TWO MAJOR ECONOMIC moralities have existed as rivals in America since the colonial era. They have a family resemblance, for each is an individualistic ethic. But the two interpretations of economic individualism started with different emphases and have increasingly diverged. One has ordered its vision of economic good around the autonomy of the individual—for example, holding economic self-reliance to be a major virtue. The other has defined the economic good in terms of its contribution to right relations among individuals—for example, holding that property rights exist to serve the wider human community in addition to serving the owner.

Two colonial Americans illustrate these alternatives. Benjamin Franklin worried that his fellow colonials were not self-reliant enough and far too ready to become parasites on others, or government. His Poor Richard maxims advocated virtues that would contribute to long-term economic independence. The economic welfare of the self was the goal of his value system. At about the same time, the Quaker John Woolman invoked the biblical notion of human kinship to think about economic morality. Woolman held that humans so valued the respect of others that living in intentionally dependent ways would never prove attractive. He attributed poverty to unjust relations among people rather than innate dependency. The poor, he held, if given the chance, would work even more than their creator intended.

These rival economic moralities have not stood alone, but have drawn support from rival economic theories. For example, in the early nineteenth century, major economic thinkers widely accepted that resources were scarce (despite America's abundant natural resources). Not surprisingly, self-reliance, competitiveness, and thrift—the virtues of autonomy—were favorites among people whose attention was captured by scarcity. For their part, relational moralists drew support from different economic theory and trends that emphasized potential abundance. The story of economic morality presented in
this volume will show how economic moralities have partnered with compatible economic theories.

The ideas of moralists are the subject of this volume. Religious and economic writers are prominent. However, as seen in the case of Franklin, many other professions are represented as well. It is not the case that all the moralists from one profession favor one of the rival moralities, while all from another profession favor the other morality. Autonomy and relational morality have drawn support from all professions. Not all the moralists have been systematic moralists in the sense of fully elaborating an economic ethic; many have contributed a part or two to one or the other of the two major moralities. Among these have been a few inconsistent moralists, who failed to see the illogic of attempting simultaneously to affirm parts of the two rival moralities. Some, particularly economists, have been unintentional moralists; yet, when a piece of economic theory aligns with certain moral values, while implying other values to be inconsistent with what is economically possible, such a theory becomes relevant to economic morality.

This is a story, predominantly, of American moralists; when others are represented, it is because they add a crucial bit to the story and were influential among Americans. When the focus occasionally shifts to a school of thought, or the values of a group, I have used secondary interpreters more than when dealing with individual moralists, whose own words I normally favor. It has been impossible to survey the work of every moralist or school. Those who have had a great impact in the wider culture, or who have been especially significant in stating a particular case, have been preferred over others. Given the richness of the subject, it would have been a miracle if every economic moralist fit into the framework I propose—autonomy morality and relational morality, with their partner economic theories. However, even granting exceptions, I believe the proposed framework is robust; indeed, some apparent exceptions are moralists who were simply inconsistent. A few of these hard-to-fit-in moralists are treated in chapter appendices, in footnotes, or as commentators assessing the major figures.

As this broad selection of authors suggests, this volume understands economic morality to be a society’s articulated values—not narrow codes of professional ethics, formal philosophical ethics, or the even highly formal “normative” statements of neoclassical welfare economics. In other nations, socialist ethics often would deserve significant coverage. In the United States, however, socialism has served mainly as a critique of the more viable ethical contenders, which are both individualistic, and so socialism is the focus of but one chapter.

References to particular economic events, actors, or institutions are subordinate to the explanation of moral ideas. That said, the book recognizes the significant impacts of abolitionism, Darwinism, and the 1930s Depression on economic morality. However, even in these cases, the emphasis remains on how these events influenced moral and economic ideas.
THE MAJOR THEMES

The alternative moralities have spun out alternative versions of key ethical constructs such as: the proper role of self-interest in economic life; the nature of economic rights, obligations, and government; the nature of economic virtues; the moral status of economic inequality; the mandate for human dignity; and the moral boundaries to economic activity. Taken together, these constructs imply alternative notions of the economic good. Before turning to these issues, we first consider how the two major moralities partner with economic theories.

ECONOMIC ETHICS AND ECONOMIC THEORY

Any economic morality must make sense in terms of some economic theory if for no other reason than that no one can be morally obliged to do that which is believed impossible in terms of existing knowledge. Classical political economy, for example, defined economics in terms of self-interested humans operating in a world characterized by the law of diminishing returns and other manifestations of scarcity. Belief in pervasive natural scarcity made poverty seem inevitable and so minimized any obligation for individuals or society to alleviate or cure it. Thus, in this view, advocates of poor relief not only proposed infringing individual freedoms by imposing (tax) obligations to care for others, but they were ignorant of economic laws. Social Darwinism later reiterated the same outlook using the new terminology of evolution. By the twentieth century, economics kept scarcity front and center, by shifting from an absolute to relative scale: resources were always short relative to the insatiable wants of individuals. This theory strongly complemented the values of autonomy ethics.

Relational moralists, including some economists, resisted from the start the notion of natural scarcity and of economic laws as expressions of rational responses to scarcity. They thought the evidence for such laws was weak and rejected the very idea of a stingy nature. These moralists have been more impressed with trends in mass production, invention, and technical innovation. Relational moralists have tended to view economics as a study of relatively free human choices, not of economic behavior tightly constrained by facts of nature and by the logic of scarcity. Scarcity, they argued, originated with imperfect human institutions, and they understood self-interested behavior as the response to insecurity created by such faulty institutions. A related theme of these economists has been that self-interested actions can disrupt the systemic operations of the economy. Alexander Hamilton, a man of wide experience, insisted that economic institutions are human inventions that can always be improved for the social good. In more recent times, John Kenneth Galbraith attacked the “conventional wisdom” of scarcity, which put high value on private production, no matter the cost to society.
Moralities, then, partner with compatible economic doctrines or economic worldviews. A morality that defines right and wrong with respect to the autonomy, or unrestricted freedom, of the individual also tends to see self-interest as a rational reaction to natural scarcity. In this view, moral values that fail to respect harsh economic realities may be dismissed as unscientific sentimentality. Conversely, a morality that affirms obligation and rights in a wider community tends to understand economic life in terms of human institutions and relationships. Relational moralists see faulty human institutions, not natural scarcity, as the fundamental economic constraint. We turn next to several persistent differences between the rival moralities.

CONFLICTING INTERPRETATIONS OF SELF

A positive interpretation of self-interest, owing much to the secular European Enlightenment, achieved a secure place in nineteenth-century America. Enlightenment ideas of individual autonomy built on the individualism already present in colonial religion, which had emphasized work, success, and private property—and viewed government as a potential usurper of individual rights. This colonial code was secularized and sharpened by early economists.

As individualistic as colonial Puritans were, however, they were always suspicious of the unbridled self. Their doctrine of sin held that the individual is always tempted to exalt the self to the exclusion of God and others. Unlike the Enlightenment economist Adam Smith, who optimistically fused self-interest and the public good, the Puritan ethic always saw self and neighbor as potentially at odds. This difference in outlooks continued, and erupted in the debate over slavery prior to the Civil War: abolitionists consistently advanced a Protestant moral psychology that feared the slave owner's power would lead invariably to abuses as he tried to satisfy an ego that in principle was insatiable. Conversely, anti-abolitionists often portrayed the slave owner as rationally pursuing economic interests to which abuse was counterproductive.

The major American economic moralities are both individualistic. Relational morality understands the individual self to exist within a web of relationships, which defines the self and confers social rights and obligations. Further, in this view, human kinship also implies an ability of people to comprehend each other and conduct meaningful moral discourse. Because relationships persist, this morality has a historical perspective. Conversely, autonomy morality makes freedom to advance one's interests the linchpin of ethics. As this morality has matured, it has heightened the importance of individual differences so much that moral dialogue and consensus have been portrayed as almost impossible; thus the maximization of individual freedom appears the only viable social choice. Nor surprisingly, the economic theories
favored by autonomy moralists have emphasized how individuals maximize their welfare by their choices in market contexts. Such theories tend to emphasize logic over historical components.

**Economic Obligations, Rights, and Government**

Any economic morality must ultimately decide how the individual ought to relate to the community and cooperate for the common good. Government is a major agent of cooperation; it enforces (or defines) rights and obligations. Autonomy morality paradoxically has seen government simultaneously as necessary protector of individual economic rights and potential infringer of those very rights. Autonomy moralists sometimes propose the market as an alternative mechanism for organizing society, minimizing the technical or moral problems of markets while questioning the efficacy of governmental alternatives. Further, what appear to some to be deficiencies of market economies—such as large inequalities of income or of wealth—may not be failures at all when viewed through the lens of autonomy ethics. Inequality may be the crucial incentive that provokes individual effort and social progress.

Relational economic moralists, on the other hand, infer economic obligations and rights from human interrelatedness. The premise of a deep human kinship also implies the possibility of moral dialogue and agreement on what constitutes the economic good. As an instrument to act on moral consensus, government plays a positive role. Even in an era when governments typically served the king’s private interests, and made no pretense to serve the greater good, William Penn’s *Frame of Government* criticized governmental minimalists “that think there is no other use for government than correction,” holding that in reality “affairs more soft and daily necessary make up much the greater part of government” (in Penn 1957, 110).

**Economic Virtues**

Benjamin Franklin’s Poor Richard maxims provide a good example of the virtues of autonomy morality: self-reliance was at the center, surrounded by a host of minor virtues, such as thrift, honoring one’s debts, and careful management. These virtues had utilitarian value in a world of scarcity, as did competitive and entrepreneurial behaviors. Such autonomy morality had a strong utilitarian bent, for virtue is what leads to the higher welfare of the individual. Thus, Franklin could argue for honesty in commerce because it led to success. Autonomy ethics makes tolerance a virtue: with people focused on their own economic welfare, they have little or no concern for the economic choices of others provided these do not impinge on someone else.

Stated abstractly, virtue in relational ethics is that which affirms the common dignity of members of a community. The virtues of relational moralists tend to have a familiar ring, because they echo traditional religious values:
respect for the “image of God” in others, love of neighbor, compassion for the weak. A recurring virtue in the writing of relational moralists, starting with figures such as William Penn, is self-restraint—knowing when too much injures relationships—whether in pressing one’s advantage in competition, or in consuming luxuries, or exploiting nature. Relational morality also has seen virtue in historical processes, such as democratic discourse and consensus, from which common values have emerged.

**INEQUALITY AND POVERTY**

Economic inequality and poverty are intertwined issues that well illuminate the nature of a value system. Early autonomy moralists attributed most poverty to the choices of the poor themselves; their allies, early economists, argued that pervasive scarcity made poverty inevitable. Either interpretation minimized the ethical responsibility of others toward those poor. Later in the nineteenth century, Social Darwinists used evolutionary terminology to restate much the same argument. In the twentieth century, welfare economists rejected any scientific case for greater income equality because, they said, any sense of gain by the poor from more income was merely subjective, not measurable fact. Economic science could not pierce the veil of subjectivity because individuals were too different from each other. Autonomy morality consistently held that inequality has a positive role, as an incentive for economic effort.

If—as early Quakers, abolitionists, and others held—the metaphor of kinship was central to moral thought, then great inequality would not be tolerated: members of a family share the same standard of living. And kin can understand each other; thus the benefits of higher incomes for the poor can be known. Further, poverty simultaneously blights individual human dignity and the relationships binding poor members of the community to others. Similarly, work is understood to be a powerful form of participation in, and connection to, the community; thus, the insecurity threatened by poverty is not needed to induce people to work.

**HUMAN DIGNITY**

Human dignity—and the impact of economics on human dignity—is as morally significant as inequality. Indeed, the two issues are closely related since vast inequalities may demean human dignity and deny kinship. The roots of the ideal of human dignity lie in the biblical tradition, which asserts that humans are made in the image of God; however, this ideal has been affirmed for other, nonreligious reasons. Harriet Beecher Stowe’s abolitionist novel attacked the slave system because its callous disregard of slaves’ family relationships demeaned their human dignity. A later economist, Arthur Okun, held that membership in a human community, as such,
should bestow certain economic rights that need not be earned. This is a consistent position of relational moralists.

Autonomy moralists have resisted the notion of innate human dignity, for a social acknowledgment of dignity implies rights that some people might exercise. Such rights inevitably imply economic obligations on government. To meet its obligations, government might extract taxes from citizens; such levies infringe the autonomy of those asked to pay. Instead, autonomy ethicists see dignity as something to be earned by individuals through their personal efforts. Autonomy moralists seek independence from imposed obligations to others; dignity exists in respecting the individual's independence, one's autonomy.

The doctrine of innate human dignity raises the issue of material incentives. If dignity confers rights, say, to a minimum standard of living, such rights harm the incentive to work and save. Such negative incentives are often cited by autonomy moralists opposed to expansive definitions of human dignity. Conversely, relational moralists tend to discount material incentives. People work to contribute to the human community of which they are an integral part; participation in the community is essential to individuals, apart from incentives.

THE MORAL BOUNDARIES TO ECONOMICS

An economic morality must decide where to locate the boundaries of economic behavior, or whether economic behavior should be bounded at all. Moral boundaries appear in various forms as the following questions illustrate. What kinds of markets are consistent with a society's values, and which are out-of-bounds? Should society permit markets for vice, or sales of children, or of slaves? What are the boundaries of individual, self-interested economic behavior—does anything go, or may a person be prevented from demeaning himself or herself for profit? Should income inequality in principle be unlimited, or are there moral limits?

Autonomy moralists have long answered the question of limits with one principle: that no person's self-interested action may impinge on another's self-interest. Without reciprocal respect for others' rights, a system of self-interest breaks down. However, as logically true as this is, the moral psychology of the autonomous person may resist it. The truly autonomous person might not curb self-seeking behavior simply because such behavior might harm the system that permits it to take place. In this sense, autonomy morality is not self-constraining. Even Adam Smith believed that his proposed system of "natural liberty," motivated by economic self-interest, lacked internal restraint and needed externally imposed "laws of justice." Autonomy morality historically has demanded the improbable: asking the free self to restrain the self.

Conversely, boundaries to economic behavior are intrinsic to relational morality. In the most fundamental sense, excesses tend to harm human relationships, which are crucial to both the individual and community. The abolitionists
made the case against slavery on the grounds that it destroyed the normal human relationships of the slaves and so denied their moral stature (which they exhibited in heroic efforts to save those very relationships).

THE NATURE OF THE GOOD ECONOMY

If the freedom, or autonomy, of the individual is the highest good, then individuals are left to define their notions of the good economy, based on personal preferences. Looked at this way, there is no single good economy, but a host of personal answers as to what economy is best for self. Autonomy morality may transcend what appears to be moral relativism by focusing on the whole economic system: the good economy would be designed to allow the greatest economic autonomy to individuals. The good economy would place the fewest constraints on individual economic freedom; as much as possible would be accomplished through voluntary market transactions. These moralists recently have added that such an unconstrained environment will free human creativity, increase efficiency, and so produce abundance, which will benefit all.

Relational morality makes human dignity, as perfected in community, its highest good. Individuals live in a reciprocal relationship with the larger community, contributing to the economic life but also receiving guarantees against want and insecurity. Because human dignity exists in more dimensions than just the economic, the good economy may tolerate some inefficient economic arrangements if such arrangements support other values, such as those found in traditional ways of life or in the history of a community. That is, the multiple dimensions of human life warn against measuring an economy’s goodness only by its efficiency. The good economy would affirm the equal value of each member with rights and obligations. It also would reflect common, consensus values that emerge because people, as human kin, engage in meaningful dialogue. Finally, members of the good economy will know when “enough is enough,” because the meaning of their lives is defined with regard to others.

AN OVERVIEW OF CHAPTERS

Chapter 2 details how individualism in faith and economic life grew from the soil of Calvinistic colonial religion. Nevertheless, this religious individualism never could be reduced to pure self-interest, which ignored God and neighbor. The Protestant work ethic always related economic activity to what was understood as its proper end: the glory of God and the welfare of others, not exclusively the betterment of the self. Both colonial Puritan and Quaker moralists saw the economic life as part of a set of fuller human relationships. During the eighteenth century, however, the emphasis on the relational
aspects of economic life dissolved. Chapter 3 relates how Cotton Mather and Benjamin Franklin, in different ways, emphasized more strongly self-interested, utilitarian motives. By 1800, many American colleges were teaching the “theological utilitarianism” of William Paley, which treated ethics as an economic exercise, a spiritual cost-benefit calculation.

Chapter 4 outlines laissez-faire in the early nineteenth century as a comprehensive, interlocking set of economic and moral ideas that clashed with the evangelical ethic of American Protestantism. Yet, Francis Wayland of Brown University managed to wed laissez-faire with the evangelical ethic. This unlikely union combined self-interested moral autonomy with post-Puritan Protestantism, which at its core feared the sinful potential of self-interest.

The next two chapters tell of some early critics of laissez-faire theory and ethics. Chapter 5 sketches individual opponents of laissez-faire: Alexander Hamilton, perhaps because he had too much actual experience in finance and economics, was skeptical of the economics of laissez-faire; Daniel Raymond, a post-Puritan intellectual, rejected Adam Smith’s optimistic view of self-interest as an economic motive; and Horace Mann, who pioneered universal public education, expressed the vision of a moral commonwealth relating all persons in mutual obligation. The obligation of society, Mann said, was to foster a child’s full human potential through education; the implied alternative was a stunting of human potential as children labored in factories and fields. Chapter 6 examines the colonial and federal-period Moravians, who conducted a decades-long struggle to maintain their religious-socialist values and practices against the encroaching values of individualism and private enterprise.

Chapter 7 turns to the abolition movement, which insisted that moral boundaries must be set around markets, that some things must never be bought and sold. Abolitionists made innate human dignity a moral norm that economic institutions must respect, never violate. Harriet Beecher Stowe’s famous novel portrayed the moral stature of slaves struggling to preserve family relationships within a system that systematically destroyed those relationships for economic reasons. Though many autonomy moralists also condemned slavery, they did not do so on the pathbreaking ground that the impact of economic arrangements on human dignity should become a moral standard by which to measure those arrangements.

Chapter 8 tells, first, how early Social Darwinists restated earlier laissez-faire values in a new vocabulary. In passing, they taught that the only dignity a person deserved was what he or she could earn. However, Andrew Carnegie, a self-proclaimed Social Darwinist, harbored the suspicion that the winners of the economic struggle didn’t really do it all alone—and owed something to their community. He advocated philanthropy, which he believed could be consistent with Social Darwinism, but in so doing may have created an incompatible mixture. Finally, iconoclastic Thorstein Veblen
argued that the American business class was an evolutionary dead end, not the embodiment of economic fitness. The values of that class, he said, did not represent contemporary realities.

Chapter 9 turns to those around the end of the nineteenth century who attempted to turn economic ethics in a new direction. Henry George rejected the premise that poverty was inevitable, instead attributing it to perverse forms of land ownership. Richard Ely, a founder of the American Economic Association, worked to show that laissez-faire doctrines lacked empirical evidence; as a religious liberal, he noted that laissez-faire economics resembled in many ways the rigid doctrines of religion he rejected. John Bates Clark had a vision of dynamic economic change that provided hope for a better life to workers. Ironically, Clark’s vision rendered irrelevant one of his own proposals about the nature of wage justice.

Chapter 10 traces the convergence of Protestant Social Gospel and Catholic social thought toward the close of the nineteenth century and start of the twentieth. The Social Gospel had roots in German liberal religion and argued that individual morality was inadequate in large economic systems, which created their own moral cultures. It proposed that economics should be judged by its impact on human dignity. Drawing from Pope Leo XIII’s encyclical On the Condition of Labor, the American Monsignor John Augustine Ryan used human-dignity arguments to endorse a minimum living wage, which he lived to see legislated in the 1930s. Both Protestant and Catholic social thought converged on the status of workers, with special concern for the impact of wage rates and working conditions on the weakest members of the labor force.

Chapter 11 recounts how the 1920s witnessed the popular revival of economic individualism, and the early expressions of prosperity theology. After 1929 and the Depression, the ethics of self and success lost popular credibility as millions found individual virtue rewarded only with economic insecurity; people confronted the possibility that they had much in common. New Deal programs, for the first time, acknowledged a social responsibility to counteract wide-scale economic insecurity. Paul Samuelson, American interpreter of a new macroeconomic theory forged in the Depression, emphasized that the economy was a system prone to systemic ills, whose cures were now understood. With the ability to direct the economic system, new importance was assigned to the social values that might guide the direction taken.

Chapter 12 examines what happened as some economists sought to make economics more scientific and value-free. Welfare economists tried to rank economic improvements by observing only changes in the welfare reported by highly autonomous individuals. In the end, they decided that such observations could rank an efficient economy better than an inefficient one. Otherwise, they failed to answer most significant moral questions about economic goodness. Their effort to be scientific led to an excessive agnosticism about
people: desiring to assume as little as possible, they ruled out-of-bounds much
knowledge that (many would assert) can be known about people. About this
time, University of Chicago economists made a virtue of the welfare econo-
mists’ limited method, declaring that self-interested rationality of the
autonomous individual provided the only necessary premise for defining the
economic good. The chapter ends with results from experimental economics
that seriously challenge this premise.

Post–World War apologists for capitalist values are the subjects of chap-
ter 13. Friedrich Hayek’s Road to Serfdom attacked central planning, which
served as his foil for capitalism. He argued that highly individualistic people
could never reach consensus on any common action; any central plan, there-
fore, could be imposed only against the will of most people. Libertarian Mil-
ton Friedman stretched the doctrine of autonomy, applying it to businesses,
which, he said, should reject calls for socially responsible actions other than
efficiently earning a profit. Michael Novak, a self-described lay theologian,
portrayed capitalism as congruent with his interpretation of Christianity
within a democratic society.

Chapter 14 turns to recent critics of neoclassical economics, the partner
of autonomy ethics. John Kenneth Galbraith argued that American econom-
ics was biased by the continued existence of nineteenth-century “conventional
wisdom,” which kept the realm of purely private activity too large. Arthur
Okun argued that some economic efficiency must be traded away in order to
enhance human dignity with economic rights and greater income equality.
The philosopher John Rawls showed that the self-interested utilitarianism,
favored by economists, could produce far more egalitarian norms than tradi-
tional economists typically endorsed. This cast serious doubt on how well
economists had interpreted their own preferred moral frame of reference.
Nobel-winner in economics Amartya Sen argued that the self-interested “eco-

nomic man” was a one-dimensional character, unworthy to be used as a repre-
sentative human when thinking morally.

Chapter 15 presents an ecumenical array of late twentieth-century reli-
gious thinkers on economic morality. Most found modern autonomy morality
to present an impoverished understanding of humanity and to undermine
both human and natural environments. And all placed high moral importance
on ideas and institutions undergirding the values of community.

In chapter 16 the responses of the rival ethics to the major questions of
economic morality are restated. The chapter also reprises the work of those
moralists who tried, in one way or another, to mediate between the rival
moralities—usually creating more problems than they solved. On analysis, one
sees that relational individualism is already a coherent middle position
between autonomous individualism and nonindividualistic ethics, such as
socialism. This chapter closes with an assessment of the prospects for the two
rival moralities. Autonomy morality has appealed in pluralistic America
because it is inherently tolerant of individual behavior, and it has been associated with a productive economic system. Yet, in recent decades, such tolerance has permitted excesses to develop in economic life; these excesses threaten only to increase. Conversely, relational morality provides the rationale for social constraints on practices that produce such excesses. At the same time, environmental and ecological concerns have created a new awareness of the relatedness of humans with each other and nature itself.