

READING THE RELATIONSHIP PUBLIC RELATIONS AND ECONOMICS BY THE MEDIATION OF THORSTEIN VEBLEN⁴

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ABSTRACT

Social sciences have a wide range aspect. It means social sciences are interdisciplinary. Economics is the most important social science affecting human life. Because economics determines every incident of people's lives. Although economics is related with demand, supply, firms, unemployment, rates, inflation etc. concepts, it needs to convince people to continue the capitalist system.

However, capitalism always finds a way to release the problem, so it did. Consequently, public relations were born to help out the economic crisis. Additionally, one person was able to see the corruption before it has started: Thorstein Veblen.

So, this study will focus on starting between general relationship between public relations and economics and the next point will be discussed about the foresights of Veblen. With his genius notions and their connection between public relations will help to enlighten how the capitalism works with both economics and public relations.

Key words: Economics, Public Relations, Veblen

HALKLA İLİŞKİLER VE EKONOMİ İLİŞKİSİNİ THORSTEIN VEBLEN ARACILIĞIYLA OKUMAK

ÖZ

Sosyal bilimler geniş bir yelpazeye sahiptir. Bu da sosyal bilimlerin disiplinler arası olduğu anlamına gelir. Ekonomi, insan hayatını etkileyen en önemli sosyal bilimdir. Çünkü ekonomi

⁴ Bu çalışma, "Hacettepe University Center for Market Economics and Entrepreneurship 3rd International Annual Meeting of Sosyoekonomi Society konferansında 28-29 Nisan 2017'de" bildiri olarak sunulmuştur.

insanların hayatındaki her olayı belirler. İktisat talep, arz, firmalar, işsizlik, oranlar, enflasyon vb. kavramlarla ilgili olsa da kapitalist sistemin devam etmesi için insanları ikna etmesi gerekir.

Ancak kapitalizm her zaman sorunu çözenin bir yolunu bulur ve öyle de yaptı. Sonuç olarak, halkla ilişkiler ekonomik krize yardımcı olmak için doğdu. Buna ek olarak, bir kişi yozlaşmayı başlamadan önce görebildi: Thorstein Veblen.

Bu nedenle, bu çalışmada halkla ilişkiler ve ekonomi arasındaki genel ilişkiden başlayarak Veblen'in öngörülerini üzerinde durulacaktır. Veblen'in dahiyane fikirleri ve bunların halkla ilişkiler ile bağlantısı, kapitalizmin hem ekonomi hem de halkla ilişkiler ile nasıl işlediğini aydınlatmaya yardımcı olacaktır.

Anahtar Kelimeler: İktisat, Halkla İlişkiler, Veblen

1. INTRODUCTION

As the queen of social sciences, economics has influenced many social disciplines. One of these is public relations, whose presence began to be felt in all areas of life after the 1929 crisis. Public relations, which has become a discipline in its own right, had the effects of economics at the beginning. Although it became a discipline in its own right in the following years, it cannot be denied that it is influenced by the economy and that it has effects that shape the economy in some way. Thorstein Veblen, one of the most important names in the history of American economics, is an important scientist who contributed even to the public relations discipline that emerged after 1929 with his Institutional Economics approach. This study will examine how a link can be established between public relations and economics based on Veblen's thoughts. In this way, it will be possible to understand how and through which concepts both disciplines influence each other by taking into account the historical process.

2. HOW MUST IT BE CALLED THE RELATION BETWEEN PUBLIC RELATIONS AND ECONOMICS

The connection between public relations and economics cannot be denied. Because public relations are intertwined by economics, politics, history, sociology, psychology etc. sciences as functional and conceptual.

The methods and tools using by public relations are aroused by the conditions of capitalist-liberal system. [...] public relations have a constitution to be structured by the capital economics relations and determined by self-interest of class and gained a mission to protect

these self-interests. Besides, it serves to control the public mind, a technique using to obtain hegemony in liberal-capitalist democracies and at the same time it undertakes the duty for big companies in order to strengthen their positions and their images in abroad countries which opens to international bazaars. (Becerikli, 2003; Çakar, 2012, s. 5).

The biggest historical event is that public relations have caused to undertake a duty like this. Looking from historical perspective, the public relations concept has been using a tool in each old and new states. Some public relations implementations have been used in Old Greek, Rome Empire, Ottoman Empire even big civilizations in an obvious distance. However, this situation cannot be compared by the one that we live in today. Because the state systems based in public relations today are the liberal-capitalist democracies. Public relations are valid in where the economics system is liberal-capitalist and the political system is democracy. For this reason, raise of public relations and the 1929 crisis proceed simultaneously.

Every moment of life and organized life has full of interactivity of constant moment of people (Erdoğan, 2016, s. 16). Individuals and social groups contact to each other to satisfy their desires and necessities. But, permanent relations cannot be established rationalist profit-loss technique. Those are established by mutual trust and cooperation (Wilson ve Odgen, 2004, s. 10). (Arklan, 2011, s. 16).

Public relations undertake to establish this mutual trust and cooperation. Because at the end of the Great crisis of 1929 world needs a savior. As Veblen saw, the conflict between predatory class and peaceful productive class came to an end. However, this wasn't truly an end. Because the capitalist system has created a new actor: Public relations. This new actor made it possible to gain more profit to firms and made possible to obtain every product for human.

The point must be remembered urgently, the public relations as we understand today has started in 1920's and made its real starting in 1929. The economic crisis does not only affect working class, but also make things difficult for capitalist class. This circumstance can be taught by complex economics models, but it can be explained by the easiest model in economics. Supply-demand law.

And this law made it possible to ease globalization. Globalization is the most powerful tool to help public relations. Because globalization makes people to be motivated to a growing consumption and accordingly it changes its life style totally in every kind of consumption habits, value judgement, cultural identities (Çakar, 2012, s. 38). At this point public relations are said to be the most important tool to change those consumption habits. And the connection between public relations and economics can be observed deeply.

The connection between economics and public relations which introduced to the world's agenda with 1929 crisis can be best explained by the thoughts of Thorstein Veblen. Although

Thorstein Veblen is an economist; he is also component scientist whom philosophy is very strong. The essence of Veblen's thought both has enlightened the path going on 1929 crisis and has accelerated the cure found by the system's dominants as 'public relations'. What does make Veblen unique then? His glance to the way of capitalism? The notions developed by him and using even today? Actually, it can be said that all these things. But the most important part of all, Veblen's identity made him shape his world of born as immigrant kid in Wisconsin. He was graduated his education in one of famous university's in USA: Yale. His wide world of thoughts gave him an opportunity to work in several eminent universities like in Chicago, Stanford, Missouri and New School.

As Galbraith said (1980: 61), 'The American universities wanted in those days, the professors who approve conservative truths, and give a respect to wealth and entrepreneurship. Veblen did not do that; hence it was accepted that he was an ideal person for an institution he was not currently work for' (Köse & Öncü, 2000, s. 57). (Şenalp, 2007, s. 54).

The years Veblen lived (1858-1929) makes us see why his intellectual mind was shaped like this. The years when Veblen lived is the era of attacking neoclassical economics. The application which ignore people of wild capitalism and Veblen's life are overlapped. That is the reason why even academic world is affected somehow by this production style affected Veblen's capitalism comprehension. As it can be remembered that the production style before 1929 crisis was Taylorism or Scientific Production Method. Put it differently, there was a system which is caused to think there was no difference between a human and a robot, a system which was only produced and a system which was externalized someone who were not capable to produce. In that case the first question must be asked what kind of economics mind caused the 1929 crisis and caused the born of public relations? It must be looked at the basic lying after the mind only focused on profit and unlimited production which ignored human circumstances. This basis only focused on profit and paved the stones of the crisis step by step.

Veblen starts to question economics at this point. Classical economics' (and continuing neoclassical economics) main assumptions are 'invisible hand' and 'natural order.' According to Veblen the mainstream economics theory has closed to an individual to utilitarian rationalism press of Mill and Bentham's utilitarianism by distorting in order to find a legitimate basic. For this reason, economics has become dysfunctional, constant and deterministic science. Veblen advocates that individuals move by the mediation of formal and informal institutional relations and movements like status, habits, and customs. In this respect, he criticizes as if an individual was a hedonistic by extracting its contexts ... (Şenalp, 2007, s. 54).

Seeing individuals hedonistic and following after maximization of utility means firms will produce for consumers the best and the most products. In other words, firms do not only exist in the market to maximization of their profit, but also they both obtain maximization

of consumers by the mediation of the most production of goods and services. A system was built with a mutual happiness. However, this 'fairy tale' excludes an important figure: 'human.' Because a human being is an economic, social, cultural and psychological feature. This feature makes several attitudes voluntarily, but most of them are done by imposition of force. Individuals do not always act choice by a rationalistic hedonism. When the era Veblen lived, people do not follow a rationalistic hedonism why the economics conditions caused arising of public relations. It is useful to remember what the public relations for private sector meant. Because there is a deep connection between the public relations in private sector and Veblen's economics criticism. This bond has started in the Great Crisis of 1929 and has been continuing effectively even today.

The public relations in private sector is based on different kinds of aims like changing the organizational image, introducing a change in the politics of the firm, educating consumers before shopping, removing a conflict, organizing renovations of the product, protecting in capital market, raising the price of the stock etc. (Hazar, 2009, s. 9).

It can be understood from these aims, public relations have actually no aim actually no aim to be gathered with public. The implicit aim, but the main one, is here to follow politics raising firm's profit and maximize of profit and submit a benefit for consumers maximize benefit. How could it be possible, then? How the relation between public relations and economics emerge on? The most important notion which was created by Veblen is '*conspicuous consumption*.'

In *conspicuous consumption* the benefit of goods or a service is sourced by not its qualifications, but reflecting an individuals' purchasing power to showing someone off. Desiring a goods depending on the social position earned is a good example of this situation. In that type of consumption goods' price has a value, but not its qualifications. This effect has been called '*Veblen Effect*' (Şenalp, 2007, s. 55, 56).

The public relations apprehension which was emerged by steering wide populations whose purchasing power has decreased by the mediation of 1929 crisis has been used by conspicuous consumption and has been using by it. Initially, producing and selling different kinds of goods for every populations' income level has gradually turned to be bought by the social position of it. So, all goods and services are served by different sorts of classes. Besides, almost all classes are pushed by public relations in order to surpass to upper class. In here, public relations make people steer to choose several goods and services. Furthermore, consumers are directed to buy the goods and the services which produce for one upper class within the framework of their budget, even sometimes to exceed their budget by the mediation of borrowing. Thus, with the help of those expensive goods people feel themselves as if they belong to upper class. The conspicuous consumption which is created by sense of belonging is the result of Veblen's two institutions which are emerged by human history. These two institutions comprise of a consequence of property relations and determine how the public relations work.

According to Veblen, property relations which coordinated with human history, has brought out two institutions opposite to each other. Firstly, *predatory idle class* and secondly *peaceful productive class*. Predatory idle class is related to with making property created by someone's labor and in this way, having fortune. Peaceful productive class is related with mastery/workmanship, production and servicing to someone. Furthermore, the first one has cause to developing of commerce; the second on has caused to developing of industry. In this property relations the first one made the progress by the mediation of subduing of the second.

Predatory idle class have fed to an individualism which takes over the one other's hand and disdains the other, peaceful productive classes have led to develop a communitarian spirit which is tend to be 'live and be live' (Öncü, 2015, s. 12).

The habit of disdaining one upper class to lower has developed *individualistic hedonism*. Limitless hedonism is fed by limitless consumption. Whereat, feeding of consumer's individualism is also related to maximizing hedonism. Put it differently, the more an individual consumes the more becomes an individual and hedonistic. Public relations take on feeding, living and sustaining this feel task. The situation what public relations undertook was this one with the Great Crisis of 1929.

A certain controversy between economics theory and assumptions which claim capitalism is the carrier of progressive modernization on the way to the crisis of 1929. The most famous economists in that time have market efficiency snatched themselves, but they missed one important things:

...competition which is magnificent fuel of the market efficiency always tend to pull prices down towards unit production costs. However, high fixed capital costs made unit production cost unimportant. [...] The organic compound of the capital was experiencing an explosive growth and capitalism was so destroying itself. (Perelman, 2015, s. 32).

The 1929 crisis is now an inevitable end. What makes Veblen unique at this point is to predict the source and the end of this competition. The competition institution was not only among the capitalists, but also between the predatory idle class dampened by the product surplus and the poverty of the consumer mass that should by these products. Public relations have re-emerged the competition again and led the consumers to the products which are essentially the same but the nuances. Because, what has changed in the crisis of 1929 was only technique. This situation has let the predatory class subdued the peaceful productive class.

Actually, globalization proceeds by the mediation of the conflicts of these two classes. And the public relation is the tool of this situation. Predatory class wants to capture every economics mechanism to accelerate their profits. And this classes' way of life tires to be spread among peaceful productive class. Because globalization makes people to become consuming addicts. And this situation is not a thing that consumers want it voluntarily.

Globalization tries to raise people's consuming addicts. So, in here, people do not want to buy expensive products. The general slogan of firms 'we serve you the best products and services' push the consumers to buy every product that they really need them.

No doubt, globalization and Veblen's class segregation about how capitalism works has a deep relation. Because predatory class is also the ruler of the globalization. Of course, the system's owners want to make profit than they have. It means public relations helps to convey their demands to consumers. Public relations are also an administration of consciousness. It helps to convince people to buy products. The more production predatory class makes the more public relations will need.

Consequently, public relations are interdisciplinary which cannot be explained by only one scientific aspect. On the other hand, public relations are described by three different sciences' paradigm. And those are administration, communication and sociology-social psychology. And all are look the public relations from the point of view their mind. So it affects public relations. Public relations are a help tool for the aim of a firm to maximize its profit. This has an organic tie between Veblen's *modern robbery barons* notion. Veblen, makes a tie between modern robbery barons and the behavioral pattern of savage cultural society. The emulating between American Indians who destroy a great amount of fortune on bonfire to reinforce their prestige and modern robbery barons who show off their fortunes emerge as conspicuous consumption mostly move like an art critic hope to earn respect imposing their tastes to general public (Perelman, 2015: 30. 31). The connection between modern robbery barons and conspicuous consumption made by Veblen can be explained by public relations into two ways. Firstly, sponsorship, artistry etc. which are called as philanthropic investments meet firms' conspicuous consumption requests. So, capitalists make those investments both welcoming their conspicuous consumption and opening new doors to gain more profits. Namely, consumers tend to consume to products of the firms which make philanthropic investments by the mediation of advertisements, announcements public relations campaigns etc. Thus, firms can amplify their profit target by the mediation of conspicuous consumption.

Firms which wish their profit targeting always up use the public relations as consent production. Because public relations which is also a consent production can be possible only with this way, "[...] 'consent production' can be make possible to use strategies like lobbying, public relations, public diplomacy, the relations between media which are done by governments and firms." (Çınarlı, 2010; Büyükdoğan, 2016, s. 190). Veblen has not only predicted the crisis which the system has fall into/will fall into by his glorious intuition, but also he predicted the ways which the system has found to reveal can be other crisis. Public relationship emerged by 1929 crisis to escape from complicity initially has reinforced ideological power of the system. However, public relations which is production of consent has started to move forward through crisis.

The first aim of public relations was to direct people re-consuming by the mediation of ensuring production of consent. Initially, the system worked, but then it has caused to start of other economic crisis. Because constant production of consent brings constant consuming and even overconsumption comes with production of consent. The path what having much more money than disposable income is borrowing? However, the system which manages skipping borrowing-unemployment and refund reverses the expectation of gaining more profit. Put it differently, the firms which reinforce their gaining profit power with ideological production of consent will start to make loss that is because of the effect of excessive loaning. Namely, excessive production of consent sabotages economics capacity instead of meets people's necessities with rational production. Hence, the connection between public relations and production of consent has been continued where the firms' want to be the place of people instead of meeting people's necessities like the connection between overconsumption-overproduction.

3. RESULTS

Thorstein Veblen distinguishes classes into two parts. One is ruler and the second is the directed. With his sentences they are called by *predatory class* and *peaceful productive class*. Why he is seemed to be unique scientists is about where he lives and his origins. He lives an immigrant child of a Norwegian family in USA. And the time when he lives is also the time of arising of capitalism. Capitalism mind focuses on maximizing profit. It is without any doubt cannot be seen awkward. However, seeing workers as robots and ignores every bad situation falls the system down. And Veblen's genius is in here. Unfortunately, the system ignored him too. His lifetime story especially in academic world is the most dramatic indicator of it.

Thanks to faith of science, time showed the world he was right. Naturally, as in every system people suffered from the big crisis. Because the Great crisis of 1929 did not only collapse of big firms, it collapsed every citizens' life in USA but as well. However, capitalism always finds a solution to release the system again. After end of the 1929 crisis it found a new solution: public relations. This new solution is highly powerful. Because in this time capitalist system finds a way to make the profits much possible than formerly in order to convince people. So, in here public relations is pillared itself to different kinds of science: administration, communication and sociology-social psychology. And those are affected to convince people to buy products and services by three different aspects of public relations.

Now, Veblen's one of the most important notion *conspicuous consumption* has come into consumers' life. His time, capitalism makes it maximizing profit by the mediation of convincing people. And consumers use the products and help to capitalism maximizing profit is conspicuous consumption. Consumers want to feel themselves as if belong in one upper class.

Consequently, economics system and public relations has a mutual effect on consumers' life. Public relations help economics to move on. And also, capitalist system works how the

economics wants to be by the mediation of public relations. Most of the consumers tend to consume conspicuous consumption. Veblen's concepts and mind are still valid for today's capitalist system.

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