

# **On Veblenian Waste and Polanyian Protective Responses: Evidence from the US**

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## Summary:

As capitalism unfolds, continual technological advance in combination with the relentless accumulation imperative serves to amplify material progress. The institutionalization of the market fundamentally changes the structure of society and the institutional structure through which individuals are socialized; the socialization process becomes increasingly accommodating to the intensifying marketplace. The social dislocation generated by the intensification of the market, prompts Polanyi's protective response.

Despite this intensification of the market setting, the existence of the economic surplus fund undermines the syllogistics of market determined pricing. Evidence of the economic surplus and that the competitive law of value is not operable within monopoly capitalism is found in the thriving lobby industry and generous campaign contributions. This research seeks to connect explicitly the concepts of Polanyi's protective response with Veblenian waste and the economic surplus in order to better understand how the irrational system of neoliberalism continues to evolve.

Key words: Veblen, Polanyi, economic surplus, neoliberalism, monopoly capitalism

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‘The requirements of the aggregate livelihood are so far short of the possible output of goods by modern methods as to leave a very wide margin for waste and parasitic income’  
(Thorstein B. Veblen [1904] 2005, p. 36)

‘But no society could stand the effects of such a system of crude fictions even for the shortest stretch of time unless its human and natural substance as well as its business organization was protected against the ravages of this satanic mill’  
(Karl Polanyi 1944, p. 76-77).

## **Introduction**

As capitalism unfolds, continual technological advance in combination with the relentless accumulation imperative serves to amplify material progress. The expanding economic sphere begins to pervade the everyday lives and thinking of the individual. The institutionalization of the market fundamentally changes the structure of society and in so doing, fundamentally changes the institutional structure through which individuals are socialized; the socialization process becomes increasingly accommodating to the intensifying market place. The social dislocation generated by the market mentality and the intensification of the market, prompts Polanyi’s protective response.

Despite this intensification of the market setting, the existence of the economic surplus fund undermines the syllogistics of market determined pricing. Indeed, the law of competitive value is no longer operative under the most recent stage of capitalism – monopoly capitalism. Instead of free market forces, a planning system of production and administered pricing emerges; a system empowered by politics, control over the surplus fund, and the ability to manipulate production, consumption, and price. Non-productive dissipation of the surplus amounts to what Veblen referred to as “waste.” Evidence of the economic surplus and Veblenian waste and furthermore, that the competitive law of value is not operable under the context of monopoly capitalism is found in the thriving lobby industry and generous campaign contributions that have enabled business interests to move market priorities up the political agenda.

This research seeks to connect explicitly the concepts of Veblenian waste and the economic surplus with Polanyi’s protective response in order to better understand how the irrational system of monopoly capitalism and its ideological operant neoliberalism continue to evolve. The procedure is simple. The first step is to explore the concept of Veblenian waste in production within the larger context of the generation of the economic surplus under monopoly capitalism. The next step is to detail the modern, neoliberal incarnation of Polanyi’s protective response. The connection between Veblenian waste and Polanyian protection will then become clear with examination of evidence gathered by the Center for Responsive Politics, with specific focus on campaign contributions and lobbying in the United States.

## **The Economic Surplus Fund and Veblenian Waste**

The concept of the economic surplus in its most basic form consists of the difference between what is produced and that production which is needed to reproduce society in the next period. The economic surplus so defined is not contextually specific and therefore is applicable to all societies and production forms (Robert L. Heilbroner 1985). The production of an economic surplus hence requires production beyond the subsistence level of output for a society (Peter M. Lichtenstein 1983). Within the context of monopoly capitalism, the economic surplus is more specifically defined as what is left from *potential* output once essential consumption – that is, the consumption necessary for social and material reproduction – has been met. Potential output is not the amount of output produced in a period, but rather consists of the total productive capacity, whether utilized or not, for the given level of capital stock and workforce talent in a society. In other words, potential output is the output that is attainable if all the available factors of production in a society are employed (J. Ron Stanfield 1984). That actual output often falls short of potential is a tendency of monopoly capitalism; i.e., a tendency toward excess capacity.

Any expenditure that contributes to the social and material reproduction of society, including maintenance of an individual’s previous standard of living as well as maintenance of the previous period’s productive capacity constitutes essential consumption. Consumption that increases capacity or more than reproduces society should be considered investment rather than consumption per se and as such, a potential catalyst to economic growth and development. Since it is through the economic surplus that this investment is funded, it is clear that the potential for the direction and content of growth resides in the deployment of the economic surplus fund (J. Ron Stanfield 1992, 1984). The economic surplus

should therefore be considered a fund – a collection of resources with unrealized potential – regardless of what the fund might finance.

### *Structural Inconsistencies*

Because of the insatiability of the accumulation cycle which drives all capitalist systems, business interests must constantly and consistently expand production. Given the similar drive to contain costs, specifically labor costs, structural imbalance is created by the gap between productive capacity and consumption limits; the former defined by the state of technology, the latter by the prevailing social and political institutions and the distribution of income (J. Ron Stanfield 1977). The structural inequality of the distribution of income endemic to all varieties of capitalism constrains the amount of production that can be consumed within a given society. The problem of ineffective demand or underconsumption plagues modern business, which coupled with downwardly rigid pricing, forces cuts in production and thus poses the problem of excess capacity (John B. Foster 2000).

Modern day crisis under the monopoly capital system is thus the crisis of chronic excess capacity, which cannot be used to produce more consumer goods, given the inequality of the distribution of income, and cannot be used for investment, i.e., to produce productivity enhancing capital, as this compounds the problem of excess capacity (Foster 2000). While the economic surplus consists of the gap between potential output and essential consumption, the gap between productive capacity and the limits to consumption might be conceptualized as the structurally determined portion of the economic surplus fund and thus directly reflects the degree of excess capacity within a given time period. Chronic excess capacity and idle capital stock brought about by the accumulation of surplus funds and underconsumption creates a systemic tendency toward stagnation under monopoly capitalism. This tendency coupled with the power of monopoly capital to administer mark-up pricing (and by extension, downwardly rigid pricing) creates macroeconomic instability and a predisposition for stagflation (John B. Foster 1984; Mary V. Wrenn 2010).

Compounding the problem of excess capacity and tendency toward stagnation is the structural maladjustment resulting from neo/New Keynesian advocated remedies for relieving excess capacity by stimulating the economy through government investment financed through deficits. Government spending, especially within the growing movement to privatization, exhausts the economic surplus fund by closing the gap between productive capacity and now increasing public sector consumption (Mary V. Wrenn 2015b). As early as 1957, Paul A. Baran pointed out that such stimulation within the monopoly capitalist system encourages business overestimation of demand elasticity which in turn encourages production beyond the limits of consumption, thereby amplifying the economy's tendency toward stagnation and consequently cycles back the need for further government stimulus of the economy. Moreover, financing *unstructured* investment through government deficits especially in non-capital stock increasing investment, such as military armaments and technological research would result in precarious inflationary overhang<sup>1</sup> (Baran 1957; Foster 1984).

The key consequents of a monopoly capitalist system therefore are structural maladjustment and stagnation (Tracy Mott 1992). The systemic tendency toward stagflation emerges from the underlying tendencies of modern monopoly capitalism toward chronic excess capacity, idle capital stock, and surplus funds in frozen suspension awaiting government assistance, correlated with the tendency to inflationary overhang, worsened by unstructured government deficit financing in order to commission output to forestall the threat of stagnation (Foster 1984). Given these tendential laws, it would seem as though the modern monopoly capitalist system would eventually be swallowed by its own stagnationist crises. The modern social structure of accumulation, however, has proven quite adept at forestalling such crises through the creation of non-productive venues of expending economic surplus funds.

### *Coping Mechanisms*

Given the limits on consumption imposed by the inequality of the distribution of income and the consequent need to expand productive capacity while avoiding the creation of idle capital, the modern capital system of monopoly capitalism creates a means of producing what Veblen referred to as 'waste.'

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<sup>1</sup> Unstructured investment financed through deficit spending thus leads to overestimation of demand by businesses, especially those contracted by the government. The consequent build-up of inventories coupled with mark-up pricing and downwardly rigid prices means that inflation outpaces further production, creating inflationary overhang.

Veblen used the term 'waste' frequently throughout his works; his definition of waste changing slightly to fit the respective context. This is not to suggest that Veblen used the term with any inconsistency; indeed, despite shades of differences in the application of the term, a coherent and consistent concept of the term 'waste' emerges from a holistic view of Veblen's work: Veblenian waste is the deployment of resources in ways that do not contribute to overall social welfare or to the welfare of the generic individual. This is clear in the two different, yet consistent ways in which Veblen describes waste in two of his most popular works. Waste as Veblen describes in the *Theory of the Leisure Class (TLC)* ([1899] 2007) includes conspicuous and ceremonial expenditure and resources put toward the maintenance of invidious distinctions, whether at the state or individual level. Waste as described in the *Theory of Business Enterprise (TBE)* ([1904] 2005) captures non-productive use of resources and capital, whether that non-productive use means preventing idleness of capital or the use of capital and resources into production of goods and services that do not contribute to the overall welfare of society:

That is to say in other words, the absorption of goods and services by extra-industrial expenditures, expenditures which as seen from the standpoint of industry are pure waste, would have to go on in an increasing volume. If the wasteful expenditure slackens, the logical outcome should be a considerable perturbation of business and industry, followed by depression; if the waste on war, colonization, provincial investment, and the like, comes to an abrupt stop, the logical consequence, in the absence of other counteracting factors, should be a crisis of some severity (p. 120).

Both definitions of waste in *TLC* and *TBE* align with discussion of how the economic surplus might be used; for present purposes, the emphasis will fall on Veblenian waste as described in the *TBE*.

The production of waste by business enterprises may occur in many forms, but again, the most desirable is that which does not serve to create consumption goods or to increase productive capacity. Paul A. Baran and Paul M. Sweezy in their 1966 classic *Monopoly Capital* dedicate the core of the book to exploring the different non-productive means by which the surplus fund might be expended, but of particular concern here is the government expenditure which is tethered through campaign donations and lobbying efforts to the monopoly capital system.

### **Polanyian Protective Responses and Neoliberalism**

As capitalism evolves, continual technological advance in combination with capital's relentless accumulation imperative serves to amplify material progress. The expanding economic sphere begins to pervade the everyday lives and thinking of the individual. The institutionalization of the market fundamentally changes the structure of society and in so doing, fundamentally changes the institutional structures through which individuals are socialized. As such, the socialization process becomes increasingly accommodating to the intensifying market place and the transference of knowledge, tradition, and culture via the social structure all become increasingly tinged by the values of the market.

As well, the increasing momentum of market intensification in monopoly capitalism encourages the extraction of the market from the other spheres of social life, in other words, the disembedding of the economic sphere. In following the logic of its own momentum, the economic sphere enlarges eventually encompassing the entirety of social life, subordinating the other spheres of livelihood to support its purpose and further intensification (Polanyi 1944). The concurrent intensification of the market mentality and the continued disembedding of the economy drives a deeper wedge into the development of personal relationships as anonymity of the market, pecuniary values, and the competition of emulation serve to distance individuals from one another by eroding, preventing, or calling into question social bonds and collective goals (James R. Stanfield and Jacqueline B. Stanfield 1996). Although Polanyi wrote about monopoly capitalism prior to the emergence of neoliberalism, his work, particularly his description and elucidation of the disembedded economy nevertheless describes quite clearly how neoliberalism emerged and continues to evolve (Gareth Dale 2010): the superiority of the individual over the collective is the guiding principle and rallying cry of neoliberalism.

#### *Neoliberal Monopoly Capitalism*

Neoliberalism is the prevailing ideological operant of the most recent stage in the evolution of monopoly capitalism over the last nearly five decades. Neoliberalism embodies the ideological shift in the purpose of the state from one that has a responsibility to insure full employment and protect its citizens against the exigencies of the market to one that has a responsibility to insure protection of the market itself (David Harvey 2005). The neoliberal narrative consists of three well-defined tropes: privatization of currently state provided goods and services, de-regulation of industry, and retrenchment of the welfare state (Gerard Duménil and Dominique Lévy 2011). All three reinforce a central premise: the

locus of control is the individual exercising agency through (free) market operations. The tropes of privatization and de-regulation both argue that erecting a wall between government and business creates a more efficient market economy; private industry is brought to heel by competitive market forces – market forces that simply represent the aggregate of autonomous, individual decisions. Likewise, the retrenchment of the welfare state erects a wall between the individual and the state, which ‘frees’ the individual to exercise agency and decide for herself where she wants to reside in the economic hierarchy (Mary V. Wrenn 2015a).

This analysis of the neoliberal narrative is not meant to suggest that there is a comprehensive and complete ‘Neoliberal Agenda’ that is actively enforced by maniacal powers-that-be. Rather, what is argued is that the neoliberal narrative consists of a central ideological construct – that of hyper-individualism – upon which the justification of these tropes rests, the consequences of which further legitimize and prioritize market activities above socially integrative activities. Neoliberalism teaches through the socialization process that each individual should be accountable to herself and in so doing, each individual’s responsibility to others and to the collective is eroded. Society is then comprised entirely and solely of self-interested, atomistic individuals seeking to forward their own agendas. The emphasis on individual accountability and responsibility naturally segues into the power of the individual acting alone.

### *Protective Responses: Social vs. Business Interests*

The intensification of the marketplace and market mentality creates a vacuum in the lives of individuals left by the social dislocation created by the disembedded economy and the subordination of social life to the dictates of the market. The social dislocation generated by the market mentality and the intensification of the market, prompts Polanyi’s protective response. Individuals seek meaning, order, and the means for social continuity in daily living and look to the major social institutions to serve that function as an integrating mechanism and provide opportunities for citizens to address social concerns and seek amelioration (Brent McClintock 1998).

The social protective response which rises against the dehumanization of market intensification and increasing social dislocation prompts the construction of provisions and programs of the welfare state, but in an unorganized, ad hoc fashion primarily as a result of its spontaneity and pragmatic immediacy. The welfare state is thus not a systematic creation of social protection measures, but rather a product of the uncoordinated efforts to ameliorate immediate concerns.

This is not to say that all protective responses are uncoordinated, indeed business interests forge alliances with competitors, as evidenced by trade associations, as well as across industries in collective efforts to maintain positions of power over government and labor. Business interests as well, seeks protection from the intensified market setting. Indeed, despite the free market rhetoric, neoliberalism does not advocate complete abstention of government intervention in the market; business interests still rely upon the state to provide refuge from the exigencies of the market. To stem stagnation, business interests depend on the state to help exhaust excess capacity and to ameliorate underconsumption through government commanded production; preferably production that is contracted out to the private sector. Likewise, business interests pursue regulatory restructuring in order to pare away specific regulations that diminish profitability or impede the movement of capital while maintaining interventions that support or create markets. The state is also relied upon as a resource in cost containment with respect to labor; the depressed wages and rising inequality which are products of the neoliberal project work to the advantage of business interests by acting as a disciplinary device for labor to insure loyalty and productivity and a means for keeping inflation down. Moreover, the retrenchment of the welfare state is an important disciplinary device for business interests to insure a compliant labor force; by removing social programs, workers are forced to work without a safety net and become willing to take almost any job under almost any conditions (Frances Fox Piven 2004; Wrenn 2015b).

It is the conflicting interests of these collective groups and the continued lack of collective action from the citizenry writ large however that fuels the ad hoc creation and contradictory character of the welfare state. The estrangement of the state from the general public has placed the welfare state in great peril. The divide has been both deliberate and an unintended consequence; deliberate in the harnessing of state discretion to business interests and unintendedly as the result of institutional drift. What stymies the coordination of the social protective response and perpetuates the institutional drift in the creation of the welfare state is the pervasiveness of the market, especially within political institutions, which requires that all protective responses be framed in the rhetoric of and in support of the market. Political decisions hinge upon the

predicted economic impact of any particular program or piece of legislation – as James Carville<sup>2</sup> succinctly quipped ‘It’s the economy, stupid’ (Chris Hegeudus and DA Pennebaker 1993). As well, the longest time horizon any politician considers is only as long as the time remaining until her/his next re-election campaign. Narrowed focus on the short-run economic consequences of programs and policies means that politicians become hyper-focused on how ‘the markets’ will react in the near term. Large-scale reform of institutions is shelved in favor of short-run, sound-bite-friendly gains. As a result, the focus of reform has been on ameliorating specific symptoms of crises as opposed to addressing the structural problems of the system of monopoly capitalism or the fundamental flaws in the guiding principles of neoliberal ideology.

### **Protective Responses and Veblenian Waste: Evidence from the US**

The protective response might manifest in a variety of ways: influence through a network of connected state actors, pressure from advocacy groups, or the threat of bad press from public demonstrations. The connection between Polanyi’s protective response and Veblenian waste is much easier to tease out, given that the latter originates from the economic surplus, at least for business interests, and can reasonably be measured in monetary terms. Likewise the former can be measured monetarily with specific focus on the protective response as evidenced through campaign contributions and that which is spent on advocacy efforts expended through lobbying.

#### *Campaign contributions*

Running a political campaign is an expensive prospect, particularly a campaign for a federal office in the US government. The 2012 US Presidential campaign was especially pricey, ringing up a tab of over \$2.5 billion between both parties’ candidates (CRP). Expensive campaign price tags necessitate relentless fundraising efforts. During the 2012 election cycle alone, election winners to the US House of Representatives raised on average, \$2,315 per day, while election winners to the US Senate raised on average \$14,351 per day (Jay Costa 2013). Examination of political action committees helps to reveal the motivations and priorities of donors.

Political action committees (PACs) are sponsored by an organization that represents a body of people – whether it is a corporation, labor union, trade association/industry group, or a group organized around a set of shared personal interests. Contributions are collected from individuals, corporations or other PACs; the funds are used for political activities of various sorts, such as pro-/anti- issue or political candidate advertisements or can be contributed directly to the campaigns of a particular candidate or party. Under current legislation, PACs are required to disclose who donates to them and to where the PAC donates, and there are limits to the amount that an individual or organization can contribute to the PAC as well as limits to how much a PAC can contribute directly to political campaigns.

Since a PAC can be formed by any type of organization (there is also currently no limit on the number of PACs any one organization can establish), one would expect to see a wide range of interests represented. The Center for Responsive Politics compiled data on PAC contributions available from the Federal Election Commission (FEC), and classified those PAC contributions by assigning each to one of 13 broadly defined ‘sectors.’ Ten of these sectors can be referred to as representing commercial or business interests, while the remaining three sectors represent either ‘Labor’ interests, such as unions, ‘Ideology/Single Issue’ interests into which category fall non-profit, social interests, and ‘Other’ for remaining non-business interests.<sup>3</sup>

From reports made to the FEC over the eighteen year period of 1998 to 2015 (inclusive), it is clear that business interests spend more than those interests which represent workers and the general citizenry – by a ratio of over two to one (see Table 1 and Chart 1).

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<sup>2</sup> James Carville served as Bill Clinton chief campaign strategist in Clinton’s 1992 first run for the White House.

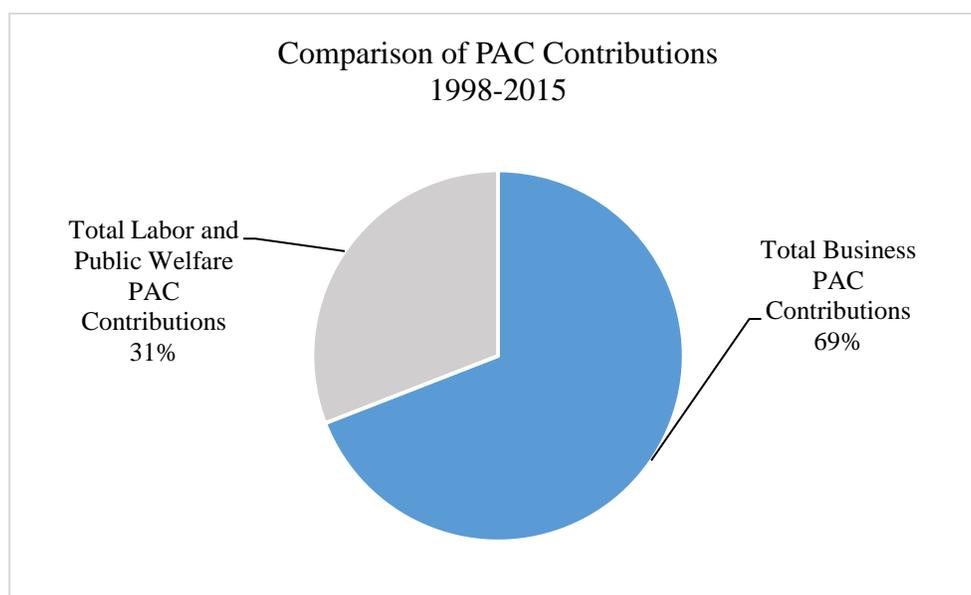
<sup>3</sup> The ‘Other’ sector does include one business interest – that of for-profit education. The full list of industries represented in the ‘Other’ sector include: civil servants/public officials; clergy and religious organizations; education (for- and non-profit); non-profits, foundations, and philanthropists; and retired persons. See <https://www.opensecrets.org/pacs/sector.php?txt=W01>. For a full list of all ‘industries’ that comprise each ‘sector,’ see [https://www.opensecrets.org/lobby/list\\_indus.php](https://www.opensecrets.org/lobby/list_indus.php).

Table 1

Comparison of PAC Contributions 1998-2015			
Sectors: Business Interests	Total Contributions	Sectors: Labor and Public Welfare Interests	Total Contributions
Finance/Insurance/Real Estate	\$505,365,914	Labor	\$514,359,518
Health	\$355,831,958	Ideology/Single-Issue	\$472,864,861
Miscellaneous Business	\$279,331,060	Other	\$10,409,948
Energy/Natural Resources	\$217,798,696	Total Labor and Public Welfare PAC Contributions	\$997,634,327
Communications/Electronics	\$183,214,033		
Agribusiness	\$180,641,587		
Transportation	\$176,855,660		
Lawyers and Lobbyists	\$115,921,575		
Construction	\$115,508,848		
Defense	\$99,134,140		
Total Business PAC Contributions		\$2,229,603,471	

Source: Center for Responsive Politics

Chart 1



Source: Center for Responsive Politics

With the 2010 ruling by the US Supreme Court on the *SpeechNow.org v. FEC* case<sup>4</sup>, the ‘Super PAC’ was born and outside spending on political campaigns was unleashed. Super PACs are technically referred to as “independent-expenditure only” political action committees, which are designed to campaign for or against political issues, candidates, or parties without coordination with – i.e., independent from – the actual, respective campaign. Super PACs are not allowed to contribute directly to political campaigns, but there are currently no limits to how much a Super PAC is allowed

<sup>4</sup> The March 2010 *SpeechNow.org v. FEC* US Supreme Court case was an application of the ruling of the January 2010 *Citizens United v. FEC* US Supreme Court case. The latter allowed traditional PACs to spend money on political issues/campaigns independently of specific political campaigns in addition to making direct contributions, while the former allowed for the creation of Super PACs – independent expenditure only political action committees.

to spend on its independent campaigns nor are there limits to how much individuals and organizations can contribute to a Super PAC. Under current legislation, Super PACs must disclose their donors to the FEC.

Outside spending is not, however, solely relegated to the Super PAC. Non-profit organizations are allowed to receive unlimited donations and spend unlimited amounts on political campaigns for issues or candidates as long as those activities constitute only up to 49.9% of the organizations' overall activities<sup>5</sup>. Non-profits which are affiliated with business interests and trade associations are called 501.c.6 organizations, while those non-profits that are associated with labor unions are called 501.c.5 organizations. The final political non-profit category is that of 'social welfare' with acts as a catch-all category for 501.c.4 listed organizations which do not fall into either of the former two. Out of these three groups, only the labor unions (501.c.5) are required to disclose their donors. For this reason, the other two are referred to in the press as 'dark money' groups.

Examination of the FEC reports of donations (made from 1998 to 2015) to Super PACs and political non-profit 501.c.4, 5, and 6 organizations (outside spending groups) appear to reveal a relatively more balanced ratio between business interest sectors and general interest sectors (see Table 2 and Chart 2). It is important to note, however that the data only include the donor information disclosed from Super PACs and labor unions (501.c.5), and those business/trade associations (501.c.6) and social welfare organizations (501.c.4) who *voluntarily* disclose the sources of their donations<sup>6</sup>.

Table 2

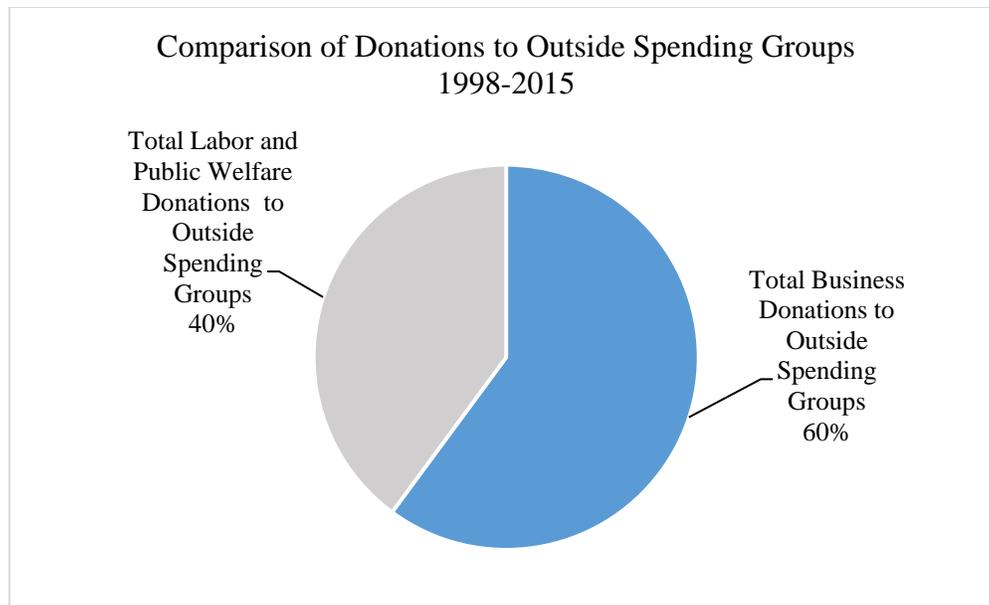
Comparison of Donations to Outside Spending Groups 1998-2015			
Sectors: Business Interests	Total Donations	Sectors: Labor and Public Welfare Interests	Total Donations
Finance/Insurance/Real Estate	\$411,000,000	Ideology/Single-Issue	\$295,800,000
Miscellaneous Business	\$235,151,300	Labor	\$288,300,000
Health	\$105,403,700	Other	\$128,300,000
Communications/Electronics	\$91,793,700	Total Labor and Public Welfare Donations to Outside Spending Groups	\$712,400,000
Construction	\$73,200,000		
Energy/Natural Resources	\$69,921,900		
Lawyers and Lobbyists	\$40,727,600		
Agribusiness	\$32,338,900		
Transportation	\$13,053,200		
Defense	\$652,000		
<b>Total Business Donations to Outside Spending Groups</b>	<b>\$1,073,242,300</b>		

Source: Center for Responsive Politics

<sup>5</sup> Compliance to this rule falls under the jurisdiction of the Internal Revenue Service, which has not been active in monitoring or enforcing the 49.9% rule.

<sup>6</sup> An additional complication with the reporting of 501 organization donations is that it is difficult to discern how much of the donations are spent for political campaigns.

Chart 2



Source: Center for Responsive Politics

Despite the popular perception of campaign contributions as the price paid for political influence or power, the connection is between the two is not clear nor is it easy to measure. It could reasonably be argued based on the above evidence that campaign contributions represent a relatively weak version of the protective response. The most these donor groups, whether representing business interests or the interests of workers and general public special interests, can accomplish with their contributions is to sway voters, and there is no promise of pay-out for these efforts, especially if the receiving candidate doesn't in the end, win the election. Furthermore, winning politicians are not legally bound to the political pledges or promises made prior to the election. As such, it is clear that a more direct line, leading straight to politicians and policy decision-making, is influence through lobbying efforts.

### *Lobbying*

The complexity and volume of legislation that passes over a Congressperson's desk— as well as all the iterations of any given piece of legislation – necessitates her/his reliance on other individuals both inside and outside of Congressional offices for information and insight on the various and wide-range of issues that might be encapsulated in even a single legislative bill. With an eye toward allowing industry expertise to help guide the Congressperson in making informed decisions, representative advocates – lobbyists – are sent to policy makers to educate Congress members and to assist in crafting, tweaking, or blockading that legislation which will impact their clientele. And lobbying is itself big business.

Table 3

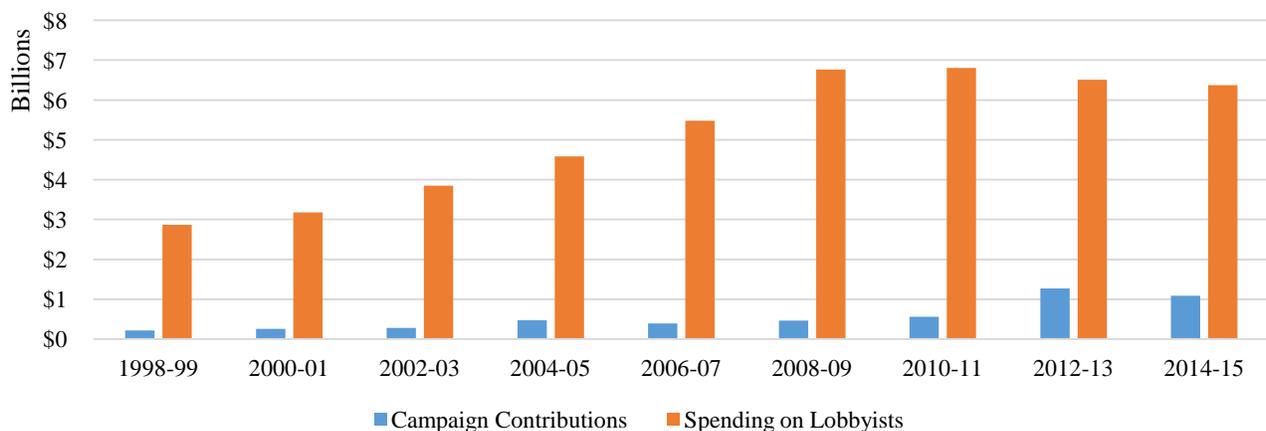
Two Year Election Cycle	Total Expenditure across Interests		
	PAC Contributions	Donations to Outside Spending Groups	Spending on Lobbyists
1998-99	\$220,050,968	DNA	\$2,870,555,074
2000-01	\$259,941,553	DNA	\$3,178,309,807
2002-03	\$281,205,226	DNA	\$3,851,679,293
2004-05	\$315,016,612	\$160,451,700	\$4,585,351,057
2006-07	\$373,954,285	\$21,378,000	\$5,477,354,255
2008-09	\$416,554,321	\$46,591,600	\$6,766,652,492
2010-11	\$434,564,064	\$122,390,700	\$6,800,190,038
2012-13	\$455,593,829	\$815,182,600	\$6,505,325,750
2014-15	\$470,356,940	\$619,647,700	\$6,369,642,637
<b>Total</b>	<b>\$3,227,237,798</b>	<b>\$1,785,642,300</b>	<b>\$46,405,060,403</b>

DNA: data not available

Source: Center for Responsive Politics

Chart 3:

Total Expenditure across Interests:  
Campaign Contributions (PAC contributions + Donations to Outside Spending Groups) vs Spending on Lobbyists



Source: Center for Responsive Politics

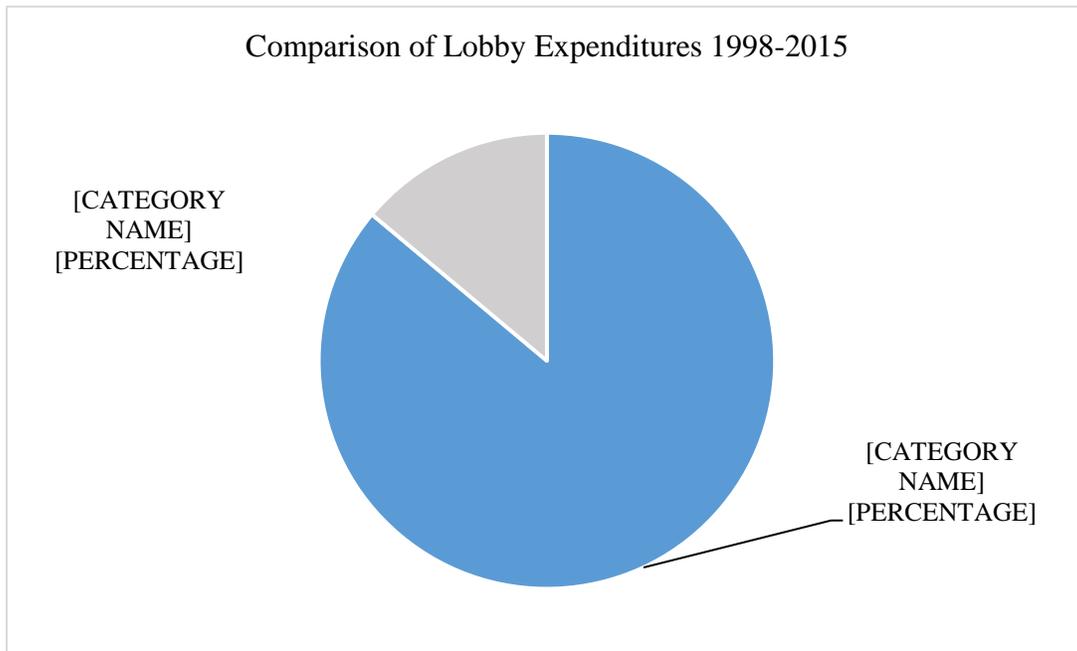
More is spent on lobbying efforts than the combined money spent by PACs or donated to outside groups – by a very, very wide margin (see Table 3 and Chart 3). Over the eighteen year period of study from 1998 to 2015, organizations – both business interests and labor/general special interests more than doubled the amount of money spent each year on lobbying: from \$1.45 billion spent in 1998 to \$3.2 billion spent in 2015. The most alarming revelation, however, comes from the comparison between the total amounts business interests spent on lobby efforts versus that which labor and general special interests spent over that eighteen year timeframe (see Table 4 and Chart 4).

Table 4

Comparison of Lobbyist Spending 1998-2015			
Sectors: Business Interests	Total Spending	Sectors: Labor and Public Welfare	Total Spending
Agribusiness	\$2,044,552,914	Ideology/Single-Issue	\$2,213,304,353
Communications/Electronics	\$5,536,118,275	Labor	\$685,026,175
Construction	\$737,192,349	Other	\$3,555,634,599
Defense	\$1,963,533,314	Total Labor and Public Welfare Expenditure - Lobbyists	\$6,453,965,127
Energy/Natural Resources	\$5,037,352,038		
Finance/Insurance/Real Estate	\$6,846,672,174		
Health	\$6,870,934,717		
Lawyers and Lobbyists	\$440,631,026		
Miscellaneous Business	\$7,017,372,142		
Transportation	\$3,456,736,327		
Total Business Expenditure - Lobbyists			
	\$39,951,095,276		

Source: Center for Responsive Politics

Chart 4:



Source: Center for Responsive Politics

In the case of lobbyists, the protective response from business interests overshadows and overwhelms the protective response from workers and special interests. It is clear that business interests find lobbying to be a more direct means by which to craft and shape business-friendly legislation than campaign contributions, and that any efforts on the part of workers or the general public are swallowed by the sheer volume of dollars business interests not only have at their disposal through the economic surplus fund, but are willing to put toward lobbying efforts.

## Concluding Remarks

The tendential logic of monopoly capitalism toward excess capacity and idle capital stock makes the creation of wasteful output a necessary but still ultimately profitable endeavor. The outlets for surplus funds – campaign contributions and lobbying efforts – are made all the more attractive by virtue of their inability to expand productive capacity and compound the excess capacity problem. As the above evidence clearly demonstrates, the economic surplus is a fund for Veblenian waste, and one of the most efficient means of non-productivity expanding investment is investing in Polanyi's protective response: the education of state officials in how to structure a welfare state amenable to the goals of business interests and which will sustain a favorable distribution of income.

The welfare state represents the realization of the protective response from both business and citizen interests, but it is uncoordinated, ad hoc, and contradictory in its creation. Business interests only have in common the goal of survival and continual expansion of market share and market reach – what is needed from the state varies across sectors and industries. Uncoordinated responses from individuals emerge from efforts to cope with an inherently irrational system; to survive and make sense of a world where Polanyi's disembedded economy dictates the functioning of other spheres of living. The institutional drift caused by the lack of coordinated protective response and the ad hoc, undirected augmentation of the welfare state contributes to this perception of the state as an inefficient tangle of bureaucracy, which precipitates further protective response and in its wake leaves an ambiguously directed state, with ambivalent leaders at the helm. Without a well-defined, overarching purpose, the welfare state fails in its primary responsibility to serve as an integrating mechanism for social interests and as such, creates hostility, or worse, ambivalence to its existence and importance, thus serving to alienate the state further from its constituents.

Waste is a necessary component of capitalism, but not of the economic surplus: 'In a very significant sense, the nature of a society is revealed by the manner in which it disposes of its surplus' (Thomas E. Weisskopf 1972, p. 366). Veblen's conceptualization of waste is subjectively determined from the vantage point of society and the generic individual – general social welfare – and as such, specifically addresses those resources which are applied to the production of goods and services which do not meet the needs of the general populace. If the purpose of the economic surplus could be redirected, reimagined as a fund for social change applied to the production of goods and services which sustain and enrich the lives of all, such as healthcare, housing, and education, as opposed to a fund used to prop up the unsustainable, continual expansion of capitalism, then the role of productivity could be reduced to servant, rather than master of growth, and harnessed so as to serve the purpose of human development. Society's concern could shift from how much the economy can grow in quantitative, productive terms to the qualitative test of how much, how, and in what direction should the economy grow. Productivity and efficiency in this new society would be focused on the instrumentality of production as opposed to the optimization goals of capitalist production (Stanfield 1992).

Until the welfare state becomes purposeful in its manifestation, until it carries with it the mission of serving the greater social good, it will continue to deteriorate and to be usurped by monopoly capitalism and the neoliberal project. The way forward requires individuals to recognize the power of the communal and to acknowledge the impotency of the individual acting alone. Only then can individuals work to transcend the actual limits to individualism and through coordinated, collective action, redesign social institutions into structures which support authentic living and the broader flourishing of individuals.

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