both dimensions. Both are part of life. However, problem solving involves recognizing the ceremonial aspects for what they are. Thus, the objective of bringing forward a distinction between ceremonial and instrumental logic of valuation is not to purport a world where only instrumental valuation exists—as this is impossible because there is always uncertainty—but to facilitate inquiry into the complexities and conflicts of social provisioning. Bringing in valuation into the analysis allows recognizing the complexity within both monetary and “non-monetary” activities.

First, in addition to the tension between production and speculation, the valuation dimension allows to scrutinize production itself. Monetary production has both ceremonial (pecuniary) and instrumental (making goods that serve livelihood) aspects. As noted, the latter is incidental to the process of making money. Veblen (1923), for example, discusses how in the capitalist economy “the volume of output is governed not by the productive capacity of the plant or the working capacity of the workmen, nor by the consumptive needs of the consumers” (112). He also observes “waste” with regards to the composition of business output represented by “duplication of work, personnel, equipment, and traffic” (146). Thus, as unemployment is always a monetary phenomenon (Keynes [1936] 1964, 235), so is the structure of monetary production. Veblen’s categorization of income (vis-à-vis other activities) as predation, business, and industry are more nuanced than Keynes’s ([1936] 1964, 158-159) distinction between enterprise and speculation. Thus the former allows a more detailed inquiry about the structure of the social product.

Second, the dichotomy facilitates the understanding of the complexity of activities organized on monetary principles. For example, paid care work is organized as part of monetary production, but it entails “intimate labor” that is not entirely governed by the money-making motivation (Zelizer 2010). That money enters the provision of care does not necessarily mean that individuals delivering this care are exclusively governed by making money (Folbre and Wright 2012). More generally, workers do not seek and keep employment only for the purpose of securing means to livelihood. The richness of human relations, however, does not nullify the centrality of economic compulsion to sell one’s labor and the dependence on money for livelihood, including the dependence on money to access paid care. That richness is captured by conceiving social provisioning comprised of social processes, as delineated in the next section.

Third, while the tension between making money vs. making goods, and production vs. speculation has been acknowledged with respect to market activities (Keynes [1933] 1973; Dillard 1980; Henry 2014), “non-market” activities have been either excluded from the analysis of capitalism, or not subjected to a similar scrutiny. The Veblenian dichotomy can be applied to

all activities of social provisioning. In addition to their contribution to social reproduction, unpaid activities could also promote invidious distinction. For example, unpaid activities could be part of conspicuous consumption, conspicuous leisure, conspicuous waste, and generally invidious distinction (Todorova 2009). Consequently, the Veblenian dichotomy enables us to consider that unpaid activities are as diverse and complex as those activities carried out for money. The implication is that all social activities deserve critical analysis, since they are part of social provisioning. Taking them as something in opposition to monetary production and markets would limit the analysis of capitalism. The following section builds on this point.

### **Commodities, non-commodities, and the processes of social provisioning**

A distinction between commodities and non-commodities enables analyses that do not equate the economy to monetary exchange. Further, it helps economic analysis in acknowledging that humans have other dimensions in addition to material provisioning, and to the inescapable (under capitalism) market participation. The purpose of such a distinction is not to conceive of neatly defined impenetrable spheres of autonomous activities. While there are different motives for organizing social activities, there is no real separation between the market and non-market social activities and outcomes (Charusheela and Danby 2006).

The *analytical* distinction between social activities whose *organization* is driven by making money and those activities that are not (but nonetheless are impacted by money and commodities) is dichotomous rather than dualistic. A *dichotomy* breaks analytically the social provisioning process in two to allow the study of diverse motives and methods of valuation. The pieces are put back together into one reality of the social provisioning process. On the contrary, *dualism* treats those as separate spheres of reality, and establishes hierarchical oppositions (Jennings 1999; Todorova 2009; Sturgeon 2010). Further, the analytical distinction between monetary and non-monetary motives is not identical to a distinction between the state and the market sphere—as pecuniary motives and valuation enter the state’s activities too; this is especially evident under neoliberalism (Galbraith 2008).

The dichotomous approach to social valuation enables us to recognize the analytical importance of differences in the organization of social provisioning without drawing a border between markets and society. Such dualisms result either in idealization or in obscuring one or the other. The “social” is part of monetary production. Thus, it is important to study both the effects of money on the production of non-commodities, as well as how monetary activities are underlined by other social relations.

The concept of social processes helps transcend this division between monetary production and the social. A social process is formulated on the basis of a social activity that constitutes social provisioning. Yet, social activities are just one element of social processes. Other elements include working rules and procedures, which comprise conventions, discourse,

symbols, norms of valuation, standards, personal attitudes, rituals, and customs. All of these emerge out of the activities of going concerns, such as the business enterprises, households, the state (see Todorova 2014a, b, for further discussion and application).

Table 4 lists what I consider the social process based on social provisioning activities. The table also depicts how those social processes may take distinctive forms within the two intertwined components of social provisioning—activities motivated by making money and those that are not motivated by money. Those activities in bold have been traditionally the focus of the monetary theory of production. They are now located in a broader framework of social processes constituting social provisioning. Therefore what the table indicates is that there is a further potential for the development of a monetary theory of production.

**Table 4:** Processes based on social provisioning activities (Continues on next page.)

<b>Processes Based on Social Provisioning Activities</b>	<b>Examples of how these are manifested as non-money driven activities</b>	<b>Examples of how these are manifested as money driven activities</b>
<b>labor</b>	pregnancy/birthing/breastfeeding; unpaid household and community work; subsistence production; learning; invention	<b>wage work; monetary production;</b> slavery; debt-bondage; internships; learning; <b>invention</b>
<b>care</b>	parenthood; family, community relations; public services	paid care work; market care services
<b>recreation</b>	art; healing; spirituality; connection to nature; public space	art for sale; commercial sports and physical exercise; for profit health system; private fees
<b>mobility and residence</b>	public transportation; public spaces	individualized automobile transportation; suburban sprawl; development of tourism; access to information through fees; internet; gated communities; privatized spaces; <b>(il)liquidity</b>
<b>consumption</b>	consumption of non-commodities	<b>commodity consumption;</b> invidious distinction based on consumption
<b>communication, expression, and persuasion</b>	language development; art	corporate media; development of market expert discourse and folklore about markets; art for sale; <b>advertising</b>
<b>undertaking</b>	mobilization; community organizing	<b>entrepreneurship; investment;</b> mobilization
<b>cultivation and transmission of knowledge, memories, and tools</b>	technology; invention; (mis)education; oral history and folklore; public education; public libraries; public pooling of resources; art; destruction of	<b>technology; invention;</b> (mis)education; schooling in exchange for fees; art, publishing and research driven by money; patents; destruction of resources

	resources	
<b>resource creation and usage</b>	innovations in not-for market production and activities; reciprocity in use of resources	<b>financially feasible innovations and R&amp;D</b> ; patents
<b>machine process</b>	domestic “labor-saving” appliances; sharing of tools	standardization for commercial reasons; tools cannot be shared; standardization in education; education as business enterprises; corporate driven education
<b>supervision, direction, surveillance</b>	censorship and political surveillance, detention, and imprisonment - may not be (directly) influenced by monetary motives, but may support vested interests; biometrics; passports; parenting	management; productivity assessments; business data mining; marketing surveys and profiling
<b>threat and punishment</b>	censorship and political surveillance, detention and imprisonment - may not be (directly) influenced by monetary motives, but may support vested interests; stigmatization  parental disciplining; spousal financial dependency  protests; strikes	welfare system; <b>unemployment; prison and military industrial complex; disciplining workers</b> ; surveillance for salesmanship; <b>austerity policies</b> ; advertising and consumption based on fear; security and surveillance complex; credit scoring; censorship
<b>distribution</b>	obligations; needs; “human rights”	<b>administered prices and incomes</b> ; property rights
<b>gift /exchange</b>	gift	<b>exchange; trade; speculation</b> ; charity
<b>deprivation</b>	malnutrition, ignorance, immobility, etc. caused by ceremonial reasons other than pecuniary motives	<b>sabotage of industrial efficiency and production</b> ; destruction of resources; <b>austerity policies; sovereign taxation</b> ; deprivation from recreation time and resources; paid promotion of misinformation and promotion of ignorance and anti-intellectualism
<b>waste</b>	reuse; repurposing; disposal	recycling and reuse business practices; cost cutting-disposal; <b>unemployment</b> and other resource destruction effects of pecuniary deprivation
<b>debt-credit</b>	obligation; <b>taxation</b>	<b>finance; interest; taxation</b>
<b>violence</b>	invidious comparison based on moral or physical judgment about personal worth; domestic violence; domination (including over nature); war	invidious comparison based on money/wealth; slave trade; dispossession and displacement; environmental destruction driven by monetary acquisition;

		<b>prison and military industrial complex;</b> ecological destruction through extraction
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The delineated social processes are not posited as fixed and universal. They can be altered in a specific context. Further, they are based in and also affect the evolution of geographies, landscapes, physical spaces/buildings, and biological life-processes (bodies, biophysical processes and ecosystems). In addition, other processes include gender, race/ethnicity, social class, language, economic class, citizenship and legal residency, ownership, contracts, worship, and kinship. Each one of those processes, their categorization and interrelations are discussed in Todorova (2014a). For a more detailed discussion specifically of the social process of consumption see Todorova (2014b); for a particular application of the commodity non-commodity aspects of the consumption process in the context of capitalism see Todorova (2015).

## Conclusion

Monetary production is part of a broader system of social provisioning embedded in (as well as reconstituting) culture and more generally the life-process. The article emphasizes that the economy is supported by activities, work, and output that are not directed to market exchanges, and the economy is in fact broader than markets. Consequently, while the monetary theory of production is central to the analysis of capitalist economy, it ought to incorporate its relation to a broader context of social valuation. Indeed, Veblen's analyses help us escape a dualism between material and immaterial phenomena. His analysis of culture and nature as constituting the life process provides not only the frame of economic analysis, but also the criteria for evaluating economic outcomes (Veblen [1914] 1964, 14).

The outlined social processes are inspired by, but not limited to, Veblen's work. Indeed, the conceptualization of social processes is influenced by Marxist political economy, social economics, social structure of accumulation, and feminist economics. It is important to emphasize this point for two reasons. First, a Veblenian framework is versatile precisely because he uses the life process as his starting point, and thus the framework can be connected to various areas of inquiry. Second, Veblen's writings are not merely descriptive but also theory oriented. He offers a well-developed micro-macro monetary theory of production that could connect to a number of focal points of various approaches in heterodox economics.

Consequently, a Veblenian articulation of monetary production helps in the development of heterodox economic theory. The hope is that the offered Veblenian articulation would contribute to a wider usage of the monetary theory of production. For example, the commodity, non-commodity distinction emphasized here is a bridge to feminist economics.

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**Notes**

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<sup>1</sup> If we follow Marxist analytical categories, a question is raised: do non-commodities and the labor power that produce them contribute to the generation of surplus value? Indeed, this has been the center of the so-called “domestic labor debates” (see, for example, Himmelweit and Mohun 1977).

<sup>2</sup> As households’ contribution to production is recognized, there should also be an understanding that households are fundamentally different from firms (Todorova 2009).

<sup>3</sup> If consumption activities are to be considered here, the table would include a row for “pecuniary leisure” involving waste, conspicuous consumption of accumulated wealth, superior social position, invidious distinction and social reputability and standard setting. This is to be contrasted to those who are unemployed and may receive incomes through the state support, for example. Those individuals are with different social standing (“blameful”), and their experiences are very different from the lifestyles of the leisure class, and their consumption standards are lower, albeit through emulation in society, affected by those of the leisure class.

<sup>4</sup> This depiction of overall monetary production does not imply that at any one point in time a business enterprise ought to maximize profits.

<sup>5</sup> For a further argument that the Veblenian dichotomy avoids the pitfall of “real” vs. “monetary” dualism, see Todorova (2009).

<sup>6</sup> For discussions of the term “ceremonial encapsulation,” see, for example, Bush (1988) and Todorova (2009).