

**INSTITUTIONAL ECONOMICS AND PSYCHOANALYSIS: HOW CAN THEY COLLABORATE FOR A BETTER UNDERSTANDING OF INDIVIDUAL-SOCIETY DYNAMICS?**

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**MAY 2006**

\* Isae, Rome, Italy; paper prepared for the AHE Conference "Economics, Pluralism and the Social Sciences", London, July 14-16, 2006; previous versions of the paper were presented to the SASE 2005 Annual Meeting on Socio-Economics, "What Counts? Calculation, Representation, Association", Budapest, June 30-July 2, 2005, and to the EAEPE Conference "Economics, History and Development", Crete, Greece, 28-31 October 2004; this work involves only the author. E-mail: [a.hermann@libero.it](mailto:a.hermann@libero.it)  
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**INTRODUCTION**

The idea of carrying out this work stems from the observation that although institutional economics deals with the study of human actions and motivations in their historical evolution, there has been in many cases a lack of scientific collaboration with other fields of the social sciences; in this regard, psychoanalysis is a case in point.

Indeed, examining the kind of collaboration realized so far between psychological theories and institutional economics, it becomes apparent that institutional economics — and also, as far as we know, economics at large — has established a fairly systematic link mainly with pragmatist and cognitive psychology; on the contrary, collaboration with psychoanalysis has until now assumed a scattered character, mostly in the form of fleeting remarks that have been unable to provide anything like an organized treatment<sup>1</sup>.

The same holds true, apart from some notable exceptions, for collaboration between psychoanalysis and social and historical sciences.

Three groups of factors may have contributed to this situation: i) the difficulty for social scientists and psychoanalysts to go beyond the methodological scope of their complex disciplines; ii) a tendency among social scientists to interpret Freud's work as being chiefly based on biological needs and thus, on these grounds, to be rather sceptical of its usefulness for analyzing social phenomena; iii) furthermore, the intrinsic multifariousness of psychoanalytic issues and the partly different views of psychoanalysts in this regard may have contributed to making it difficult for social scientists to feel at ease within the psychoanalytic field.

In this regard, our analysis can be synthesized as follows: institutional economics, especially through Veblen's and Commons's contributions, has highlighted a number of aspects that provide a better understanding of the inner nature of social and economic relations. This has been realized through the elaboration of concepts which characterize, in their continual development, the core of institutional economics: these include, among others, ceremonial/instrumental behaviour dichotomy, instincts, culture,

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<sup>1</sup> These remarks do not imply that the issue of the characteristics of "human nature" has been overlooked in economics. Importantly, most economists have provided important contributions to these aspects. In this regard, important authors like (listed in alphabetic order) John Rogers Commons, Amitai Etzioni, John Maynard Keynes, Alfred Marshall, Karl Marx, John Stuart Mill, Gunnar Myrdal, Robert Owen, Karl Polanyi, Joan Robinson, Joseph Alois Schumpeter, Adam Smith, Thorstein Bunde Veblen, have stressed in different ways an aspect which constitutes the springboard of our study: the circumstance that human nature is not an immutable and a-historical entity but presents an evolutionary character and, for this reason, interacts in multifarious ways with the institutional setting. Hence, if human nature is not an immutable entity and can modify, and be modified, by social circumstances, the importance of ensuring a continual improving of the institutional framework appears clearly. In this sense, the aim of our work is, by considering also psychoanalytic theories, to contribute to a better understanding of these complex individual-society relations.

evolution, habits, path-dependency, tacit knowledge, technology, collective action, going concerns, working rules and social valuing.

By employing these concepts, institutional economics points out that institutions, policies, culture, ethics and morality are nothing but different aspects of the evolutionary collective action out of which social and economic phenomena emerge.

Nevertheless, as previously noted, it has been difficult for social scientists to employ psychoanalysis in their studies of social phenomena. However, we deem this kind of collaboration useful, as psychoanalysis addresses many issues relevant to the study of individual-society dynamics. In this sense, psychoanalysis can contribute to a more complete understanding of the role played by psychological conflicts and motivations in determining economic and social structures.

One of the most important insights of psychoanalytic theory is that the intellectual, affective and biological aspects of personality are intertwined in the complexity of each person and unfold in every aspect of individual and collective behaviour. Even when the expression of one of these aspects is more pronounced, this does not mean that the other aspects cease to operate, but only that they operate in the background, in a partly unconscious and indirect way that may nonetheless heavily impinge upon those elements appearing in the foreground.

In the mutual working of these aspects, the role of symbolic meaning is of special importance for synthesizing and conveying the conflicts and the cultural and historical heritage associated with them. This implies that institutions are important for individuals not only with regard to their real functions but also for their symbolic meanings. Hence, the characteristics of every culture — including, of course, the family setting — are likely to play a pivotal role in determining the course that an individual life will take.

For instance, the act of feeding acquires importance for the child not only because it fulfils a biological need but also because it tends to be interpreted by the child as an expression of affection; and the child, through the elaboration of this and other symbolic connections, also expresses and develops its affective and intellectual potential.

The same complexity emerges if we follow how these early experiences spill over into their progressive socialization: in this instance, considering the different social contexts in which these experiences are rooted, the surprising element is that, whereas cultures vary widely in the characteristics of their eating habits, virtually all seem to attribute to them special importance in many family and social situations.

Eating habits — for instance, in the form of typical recipes and restaurants — often contribute to identifying the distinguishing features of many cultures.

In light of the complexity of the factors underlying collective life, in our work we wish to point out the mutual benefits of a more systematic collaboration between institutional economics and psychoanalysis in the study of economic and social issues: on one hand, institutional theory would benefit from considering psychoanalytic concepts, in order to help shed a deeper light on the psychological and more individual-based side of institutional dynamics; relatedly, on the other hand, psychoanalytic theory would benefit in its application to social issues from considering institutional concepts, in order to help clarify the institutional and more collective-based side of psychological dynamics. In this regard, the interaction between institutional economics and psychoanalysis may help us to analyze the role of the following interrelated issues in the formation of institutional, social and economic structures:

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- ◆ The evolutionary and conflicting role of individual and collective actions and motivations.
- ◆ The evolutionary and conflicting nature of habits, routines, organizations, institutions and social valuing.
- ◆ The evolutionary and conflicting nature of individual and collective decision-making processes.
- ◆ The possibility of economic and social reforms, and the role of policies and social value in any given historical context.

This collaboration may greatly benefit from contributions provided by other disciplines as well. Indeed, we believe the issues of social sciences so complex and intertwined that co-operation between many disciplines becomes paramount for understanding their dynamics. In this respect, the fact that institutional economics shares important elements with historical analysis and with pragmatist and cognitive psychology constitutes an enriching element that can contribute to a more fruitful collaboration between these theories and psychoanalysis.

The work is organized as follows: in part 1 we consider some contributions provided by institutional economics by centring our attention on a number of aspects of Veblen's and

Commons's theories; in part 2 we outline some elements of the psychoanalytic approach and in part 3 we look into the most debated aspects of Freud's theory; then, in the concluding chapter, we analyze how the interaction between institutional economics and psychoanalysis could be realized. Finally, in the applicatory sections we address a number of important (and related) issues.

## **PART I: THE INSTITUTIONAL ECONOMICS PERSPECTIVE**

## Introductory Outline

In this chapter we will briefly outline the many contributions institutional economics has provided to the understanding of the complex factors underlying individual-society dynamics.

As is known, institutional economics<sup>2</sup> originated in the United States in the first decades of the 20<sup>th</sup> century. Its cultural roots may be identified in the philosophy and psychology of Pragmatism — in particular in the theories of Charles Sanders Peirce, John Dewey and William James — and in the German Historical School, whose principles were utilized by a scholar, Richard T. Ely, who had a considerable influence on the formation of the first generation of institutionalists.

The principal exponents of institutional economics are Thorstein Veblen, John Rogers Commons, Wesley Clair Mitchell and Clarence Ayres. Relevant contributions were also provided by J. Fagg Foster, David Hamilton, Walton Hale Hamilton and Gardiner C. Means.

Significant contributions with important connections to institutional economics were provided by, among others, John Kenneth Galbraith, Fred Hirsch, Albert Hirschmann, Gunnar Myrdal, Karl Polanyi and Michael Polanyi.

Within institutional economics, two main strands can be identified: (i) the *old institutional economics* (OIE), constituted by the first institutionalists and by subsequent scholars who shared its main concepts; and (ii) the *new institutional economics* (NIE), composed of later scholars adopting principles having important references in the Neoclassical and Austrian schools<sup>3</sup>.

In our work, we focus chiefly on the *old institutional economics*, and in particular on contributions made by Veblen and Commons, but we are aware that many other contributions would deserve more attention.

In this regard, it is interesting to observe the significant links<sup>4</sup> between the OIE and,

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<sup>2</sup> For a detailed analysis of these issues refer, among others, to Hodgson (1993, 1998, 1999, 2002 and 2004), Rutherford (1994) and the Elgar Companion to Institutional and Evolutionary Economics (1994).

<sup>3</sup> For an analysis of the potentialities and problems of collaboration between the OIE and NIE refer to the previous quotations. In another work we have shown the usefulness of employing some concepts of the NIE — in particular, informational asymmetries and principal/agent relations, developed in particular by the contributions of the *new regulatory economics* (refer, in particular, to Laffont, 2000; Laffont and Tirole, 1993; Laffont and Martimort, 1998) — in connection with important concepts of the OIE (in particular, habits, social valuing, path-dependency, culture and evolution) in order to obtain a better understanding of the problems underlying policy action.

<sup>4</sup> Refer, among others, to Arthur (1994); Bhaskar (1986); Dosi, Giannetti and Toninelli (1992); Dosi, Nelson and Winter (2000); Etzioni (1988); Etzioni and Lawrence (1991); Hodgson (1993 and 2002); Hodgson, Samuels and Tool

among others, the following theories: (i) philosophical realism; (ii) the socio-economic theories of Amitai Etzioni and Karl Polanyi, which we will address at more length in the applicatory sections; (iii) a number of theories of technological innovation — often labeled as neo-Schumpeterian — which share many important concepts with the OIE: for instance, the importance of path-dependency processes and of the historical and cultural heritage associated with them in explaining the characteristics of technology and innovation in any given context.

The pivotal concepts characterizing the *old institutional economics* can be summarized as follows: ceremonial/instrumental behaviour dichotomy, instincts, culture, evolution, habits, path-dependency, tacit knowledge, technology, collective action, working rules and social valuing. As evidenced by numerous authors, the OIE does not present a completely unitary framework; within this ambit, two main strands can be identified:

i) An approach initiated by Veblen stressing the dichotomy between ceremonial and instrumental institutions, the role of habits of thoughts and action, the cumulative character of technology in its relations with the workmanship and parental bent propensions.

ii) An approach elaborated by Commons, which focuses attention on the evolutionary relations between economy, law and institutions; the nature of transactions, institutions and collective action; the role of conflicts of interest and the social valuing associated with them; the nature and evolution of ownership, from a material notion of possess to one of relations, duties and opportunities; the role of negotiational psychology for understanding economic and social phenomena.

Notwithstanding some differences between these approaches (cf. in particular Hodgson, 2004), the elements of convergence are remarkable, for instance between the concept of ceremonial and instrumental institution, on one side, and the process of social valuing, on the other. In this sense, the observed differences tend to concern more the issues addressed than the basic aspects of the OIE.

Within this conceptual framework, institutional economics stresses that the presence of an institutional context — with its values, norms, organizations, routines, customs and habits — represents a necessary factor for the performance of human activity in the socio-economic setting. In other words, every economic action possesses, simultaneously, also a social, institutional, historical and psychological dimension; thus, an understanding of economic actions requires a joint analysis of all these dimensions which, of course, necessitates the adoption of an interdisciplinary approach.

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(1994); Lundvall (1995); Nelson and Winter (1982); Nisbett and Ross (1980).



## The Role of Habits

The concept of habit has played a key role within the Pragmatist approach, also for its influence on institutional economics. In this regard, important contributions were provided by William James, who, in his *Principles of Psychology*, investigates the role of habits in both individual and collective dimensions.

In the individual dimension, the propension of the person to form habits is explained by James as a result of the circumstance that, in his words,

“Man is born with a tendency to do more things than he has ready-made arrangements for in his nerve centres....If practice did not make perfect, nor habit economize the expense of nervous and muscular energy, he would therefore be in a sorry plight.”, (James, 1890: 113).

In this sense, the set of personal habits plays the important function of reducing the conscious attention upon them. This entails the apparent paradoxical result that the person, although routinely performing a number of actions, is unable to know *how* he or she has performed them<sup>5</sup>. This concept is expressed in the following passage,

"We all of us have a definite routine manner of performing certain daily offices connected with the toilet, with the opening and shutting of familiar cupboards, and the like. Our lower centres know the order of these movements, and show their knowledge by their 'surprise' if the objects are altered so as to oblige the movement to be made in a different way. But our higher thought-centres know hardly anything about the matter. Few men can tell off-hand which sock, shoe, or trousers-leg they put on first. They must first mentally rehearse the act; and even that is often insufficient—the act must be *performed*." (James, 1890: 115).

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<sup>5</sup> In this sense, the process of habit formation has many parallels with the characteristics of tacit knowledge, which

The interesting aspect of this analysis is that, in describing some important features of personal habits, it also casts light on the role of collective habits in social dynamics. As a matter of fact, habits constitute the normal functioning not only of personal life but also, in a complex interplay of reciprocal influences, of collective life; the following passages express these concepts vividly,

"Habit is thus the enormous fly-wheel of society, its most precious conservative agent. It alone is what keeps us all within the bounds of ordinance, and saves the children of fortune from the envious uprising of the poor. It alone prevents the hardest and most repulsive walks of life from being deserted by those brought up to tread therein. It keeps the fisherman and the deck-hand at sea through the winter; it holds the miner in his darkness, and nails the countryman to his log-cabin and his lonely farm through all the months of snow; it protects us from invasion by the natives of the desert and frozen zones....It keeps different social strata from mixing.", (James, 1890: 121).

This analysis of habits is closely related to the role that the continual flux of actions plays on their formation; in fact, habits are acquired or eliminated cumulatively and are intimately connected with the system of values of the person. This is related to an important concept of Pragmatism, namely, that individuals do not unfold their personalities in abstract terms but out of their actions in both the individual and collective spheres: in this light the person is considered as an active agent seeking to realize his or her goals which, however, cannot be reduced to a simple hedonistic principle; these goals, in fact, involve all the complex set of values and motivations of the person in his or her interaction with the social structure and so should be studied in their evolutionary patterns.

In this sense, habits constitute the "psychological procedures" through which the emotions, motivations and values of the person are expressed. Consequently, habits are not "neutral" and "automatic" instances as they convey, partly at an unconscious level, all the complex, often conflicting, aspects making up the individual personality. Thus, it is necessary to continually improve personal behaviour through acquiring "moral habits" and eliminating bad ones;

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was studied in particular by M.Polanyi (1958).

"No matter how full a reservoir of *maxims* one may possess, and no matter how good one's *sentiments* may be, if one have not taken advantage of every concrete opportunity to *act*, one's character may remain entirely unaffected for the better....There is no more contemptible type of human character than that of the nerveless sentimentalist and dreamer, who spends his life in a weltering sea of sensibility and emotion, but who never does a manly concrete deed....Every smallest stroke of virtue or of vice leaves its never so little scar. The drunken Rip Van Winkle, in Jefferson's play, excuses himself for every fresh dereliction by saying, 'I won't count this time!' Well! He may not count it, and a kind Heaven may not count it; but it is being counted none the less. Down among his nerve-cells and fibres the molecules are counting it, registering and storing it up to be used against him when the next temptation comes. Nothing we ever do is, in strict scientific literalness, wiped out. Of course, this has its good side as well as its bad one. As we become permanent drunkards by so many separate drinks, so we become saints in the moral, and authorities and experts in the practical and scientific spheres, by so many separate acts and hours of work.", (James, 1890: 125, 127).

James's theory, as well as those of other important pragmatist philosophers — such as J.Dewey and C.S.Peirce — constitutes the main theoretical springboard from which institutional economics arose.

By developing these insights, institutional economics has stressed in many contributions the twofold nature of habits. Indeed, habits embody and synthesize, in an evolutionary way, all the principles, values and knowledge accumulated over time. In this sense, they exhibit in every context both the ceremonial and instrumental aspects highlighted by institutional economists. As described effectively by Veblen, ceremonial behaviour is rigid, past-binding and based on a passive acceptance of the norms followed. In contrast, instrumental behaviour possesses a matter-of-fact quality aimed at problem solving activities. Within this ambit, technology-based activities are considered, especially in Veblen's and Ayres's analyses, the best example of instrumental behaviour. From these insights, it follows that habits constitute a necessary factor for accumulating knowledge within institutions and, at the same time, an element which may hinder this process. Nevertheless, as we will see in the next chapter, the role of technology in fostering economic and social progress is very complex as it requires the analysis of many interrelated aspects.

## **1. VEBLEN'S EVOLUTIONARY PERSPECTIVE**

The previous analysis of habits constitutes the theoretical basis of Veblen's concept of the functioning of the human mind through habits of thoughts and life.

In Veblen's theory habits assume such a great importance because they represent a way of bringing together the three basic concepts of his analysis: instincts, evolution and technology. Let us now briefly highlight some aspects of these concepts, beginning, once again, with habits.

## **Habits**

As is known, Thorstein Veblen has been the founder of institutional economics. In his famous article<sup>6</sup> "Why Is Economics Not an Evolutionary Science", he stresses that mainstream economics is unable to analyze, owing to the adoption of simplificatory hypotheses and a basically static approach, the complexity of economic phenomena.

In order to grasp the nature of such complexity, it becomes necessary to adopt an evolutionary approach to the study of these phenomena. In particular, it is necessary to enquiry into the evolutionary links between, on the one hand, the individual propensities and orientations and, on the other hand, the transformations of the economic, social and technological of the related contexts.

In this regard, it can be easily observed that the characteristics of previous stages are liminated only gradually and that many features continue to inform the new institutional fabric with its related habits of thoughts and life.

This continuity, — which, it is important to note implies also a conflict between different orientation and cultural values — is transmitted and perpetuated through habits of thoughts and life. In this regard, also drawing on the theories of James, Peirce and other scholars, Veblen remarks that,

"The later psychology, reënforced by modern anthropological research, gives a different conception of human nature. According to this conception, it is the characteristic of man to do something, not simply to suffer pleasures and pains through the impact of suitable forces. He is not simply a bundle of desires that are to be saturated by being placed in the path of the forces of the environment, but rather a coherent structure of propensities and habits which seek realisation and expression in an unfolding activity....The economic life history of the individual is a cumulative process of adaptation of means to

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<sup>6</sup> Veblen, T. "Why Is Economics Not an Evolutionary Science", *Quarterly Journal of Economics*, vol.XII, luglio, 1898, reprinted in Veblen, 1919. In the quotation of passages we will refer to the latest edition.

ends that cumulatively change as the process goes on, both the agent and his environment being at any point the outcome of the last process....What is true of the individual in this respect is true of the group in which he lives. All economic change is a change in the economic community,—a change in the community's methods of turning material things to account. The change is always in the last resort a change in habits of thought. This is true even of changes in the mechanical process of industry.", [Veblen, 1919 (1898): 74, 74-75].

The existence of habits of thoughts and life that arise and change slowly and cumulatively implies, in Veblen's analysis, that people do not behave out of a supposed "rational" decision-making process aimed at maximizing their "hedonism"; thus, they do not react instantly to different economic circumstances as assumed within the utility function framework<sup>7</sup>. In fact, following norms may constitute a goal in itself since norms reflect the values and criteria through which society classifies and appraises human conduct.

In this sense, norms can suggest to the person the appropriate behaviour, and, as a consequence, the adequacy of individual behaviour is assessed through the criteria indicated in the norms.

Indeed, the internalization of norms forms a part — often very important — of the individual's personality, and, as a consequence, the decision-making process partly assumes an unconscious nature, in the sense that the person is not fully aware of the inner motivations driving his or her behaviour.

The emergence and consolidation of habits and norms are appraised, in Veblen's analysis, as the result of a complex interaction between the individual's characteristics — interpreted mainly through his concept of instincts — and the features of economic and social systems. This interaction is considered explicitly within an evolutionary perspective.

Any society, with its distinguishing characteristics, is the unique product of its economic and cultural evolution; in brief, it is embedded in its past;

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<sup>7</sup> Cf. Veblen (in particular, 1914, 1919 and 1934). For an analysis of Veblen's concepts and the contributions of institutional economics to the analysis of the role performed by norms and habits in human action and decision-making, refer to, in addition to the editors' introductions to the above quoted books, Hodgson (1993, 1998, 1999 and 2004), Rutherford (1994) and the Elgar Companion to Institutional and Evolutionary Economics (1994). From partly different perspectives, important contributions were provided by Etzioni (1988) and Sen (1982). Cf. the applicatory section on the problems of decision-making.

"Under the discipline of habituation this logic and apparatus of ways and means falls into conventional lines, acquires the consistency of custom and prescription, and so takes an institutional character and force....In human conduct the effects of habit in this respect are particularly far-reaching. In man the instincts appoint less of a determinate sequence of action, and so leave a more open field for adaptation of behaviour to the circumstances of the case....Cumulatively, therefore, habit creates usages, customs, conventions, preconceptions, composite principles of conduct that run back only indirectly to the native predispositions of the race, but that may affect the working-out of any given line of endeavour in much the same way as if these habitual elements were of the nature of an instinctive bias. Along with this body of derivative standards and canons of conduct, and handed on by the same discipline of habituation, goes a cumulative body of knowledge, made up in part of matter-of-fact acquaintance with phenomena and in greater part of conventional wisdom embodying certain acquired predilections and preconceptions current in the community", (Veblen, 1914: 7, 38, 39).

In studying the evolutionary nature of habits, it is important to note, as observed before, their conflictual and somewhat contradictory nature: typical, in this regard, is the case of ceremonial and instrumental behaviour, which, though being typically antithetical, tend to be both present in various degrees in the same persons and institutions.

Thus, the study of habits raises a number of important questions: what are the social factors that determine the evolution of the various habits and what kind of links they establish with the person's main propensities?

In the following sections we will address a number of important concepts developed by Veblen also in order to provide an answer to these issues.

### **Instincts and Evolution**

Veblen's focus on habits draws attention to important aspects of the nature of human development and the role played by instincts (or propensions). This enquiry is of special interest for our discussion as it brings under a unitary interpretative framework the complexity of the aspects making up human personality — biological, intellectual, affective — by considering them in their evolutionary pattern. The following passages express these concepts neatly,

"....The instincts are to be defined or described neither in mechanical terms of those anatomical or physiological aptitudes that causally underlie them or that come into

action in the functioning of any given instinct, nor in terms of the movements of orientation or taxis involved in the functioning of each. The distinctive feature by the mark of which any given instinct is identified is to be found in the particular character of the purpose to which it drives. "Instinct", as contra-distinguished from tropismatic action, involves consciousness and adaptation to an end aimed at....The ends of life, then, the purposes to be achieved, are assigned by man's instinctive proclivities; but the ways and means of accomplishing those things which the instinctive proclivities so make worth while are a matter of intelligence....The higher the degree of intelligence and the larger the available body of knowledge current in any given community, the more extensive and elaborate will be the logic of ways and means interposed between these impulses and their realisation, and the more multifarious and complicated will be the apparatus of expedients and resources employed to compass those ends that are instinctively worthwhile....all instinctive action is intelligent in some degree. This is what marks it off from the tropism and takes it out of the category of automatism.

Hence all instinctive action is teleological. It involves holding to a purpose.", (Veblen, 1914: 4, 5-6, 6, 31).

Veblen's analysis cannot be considered a complete theory of instincts, and, as we will see in the analysis of Freudian theory, this circumstance is typical of any theory of instincts. Notwithstanding this difficulty, we think that Veblen was able to grasp a point — to be taken up at greater length in the chapter on psychoanalysis — which we deem central for a better understanding of human behaviour: that instincts constitute multifarious entities expressing the complex interplay between the biological, affective and intellectual aspects of personality.

In Veblen's analysis, workmanship<sup>8</sup> and parental bent<sup>9</sup> are held to be the most important human instincts, tending to prevail in a situation where other instincts that may act at cross-purposes with them — for instance, predatory instincts which may be expressed through a framework of ceremonial and "acquisitive" institutions based on invidious distinctions — had little social grounds on which to express themselves. In this regard, Veblen seems to suppose that the first stage of human life was like this but, since then, a number of disturbing factors<sup>10</sup> have caused a process of deviation which

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<sup>8</sup> In Veblen's analysis the instinct of "idle curiosity" also plays an important role in social evolution, especially through its effects upon scientific and technological progress. In this sense, such an instinct can be considered as the more "unconditioned" and intellectual aspect of the instinct of workmanship.

<sup>9</sup> In Veblen's analysis the instinct of parental bent is conceived as a general sense of solicitude extending itself beyond the family sphere.

<sup>10</sup> Veblen's discussion is not very clear on this point: he seems to impute these disturbing factors to the changes due to the expansion of societies. However, as we will see later on, this hypothesis runs into some difficulties.

was reinforced by a process of cumulative habituation. This idea is expressed in the following famous passage,

"...Human culture in all ages presents too many imbecile usages and principles of conduct to let anyone overlook the fact that disserviceable institutions easily arise and continue to hold their place in spite of the disapproval of native common sense. The selective control exercised over custom and usage by these instincts of serviceability is neither too close nor too insistent....It appears, then, that so long as the parental solicitude and the sense of workmanship do not lead men to take thought and correct the otherwise unguarded drift of things, the growth of institutions — usage, customs, canons of conduct, principles of right and propriety, the course of cumulative habituation as it goes forward under the driving force of the several instincts native to man,— will commonly run at cross purposes with serviceability and the sense of workmanship.", (Veblen, 1914: 49, 49-50).

## **Technology**

In this evolutionary process technological progress — by inducing more rational habits of thoughts and life — is deemed to play an important role in social evolution. Technological progress, in turn, depends on the characteristics of the capitalistic system which tends, although through a far from straightforward pattern, to substitute new systems of production for older ones.

Technological progress modifies not only the material world but also, through a process of learning, adaptation and habituation, the ways of thinking and acting. This process, depending, as it does, on the interplay of many factors which are mostly uncertain and path-dependent, is not considered in Veblen's enquiry as having a teleological character.



The reason why Veblen regards technological progress so crucial for changing individual behaviour arises from his observation that, along with the instincts of workmanship and parental bent, people also have an instinctive tendency to resist change.

The extent to which workmanship and efficiency prevail on the tendency to resist change depends largely on the characteristics and intensity of technological progress. In fact, by inducing individuals to adapt themselves to new methods of production, technological progress brings out, through a process of habituation to new habits of thoughts and life, the workmanship instinct.

For this reason, technological progress is considered paramount in order for people to eliminate habits of thoughts based on more primitive stages of life — mainly based on ceremonial and "acquisitive" institutions — and to acquire a scientific and matter-of-fact mentality, which represents the essence of instrumental behaviour.

In Veblen's view — although not very clear for many aspects — the pivotal element of technological progress able to induce such profound social transformations can be summarized as follows: technology, in becoming more and more "colourless and impersonal", makes it increasingly difficult for the person to impute to his or her work instruments aspects of magical workmanship that go beyond their objective characteristics.

For instance, the ancient craftsman who used simple instruments with great ability, could more easily attribute to his instruments anthropomorphic characteristics than the worker operating in a big and impersonal factory. Through this process of imputation, according to Veblen, the rational and objective aspects of technology tend to be overlooked in favour of a magical and "ceremonial" vision of the world.

This process of imputation, in his view, while not impinging upon the acquired ability of the workers, is likely to impair future technological advances by instilling in the workers habits of thoughts and life not oriented towards the progressive "rationalization" of technology.

This tendency to "personify" the world never completely disappears with the development of technological progress, since it is considered by him a sort of congenital weakness of human nature.

At present, we wish only to observe that although in Veblen's analysis technological progress seems to acquire, in some respects, the character of an ineluctable drive, this does not imply that he considered human development in a deterministic way.

Even a superficial reading of his works shows that whenever confronted with the possibility of foreseeing a situation, Veblen was extremely aware of the difficulty of this task. In particular, at the end of his book — *The Instinct of Workmanship and the State of Industrial Arts* — Veblen was quite aware that technological progress, *per se*, was not sufficient to induce a more rationalistic behaviour (in substantive terms), due to the complex and interrelated role played by psychological, social, economic and technological factors in determining the dynamics between individuals and institutions. This complexity emerges clearly when he speaks of revulsion against technology,

"Nor is it by any means a grateful work of spontaneous predilection, all this mechanistic mutilation of objective reality into mere inert dimensions and resistance to pressure; as witness the widely prevalent revulsion, chronic or intermittent, against its acceptance as a final term of knowledge. Laymen seek respite in the fog of occult and esoteric faiths and cults, and so fall back on the will to believe things of which the senses transmit no evidence; while the learned and the studios are, by stress of the same 'aching void,' drawn into speculative tenets of ostensible knowledge that purport to go nearer to the heart of reality, and that elude all mechanistic proof or disproof....Neither the manner of life imposed by the machine process, nor the manner of thought inculcated by habituation to its logic, will fall in with the free movement of human spirit, born, as it is, to fit the conditions of savage life. So there comes an irrepressible—in a sense, congenital—recrudescence of magic, occult science, telepathy, spiritualism, vitalism, pragmatism.", (Veblen, 1914: 333-334).

From this passage it appears that Veblen regarded technological progress, at least in our view, only as a useful way to acquire more scientific-based habits of thoughts and not as a goal in itself. He believed that people, by acquiring these more technology-based habits of thoughts, would become more able to develop an improved assessment of all the matters regarding their lives. In this sense, Veblen's theory appears to be very different from any positivistic position.

### **Some Problematic Aspects in Veblen's Theory**

Veblen's analysis raises many important questions which, due to their complexity, demand a more in-depth examination:

- (a) One element of modern technology which Veblen considers paramount for reducing magic and ceremonial habits of thoughts is its supposed mechanical and "colourless" nature; in fact, in the presence of these characteristics, it is more difficult for individuals to impute magical and animistic traits to modern technology than to simpler instruments. Nevertheless, we can observe that this mechanical character — which reminds us of the working rules of physical laws — is typical of any kind of technology. In fact, even in the use of the simplest instrument man has to consider its physical properties if he wants to use it effectively; and, with regard to the

"colourless" character of modern technology, this is not an absolute trait, but, rather, a matter of human attribution that does not depend on the mechanical characteristics of the technology employed, but rests, at least in part, on the social and economic characteristics of the context in which it is employed. As a matter of fact, modern technology can be "colourful" and creative — for example, in the case of information and communications technology — whereas an old technology can be quite "colourless" and plain, as for an exploited worker in a poor agricultural setting. The "colour" we attribute to technology depends on what technology represents for us, which, in turn, depends on the complex interplay between individual and collective values and motivations; that is, it depends on the "colour" of our spiritual life and on the characteristics of the institutional and socio-economic framework (ISEF<sup>11</sup>) considered. Furthermore, we can observe that, — in accordance with important psychological and psychoanalytic research — to the person, imputing a symbolic meaning to his or her work instruments does not necessarily imply an "irrational and primitive" psychological process, since it constitutes an expression of his or her relational and affective spheres; namely, it represents a symbolic and important expression of person's social links. Of course, the typical contents of these imputations may vary in different cultures and may also be the expression of psychological conflicts, but such differences concern only the contents of these attributions and not the process of imputation as such.

(b) Veblen seems to regard the spiritual life or "the free movement of human spirit" at odds with the logic of the machine process, but this supposed dichotomy raises many problems: what is the meaning of spiritual life? In Veblen's view, spiritual life seems sometimes to be synonymous with "irrational and primitive behaviour"; for instance, in the quoted passage, he lumps under the same heading of "spiritual life" concepts as diverse as magic, occult science, telepathy, spiritualism, vitalism, pragmatism. These concepts are in some cases not only diverse but — we believe — quite antithetical, as for instance between magic, occultism and telepathy, on one hand, and spiritualism, vitalism, pragmatism<sup>12</sup> on the other.

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<sup>11</sup> We can define the ISEF, in a broad sense, as the entire set of institutions and of socio-economic structure of a given reality at a given time, with its related set of values, habits, knowledge, customs and working rules.

<sup>12</sup> As observed before, Veblen employs in his work important concepts from the philosophy and psychology of Pragmatism; the reason why he includes Pragmatism in the list of the "anti-technological" tendencies may lie in the fact that there are two versions of Pragmatism — the first, set forth by the founder of Pragmatism, C.S.Peirce, meant as a theory of knowledge and a method of scientific investigation, and the second, developed later on by, among others, W.James, J.Dewey and F.C.S.Schiller, meant as a theory of the truth, experience and values — and that Veblen considered the latter version as antithetical to the "immanent rationality" of technological progress.

(c) But now, let us assume that, following Veblen's reasoning, the machine process would fully exert its effect and thus the more primitive habits of thoughts and life will be gradually displaced; in this case will individuals lose their spiritual life in the sense that they will act in a "rational", machine-like way? In Veblen's analysis these fundamental questions are left unanswered, even though they assume great importance for the understanding of his theory. In fact, if we suppose that, following Veblen's analysis, in our society the main purposes of the working of the machine process are mainly related to the principles of "conspicuous consumption" and "pecuniary gain" — that is, to principles chiefly based on habits of thoughts and life, coming from primitive stages of life, having their roots in propensions at cross-purposes with workmanship and parental bent — the logical consequence of a successful functioning, in Veblen's terms, of the machine process would be a gradual reduction of conspicuous consumption, accompanied by a gradual substitution of the "productive" objective, related to "material serviceability", for the "pecuniary gain" objective, related to the dynamics of "exchange value"<sup>13</sup>. However, since in Veblen's analysis (in particular, 1899) conspicuous consumption is supposed to cover a substantial share of consumption in contemporary society, the results of a full operation of the machine process would be — skipping, for the sake of simplicity, the intermediate hypotheses — the following alternatives: i) an in-depth re-organization of the production process oriented to matching the "true" needs of society. This entails, as it can be easily seen, a widespread social valuing process

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Later we will discuss some difficulty of Veblen's analysis regarding these aspects. For an analysis of the different conceptions of Pragmatism refer, among others, to the volume edited by L.Menand, *Pragmatism: a Reader*, New York, Vintage Books, 1997. With reference to our issues, of particular interest is Commons's work (1934, especially chapters 4 and 10), since he adopts an interdisciplinary approach that helps to shed light on the interrelations between Pragmatism, institutions, reasonable value and negotiational psychology, also by making an interesting comparison between his own theory and Veblen's analysis (cf. also below). The following passages express these concepts neatly, "...We are compelled, therefore, to distinguish and use two meanings of pragmatism: Peirce's meaning of purely a method of scientific investigation, derived by him from the biological sciences but applicable also to economic transactions and concerns; and the meaning of the various social-philosophies assumed by the parties themselves who participate in these transactions. We therefore, under the latter meaning, follow most closely the social pragmatism of Dewey; while in our method of investigation we follow the pragmatism of Peirce. One is scientific pragmatism—a method of investigation—the other is the pragmatism of human beings—the subject-matter of the science of economics....Not until we reach John Dewey do we find Peirce expanded to ethics, and not until we reach institutional economics do we find it expanded to transactions, going concerns, and Reasonable Value", (Commons, 1934: 150-151, 155).

<sup>13</sup> This dichotomy is at the basis of the famous Veblen's distinction between the role of the engineers, acting under the workmanship propension and therefore directing their action toward the objective of serviceability, as contrasted with the role of capitalists — acting under the influx of propensions at cross-purposes with workmanship, based on acquisitive and aggressive traits, and finalised, through the applications of various restrictions on production, to increase their pecuniary gains. Cfr. in particular Veblen, 1919: 279-323; and also Veblen, 1904 and 1921.

on problems which are intrinsically multifarious and conflicting, as it is witnessed by the intense debate on the various typologies of capitalism, socialism and the related concepts of market, competition, enterprise, labour, value, democracy, participation and public action. As a matter of fact, these questions involve, on the part of the person and groups, not only the "materialistic" aspect of life but also and pre-eminently the spheres of motivations, values and vision of the world. There arises a problem, then, to build an adequate institutional set-up through which agreements can be reached on questions which, owing to their level of complexity and detailed articulation, need continually be fixed and re-fixed over time. ii) Otherwise, if such re-organization does not occur (or if it occurs with insufficient strength), this means that the "rationalizing effect" of the machine process has not worked strongly enough. Hence, such a result implies that the unfolding of the machine process has failed to instil more rational habits of thoughts and life.

- (d) Each of these two alternatives opens a beehive of questions: i) in the first case, what are the implications of a sharp reduction of conspicuous consumption? Will man live in an industrious and peaceable society of the kind Veblen hypothesized existing in the past, in which the only difference could be the widespread application of the machine process to the production of the truly necessary items? And which criteria will be adopted to make this selection, and, relatedly, how will we decide what are the real exigencies of society? For instance, the items, other than the unrenouncible necessities, to be produced, the ways and criteria for rewarding the labour, the time and resources to devote, for instance, to scientific and technological research, the fields worth following and the social goals associated with them? ii) In the second alternative, why do people need to pursue conspicuous consumption and the related "pecuniary objective" of economic action which, as we have seen, have their roots in instincts that are at cross-purposes with workmanship and parental bent? If modern society is considered as a deviation from an older peaceable and natural stage of life, why do workmanship and parental bent instincts fail to assert themselves neatly in our society?
- (e) Veblen does not address these problems directly. He tends to assume that, once upon a time, man lived in a pacific stage based on the full operation of workmanship and parental bent instincts; at a certain point, owing to the presence of external pressures (not clearly specified) related to the expansion of society, there occurred a

progressive deviation from such a stage towards increasingly less genuine ways of thoughts and life which, by way of progressive habituation, asserted themselves as the ordinary way of living. However, this interpretation of human development meets with a problem: if people deviate increasingly from a pacific stage, this implies, as also asserted by Veblen, that the workmanship and parental bent instincts do not work strongly enough, perhaps because of the presence of instincts at cross purposes with them which can assert themselves — through the process described by Veblen as "contamination of instincts" — as a response to external pressures. Now, considering that "external pressures" — whatever they may be — are likely to have, at least in part, a significant endogenous component, the consequence seems to be that this early stage was — as we will also see in the applicatory section on the interpretation of ownership — far less peaceable and smooth than assumed by Veblen, resting, as it did, on an unstable equilibrium made up of conflicting propensions.

- (f) Owing to this complexity, in Veblen's reconstruction of human development the role of technology is far from clear: in fact if, in Veblen's analysis, technological progress associated with the evolution of capitalism<sup>14</sup> is deemed to be the main cause of deviation from a pacific stage of life, why just now should it begin to exert the opposite effect? For instance, considering our present-day stage of internet technology, it does seem that — after about a century of massive technological progress since Veblen's time — the problems envisaged by Veblen are still remarkably in the foreground; in particular, considering all the problems of our time, — among others, uneven development, environmental deterioration, economic and cultural (sometimes also armed) conflicts — there emerges the impression that technological progress has not entailed a parallel shift of human action from the

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<sup>14</sup> As is well known, Veblen considers the role of capitalism in fostering technological progress far from straightforward, since the contradiction between the "pecuniary gain" and "material serviceability" objectives of economic action entails a similar, and even more complex, contradiction at firms' level as whether to speed up or retard the pace of technological progress. For a more detailed analysis refer to Veblen [in particular, (1904), (1919):

pecuniary (more egoistic) to serviceability (more altruistic) objective. This happens because, as observed before, workmanship and parental bent instincts are more complex than usually assumed and, furthermore, present an evolutionary character; they are, at least in part, endogenously determined.

- (g) One explanation for these problems may be that the rationalizing role Veblen attributed to technology seems to derive from his implicit assimilation — obviously, only for this purpose — of "instrumental rationality" to "substantive rationality": thus, by simplifying a bit, more rational ways of producing (e.g., how to produce) are likely to entail more "rational" or adequate ways of life (e.g., what to produce). One reason for this belief could be found in the role Veblen attributed to the instinct of workmanship and to its link, outlined before, with the instinct of parental bent. In this sense — as far as we understand Veblen's reasoning — technological progress, by fostering the instinct of workmanship, would reinforce the instinct of parental bent as well. However, as shown by the studies quoted and by many others, the problem is that instrumental and substantive rationality are related but different concepts, and so an increase in the former cannot be simply considered as a proxy for the increase in the latter. In particular, one reason why reality is so complex may depend on the fact that the instinct of workmanship is a more far-reaching concept than explicitly supposed by Veblen. In fact, if we conceive such an instinct — as seems to be implied in Veblen's analysis, also for his reference to the propension of the "idle curiosity" — not only as a set of technical abilities but also as a general propension to intellectual and cognitive constructive activities and, furthermore, following Veblen, hypothesize a significant interrelation with parental bent instinct, it becomes evident, as we will see in the next point, that technological progress constitutes only an instrumental part of the manifold expressions of the instinct of workmanship. In this regard, our impression is that advances made in this direction are not due to an abstract "rationalizing" role of technology *per se* but to the kind of links that technological progress establishes with social and economic objectives and the related process of social valuing. This implies, as shown by many studies, that technological progress is not "neutral" as regards the attainment of these objectives and, therefore, does not follow a deterministic pattern out of its "immanent rationality", but is partly moulded by the characteristics of any given context, being, as it is, deeply embedded therein. In this regard, an increased ability to analyse

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279-323), and (1921)].



social problems — an ability which may well benefit from progress in psychological and social sciences — could well be regarded as a genuine expression of the instinct of workmanship that is likely to have played a relevant role in social evolution.

- (h) As also observed by Commons, one difficulty in Veblen's analysis resides in the lack of the concepts of social value and of reasonable value: that is, of the criteria to assess the difference between "what is going on" and "what ought to go on" (Tool, in Hodgson, Samuels and Tool, 1994, vol. I, p.406). Veblen tends to reduce this problem to the dichotomy between prejudices and genuine behaviour, which is at the basis of his distinction between the objectives of "pecuniary gain" and "serviceability" of human action. But this distinction already implies an implicit social assessment of what a prejudice is and what a genuine behaviour is: and what are the foundations of such assessments? Ethical, psychological, economic, juridical, social? and what interrelations may intervene between them? In particular, considering that, for good or bad, our economic activity is rewarded in pecuniary terms, it becomes still more difficult to distinguish precisely in any economic action between the objectives of "pecuniary gain" and "serviceability"; this happens also because it is more than likely that these objectives are blended and intertwined in the complexity of the (partly unconscious) motivations, values and conflicts of each person involved. As a matter of fact, even if we act only out of our workmanship propension — for instance, working as an independent professional — we do need to be rewarded in pecuniary term in order to survive. So, in order to distinguish in any given economic action between the two objectives — "pecuniary gain" and "serviceability" — we need to employ other criteria which require a careful social valuing process.
- (i) These rather unclear aspects of Veblen's analysis entail a corresponding difficulty of assessing the role of institutions in social reforms: in this regard, Veblen tends to assume, especially in his later papers collected after his death in the volume *Essays in our Changing Order*, a "radical" position<sup>15</sup>, in that he advocates, after the example provided by the October 1917 Russian Revolution, a kind of central planning-like form of economic organization aimed at the disposing of all forms of conspicuous

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<sup>15</sup> These papers were mainly written during the period of World War I and cover a wide range of issues: in particular, how to organize production for sustaining war effort, the problems of reconstruction, in material and political terms, of a new more peace-oriented international settlement. For more details refer to the introduction of the quoted book.

consumption and related pecuniary activities based on the institution of "absentee ownership". The problem, however, does not lie in the degree of radicalism of Veblen's position but in the lack of analysis about its concrete feasibility. For instance, in his articles — "Bolshevism is a menace—to whom?" and "Between Bolshevism and the War" — dealing with the experience of October Revolution<sup>16</sup>, he seems to believe that, — in spite of his theories based on the gradual habituation to new habits of thoughts and life — once abolished the old order, every future course of events will run smoothly without encountering any problem or contradiction. Thus, neither the problems related to the unfolding of such experience in Russia nor those related to the possible application of such experience elsewhere are really addressed in his papers. In this regard, our impression is that Veblen's radicalism covers a profound pessimism about the real possibility of social change: in a way he does not seem to believe to any chance of application for his proposals. One reason for this pessimism may be found in the circumstance that, as also observed by Hodgson<sup>17</sup>, Veblen (and Ayres) tends to regard institutions only in their negative role of hindering the full display of the rationalizing effects of technological progress on social life. Accordingly, the role of institutions in managing the contradictions, conflicts and uncertainties which are likely to be implied in every profound and far-reaching process of social change tends to be overlooked. In this way, the only hope for social change would rest on the working of some exogenously-conceived phenomena—for instance, technological progress and/or an abrupt revolutionary outburst. As we will try to evidence, we believe that a careful enquiry of the social and psychological factors underlying any given reality is required for a better understanding of the process of social change.

At the end of this outline we can say that Veblen has provided fundamental insights into the comprehension of the links existing between the economic, technological, social and psychological aspects of society by analyzing the relations existing between the pivotal concepts that describe these links—that is habits, instincts, evolution and technology. In this sense, we would observe that some of our previous remarks, which highlighted a number of unclear points in Veblen's theory, do not reduce the validity of this theory but, rather, point out its great potential.

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<sup>16</sup> These issues will be taken up also in ch.9 in our analysis of Freud's view of the process of social change.

<sup>17</sup> On these aspects refer to Hodgson (2004).

In fact, one of main source of these difficulties in Veblen's analysis may be found in the lack of any clear reference to psychological theories for developing his main arguments. Indeed, in Veblen's analysis many important psychological concepts are implicit, and in this respect Veblen had great psychological intuitions. Examples may be found (i) in his analysis of habits of thoughts and life, which he tended to regard as the result of the internalization (mostly at an unconscious level) of collectively shared norms and values; (ii) in his concept of instinct, in which he grasps the importance of considering both emotions and intellect as the entities making up human personality; (iii) in his study of human development, by pointing out the importance of symbols and fantasies.

As we will see later on, these concepts — which he considers in their interrelatedness in order to inquire into the forces lying behind the development of societies — present a striking parallel with many psychological and psychoanalytic concepts: for instance, the role of internalization of norms and model of behaviour in child development, the complexity of instincts, the role of Freud's notion of "compulsion to repeat" and the importance of symbols and fantasies in individual and collective action.

Nonetheless, even with the aid of a great intuition, one cannot go too far into social and economic analysis without a clear and explicit theoretical foundation of these concepts. In this respect, we believe that psychological and psychoanalytic concepts may help to illuminate important points of Veblen's analysis.

## **2. COMMONS'S NEGOTIATIONAL PSYCHOLOGY**

Other important contributions to the understanding of the dynamics of individual and collective action are provided by Commons. As with Veblen, we will organize our discussion around a number of his key concepts.

### **Collective Action and Transactions**

One of Commons's most important insights (in particular, 1924 and 1934) is that collective action is a necessary element for an adequate performance of individual action. In this sense, collective action is considered the correct subject for the study of society; the dialectic and dynamic relation existing between individual and collective action is effectively expressed in this passages:

“Thus, the ultimate unit of activity, which correlates law, economics and ethics, must contain in itself the three principles of *conflict*, *dependence*, and *order*. This unit is a Transaction. A transaction, with its participants, is the smallest unit of institutional economics. Transactions intervene between the production of labor, of the classical economists, and the pleasures of consumption, of the hedonic economists, simply because is society that, by its rules of order, controls ownership of and access to the forces of nature. Transactions, as thus defined, are not the "exchange of commodities" in the physical sense of "delivery," they are the alienation and acquisition, between individuals, of the *rights* of future ownership of physical things, as determined by the collective working rules of society.... when we analyze transactions, which are the transfers of ownership, we find that they resolve themselves into three types, which may be distinguished as bargaining, managerial and rationing. These are functionally interdependent and together constitute the whole which we name a Going Concern. A going concern is a joint expectation of beneficial bargaining, managerial, and rationing transactions, kept together by "working rules" and by control of strategic and limiting factors which are expected to control the others. When the expectations cease then the concern quits going and production stops....It is these going concerns, with the working rules that keep them agoing, all the way from the family, the corporation, the trade union, the trade association, up to the state itself, that we name institutions....If we endeavor to find a universal principle, common to all behavior known as institutional, we may define an institution as Collective Action in Control of Individual Action.”, (Commons, 1934: 58, 69).

As emerges from the passages, transactions are classified into three categories — Bargaining, Managerial and Rationing — according to the relationship established between the parties involved.

The first concerns the relation between individuals with equal rights — which does not necessarily correspond to equal economic power — for instance, between buyer and seller; the second regards the relations between people organized within an institution, for instance between a manager and his or her collaborators; and the third refers to the relations between the person and a kind of collective action where there is no direct involvement, as happens, in particular, with the policy action of Government.

These transactions are quite diverse according to the degree of direct intervention of collective action but, at the same time, are extremely intertwined. In their various combinations, they make up the tangled weft of collective action. It is interesting to observe the complex, conflicting and evolutionary role that institutions assume in

Commons's analysis, as expressed in the following passage,

“...Since liberation and expansion for some persons consist in restraint, for their benefit, of other persons, and while the short definition of an institutions is collective action in control of individual action, the derived definition is: collective action in restraint, liberation, and expansion of individual action....Thus conflict, dependence, and order become the field of institutional economics, builded upon the principles of scarcity, efficiency, futurity, working rules, and strategic factors; but correlated under the modern notions of collective action controlling, liberating, and expanding individual action.”, (Commons, 1934: 73, 92).

The importance of this concept of institution lies in the fact that it does not consider individual and collective action as opposite entities, but on the contrary, as different but complementary aspects of the "human-will-in- action". The importance attributed by Commons to the human will does not mean, however, the adoption of a mere "contractual" view of institutions that overlooks the role of coercion and unexpected consequences of human action. As a matter of fact, Commons takes these aspects explicitly into account, but, instead of treating them as exogenously determined by some dusky and impersonal "structural factor" or "natural law", considers them as the outcome, more or less direct, of the joint action of all the "human will-in-action" in any given context.

Of course, collective action is something more than the mere sum of individual actions. In fact, in many ways collective action has a bearing on individual behaviour and, furthermore, can generate effects which do not lie in the intentions of the individuals promoting it.

However, if collective action and its related institutional structure arise out of conflicts — which are also related, as Commons stresses in many occasions, to ignorance, passion and stupidity — it could hardly be the case that collective action is not influenced by the characteristics of individual action. But, and this constitutes one of Commons's most significant insights, such an individual action tends increasingly to take place within institutions — e.g., within a framework of collective action — rather than be the expression of a series of self-contained acts.

In particular, his definition and classification of transactions and institutions make it easier to analyze the various forms of collective action in the economic, social, cultural

and psychological side, and in their interrelations with political economy<sup>18</sup>. As Commons puts it,

"....So it is with every operation of the human will. It is always directing itself to investigating, explaining and controlling the limiting factors that obstruct its purposes at the moment and under the circumstances. It is always injecting an "artificial" element into the forces of nature, and that artificial element is its own ultimate purpose accompanied by an intermediate or immediate instrumental purpose of obtaining control of the limiting factor, through control of the mechanism.

Thus it is, also, with all of the phenomena of political economy. They are the present outcome of rights of property and powers of governments which have been fashioned and refashioned in the past by courts, legislatures, and executives through control of human behavior by means of working rules, directed towards purposes deemed useful or just by the law-givers and law interpreters.", (Commons, 1924: 378).

### **Negotiational Psychology, Will-in-Action and the Process of Choice**

In his analysis of institutions Commons underlines the importance of negotiational psychology for a better understanding of the role of collective action in individual behaviour and, relatedly, the role of individual behaviour in collective action.

Indeed, negotiational psychology involves the idea of conflict between different feelings and values, which find their manifold expression in the dynamics of individual and collective action. Within this process, the importance attributed to social psychology appears in the following passages,

" ....If it be considered that, after all, it is the individual who is important, then the individual with whom we are dealing is the Institutionalized Mind. Individuals begin as babies. They learn the custom of language, of coöperation with other individuals, of

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<sup>18</sup> It is also important to note that the role attributed by Commons to the objectives and values of collective action does not imply that the related effects should always be the intentional ones. On the contrary, Commons, in his dealing with notion of uncertainty and "futuraity", explicitly takes into account the unintentional effects of collective action.

In this regard, Commons's analysis provides relevant insights into the long-standing debate between holism and methodological individualism as it brings, as we have seen, individual and collective action under the same conceptual heading of human-wills-in-action.

working towards common ends, of negotiations to eliminate conflicts of interest, of subordination to the working rules of the many concerns of which they are members. They meet each other, not as physiological bodies moved by glands, nor as "globules of desire" moved by pain and pleasure, similar to the forces of biological and animal nature, but as prepared more or less by habit, induced by the pressure of custom, to engage in those highly artificial transactions created by the collective human will....Every choice, on analysis, turns out to be a three-dimensional act, which — as may be observed in the issues brought out in disputes — is at one and the same time, a performance, an avoidance, and a forbearance....The psychology of transactions is the social psychology of negotiations and the transfers of ownership<sup>19</sup>. Each participant in the transaction is endeavoring to influence the other towards performance, forbearance, or avoidance. Each modifies the behavior of the other in greater or less degree. Thus each endeavors to change the dimensions of the economic values to be transferred. This is the psychology of business, of custom, of legislatures, of courts, of trade associations, of trade unions....This negotiational psychology takes three forms according to the three kinds of transactions: the psychology of persuasion, coercion, or duress in bargaining transactions; the psychology of command and obedience in managerial transactions; and the psychology of pleading and argument in rationing transactions.

The fact that this is a behavioristic social psychology requires distinction to be made from the individualistic behavior psychology of those who reject ideas altogether as merely subjective and unmeasurable, basing their psychology on the glands, muscles, nerves, and blood currents, etc. Negotiational psychology is strictly a psychology of ideas, meanings, and customary units of measurement.

Negotiational psychology approaches more closely to the "Gestalt" psychology, which, however, is distinctly an individualistic psychology, concerned with the mental growth of the individual from infancy. The resemblance consists in the fact that the Gestalt psychology is a part-whole psychology, wherein each particular act is connected with the whole configuration of all acts of the individual.", (Commons, 1934: 73-74, 88, 91, 106).

One consequence of this view, relevant also for our subsequent discussion, is that in Commons's view the difference between individual and social psychology tends to be

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<sup>19</sup> The notion of ownership plays an important part in Commons's theory. In the related applicatory section we will address some aspects of this theory in order to show its economic and social significance also from a psychological

blurred, in the sense that the one is considered the complement — a kind of *alterego* — of the other. As we have seen, the interesting aspect of Commons's concept of transaction and institutions is the joint consideration of the individual and collective element as two necessary aspects of collective action; this entails a shift of the analysis from man-to-nature to person-to-person relations<sup>20</sup>, with the related importance of an interdisciplinary approach for their understanding; this appears from the following passage,

"....A Transaction....becomes a theory of human will-in-action, and of value and economy as a relation, partly of man to nature but mainly of man to man; partly of quantities and partly of expectancies depending on future quantities....Transactions have become the meeting place of economics, physics, psychology, ethics, jurisprudence and politics. A single transaction is a unit of observation which involves explicitly all of them....Thus economic theory began with a Commodity as its ultimate scientific unit, then shifted to a Feeling, in order to explain a Transaction which is its practical problem....The transaction is two or more wills giving, taking, persuading, coercing, defrauding, commanding, obeying, competing, governing, in a world of scarcity, mechanism and rules of conduct. The court deals with the will-in-action. Like the modern physicist or chemist, its ultimate unit is not an atom but an electron, always in motion—not an individual but two or more individuals in action. It never catches them except in motion. Their motion is a transaction", (Commons, 1924: 4, 5, 7, 8).

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standpoint.

<sup>20</sup> It can be interesting to note that these concepts allow Commons to pinpoint the similarities and differences between institutional economics and Darwin's theory which, as is known, has had many influences on social sciences; in this regard, Commons observes that, "...Natural selection, which is natural survival of the "fit," produces wolves, snakes, poisons, destructive microbes; but artificial selection converts wolves into dogs, nature's poisons into medicines, eliminates the wicked microbes, and multiplies the good microbes....And these transactions, since the principle of scarcity runs through them, have curious analogies to the factors which Darwin discovered in organisms. Custom, the repetition of transactions, is analogous to heredity; the duplication and multiplication of transactions arise from pressure of population; their variability is evident, and out of the variabilities come changes in customs and survival. But here the survival is the "artificial selection" of good customs and punishment of bad customs, and it is this artificiality, which is merely the human will in action, that converts mechanisms into machines, living organisms into institutionalized minds, and unorganized custom or habit into orderly transactions and going concerns.", (Commons, 1934: 636, 638).



With regard to psychoanalysis, Commons agrees with its methodology although he considers it, along with all other psychological fields, a kind of individual psychology, as appears in the following passage,

"...Yet opinion and action cannot be separated in scientific investigation, for action is opinion-in-action and science measures the action while inferring the opinion. Habitual and customary assumptions are read into habitual and customary acts. Here the process of investigation is similar to psychoanalysis, but, instead of an individualistic science which investigates nerves or dreams as an explanation of individual behavior, social science investigates habitual and customary assumptions as an explanation of transactions.", (Commons, 1934: 698).

Now we can observe, anticipating a bit of our subsequent discussion, that psychoanalysis, especially in its recent developments, draws attention to the biological component of human psychology not as a way of disregarding the emotional, intellectual, and collective dimensions of the personal life but, on the contrary, in order to analyze all the complex interactions between the mental and biological components of personality.

Furthermore, it is important to observe that Freud has always considered the collective dimension of life central for the study of individual psychology and has provided many contributions to these issues. And he went so far on these grounds as to regard, in his *Totem und Tabu* (1912-1913, english version *Totem and Taboo*) and *Massenpsychologie undlich-Analyse* (1921, english version *Group Psychology and the Analysis of the Ego*), collective psychology as the unit of analysis from which to understand individual psychology.

### **Social Value and Policy Action**

A remarkable aspect of Commons's analysis is that his definition of transaction considers, in their interaction, all kinds of social and economic relations—from the more individualistic to the more collective; a crucial element in these dynamics concerns the role played by all these transactions in making up policy action.

In fact, in Commons's analysis policy action takes place not only within the sphere of rationing transactions, but also within the scope of the other two types of transactions

(bargaining and managerial) which seem to regard more individualistic spheres of action; even in these cases individuals seek to attain their objectives through the aid of collective action, and then their actions tend in one way or another to influence policy domain.

Even when the action seems utterly individualistic — for instance in the case of a single transaction where the buyer and the seller seem to act exclusively out of their personal interests — there is the presence, often implicitly, of a significant collective element. Indeed, even that transaction is created and regulated by a set of norms and institutions that are the expression of a number of collective interests—for instance, in the sphere of consumption, expressed by Antitrust Bodies, by Justice and Arbitration Courts, by Consumers and Environmental Associations, and, of course, by all the related institutions, legislation and regulations.

This view of a dialectic and dynamic interaction between individual and collective action brings to the fore the complexity of factors underlying economic structures and the paramount role played by past and future. In this sense, Commons's analysis takes into account the evolutionary<sup>21</sup> character of economic systems, which he regards not as deterministic in nature but, as stressed before, as complex systems in which many forces are at play and where uncertainty is the rule.

These aspects show the importance of the process of social value in the dynamics of collective action; within this context, the concept of reasonable value is employed by Commons to draw attention to the conflicting, imperfect and evolutionary nature of the process of social value; these concepts are effectively set forth in the following passages,

“The preceding sections of this book brought us to the problems of Public Policy and Social Utility. These are the same as the problems of Reasonable Value and Due Process of Law. The problem arises out of the three principles underlying all transactions: conflict, dependence and order. Each economic transaction is a process of joint valuation by participants, wherein each is moved by diversity of interests, by dependence upon the others, and by the working rules which, for the time being, require conformity of

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<sup>21</sup> It can be interesting to note that these concepts allow Commons to set out an in-depth appraisal of the similarities and differences between institutional economics and Darwin's theory which, as is known, has had a remarkable influence in psychological and social sciences. In this regard, Commons observes that, “...Natural selection, which is natural survival of the “fit,” produces wolves, snakes, poisons, destructive microbes; but artificial selection converts wolves into dogs, nature's poisons into medicines, eliminates the wicked microbes, and multiplies the good microbes....And these transactions, since the principle of scarcity runs through them, have curious analogies to the factors which Darwin discovered in organisms. Custom, the repetition of transactions, is analogous to heredity; the duplication and multiplication of transactions arise from pressure of population; their variability is evident, and out of the variabilities come changes in customs and survival. But here the survival is the “artificial selection” of good customs and punishment of bad customs, and it is this artificiality, which is merely the human will in action, that converts mechanisms into machines, living organisms into institutionalized minds, and unorganized custom or habit

transactions to collective action. Hence, reasonable values are reasonable transactions, reasonable practices, and social utility, equivalent to public purpose....Reasonable Value is the evolutionary collective determination of what is reasonable in view of all changing political, moral, and economic circumstances and the personalities that arise therefrom to the Suprem bench.", Commons (1934: 681, 683-684).

Reasonable value is by definition an imperfect entity whose characteristics may be interpreted as the synthesis of the conflicting and evolutionary components of collective action. In these situations it is important that every component of society find adequate expression through the forms of collective action. As we will see later on, the imperfection of social valuing is also caused by its partly unconscious and conflicting character, often embodied in habits of thoughts and life. In fact, the social value process goes at the heart of the nature of political economy, which is considered not an activity stemming from the application of abstract laws but as collective decision-making process involving many institutions. In this sense, as stressed by Commons, political economy has a close relation with law and ethics,

"If the subject-matter of political economy is not individuals and nature's forces, but is human beings getting their living out of each other by mutual transfers of property rights, then it is to law and ethics that we look for the critical turning points of this human activity.", (Commons, 1934, 57).

### **3. FURTHER REMARKS**

Veblen's and Commons's analyses highlight the function that institutions, values, norms and habits have in the dynamics of society and the role played by technological, economic and psychological aspects in shaping such evolution.

Within this ambit, many of Veblen's and Commons's concepts could be — without overlooking the differences existing between their theories and their overall vision of the world — jointly used in the study of society: for instance, Commons's concepts of institution, transaction, collective action, working rules, going concerns, reasonable value and negotiational psychology could highlight the interrelated and conflicting aspects of collective action, in particular in the sphere of the complex propensities and motivations of the person; relatedly, Veblen's concepts of habits, instincts, evolution and technology could help to bring into better focus the inner motivations and conflicts

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into orderly transactions and going concerns.", (Commons, 1934: 636, 638).

underlying human action within its ISEF, with particular attention to the role of workmanship and parental bent propensions and the role played by habits as the carriers of any given historical heritage.

Building on these concepts, subsequent contributions have developed the key concepts of institutional economics in many directions.

In this regard, an issue which receives growing attention is the process of formulation of economic and social policies in their relations with institutional dynamics. The relationship between institutions and policies was first pointed out by Commons and then developed by later institutionalists, for instance, in the following passage,

“Policy is a primary concern of institutionalism for two basic reasons. First, it is not possible to understand the economy outside a policy context, and second, the instrumental philosophy to which institutionalism adheres is concerned with finding solutions to problems. The economy is the result of the working of social processes, and modern societies structure a good deal of their institutional processes through policy.”, (Hayden, in Hodgson, Samuels and Tool, 1994: 392).

In this analysis a central role is played by the process of social valuing, which constitutes — more or less explicitly — the very core of policy making. The following passages effectively express this concept,

“To conceive of a problem requires the perception of a difference between ‘what is going on’ and ‘what ought to go on’. Social value theory is logically and inescapably required to distinguish what ought to be from what is....In the real world, the provisioning process in all societies is organized through prescriptive and proscriptive institutional arrangements that correlate behaviour in the many facets and dimensions of the economic process. Fashioning, choosing among and assessing such institutional structure is the 'stuff and substance' of continuing discussions in deliberative bodies and in the community generally. The role of social value theory is to provide analyses of criteria in terms of which such choices are made.”, (M.Tool, in Hodgson, Samuels e Tool, 1994: 406-407).

In this way, it is possible to identify the multifarious levels of collective action, and in particular: i) the complexity of individual motivations and systems of values, where the relational or social dimension plays a paramount role; ii) the complexity of policy action,

which involves not only governmental institutions but also every other level of collective action; iii) consequently, the fact that dynamics of institutions and dynamics of policies represent complementary aspects of collective action, where, in the first (the institutions) the stress is on structure, decision-making process and cultural evolution, while in the second (the policies) the focus is on action and results.

By thus furthering the process of social valuing, it would become possible to cast more light on the complex interplay between institutional framework and policies at the various levels of collective action; this process, in turn, would help reduce the typical problems of policy action, which refer, as is well known, to the following interrelated factors:

- ◆ Complexity and uncertainty of policy action, due also to the interrelations between policies and the consequent involvement of many institutions;
- ◆ different opinions and goals of the actors involved in policy-making;
- ◆ difficulty — due also to path-dependency and lock-in phenomena — of prompting the economic and institutional changes which may be necessary for the effectiveness of policies.

In the analysis of these problems, by clarifying the effects, the links and the conflicts existing between policies, institutional theory would help formulate policies more based on the motivations and experiences of people involved in collective action. This implies that a process of policy action of this kind, by involving a process of understanding the characteristics of any given ISEF, can provide better answers to questions which are central for institutional economics, such as:

a) Why do individual habits of thoughts depend heavily on the characteristics of the ISEF and tend to change very slowly?

b) Why don't institutions, in some cases, attain their established goals?

c) What is the role of economic, social and cultural conflicts in shaping the individual's habits and behaviour?

In this regard, the point we wish to stress is that Veblen's and Commons's theories — and, in the same vein, subsequent institutionalists' contributions — are constructed in an interdisciplinary spirit, where psychology plays an important role. This is a direct consequence of the methodological approach adopted by these authors, an approach which, having strong roots in the Pragmatist approach to philosophy and psychology, is based on a systematic analysis of the facts and experiences of reality.

Nevertheless, given the complexity of the issues at hand, it seems useful also to address other psychological theories in order to cast more light on a number of interesting questions. Before analyzing how the interaction between institutional economics and psychoanalysis can be realized, in the next chapter we will outline the main aspects of the psychoanalytic approach.

## **PART II: THE PSYCHOANALYTIC APPROACH**

In this part we will develop the previous discussion by outlining some characteristics of the psychoanalytic approach which can help to explain the difficulty of understanding the individual-society dynamics.

### **4. THE BASIC CONCEPTS**

In order to illustrate these concepts, the first question we need to answer is: what is psychoanalysis?

Psychoanalysis can be defined as a discipline, founded by Sigmund Freud, characterized by a method of inquiry consisting essentially of explaining the unconscious meaning of speech, actions and imaginative productions of a person. This method can be employed (i) for the treatment of neurotic disturbances and rests on the free associations of the person which constitute the basis for the controlled interpretation of transference, defence and desire; (ii) for the analysis of human activities in their social context for which free associations are not available.

One key question raised by the previous definition is: what is neurosis?

A concise and very effective definition of neurosis — provided by Freud for the first time in 1894 — is that of a defence against incompatible representations.

As observed by Fine (1979), psychoanalytic theory can be considered a development of this first insight.

A broad definition of neurosis is that of a psychological disturbance, where symptoms are the symbolic expression of a psychic conflict, which has its roots in the individual's infantile life and constitutes a compromise between the desire and the defence<sup>22</sup>.

An essential feature of neurotic disturbances is that they bring about a hindrance to the normal psychological development of a person. The reason for this is that the neurotic person is, to varying degrees, unable to overcome the conflicts associated with his or her development stages.

A complete discussion of this definition is highly complex; for this reason, we must limit ourselves to a few remarks.

One central insight of psychoanalytic theory is that much of our psychic life possesses an unconscious character.

In psychoanalysis the definition of the unconscious assumes different meanings<sup>23</sup>, one of them referring to the area of mental activity (e.g. feelings, emotions, thoughts) of which the person is unaware as a consequence of a process of "repression".

But, why does a person need to activate such a "repression" process? One answer is that individual's infantile development of a person is a highly complex process that undergoes many conflicts.

The conflict considered central by Freud within the scope of his theory of libidinal stages of development was the *Oedipus* complex.

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<sup>22</sup> For an analysis of the main aspects of this definition refer in particular to Freud (1900, 1905, 1911, 1915a, 1915b, 1915c, 1923, 1924, 1926, 1933, 1937, 1940), Fenichel (1945), Fine (1979), Laplanche and Pontalis (1967), and Nagera (1969). It is important to note that in Freudian theory neurosis does not comprise all the psychological disturbances, which include also perversions and psychoses. However, as psychoanalysis stresses that the above definition of neurosis constitutes a common ground for all psychological disturbances and that, furthermore, even "normal" minds undergo the same processes in their development — in this sense, the difference between the normal and neurotic personality tends to be more a question of different degrees of psychological disturbances than one of sharp distinctions between "pure neurosis" and "pure normality" — we utilize the term neurosis, only for the purpose of our work, as a synonymous with psychological disturbances.

<sup>23</sup> For a deeper discussion of these aspects refer to the quotations of the previous footnote. In this respect, it is important to observe that this "dynamic" conception of the unconscious it is different from its "topographical" definition as occurring within the ambit of the psychic "provinces". In this latter meaning the unconscious is denominated the *es* — e.g. the German impersonal pronoun broadly corresponding to the english "it" — in order to indicate its estrangement from the conscience and, at the same time, the source of "instinctual energy" for mental activity; as such, it is distinguished from the two other psychic provinces, the *superego* and the *ego*. The difference between these definitions lies in the circumstance that the unconscious, in the dynamic definition, covers also portions of the *superego* and of the *ego* (for more details see also next chapters). When we make no distinction between the unawareness coming from the repression of a conflict and the unawareness coming from our selective process of memory — for instance, temporarily forgetting a telephone number fallen into disuse — we have the third meaning of the unconscious, corresponding to a "descriptive" concept. In Freudian theory the latter instance — e.g., forgetting a disused telephone number — is indicated as the preconscious.

In broad terms, the *Oedipus* complex can be defined as the organized whole of a child's loving and hostile feelings toward its parents.

In the paradigmatic example, the affective desire and sexual fantasies<sup>24</sup> of a child toward the parent of the other sex may trigger intense feelings of jealousy, rivalry and anger toward the "rival" parent. As a consequence of these feelings, the child may fear punishment, also because it may feel guilty for experiencing such feelings. All the emotions associated with this situation can become highly distressing for the child, and, therefore, it tries to repress all the related feelings. As a result of the attempt to repress (mostly at an unconscious level) the emotional conflicts associated with the *Oedipus* complex, much of its contents become unconscious.

Of course, the attempts to repress all the feelings associated with the *Oedipus* complex cannot be very effective, and so cannot help relieve the emotional distress. As a result of this situation — in which there is a desire, considered "bad", and a corresponding defence trying to repress it — a neurotic disturbance arises, which may express itself in many different forms of behaviour and fantasies.

The purpose of such a disturbance is, according to the previous definitions, to realize, in a symbolic, distorted and unconscious way, both the instances of the desire and the defence. In this sense, it represents a defence from incompatible representations.

Needless to say, the dynamics of the *Oedipus* complex are far more tangled than could appear from this brief description. Owing to this complexity, throughout his research activity, Freud identified many aspects and forms of the *Oedipus* complex and many neurotic disturbances which may be caused by it<sup>25</sup>.

Freud's conclusion that the *Oedipus* complex tends to represent a universal experience for human being has received much criticism<sup>26</sup>. We will discuss this issue in more detail later on in our analysis of some aspects of object relations and cultural psychoanalysis.

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<sup>24</sup> In this regard, Freud hypothesized a sexual instinct (for the multifarious meaning of instinct cf. next footnotes) in the person acting from the beginning of his or her life and stressed the importance of such instinct for the development of the person and the etiology of neurosis. These assumptions have perhaps constituted the most controversial and "scandalous" aspects of his theory. In this respect, anticipating our subsequent discussion, we can observe that: (i) sexuality assumes in Freud a complex meaning — extending well beyond the mere biological dimension — which covers all aspects of the affective life of a person. In this sense, as remarked by Freud, sexuality is synonymous with *eros* or love. (ii) In this instance, infantile sexuality cannot be correctly regarded through our adult-based vision, as it presents a complex evolutionary pattern which psychoanalysis tries to understand as regards its effects on child development. For a more detailed analysis refer in particular Freud (1905 and 1924), Fenichel (1945), Fine (1979), Laplanche and Pontalis (1967), and Nagera (1969).

<sup>25</sup> For an analysis of the characteristics of these disturbances refer, among others, to Freud's renown case studies, Fenichel (1945), and the quotations in the next chapter, in particular Bion, A.Freud, Kernberg, M.Klein and Winnicott.

<sup>26</sup> For a discussion of these issues refer, among others, to Bastide (1950), Elliott (1994), Fine (1979).



At present, we can observe that Freud was well aware that the *Oedipus* complex involves many aspects and may assume various forms and intensity according to the culture, society and family situations in which a child's life develops. An interesting analysis of these aspects is contained in *Totem and Taboo* (1912-1913), *Das Unbehagen in der Kultur* (1930, english version *Civilization and Its Discontents*) and others.

As shown in these studies, the *Oedipus* complex will assume different forms and intensities according to, among other factors, the personalities and conflicts of the child's caretakers. Since these individual aspects also depend on cultural factors, the role of culture (and, more generally, of the collective dimension of life) appears clearly in shaping the characteristics of the *Oedipus* complex. In fact, as observed before, Freud considers individual and collective psychology as two complementary aspects of the same phenomenon—owing to the circumstance, stressed in particular in his *Group Psychology and the Analysis of the Ego* (1921), that in ancient times group life was preponderant in human life and that only subsequently the person has gradually come to assume a more distinct role within the various groups of society.

In this respect, the concept of the *superego* represents the psychological instance through which cultural values are internalized by the person and for this reason constitutes a fundamental link between individual and collective psychology.

The *superego* can be considered as the heir of the *Oedipus* conflict, since it arises from the internalization of the prohibitions and of the moral and cultural values — as perceived by the child — of the child's parents and also of later institutional figures such as teachers and other opinion leaders. In the early stage of psychoanalysis, many important contributions to these issues were also provided by Abraham, Ferenczi, Jones, Rank.

## 5. FURTHER DEVELOPMENTS

Freud's theory has been greatly extended to cover significant aspects of human development. A common pattern of these studies, though widely different in many respects, can be identified in the importance they all attribute to the role played by affective relations in the dynamics of human action and motivation.

Within this ambit, numerous studies have analysed key elements of infantile development and in particular the child-mother relationship in the early stages of infancy. Pivotal contributions were provided by, among others, Erikson (1968), A. Freud (1936), Hartmann (1964), Kernberg (1976, 1992, 1998), and M. Klein (1964, 1975). These authors have cast light on aspects that are crucial for a fuller understanding of human psychology. A. Freud, Hartmann and many others stressed the structure of the *ego* as a mediating factor between instincts and society, while Erikson adopted these insights for analyzing the role of identity in the formation of personality. In his work, *Identity, Youth and Crisis*, he considers the concept of identity and the factors which may concur to determine it. Identity is regarded both as an individual and a social concept, for which the analysis of individual behaviour would require a study of the characteristics of social setting in which individual action takes place; relatedly, social analysis should consider important features of the individual mind stressed by psychoanalysis.

M.Klein<sup>27</sup> analyzed, from a new perspective, the mechanisms underlying the child-mother relationship in the early stages of infancy. Particularly important are the mechanisms of internalization, scission and projection, through which the child tries to cope with its ambivalence and aggressiveness towards the mother. As a result of the scission and projection of the child's aggressiveness onto her, the mother is divided into "a good and a bad object", which are "internalized", through an identification process, by the child. This stage is called "the schizo-paranoid position".

Subsequently, as the child grows up, this stage may be overcome to varying degrees as the child recognizes that the mother is just one person and, as a consequence, tries to compensate for the imaginary attacks made against her. This stage is called "the depressive position", which corresponds to the process of (psychic) differentiation from the mother.

M.Klein's theory casts new light on many social phenomena by providing a better understanding of the conflicts that, while arising in the infantile development, may impinge upon the type of relations adults establish within groups and institutions (see also later in the paper).

With regard to the issue of choice, Rangell (1969, 1971) observes that, even if psychoanalysis is primarily concerned with the problems of behaviour and choice, this issue is not often explicitly addressed in psychoanalytic work; in this regard, his studies show the intrinsic difficulty of the decision-making process in many individuals.

In neurotic situations this process may become a very distressing activity because in the act of decision-making the person expresses his or her unconscious conflicts and fantasies (on the problems of decision-making cf. also section B).

Other important contributions — often denominated as object and interpersonal theories<sup>28</sup> even though it is difficult to identify a completely unitary framework — have been provided by the so-called "independent approach" (the former "Middle Group") in

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<sup>27</sup> In this regard, we can recall the conflict occurred between Anna Freud and Melanie Klein on the role of *pre-oedipal* stages of developments. However, apart from these aspects, M.Klein accepted the basic concepts of Freud's analysis, including his theory of death instincts that, as we will see later, has been widely criticized among later psychoanalysts. It is also important to note that both A.Freud and M.Klein provided important contributions to the analysis of aggressiveness. See also Rayner (1991).

<sup>28</sup> For a deep analysis of these theories refer to, among others, Eagle (1984), Fine (1979), Greenberg and Mitchell (1983), Rayner (1991), Tyson and Tyson (1990).

British psychoanalysis, whose most important exponents are Balint, Bowlby, Brierly, Fairbairn, Flugel, Glover, Khan, Klauber, Payne, Rickman, Sharpe, Strachey and Winnicott. This approach has many parallels with the American contributions to this field — in particular with the theories of Erikson, G.S.Klein, Kohut, Kernberg, Sullivan, P.Tyson and R.L.Tyson — and also with most of the authors quoted in the next chapter. Such contributions have been, to varying degrees, critical of both Freud's and M.Klein's theories on the grounds that, by tending to focus attention mainly on the biological side of instincts, they do not fully consider the role of affection and object relations in individual behaviour.

Although these contributions have triggered a lively debate, they accept important aspects of Freud's theories of instinct and libidinal stages of development and, in this sense, try to integrate and deepen Freud's theory rather than to dismiss it.

We would like to note that, as mentioned previously, Freud built his instincts theory in order to have a basic interpretative framework of human behaviour but was well aware of the complexity of the issue; indeed, throughout his research activity he continuously enlarged and restructured his theories<sup>29</sup>.

One important reason why he remained attached to a "biological" concept of instinct lies in his purpose of underlining the role of psychosexuality in human psychology. He feared that, were psychosexuality not sufficiently stressed, this concept would be overlooked, or unconsciously "repressed", in the analysis of human psychology.

However, as also observed by some of these more recent contributions, Freud has always underlined the role of feelings, object relations and cultural factors in driving

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<sup>29</sup> In particular, the very definition of "instinct" has always been extremely problematic to formulate not only in Freud's analysis but also in every other theory dealing with this issue. As is known, Freud's instinct theory is highly complex, as he distinguishes between *instinkt* and *trieb*. *Instinkt* tends to refer to the prevailing concept of instinct existing at his time, whereas the notion of *trieb* — which was formulated with the main aim of identifying a theoretical framework for his theory of sexual development and of psychoneuroses — may be defined (see in particular Freud 1915a, 1915b, 1915c; Laplanche and Pontalis, 1967) as a dynamic process consisting of a pressure — having its source in a state of bodily excitation — which pushes the organism to discharge it (the aim of the *trieb*). However, Freud was well aware that the distinction between *instinkt* and *trieb* presents many problems also because the definition of these two concepts is very difficult to formulate. Consequently, he continuously enlarged and restructured his theories throughout his research activity, even if, as observed by subsequent studies, his theory of sexual development may also be accommodated within the classical theory of instinct. Within this scope, Freud's central contribution lies mostly in having discovered the role of the unconscious and of sexuality in human psychology (for a deeper analysis of these issues refer, among others, to Fenichel, 1945; Fine, 1979; Greenberg and Mitchell, 1983; Laplanche and Pontalis, 1967; Nagera, 1969, Tyson and Tyson, 1990). It is also interesting to observe that *trieb* has been translated into the English version of Freud's complete work as "instinct", although the term "drive" could also be employed. In our work we prefer to employ the term "instinct" to indicate both *instinkt* and *trieb*.

individual behaviour, providing important contributions in which he stressed that — mostly in an unconscious and sublimated way<sup>30</sup> — libidinal relations are the necessary factor for the existence of society. In this regard, as already observed, he tends to employ the term *eros* or *libido* as a synonym for love<sup>31</sup>.

Moreover, he stressed that the unconscious is mainly constituted by representations which have been repressed as a result of a neurotic conflict.

Therefore, the objective of the psychoanalytic method is to help turn the “unconscious” into “conscious” — e.g. *id versus ego* — through the individual’s understanding of his or her conflicts.

Of course, this is not to say that Freud’s theories were perfect and that he considered all the importance of object relations and cultural factors in driving individual behaviour.

As a matter of fact, especially in his later work, he tended to regard instincts as opposing forces which, out of their conflicts, are supposed to shape human behaviour in a rather ineluctable way; this conception, especially as set forth in his theory of death instinct, led him to a pessimistic view of human development, in the sense that little can be done to reduce human aggressiveness<sup>32</sup>.

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<sup>30</sup> The theory of sublimation plays an important role in Freud's theory but, as also observed by Freud himself and subsequent authors, presents complex aspects that require further investigation. For our purpose, we can observe that Freud defines sublimation as a psychological orientation toward human activities apparently not in relation with sexuality — for instance, intellectual and artistic creations — which nonetheless draw most of their inner force from the psychosexual instinct. As far as we understand Freud's analysis, sublimation plays such a complex role because it may constitute, in manifold combinations, (a) a means for the expression of neurotic conflicts, and (b) a means for the expression of normal motivations of human personality. These different concepts of sublimation are outlined but not always clearly distinguished in Freud's analysis, and this may be one of the reasons, as we will see later, for some entangled aspects of his analysis of society.

<sup>31</sup> For more details on the complex evolution of Freud's terminology on these issues refer to Laplanche and Pontalis (1967).

<sup>32</sup> This point was effectively addressed by Karen Horney (see also the next chapter). She notes that linking aggressiveness to an inner death desire is against the evidence that in nature aggressiveness, for instance in predatory activities, is "for the sake of life and not for the sake of destruction", (Horney, 1939: 131). But, if this is the case, a fundamental conclusion ensues: namely, that all the unnecessary and neurotic aggressiveness is to be regarded as a distorted expression of a basic instinct for life. We attack because we may have a, more or less, neurotic-based feeling, of being threatened or abused in our rights. The following passages express these concepts clearly,

"The theory of a destruction instinct is not only unsubstantiated, not only contradictory to facts, but is positively harmful in its implications. In regard to psychoanalytical therapy it implies that making a patient free to express his hostility is an aim in itself, because, in Freud's contention, a person does not feel at ease if the destruction instinct is not satisfied. It is true that to the patient who has repressed his accusations, his egocentric demands, his impulses of revenge, it is a relief if he can express these impulses. But if analysts took Freud's theory seriously, a wrong emphasis would have to ensue. The main task is not to free these impulses for expression but to understand their reasons and, by removing the underlying anxiety, remove the necessity of having them. Furthermore, the theory helps to maintain the confusion that exists between what is really destructive and what essentially pertains to something constructive, that is, self-assertion. For example, a patient's critical attitude toward a person or cause may be primarily an expression of hostility arising from unconscious emotional sources; if, however, every critical attitude suggests to the analyst a subversive hostility, interpretations expressing such possibilities may discourage the patient from developing his faculties for critical evaluations. The analyst should try instead to distinguish between hostile motivations and attempts toward self-assertion. Equally harmful are the cultural implications of the

In this regard, his formulation of the theory of death instinct — which, it is important to remember, Freud set out with the main aim of providing an explanation of human aggressiveness<sup>33</sup> but was nonetheless always highly doubtful about its real validity<sup>34</sup> — triggered many controversies among psychoanalysts and is now largely dismissed chiefly as a result of an increased psychoanalytic understanding of the role played by neurotic conflicts in the formation of aggressive behaviour (Fine, 1979).

In this respect, we believe that Freud's theory of death instinct<sup>35</sup> hindered him from carrying out a deeper analysis of human aggressiveness and, also for this reason, one important strand of psychoanalytic research after Freud has tried bring the interpretation of aggressiveness to the fore<sup>36</sup>.

Thus, aggressive behaviour (including that aimed at causing the death of the person concerned or of others) is not considered as an inevitable expression of "natural" instincts but as a dramatic expression of neurotic conflicts which, as we have seen, have their roots in the infantile life of the person.

Obviously, aggressiveness could not develop without an individual's inborn ability to develop this sentiment, which can vary from person to person; however, the point is that, given these innate endowments, neurotic conflicts can play a great role in

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theory. It must lead anthropologists to assume that whenever in a culture they find people friendly and peaceful, hostile reactions have been repressed. Such an assumption paralyzes any effort to search in the specific cultural conditions for reasons which make for destructiveness. It must also paralyze efforts to change anything in these conditions. If man is inherently destructive and consequently unhappy, why strive for a better future? ", (Horney, 1937: 131, 132).

<sup>33</sup> Needless to say, we employ the term aggressiveness only in its negative connotation, as implying all kinds of hostile feelings and behaviour involving both individual and collective dimensions.

<sup>34</sup> For more details on these issues refer to Freud (1920).

<sup>35</sup> However, as death constitutes an important factor in our life, it becomes relevant the analysis of our process of reaction and adaptation to such event which presents in any case a traumatic character. In this regard, the following elements would require further investigation: for instance, the circumstance that a person's desire of death, rather than expressing an in-born instinct, represents a defence mechanism against the fear of death. In this sense, if we perceive death as an aggressive instance, the defence mechanism of identification with the aggressor — discovered by Anna Freud, who has stressed its importance in neurotic process and in particular in the formation of *superego* (cf. also chapter 9) — can lead us to (apparently) "desire" death. Likewise, considering as the basis of death instinct the desire to return to a previous state (in Freud's theory, from organic to inorganic) is not convincing: for example, it is true that the child, after experiencing the trauma of birth, may wish to go back to its protective experience as a *foetus*, but this does not imply that, for this reason, it desires to die but only that it wants to reduce the anxiety associated with the growth process. The desire of reducing tension and so getting more "relaxed" necessarily presupposes a form of existence for experiencing and enjoying relax and, therefore, cannot be linked with death experience which means the end of our existence with all the related perceptions, feelings and emotions.

<sup>36</sup> Among the numerous contributions which address from different perspectives the analysis of aggressiveness refer to A.Freud (1936), Fine (1979), Kernberg (1976, 1992, 1998), M.Klein (1964, 1975), Rayner (1991), Winnicott (1958, 1974, 1988). For a partly different perspective see also May (1972).

reinforcing aggressiveness, which, for this reason, cannot be realistically regarded as an ineluctable expression of "natural" instincts<sup>37</sup>.

Considering neurotic aggressiveness only as an expression of immutable natural instincts is tantamount to regarding well recognised neurotic symptoms, depression or phobias for instance, as a "natural" expression of human nature simply because man has an innate ability to experience sorrow or fear.

In this regard, it is notable that Freud and many other authors have stressed the role of (mostly unconscious) aggressiveness in causing depression, phobias and virtually any other neurotic disturbance; furthermore, as we will see later on, aggressiveness may play a central role in shaping social and cultural contexts.

Within this ambit, several authors have underlined the articulated role of aggressiveness in institutional and cultural contexts: i) on the one hand, it concurs to shape in many ways any given ISEF through the mutual dependent actions of the individuals composing it; ii) on the other hand, cultural values are likely to influence the development of neurotic aggressiveness especially in early stages of individual life—for instance, indirectly through their influence on the child's caretakers and directly through their role of "cultural models" to be imitated and internalized by the child.

Considering the complexity of these aspects, many researchers<sup>38</sup> believe that the supposed contrast between instincts and object relations theories is for many aspects groundless as these theories are, rather than in opposition, complementary to each other. In this regard, these authors have adopted a more integrated view of the human personality, which more explicitly considers its complex needs and orientations. In this sense, the distinction between "biological", affective and intellectual needs tends to be considered an expression of the various aspects making up the human personality, which need to be studied in their complex interaction.

On the basis of this approach, it seems reasonable to assume that human needs are complex and interrelated and, as a consequence, a child needs: 1) to be fed and protected; 2) to establish sound object and interpersonal relations; 3) more generally, to develop in an integrated way all the aspects its personality.

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<sup>37</sup> However, it is important to note that Freud was aware of this process even though he has not fully developed this insight. See, for instance, the final part of his "Civilization and Its Discontents" (1930), where, although within the death instinct framework, he suggests that the child's aggressiveness could be reinforced in particular by the *Oedipus* complex experience, that is, by the anger experienced towards the "rival" parent because of his or her real (or supposed) role in repressing the satisfaction of its desires.

<sup>38</sup> For an analysis of the main aspects of this debate refer to, among others, Eagle (1984), Fine (1979), Greenberg and Mitchell (1983), Rayner (1991) and Tyson and Tyson (1990).

## 6. PSYCHOANALYSIS, CULTURES AND SOCIETIES

Related to these strands of research, there arises the issue of analyzing cultures and societies by employing psychoanalytic concepts.

By using a field study approach, important psychoanalytic-oriented contributions have extended their interests to the fields of anthropology and sociology.

Within anthropology, a strand of research fairly close to psychoanalysis has tried to verify the extent to which psychoanalytic concepts can be applied to the study of primitive populations. Pioneering studies were carried out by Kardiner and Roheim. One of their findings has been that psychoanalysis can help explain a number of common patterns in the psychology of these populations, even if their cultures may vary greatly from one another. For instance, regarding the *Oedipus* complex, these authors find its dynamics in every culture considered, although its expression may vary as determined by the different cultures and family organizations.

However, as we will see presently, other contributions to these issues have taken a critical stance towards psychoanalysis on the grounds of its supposed "determinism" and "biologism". In analysing some of these contributions, we will try to show that Freud's theory is more complex and more social oriented than supposed by a too simple "biological-based" interpretation and, hence, that a closer collaboration between all psychoanalytic theories is of particular value for the analysis of social phenomena.

### The "Cultural Psychoanalysts"



In relation to these issues, a strand of research has stressed the role of cultural forms in the study of the psychological orientation of society. Leading members of this group are Erich Fromm, Karen Horney, Harry Stack Sullivan and Clara Thompson. Although these authors (with the exception of Sullivan) were rather critical towards the psychoanalytic concepts of instincts and libidinal stages of development and reach different conclusions in their analyses, they all stress the importance of interpersonal relations, culture and society in the formation of personality.

These authors analyze the structure and conflicts of contemporary societies and the role of interpersonal relations, with their related cultural values, in the formation of psychological disturbances.

A lively debate<sup>39</sup>, still in progress, arose between this group and the more “orthodox” psychoanalysts, and in 1956 some “Culturalists” (also referred to as the neo-Freudians) created a new organization — “The American Academy of Psychoanalysis”.

These authors have the great merit of bringing to the fore the relation between culture and psychological disturbances; for instance, if society requires the individual to follow contradictory objectives — for instance, individual success based on egoistic quest for money and power together with virtues of friendship and altruism — this may entail a corresponding tension on the part of the individual which may reinforce his or her inner conflicts.

With regard to psychoanalytic theory, their common heading is that Freud's view, owing to his stress on the role of instincts, would rest on a universal and deterministic theory of human development in which, therefore, there is little room for the account of the variety of cultural factors.

In our view, the weak point of this approach is that it tends to assume a dichotomy between “instincts” and “culture”. But, as we will try to show in the rest of the work: (i) Freud's theory of instincts is much more complex than a simple “bodily-based” determinism, as, in his theory, instincts constitute complex entities which embody the need for affection and the whole dynamics of the emotional life; (ii) for this reason, his (continually evolving) theory of instincts, being rooted in the dynamics of interpersonal relations, cannot show, for its very nature, any deterministic pattern but, on the contrary, can contribute to explain the variety of cultural expressions.

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<sup>39</sup> See, among others Elliott (1994), Fine (1979), Greenberg and Mitchell (1983), and Tyson and Tyson (1990).

As already noted, this more comprehensive concept of instinct has significant parallel with Veblen's notion that "all instinctive action is teleological. It involves holding to a purpose", and also with important aspect of the philosophy and psychology of Pragmatism.

For instance, eating habits, though certainly possessing strong instinctive roots, unfold themselves in many different ways according to different societies and form a very significant basis of the culture identity (cf. also chapter 9).

Certainly, there are some unclarities and contradictions in Freud's theory, but the solution would lie not in dismissing every tangled aspect of the theory but in casting more light on these issues, as many later psychoanalysts have done (cf. also previous chapter).

### **The "Cultural Anthropology" and the "irrelevance" of the *Oedipus* complex**

Another strand of research, often referred to as the "cultural anthropology", stresses the importance of recognizing the variety of cultural forms; in this regard, a rather common feature of these studies is that the variety of cultural forms would demonstrate the "irrelevance" of the *Oedipus* complex. A famous instance is Malinowski's *Sex and Repression in Savage Society*, in which he claims that the *Oedipus* complex is not a universal tendency but a cultural product of Western society. This conclusion — which triggered a (still ongoing) lively debate — is based on his field-study in the Trobriand islands, where he noted that the typical aspects of the *Oedipus* complex, limited to the boy's perspective, are shifted to the uncle and the sister: The boy admires but, at the same time, fears and hates the uncle, who stands as an authoritarian father figure in a matrilinear type of family; on the other hand, he desires his own sister and has a friendly relation with his natural father who, however, plays a limited role in his upbringing and, more in general, in family life.

However, this interpretation is, as shown by, among others, Fine (1979), based on a misunderstanding of the nature of the *Oedipus complex*. In fact, this complex — defined above as the organized whole of a child's loving and hostile feelings toward its parents — may assume many forms and may also involve other caretakers of the child.

The "universality" of the *Oedipus* complex is not a consequence of the working of some abstract "natural law" but stems from the circumstance that the child — owing to a prolonged dependence upon its caretakers — establishes with them its first significant

affective relations, which, in their complex vicissitudes and transformations, will constitute an important model of reference for the child's future development.

In this sense, the universality of the *Oedipus* complex implies nothing less than that a child, in its process of growing and differentiation, is likely to experience complex feelings which may also involve, to varying degrees, trouble, contradiction, and difficulty.

To begin with, birth itself, as stressed in particular by Otto Rank, constitutes a trauma for the child. Then, the child feels "fused and identified" with the mother, and hence the process of differentiation and discovery of another person, the father, is likely to involve complex relations of identification, but also of fear, rivalry and conflict.

The child realizes that it is no longer "at one" with the mother, and hence that the parents may even "leave it aside" in their common life. Of course, the child loves its parents and needs their affection and protection but, at the same time, can desire to be "at one" with the mother or the father and so, on these grounds, may develop a feeling of a rivalry toward the parent of the opposite sex and also — in connection to its feeling of being "left aside" — of hostility and mistrust for both.

The consideration of these factors is not tantamount to downplaying the variety of cultural expressions; on the contrary, a better understanding of the needs and difficulties of human development can contribute to highlight the endless ways through which cultural evolution takes place.

As a matter of fact, the specificity of every cultural context plays a great role in determining the forms of these early relations of the child. In this regard, the aspect we deem important to point out is that these cultural forms do not exist apart from the individuals involved but are partly determined by their thoughts and actions. This implies that the entire set of experiences, orientations, values, needs and conflicts making up the human personality concur to shape the related cultural forms as well.

In this sense, it seems appropriate to observe that the *Oedipus* complex, as occurring in most cases within a cultural context, and as involving people of different generations, constitutes an utterly cultural phenomenon, which, of course, has an important link with the orientations of each person involved; orientations which, as we will see later, are determined by the complex intertwining of biological, affective, and intellectual needs of the person.

Therefore, culture is not — according to a rather common interpretation of Freud's work among social scientists (cf. also the following paragraphs), which also include Malinowski's account of the emergence of culture in early societies — something apart

and outside these orientations, since it constitutes the way for their collective expression.

### **The "Frankfurt School"**

Other fields of social sciences, often related to the Cultural Psychoanalysts, took an interdisciplinary perspective on the studies of cultures and societies. Among these, an important role was played by the "Frankfurt School", whose leading members were Theodor W. Adorno, Walter Benjamin, Herbert Marcuse, Max Horkheimer, and later, Jurgen Habermas.

These authors applied a number of psychoanalytic concepts, a neo-Marxist perspective, and (in the broadest sense of the word) an existentialist philosophy to the investigation of the problems of contemporary societies, in particular the phenomenon of social alienation.

Notwithstanding their differences, also these authors tend to interpret Freud's theory as rather "conservative", with the consequence that a limited role is left to psychoanalysis in the process of understanding and overcoming social problems. With some simplification, a common ground for this interpretation seems to be that Freud's theory, as it is supposed to rest on a rigid and given set of "biological-based" instincts, is considered more or less inadequate or insufficient for the interpretation of the alienation of modern capitalistic society. In the next sections we will address some aspects of Marcuse's analysis of Freud's theory.

### **Some Remarks on Marcuse's "Obsolescence of Psychoanalysis" and *Eros and Civilisation***

In his article, "Obsolescence of Psychoanalysis", Marcuse sets forth the idea that, as the modern capitalistic administrative and cultural apparatus has weakened the role of the father, the "normal" dynamics of the *Oedipus* complex<sup>40</sup> — involving conflicts but also affective involvement — cannot play an important role in individual development.

In fact, many other institutions and lifestyles have artificially entered into the role of the father — for instance, the mass-media, consumerism, teenagers groups, and so on — with dramatic effects of alienation upon the young, who feel themselves abandoned in the virtual,edulcorated founding hospital of the capitalistic administrative and cultural apparatus<sup>41</sup>.

In this regard, we believe that the stress put by Marcuse on the negative effects of capitalistic society on the institution of family is quite appropriate. However, we do not think that the problems (economic and cultural) of the family in contemporary societies

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<sup>40</sup> In this respect, we can observe again that the "universality" of the *Oedipus* complex is not a consequence of the operation of some abstract "natural law" but stems from the circumstance that the child — owing to a prolonged dependence upon its caretakers — establishes with them its first significant affective relations, which, in their complex vicissitudes and transformations, will constitute an important model of reference for the child's future development. Furthermore, Freud has always stressed and analyzed the importance of institutions other than the family — also in their role of symbolic meaning of the parental figures — in earlier and later stages of a person's development.

<sup>41</sup> Presented to the annual Conference of the American Political Science Association in 1963, original title "Das Veralten der Psychoanalyse".

stem from the emergence of other institutions *per se*, but from the nature of relations intervening between the family and these institutions.

As we also see later on, from the family perspective, the presence of other important institutions can constitute a limitation but also, in Commons's terminology, an instrument of liberation and expansion of its action. In this sense, a careful enquiry into the complex relations between the limiting and promoting action of the institutional setting in every considered context is required<sup>42</sup>.

Furthermore, even if we take for true Marcuse's hypothesis of the reduction of the role of the family in contemporary societies, we can note that, for the full operation of the *Oedipus* complex, the role of the father (and of the family at large) need not be strong. As a matter of fact, the kind of family existing before the era of modern capitalistic societies — where, in Marcuse's view, Freud's theory can properly be applied — was, according to the available historical evidence, neither strong nor really present in child's life.

In fact, as remarked by Freud and by many other observers, that type of family, with its correspondent structure of neurotic conflicts leading to a rigid structure of *superego*, was overwhelmingly conditioned by the characteristics of social contexts to which it belonged. Since these societies were mainly based, in the opinion of many observers, on values of power, "conspicuous consumption" and rigid, ceremonially-based, system of civil and military hierarchies, the structure of family was (for more details, refer also to the section on the origin of ownership) of a correspondent authoritarian nature.

In these societies, as already observed, institutions other than the family — also in their role of symbolic meaning of the parental figures — were likely to play a relevant role in a person's development, also for their influence on the set of values and orientations of the family.

But these features imply that in an authoritarian society the role of the family as an active and independent educative agent is greatly reduced. And, as a consequence, its ability to understand the real needs of the child is, more or less severely, crippled.

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<sup>42</sup> In this regard, we believe that capitalistic institutions cannot be defined as an exogenous factor in regard to the conflicts and orientations of the actors involved. Furthermore, in any capitalistic society there is a great (and tendentially growing) deal of public intervention that gives to these societies the character of "mixed economies". Needless to say, considering our societies as mixed economies is not a way to "dilute" the problems of capitalism but to take into account all the factors which make up such economic systems (for more details refer especially to chapter 9 and to the section on the nature of ownership). In particular, as also shown in another work, the analysis of the policies making up such intervention would show, on the one side, their urge in trying to cope with the contradictions of the system, and, on the other side, the difficulty of co-ordination between the policies and the institutions involved in policy action. Also as a result of the complexity and difficulty of policy action, the unintentional effects of collective action should certainly not to be overlooked, but this does not imply that the conflicts and orientations of the individuals concerned, though partly determined by the system itself, play no

This (Marcuse's) interpretation of psychoanalysis is more extensively addressed in his *Eros and Civilisation*. A thorough analysis of this interesting book would lead us far from the focus of this work. Here we can note that Marcuse's interpretation of Freud's work as being based on the prevalence of "biological-based" instincts leads him to interpret his work as conservative. According to this view, rather diffused among social scientists and mainly based on Freud's *Civilization and Its Discontents*, sexuality is regarded as an instinct which lies basically in bodily needs — like hunger and thirst — and therefore is supposed to be driven only by the principle of pleasure. Furthermore, this instinct is considered as lacking any self-regulating or integrating process as it is assumed to aim at an uncontrollable satisfaction regardless of any other human need or feeling. Such an instinct — also in his combination with the aggressiveness originating in the "death instinct — would render any social life impossible, and, as a consequence, must be repressed. However, this repression entails neurosis and — owing to the strength and pre-determined "biological" mould of these instincts — little could be done to reduce the trade off between neurosis and civilization.

In this view, neurosis is seen as the necessary price to pay for moving from the principle of pleasure to the principle of reality—that is, through the education process, from the uncontrolled instincts of the child to the repressed, neurotic and "civilized" behaviour of the adult.

On the basis of this interpretation of Freud's work, Marcuse highlights that Freud's theory implicitly contains elements — chiefly found in the presence, especially in late Freud's theory, of the concept of *eros* as a life instinct opposed to death instinct — which would make the contrast between sexuality and civilization less sharp. And, on this basis, it would be possible to build a society not based on alienation and repression but on the mutual work — which, in the new conditions, would take the nature of a joyful play — between its members.

However, Marcuse's appraisal of Freud's theory as chiefly conservative and deterministic leads him away from considering the role of neurotic conflicts, and the aggressiveness related to them, in determining social structures and the role of psychoanalysis in helping to understand and overcome such conflicts—and in so doing nourishing the process of social change. Thus, in Marcuse's analysis is not clear if (and, in the affirmative case, how) social change can be promoted.

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significant role in shaping the characteristics of any given ISEF.

## Marcuse and the neo-Freudians

The last chapter of *Eros and Civilisation* contains a critical evaluation of the "neo-Freudian revisionism". The theories of the authors taken into account by Marcuse — Erich Fromm, Karen Horney, Harry Stack Sullivan and Clara Thompson — are sharply criticized for downplaying Freud's theory of instincts and, hence, for not considering the reality of the repressive nature of society which, according to Marcuse, is to be explained through the supposed (rather immutable) trade off — originating, according to Marcuse, from Freud's theory of instincts, in particular as employed in *Civilization and Its Discontents* — between "neurosis and civilization".

In this regard, we can note that, first of all, as the theories of the authors considered are very complex and elaborated and notably different among one another, they cannot be reduced to one simple common heading.

Secondly, it is certainly true that, in a very general sense, these theories, in their effort to stress the importance of cultural forms in the process of formation of individual personality, tend to be more or less critical of Freud's theory of instincts, in particular with its more "biological and deterministic aspects". But this not imply that they consider the cultural forms of Western societies as "right and unquestionable exogenous elements", in respect to which the only rational behaviour to be fostered by psychoanalytic treatment would be an unconditioned adaptation.

On the contrary, these authors are fully aware of the contradictions of our society and address much of their research effort to their understanding, in particular with regard to their effects on psychological disturbances.

In this sense, as we also see later on, a clarification of some tangled aspects of Freud's theory of instincts is necessary for rendering it more employable to the analysis of social and cultural phenomena.

True, — as rightly stressed by Marcuse — the biological ground of Freud's theory of instincts bears directly on the characteristics of social structure; the point however, is that, as observed before, Marcuse's interpretation of Freud's theory of instincts is too simplistic, since he does not consider the multifarious concept of instincts employed in Freud's theory. In particular, he does not consider the need for affection implied in the instinctual activity of the child and the role of neurotic conflicts in shaping the "dynamics of instincts".



Consequently, in this approach little role is left to psychoanalysis in helping to reach a better understanding of the conflicts — which constitutes the basis for their progressive overcoming — which concur to shape social structure.

It can be interesting to observe that this supposedly "biological-based" deterministic character of Freudian theory lies also at the basis of the tendency of some of the neo-Freudians, in particular Fromm and Horney, to go too far (at least in our view) in the opposite direction; that is, to dismiss various aspects of Freudian "biologism" which they hold inadequate to explain the complexity of cultural relativism. In this way, however, psychoanalysis risks losing a part of its interpretative power.

For instance, it is certainly expedient to stress that the *Oedipus* complex is not only determined by a "bodily-based" sexual desire and that this complex takes different expressions in the various cultural contexts. Indeed, Freud stresses the importance not only of the "bodily" component of sexual instinct but also of the affective aspect. In his work, he repeatedly stresses the relations between the two aspects, and in particular the need for affection of the child and the corresponding fear of losing it.

As observed before, in order to realize a better understanding of social dynamics, we believe more appropriate, instead of dismissing the relevance of the *Oedipus* complex and, more generally, of the instinctual life, enquiring into their multifarious aspects, which interact in a dialectic and evolving relation with the cultural context.

In fact, as observed before, the relevance of such complex is not a consequence of the operation of some abstract "natural law" but stems from the circumstance that the child — owing to a prolonged dependence upon its caretakers — establishes with them its first significant affective relations, which, in their complex vicissitudes and transformations, will constitute an important model of reference for the child's future development.

All that said, we would stress the richness of the "Cultural Psychoanalysts", their awareness of the social contradictions and the importance they attach, also through the help of psychoanalysis, to the process of social change.

Let us quote the following passages, which synthesize well the Cultural Psychoanalysts' orientations on the matter of social change, and do not seem to imply any passive adaptation to reality,

"In a world in which time is of the essence, in which we can scarcely defer great constructive changes unless we shall have raised a new generation to political power, the most searching scrutiny of the dynamics of favorable change in personality

becomes utterly imperative....The less of parents work that has to be corrected, the quicker man moves ahead. Surer our aid to parents in preparing their young for life, the more geometrically expanding will be the resulting good for the great number.

I think it is no longer wise or expedient to talk and think as *if* the great majority of chronologically adult people, here or elsewhere, will ever become well-informed about a great deal that is acutely vitally important to them.

I think we must recognize explicitly that universal literacy and complete "freedom of information" *in themselves* offer no solution to any of the imperative problems of our time....Freedom of information is meaningless unless it is used for a purpose, namely, the peace and well-being of the humanity....The achievement of this exceedingly desirable goal is anything but easy and foolproof. The thinking-out of constructive, functionally coherent, revisions of any one of the major cultures of the world....shall be less restrictive on understanding and more permissive of social progress; that, truly, is a task to which unnumbered groups of the skilful may well apply themselves.

There will remain the intimidating task of implementing the better, once it shall have been designed; but for the first time in the history of man, there is a world-wide, if often most unhappy, realization of the necessity, and at the same time a set of administrative agencies clearly charged with the responsibility. I say to you with the utmost seriousness of which I am capable that this is no time to excuse yourself from paying the debt you and yours owe the social order with some such facile verbalism as "Nothing will come of it; it can't be done." Begin; and let it be said of you, if there is any more history, that you labored nobly in the measure of man in the twentieth century of the scientific, Western World.", (Sullivan, 1953: 382, 383, 384).

## **Conclusion**

In concluding this chapter, we can note that the reaction against the supposed Freud's biologism was certainly reinforced by some unclarity and contradictions of Freudian approach on the question of the links between individual psychological disturbances and the characteristics of the ISEF in which these disturbances take place. This may be due to his aforementioned pessimistic view of human nature; another reason for Freud's hesitance may be found in his desire to not further complicate an already complex issue<sup>43</sup>. As noted before, one important reason why he remained attached to a "biological" concept of instinct is to be found in his intention of underlining the role of

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<sup>43</sup> Refer to, among others, the references in the previous footnotes.

psychosexuality in human psychology. He was inclined to think that, were psychosexuality not sufficiently stressed, this concept would be overlooked, or unconsciously "repressed", in the analysis of human psychology.

However, as already noted, Freud and his colleagues were well aware of the importance of the ISEF in explaining the dynamics of psychological conflicts and, relatedly, of the great potential of psychoanalysis for elucidating important aspects of cultures and societies.

In fact, Freud considers individual and collective psychology as two complementary aspects of the same phenomenon—owing to the circumstance, stressed in particular in his *Totem and Taboo* (1912-1913) and *Group Psychology and the Analysis of the Ego* (1921), that in ancient times group life was preponderant in human life and that only subsequently the person (and the institution of family) has gradually come to assume a more distinct role within the various groups of society. As noted by Freud (1912-1913, 1921 and 1930) and many subsequent psychoanalysts<sup>44</sup>, group cohesion tends to be based on the following processes: i) libidinal links among the members of the group; ii) projection of individual aggressiveness into people and/or institutions lying outside the group; iii) identification with the group leader — who symbolizes the parental instance (typically, the father) — in order to repress the conflicts related to the *Oedipus* complex.

These processes — which operate in part at an unconscious level and are partly driven by neurotic conflicts — can help to explain the scission that often occurs within groups between “the good and right”, lying inside the group, and “the bad and mistaken”, lying outside its boundaries.

In the following chapters we will address a number of controversial aspects of Freud's theory, trying to show that his theory is more complex, and more "open", than a simple and once-for-all-defined dichotomy between only-biological-based instincts.

In this sense, we will try to show that Freud's conclusions — even in his rather pessimistic-oriented *Civilization and Its Discontents*, which is generally considered to stress the necessity of repressive social systems in order to tame the "disordered and impetuous" instinctual drives — also points to the possibility and necessity of social change, and to the paramount role of psychoanalysis in this process.

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<sup>44</sup> By using the Kleinian framework, Bion analyzed unconscious group dynamics by means of “The Therapeutic Group”, while Kernberg made significant contributions to the analysis of group behaviour with his approach based on the object relations theory. See, among others, Bion (1970), Kernberg (1998), Kets de Vries and Miller (1984), Klein, Heimann and Money-Kyrle (1955).

## **PART III: THE DEBATE AROUND SOME KEY PSYCHOANALYTIC CONCEPTS**

### **7. PSYCHOANALYSIS AND ITS CRITICS**

As seen in this outline, psychoanalysis is a highly complex discipline attempting, as it does, to explain psychological processes through an integrated approach. Due to this circumstance, psychoanalysis does not move along a smooth pathway. In fact, it is currently coping with two fairly related sets of problems:

- i) The divergences among psychoanalysts regarding some aspects of Freudian theory.
- ii) Criticism of psychoanalytic approach coming from both psychology and other disciplines.

With regard to the first point, we have seen that the main divergences in psychoanalysis do not affect the overall validity of the psychoanalytic discipline, but are part of the normal dialectic of every discipline that wishes to be truly scientific. Indeed, psychoanalysis, being above all a method of inquiry, is dynamic in character and, consequently, its hypotheses are only approximations — which, in their turn, require further verification — of some of the extremely complex processes occurring in the human mind.

With respect to the second point, a thorough analysis would require a lengthy discussion, so we limit ourselves to a short outline.

Many criticisms, differing in content and extent, have been levelled at psychoanalysis<sup>45</sup>. The *leit-motiv* of the great majority of them refers to the scientific status of psychoanalysis. According to these criticisms, psychoanalysis has no valid scientific status because its hypotheses cannot undergo the same tests of validation as those applied to the "truly scientific fields".

For instance, how can the existence of the unconscious or of the *Oedipus* complex be demonstrated?

In the opinion of some authors, these concepts are fantasies without any scientific validity. Of course, the problem of providing scientific validity to psychoanalytic theories is a very serious one. As we well know, the unconscious — by its very nature — cannot be seen, heard, or touched, so we can only “prove” its existence by analysing our feelings in their interaction with those of others. For the unconscious is a dynamic concept (Fine, 1979) — elaborated from a great number of observations mainly related to psychoanalytic experience — which can help to explain and synthesize some aspects of the structure of mental processes.

In this regard, the methodological approach underlying these criticisms does not seem convincing. In fact, by carrying such line of reasoning to its logical consequences, we would find that all the feelings involved in human relations should be considered as groundless entities.

For instance, in a romantic relationship, a person could not dare say to his or her partner “I love you”, because the logical answer would be “how can you scientifically prove it?”; and, certainly, there are neither mathematical theorems nor laboratory experiments for demonstrating such a statement.

On the same grounds, no one could formulate any reasoned opinion regarding personal feelings and attributes.

The same applies to the sciences dealing with human achievements, like arts and literature. For instance, no one could say with any claim of objectivity “what a beautiful

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<sup>45</sup> For a discussion of these issues refer to, among others, Bastide (1950), Eagle (1984), Elliott (1994), Fine (1979), Greenberg and Mitchell (1983), Tyson and Tyson (1990).

poem this is” because there is no way to prove this statement by means of a “truly scientific methodology”.

Furthermore, even the so-called pure sciences would be badly affected by this reasoning. Indeed, as shown by many institutionalist, pragmatist and psychoanalytic contributions, much of what we call "pure science" is interpreted through the experiences, feelings and perceptions of those dealing with it.

In this sense, we believe that psychoanalysis — as well as social sciences, philosophy and literature — is no less scientific than "pure sciences", the only difference being that it deals with issues that require a different scientific approach and which cannot be simplified to be fit for a classical laboratory experiment.

In this regard, we do not agree with those who consider psychoanalysis, especially in the practical work of psychoanalysts, as an "intuitive art" well distinguished from science. Certainly, psychoanalysts work with the inner nature and conflicts of the individual, and their main goal is to help the person overcome such conflicts and, thus, bring out his or her true personality; and this task is achieved by applying a scientific method that is tested and revised as psychoanalytic experiences progress. In this process, the "inner artistic intuition" of the psychoanalyst in understanding his or her patient's problems constitutes a crucial factor, which, however, is not separate from scientific investigation, but, rather, is reinforced and refined by the parallel increase of his or her scientific knowledge and experience. Furthermore, the significant links existing between art and science should not be overlooked.

The above discussion highlights the fact that psychoanalysis faces many of the typical problems of the social sciences. Of course, this is not to say that all criticisms are groundless and that, as a consequence, psychoanalysis represents the world of soundness, perfection and truth.

In particular, we believe well founded the claim that psychoanalysis, in its main developments, has not sufficiently considered the contributions of other disciplines for a deeper understanding of the complex interaction between individual and society.

### **Some Controversial Aspects**

In this section, we will try to bring into focus the most controversial aspects of the debate about Freud's theory, since they impinge upon the basic concepts of psychoanalysis and the development thereof. As observed before, two conflicting interpretations of Freud's work can be identified:

A) According to one interpretation, Freud tends to see psychic life as the arena for the perennial struggle between opposite instincts: for instance, in his continual elaboration — which we do not need for our purpose to follow in its complex evolution — between sexuality and self-preservation, or later on, between life (or *eros*) and death (or aggressiveness). According to this view, these instincts mainly depend on the innate individual biological constitution and, therefore, tend to be regarded as deterministic in their unfolding. Psychic life is considered to be the result of the "kneading" of these instincts, but there appears to be no real dialectic or interchange between them: they stand, in a *Faustian* spirit<sup>46</sup>, in an irreducible opposition, and little can be done to improve such a situation.

Take, for instance, the concept of sexuality. According to this view, sexuality is an instinct which lies basically in bodily needs — like hunger and thirst — and therefore is supposed to be driven only by the principle of pleasure. Furthermore, this instinct is seen as lacking any self-regulating or integrating process as it is assumed to aim for an uncontrollable satisfaction regardless of any other human need or feeling. Such an instinct, of course, would render any social life impossible, and, as a consequence, must be repressed. However, this repression entails neurosis and — owing to the strength and pre-determined "biological" mould of these instincts — little could be done to reduce the trade off between neurosis and civilization.

In this view, neurosis is seen as the necessary price to pay for moving from the principle of pleasure to the principle of reality—that is, through the education process, from the uncontrolled instincts of the child to the repressed, neurotic and "civilized" behaviour of the adult<sup>47</sup>. Nevertheless, as we will see in the following points, Freud's theory is far more complex than such simple biological determinism.

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<sup>46</sup> In Freud's work there are many references to Goethe's *Faust* as an example of the symbolic expression of the never-ending opposition between instincts.

<sup>47</sup> In this regard, it is important to stress that, as we will see in the next points, this interpretation represents only a part of a much more articulated theory. Even where this interpretation seems to prevail, as in the *Das Unbehagen in der Kultur*, Freud stresses that the repression of sexual instincts has gone too far in our society, thus causing an increase in neurotic conflicts which end up impairing the attainment of social goals. This implies, however, that the types of neurotic conflicts existing in any given society are not deterministic in nature but depend on the dynamic interplay of the individual in his or her ISEF; in this interaction, a crucial role is played by the ways in which individuals and institutions face their problems.

B) In this regard, a key point is that Freud, although he tends to construct his theory on the basis of conflicting instincts, does not seem to assert that these instincts have a deterministic development. In this regard, he expressly recognizes the importance in the development of a person of the joint action of the following factors<sup>48</sup>: (i) a person's "innate" constitution, including the entire set of his or her "innate" biological and intellectual traits; (ii) the influence of "accidental events", by which he chiefly means the role played by the family and socio-cultural contexts.

In order to explain the importance of these groups of factors in psychic development, he elaborated — in particular in *Drei Abhandlungen zur Sexualtheorie* — the concept of "complemental series".

C) Considering the above outlined relations between neurosis and civilization, Freud's position is far more complex than the simple statement that neurosis, being based on the repression of instincts, is a necessary ingredient of social life. Certainly, in some passages he makes these kinds of statements, but, very importantly, he also stresses that neurosis is likely to sabotage the attainment of the objectives of civilization, because it is allied with the forces hostile to civilization that have been (only apparently) repressed.

In order to show this process, Freud (1908) describes the case of a woman who — owing to the conditions in which she contracted the marriage and to the experiences of her married life — does not love her husband but would like to love him at any cost because this corresponds to the ideal of marriage with which she has been raised. She will thus repress (mostly at an unconscious level) her real feelings toward her husband and put great effort into playing the role of the affectionate wife. But the consequence of this repression will be the full emergence of neurotic symptoms which will take revenge upon the husband by causing him so much, and perhaps even more, trouble as would have been caused by the revelation of her real feelings.

This example — which, of course, could concern the husband and many other family and social situations — is interesting because it highlights the role of family and social factors in shaping, maintaining and transmitting what could be defined as the typical

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<sup>48</sup> As already observed, the concept of innate biological constitution seems to refer in Freud's analysis to the in-born traits (biological and intellectual) of the person and in particular to the qualitative and quantitative characteristics of his or her instincts endowment. These concepts are complex to formulate and, in this regard, Freud always stresses that it is very difficult to be precise in an acceptable way about the real characteristics of any considered biological



social forms of neurotic conflicts<sup>49</sup>; in fact, in the example, the neurotic conflicts expressed by the wife in her married life have their roots, according to Freud's theory, in her infantile history where a paramount role might have been played by her innate biological constitution combined with the influences of her family and social life. In this regard, as already noted, one of the central insight of Freud's analysis is that neurosis constitutes, for any individual, a joint and unique product of (i) his or her innate biological constitution combined with the characteristics of human biological development, in particular the prolonged stage of dependence in the early stages of life, and (ii) the characteristics of his or her ISEF, including, of course, the characteristics of family setting.

D) The previous remarks lead us to underline another relevant point: even when Freud seems to adhere to a "hedonistic" view of human conduct — in the meaning of an unrestrained search for "pleasure", regardless of any affective and social link — this does not seem to imply that he considers such orientation as an expression of natural and immutable laws but, rather, as an expression of neurotic conflicts which are, at least in part, specific to any given ISEF. Indeed, in these cases, as also shown by subsequent psychoanalysts, the obsessive search for "pleasure" acts — like, as observed before, any other neurotic symptom — as a defence from "incompatible representations" having their roots in the infantile story of the person.

This point is extremely important and is effectively addressed by Eagle (1984); in the concluding chapter, he clearly explains that the supposed contrast between "instincts" and "reality" — to which should correspond a conflict between an uncontrolled unconscious (the Freudian "es"), and an ego conceived as a necessary controlling and "repressing" factor for the existence of society — is to be interpreted not as an expression of "human nature" but as a distinctive trait of neurotic disturbances. Indeed, in these situations what is repressed (e.g., made unconscious) tends to refer to all the aspects of personality that, owing to neurotic conflicts, tend to assume an infantile and anti-social character. In this regard, it is also interesting to observe that these conflicts

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constitution.

<sup>49</sup> As we will see later, neurosis, as a consequence of the interplay of these factors, presents an evolutionary character, the study of which would be particularly intriguing. In this sense, it is interesting to observe that the "institutional" transmission of the typical forms of neurosis is generally far from complete, owing to the complexity of the factors at stake in determining the evolution of social, economic and cultural forms. Within this context, the tendency of the person to overcome his or her problem is likely to play a paramount role. In this regard, psychoanalysis stresses that neurotic conflicts convey complex meanings, and hence also constitutes for the person an imperfect but important way to overcome his or her developmental difficulties.

do not develop in isolation but assume at the same time both an individual and social dimension.

In this regard, Eagle observes that the more damaging expressions of this neurotic-driven aggressiveness, like nuclear wars and mass-destructions, do not take place out of bursts of "instinctual behaviour", apart from and in opposition to social life, but are deeply rooted in ISEF's that can even be supposed to act as a repressing instance for the "instinctual behaviour" of the person. In this sense, as observed before, society acts as a key carrier for the expression of aggressive behaviour—also through the development of cultural forms and models that tend to be internalized in the *ego* and *super-ego* of the person.

Of course, society also tries to curb aggressive behaviour but in the presence of relevant neurotic conflicts these attempts are not likely to be very successful, especially for reducing the more "institutionalised" (e.g., more rooted in the structure of collective action) forms of aggressive behaviour. This is another significant way to remark what Freud observed about the power of neurosis to sabotage the pacific existence of society.

This implies that, for a deeper understanding of these phenomena, in the study of these conflicts both individual and collective dimensions should be considered, whatever be the particular focus of the analysis; for instance, in the study of individual conflicts, the characteristics of social and cultural forms should be taken into account; whereas, in the study of social and cultural forms, also the psychological orientation of the individuals composing such forms should be brought into analysis.

E) Perhaps, one key element that could bring some unclarity to Freud's theory is his employment of the concept of sexuality: as a matter of fact, though Freud has always underlined the manifold character of sexuality, in his writings he speaks of "sexual instinct" and "repression and satisfaction of instincts" in a way that sometimes may seem to refer only to the biological and "bodily" side of the instincts: however, as we have seen, according to his theory, sexual instinct bears not only on the normal biological sexual activity but also on the affective involvement related to such activity, and on the so-called "sublimated" activities of the person, linked, in a complex interplay with the affective and intellectual sides of his or her personality, to all the social, intellectual and artistic creations upon which society is based. In this sense, sexuality, in non-neurotic situations, constitutes an essential aspect of the *eros* or love, and, in this

sense lies at the heart of the interpersonal and social relations. The interpretative problem lies in the fact that the term "sublimation" carries two meanings, which, though blurred in most of our psychological experience, are neatly distinct at conceptual level: (a) a means for the expression of neurotic conflicts, and (b) a means for the expression of the normal motivations and orientations of human personality.

In this sense, the *eros* can be considered as a manifold entity which can express itself in various way. Thus, it is normal for the person to establish different kind of relations, more or less sublimated but all based on the *eros*, with his or her fellows.

These different concepts of sublimation and expression of the *eros* are outlined but not always clearly distinguished in Freud's analysis, and this may be one of the reasons for some entangled aspects of his analysis of society.

F) This unclarity emerges also in "Civilization and Its Discontents" (1930) — the work where (apparently) Freud more extensively laid down his thesis about the necessity of repression of sexuality and aggressiveness for the preservation of society — but, in our view, it could be sorted out relatively easily. Here, in the first chapters, he speaks of sexuality and aggressiveness in broad terms, without specifying whether he considers these psychological instances as a normal or a neurotic expression of individual and social life.

Nevertheless, even without such previous specification, his description of these instances seems to be like that of a neurotic disturbance and, in fact, later in his paper, he makes clear that this is the case. He stresses that, in this respect, society acts like a neurotic individual that, through the instance of the *superego* — which, as observed before, constitutes the "moral conscience" as emerging out of a feeling of guilt related to the child's aggressive feelings<sup>50</sup> towards its parents — tries to repress his or her *neurotic* expressions of sexual and aggressive "instincts". Having discovered the

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<sup>50</sup> As already observed, Freud suggests that in the child aggressiveness could be reinforced, in particular within the *Oedipus* complex experience, by the anger experienced towards the "rival" parent because of its real (or supposed) role in repressing the satisfaction of its desires. This theory introduces an important qualification as to the supposed ineluctable nature of human aggressiveness implied in the death instinct theory and has opened up the way for a more complete analysis of the neurotic reasons underlying human aggressiveness. Refer also to our subsequent analysis of these issues.

existence of neurotic societies, Freud wonders about the interesting possibility of employing psychoanalysis for interpreting and reducing these social-based psychological disturbances. In this regard, Freud considers this kind of intervention possible but is rather pessimistic about its viability in contemporary societies. There are, in fact, on the one hand, the difficulties in identifying the complex relations between individual and collective neuroses, and on the other hand, the problem of implementing policies aimed at improving a better social understanding of these conflicts.

We can conclude this chapter by noting that in Freud's theory the concepts of instincts and, within this ambit, of psychosexuality (the *eros* or *libido*) are very complex and far-reaching as they embrace all the aspects of human personality, including affective and intellectual. Therefore, his theory does not seem to imply that human needs can be reduced only to biological exigencies. Far from saying that the mind — e.g. the spheres of feelings and intellect — is something different from "instincts" and, as a consequence, substantially powerless against these, Freud seems only to remark that the study of the "mind" is to be considered in all its complex connections with the "body", simply because we do not live apart from our body. If, as stated effectively by Rollo May (1972), a person can safely say "Certainly, I am my body, but am also my mind", also the symmetric relation holds true, and then it would be appropriate to say "Certainly, I am my mind, but am also my body".

## **8. FREUD AS A SOCIAL REFORMER**

As we have seen, Freud's theory provides important insights into the conflicts and problems of individual and collective life and the possibility of social change. However, notwithstanding these contributions, among social scientists Freud is rarely regarded as a social reformer. Rather, as already observed, social scientists — owing, perhaps, to a rather pessimistic strain present in some of Freud's writings — tend to regard his theory as essentially "conservative", as it seems to imply that little can be done to reduce human aggressiveness.

Certainly, as we have seen, there is such a strain in Freud's theory. But, at the same time, as we have tried to show, his theory is more complex than this interpretation would suggest, as it contains aspects which clearly indicate the possibility of social change. For instance, in discussing the Communist Revolution in Russia, he is not against such transformation but stresses the importance for social reformers, in order to build a truly

better society, to have a better understanding of human nature. The following passages express these concepts clearly,

"The communists believe that they have found the path to deliverance from our evils. According to them, man is wholly good and is well-disposed to his neighbour; but the institution of private property has corrupted his nature. The ownership of private wealth gives the individual power, and with it the temptation to ill-treat his neighbour; while the man who is excluded from possession is bound to rebel in hostility against his oppressor. If private property were abolished, all wealth held in common, and everyone allowed to share in the enjoyment of it, ill-will and hostility would disappear among men. Since everyone's need would be satisfied, no one would have any reason to regard another as an enemy; all would willingly undertake the work that was necessary. I have no concern with any economic criticisms of the communist system; I cannot inquire into whether the abolition of private property is expedient or advantageous. [Here, there is a footnote in which Freud stresses his solidarity, also in relation to his own experience, with the situations of economic deprivation] But I am able to recognize that the psychological premises on which the system is based are an untenable illusion. In abolishing private property we deprive the human love of aggression of one of its instruments, certainly a strong one, though certainly not the strongest; but we have in no way altered the differences in power and influence which are misused by aggressiveness, nor have we altered anything in its nature. Aggressiveness was not created by property. It reigned almost without limit in primitive times, when property was still very scanty...." (S.Freud, *Civilization and Its Discontents*, The Standard Edition, New York, Norton, 1961: 70-71).

Nevertheless, notwithstanding these cautious remarks, later in the paper, when discussing the difficulty of mastering human aggressiveness, he observes that,

"....At this point the ethics based on religion introduces its promises of a better after-life. But so long as virtue is not rewarded here on earth, ethics will, I fancy, preach in vain. I too think it quite certain that a real change in the relations of human beings to possessions would be of more help in this direction than any ethical commands; but the recognition of this fact among socialists has been obscured and made useless for practical purposes by a fresh idealistic misconception of human nature." (S.Freud, *Civilization and Its Discontents*, The Standard Edition, New York, Norton, 1961: 109).

These remarks highlight the importance of considering the psychological side of every project of social reform, by centring attention on the characteristics of neurotic conflicts and on the role of psychoanalysis in understanding and overcoming such conflicts; in this sense, as also underlined by Freud in the final chapter of his "New Introductory Lectures to Psycho-Analysis", collaboration among psychoanalysis, Marxism and other theories of social change would be of particular interest, also for devising policies more effective in attaining the objectives of social reforms<sup>51</sup>.

In order to better illustrate these issues, let us quote at some length a number of Freud's passages containing a clear explanation of the links intervening between individual and collective psychology,

"...What means does civilization employ in order to inhibit the aggressiveness which opposes it, to make it harmless, to get rid of it, perhaps? We have already become acquainted with a few of these methods, but not yet with the one that appears to be the most important. This we can study in the history of the development of the individual. What happens in him to render his desire for aggression innocuous? Something very remarkable, which we should never have guessed and which is nevertheless quite obvious. His aggressiveness is introjected, internalized; it is, in point of fact, sent back to where it came from—that is, it is directed towards his own ego. There it is taken over by a portion of the ego, which sets itself against the rest of the ego as super-ego, and which now, in the form of 'conscience', is ready to put into action against the ego the same harsh aggressiveness that the ego would have liked to satisfy upon other, extraneous individuals. The tension between the harsh super-ego and the ego that is

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<sup>51</sup> For instance, in discussing Marx's theory — in the final chapter of his *New Introductory Lectures on Psycho-Analysis*, dealing with the problem of the psychoanalytic *weltanschauung* (see also the next section) — Freud underlines the necessity of considering not only the influence of the economic organization of society on individual psychology, but also the role of psychological factors in shaping the "materialistic aspects" of society. As he notes, "...The strength of Marxism clearly lies, not in its view of history or the prophecies of the future that are based on it, but in its sagacious indication of the decisive influence which the economic circumstances of men have upon their intellectual, ethical and artistic attitudes. A number of connections and implications were thus uncovered, which had previously been almost totally overlooked. But it cannot be assumed that economic motives are the only ones that determine the behaviour of human beings in society. The undoubted fact that different individuals, races and nations behave differently under the same economic conditions is alone enough to show that economic motives are not the sole dominating factor. It is altogether incomprehensible how psychological factors can be overlooked where what is in question are the reactions of living human beings; for not only were these reactions concerned in establishing the economic conditions, but even under the domination of those conditions men can only bring their original impulses into play—their self-preservative instinct, their aggressiveness, their need to be loved, their drive towards obtaining pleasure and avoiding unpleasure. In an earlier enquiry I also pointed out the important claims made by the super-ego, which represents tradition and the ideals of the past and will for a time resist the incentives of a new economic situation.", (Freud, "New Introductory Lectures on Psycho-Analysis" The Standard Edition, New York, Norton, 1989: 220-221, original edition 1933).

subjected to it, is called by us the sense of guilt; it expresses itself as a need for punishment. Civilization, therefore, obtains mastery over the individual's dangerous desire for aggression by weakening and disarming it and by setting up an agency within him to watch over it, like a garrison in a conquered city.

As to the origin of the sense of guilt, the analyst has different views from other psychologists; but even he does not find it easy to give an account of it....Perhaps, after some hesitation, we shall add that even when a person has not actually *done* the bad thing but has only recognized in himself an *intention* to do it, he may regard himself as guilty....What is bad is often not at all what is injurious or dangerous to the ego; on the contrary, it may be something which is desirable and enjoyable to the ego. Here, therefore, there is an extraneous influence at work, and it is this that decides what is to be called good or bad. Since a person's own feelings would not have led him along this path, he must have had a motive for submitting to this extraneous influence. Such a motive is easily discovered in his helplessness and his dependence on other people, and it can be best designated as fear of loss of love. If he loses the love of another person upon whom he is dependent, he also ceases to be protected from a variety of dangers. Above all, he is exposed to the danger that this stronger person will show his superiority in the form of punishment. At the beginning, therefore, what is bad is whatever causes one to be threatened with loss of love....A considerable amount of aggressiveness must be developed in the child against the authority which prevents him from having his first, but none the less his most important, satisfactions, whatever the kind of instinctual deprivation that is demanded of him may be; but he is obliged to renounce the satisfaction of this revengeful aggressiveness. He finds his way out of this economically difficult situation with the help of familiar mechanisms. By means of identification he takes the unattackable authority into himself. The authority now turns into his super-ego and enters into possession of all the aggressiveness which a child would have liked to exercise against it. The child's ego has to content itself with the unhappy role of the authority—the father—who has been thus degraded. Here, as so often, the [real] situation is reversed: 'If I were the father and you were the child, I should treat you badly.' The relationship between the super-ego and the ego is a return, distorted by a wish, of the real relationships between the ego, as yet undivided, and an external object....Consequently we are very often obliged, for therapeutic purposes, to oppose the super-ego, and we endeavour to lower its demands....I believe the line of thought which seeks to trace in the phenomena of cultural development the part played by a super-ego promises still further discoveries....If the development of civilization has

such a far-reaching similarity to the development of the individual and if it employs the same methods, may we not be justified in reaching the diagnosis that, under the influence of cultural urges, some civilizations, or some epochs of civilization—possibly the whole of mankind—have become 'neurotic'? An analytic dissection of such neuroses might lead to therapeutic recommendations which could lay claim to great practical interest. I would not say that an attempt of this kind to carry psycho-analysis over to cultural communities was absurd or doomed to be fruitless. But we should have to be very cautious and not forget that, after all, we are only dealing with analogies and that it is dangerous, not only with men but also with concepts, to tear them from the sphere in which they have originated and been evolved. Moreover, the diagnosis of communal neuroses is faced with a special difficulty. In an individual neurosis we take as our starting-point the contrast that distinguishes the patient from his environment, which is assumed to be 'normal'. For a group all of whose members are affected by one and the same disorder no such background could exist; it would have to be found elsewhere. And as regards the therapeutic application of our knowledge, what would be the use of the most correct analysis of social neuroses, since no one possesses authority to impose such a therapy upon the group? But in spite of all these difficulties, we may expect that one day someone will venture to embark upon a pathology of cultural communities.", (S.Freud, *Civilization and Its Discontents*, The Standard Edition, New York, Norton, 1989: 83, 84, 85, 91, 92, 109, 110; original edition 1930).

These concepts constitute the basis of Freud's inquiries into the psychological processes and conflicts of collective and cultural life as set out more extensively in *Totem and Taboo* and *Group Psychology and the Analysis of the Ego*. In particular, such insights may cast a deeper understanding on the (partly neurotic) characteristics of group cohesion, which is mainly based, as observed before, on the following (mostly unconscious) processes: i) libidinal<sup>52</sup> links among the members of the group; ii) projection of individual aggressiveness towards people and/or institutions lying outside the group; iii) identification with the group leader — who symbolizes the parental instance (typically, the father) — in order to repress the conflicts related to the *Oedipus* complex.

In this regard, it is important to note that the instance of *superego* discussed before, certainly, stems also from a normal human tendency to establish sound interpersonal

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<sup>52</sup> For the complex meaning of *libido* refer to the previous chapters.



relations; and, accordingly, to behave with affection and sensitiveness towards each other and continually improve the "bright aspects" of personality. However, whereas in non-neurotic situations the "code of conduct" emerging from such tendencies asserts itself as a genuine behaviour, in neurotic situations leading to the formation of *superego* things run in a completely different way: here, the tendency of improving personality is subsumed into, and put forward as being the real reason for, the expression of neurotic contents at cross-purpose with such tendency. As a matter of fact, as a consequence of the sense of guilt arising from the child's aggressiveness towards its caretakers, a good portion of such aggressiveness is directed towards the child's *ego* in the role of a controlling and punitive instance for its aggressiveness. From this origin stems the severity, rigidity and inflexibility of the *superego*<sup>53</sup>. These characteristics of *superego*, however, as being based on the expression of neurotic conflicts, are able neither to create a better environment for the person nor to solve his or problems. Rather, quite often the severity of *superego* leads — through the so-called paranoid transformation of personality, extensively studied in psychoanalysis — single individuals, groups or societies to do nasty and persecutory actions towards other individuals, groups or societies into which their aggressiveness has been projected, and so to sabotage, in the meaning reviewed before, the tendencies to establish sound interpersonal relations.

### **The Problem of the Psychoanalytic *Weltanschauung***

The previous discussion raises an important question: should psychoanalysis possess a *weltanschauung* — defined approximately, due to difficulty of translation, as a vision of the world also implying a kind of ethical system — and, in the affirmative case, of what kind?

Freud addressed this issue especially in the final chapter of the "New Introductory Lectures on Psycho-analysis".

He underlines that psychoanalysis is a branch of scientific investigation and, as such, its *weltanschauung* should be found in that field. In this sense, psychoanalysis, in the opinion of Freud, cannot acquire a *weltanschauung* as a distinct ethical system of behaviour, just because it is not an ethical discipline. Of course, as observed before,

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<sup>53</sup> It is interesting to observe that the presence of *superego*, though being easily identifiable in the case of rigid and organized moral systems, may assume many forms often aimed at disguising its real repressive and punitive nature. A typical example can be that of an alcoholic who claims that drinking is a way of "being free", of not caring about the world. True, this can certainly be one side of the coin, but, relatedly, the other side may lie in the circumstance that the *superego* is so severe and unbearable to compel the person to escape, by impairing his or her potentialities, from any action which can symbolize, in one way or another, the instance of *superego*.

psychoanalysis, by helping the person to overcome his or her inner conflicts, also contribute to reducing the neurotic aggressiveness related to such conflicts and in this way a better behaviour could reasonably be expected. But such outcome does not spring up by following some abstract ethical rule but by a scientific-based process of self-understanding. In this regard, as we have seen, individual self-understanding is not without consequences for social self-understanding, as psychoanalysis is at the same time an individual and a collective psychology. And, relatedly, applying psychoanalysis to the comprehension of social phenomena, although not entailing a direct ethical impact as such, can have important consequences in this respect.

As a matter of fact, a better comprehension of the manifold expressions of the psychological conflicts underlying social structures may open the way for a corresponding reduction of such social patterns of behaviour, paralleled by an increase of the real possibility of expression for the members of society.

In this respect, we can also stress that psychoanalysis has the merit of making clear that following ethical rules without a clear self-understanding of the inner individual and social conflicts underlying such patterns of behaviour may not warrant — due, as observed before, to the inner "sabotage" of these rules on the account of neurotic conflicts — the attainment of the proposed objectives. For this purpose, Freud considers paramount the collaboration of psychoanalysis with other social sciences.

In order to better illustrate Freud's point of view, let us quote some passages from his *The Question of Lay Analysis*, in which he stresses the opportunity of extending the possibility of becoming psychoanalyst also to people holding non-medical degrees. The reason underlying this opinion — which has triggered a lively debate — is that the knowledge necessary for becoming an analyst is different from that required for becoming a medical doctor. As a matter of fact, the crucial knowledge identifying an analyst covers not only the direct psychoanalytic knowledge and the basics of medicine but also matters belonging to the field of social sciences, such as history and mythology. Therefore, Freud thinks that psychoanalysis, in collaboration with other social sciences, may find interesting applications in many social problems; as he says, in a sparky discussion with an imaginary impartial interlocutor,

"[Psychoanalysis]....as a 'depth-psychology', a theory of the mental unconscious, it can become indispensable to all the sciences which are concerned with the evolution of human civilization and its major institutions such as art, religion and the social order. It has already, in my opinion, afforded these sciences considerable help in solving their

problems. But these are only small contributions compared with what might be achieved if historians of civilization, psychologists of religion, philologists, and so on would agree themselves to handle the new instrument of research which is at their service. The use of analysis for the treatment of neuroses is only one of its applications; the future will perhaps show that it is not the most important one.....Then let me advise you that psycho-analysis has yet another sphere of application....Its application, I mean, to the bringing-up of children. If a child begins to show signs of an undesirable development, if it grows moody, refractory, and inattentive, the paediatrician and even the school doctor can do nothing for it, even if the child produces clear neurotic symptoms, such as nervousness, loss of appetite, vomiting, or insomnia....Our recognition of the importance of these unobtrusive neuroses of children as laying down the disposition for serious illnesses in later life points to these child analyses as an excellent method of prophylaxis....Moreover, to return to our question of the analytic treatment of adult neurotics, even there we have not yet exhausted every line of approach. Our civilization imposes an almost intolerable pressure on us and it calls for a corrective. It is too fantastic to expect that psycho-analysis in spite of its difficulties may be destined to the task of preparing mankind for such a corrective? Perhaps once more an American may hit on the idea of spending a little money to get the 'social workers' of his country trained analytically and to turn them into a band of helpers for combating the neuroses of civilization.

[and the answer of the interlocutor] 'Aha! A new kind of Salvation Army!'

Why not? Our imagination always follows patterns. The stream of eager learners who will then flow to Europe will be obliged to pass Vienna by, for here the development of analysis may have succumbed to a premature trauma of prohibition. You smile? I am not saying this as a bribe for your support. Not in the least. I know you do not believe me; nor can I guarantee that it will happen. But one thing I do know. It is by no means so important *what* decision you give on the question of lay analysis. It may have a local effect. But the things that really matter—the possibilities in psychoanalysis for *internal* development—can never be affected by regulations and prohibition", (Freud, *The Question of Lay Analysis* The Standard Edition, New York, Norton, 1989: 83, 84, 85, 86; original edition, 1927).

## **9. A SUMMING UP**

Freud's theory of instincts is truly complex and, as with any other theory dealing with these issues, incomplete and tentative. Freud himself was well aware of this difficulty as throughout his work he continually revised his theory. One of the main aims of Freud's instincts theory is to provide a framework for the elaboration of his psychosexual theory of human development which, as observed by many authors, represents one of his major contributions to psychoanalysis.

In this regard, Freud's position is far more complex than the simplistic vision of instincts based only on biological needs: in fact, Freud made clear the many components of the concepts of instinct: in particular, libidinal links between the members of any society, which include affection and emotions and may include neurotic conflicts related to them, play a crucial role in maintaining social cohesion.

In this sense, one of the most important insights of psychoanalytic theory is that the intellectual, affective and biological aspects of instincts are intertwined in the complexity of each person and unfold in all the aspects of individual and collective behaviour. Even when the expression of one of these aspects is more pronounced, this does not mean that the other aspects cease to operate, but only that they operate in the background, in

a partly unconscious and indirect way that may nonetheless heavily influence the aspects appearing in the foreground. In this process, the role of symbolic meaning is of special importance in the synthesis of these aspects.

For instance, the act of feeding assumes importance for the child not only because it satisfies a biological need but also because it tends to be interpreted by the child as an expression of affection; and the child, in making this and other connections, also expresses and develops its cognitive and intellectual faculties.

The same complexity emerges if we follow the unfolding of these early experiences towards their progressive socialization: in this regard, we can easily observe that the need to eat and drink and the pleasure associated with these activities are a universal feature of human beings; indeed, if we consider the social contexts of eating habits, the surprising element is that, whereas cultures vary widely in the characteristics of their eating habits, virtually all seem to attribute to such habits great importance in many family and social situations.

Eating habits — for instance, in the form of typical dishes and restaurants — often help to identify the distinguishing features of many cultures.

One explanation of these phenomena may be that eating habits can express, partly at a symbolic and unconscious level, many individual and collective affective and cultural instances. In this regard, many factors may intervene in the explanation of the significance of eating habits: for example, practical reasons, in the sense that eating activities often occur during break or leisure time, and the fact that these activities are in many cases a source of experience and knowledge.

However, it is true that in Freud's work these concepts are often implicit and sometimes, especially in his later theory of death instinct, he tends to assume a pessimistic view of human development, in that he seems to infer from his theory that little can be done to reduce human aggressiveness.

In this respect we believe that Freud's theory of death instinct — which, however, it is important to remember, Freud conceived only as a very tentative interpretation of human behaviour — hindered him from carrying out a deeper analysis of neurotic aggressiveness, which was later done by other authors.

Nevertheless, notwithstanding these shortcomings, it should not be overlooked that one of the central aspects of Freud's theory is the discovery of a new method for the analysis of psychological disturbances, through which the person can reach a better self-understanding of his or her neurotic conflicts; this means that the reduction of neurotic conflicts is associated with a decrease in the neurotic aggressiveness related

to them, and Freud explains the dynamics of this process in depth. Therefore, as already observed, even when he assumes that life has the character of an irreducible struggle between life and death instincts, he does assume neither that they are given, for every concerned individual, in any “fixed and immutable proportions”, nor that there is any systematic tendency across individuals for the prevalence of one or the other of these instincts; consequently, little determinism is allowed in his theory, which, on the contrary, casts more light on the complexity of the factors at play in determining human behaviour.

Furthermore, if our needs were based only on a set of biological-based instincts, it would be difficult to explain the role of emotions, affection and intellect in psychic life. In this regard, the following points would require further investigation: i) Freud finds neurotic conflicts not only in our society but also — as analyzed, for instance, in *Totem und Tabu*, 1912-1913 — in early societies; neurosis, therefore — and also the related characteristics of repression of sexuality and aggressiveness discussed above — seems to be a typical characteristic of human development and may assume different expressions in different societies and thus, in this regard, takes on a distinctive evolutionary character. ii) If the child seems to behave only out of its instinct-based needs, this does not happen only because it refuses to adapt to the principle of reality but also because it does not know enough about the requirements of the external world. In fact, for the effective working of the principle of reality, the child needs to grow and develop its cognitive and intellectual faculties; in this respect, education (at least a sound one) plays not only the role of showing the limits of individual behaviour but also that of helping the child to learn how to bring out its potential. These concepts are closely related; indeed, for a child learning the needs of other people is not only a necessary limitation of its behaviour but, more importantly, may concur, by helping it establish adequate relations with them, to a better expression of its personality. Furthermore, as shown by Freud and many others, intellectual faculties play a critical role from the very beginning of a child's development. iii) Even if a child's behaviour seems to be dominated by its biological-based instincts — for instance, in the case of hunger and thirst — this does not mean that affective and intellectual exigencies play a little role. In this regard, Freud has always underlined the child's need for parental affection.

These findings have been confirmed by many important studies; a pioneering study in such respect was made by Spitz (1945), who shows that children brought up in

foundling hospitals tend to be affected by severe neurotic disturbances, even when their biological needs may have been fully satisfied.

In this sense, the role of society is much more complex than simply “repressing instincts”: society also represents the irreplaceable setting for the development and *expression* of the complex and conflicting aspects of human personality. In fact, as we have seen, human instincts constitute a manifold entity where the affective, intellectual and, of course, biological aspects make up the individual personality; as these aspects cannot be developed in isolation, a society needs to be built in such a way to afford their expression, with, of course, all the complexities, conflicts<sup>54</sup> and feed-back effects associated with such evolutionary patterns. Therefore, the ability of society to create an adequate environment for a full development of its members depends crucially on the characteristics of every culture considered; these, in turn, depend on the complex interplay of the individual and collective conflicts both between themselves and between the “materialistic” aspects of society.

In relation to these concepts, the consideration, especially by the “independent psychoanalysts”, of the emotional orientation of a person as “evaluation states” and the importance attributed to the environment for the development of the “true self” (Rayner, 1991) have a striking parallel with important institutional concepts: in particular, social valuing and Commons’s theory of institutions as a means for controlling, liberating and expanding individual action. In this regard, an interdisciplinary use of these concepts may cast a deeper light on the characteristics of many social phenomena

In this sense, the repression of instincts — meant as the whole set of familiar and social limitations not conducive to the full expression of the person's feelings and abilities — not only is unnecessary for the existence of society but may also be a cause of its destabilization. In fact, as we have seen, the repression of instincts can cause more neurotic conflicts which, by entailing further neurotic aggressiveness, constitutes one of the main causes of the impairment of the social fabric.

Needless to say, Freud’s theory is neither “complete” nor free from contradictions but, given the complexity and the evolutionary nature of the issues at hand, it would have been very difficult for him to provide a “perfect theory”. In light of this fact, our remarks have not tried to identify “what Freud really said” but, rather, to stress a number of aspects along a new avenue of research.

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<sup>54</sup> It is important to note that conflicts need not necessarily be driven by neurosis. As it appears also from institutional analysis conflicts tend in a sense to be always present in collective action owing to difficulty for its members to reach a common agreement on economic and social issues.

It is also worthwhile to note that, as emerges from the previous discussion, psychoanalysis is completely at odds, especially in its recent developments, with a conception of human nature as an expression of universal natural laws.

Certainly, psychoanalysis adopts a set of “universal hypotheses”, but these stem from the observation of a number of common human characteristics and are continually developed, refined and revised as a result of subsequent research.

Examples of these basic hypotheses include the trauma of birth, the child’s need to be fed, cared for and loved by his or her caretakers, and the emotional conflicts associated with the process of growing up. By assuming these and other hypotheses, psychoanalysis has developed an articulated theoretical framework which takes into account the familiar and social contexts in which the child’s development takes place.

## **CONCLUDING CHAPTER: HOW CAN INSTITUTIONAL ECONOMICS AND PSYCHOANALYSIS INTERACT?**

As we have seen, institutional economics and psychoanalysis provide many contributions to the understanding of individual-society relationships. For this reason, we believe that the interaction between these disciplines could help us better understand many social and economic problems.

But, how can this interaction be achieved?

A first observation coming to the fore is that, as already observed, institutional economics has established a fairly systematic collaboration with pragmatist and cognitive psychology<sup>55</sup>; instead, collaboration between institutional economics and psychoanalysis has until now assumed a scattered character, mostly in the form of fleeting remarks which have been unable to provide anything like an organized treatment.

The same is true, more generally, for collaboration between psychoanalysis and social sciences. This does not mean that psychoanalysis has not tried to address the

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<sup>55</sup> Relevant concepts of cognitive psychology which assume importance in institutional analysis can be found in, among others, Festinger (1957), Kahneman and Tversky (1988), Nisbett and Ross (1980). For a thorough analysis of recent developments in psychology see, among others, Lea, Webley and Young (1992), Miller (1983), and Pervin and John (1997). A more exhaustive treatment of these issues, including the ways of integrating these insights with institutional and psychoanalytic research, is beyond the scope of this work. In this regard, we believe that these attempts are moving along a rich avenue of research because, as we have tried to show, Freud's theory and



collective dimension of life. As we have seen, both Freud and later psychoanalysts have stressed the importance of the collective dimension of life and, in this regard, they have provided significant contributions to a number of social issues by applying the psychoanalytic framework. However, as far as we know, these studies rarely make use in a systematic way of concepts related to disciplines lying outside their own field.

Three groups of factors may have contributed to this situation: i) the difficulty for social scientists and psychoanalysts to go beyond the methodological scope of their complex disciplines; ii) a tendency among social scientists to interpret Freud's work as being chiefly based on biological needs and thus, on these grounds, to be rather sceptical of its usefulness for analyzing social phenomena; iii) furthermore, the intrinsic multifariousness of psychoanalytic issues and the partly different views of psychoanalysts in this regard may have contributed to making it difficult for social scientists to feel at ease within the psychoanalytic field.

An interesting attempt to analyze the relationship between psychoanalysis and institutional economics was made by Schneider (1948). Although this work provides many useful insights — for instance, an in-depth discussion about the possibility of linking cultural forms and psychological traits — it does not succeed, at least in our view, in clearly identifying the aspects where the collaboration between institutional economics and psychoanalysis could unfold.

The basic reasons for these limitations are to be found in the author's interpretation of Freud's and Veblen's theories. It is assumed that Freud attributes all the importance in human behaviour to the "instincts", which are supposed to be mainly driven by the "principle of pleasure". This interpretation leads the author to identify an "anarchistic" strain Freudian theory, which would have led Freud to the conclusion that the repression of "instincts" is necessary for the existence of society. As a consequence of this view, the author considers Freud's theory inadequate for the analysis of human behaviour and turns his attention to the contributions of the "neo-Freudians", who have, in his opinion, the merit of having reduced the role of "instincts" and brought to the fore the importance of social aspects of life.

The same line of reasoning is applied to Veblen's analysis, though, in the author's view, Veblen's workmanship instinct makes his "anarchism" less definitive than Freud's.

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subsequent psychoanalytic studies attach great importance to the role of cognitive and intellectual factors in the psychology of human development

Needless to say, we find these conclusions, for the reasons set forth in the previous chapters, highly unconvincing<sup>56</sup>.

In addition to the previous discussion, we can observe that the claim that an instinct-driven behaviour is in itself anarchistic disregards the fact that, for instance, the life of animals — which is generally taken as a paradigmatic example of an instinct-driven behaviour — shows few signs of “anarchy” (whatever meaning we can attribute to this term) but, rather, a level of stability perhaps far greater than that of human life. Moreover, as evidenced by numerous studies, many species of animals show affective and cognitive attitudes in their behaviour.

In this regard, psychoanalysis is a too rich and complex discipline to be encapsulated within the boundary of a number of too narrow assumptions; for this reason, psychoanalysis can contribute to a more complete understanding of the role played by psychological conflicts in determining the ISEF structure.

For instance, by considering the conflicts related to ceremonial/instrumental behaviour — and, relatedly, between workmanship and parental bent instincts, on the one hand, and aggressive and “acquisitive” propensions, on the other — psychoanalysis can, first at all, help to attain a more precise identification of the social value process through which it is possible to distinguish and appraise different ways of behaviour; secondly, it can stress the reasons why a ceremonial behaviour thus identified is more likely to be brought about, to varying degrees, by neurotic conflicts. Indeed, a great part of the psychoanalytic literature discussed above reports examples of neurotic-based ceremonial behaviour.

For instance, Freud investigates the neurotic reasons underlying ceremonial behaviour, which often takes the form of obsessive rituals, with reference not only to ancient populations (as in *Totem and Taboo*, 1912-1913), but also to contemporary ones (as in *Group Psychology and the Analysis of the Ego*, 1921, and *Civilization and Its Discontents*, 1930).

Another important implication of psychoanalytic methodology as regards the analysis of ceremonial/instrumental conflict is that, even if ceremonial behaviour is more likely to express neurotic conflicts, this does not imply that instrumental behaviour would necessarily be neurotic-free. In fact, as we will see in section B), also a very rational

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<sup>56</sup> Furthermore, in this study there is no clear definition of the meaning of “anarchy”.

problem-solving procedure may be determined by conflicts and neurosis if "rationality" lies only in its "instrumental" element without affecting its "substantive" aspect.

It is important to stress that, as observed before, this line of reasoning does not seem in contradiction with Veblen's view of instrumental behaviour as a way to eliminate ceremonially-based habits of thoughts.

Within this ambit, psychoanalysis can contribute to the understanding of the conflicting and neurotic elements associated with each collective context by applying the instrumental procedure envisaged by Veblen and others (e.g. the scientific methodology).

As seen in the previous chapters, a number of studies have shown, from a psychoanalytical perspective, how people tend to regard institutions<sup>57</sup>.

In fact, even institutions may be partly determined by — and may determine, as well — individual conflicts and neuroses. Furthermore, as already noted, institutions are important for individuals not only with regard to their real functions but also because of their symbolic meanings. This implies that, to a certain extent, individuals regard institutions not in their reality but according to their own unconscious conflicts and fantasies which, in turn, are partly socially determined.

In this sense, the characteristics of every culture — including, of course, the characteristics of the family setting — are likely to play a pivotal role in determining the course that individual conflicts will take.

In this respect, it is interesting to observe that even conflicts and neuroses, since they are in part socially and culturally determined, present an evolutionary character<sup>58</sup>.

For instance, it is well known that in the feudal economy neurosis acquired a distinctive nature, rather different from the prevailing nature of modern-day neurosis; or, to consider another example, hysterical symptoms — which constituted the basis from which Freud's theory sprang — seem to have drastically diminished over time, chiefly as a result of less repressive educational methods.

At this stage, we can employ one of Veblen's fundamental insights — the definition of institutions in an evolutionary way as an outgrowth of habits of thoughts and life — in order to include within this definition the psychoanalytic concept of neurosis. In this sense, institutions, and more generally, social and cultural forms, can be regarded as an

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<sup>57</sup> For an analysis of these studies refer in particular to, in addition to Freud's works quoted in the previous section (especially 1912-1913, 1921 and 1930), Bastide (1950), Bion (1970), Eagle (1984), Elliott (1994), Kernberg (1998), Ketz de Vries and Miller (1984), Klein, Heimann and Money-Kyrle (1955), Milana and Pittaluga (1983), Winnicott (1988).

<sup>58</sup> In this regard, an interesting field of research applies psychoanalytic concepts to historical analysis. For a good introduction refer to Gay (1985).

outgrowth of habits of thoughts and life which may concur to form — and, at the same time, are partly formed by — individual conflicts and neuroses<sup>59</sup>. Within this field of research, important psychological and psychoanalytic concepts can help to reach a more complete understanding of the complex meanings of habits, which concur to determine their typical unconscious and rather 'sticky' nature: for instance, as noted before, the complexity of instincts, the role of internalization of norms and model of behaviour in child development, the role of the Freud's notion of "compulsion to repeat", the importance of symbols and fantasies in individual and collective life and the multiple and interrelated levels (in particular, individual, family-based, social and cultural) of the concept of identity.

It is important to note that this definition does not imply a negative concept of institutions but, rather, takes into account their conflicting and complex roles. Within this scope, it would deserve paramount attention the multifarious role of institutions as a necessary medium for the person to establish object and interpersonal relations.

In fact, institutions are in many cases a necessary element for liberating and expanding individual action; this means that this concept implies also the consideration of psychological factors in these dynamics—as was accomplished by Commons through the elaboration of the concept of "negotiation psychology".

Furthermore, conflicts and neurosis should not be regarded as something "bad or abnormal" but as the expression of the structure of human personality, with all the related problems, weaknesses, contradictions and ambivalences. As appears from this outline, some of the reasons why we believe the interaction between institutional

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<sup>59</sup> It is important to note that Veblen had significant intuitions in this regard: for instance, in his article "Dementia Praecox" (1922), he suggested that the stress related to the experience of World War I reinforced among the American population some of the typical traits of *dementia praecox*—in particular, a mania of persecution framed within an infantile-like emotional attitude of the person towards reality. In modern psychoanalytic language these traits, which characterize, to varying degrees, the psychic life of virtually every individual, are interpreted as a kind of "schizoid" attitude. As also made clear by the author himself at the beginning of his article, his analysis cannot be considered an exhaustive treatment of the issue, but it is all the same important for the mutual links it establishes between the characteristics of social conditions and psychological disturbances. In this regard, psychological effects of wars and other stressing experiences on populations have been, since Freud's numerous contributions to the issue, at the centre of psychoanalytic inquiry. Moreover, it is also important to remember the relevant contributions that Freud and subsequent psychoanalysts provided to the classification of the various types of psychological disturbances and to the psychoanalytic treatment of even the most severe forms (for a more detailed analysis of these issues refer, among others, to Fine, 1978; Klein, Heimann and Money-Kyrle, 1955; Rayner, 1991). As a result of these findings, the concept of "psychosis" — often referred to in social symbolism as "madness" — tends to be continually refined and no longer considered as a frightening and incurable mental condition but, rather, as a kind of psychological problem which, though causing considerable trouble to the person concerned, presents the same conflicting emotional structure of any other neurotic disturbance. Furthermore, it is important to note that even the "socially based" definition of psychological disturbances, including the concept of normality, neurosis and psychosis, depends heavily upon the characteristics of the cultural context. For all these reasons, such issues can become another useful area of collaboration between institutional economics and psychoanalysis.

economics and psychoanalysis useful is because it can cast more light on the following interrelated issues:

- 1) The evolutionary and conflicting nature of individual and collective structure of values and motivations, and of the related decision-making process.
- 2) The evolutionary interaction between individuals and institutions in the formation of interpersonal relations, expectations, identity and values, and the role of conflicts and aggressiveness in the dynamics of these processes.
- 3) The evolutionary and conflicting nature of habits, routines, organizations, institutions and collective knowledge.
- 4) The evolutionary and conflicting nature of ethics and morality.
- 5) The possibility of economic and social reforms, and the role of policies.

### **The Link between Psychology, Institutions and Policies**

In the analysis of these aspects, the central point we wish to stress is that the structure of institutions is intrinsically linked to policy dynamics. This implies that collaboration between institutional economics and psychoanalysis could also be utilized for the analysis of all the manifold aspects of policy action with particular attention to the problem of co-ordination between different policies.

Since, as first shown by Commons, policy action is not limited to governmental activity but involves all the institutions and individuals concerned in one way or another with policy measures, the problem of policy co-ordination goes at the heart of the problem of "institutional" or collective co-ordination.

Indeed, collective action and policies can be regarded as two aspects of the same complex phenomena: on the one hand, every institution (and also every person living in a collective context) carries in its action, more or less explicitly, a set of policy objectives; and, on the other hand, policy action does not unfold out of an automatic working of some "natural law" but needs a well defined ISEF, with all the related set of conflicting values and objectives, for its accomplishment.

This issue raises an interesting question which, of course, is related to every policy domain: should public policies be aimed at reducing psychological disturbances and, if so, what are the most suitable policies? With regard to the first question, we think favourably of policies addressed to reducing psychological disturbances. In fact, as we have seen, psychological disturbances, although occurring in the mind of the person, have an intrinsic social character, owing to the person's need to establish affective and intellectual relations with others. Also for these reasons, psychological disturbances tend to be a widespread feature of human beings; moreover, the most impairing forms<sup>60</sup> tend to occur among the disadvantaged section of the population (Desjarlais and others, 1995). In this sense, psychological disturbances partly possess, as outlined before, an intrinsic social and evolutionary character. This implies that public policies can play an effective role in reducing psychological disturbances and, in virtually every industrialized country, there are examples of policies addressed to the therapy of these disturbances. Although the analysis of such policies is beyond the scope of this work, our general impression is that there may still be need for advancement especially in the area of prevention and diffusion of psychological and psychoanalytic knowledge<sup>61</sup>.

The analysis of policy issues would not be possible without a thorough process of social valuing which, as already seen, constitutes one of the leading concepts of institutional economics. This process calls for an adequate involvement of the individuals and groups making up collective life in any given context<sup>62</sup>.

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<sup>60</sup> It is interesting to note, as also indirectly emerges from the previous discussion on the different meanings of rationality, that even severe psychological disturbances do not necessarily imply a corresponding difficulty for the person concerned to carry an apparently "normal life"; in fact, neurotic behaviour can express itself even in an "ordinary life" if the unconscious reasons lying behind that behaviour are rooted in the neurotic conflicts of the person. A case in point is Freud's example of a woman unhappy in her marriage reported earlier. In this regard, the reasons why a neurotic disturbance can be expressed in one form rather than another — that is, in psychoanalytic terminology, the factors underlying "the choice of neurosis" — are very complex as they involve the whole set of personal and social factors in their complex interaction. In this regard, Veblen's article quoted in the previous footnote provides interesting insights on the mutual links between the characteristics of social structures and the nature of psychological disturbances.

<sup>61</sup> For an analysis of these issues refer to, among others, Fine (1979); Desjarlais and others (1995); Klein, Heimann and Money-Kyrle (1955). In this regard, Freud (in particular, 1933) considers paramount the psychoanalytic treatment of the children because, as we have seen, their development is likely to undergo several difficulties. This treatment has a number of differences in respect to the standard psychoanalytic treatment but, owing to the much greater flexibility of the child's mind, is also much more promising. It is realized by employing the typical children playing activities in the analysis of early psychological conflicts. Pivotal contributions to this kind of analysis were provided, among others, by Anna Freud, Melanie Klein, Margaret Mahler, Edith Jacobson, Donald Winnicott.

<sup>62</sup> As stressed by pragmatist and institutional economics thinkers and, within partly different conceptual frameworks, by many other scholars — for instance, in addition to the authors previously considered, Ayres, Bastide, Etzioni, Galbraith, F.Hirsch, Hirschmann, Marx, Myrdal, M.Polanyi, K.Polanyi — the issue of participation can be considered equivalent to the problem of creating an institutional system ensuring the growth of more and more effective democratic structures in the political, economic and social spheres. In this regard, we can observe that an insufficient process of participation — by bringing about an inadequate expression of the structure of "reasonable value", that is, of the conflicts and motivations lying at the heart of social life — may constitute an important

In order to attain a more complete understanding of the factors at play in determining the structure and evolution of social valuing, this analysis would also benefit from a consideration of psychoanalytic concepts.

In fact, as observed before, social value tends to take, at individual and collective level, a (partly) unconscious, symbolic and implicit character, being deeply embodied in the habits of thoughts and life typical of every society. Consequently, the nature of the problems and conflicts associated with these evaluations may render difficult the identification of all the aspects of these problems and their possible solutions<sup>63</sup>.

This kind of analysis would also lead to a deeper understanding of the multifarious aspects of such concepts as capitalism, socialism, market, democracy, participation, competition, which are at the heart of policy action and which tend, by embodying different values and visions of the world often having a strong emotional component, to constitute an important part of the individual and collective social value process.

We are aware of the difficulty of creating a stable collaboration of this kind but believe that furthering this avenue of research may produce a fuller understanding of individual-society dynamics. In this regard, we wish to point out the mutual benefits of a more systematic collaboration between institutional economics and psychoanalysis in the study of social issues and the related policy options: on the one hand, institutional theory would benefit from a consideration of psychoanalytic concepts, since it could help to cast a deeper light on the psychological side of institutional dynamics; relatedly, on the other hand, psychoanalytic theory would benefit in its application to social issues from the consideration of institutional concepts since this can help to cast a better light on the institutional side of psychological dynamics.

The problems of social sciences are so complex, we believe, that the collaboration of many disciplines is necessary for understanding social phenomena. In this sense, the fact that institutional economics shares many elements with pragmatist and cognitive psychology constitutes an enriching element that can contribute to a more fruitful collaboration among these theories<sup>64</sup> and psychoanalysis. Furthermore, significant

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explanation of the failure of policies to respond to the profound needs of society and of the corresponding phenomena of "anomie", alienation and insufficient socio-economic development.

<sup>63</sup> The problem of inadequate expression of social valuing has also been treated by important social psychologists—for a classic work in this regard see Nisbett and Ross (1980).

<sup>64</sup> Needless to say, this interdisciplinary collaboration may be extended to other related fields of psychology, philosophy and social sciences: for instance, the analysis of emotional intelligence by Goleman (1995), Greenspan

exchange of ideas have already occurred among these disciplines and psychoanalysis. In conclusion, we can say that a great deal of work is necessary for a better understanding of the social, economic and psychological relations and conflicts upon which contemporary societies are based. Bringing together psychological and socio-economic analysis can help cast more light both on the role played by social and economic factors in shaping the individual's course of life and, relatedly, on the role played by each person in influencing these factors.

In this sense, the aim of our work is, as evidenced in the introduction, to contribute to a better understanding of a central issue for many economists and social thinkers, namely, the relation between human nature and society.

## **APPLICATORY SECTIONS ON SOME RELEVANT SOCIO-ECONOMIC ISSUES: PRELIMINARY REMARKS**

The purpose of these sections is to make a provisional enquiry, by utilizing this interdisciplinary approach, into a number of important (and related) issues. Needless to say, many other issues would deserve to be addressed but, for space reasons, we limit ourselves to the following. Also, inevitably, there will be a repetition of concepts already addressed.

### **A. THE INTERPRETATION OF OWNERSHIP**

It could be interesting to analyze the interpretation of ownership in Veblen's and Commons's contributions and how psychoanalysis may contribute to such issues.

#### **Veblen's Concept of Ownership**

Veblen, in particular in his article<sup>65</sup> "The Beginnings of Ownership", stresses the

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(1997) and Oatley (1992), the contributions of philosophy to the concept of rationality by De Sousa (1987) and Stich (1991), the contributions to social sciences provided by Etzioni (1988), Hirschman (1995), K.Polanyi (1944) and M.Polanyi (1958).

<sup>65</sup> As we will see later, important considerations on the issue of ownership may virtually be found in all Veblen's



importance of the relational and psychological foundations in the rising of the institution of ownership.

He begins with observing that in any discussion about the criteria according to which wealth should be distributed, the focus is to be directed to social or collective production rather than to individual and isolated production. As he stresses,

"This natural-rights theory of property makes the creative effort of an isolated, self-sufficing individual the basis of ownership vested in him. In so doing it overlooks the fact that there is no isolated, self-sufficing individual. All production, in fact, is a production in and by the help of community, and all wealth is such only in society. Even when there is no mechanical co-operation, men are always guided by the experience of others.", (Veblen, 1934: 33).

Veblen's explicit recognizance of the social and conventional character of ownership allows him to explain how this institution was created and how has evolved out of the primitive ages. This entails inquiring into the psychological orientations underlying the relations of the primitive populations with their objects in their connections to the social organization,

"....What is of interest for the present purpose is not whether we, with our preconceptions, would look upon the relation of the primitive savage or barbarian to his slight personal effects as a relation of ownership, but whether that is his own apprehension of the matter....like all questions of the derivation of institutions, it is essentially a question of folk-psychology, not of mechanical fact; and when, so conceived, must be answered in the negative.", (Veblen, 1934: 35, 36).

As a matter of fact, it is important to realize that ownership, as we understand it, is a relatively recent concept. In a primitive stage, for instance, all the objects at disposal of a person cannot be conceived "to belong" to him in any familiar-to-us sense of the word. As well expressed by Veblen, the primitive identifies himself with the objects, in that he attributes to them anthropomorphic instances and so considers them as a part of his personality,

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contributions, in particular in the article "The Barbarian Status of Women".

"The unsophisticated man, whether savage or civilised, is prone to conceive phenomena in terms of personality; these being terms with which he has a first-hand acquaintance. This habit is more unbroken in the savage than in civilised man. All obvious manifestations of force are apprehended as expressions of conation—effort put forth for a purpose by some agency similar to the human will....The objects and facts that fall within the quasi-personal fringe figure in the habits of thought of the savage as personal to him in a vital sense. They are not a congeries of things to which he stands in an economic relation and to which he has an equitable, legal claim. These articles are conceived to be his in much the same sense as his hands and feet are his, or his pulse-beat, or his digestion, or the heat of his body, or the motions of his limbs or brain.", (Veblen, 1934: 36, 37).

The absence in the habits of thought of primitive people of the concept of the individual ownership does not imply, as it might appear at first glance, that they had for the things held on a common basis, a corresponding concept of collective ownership. As stated by Veblen, the concept of collective ownership requires the basic concept of individual ownership,

"The idea of a communal ownership is of relatively late growth, and must by psychological necessity have been preceded by the idea of individual ownership. Ownership is an accredited discretionary power over an object on the ground of a conventional claim; it implies that the owner is a personal agent who takes thought for the disposal of the object owned. A personal agent is an individual, and it is only by an eventual refinement—of the nature of a legal fiction—that any group of men is conceived to exercise a corporate discretion over the object.", (Veblen, 1934: 39).

In this sense, ownership is not a static or "absolute" concept existing beyond and apart from the social experiences of the subjects involved, but it is an evolutionary concept that evolves with the concept of "personal agent" — indeed, as we will see shortly, it constitutes the very expression of the individual rights and prerogatives — and, therefore, is acquired through a long process of learning and habituation,

"Ownership is not a simple and instinctive notion that is naïvely included under the notion of productive effort on the one hand, nor under that of habitual use on the other....It is a conventional fact and has to be learned; it is a cultural fact which has

grown into an institution in the past through a long course of habituation, and which is transmitted from generation to generation as all cultural facts are.", (Veblen, 1934: 42).

But, if ownership constitutes a social construction, there arises the intriguing question as to what are the social factors which have contributed to its emergence.

Veblen identifies as the main factor driving ancient societies towards a structure of ownership the passage from peaceable to predatory habits of life, which express themselves in exploitation, coercion and seizure. These predatory habits have asserted themselves mainly through seizing durable goods and persons as a result of fights between rival societies. Ownership acquired through such predatory activities constitutes the basis of the invidious distinctions of wealth and the status associated with it.

In this sense, the relevant element of ownership is not the material aspect linked to the possession of goods but the collective element related to the social distinctions made possible through such possession. In his account Veblen is able to show the links between acquisitive social institutions and patriarchal family<sup>66</sup>, on the one side, and the importance for social status of the seizure not only of goods but also and especially of people, in particular women, on the other. The common roots of these institutions lie in the predatory attitude typical of war-like communities, in which the social status is directly connected to fighting ability. All these connections are vividly expressed by Veblen,

"When the practice [of seizing persons and especially women] hardens into custom, the

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<sup>66</sup> As already noted, the article "The Barbarian Status of Women" is of particular interest in this regard, as it points to the predatory nature of the patriarchal family—e.g. an household headed by a man, who only has the power to choose the utilization of the income and of the activities of the family. In this regard, there are also interesting observations on the "disgregating" effect of modern industrial life on the family institution, the status of women and, perhaps, even on the institution of ownership, "....So that there seems to be fair ground for saying that the habits of thoughts fostered by modern industrial life are, on the whole, not favorable to the maintenance of this institution [of the ownership-marriage, corresponding to the patriarchal family] or to that status of women which the institution in its best development implies. The days of its best development are in the past, and the discipline of modern life—if not supplemented by a prudent inculcation of conservative ideals—will scarcely afford the psychological basis for its rehabilitation.....there may seem some ground for holding that the same reassertion of ancient habits of thoughts which is now apparently at work to disintegrate the institution of ownership-marriage may be expected also to work a disintegration of the correlative institution of private property; but that is perhaps a question of speculative curiosity rather than one of urgent theoretical interest.", (Veblen, 1934: 60, 64).

Here, we can note that — notwithstanding, as outlined later, the presence of a number of simplificatory assumptions on the role of women in early societies and also in spite of some difficulties, outlined before, of Veblen's theory — his analysis is particularly illuminating on the evolutionary problems of the institutions of family and ownership in contemporary societies. These transformations have also interesting parallels with Commons's analysis of the evolution of the concept of ownership from a tangible (e.g., based on exclusive possession of goods and people), to an intangible notion of ownership, based on a complex set of rights, duties and opportunities.

captor comes to exercise a customary right to exclusive use and abuse over the women he has seized; and this customary right of use and abuse over an object which is obviously not an organic part of his person constitutes the relation of ownership, as naïvely apprehended....The result is a new form of marriage, in which the man is master. This ownership-marriage seems to be the original both of private property and of the patriarchal household. Both of these great institutions are, accordingly, of an emulative origin.", (Veblen, 1934: 47, 48).

Thus, the institution of ownership originated in a relation of dominion of persons realized both at the social and family levels. In this regard, the possession of goods is a derivative of the possession of persons and acquires importance as far as it is able to convey the invidious distinctions based upon the possession of persons.

"....And when the habit of looking upon and claiming the persons identified with my invidious interest, or subservient to me, as "mine" has become an accepted and integral part of men's habits of thought, it becomes a relatively easy matter to extend this newly achieved concept of ownership to the products of labor performed by the persons so held in ownership. And the same propensity for emulation which bears so great part in shaping the original institution of ownership extends its action to the new category of things owned. Not only are the products of the women's labor claimed and valued for their serviceability in furthering the comfort and fullness of life of the master, but they are valuable also as a conspicuous evidence of his possessing many and efficient servants, and they are therefore useful as an evidence of his superior force. The appropriation and accumulation of consumable goods could scarcely have come into vogue as a direct outgrowth of the primitive horde-communism, but it comes in as an easy and unobtrusive consequence of the ownership of persons.", (Veblen, 1934: 48, 49).

As can be seen, Veblen's fascinating reconstruction of the emergence of the institution of ownership casts a deeper light on the actual significance of ownership in family and social relations. It allows us to get at the bottom of the interrelations underlying the

family and the society and to regard the phenomenon of ownership in its full psychological significance. On this account, the call for an interdisciplinary approach to these issue could not be more appropriate.

Obviously, this is not to say that Veblen's account is above criticism and that many aspects of his analysis would not require further investigation. Before addressing some of these issues, let us focus attention on Commons's concept of ownership, and in particular on the aspects of complementarity with Veblen's analysis.

### **Commons's Concept of Ownership**

As we have seen, in Veblen's analysis ownership is conceived to be the institutional sanction to a relation of dominion over persons. But, in Commons's theory, if we consider the whole set of our opportunities, these in a very pregnant way can be considered as "belonging" to us. Thus, by considering these aspects, the concept of ownership acquires manifold meanings, as it embraces the whole range of limits and opportunities of individual action within any social context.

Commons's institutional and historical approach illustrates, through the analysis of the orientation of legislation and justice courts' decisions, the evolution of concept of ownership, from a concept, as highlighterd by Veblen, of exclusive disposal of goods and persons, to one of reciprocal rights, duties and opportunities.

This wider concept of ownership becomes necessary in order to explain the transition from a form of absolute ownership or dominion over of goods and persons to more complex forms associated with the emergence of new economic structures and social classes, in which the immaterial and intangible elements constituted by the contractual obligations constitute the main basis of ownership. This does not imply that dominion over persons has disappeared but that it may assume more complex and indirect form,

for instance in the form of unfair contracts. As Commons says,

"Thus it is that "corporeal property", in the original meaning of the term, has disappeared, or, rather, has been relegated to what may be described as the "internal" economy of a going concern or a household in the various processes of producing and consuming physical objects, according to what the economists call their "use-value." And, instead of the use-value of corporeal property, the courts are concerned with its exchange-value. This exchange-value is not corporeal—it is behavioristic. It is the market-value expected to be obtained in exchange for the thing in any of the markets where the thing can or might be sold. In the course of time this exchange-value has come to be known as "intangible property," that is, the kind of property whose value depends upon the right of access to a commodity market, a labor market, a money market, and so on. Consequently, in conformity with the customs and usages of business, there are only two kinds of property, both of them invisible and behavioristic, since their value depends on expected activities on the commodities and money market. One of these may technically be distinguished as "incorporeal property," consisting of debts, credits, bonds, mortgages, in short, of promises to pay; the other may be distinguished as "intangible property" consisting of the exchange-value of anything whether corporeal property or incorporeal property or even intangible property. The short name for intangible property is *assets*....We shall identify these two classes of property as "encumbrances" and "opportunities". Encumbrances are incorporeal property, that is, promises to pay, enforced by government; opportunities are intangible property, that is, accessibility to markets, also enforced by government.", (Commons, 1924:18-19).

It can be interesting to analyze the concept of liberty employed by Commons and its connection to the concept of ownership. Commons identifies two concepts of liberty, denoted as liberty and freedom. The former — liberty — indicates only the absence of duties, whereas the latter — freedom — denotes a set of concrete rights and prerogatives associated with the emergence of new social classes and the corresponding importance of the immaterial expressions of ownership. As Commons explains,

"....Liberty, as such, is only the negative of duty, the absence of restraint or compulsion. But "freedom" is positive. The "freedom of the city" was not only negatively an immunity

from control by surrounding feudal lords and from subjection to other citizens but also positively a participation in the rights, liberties, and powers needed to make one's will effective in dealings with other citizens. The freedom of the ex-slave was not only that empty immunity from legal subjection to his master provided for in the Thirteenth Amendment of Emancipation from slavery, but also the participation in citizenship provided in the Fourteenth and Fifteenth Amendments....Freedom is power. It belongs to the "freeman," but not to the mere "freedman." It is power to call on the officials to make one's will effective, and its correlative is the subjection or liability of an opposite part through the commands of the law.", (Commons, 1924:118-119).

In the analysis of these changes it seems interesting to observe that the evolution of the concept of ownership is not limited to the passage from a material to an immaterial concept of ownership but continually transforms and extends the very definition of these concepts in a complex interaction with the economic and social structures.

In this regard, Commons shows how the evolution of the concept of ownership has accompanied the rise of capitalism and the new social classes associated with it, and how these classes took up the problem of devising an adequate system of norms and institutions in order to allow their better fulfilment in the economic and social arena.

For instance, as regards the worker, there has been an evolution of the concept of the "ownership" of his person and his labour aimed at enlarging his right to participate in the productive and collective life.

These changes can be traced back to the evolution of legislation and of the decisions of justice courts which together have contribute to the development of labour right, unions rights and social legislation. This process is set out in the following passage,

"...Thus it is more than a figure of speech that the meaning of property should have been pushed back from physical things to opportunities, and then again to the faculties which make use of the opportunities, and that, in this inner personal recess it should have been identified with liberty....Property thus becomes human faculties in preparation for, or in occupation of, opportunities....[and, as a consequence of this evolution]....Even organized labor achieves participation with the management in the protection of the job, just as the barons and the capitalists achieved participation with the King in the protection of property and business. A common law of labor is constructed by selecting the reasonable practices and rejecting the bad practices of labor, and by depriving both unions and management of arbitrary power over the job.",

(Commons, 1924: 156, 311-312).

## **Psychoanalytic Contributions to the Concept of Ownership**

As appears from the previous outline, Veblen and Commons provide rich insights into the understanding of the nature and evolution of ownership in its connection with the economic and social structures. A remarkable aspect of these analyses lie in their intrinsic interdisciplinary character, as they embrace the economic, social, legal and psychological aspects making up collective action. For this reason, now we will focus on a number of aspects for which collaboration with psychoanalysis may prove particularly useful.

In this regard, a first aspect that comes to the fore is the importance attributed by Veblen and Commons to the psychological aspect of collective action and the contributions provided by them to such field. But, as observed in previous chapters, even with the aid of a great intuition, one cannot go too far into social and economic inquiries without possessing a clear and explicit theoretical foundation of these concepts. As a matter of fact, Veblen's and Commons's theories, by exploring new fields of analysis, are able to raise new and important questions about the psychological foundations of collective action.

Starting with Veblen, some of the questions emerging from his psychologically rooted inquiries are the following: in what sense primitive people considered the objects at their disposal as parts of their personality? Were they really unable to distinguish between themselves and the external world, and, if so, to what extent? Are we sure that such tendency to get identified with external objects is typical only of primitive people and does not constitute, on the contrary, a psychological characteristics extending itself, to varying degrees, far beyond primitive times down to our present time? Are we sure that primitive people were so peaceable as described by Veblen and had no aggressive-based feelings of "possessing" things and persons?

A closer analysis into these questions points to a number of simplifications in Veblen's analysis, partly dealt with in the previous chapters. For instance, considering the role of women as one chiefly based on the passivity and ostentation of their "owners's" wealth overlooks the manifold role of women in such societies— even in the most predatory of them. As also recognised by Veblen, women in these societies do, beyond taking care of children, much of the work necessary for the existence of collective life. Also from a psychological point view, it is a simplification to maintain that women, as



they often are "less formidable" than men, are considered as "inferior" beings *tout court*, and hence are bound to play no role in the decision-making process of their society. True, this consideration of women as "inferior" beings may certainly have been an aspect of these early societies, but, as shown by much psychoanalytic and anthropological work, women were, at the same time, also highly considered, for instance, as a symbol of life, abundance and fertility. In this sense, it can be very intriguing, by employing an interdisciplinary approach, to get a deeper look into the nature and evolution of these complex relations.

As with Commons, he explicitly recognizes the importance of "negotiation psychology" for understanding the relations of performance, forbearance, and avoidance underlying collective action.

Thus, as can be easily seen, the answers to these questions go to the heart of the intrinsic motivations and problems of human personality and, as such, call for the contributions that psychological sciences can provide to such issues.

In order to have an idea of the potentialities of psychoanalysis in the study of these phenomena, we will address the main theses contained in one of the most important Freud's contributions to social sciences—*Totem and Taboo*.

In this book, Freud, first of all, underlies the many uncertainties which accompany the study of primitive populations and the highly conjectural nature of the conclusions emerging from all the studies dealing with them. In investigating the social structure of a number of primitive populations, Freud discovers that they are much more full of restraints concerning their social and sexual life that one can imagine at a first sight. The main aim of these restrictions is to prevent sexual relations among family and group members, and especially between the son and the mother and between the brother and the sister. The interesting aspect of these restrictions is that they are at the same time social and religious restrictions, and so concur to shape the structure of these early societies. But, how come Freud to reach such conclusions? His starting point is the relation between totemism and exogamy.

The totem can be an animal, a plant or a natural force to which a tribe has attributed particular sacred qualities. The totem is considered as the originator of the family and is assumed to protect and guide its members as long as they abstain from committing two major crimes; (i) killing (and eating) the totem and (ii) being married or having sexual relations with the members of the tribe.

These prohibitions — and also many others, related to the the first two, pertaining to the social life of these populations, as the phobia of touching and being infected, which

have many parallels with obsessive neurosis of our time — assume the character of a taboo, which is defined by Freud as a feeling of "sacred horror" towards an object stemming from an affective ambivalence which expresses itself through a conflict related to opposite desires: for instance, the (mostly unconscious) desire of touching the object paralleled by an opposite fear of doing such prohibited action. In this sense, the object stands for the parental figures. So, without entering the complex social consequences of these prohibitions, there appears to be a close link between the sacred character of the totem — which comes to assume the nature of a religious taboo — and the exogamic organization of these early societies. But, where do these prohibitions stem from and which is the nature of their links?

The common roots from which these prohibitions originate are identified by Freud in the dynamics of the *Oedipus* complex which, as observed before, constitutes the central complex within the scope of his theory of libidinal stages of development. Given the importance of the issue, it can be useful to restate the main characteristics of such complex, which can be defined as the organized whole of a child's loving and hostile feelings toward its parents.

In the paradigmatic example, the affective desire and sexual fantasies<sup>67</sup> of a child toward the parent of the other sex may trigger intense feelings of jealousy, rivalry and anger toward the "rival" parent. As a consequence of these feelings, the child may fear punishment, also because it may feel guilty for experiencing such feelings. All the emotions associated with this situation can become highly distressing for the child, and, therefore, it tries to repress all the related feelings. As a result of the attempt to repress (mostly at an unconscious level) the emotional conflicts associated with the *Oedipus* complex, much of its contents become unconscious.

Of course, the attempts to repress all the feelings associated with the *Oedipus* complex cannot be very effective, and so cannot help relieve the emotional distress. As a result of this situation — in which there is a desire, considered "bad", and a corresponding defence trying to repress it — a neurotic disturbance arises, which may express itself in many different forms of behaviour and fantasies.

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<sup>67</sup> In this regard, it is worth repeat that Freud hypothesized a sexual instinct in the person acting from the beginning of his or her life and stressed the importance of such instinct for the development of the person and the etiology of neurosis. These assumptions have perhaps constituted the most controversial and "scandalous" aspects of his theory. In this respect, we can observe that: (i) sexuality assumes in Freud a complex meaning — extending well beyond the mere biological dimension — which covers all aspects of the affective life of a person. In this sense, as remarked by Freud, sexuality is synonymous with *eros* or love. (ii) In this instance, infantile sexuality cannot be correctly regarded through our adult-based vision, as it presents a complex evolutionary pattern which psychoanalysis tries to understand as regards its effects on child development.

The purpose of such a disturbance is, according to the previous definitions, to realize, in a symbolic, distorted and unconscious way, both the instances of the desire and the defence. In this sense, it represents a defence from incompatible representations.

Needless to say, the dynamics of the *Oedipus* complex are far more tangled than could appear from this brief description. Owing to this complexity, throughout his research activity, Freud identified many aspects and forms of the *Oedipus* complex and many neurotic disturbances which may be caused by it. In such complex the father is hated, as it stands for a rival in the possession of the mother and, in this way, it assumes a repressive character in that he prohibits the sons from having sexual intercourse with the women of the group. But he is loved at the same time, as he constitutes, in his role of parental figure, a model to be imitated. This conflict tends to become unbearable for the child and so need to be repressed. But this repression does not solve the affective problem, it obtains only that such conflict is not expressed directly but by means of neurotic conflicts.

With regard to the primitive populations examined by Freud, the ambivalence implied in the *Oedipus* complex found its expression in a series of obsessive rituals trying to realize — as with any neurotic symptom — at the same time the instances of the defence and of the desire. The totem stands for the father and, as such, it is at the same time hated and loved. A rather common feature of these rituals is that the totem is venerated, on the one side, thus realizing a relief from the inner sense of guilt and a negation of the desire of killing the father. But, on the other side, the totem is also, most often within the ambit of a ritual celebration, killed and eaten. And after this feast is bitterly complained, and so the neurotic circle starts again.

The ambivalence associated with the *Oedipus* complex shows itself in many other instances of the social life of these populations.

Interesting examples can be drawn from the attitudes of these populations towards death rituals and towards socially superior individuals. As to the death rituals, the overwhelming feeling associated with the death of one of the tribe member is one of fear. The main aim of the related rituals is, in fact, to placate the supposed anger of the dead person and the possible evils coming from that. But, the basic question is: why a dead person — one who in his life has been most often considered as a respectable person — should be angry and nasty towards his former fellow-members? The answer lies in the ambivalence of the fellows towards such gone person, as they love, but, at

the same time, hate (partly at an unconscious level) such person. Hence, when the person dies they are certainly sorry but, at the very same time, secretly happy for that. This entails a feeling of guilt and a corresponding negation and projection of their own aggressiveness into the dead person, who is so perceived dangerous and malevolent towards his former living fellows.

Also the behaviour of these populations towards socially superior individuals shows a marked ambivalence. By considering the typical instance in such case — the relation of the members with their king — it emerges the typical aspect of the taboo-based relation: on the one side, they love and idolize the king, but on the other side, they are secretly invidious and malevolent at him, because they would stay in his place and feel themselves limited to stay in this subordinated position. So, they create an articulated ceremonial directed at protecting the king and his people from hostile external forces that represent, however, their projected aggressiveness. In fact, these ceremonials do not express only the defence against aggressiveness. They also play the role of expressing such aggressiveness in a disguised form. As a matter of fact, as well documented by Freud and other scholars, these ceremonials<sup>68</sup> turn out to be so oppressive and invading of individual freedom that it becomes very difficult to find candidates for holding a position of a king, which turns out to be more of a nature of a punishment than of a reward.

In this respect, the concept of the *superego* can help to explain such patterns of behaviour as it represents the psychological instance through which cultural values are internalized by the person and for this reason constitutes a fundamental link between individual and collective psychology. The *superego* can be considered as the heir of the *Oedipus* conflict, since it arises from the internalization of the prohibitions and of the

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<sup>68</sup> Freud describes many instances of these unconsciously hostile ceremonials, for instance, as he notes, "Some of the taboos laid upon the barbarian kings reminds one vividly of the restrictions imposed upon murderers. Thus, in West Africa, [quoted by Frazer, 1911] at Shark Point near Cape Padron, in Lower Guinea, lives the priestly king Kukulu, alone in a wood. He may not touch a woman nor leave his house; indeed he may not even quit his chair, in which he is obliged to sleep sitting, for if he lay down no wind would arise and navigation would be stopped. He regulates storms, and in general maintains a wholesome and equitable state of the atmosphere.',....The heir to the throne is also subject to them [the taboo restrictions] from infancy; their number increases as he advances in life, till at the moment he ascends the throne he is positively suffocated by them....Among many savage people the severity of these taboos restrictions upon priestly kings has led to consequences which have been important historically and are of particular interest from our point of view. The dignity of their position ceased to be an enviable thing, and those who were offered it often took every possible means to escape it", (Freud, *Totem and Taboo*, The Standard Edition, New York, Norton, 1989: 57, 58, 59; original edition, 1912-1913). This analysis of the psychological reasons underlying taboo restrictions is of particular interest also within the well known ceremonial/instrumental dichotomy set forth by institutional economics. In fact, also in our days, many ceremonials can be traced back, at least partly, to an ambivalent relation of the people — obviously shaped differently with respect to each individual but, supposedly, in many cases, with sufficient social ground — towards their rulers. Indeed, these ceremonials tend most often to be "oppressive" and invading of the sphere of autonomy of the ruler, who, at least in this respect, seems to be ruled, rather than ruling himself, by these ceremonials.

moral and cultural values of the child's parents and other later caretakers—as perceived by the child.

In the case of these populations, the *superego* is made up from all the social restrictions imposed upon the individual which play the role of preventing him from realizing his prohibited desires in a direct way.

In his analysis of these societies, Freud hypothesized that, at their beginnings, these societies were characterized by the dominance of a jealous and aggressive father. He wanted to seize all the women for himself and, to that purpose, threw out the sons from the group as they grew adult enough to be a potential menace to his supremacy<sup>69</sup>.

The mounting anger of the sons for the father's behaviour pushed them to join together in order to kill and ate him, but their inner sense of guilt accompanied with their unconscious identification with the father, prevented them from fully realizing their desires in the new situation so arising. After the elimination of the father, the sons were often fighting among themselves for the control of the women and the territory, and, in various ways, ended up creating a more (relatively) peaceable society in which the totem stood for the parental figure and was made object of an ambivalent feeling of love and hatred<sup>70</sup>. In this sense, the *totem* represents the first form of organized religion, which was closely intertwined with the emergence of the first institutions and the related moral duties (or social conscience)<sup>71</sup>. In this sense, the interest of these findings for institutional economics can hardly be exaggerated.

Freud is well aware of the highly conjectural nature of these historical reconstructions but underlines that the important factor for the arising of a neurotic conflict is not so much the reality but the fantasy of aggression<sup>72</sup> concerning the parental figure. In this

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<sup>69</sup> It is interesting to observe, though remembering the previous qualifications, that also Veblen, in his article "The Barbarian Status of Women", finds the same attitude of the primitive warriors towards the capture women; as he says, "....At the same time, since his [of the captor] peculiar coercive relation to the woman serves to mark her as a trophy of his exploit, he will somewhat jealously resent any similar freedom taken by other men, or any attempt on their part to parade a similar coercive authority over her, and so usurp the laurels of his prowess, very much as a warrior would under like circumstances resent a usurpation or an abuse of the scalps or skulls which he had taken from enemy." (Veblen, 1934: 55).

<sup>70</sup> Freud account is mainly related to the analysis of the psychological conflicts of fathers and sons. Obviously, we can assume, that, in different ways, also the mothers and daughters underlie the same conflicts. For this reason, investigations based on these aspects of differential psychology would be particularly interesting. Freud addressed these issues in particular "Einige psychische Folgen des anatomischen Geschlechtsunterschieds", *Internationale Zeitschrift für Psychoanalyse*, vol. 11(4), 1925. Among the many psychoanalyst women who provided important contributions to these issues we can remember Anna Freud, Karen Horney, Edith Jacobson, Melanie Klein, Margaret Mahler.

<sup>71</sup> As is known, Freud considers religions as complex phenomena in which the dynamics of the *Oedipus* complex play an important role. For more details on these issues refer also to Freud (1927 and 1939).

<sup>72</sup> The unconscious fantasy plays a pivotal role in psychoanalysis and was discovered by Freud when he realized that many stories of infantile seduction rested on fantasy rather on reality, but were nonetheless able to found the basis of neurotic symptoms. The importance of such fantasies come from the circumstance that the child and the later neurotic person treat them as they were real events. This phenomenon is particularly marked among primitive

regard, Freud underlines that these historical processes unfolded throughout many centuries and gave rise to different outcomes across the different societies involved. In this respect, the important aspect stressed by Freud is that the inner sense of guilt of the sons for killing the father pushed them to repress in various ways their aggressiveness. This process — whose psychological engine is constituted by the structure of *superego* — has formed the basis for the rising of the earlier stable institutions of human life where, as noted before, totemism and exogamy played the paramount role. Nevertheless, as discussed before, this evolution has not eliminated the neurotic structure of these societies.

In this regard, Freud points to the importance of the real parental situation in explaining the severity of the *Oedipus* complex. In particular, the aggressive and ambivalent attitude of the parents can, by frustrating the need for affection of the child, reinforce the neurotic symptoms, in particular the *superego* emerging from the repression of the *Oedipus* complex. As shown by psychoanalytic experience, the *superego* tends to be modeled on the *superego* of the parental figures and this is one of the reason of the strain of conservatism present in many societies.

In the analysis of these primitive societies, Freud finds, as observed before, that their psychological problems and orientations — in particular, the presence of obsessive rituals aimed at coping with the ambivalence related to the *Oedipus* complex, framed within the feeling of omnipotence of thoughts — have many parallels with the obsessive neurosis and infantile behaviour<sup>73</sup>. In this regard, the important point we wish to stress is that, as also observed by Freud, the mental processes of primitive populations do not differ too much from those of contemporary people and societies.

As a matter of fact, as appears from the previous description and from the analysis of the *Civilization and Its Discontents* both societies — the primitive and the contemporary — try, in different ways, to cope with the neurotic expressions of the sexual and aggressive "instincts" of their members but, for the reasons set forth before, largely fail in these attempts.

But, as is known, the theses advanced by Freud have triggered much criticism. The questioned points cover various historical aspects, centring on different interpretation of totemism but, as observed before, the most controversial aspect lies in the hypothesis that the *Oedipus* complex tends to represent a universal experience for human being.

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populations and in obsessive neurotics tending to attribute magic, often omnipotent, qualities to their thoughts.

<sup>73</sup> Particularly significant in this regard are the often recurring fear of animals among the children. In his famous case studies, Freud pinpoints the dynamics of the *Oedipus* complex, with their related fear of the father as a punitive agent for the "bad" desires of the child, as the driving factor for the emergence of these phobias. Clearly, in these

With respect to the historical side of criticism, Freud has strongly underlined the very tentative character of his assumptions and conclusions as well as those of other scholars.

In this regard, we can observe that Freud was well aware that the *Oedipus* complex involves many aspects and may assume various forms and intensity according to the culture, society and family situations in which a child's life develops. Furthermore, as shown in particular by subsequent psychoanalysts, also the stages preceding and following the *Oedipus* complex have important links with it and play an important role in the development of the psychological orientation of the person<sup>74</sup>.

As shown in these examples, the *Oedipus* complex will assume different forms and intensities according to, among other factors, the personalities and conflicts of the child's caretakers. Since these individual aspects also depend on cultural factors, the role of culture (and, more generally, of the collective dimension of life) appears clearly in shaping the characteristics of the *Oedipus* complex. In fact, as observed before, Freud considers individual and collective psychology as two complementary aspects of the same phenomenon—owing to the circumstance, stressed also in his *Group Psychology and the Analysis of the Ego* (1921), that in ancient times group life was preponderant in human life and that only subsequently the person has gradually come to assume a more distinct role within the various groups of society. As noted by Freud and many subsequent psychoanalysts, group cohesion tends to be based on the following processes: i) libidinal links among the members of the group; ii) projection of individual aggressiveness towards people and/or institutions lying outside the group; iii) identification with the group leader — who symbolizes the parental instance (typically, the father) — in order to repress the conflicts related to the *Oedipus* complex.

### **Implications for the Analysis of the Ownership**

As can be seen from the previous account, there are many areas in which Veblen's and Commons's analyses, on the one side, and psychoanalysis, on the other, can work together.

For instance, the importance, highlighted by Veblen, for the emergence of the institution of ownership, as we know it, of the possession of women — although, with the qualifications set out before — as a status symbol of an emulative character finds a new

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cases the feared (but, often also admired) animals, as in the case of primitive populations, stand for the father figure.  
<sup>74</sup> Although the theories on the subject slightly differ among the many authors who have addressed this study, the

explanation and confirmation in the dynamics of the *Oedipus* complex investigated by Freud. Thus, the "possession" of women come to assume for the person a strong emotional character, as directed to obtain, by eliminating the "rival father", the affection and control of his own mother. However, as observed throughout the work, the possession of women is only an aspect of the *Oedipus* complex regarded from the male point of view, and a complete analysis is, of course, much more complex. Without entering into all the possible details of such evolution, the importance of the *Oedipus* complex, both for the man and the woman, lies in the circumstance that it constitutes the first and paradigmatic reference of all future relations. In fact, the importance of the *Oedipus* complex as the ordinary way of relation between the child and his or her parents lies in the fact that it constitutes the paradigmatic "family (and cultural) framework" through which the intellectual and affective needs of the child find their early expressions.

Thus, every disturbance at this stage may contribute to a later incapacity of the person in establishing sound social relations and to the corresponding neurotic need of getting mere "dominion and control" over these relations.

Regarded in this way, the development of this early concept of ownership can find important explanations in the affective problems of these populations which ended up in the social ambivalent behaviour reviewed before. In fact, these primordial and neurotic aspects lay also at the heart of the predatory attitude towards institutions in our time. In this respect, linking the neurotic and predatory concept of ownership to predatory habits towards institutions may constitute a promising avenue of research.

In fact, such predatory habits entail a fight for power having its focus in — at the real or symbolic level — "possessing institutions". But, since, as we have seen, an institution constitutes an organized whole of collective action controlling, liberating, and expanding individual action, this implies that "possessing" an institution means possessing (e.g. controlling and dominating for his own purpose) the set of relations making up such institution. This is another way of showing that ownership is not a person-to-goods but a person-to-person relation. According to this interpretation, the reason why, under these predatory habits, institutions are considered like things to be owned does not rest in the circumstance that institutions are understood as things in any meaning of the word, but

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*Oedipus* complex is assumed to develop, approximately, during the age of 2-5 years.



in the fact that under these habits "the owner" of the institutions, in "controlling and dominating" the social relations taking place therein disregards all the exigencies and opportunities that may potentially arise from the people involved in these (frustrating and neurotic) social relations. Thus, as also observed before, considering institutions, mostly unconsciously, like things — e.g., like impersonal instances out of the individual control — has its roots in a conflicting and neurotic habits of thoughts and life which has the effect of impairing the potential of human expression in collective action.

The investigation into the predatory character of institutions makes it easier to identify the social relations underlying the exchange of goods (and persons). In this sense, it can be fruitfully employed in the anthropological inquiring into the social and psychological structures of different societies.

Furthermore, it has significant parallels also with Marx's analysis of social alienation<sup>75</sup> of capitalistic society, characterized by considering, on the one side, the worker just like any other good, and, on the other, by appraising the goods not for their use-value but for the symbols of wealth — e.g., for the related social relations of economic dominion — they implicitly carry with them.

In this context, also Commons's analysis may be particularly illuminating of the evolutionary pattern of the concept of ownership. In fact, his concepts allow us to track the contradiction and difficulties related to the historical passage from (1) a "materialistic" concept of institution that, as we have seen, corresponds to the "possession" of all the relations occurring therein, to (2) a concept of intangible and incorporeal ownership, more based on the actual recognizance of the rights and needs of the person involved in the institutional life.

In this sense, all the historical process of definition and elaboration of the concept of ownership, and of the social value process implied in this evolution, may be considered as the dynamic outcome of a conflict, socially rooted, among different tendencies: (i)

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<sup>75</sup> As we have seen, capitalistic society — also leaving apart the difficulty of its definition due to to the increasingly important role played by public action — cannot be considered as a completely exogenous reason for social alienation. In fact, as this society has not arisen apart (at least not completely) from the intended action of the actors involved, there emerges the problem of understanding the cultural and psychological foundations of capitalistic society in their relations with its material basis. Needless to say, this is another fascinating field of interaction between psychoanalysis and social sciences. For more details refer also to chapter 9.

one, more neurotic-based, aimed at the predatory possession of the institution; (ii) the other, more oriented towards realizing a better possibility of expression of the personalities of the members involved in institutional activities.

Thus, in concluding this chapter we can observe that the joint utilization of the institutional and psychoanalytic concepts may also contribute, by clarifying important aspect of the dynamics of collective action in their connection with the forms of ownership, to devise a more far-reaching historical inquiry into the social and psychological forces at play in determining the evolution of the institution of ownership.

## **B. THE INDIVIDUAL DECISION-MAKING PROCESS**

### **Introduction**

Needless to say, this issue is a very tangled one and a thorough analysis of it would require a far-reaching enquiry. Being aware of this difficulty, we will make a number of preliminary remarks by utilizing the concepts analyzed before. Furthermore, it has profound connections with the complex set of motivations underlying the concept of ownership and "conspicuous consumption", so the present analysis can be considered as a continuation of the previous one.

A central aspect we wish to stress is the unitary character of the human mind. This implies that even if the mind can perform many different activities (e.g., cognitive, affective), they all represent only a part of the same system.

Another important element we would like to outline is the role played by psychological conflicts in the individual's decision-making process. In fact, as observed before, psychological conflicts tend to be considered as a central attribute not only of any neurosis but also of the neurotic-free mind<sup>76</sup>.

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<sup>76</sup> Although, as we have seen, neurosis is based on conflicts having their roots in the infantile history of the person, not every conflict is neurotic-driven. However, as asserted by Freud (1937) and many others, neurotic-free state tends to be more an ideal type than an observed reality. In this sense, personal conflicts are likely to be complex phenomena in which many intertwined factors are at play.

This is due largely to the fact that the cognitive, time, space and energy resources of the person are limited and thus can never achieve his or her goals completely. These constraints can be considered as intrinsic scarcity factors for which even economic progress cannot compensate.

When asked about his or her goals, virtually everyone would complain about not having enough inner attributes, energy and time to pursue all of them. This situation can easily trigger structural conflicts.

By the expression “structural conflicts”, we mean that the choice between different alternatives involves not only the necessity to renounce some of them but also the presence of conflicts related to the emotional sphere.

This concept implies that, for instance, the choice between different consumption alternatives, and between consumption and saving is not only a “matter of tastes” but in many cases implies the choice between different values and reflects different ways of dealing with emotions and conflicts.

As already seen, such factors heavily influence the decision-making process and, we can assume, the greater the effects of emotions on the individual’s decision-making process the greater the tendency for psychological conflicts to arise.

The emotional sphere is partly unconscious and may be affected by neurotic conflicts.

The most obvious way this could happen is when the individual is overwhelmed by feelings of anxiety, anger, sorrow and so on<sup>77</sup>. Supposing that such a situation is not due to severe external shocks, the decision-making process can be affected, though not because such emotions are “excessive”, but rather because the conflicts related to them are difficult to manage. Neurotic conflicts can affect the “rationality” of the individual’s decision-making process in two interrelated ways:

i) By conditioning the priority the individual gives to the range of available choices.

ii) By affecting the internal coherence of a sub-set of decisions deriving from a previous choice; there is thus a conflict between two contrasting emotions both belonging to the emotional sphere.

In these cases, the choices made by a person may cause him or her feelings of stress,

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<sup>77</sup> For psychoanalytic work addressing the difficulty of decision-making for many individuals, refer to Rangell, quoted.

guilt, dissatisfaction and so on.

Such feelings arise because some aspects of the individual are contrary to the choices made. The stress caused by these conflicts may result in a largely unconscious behaviour tending to reverse the initial choice. In such a situation, the correct choice of means could also be affected and thus, an incorrect choice of means might depend (at least in part) on the underlying conflicts of the individual.

### **The Contributions of Amitai Etzioni's *Moral Dimension***

In accordance with our interdisciplinary approach, we will consider some insights offered by one of Etzioni's major works (1988), which analyzes the complexity of factors entering the individual's decision-making process. In fact, although Etzioni's work appears in a number of aspects different from the main concepts of institutional economics and psychoanalysis, we believe that this contribution could be useful for analyzing several issues related to individual-society dynamics.

He stresses the importance of normative commitments and affective involvements, referred to as N/A factors, expressed by the author in the following passage:

"The central thesis advanced here is: (1) the majority of choices people make, including economic ones, are completely or largely based on normative-affective considerations, not merely with regard to selection of goals, but also of means; and (2) the limited zones in which other, logical-empirical considerations are paramount, are themselves defined by N/A factors that legitimate and otherwise motivate such decision-making.", (Etzioni 1988, 93).

This passage stresses that N/A factors may heavily influence individual behaviour. In this sense, even the choice of maximizing profit or efficiency are values and may be

affected by emotions and conflicts.

Once one recognizes the importance of N/A factors in the individual's decision-making process, what can be said about their role in the logical empirical (L/E) factors which, according to conventional wisdom, should characterize decision-making process?

To quote Etzioni again,

“Implicit in the argument that L/E considerations are rational, at the core of the neoclassical paradigm, is the prescription that they are the correct ones to make. Indeed, it is widely acknowledged that neoclassical decision-making theories are much more prescriptive than descriptive. The role of affect, to the extent that is not simply ignored, is depicted as negative, a factor that “twists” or “distorts” thinking.”, (Etzioni 1988, 103).

The implicit idea underlying these opinions is that N/A factors are in opposition to rationality<sup>78</sup>.

Of course, N/A and L/E factors are quite different factors and involve different mental processes, but to consider them actually in opposition is tantamount to assuming a structural dissociation of mental processes.

In fact, according to this hypothesis, L/E factors can work only when N/A factors have been repressed and, in turn, N/A factors can work only beyond rational considerations. The results reported in Etzioni's work show that in many cases affective factors represent a positive element in rational decision-making.

“The main view followed here is that raw emotions often do curb reason, and that the socialization of emotions may never be complete. At the same time it is recognized that socialized emotions often, though not always, play significant positive roles, including enhancing decision-making. That is, whether affect is constructive or disruptive depends on the specific circumstances and the role it plays.” (Etzioni, 1988, 104).

In order to overcome the problems of neoclassical construction and to take into account

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<sup>78</sup> For a discussion of the concepts and problems of rationality see, among others, De Sousa (1987), Hodgson (1993), M.Polanyi (1958), Rutherford (1994), Sen (1986) and Stich (1991).

the role of N/A factors, the author introduces the concept of “multiple self<sup>79</sup>”.

The two dimensions of the self are assumed to be pleasure and moral evaluation. Individuals seek to accommodate these conflicting elements, and this process can cause feelings of ambivalence, guilt and stress, which, in turn, can affect the actor’s ability to make sound choices (for example, by leading him or her to inaction). Such conflicts precede, accompany and follow individual choices. To quote another passage,

“The concept of a single over-arching utility disregards a major human attribute observable in the behavior under study: people do not seek to maximize their pleasure, but to balance the service of two major purposes — to advance their well-being and to act morally....rationality enters when we come to the choice of means. The position advanced here is that normative-affective factors shape to a significant extent the information that is gathered, the ways it is processed, the inferences that are drawn, the options that are being considered, and the options that are finally chosen. That is, to a significant extent, cognition, inference, and judgement — hence, decision-making — are not logical empirical endeavours but are governed by normative-affective (non-cognitive) factors, reflecting individual, psycho-dynamic and, we shall see, collective processes.”, (Etzioni, 1988: 83, 94).

An important implication of this view is that, due to the internal dialectics between these forces, the set of individual values and preferences are not stable but change over time according to the evolution of individuals and external context.

The concept of multiple self, though representing a substantial step toward a better understanding of the characteristics of human behaviour, can be further developed.

In fact, the principle of multiple self does not sufficiently consider the effects of the unitary character of mind on “each self”.

In particular, the individual’s purposes of enhancing his or her well-being and acting morally are not necessarily at odds. In fact, enhancing personal well-being can well constitute a moral obligation for the concerned individual because he or she is, like everyone else, a human being; and, on the other side, acting morally can be a source of pleasure.

We suppose, according to the major psychological and psychoanalytic theories, that the mind acts unitarily and, therefore, each choice expresses (partly at a symbolic and

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<sup>79</sup> For an extensive discussion of the concept, refer to Etzioni, (1988, especially chapters 2-5). The concept of multiple self (or multiple human nature) was also developed by other scholars such as Elster.

unconscious level) the entire structure of the individual's values, emotions, interests and conflicts.

The individual's decision-making process may be conditioned not only by emotional factors but also by the characteristics of cognitive factors.

Many studies<sup>80</sup> have shown how such factors may influence the individual's decision-making process.

One important element is people's limited ability to acquire and process information in a complex world. In order to make decisions, people employ many heuristic means which allow them to simplify the world they have to face.

Now, we will provide an example which, employing the concepts developed here and in the previous chapters, illustrates how complex the individual's decision-making process can be.

### **Work and Leisure**

In contemporary society, one of the most difficult choices is the following: what is the best allocation of time between work, and social and family life (referred to here as "leisure")?

As shown by psychoanalytic studies, the decision-making process involved in these issues central to human life can easily be driven, to varying degrees, by neurotic conflicts.

In fact, on one hand, the choice of overworking may be stimulated by greed as well as by a related and more or less unconscious feeling of guilt; on the other hand, the same could apply to the choice of not working. In this case, greed can be expressed by the wish to live on the income of others and the related feeling of guilt by the avoidance of the prospective advantages attainable through work.

Nevertheless, also a "normal" allocation of time between work and leisure may be, to varying degrees, neurotic-driven<sup>81</sup>. In short, any decision regarding this issue might express the individual's neurotic conflicts.

However, if neurotic conflicts can be expressed in any potential choice, what does

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<sup>80</sup> See, among others, Earl (1992), Festinger (1957), Kahneman and Tversky (1988), Miller (1983), Nisbett and Ross (1980), Pervin and John (1997). As observed before, psychoanalysis, especially in its more recent developments, stresses the importance of a joint consideration of cognitive and affective factors; this is also reflected in the circumstance that collaboration between psychoanalysis and cognitive psychology constitutes a growing area of research.

<sup>81</sup> This may be the case, for instance, when the work-leisure allocation is chosen with the main purpose to comply with certain social rules.

determine the choice really made by the person?

One element is constituted by the characteristics and intensity of the individual's neurotic conflicts.

In this regard, as already observed, individuals affected by neurotic conflicts can make different choices between work and leisure. Apart from cases of evident psychological disturbances, it is not easy to associate a given choice to the type and severity of neurosis, also because the individual's decision-making process is partly influenced by the ISEF. A given ISEF influences the decision-making process in many relevant ways, as it represents a significant set of values and norms to the individual; in this sense, the ISEF constitutes what "society" is thought to require to the individual in order that he or she would comply with these values and norms.

These remarks lead us to stress the importance for the individual of the symbolic and unconscious meaning of choices made.

Thus, little can be said about the reasons for a choice between work and leisure without knowing the meanings that society attaches to work, on one hand, and to social and familiar activities, on the other.

Indeed, for an individual the choice of how much to work can have different meanings, depending on what work and leisure "represent" for his or her groups and society.

We can illustrate these points through the following example. Let us suppose that a person, you or me, have to decide how to spend time next afternoon. In this case, there is first the major choice between work and leisure and then a derived choice about how to effect the first choice, that is, how to work or how to spend leisure.

Supposing we choose not to work, we need to make a choice among the available alternatives. At this stage, both emotional and intellectual factors are likely to be very important, since a decision-making process that concerns, for instance, theatre, reading, movie, or other social and family activities is influenced by a wide variety of factors including intellectual and emotional elements, values, personal situation and so on. In this case it is very difficult to assess the reasons underlying a choice without a fairly detailed picture of all the factors influencing the individual concerned. For example, if we choose to read a difficult book, this choice does not necessarily reflect a genuine interest but could also be due to a hidden feeling of guilt about being away from work—because we can consider that reading more similar to work.

Once one of the available alternatives has been chosen, there arises the problem of choosing the most appropriate means to reach it.

Let us assume we choose to visit a particular place, the problem now is to select the



shortest way to go there. If, however, we choose a longer way, this does not necessarily imply that we have not made a sound choice. There could be three main hypotheses:

- 1) We have not chosen the shortest way because of lack of information, myopia and so on.
- 2) We have not chosen the shortest way because we feel guilty (more or less unconsciously) about not being at work, and so want to "punish2 ourselves by delaying the visit.
- 3) We have not chosen the shortest way because, although aware of all the available alternatives, we prefer the longer way (may be because it is more panoramic).

However, even if we choose the shortest way, this would not be sufficient to warrant the "optimality" of our choice, for instance because we could have made that choice only out of conformism even though, actually, we would prefer the longer way.

What we wish to stress through this example is the great difficulty in assessing the true reasons for individual choices without carrying out a careful analysis of all the psychological, social and economic factors which may impinge upon the individual's decision-making process. In this regard, as observed before, institutional economics and psychoanalysis may contribute to cast more light on the complexity and multifariousness of these phenomena.

In fact, in order to understand the reasons underlying this process it seems necessary to consider the entire course of the individual's actions within his or her ISEF. In many cases, the individual's decision-making process is not so "rational and free" as one might first believe. This applies especially in situations of impairing psychological disturbances.

For instance, let us recall our previous example of an alcoholic that has to choose between two opposite alternatives, drinking or not drinking. If the person chooses drinking this means, in the framework of revealed preferences<sup>82</sup>, that he or she prefers

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<sup>82</sup> As is known, the theory of revealed preferences belongs to the neoclassical approach and was developed in the post-war period mainly by Samuelson and Becker. It asserts, in its simplest form, that if an individual chooses, between two alternatives x and y, the alternative x, this implies that x is preferred to y [for an institutionalist analysis of these issues see in particular Veblen (1919), Hodgson (1993) and Rutherford (1994). From a different perspective, important contributions were provided by Sen (1982)].

As we also see presently, it is important to note that this is not always the case, because the individual and collective processes underlying decision-making tend to be less direct and more complex than assumed by the theory of

the alternative of drinking to that of not drinking. However, as is known, the more a person depends on alcohol the more difficult it is for him or her to make a truly free choice. In particular, when the addiction is severe, the individual's will might not be sufficient to recover the person from his or her addiction, and specific recovery programs are needed.

### **The Individual and Collective Aspect of Decision-Making**

Now, we try to sum up the main points of the issues and to add some further considerations. People would like to attain all their goals, but, because of the impossibility of realizing this together with the involvement of emotional factors, which are partly unconscious and may be affected by neurosis, their choices are often structurally conflicting.

This implies that the individual cannot ever be completely aware of the partly unconscious decision-making process leading to a particular choice and that often, even after a choice has been made, conflicts still remain; these can be expressed in a more or less conscious way and can assume many forms depending on the individual's awareness of conflicts and on his or her capacity to cope with them.

Of course, the more neurotic-based conflicts are, the more people tend to be unaware of the mental processes underlying choices and the more compulsive are the corresponding thoughts and actions, but even the most aware person cannot escape the role of the unconscious in his or her decision-making process.

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revealed preferences; in fact, also a very rational problem-solving procedure may be determined by conflicts and neurosis if "rationality" lies only in its "instrumental" element without affecting its "substantive" aspect.

To give an example, it is easily observable that many people adopt a rational behaviour, for instance, in solving mathematical problems or computer games.

However, this circumstance is not sufficient to infer that the behaviour of these people is only determined by rational considerations and that emotional and affective factors do not enter the picture. For instance, let us suppose that a person, by eschewing every other activity, spends all his or her time solving mathematical problems or computer games. This person may be very clever and rational in these activities, but no one could easily maintain that the decision-making process underlying that choice is driven only by "rationality".

This reminds us of the problem of compulsive behaviour in decision-making. Obviously, especially in ordinary decision-making, "addictive" behaviour is often not so evident and can be difficult to define without a careful study of every single case. However, although blurred with other motivations, it would not be difficult for most of us to identify instances where our motivations are somewhat compulsory and contradictory: for instance, we think "rationally" of the limited usefulness of buying a new consumption item, but some compulsory desire might compel us to buy it anyway. Perhaps the clearest way to look into these compulsory psychological instances is through the analysis of our thought process: here, we can easily observe that we have little conscious power of determining the course of our thoughts — which come into our minds through a process rooted in the depth of our unconscious life — and still less "rational" power of getting rid of them once they have become conscious. Certainly, compulsory thought is more pronounced in obsessive neurosis, but it is hardly avoidable even in more neurotic-free ways of thinking. In this regard, compulsory thought can be considered as an expression of the Freudian notion of "compulsion to repeat", which plays an important role in the child's ways of dealing with the conflicts related to its

Nevertheless, some scholars could maintain that there can exist a form of relative maximization, in the sense that, even when psychological conflicts are present, individuals tend to make choices which maximize their utility. However, this relative maximizing criterion tends to be tautological since in this way, as with the concept of "revealed preferences", any choice is, by definition, maximizing. So, among all choices available to the individual, which is the best one for him or her? This is a problem left unsolved by the relative maximizing principle.

The problem lies in the circumstance that the psychological principles on which the theory of utility maximization rest tend to be very vague: as far as we understand such theory, it seems to presuppose (i) a person's natural tendency to realize the best alternative, which is bound to imply: (ii) a person's capacity to identify clearly in every circumstance which alternative is "the best" to him or her; and (iii) a person's capacity to select and employ the best instruments for attaining the selected alternative.

As is known from the received theory of utility maximization, these hypotheses are equivalent to the maximization of "utility" and minimization of costs or "disutility".

In this regard, certainly, it seems reasonable to assume that a coherent decision-making strategy would lead to choosing the most rewarding alternative; nevertheless, the point is that this is not always the case. As a matter of fact, many aspects concur to make individual decision-making a process most often not so simple and straightforward since it tends to affect the points (ii) and (iii) which, as just noted, are the necessary ingredients for warranting the "best choice" on the part of the person. Now we try to summarize a number of them:

A) As observed before, the ISEF (with its related conflicts) heavily influences the characteristics of the individual's decision-making process. Without entering the long-standing debate about the issues of holism and methodological individualism<sup>83</sup>, it is possible to observe that (i) the inner structure of the mind, with its cognitive and emotional faculties, contributes to the shaping of social structure. And that (ii) the characteristics of the ISEF influence the forms and characteristics taken by individual conflicts and neurosis.

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development. For a deep analysis of these issues, including Freud's metaphor of the *ego* likened to a person who cannot master what happens in his or her house, refer to the previous quotations.

Hence, individual conflicts and neurosis are in part socially determined. This implies, firstly, that the ISEF determines the range of available choices for every individual and, secondly, that the individual's decision-making process very often changes his or her relationship with a particular set of institutions, values, norms and customs.

For instance, the decision to change job involves a choice among different institutions, consumer's behavior requires contact with sellers and has much to do with socially-constructed lifestyles, travelling implies meeting different cultures and institutional contexts. In short, any choice is likely to involve some public dimension and, hence, a defined set of institutions (with their related values, norms, conflicts, etc.). One consequence of this institutional involvement is that the conflicts associated with different choices are in part institutionally determined, in the sense that the individual's decision-making process concerns even the aspects related to a determined set of institutions.

B) These aspects have two important consequences for the individual's decision-making process: on one hand, this process is "locked in" by past experience and historical events and, on the other hand, it is partly unpredictable.

For this reason, the analysis of the role of institutions in the individual's decision-making process seems particularly expedient. This kind of analysis would help to look more deeply into the decision-making process underlying economic action by observing that the typical spheres of this action — consumption, work, investment, saving — embody profound psychological meanings which go beyond the strict economic maximization principle.

As a matter of fact, economic action is a part of the relations that the person establishes with his or her context and, as a such, is influenced by the complexity of the cultural, ethical and social relations which go to make up economic action.

For example, it can be, in a number of instances, approximately realistic to assume that labour or investment supply is determined by the expected gain discounted to the present; but, at the same time, relying only on this assumption for the explanation of the related economic behaviour can be quite misleading. Even though a person's goal seems to be only economic maximization, this does not imply that this motivation is in some way "natural", in the sense that it unquestionably belongs to his or her "innate endowment".

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<sup>83</sup> For a thorough analysis of this debate see, among others, Hodgson (1985, 1993, 1998) and Rutherford (1994).

C) As noted before, economic motivations are embedded in social and cultural relations, and it is in these fields that we should look for enquiring into the psychological reasons underlying, in our example, the quest for money. In this respect, a number of relevant questions arise:

(i) Is the quest for money a, so to say, direct and sole target, or else does it cover other motivations of the person? (ii) For instance, the need for affection and consideration, which the person tries to pursue through a perceived socially accepted behaviour? (iii) In other words, is the quest for money a primary or secondary goal to the person? (iv) What are the psychological, social and cultural factors leading the person toward a given consumption (or work, investment and saving) pattern? (v) How do these social factors interact with the person's orientations?" (vi) And what is the set of individual and collective motivations and conflicts underlying the evolution of these economic relations?

Answering to these questions becomes paramount for a better understanding of the interactions between the economic, social and cultural sphere of collective life; and, hence, for enquiring into a number of issues highlighted by institutional economics: for instance, the dichotomies between "pecuniary gain" and "serviceability", and "conspicuous and useful consumption", the relations between conflict, dependence and order in transactions and institutions and the role of social value in these processes.

D) The previous discussion does not imply that the use of cognitive faculties for solving problems (instrumental rationality) has no role in decision-making. However, this does not seem to be the only important element in decision-making.

As we have tried to show: a) instrumental rationality is not perfect, b) emotional factors — with their related conflicts, which are intertwined in the social and cultural context — play a very important role in the individual's decision-making process and c) cognitive and emotional factors interact with each other in a very complex way.

To recall a previous example, it is easily observable that many people adopt a rational behavior, for instance, in solving mathematical problems or computer games.

Nevertheless, this observation is not sufficient to infer that the behaviour of these people is only determined by rational considerations and that emotional factors do not

enter the picture. For instance, let us suppose that a person, by eschewing every other activity, spends all his or her time solving mathematical problems or computer games. This person may be very clever and rational in these activities, but no one could easily maintain that the decision-making process which has led to that choice is driven only by "rationality".

This implies that, in regard to individual "economic action", the related decision-making process can be (instrumentally) rational from a strictly-conceived economic point of view — for instance, if a consumer searches and chooses the lowest price of a given item in the market — but that also individual and social dynamics play, in their complex relation, a central role in such a process through their influence on the "substantive" aspect of decision-making.

At this stage, a central question arises: how can we, with a reasonable claim of "scientific validity", "disentangle" the individual and collective dimension in decision-making?

Surely, the problem is overcomplex, as it lies at the heart of societal dynamics; nevertheless, we believe it useful to address such issues, even though the enquiry is likely to raise more different opinions than "certain answers". As noted before, this is due not to a lack of the scientific contents of the issues, but to their intrinsic multifariousness.

Considering the previous example of decision-making between work and leisure, let us try to look into its collective and individual component.

From the collective aspect, to what degree does the institutional pattern of expected action warrant that the corresponding individual decision-making can really lead to a better expression of a person's needs and orientations? This question becomes paramount because if a given institutional pattern of expected action is partly determined by conflicts and neurosis the corresponding set of choices available to the person would be affected accordingly. For instance, if the work organization is affected by a rigid, neurotic-based, structure of *superego*, and so requires to the person an unreasonable overwork and "sacrifice", the related individual decision-making can hardly lead to a "good" choice (whatever meaning we may attach to such word). Consequently, under these conditions, the two alternatives, work and leisure, tend to become mutually incompatible and hence to trigger a corresponding conflict on the part of the person, which is likely to reinforce his or her previous conflicts. In this case, any possible choice is likely to engender uneasiness and anxiety to the person who, in turn,

is in "better psychological situation" to reinforce his or her (partly) neurotic-based "habits of thoughts and action".

As noted before, identifying in these individual-society dynamics (i) the role played by different orientations and conflicts and (ii) the kind of interaction taking place between the person and the collective context, is a task difficult and fascinating.

In this regard, it is important to stress once again that whenever we speak of "institutionalized pattern of behaviour, which may be partly determined by neurosis", we do not mean an abstract concept of institution, but, in accordance with institutional and psychoanalytic enquiry, a (more or less) structured interactions occurring between individuals.

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