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Institutionally Speaking: a veblenian take on McCloskey's The Rhetoric of Economics

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Resumo: A economia, enquanto campo científico, é marcada por controvérsias acerca de seus objetos, métodos e pretensões de objetividade. A consolidação da tradição econômica ortodoxa, especialmente a partir da revolução marginalista, aproximou a disciplina dos métodos das ciências naturais e exatas, valorizando a formalização matemática, a dedução e a capacidade preditiva. Essa orientação foi criticada por diferentes correntes heterodoxas, entre as quais se destaca o institucionalismo de Thorstein Veblen. Ao questionar o caráter estático, utilitarista, teleológico e taxonômico da economia ortodoxa, Veblen defendeu uma ciência econômica de caráter evolucionário, capaz de compreender a transformação histórica das instituições e dos hábitos. Décadas depois, Deirdre McCloskey, em sua crítica à retórica econômica, questionou a pretensão de neutralidade e objetividade do discurso econômico, destacando o papel de metáforas, analogias, narrativas e outros recursos retóricos na construção da autoridade dos argumentos científicos. Este trabalho busca explorar as aproximações e divergências entre as críticas de Veblen e McCloskey, examinando como ambas contribuem para problematizar os fundamentos epistemológicos da economia. Argumenta-se que, embora partam de perspectivas distintas uma centrada na evolução institucional e outra na dimensão retórica do discurso econômico, os autores convergem ao questionar a suposta neutralidade dos procedimentos do mainstream. Nesse sentido, o confronto entre suas contribuições permite refletir sobre os limites metodológicos da economia e sobre a necessidade de métodos e formas de argumentação mais adequados à complexidade histórica e social de seu objeto.

Palavras-chave: Economia; Metodologia econômica; Thorstein Veblen; Deirdre McCloskey; Institucionalismo; Retórica.

Abstract: Economics, as a scientific field, is marked by controversies regarding its subject matter, methods, and claims to objectivity. The consolidation of the orthodox economic tradition, particularly following the marginalist revolution, aligned the discipline with the methods of the natural and exact sciences, placing a premium on mathematical formalization, deduction, and predictive capacity. This orientation faced criticism from various heterodox schools of thought, most notably the institutionalism of Thorstein Veblen. Challenging the static, utilitarian, teleological, and taxonomic nature of orthodox economics, Veblen advocated for an evolutionary economic science capable of understanding the historical transformation of institutions and habits. Decades later, Deirdre McCloskey, in her critique of economic rhetoric, questioned the claims of neutrality and objectivity in economic discourse, highlighting the role of metaphors, analogies, narratives, and other rhetorical devices in establishing the authority of scientific arguments. This paper explores the points of convergence and divergence between the critiques offered by Veblen and McCloskey, examining how both contribute to problematizing the epistemological foundations of economics. It argues that, despite proceeding from distinct perspectives, one centered on institutional evolution and the other on the rhetorical dimension of economic discourse, the authors converge in questioning the alleged neutrality of mainstream procedures. Thus, contrasting their contributions allows for a reflection on the methodological limits of economics and the need for methods and modes of argumentation better suited to the historical and social complexity of its subject matter.
Keywords: Economics; Economic methodology; Thorstein Veblen; Deirdre McCloskey; Institutionalism; Rhetoric.

Introduction

The controversy surrounding the definition of what constitutes science and how scientific knowledge should be produced permeates virtually every field of inquiry. Over time, and particularly during the twentieth century, increasingly restrictive criteria of scientific legitimacy contributed to a distinction between the alleged “hard” and “soft” sciences, with scientific “hardness” commonly associated with mathematical formalization, neutrality, empirical verification, and predictive capacity. This classification, however, was far from epistemically neutral. As described by Shapin (2022), the distinction gradually acquired political and institutional dimensions, conferring greater prestige and access to funding on research grounded in experimentation, quantitative analysis, and statistical methods than on qualitative or philosophical approaches. Consequently, social sciences were often either relegated to a comparatively lower status as valuable knowledge or pressured to adapt their methods to the prevailing standards of legitimacy.

As a field of multidisciplinary nature, economics underwent a progressive process of mathematization and claims of methodological neutrality to consolidate to the status of a modern

science. Particularly after the marginalist revolution of the nineteenth century, economic analysis increasingly turned toward the construction of mathematical models, while questions concerning social classes and historically specific relations of production gradually lost their centrality within the emerging mainstream (Paulani, 2005). During the twentieth century, economists associated with the orthodox tradition increasingly advocated a conception of economics modeled on the methods and epistemological standards of the natural sciences. The growing influence of positivist approaches triggered the expectation for evaluating competing theories and, ultimately, resolving theoretical disputes within the discipline.

Although this movement contributed to the consolidation of economics as a modern scientific subject, this program became target for extensive criticism. And it is worth mentioning that dissenting comments were not restricted to heterodox scholars. Authors from markedly distinct historical contexts, intellectual traditions, and methodological concerns converged in questioning the supposedly neutral and objective character of economic knowledge and the criteria through which economics establishes its scientific authority.

Within this context, Thorstein Veblen (1857–1929) developed a sustained critique of the methodological foundations of mainstream economics throughout his writings. In *Why Is Economics Not An Evolutionary Science?* (1898) he argues that economics was "in need of rehabilitation" and "helplessly behind times and unable to handle its subject-matter in a way to entitle it to standing as a modern science". For Veblen, a modern science should conform to an evolutionary explanatory framework, understood as "a theory of a process, of an unfolding sequence". His criticism was not directed at the use of quantitative or mathematical methods per se, but rather at the validity of the underlying preconceptions through which economic phenomena were interpreted and theoretical results were legitimized. As he further developed in later works (T. B. Veblen, 1899, 1909), the problem lays in the teleological character of these preconceptions, particularly in the hedonistic and rationalistic conception of human nature, which he considered inconsistent with the reality of human behavior and modern business life. In his view, such assumptions constrained economic analysis to a standpoint of ceremonial adequacy, producing explanations that could remain internally coherent while failing to adequately account for economic reality as an evolving social process.

Writing almost a century later and from a markedly different intellectual tradition, Deirdre McCloskey develops an equally provocative critique of the methodological foundations through which economics constructs its scientific authority. In *The Rhetoric of Economics* (1983), she argues that the methodological rules officially invoked by economists do not adequately describe the practices through which economic arguments are actually produced, defended, and accepted. She argues that economic reasoning also depends on rhetorical devices, such as metaphors or analogies, that contribute to making arguments intelligible and persuasive instead of relying exclusively on

formal demonstration. Her criticism, however, is not directed at mathematics, statistics, or quantitative methods themselves, but at their use as seemingly self-sufficient evidence of objectivity and scientific validity. This concern becomes particularly explicit in her later critique of statistical practice, in which she emphasizes the distinction between statistical and substantive significance and questions the tendency to treat formal statistical criteria as substitutes for economic judgment (McCloskey, 2005).

Against this background, this article aims to examine the points of convergence and contrast between Veblen's evolutionary critique of economic theory and McCloskey's rhetorical critique of economic methodology. More specifically, it investigates how two authors separated by historical context, theoretical commitments, and methodological proposals converge in questioning the supposedly neutral and self-sufficient character of mainstream economic reasoning. While Veblen directs attention to the teleological, hedonistic, and taxonomic preconceptions that restrict economics' ability to explain institutional and historical change, McCloskey focuses on the argumentative practices through which economists construct and legitimize scientific claims. By placing these perspectives in dialogue, the article seeks to evaluate whether their critiques reveal a persistent methodological tension within economics: the distance between the formal criteria through which the discipline claims scientific authority and the broader processes through which economic phenomena are interpreted, arguments are made persuasive, and knowledge is ultimately accepted as legitimate.

Veblen on Evolutionary Science and the Limits of Conventional Economics

Inspired by Darwin's methods, Veblen defends that the evolutionary sciences explain their subject-matter as a process, but more importantly, as a sequence of successive events in which change is a continuous flow of causes and effects that accumulate, without any predetermined tendency toward equilibrium or an ultimate end state. Their primary concern, therefore, is to understand how particular circumstances and events caused the observed effects on the subject rather than simply describing its characteristics, behavior and relationships.

From this perspective, Veblen argues that mainstream economics had developed an essentially taxonomic character, relying on methods that produced static and largely descriptive accounts while seeking "to formulate knowledge in terms of absolute truth" (Veblen, 1898). The discussion that follows focuses especially on his criticism developed in *Why Is Economics Not an Evolutionary Science?* and *The Limitations of Marginal Utility*, on two closely related aspects of this critique: the teleological and hedonistic character of the preconceptions underlying conventional economic theory, and the reasons why Veblen regarded these foundations as incompatible with the development of economics as a genuinely evolutionary science.

Because the very notion of teleology is at odds with the conception of evolutionary science, this provides a useful starting point for examining Veblen's critique. The assumption that economic processes move toward a definite end is closely connected to the classical idea of natural laws, according to which there is a normal economic state that often presents a tendency to equilibrium. What may initially appear to be a convenient abstraction for organizing and interpreting economic phenomena can and did, in Veblen's view, harden into a rigid system of preconceptions that directs analysis toward predetermined conclusions about what should be regarded as natural or normal. This is what Veblen describes as a standpoint of "ceremonial adequacy" (T. B. Veblen, 1898):

> The standpoint of the classical economists, in their higher or definitive syntheses and generalizations, may not inaptly be called the standpoint of ceremonial adequacy. The ultimate laws and principles which they formulated were laws of the normal or the natural, according to a preconception regarding the ends to which, in the nature of things, all things tend.

By "ceremonial adequacy" Veblen refers not only to the belief that there is an underlying correct order to economic life, but also to a "spiritual attitude" regarding theoretical treatment. This leads economists to judge observed phenomena based on their expectations of normally instead of historical reality. So rather than explaining how particular economic outcomes emerge from cumulative processes of change, such reasoning evaluates them in relation to an assumed endpoint or normal condition. Results that do not conform to this idealized and balanced framework are, therefore, treated as disturbances or deviations as opposed to findings capable of reshaping theory. This mode of reasoning is fundamentally incompatible with the principles of evolutionary science.

The same mode of reasoning also underpinned in marginal utility theory as another major target of Veblen's critique. Marginal utility relies on a hedonistic conception of human behavior, portraying economic agents as individuals who respond to incentives according to relatively fixed principles of pleasure-seeking, pain-avoiding, and utility maximization. Veblen considered this approach essentially taxonomic because it treated these behavioral assumptions as given, rather than exploring and explaining how habits, preferences, and economic conduct themselves change over time. This limitation was particularly significant in the context of the late nineteenth and early twentieth centuries, when rapid technological transformation was continuously reshaping production, business organization, and social life. A theory based on fixed preconceptions of human conduct was poorly equipped to explain such processes of cumulative change (T. B. Veblen, 1909):

> As a means of theoretically accounting for this technological movement in the past or in the present, or even as a means of formally, technically stating it as an element in the current economic situation, that doctrine and all its works are altogether idle.

From a Veblenian perspective, both classical and marginalist economics exhibit fundamental limitations in grasping the dynamics of the economic process. While capable of explaining how

rational agents adjust to specific institutional and economic conditions, they struggle to understand how those very conditions are historically transformed. By taking the environment in which agents operate as a given, they tend to prioritize adjustment processes over the analysis of the institutional, technological, and behavioral changes that continuously reshape that environment. Consequently, they provide insufficient theoretical framework to capture the dynamic, cumulative, and evolutionary nature of the economy.

This reliance on relatively fixed theoretical premises also contributed to an increasingly formalized conception of economic analysis. Particularly within marginalist economics, greater emphasis was placed on the formulation of general principles and on the possibility of expressing economic relations with the precision associated with the exact sciences. Formalization and, later, statistical and quantitative methods became increasingly important sources of scientific legitimacy within the discipline. The claim to scientific rigor was therefore closely associated with the ability to formulate hypotheses in precise terms and confront them with observable evidence.

At this point, it may seem contradictory that an approach so strongly concerned with facts and empirical evidence could nevertheless fail to adequately represent economic reality. Yet this was never the central target of Veblen's critique. The heart of his disagreement lies in what he describes as a "difference in the basis of valuation of the facts for the scientific purpose, or in the interest from which the facts are appreciated" (Veblen, 1898, p. 377). In other words, the problem was not the absence of facts nor the use of mathematics, statistics, or empirical data, but the preconceptions through which those facts were selected, interpreted, and assigned scientific significance.

Classical economists, according to Veblen, approached economic phenomena with conclusions already embedded in their theoretical framework, including assumptions concerning natural laws, normal conditions, or legitimate ends. Their primary concern was to interpret economic phenomena in accordance with previously established preconceptions, therefore, there was no effort to construct an explanation that remained responsive to the complexity of observed reality. The resulting limitation, then, from the theoretical structure upon which the school is founded rather than any alleged lack of intelligence or knowledge on the part of marginalist economists.

The reasons for this attachment to conventional modes of thought are developed more extensively in *The Vested Interests and the Common Man* and will be revisited later in this discussion. Yet Veblen already makes an important distinction in *The Limitations of Marginal Utility* when describing the economists whose theoretical framework he criticizes:

> They are, indeed, to be credited, commonly, with a wide range of information and an exact control of materials, as well as with a very alert interest in what is going on; and apart from their theoretical pronouncements the members of the school habitually profess the sanest and most intelligent views of current practical questions, even when these questions touch matters of institutional growth and decay.

Thus, Veblen does not portray marginalist economists as uninformed observers who simply failed to recognize the institutional transformations occurring around them. On the contrary, he explicitly acknowledges their command of empirical information and their ability to understand practical economic problems, including questions involving institutional change. The limitation appears when this knowledge is translated into theory. Once economic phenomena are incorporated into the marginalist framework, institutional and cultural processes that economists may recognize in practice cease to play an explanatory role because they cannot be adequately accommodated by the theory's underlying premises.

The critique developed by Veblen opens space for a broader methodological question: if the assumptions underlying economic theories do not necessarily provide an adequate representation of reality, how do economists construct and sustain the authority of their explanations? If scientific legitimacy cannot rest solely on the correspondence between theoretical premises and the phenomena they seek to explain, attention must also be directed to the practices through which economic arguments are presented, justified, and made convincing.

Rhetoric and the Construction of Scientific Authority in Economic Writing from a very different intellectual tradition, Deirdre McCloskey develops an equally provocative critique of the methodological foundations through which economists justify their scientific claims. She opens *The Rhetoric of Economics* with a challenge to this apparent correspondence between prescribed method and scientific practice (McCloskey, 1983, p. 482):

> Economists do not follow the laws of enquiry their methodologies lay down. A good thing, too. If they did they would stand silent on human capital, the law of demand, random walks down Wall Street, the elasticity of demand for gasoline, and most other matters about which they commonly speak. In view of the volubility of economists the many official methodologies are apparently not the grounds for their scientific conviction.

The author continues arguing that the methodological rules officially invoked by economists do not accurately describe the practices through which economic knowledge is produced and accepted. In her view, not only the official methodology of economics constitutes "an amalgam of logical positivism, behaviorism, operationalism, and the hypothetico-deductive model of science" (McCloskey, 1983, p. 484), but adhering to these methods would cause the field to stop progressing.

This criticism becomes particularly relevant given the nature of economic inquiry. Economics deals with complex social phenomena that cannot always be isolated, experimentally controlled, or reduced to directly observable relationships. The social context to which economics is intrinsically linked involves countless variables, making it necessary, in certain analyses, to resort to the *ceteris paribus* assumption. Consequently, economists frequently study and discuss theories and concepts that cannot be easily verified through experiments. In this sense, economic argumentation

is not limited to traditional scientific methodology but also encompasses other forms of evidence and reasoning. For example, McCloskey (1983, p. 482) affirms that:

> "In their actual scientific work they argue about the aptness of economic metaphors, the relevance of historical precedents, the persuasiveness of introspections, the power of authority, the charm of symmetry, the claims of morality. Crude positivism labels such issues 'meaningless' or 'nonscientific' or 'just matters of opinion.' Yet even positivists actually behave as though the matters are discussable. In fact, most discussion in most sciences, and especially in economics, arises from them."

McCloskey defines rhetoric as the means through which arguments are constructed and communicated, arguing that it already plays a central role in the everyday practice of economics. Economic reasoning, therefore, extends beyond adherence to a fixed set of methodological rules. Its discourse has an intrinsically literary and rhetorical dimension: even its most formal mathematical expressions depend on language, analogy, metaphor, and other devices through which economists establish connections between concepts and make their arguments intelligible and persuasive.

This point is illustrated by showing that models, graphs, and mathematical expressions are not independent of language. They often operate through conceptual metaphors that allow economists to represent complex phenomena in particular ways and to persuade readers of the usefulness of those representations. As she observes (McCloskey, 1983, p. 502):

> To say that markets can be represented by supply and demand 'curves' is no less a metaphor than to say that the west wind is 'the breath of autumn's being.' A more obvious example is 'game theory,' the very name being a metaphor.

Importantly, this view does not regard rhetoric as opposed to scientific reasoning or as an inferior substitute for mathematical formalization. Rather, it argues that economists should acknowledge the rhetorical dimensions of their work and become more conscious and skillful in the construction of their arguments. This recognition becomes particularly important when McCloskey turns to the use of quantitative methods and statistics in economics. If these procedures are part of the argumentative practices through which economists establish the credibility of their claims, their formal character cannot by itself guarantee scientific validity.

McCloskey's later work on statistical practice develops this point more explicitly by criticizing the tendency to treat conventional tests of statistical significance as if they were sufficient criteria for scientific relevance (McCloskey, 2005):

> The problem is that a number fitted from the world's experiments can be important economically without being noise-free. And it can be wonderfully noise-free without being important. On the one hand: It's obvious, you will agree, that a 'statistically insignificant' number can be very significant for some human purpose. [...] And on the other hand: It is also obvious that a 'statistically significant' result can be insignificant for any human purpose.

Thus, statistical techniques may provide important information, but they can also acquire rhetorical authority simply because they appear objective, precise, and methodologically rigorous.

Researchers still make substantive choices concerning hypotheses, variables, functional forms, specifications, thresholds, and the interpretation of results. In this sense, statistical evidence does not speak independently of judgment, it becomes meaningful only within an argument that establishes why a given result should matter. The problem arises when economists treat the fulfillment of a statistical criterion as if it were equivalent to demonstrating the substantive importance of an economic relationship.

By treating statistical significance as a decisive criterion of scientific relevance, economists risk replacing substantive judgment with a mechanical methodological rule. For McCloskey, the relevant question should therefore not stop at whether an effect can be statistically detected, but should extend to its magnitude, meaning, and importance for the economic problem under investigation. The question that empirical economics should ultimately seek to answer is not merely whether an effect exists, but how much it matters.

This criticism was not presented merely as a theoretical possibility. Together with Stephen Ziliak, McCloskey examined the use of significance testing in empirical economics and found that the confusion between statistical and economic significance was widespread even in leading research. Their study of articles published in the American Economic Review during the 1980s found that approximately 70 percent failed to distinguish statistical significance from substantive significance. A subsequent examination of papers from the 1990s suggested that the problem had not diminished: among the studies relying on significance tests, 82 percent were classified as confusing statistical significance with economic importance (Ziliak & McCloskey, 2004). These findings reinforce her broader rhetorical critique by showing how a formal statistical convention can acquire persuasive authority within a discipline beyond what the procedure itself is capable of demonstrating.

Yet, this argument should not be interpreted as a rejection of quantification. McCloskey's criticism is, in an important sense, a demand for economics to become more meaningfully quantitative. In *The Trouble with Mathematics and Statistics in Economics*, she distinguishes between questions of "whether" an effect exists and questions of "how much" it affects the phenomenon under investigation (McCloskey, 2005):

> Why/Whether is not the same question as How Much. You can know that forgetting your lover's birthday will have some effect on your relationship (Whether) […] But to know How Much the neglect will hurt the relationship you need to have in effect numbers […] And such sensitivity in an actual world, the scientists are always saying, is an empirical question, not theoretical.

The question "whether" can be answered by qualitative theoretical propositions or conventional significance tests, whereas "how much" requires attention to magnitudes, uncertainty, and the economic consequences associated with different values. From this perspective, an empirical result should be evaluated not only according to its p-value, but also according to the size of the

estimated effect, the precision surrounding that estimate, the substantive context of the problem, and the costs or consequences associated with alternative interpretations. Statistical methods remain valuable, but only when they contribute to a broader inquiry into the magnitude and relevance of economic phenomena. This is also where the critique of statistical significance reconnects with McCloskey's concept of rhetoric. Recognizing the rhetorical character of economics does not mean replacing empirical evidence with subjective opinion, nor does it imply that any persuasive argument should be accepted as scientific.

McCloskey's proposed solution is, therefore, both statistical and methodological. On the statistical side, economists should move beyond the mechanical classification of results according to conventional significance thresholds and devote greater attention to effect sizes, uncertainty, substantive importance, and the consequences of being wrong. On the methodological side, they should acknowledge that no statistical procedure can substitute for judgment and argumentation. The scientific strength of an economic claim ultimately depends on the quality of the entire case constructed in its support, of which mathematical and statistical evidence constitute important but not self-sufficient elements. Rhetorical self-awareness, in this sense, does not weaken scientific rigor; it subjects the normally implicit grounds of scientific persuasion to more explicit scrutiny and thereby makes economic debate more open, contestable, and intellectually accountable.

Points of Divergence: Rhetoric and Evolutionary Institutionalism

The points of convergence between Veblen and McCloskey should not obscure the substantial differences between their methodological projects. Both challenge the idea that scientific authority in economics can be secured through the mechanical application of supposedly neutral methodological rules, but they locate the source of the problem at different levels and consequently propose different responses. McCloskey concentrates primarily on the practices of scientific argumentation. Her concern is that economists already rely on metaphor, analogy, judgment, historical reasoning, and substantive considerations while officially presenting their conclusions as if they followed exclusively from formal methodological procedures. Her proposed response is therefore largely reflexive: economists should acknowledge the rhetorical character of their discipline, improve the quality of their arguments, and engage in a more open, plural, and disciplined conversation about what constitutes convincing evidence.

Veblen goes considerably further in providing a substantive theory of why inadequate modes of explanation persist. For him, the problem lies in the categories through which reality is interpreted. Institutions are not restricted to formal organizations or legal rules (T. Veblen, 1899, p. 90):

> The institutions are, in substance, prevalent habits of thought with respect to particular relations and particular functions of the individual and of the community[…]

These habits are formed under particular material and historical circumstances but may persist even after the circumstances that generated them have changed. The analytical record of *The Theory of the Leisure Class* emphasizes precisely this evolutionary relation between material conditions and habits of thought, as well as the conservative character acquired by institutions once established.

This provides an important explanation for the apparent paradox identified earlier in Veblen's critique of marginalist economists: how can scholars with extensive empirical knowledge and an intelligent understanding of practical affairs continue to rely on theoretical assumptions that inadequately represent processes of institutional and technological change? From a Veblenian perspective, there is no contradiction. Knowledge of facts does not automatically transform the conceptual categories through which those facts are interpreted. Established habits of thought possess a degree of inertia of their own. As Veblen argues in his discussion of institutional persistence, "the institutions of today [...] do not entirely fit the situation of today", and institutions inherited from previous conditions become "themselves a conservative factor" (T. Veblen, 1899). The persistence of a theory is therefore not necessarily evidence that its practitioners are ignorant of contradictory facts. It may instead indicate that the intellectual framework used to assign meaning to those facts has survived the historical conditions from which it originally emerged.

This idea is developed from another angle in *The Vested Interests and the Common Man*. There, Veblen describes a modern industrial system whose material and technological conditions have changed more rapidly than the legal and ideological principles through which society continues to understand and organize it. In a particularly revealing formulation, he observes that "the facts, particularly the facts of industry and science, have outrun these provisions of law and custom" (T. B. Veblen, 1920). The statement captures a central feature of Veblen's evolutionary reasoning: institutions and established principles are continually confronted with a changing material reality, but their adaptation does not occur automatically or simultaneously. A gap can therefore emerge between the actual organization of economic life and the inherited categories used to explain it.

The same principle provides a possible Veblenian interpretation of methodological orthodoxy in economics. The assumptions criticized in classical and marginalist theory can be understood as intellectual habits inherited from earlier configurations of economic life. Once incorporated into disciplinary practice, such assumptions acquire familiarity, legitimacy, and reputability. They structure the questions economists ask, the kinds of evidence they consider relevant, and the explanations that appear theoretically acceptable. Their persistence therefore need not result from a conscious decision to exclude institutional or historical evidence. Rather, the theoretical framework itself determines which aspects of reality become intelligible as economically

significant. In this sense, orthodoxy can remain empirically sophisticated while methodologically conservative.

Veblen's analysis of the leisure class adds another dimension to this explanation. Social groups that are relatively insulated from the pressures produced by changing material conditions have less incentive to revise established habits of thought. The analytical record of *The Theory of the Leisure Class* highlights his argument that such insulation contributes to conservatism because those who are "sheltered" from the exigencies of economic and industrial change are less directly compelled to adapt their inherited ways of thinking. It would be excessive to simply identify academic economists with Veblen's leisure class; nevertheless, the mechanism is analytically relevant. From a Veblenian standpoint, intellectual conventions can also become insulated from contrary experience when disciplinary institutions reward conformity to established standards of theoretical legitimacy. What becomes "normal" science may therefore reproduce inherited categories not because its practitioners lack information, but because those categories are embedded in institutionalized standards of scientific competence and reputability.

At this point the divergence from McCloskey becomes clearer. McCloskey exposes the distance between the official methodology economists profess and the broader rhetorical practices through which they actually persuade one another. Her solution is to acknowledge this plurality of reasoning and subject it to more explicit, honest, and critical conversation. Veblen, however, would direct attention one step further back: the standards according to which an argument appears convincing are themselves historically formed habits of thought. Rhetorical openness may expose the devices through which economists establish assent, but it does not necessarily explain why some forms of argument, assumptions, or representations enjoy greater authority than others in the first place.

Veblen's alternative is therefore not simply methodological pluralism. His proposed reconstruction of economics requires the discipline to become genuinely evolutionary. Rather than beginning with fixed assumptions about individuals, natural orders, or equilibrium conditions and analyzing adjustment within those constraints, economic inquiry should investigate how the constraints themselves emerge and change. Institutions, preferences, technologies, habits, and forms of economic organization must become objects of explanation rather than external conditions taken as given. The task of economic science is consequently historical and causal: to reconstruct the cumulative processes through which present economic arrangements came into existence and to examine how those arrangements continuously transform the conditions of subsequent action.

This evolutionary alternative also changes the relationship between theory and evidence. If technological, institutional, or behavioral transformations no longer conform to inherited economic principles, the theory must become the object of revision. Therefore, instead of simply classifying

facts according to previously established theoretical categories, they must retain the capacity to challenge those categories. This is consistent with the broader argument of *The Vested Interests and the Common Man*, in which Veblen repeatedly contrasts inherited principles with a material order that has moved beyond them (T. B. Veblen, 1920, p. 10):

> The facts, particularly the facts of industry and science, have outrun these provisions of law and custom; and so the scheme of things has got out of joint by that much, through no inherent weakness in the underlying principles of law and custom.

His observation that industrial and scientific facts had "outrun" established law and custom exemplifies precisely the type of discrepancy that an evolutionary science must treat as evidence of institutional transformation rather than as an abnormal deviation from a presumed natural order.

The difference between the two authors can thus be summarized as a difference in the depth at which they locate methodological reform. McCloskey seeks to reform the conversation of economics by making its actual modes of persuasion visible and subject to critical scrutiny. Veblen seeks to reform the explanatory foundations of the discipline by replacing static and teleological categories with an evolutionary analysis of institutions and cumulative change. McCloskey helps reveal that formal methodology alone cannot account for why economists believe what they believe. Veblen provides a theory of how the very standards of belief and explanation become historically established and institutionally persistent. Their critiques are therefore complementary but not interchangeable: rhetoric illuminates the construction of scientific persuasion, whereas evolutionary institutionalism asks how the conventions governing that persuasion are themselves produced, reproduced, and eventually transformed.

Conclusion

The comparison between Veblen and McCloskey reveals a significant point of convergence in their critiques of economic methodology. Both reject the idea that the scientific legitimacy of economics can be guaranteed by the mechanical application of formal rules, mathematical procedures, or statistical tests. McCloskey demonstrates that economists rely on a much broader repertoire of argumentation than their official methodology admits and, particularly in her critique of statistical significance, shows how formal procedures can acquire an authority that exceeds what they are actually capable of establishing. Her contribution is therefore essential for exposing the rhetorical dimension of economic knowledge and for demonstrating that numbers, models, and statistical tests do not eliminate interpretation, judgment, or persuasion from scientific practice.

In our opinion, however, McCloskey's solution remains incomplete. Making economists more aware of their rhetorical practices may improve the transparency, openness, and quality of disciplinary debate, but rhetorical self-awareness alone does not explain why some arguments,

assumptions, and forms of evidence acquire greater legitimacy than others. Nor does it necessarily challenge the theoretical categories through which economists determine what constitutes a relevant problem, an acceptable explanation, or convincing evidence. If the standards governing scientific persuasion are themselves historically and institutionally constituted, improving the conversation without examining the formation of those standards risks leaving intact the structures that delimit the conversation in the first place.

It is in this respect that Veblen offers a more profound methodological alternative. His evolutionary institutionalism not only identifies the limitations of static, teleological, and hedonistic preconceptions, but also provides an explanation for their persistence. The concept of institutions as established habits of thought allows us to understand how highly informed economists may continue to interpret changing economic realities through categories inherited from earlier historical conditions. The problem is therefore not simply the incorrect use of evidence or an insufficiently explicit rhetoric, but the institutionalization of particular modes of reasoning that shape which facts are considered relevant and how they can be incorporated into theory.

From a Veblenian perspective, scientific progress requires more than expanding the range of legitimate arguments. It requires that theory remain genuinely responsive to historical transformation. Institutions, preferences, technologies, and patterns of behavior cannot be treated merely as fixed conditions within which economic agents optimize; their formation and transformation must themselves become objects of explanation. When observed reality no longer conforms to inherited theoretical categories, it is those categories that must be reconsidered rather than the discrepancy being dismissed as an anomaly or disturbance. In this sense, evolutionary economics demands a continuous reconstruction of theory in response to the cumulative processes through which economic life changes.

The main contribution of placing Veblen and McCloskey in dialogue is therefore not to present two equivalent critiques of mainstream economics, but to clarify the different levels at which methodological reform can occur. McCloskey compellingly demonstrates that economic knowledge is constructed through argumentation and that formal methods cannot substitute for substantive judgment. Veblen goes further by asking how the standards of judgment themselves emerge, persist, and become institutionally legitimate. For this reason, while McCloskey's rhetorical critique remains indispensable for understanding how economic claims acquire persuasive force, Veblen's evolutionary framework provides a more comprehensive basis for reconsidering how economics should produce knowledge. A genuinely evolutionary science must not only improve the way economists argue about reality; it must remain capable of transforming its own conceptual foundations as reality itself changes.

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