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*Abstract.* Economic neoliberalism promises social efficiency with self-interested participants and free competition. This doctrine is challenged by the extensive production of wasteful goods and services in the contemporary West. By studying three types of wasteful production—conspicuous goods, conspicuous profession, and information overproduction— this article argues that the cause of wasteful production is nothing but the producers’ profit motive. The discussion of wasteful production provides a first attempt to extend Max Weber’s interpretivist sociology to the study of Nietzscheism, an ideal-type worldview preaching self-realization and power struggle. It adds novel empirical and theoretical support to the Weber thesis by showing that ascetic Protestantism facilitates productive efficiency by reducing not only hedonistic idleness and laziness, but also egoistic power-seeking and the induced wasteful production.

*Keywords:* neoliberalism, conspicuous waste, worldview, Nietzscheism, Weber thesis

## 1. Introduction

Since World War II, economic neoliberalism has quickly risen to the dominant philosophy in Western (mainstream) academic economics and the dominant economic ideology in many major Western countries, including the US and the UK. The core dogma of economic neoliberalism is that in a market economy with free competition,<sup>1</sup> social efficiency is maximized by the free choices of profit-maximizing producers and utility-maximizing consumers. Should inefficiency arise, it is due to incomplete information, government intervention, or transaction friction, not to the free competition or the self-interested market participants (Friedman 2009 [1962]). This line of reasoning is called the “Invisible Hand”<sup>2</sup> theory or the First Fundamental Theorem of Welfare Economics (Mas-Colell, Whinston, and Green 1995, 549). As summarized by Lazear (2000, 101):

<sup>1</sup> “Those moral aspects of neo-liberalism ... place the ethos of competitiveness at the centre of social life” (Amable 2010, 1).

<sup>2</sup> This interpretation of Smith’s “Invisible Hand” is commonly held by mainstream economists and is arguably quite different from what Smith had in mind (van der Kooi and Ballor 2021, 25-6).

Adam Smith's [1776] concept of the invisible hand is a guiding principle in economics. Individuals acting in their self-interest further the general goals of society. Smith took the moral ideas of the Enlightenment (especially the emphasis on free will) and transformed them into a positive theory of the economy, with limited or no role for the state. More formal statements have been provided during this century. The idea that competitive equilibrium is efficient appears in the literature since the time of Marshall.

The Invisible Hand theory is not without recalcitrant evidence. Thorstein Veblen (2012 [1899]) shows that in a perfectly free market, self-interested consumers employ themselves in the economically unproductive practice of conspicuous consumption and leisure, which are *wasteful* activities that contribute neither to the economy nor to the material production of the useful goods and services required for the functioning of society. Note that Veblen's definition of waste, which this article adopts, is the absence of productive value for society as a whole, so a good with utilitarian value for individuals is still a waste if it has no productive value. Conspicuous waste is driven by the agents' selfish propensity for preservation, domination, and coercion (Veblen 2012 [1899], 34, 68), which shares the same origin with the primitive predatory instinct that drives animals "to kill, to destroy such competitors in the struggle for existence,"<sup>3</sup> as well as a counterbalancing "instinct of workmanship" of unknown origin, which "disposes them to deprecate waste of substance or effort" (Veblen 2012 [1899], 9, 57).

Conspicuous consumption can be illustrated using the example of cosmetics. Cosmetics are pecuniarily costly and time-consuming to apply and maintain, but they have at least two benefits for the wearers. First, they make the wearers look better so they can gain the favor of the opposite sex to attract a better partner or gain the favor of the superiors to obtain a higher chance for promotion. Second, the required time and effort for applying and maintaining cosmetics conspicuously distance the wearers from those in the lower classes, who struggle to make ends meet, so as to secure a more resourceful social circle. Both factors contribute to the resource accumulation of the wearers and consequently increase their survival chances. When everyone wears cosmetics, the competitive edge of cosmetics is gone, but time and resources are wasted in their application and production. Moreover, wearers of cosmetics would never openly acknowledge that cosmetics are purely wasteful, and typically pretend they have some productive value—"however wasteful a given expenditure may be in reality, it must at least have some colorable excuse in the way of an ostensible purpose" (Veblen 2012 [1899], 57-8).

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<sup>3</sup>"The traits which characterize the predatory and subsequent stages of culture, and which indicate the types of man best fitted to survive under the regime of status, are ferocity, self-seeking, clannishness, and disingenuousness—a free resort to force and fraud" (Veblen 2012 [1899], 138).

Veblen's analysis is primarily on the consumption side of the economy. The first objective of this article is to extend Veblen's analysis to the production side and show that agents will produce wastefully in a free market driven by the same selfish propensity as that behind conspicuous consumption. We discuss three broad types of wasteful production (conspicuous goods, conspicuous profession, and information overproduction) and show (1) that they are wasteful in nature despite the appearance of usefulness (as in the case of conspicuous consumption) and (2) that they are driven by profit motives rather than incomplete information, market friction, or government intervention.

The second objective of this article is to explore the worldview origins of conspicuous waste and discuss how the study of wasteful production contributes to the "Weber thesis." It provides novel empirical and theoretical support to a series of works, initiated by Max Weber's *The Protestant Ethic and the Spirit of Capitalism*, which claims a causal relationship between worldviews and economic prosperity and, in particular, between ascetic Protestantism and productive efficiency (Weber 2013 [1905]; Lenski 1963; Landes 1999; Yates and Hunter 2011). Unlike the previous literature that focuses exclusively on the effect of asceticism in reducing hedonistic idleness and laziness, it points out that another channel through which asceticism facilitates economic efficiency is by preventing the wasteful production caused by the economic participants' egoistic search for profit and success. In what follows, Sections 2, 3, and 4 discuss the three types of wasteful production, respectively. Section 5 discusses the relationship between economic neoliberalism and the "Secular Revolution" between 1870 and 1950. Section 6 concludes by discussing the connection between wasteful production and the Weber thesis.

## 2. Conspicuous goods and environmental impact

This section shows that in a goods market with free competition, social waste can arise naturally from the producers' self-interested motive. Veblen (2012 [1899]) contains detailed discussions of traditional conspicuous consumption (such as cosmetics, luxury, and fine dining) and how it is driven by invidious emulation. Here we focus on two types of conspicuous goods that were not as significant during Veblen's time, tourism and the private automobile, and argue that their production is driven by the same survival motive as that behind wasteful consumption.

Although tourism has usually been framed as purely recreational leisure, a large part of it is arguably conspicuous leisure driven by invidious emulation. An indicator of the conspicuous value of tourism is that most people are eager to share their traveling experience through social media or other types of social communication, while they less frequently do so for non-conspicuous leisure activities, such as watching TV or playing computer games. In particular, long-distance traveling is an important way to signal social status because of the associated monetary and time costs. For example, in China, being able to afford European or

US trips during holidays is a crucial symbol of the upper class. Tourism has limited productivity value: it is a superficial, if not entirely misleading, means to learn foreign culture and history and is an inefficient form of physical exercise. At the same time, global tourism incurs huge social costs, as it accounts for 8% of global greenhouse gas emissions (Lenzen et al. 2018), and the tourism industry crowds out other productive sectors, such as manufacturing, education, and agriculture.

Similarly, the private automobile has productive value, but a large part of its consumption is from conspicuous needs, as it is a more exclusive and privileged means of transportation. Moreover, the overconsumption of private automobiles crowds out public transport: the more people use private automobiles, the lower the density and the worse the quality of public transport, constituting a vicious circle. The starkest example is the contrast between the public transportation systems in Northern/Western Europe (with ½ motor vehicle per capita) and in the US (with around 1 motor vehicle per capita) (Wikipedia 2021). This suggests that at least half of the private automobiles in the US, amounting to 150 million, may be classified as conspicuous waste. Private automobiles exert huge environmental costs, as passenger vehicle transport accounts for around 10% of the global greenhouse gas emissions (IEA 2022).

We now turn to examine the driving force behind the wasteful production of tourism and private automobiles. It should be self-evident that it cannot be explained by market imperfections, such as incomplete information, government intervention, or transaction costs. It is in the best interests of individual car manufacturers and travel agencies to sell as many of their products as possible. They not only passively cater to the invidious demands of the consumers, but also actively seek to reshape the consumers' vision of life to reinforce them—with the most important tool being advertisements (Lears 1995, 1-2). After World War II, tourism and private automobiles have gradually become an indispensable part of middle and upper class life, in much the same way that diamonds have become 'indispensable' for marriage ceremonies. As Veblen points out, there always exists "work that is, on the whole, useless or detrimental to the community at large" but "may be as gainful to the business man and to the workmen whom he employs" (Veblen 2009 [1904], 29). In a free market where profit is the sole legitimate objective of the producers, the prevalence of wasteful production is the norm rather than anomaly.

### **3. Conspicuous profession and misallocation of talent**

This section shows that in a labor market with free competition, misallocation of talent can arise naturally from the workers' self-interested motives. We use the example of financial derivatives to show how selfish career concerns drive talents to enter socially unproductive but individually profitable professions. Derivatives are financial contracts of which the value is dependent on other financial assets, indicators, or commodities. Modern derivatives trading

proliferated after the 1970s, and has grown to become a significant sector of the global financial market. According to the estimation of Liu, Lejot, and Arner (2013, 443), in 2010, the aggregate market value of OTC derivatives was \$21 trillion, while the total GDP of the world was \$66 trillion (Worldmeters 2021). The rise of the popularity of derivatives, including collateralized debt obligations, credit default swaps, and subprime mortgage-backed securities, was a key driving force of the 2007-2009 recession (Brunnermeier 2009, 80).

Derivatives trading relies heavily on complex mathematical models, engineering techniques, and computational methods. Due to its high profitability, the industry has attracted numerous scientists from fundamental research, including mathematics, physics, and computer science. For example, James H. Simons, a cofounder of the hedge fund Renaissance Technologies (RenTec), received his Ph.D. in mathematics from UC Berkeley, and was the chairman of the math department at Stony Brook University. Among the 200 employees of RenTec, “a third have PhDs, not in finance, but in fields like computer science, physics, mathematics and statistics; Renaissance has been called the best physics and mathematics department in the world” (Manzoor 2013).

However, success is not equal to contribution, and profitability is not the same as productivity. Paul Volcker, the former chairman of the Federal Reserve widely credited with having ended the high-level inflation in the early 1980s, disputed “the argument that ‘financial innovation’, a code word for risky securities, brought any great benefits to society” (da Costa and Cooke 2009).<sup>4</sup> By design, derivatives are glorified zero-sum gambling devices where the gains and losses of the short and long positions cancel each other. Yet they provide more opportunities for speculation because they make possible the usage of high leverage, the exposure to untradeable underlyings (such as weather), the access to more risky markets, and more efficient tax avoidance. While derivatives are framed by the profession as having risk-hedging benefits, it is unclear what their advantages are compared with traditional insurances (Engel 2013). In fact, due to the extensive trading on traditionally inaccessible risk exposures, derivatives trading, which was originally meant to hedge risk, is believed by some analysts to have become a major source of systemic financial instability (Berkshire Hathaway 2002, 13-5). Dahrendorf (2010, 14) directly attributes the rise of derivative trading to the consumerist culture that favors short-termism over production.

While the economic benefits of derivatives trading may be subject to debate, its damage to fundamental scientific research is unambiguous. Fundamental research is inherently risky and its progress is only possible with sufficiently many failed attempts. Moreover, the social benefits of fundamental research are too distant, both in cross section and in time span, to be properly attributed to individual scientists. The implication is that scientific progress is paved with the failed careers of individual scientists who will never be

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<sup>4</sup> “For most people, he said, the advent of the ATM machine was more crucial than any asset-backed bond. There is little correlation between sophistication of a banking system and productivity growth” (da Costa and Cooke 2009).

properly compensated (Zhang 2022, 62-3). If the scientists in a society abandon fundamental research for more profitable careers in the financial sector, scientific progress will inevitably slow down or even stagnate. The proliferation of derivatives trading incurs significant social losses through the misallocation of intellectual talent.

So why do mathematicians, physicists, and computer scientists choose the socially unproductive financial sector over academia in a free labor market? Here the autobiography of Emanuel Derman, a former head of Goldman Sachs' quantitative risk strategies group, *My Life as a Quant* (Derman 2004), is a pertinent reference. Derman received his Ph.D. in theoretical physics from Columbia in 1973, led a mediocre career working as a postdoc in several universities between 1973 and 1980, and left academia to join Goldman Sachs in 1985. He "had a passion for the content of physics," but "was also possessed by a hungry ambition for its earthly rewards" (Derman 2004, 28). However, fundamental research cannot deliver the latter for every scientist, and it did not for Derman, who bitterly recalled the "dog years" of his Ph.D. study and the insecurity, poverty, and loneliness of his Postdoc career.<sup>5</sup> He quit physics in 1980 to join the industry to work "for money rather than love" (Derman 2004, 95), and eventually reaped a successful career as a quantitative financial analyst.

Some may argue that it is not the fault of the individual's desire for success, but the failure of the social institution that is responsible for the misallocation of talents in a free labor market. Ideally, they say, the social institution should be a meritocracy such that an individual's contribution to the society, or merit, is matched by their material reward. However, this kind of argument suffers from a fatal contradiction, as human beings themselves determine the material reward in a social system. In a free market with self-interested participants, no one will voluntarily reward scientists whose research can only benefit other people in an uncertain future with negligible probability. Goldman Sachs is only interested in hiring physicists to do quantitative finance research for its own profit; even modern universities, which are obsessed with conspicuous output indicators, such as publications, research grants, and impact factors, are unwilling to compensate scientists in fundamental research properly. Under self-interested career concerns, Ph.D. students and faculty in fundamental research may choose to leave academia for conspicuous professions such as finance, and many potential young talents may refrain from fundamental research from the very beginning. The resulting lack of fundamental research will lead to a proliferation of "normal science" during which the primary task of scientists is "puzzle-solving" under the existing paradigm with little aim to "produce major novelties, conceptual or phenomenal" (Kuhn 1962, 35), and a lack or even complete absence of paradigm shifts or scientific revolutions.

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<sup>5</sup> Interestingly, Derman himself was aware of the conflict between the progress of science and the individual success of the scientist: "for every Moses descending from the mountain with a valid new law, there are countless well-intentioned prophets whose proposed laws turn out to be wrong" (Derman 2004, 27).

The inefficient relocation of scientists from fundamental research to derivatives trading is by no means an exceptional phenomenon in the modern West. There are numerous other examples of people relocating from an inconspicuous profession befitting their talent to a profitable and conspicuous profession, such as from manufacturing to real estate, from farming to tourist catering, and from education to entertainment. As in the goods and services market, the socially inefficient allocation of talents in the free labor market is caused not by incomplete information, government intervention, or transaction friction, but solely by the agents' self-interested motives.

#### **4. Information overproduction and diversion of public attention**

This section shows that in a free knowledge market, self-interested producers overproduce shallow and fragmented information to divert the attention of the general public from sophisticated and coherent philosophical, political, and historical discourses. The focus of the discussion is on the mass media industry. Academia, although also belonging to the production side of knowledge, is more suitable for discourses in sociology of science rather than economic sociology, so it is left undiscussed here. Besides education and social interaction, the only channel through which people can acquire information is through the media, including print media, publishing, the news media, cinema, and digital media. The media therefore crucially influences the general public's understanding of politics, economy, culture, and the world in general. For example, in a commencement speech at Harvard in 1995, Vaclav Havel, a former president of the Czech Republic, described the power of media in shaping the public image of a politician: "I never fail to be astonished at how much I am at the mercy of television directors and editors, at how my public image depends more on them than it does on myself" (Fallows 1997, 52).

The notable feature of post-WWII Western media is the overproduction and overconsumption of graphic, fragmented, and shallow information—mainly provided by cinema, journalism, and social media—and the crowding-out of topographic, coherent, and sophisticated knowledge—mainly provided by print media (Postman 2005 [1984]). For example, Aguiar et al. (2021, 358) show that young men aged 21-30 in the US spend around 18 hours per week on TV, movies, visiting websites, and social media, while only 8 hours per week on other leisure activities, which include reading, listening to music, exercising, and engaging in hobbies. Kellner (2018, 3) mentions that "almost every home in the United States has a television set that is turned on for more than seven hours a day." Even in the traditional print media, the market for fast-food style bestsellers has been growing rapidly at the expense of serious philosophical, political, and historical titles.

One social consequence of the overconsumption of information over knowledge is the decline in the quality and sophistication of public discourse and understanding (Postman 2005 [1984]; Jamieson 1988; Hoskins and O'Loughlin 2007; Kellner 2018). The most revealing

example is the evolution of the format of political debates. Before the twentieth century, political debates were frequently more than five hours long and consisted of exchanges of hours-long speeches with lengthy, “intricate, and subtle” sentences (Postman 2005 [1984], 44-9). However, today’s political debates (e.g., the US presidential debates) are drastically shorter and consist predominantly of exchanges of ready-witted one-liners and insults.<sup>6</sup> Another example is the popularity of Twitter, which, with a textual limit of 140 characters per post, by design encourages the communication of fragmented information and opinions. The decline of public understanding is also reflected in the change in daily social conversations. For example, Tocqueville observed that in his time, “an American cannot converse, but he can discuss, and his talk falls into a dissertation” (de Tocqueville 1999 [1840], 96); today, however, Americans often excel at engaging in prolonged, entertaining, and casual conversations (Molinsky 2013).

The decline of public discourse undermines the very foundation of democracy, the dominant form of political regime in the modern West. Since its decision-making is determined by majority rule, democracy “requires a knowledgeable electorate” who “must be adequately informed and able to participate in public debate, elections, and political activity” (Kellner 2004, 29-30). Without the due understanding of the subtlety of the political and philosophical concepts vital for political decisions—such as the difference between civil liberty and free will, the tradeoff between universalism and parochialism, and the relationship between religion and ideology—the general public has lost the ability to judge which politician is ‘better’ than another, with distinctions such as “more imaginative in executive skill, more knowledgeable about international affairs, more understanding of the interrelations of economic systems, and so on” (Postman 2005 [1984], 134). The most recent notable symptom of the continuous decline of public understanding in the post-war West is the election of the 45<sup>th</sup> president of the US, Donald Trump.

From the consumers’ perspective, there is a natural preference for fragmented and shallow information over coherent and difficult knowledge because the former is more pleasurable than the latter. However, why do the producers choose to produce the former over the latter? The answer may again be found in terms of profit, survival, and success. For example, in the case of the news media, Flory (2003, 414) points out that from the beginning of professional journalism in the early twentieth century, the objective of the profession was to elevate their “(1) status, both as perception from the public and in economic terms, and (2) influence and power in society.” To make sure that “the public would pay more for it,” and “to eliminate the ‘cheap competition’ that we suffer from” (Allen 1920, 10), the news media sacrifice their normative ideal of objectivity and employ literary, rhetorical, and graphic techniques to add “color” to news stories, and have developed “ways of evoking reader

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<sup>6</sup> As Fallows (1997, 16) says, “everything in public life is ‘brighter’ and more interesting now. Driven by constant competition from the weekday trash-talk shows, anything involving political life has had to liven itself up.”

emotion, memory, and identification with the universally appealing experiences they described” (Covert 1975, 66-7). To legitimize the ever-expanding role of the industry in public discourse, they frame the news media as “essential to civilization,” inevitable in human history, the “educator of the masses,” and “the functional equivalent and successor of religion” (Flory 2003, 421). Therefore, the overproduction of information over knowledge in the modern West is driven by the conscious efforts of the producers to maximize their profit (i.e., their survival chances in the free competition in the knowledge market), rather than by any form of market imperfections.

## 5. The worldview origin of economic neoliberalism

The objective of this paper is not to morally condemn the “greedy, unethical, and corrupted” (capitalist) producers. It should be noted that the profit-maximization of the producers is perfectly legitimate, and even morally laudable, given the premises of economic neoliberalism. According to neoliberalism, the selfish desires of the market participants to maximize their individual success, wealth, and status, after the baptism of competition in the free market, or the miraculous “Invisible Hand,” are the fundamental driver for social efficiency and prosperity. In fact, it is detrimental for the producers to have “a ‘social responsibility’ that goes beyond serving the interest of their stockholders or their members,” which “thoroughly undermines the very foundation of our free society” (Friedman 2009 [1962], 133). Therefore, neoliberalism contains more than an economic or political philosophy, but also a worldview (in the interpretivist sense) or a quasi-religion that administers moral judgments on social institutions and actions.

A worldview is a methodical answer to ultimate questions “What is the meaning of life? What purpose does our existence serve? How do we best live our lives?” (Kalberg 2004, 140). Neoliberalism claims that there is no inherent conflict between individual power-seeking and social progress, the bridge between which is free competition, so that the meaning of life of a human being is to acquire as much wealth and power as possible because otherwise, he fails not only himself but also the society.<sup>7</sup> It rejects the Protestant doctrine of the incapacitation of the human will (Luther 2018 [1525]), and asserts that humans can do good out of their free will, or for their own self-interest, rather than only by obeying the will of a non-egoistic transcendental entity.<sup>8</sup> Viewed in this light, the rise of economic neoliberalism is not an

<sup>7</sup>Amable (2010, 1-3) also notices the moral aspects of neoliberalism: neoliberalism “differ(s) from traditional morals and place(s) the ethos of competitiveness at the centre of social life.” “Competition has, therefore, a dual economic and moral aspect: it enhances the global efficiency of the economic system by allowing the best individuals to contribute the most to prosperity; it rewards individuals according to their merits, brings out the best in them and allows them to better themselves.”

<sup>8</sup> “By freedom of the will we understand in this connection the power of the human will whereby man can apply to or turn away from that which leads unto eternal salvation” (Erasmus 2005 [1525], 20).

isolated phenomenon, but belongs to the more general worldview shift in the West between ca. 1870 and 1950, which can be called the “Secular Revolution” (Smith 2003).

The Secular Revolution overthrew ascetic Protestantism, which maintains the evil nature of human will and stipulates self-denial as the highest virtue,<sup>9</sup> and established secular humanism, which maintains the goodness of human will and elevates “self-fulfillment” and its synonyms such as “individual achievement,” “self-development” to the end of human life (Biel 1992, 134), as the dominant worldview of the West. To be sure, selfishness is part of animal nature (Dawkins 2016 [1976]) and worldviews praising egoism, having their peaks and troughs, have never completely faded from human history. For example, the Hellenic ethic is known for promoting individual happiness and glory as the highest human good (Aristotle 2009; Toynbee 1959); during both the Renaissance and the Enlightenment, there lived many Western scholars, such as Erasmus, Machiavelli, and Kant, who defended the legitimacy of human will.

Yet, from the Protestant Reformation until the mid-nineteenth century, the dominant worldview in the advanced regions of the West was undoubtedly asceticism. The catalyst for the fall of Protestantism was social Darwinism (Bowler 2003, 220-3), which claims that human society, no different from animal society, moves forward by the free competition between individuals for survival. The decisive blow to asceticism was dealt by Friedrich Nietzsche, who provided the most accurate analysis of the implications of egoism and preached a thorough rupture with the “ascetic ideal”:

To refrain mutually from injury, from violence, from exploitation, and put one’s will on par with that of other ... is a Will to the denial of life, a principle of dissolution and decay ... life is essentially appropriation, injury, conquest of the strange and weak, suppression, severity, obtrusion of peculiar forms, incorporation, and at the least, putting it mildest, exploitation (Nietzsche 2017 [1886], 88-9).

After Nietzsche, “God is dead” (Nietzsche 1974 [1883]). The Protestant foundation in the West started to crumble and asceticism gradually lost its dominant status in the West.<sup>10</sup> As Yarros (1901, 686) noted:

The general moral tone in the literature is distinctly lower today than it was in the early decades of the nineteenth century. Is it not true that, as an American

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<sup>9</sup> “It is so, on the Calvinist theory. According to that, the one great offence of man is Self-will ... Human nature is radically corrupt, there is no redemption for any one until human nature is killed within him” (Mill 2012 [1859], 51).

<sup>10</sup> See Smith (2003) for a comprehensive reference on how Secular Revolution unfolded in higher education, law, journalism, medicine, and religion itself.

correspondent of the *London Times* has expressed it, “the rising spirit of virile, uncompromising egotism is observable in all civilized nations, but nowhere has it gained vigor of late so swiftly as in the United States”? Is it not true that, as this correspondent further says, “an unconscious discipleship to Friedrich Nietzsche is common in business, social, and military circles in America, where deeds of a type once denounced as criminal are now applauded as clever, and where Christianity, the golden rule of ethics, is for slaves”? It is the passion, the hunger, the greed of gain. That it is that more than any other single influence determines our policies, shapes our manners, inspires our maxims.

Economic neoliberalism, which took off at the end of the Secular Revolution, was the natural expression of the newly-arisen secular worldview in the economic domain. It inherited the doctrine of the righteousness of free competition and humankind’s selfishness from the late nineteenth century social Darwinism and Nietzscheism<sup>11</sup> but, unlike them, refuses to acknowledge that competition is necessarily mutually-damaging and potentially violent. Therefore, as a worldview, neoliberalism can be seen as a more ‘tamed’ version of social Darwinism or Nietzscheism.

## 6. Waste and the Weber thesis

As Weber (2011 [1949]) points out, proponents of a worldview always make a certain this-world promise, such as economic prosperity, political solidarity, scientific progress, and military strength. For example, Communism promises “such an abundance of goods” that “will be able to satisfy the needs of all its members” (Marx and Engels 2004 [1848], 51); Nazism claims that “the present Republic is a colony of slaves” and promises “a strong national Reich which recognizes and protects to the largest possible measure of the rights of its citizens” (Hitler 2011 [1939], 353). It is crucial for social scientists to provide ‘value-neutral’ analyses of the truthfulness of such claims because they are a key determinant of the adoption and dissemination of worldviews. The neoliberal promise of social efficiency (and synonymously progress) with free market and self-interested individuals was one of the most successful rhetorical strategies against the Protestant foundation during the Secular Revolution and still serves as a vital source of legitimacy for secularism today. However, in the modern West, this promise faces the recalcitrant evidence of prevalent wasteful production that cannot be explained by market imperfections—examples being conspicuous goods, conspicuous professions, and information overproduction. In economic history, an even more significant

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<sup>11</sup> Weber (2013 [1905], 17) also noted the connection between the worldview of his time and social Darwinism: “the capitalism of today, educates and selects economic subjects which it needs through a process of economic survival of the fittest. But one can easily see the limits of the concept of selection as a means of historical explanation.”

recalcitrant observation was made by Weber (2013 [1905]), who points out that the greatest leap-forward of social productivity in human history, the Industrial Revolution, happened in the Protestant West, where the dominant worldview demanded labor to be performed as an end itself rather than the means to utilitarian purposes, a “calling” “devoid of any eudaemonistic, not to say hedonistic, admixture” (Weber 2013 [1905], 15).

Weber’s hypothesis was that the “inner-worldly ascetic ethic” of Protestantism fostered the capitalistic spirit of frugality and hard work, in contrast with “the old leisurely and comfortable attitude of life” prevalent in contemporary Catholic Europe (Weber 2013 [1905], 45, 26). He further developed this asceticism-hedonism (or asceticism-escapism) dichotomy in his later works<sup>12</sup> in the hope of establishing a general theory of economic sociology, sociology of religion<sup>13</sup> and civilization analysis (Weber 1951 [1915]; 1992 [1916]; 2010 [1917]; Kalberg 2021). However, this dichotomy leaves open the question of the economic consequences of a large class of Nietzscheist worldviews that preach, to varying degrees, individual glory and power struggle (Nietzsche 2017 [1886]), examples including many ancient warrior religions, Social Darwinism, Nazism, Machiavellianism, and neoliberalism. This omission significantly impairs the empirical relevance of Weber’s thesis in the secularized modern world, which is dominated by Nietzscheist worldviews.

Without a complete theoretical characterization, this article provides a first attempt to evaluate the economic consequences of Nietzscheism using the special case of neoliberalism, a rather benevolent or ‘weak’ form of Nietzscheism. It shows that, similar to hedonism, neoliberalism leads to social efficiency losses; however, unlike hedonism, it does so by inducing not idleness and laziness but the participants’ arduous, aggressive, and assiduous search for profit and success, which leads to “bootless waste” for society (Veblen 2005 [1918], 99). The phenomenon of wasteful production provides corroborative evidence to the existence of what Weber calls the “theodicy problem” (Weber 1993 [1920], 138) in economic production: namely, the best action for individual profit differs from that for social efficiency.<sup>14</sup> In all three examples raised above, society will be more productive if participants refrain from acting out of their profit motives, while it is nonetheless in the best interest of each individual participant to hurt social efficiency.

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<sup>12</sup> In *The Sociology of Religion*, Weber (1993 [1920]) attempted to establish an exhaustive classification of worldviews by cross-tabulating inner-worldly and other-worldly with mysticism and asceticism to define four ideal types of worldviews. Since only inner-worldly asceticism can lead to hard labor in this world and the rest to escapism, this new classification remains in essence an asceticism-hedonism dichotomy. This dichotomy is still the dominant interpretation of Weber’s economic sociology among recent authors (Landes 1999; Yates and Hunter 2011).

<sup>13</sup> In *The Vocation Lectures*, Weber (1919) seemed to be interested in exploring the political and scientific consequences of worldviews, but he died of pneumonia the next year.

<sup>14</sup> The theodicy problem refers to the social phenomenon that individuals’ social contribution mismatches their social reward: “evil consequences often will ensue from the actions of those who exactly follow the precepts of the moral law” (Parsons 1993 [1963], lvii), or “the righteous suffer” (Lawson 2005, 11).

Due to this gap between individual profit and productivity, wasteful production can only be prevented if the market participants voluntarily abstain from profit-seeking, which means that their worldview must methodically condemn egoism and selfishness. What makes ascetic Protestantism particularly conducive to productive efficiency is not only its denunciation of hedonic laziness and idleness—as we have seen, the more hardworking travel agencies, luxury producers, and quantitative financial analysts are, and the more they save to expand their business, the more waste they produce—but also its denunciation of Nietzscheist power-seeking. Through the doctrines of the incapacitation of human will (Luther 1525), predestination, and calling (Calvin 2011 [1536]),<sup>15</sup> Protestantism provided a coherent worldview in which profit-seeking is condemnable and productivity-seeking is laudable, thereby preventing the excessive wasteful production conducted out of the self-interests of the market participants.

The gospel of the free market, preached by the prophets of neoliberalism in the last century, is that there is nothing wrong with the market participants succumbing to greed, envy, and pride because their individual vices will, through the miraculous “Invisible Hand” of free competition, be converted to social productivity and benefits; in fact, they must renounce their conscience, because any traditional virtue, such as prudence, humility, and senses of social responsibility, only serves to hinder the efficient operation of the free market. It is under this premise that, from the mid-twentieth century, Western politicians, businesspeople, and scholars collectively shaped the capitalist economy into an “Iron Cage” (Weber 2013 [1905], 109) in which the market participants are supposed to compete relentlessly with each other for survival and profit without any moral concerns. However, what if the neoliberal gospel were wrong, and the greed of humans brings not efficiency but only environmental degradation, talent misallocation, and ignorance, as argued by this article? I believe the discussion of wasteful production is not only relevant for the study of the relationship between worldviews and economic prosperity, but also sheds light on the general question of the social consequences of secularization and modernization.

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<sup>15</sup> It is common for sociologists to focus solely on the functional doctrines and overlook the worldview aspects of Protestantism. The consequence is the misleading conflation of ascetic Protestantism with non-ascetic worldviews, e.g., Communism, which also stipulates hardworking and frugality but legitimizes them with a strongly Nietzscheist worldview of human history as a history of struggle and violence. For example, Bell (1996, 82) claims that “puritanism, in the psychological and sociological sense, is to be found in Communist China.”

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