

***America's Economic Moralists: A History of Rival Ethics and Economics*, by Donald E. Frey (Albany: State University of New York Press, 2009), 238 pp.**

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INTRODUCTION

At the intersection of economics and morality lies a rich set of issues and a long intellectual history.

Are free markets good? Is financial ambition a virtue—should we admire hard-working people who are motivated to make large profits? Does competition bring out the best in people? Can money buy happiness? These questions juxtapose practices and institutions that economists study (markets, ambition, profits, competition, money) with concepts that ethicists use (good, virtue, admirable, best, happiness).

Frey's contribution to these issues is a survey of American thinking about ethics and economics from Colonial times to the present. Frey's focus is primarily historical, that is, to give brief summaries in chronological order of the views of a large number of economic moralists. But there is also a polemical edge to Frey's narrative, as he folds in implicit praise for some thinkers' views and explicit criticisms of others'.

SUMMARY

America's Economic Moralists tells a story across four centuries, from Puritans in the seventeenth century to Quakers of the eighteenth to the Enlightenment-inspired movements of the nineteenth to the sprawling debates of the twentieth. The American experience from colonial outpost to world superpower is the background to Frey's summaries of several dozen moralists of economics.

Religious thinkers dominate Frey's book, appropriately so in the two early centuries of American history, and Protestant thinkers more than Catholic. Top-down communalism is an early strong theme. Among the Puritans, for example, William Perkins believed that God placed individuals in callings which they should recognize and accept (16). John Winthrop endorsed a family-centered foundation for moral responsibility and saw property rights as temporary concessions from God that came with an obligation to use the property to serve the common good (17). Quakers such as William Penn believed in a direct connection of God to each person's soul, but he feared that this individualist element, in combination with our Original Sin, could lead to excessive and anti-social individualism. To curb this, Penn urged devotion to work that benefits the community rather than oneself and that one shy away from diversions and luxuries. Denying oneself luxuries would enable society to provide for the poor such that there would be "no beggars in the land, the cry of widow and orphan would cease" (20). John Woolman went further in fulminating against self-interest on the ground it "clouds the understanding" by denying our

kinship with other races, thus warping our cognitive ability to assess the status of others and thus leading to slavery.

To summarize: The early Americans believed that one should do what one is told by God, put one's family and the poor first, eschew recreations and luxuries, and attempt to rise above one's cognitive self-centeredness.

Despite this, Frey's early thesis is that American economic morality is individualist more than it is communalist, likely in contrast to the previous communal and self-denying thought that was part of America's inheritance from Europe.

With the Enlightenment of the 1700s came a more positive view of self interest. The rise of *tabula rasa* theories meant a decline of Original Sin, and an expanded sense of the power and competence of human reason led to a decline of intellectual passive acceptance. Frey here emphasizes the Americans' legacy from England and, especially, the impact of John Locke's work on both theists and deists.

Cotton Mather, for example, worked within a theistic framework, yet he believed that benevolence and win-win social transactions were closer to the norm for human relations; for example, the mutually beneficial trades that led to wealth also led to increased tithing: "they who [tithed] have usually been remarkably blessed in their estates by the providence of God" (26). The Enlightenment *philosophes'* belief in human competence led to an increased emphasis upon self-responsibility. Self-responsibility in turn led to the belief that poverty is neither a divinely ordained nor a natural and unsolvable condition, but rather that those idle poor often choose and so are responsible for their estate. As Frey puts it, the religious thinkers of the eighteenth century were accommodating the new Enlightenment trends.

In deistic form, the secularizing, individualist, and optimistic trends were personified in the moral thinking of Benjamin Franklin. Franklin took the now-traditional virtues of prudence, frugality, thrift, and industry and justified them on grounds of self-interest alone rather than by appeal to theological imperatives. Those virtues are "natural means of acquiring wealth, honour, and reputation" (27). Individual competence and responsibility implied less government interference in the economy, and individual reason and naturalism implied fitting morality to nature and scientific understanding.

In the next generation, William Paley's *Principles of Moral and Political Philosophy*, with its theological utilitarianism, was widely used in American moral philosophy courses. The predominant moral framework of American thinking came to be liberal Christianity, combining a utilitarian ethics with Lockean natural rights politics.

America continued to import ideas from the British—now Adam Smith's thesis of social welfare as harmonious byproduct of self interest and liberty. The profit motive led one to work hard and produce, and social benefit resulted because one cannot make profit unless serving the customer's interests. Also imported, now into the early nineteenth century, was Reverend Thomas Malthus's pessimistic analysis of population and scarcity. Smith and Malthus were integrated into Jane Marcet's widely used textbook, *Conversations in Political Economy* (1816). A revival of evangelical Protestantism in the 1830s led to a backlash against the emerging naturalism and individualism, but the main trend among American moralists was toward accommodation. The Baptist president of Brown, Francis Wayland, was an exemplar: We have obligations to God, but we also have a legitimate sphere of self-interest; and as

long as it does not become excessive, social and economic laissez-faire can prevail (43). Wayland also discounted the Malthusian scarcity arguments given the clear abundance of American natural resources. Consequently, an optimistic assessment of the prospects for individual economic freedom prevailed.

The great battle against slavery, which had been joined in the eighteenth century, intensified in the nineteenth. The principle of individual liberty rights had won the intellectual battle and had been partially applied. The natural extension was to apply liberty equally to all. For some, the equal-liberty principle had a religious basis—e.g., William Lloyd Garrison, the abolitionist publisher of the *Liberator*, argued that we are equal under God so all men have equal inherent dignity. Wayland, by contrast, emphasized the reciprocity of rights of all moral beings. Literature made its contribution to the elimination of slavery by way of Harriet Beecher Stowe's *Uncle Tom's Cabin* (1852).

Another Englishman, Herbert Spencer, influenced the American debate by integrating the new evolutionary ideas with laissez-faire. Yale professor William Graham Sumner took up the Malthusian theme and adapted it: scarcity forces upon us the necessity of competition, which must sort the strong and the weak. The stronger will accumulate capital, which will be society's best protection against the savagery and brutality of nature. This implied a rejection of Lockean natural rights for individuals and instead urged a social-utilitarian justification of economic arrangements by consequences.

The later nineteenth century also brought with it a sharp turning away from Lockean individualism and laissez-faire by many intellectuals. Henry George made a widely read proposal to tax away landlords' rents. Religious and economic themes began to be imported from Germany. As with an increasing number of younger American intellectuals, John Bates Clark was educated in Germany and Richard Ely returned with his doctorate in the 1870s; Schleiermacher-inspired social Christianity became prominent (105–07); the Social Gospel movement included among its leaders Walter Rauschenbusch (1861–1918), a Baptist minister of German stock (118–23). And drawing from other intellectual sources, Catholicism asserted itself more strongly after Leo XIII's 1891 papal encyclical limiting the reach of laissez-faire; American John Augustine Ryan (1869–1945) extended Leo's thought into a strong rejection of laissez-faire and moral autonomy.

Practical events dominated the early half of the twentieth century, with the Great Depression sandwiched between two World Wars. The wars were a boon for centralized, top-down economic thinking, and in the debate over the causes and solutions to the Depression the position advanced by Rex Tugwell and Roosevelt's Brain Trust prevailed: America needed top-down intervention by the government in industry and all aspects of the economy. That homegrown American trend dovetailed with another British import, Keynesian interventionist macroeconomics. Paul Samuelson's textbook came to dominate the field, putting macroeconomics ahead of micro.

A bewildering variety of perspectives characterized the second half of twentieth-century moral thinking about economics. Frey's discussion covers the territory compactly, discussing the attempt by many to make economics a value-free science; the rise of Milton Friedman and the neo-classical Chicago School; John Kenneth Galbraith's interventionism and John Rawls's welfarism; communitarians such as

Amitai Etzioni and Robert Bellah; the U.S. Catholic Bishops and their 1986 reassertion of a social-relational morality; J. Philip Wogaman, a Methodist professor of ethics at a seminary, later known as pastor of President Bill Clinton's church; and Sally McFague's postmodern theology.

AEM AS HISTORY

Frey's work is a survey of many thinkers' views, with summaries that vary from a paragraph to a few pages in length. What is the value of such surveys now, in this era of the Internet, given that we can now find easily online and in encyclopedias overviews of major, minor, and obscure figures?

In my judgment, survey books add value to the extent that they incorporate a strong historical or philosophical argument. So let me turn to Frey's argument about the significance of the material he has covered.

The major theoretical divide that organizes Frey's work is that between *relational* morality and *autonomous* morality. Frey introduces the distinction early (2) and returns to it in his concluding sixteenth chapter (205). Relational moralists emphasize the connections we have to each other and define value essentially socially. Autonomy moralists, by contrast, emphasize individuals' power and responsibility for choosing their own values and making their way in the world.

This is an important distinction, and Frey appropriately makes prominent the dialogue and debate between advocates on both sides.

Yet Frey's emphasis upon this distinction seems to have slighted other distinctions of historical weight that could also be mined and assessed given the material he presents. For example, one clear trend over the four centuries covered in *America's Economic Moralists* seems to be toward secularization. As the centuries progress in Frey's account, the ratio of religious to secular thinkers covered declines. Frey is more interested in the religious thinkers, devoting more attention to them and developing their themes in more detail. But the title of Frey's book is not *America's Religious Economic Moralists* and, given the historical trend and Frey's interest, I found myself hoping for Frey to address some follow-up questions: How strong among economic moralists is the secular trend? What explains the trend toward non-religiously-based ethics? Has the naturalist trend led to dramatically different conclusions or emphases in economic morality? And what importance should economic moralists assign to the trend towards naturalistic ethics? As important to economic ethics as the autonomy/relational distinction is, so is the religious/naturalist distinction, but that distinction seems under-attended-to in *America's Economic Moralists*.

Another interesting historical trend seems to emerge from America's being a country of immigrants, often importing its culture from the mother countries, most of them European. For example, Frey is very good on including the arguments of several British thinkers—Locke, Smith, Malthus. Clearly those thinkers are historically relevant to understanding the American discussion given the strong influence of the British philosophy. Frey comes close to making the parallel point about the importance of German thinkers to the American discussion, especially in the second

half of the nineteenth century when the tide began to turn against individualism and laissez faire. In my judgment, including a parallel discussion of Hegel, Marx, and Sombart would strengthen the historical argument of *America's Economic Moralists*. As important as Locke and Smith are to understanding American thinking in the eighteenth century and early nineteenth centuries, Hegel and Marx are to understanding American thinking in the subsequent century and a half. Frey does include some discussion of a number of Americans who received their educations in Germany or who were immigrants from Germany who came to prominence in American intellectual life, but he does not make explicit the connections to the major philosophical and moral frameworks they brought with them from Germany.

Another historical issue arises: For a book with a title as broad as *America's Economic Moralists*, Frey includes only thinkers from the middle and relatively moderate wings of the spectrum. This means there are some striking omissions of thinkers and schools at both ends of the spectrum that have had an impact on the course of American thinking about economic morality.

For example, none of the American socialists are included. Socialism is criticized by several of the thinkers Frey includes, but the American socialists don't get to make their case. Frey does include a brief discussion of religiously socialist communities such as the short-lived New Harmony, and he gives a passing mention of Edward Bellamy and Eugene Debs (73). But he does not include any of the major socialist intellectuals, American or European, despite their harshly critical moral stance against much of American economic thinking, and despite their great influence on the progressives, the 1930s, the New Left, and postmodernism. To be fair, early on Frey says that he is going to leave out the socialists on the grounds that "socialism has served mainly as a critique of the more viable ethical contenders" (2).

But even if we grant that socialist economic morality is an outlier on the American spectrum, other omissions are striking. Not included in Frey's book are John Dewey and Jane Addams from one end of the spectrum and Ayn Rand and Robert Nozick from the other. Those four academics and public intellectuals had great impact on their generations and to this day, yet their contributions to the debate are also omitted.

In contrast, Frey does include John Rawls, and appropriately so. But even here he gives Rawls little space, despite Rawls's prominence on the landscape of the last forty years. One measure here is that Frey gives Rawls less space in his book than he gives to Arthur Okun, Daniel Raymond, and Sallie McFague. Perhaps it is merely this reviewer's lack of knowledge, but I knew little of Okun and nothing of Raymond and McFague prior to reading Frey's book. I am grateful to have learned about them, but what historical lesson about the significance of these thinkers are we to draw from the weightings? The lesson cannot be that Frey happens to know, for example, more about McFague than Rawls, so she gets more space, for that would turn the book into an idiosyncrasy rather than a measured historical judgment.

Despite these omissions, Frey is generally very good on the authors he chose to include and one does get a strong historical sense of how America's discussion of economic morality has evolved.

AEM AS PHILOSOPHY

The philosophical content of Frey's book is less developed and consists in one major distinction and occasional evaluative comments on the thinkers he discusses. His summary distinction is here: "America's economic moralists have divided historically into two discernible schools of individualism. One morality benchmarks values in terms of the autonomous individual; the other defines values in terms of the quality of relationships that shape and sustain individuals" (205).

While this is an important distinction, let me raise some questions for it. In Frey's category schema for American economic morality, individualism is the genus, and individualism has two sub-species, autonomy and relational. A striking implication of this categorization is that *all* of the major economic moralists in American history are individualists. That is to say, there are *no* non-individualists to be found in that history, whether they be ethical communalists, communitarians, collectivists, or socialists. That is a strong thesis.

Strong theses are often the most interesting, but it is not always clear why all or even most of the thinkers and movements that Frey covers are best categorized as individualist. For example, in his early coverage of the Colonial Puritans, Frey points out that these early Americans believed (as summarized above) that one should do what one is commanded by God (Perkins), that one should put others, especially one's family and the poor first (Winthrop), that one should eschew recreations and luxuries (Penn), and that one should attempt to rise above one's cognitive self-centeredness (Woolman). What is individualistic about that set of claims? All of them seem to subordinate the individual or to see individualism as a problem to be solved. Is it that (a) religiously the Puritans were Protestants; that (b) in comparison to traditional Catholic theology, Protestantism emphasizes each individual's solo connection to God; and that (c) in Frey's judgment this theological distinction is the decisive categorizing feature? That theological point is important, to be sure, but it's not clear why it overrides the other points in determining how best to place the Puritans.

Or, in the nineteenth century, why are the Social Darwinists individualists? The Social Darwinist vehemently denied the existence of individual rights and proposed as their standard of value is the good of the *species*, not the good of the *individual*. Or more recently, what is it about communitarians such as Bellah and Etzioni, both covered by Frey, that means that despite their reputation as anti-individualists they are nonetheless best categorized as individualists? These questions and others need more addressing to determine the value of Frey's proposed category schema.

Another important philosophical issue is Frey's advocacy of the relational thesis. One impression that emerges clearly early in Frey's book is that he disapproves of the autonomy position. This, unfortunately, leads him regularly not to be fair in presenting the views of thinkers whose views are closer to the autonomy position.

As we read through *America's Economic Moralists*, we find that the autonomy thesis is plagued with problems: Its wants are insatiable. It is excessive. Its arguments are often *non sequiturs* involving a "strange passage" from point A to B (28). It is the position of "bias" and "prejudice" (30–31). It is responsible for all economic

scandals and crashes (211). When covering thinkers whose views tend to the autonomy position, Frey writes like an outsider looking in disapprovingly. He gives an unsympathetic treatment of Benjamin Franklin (27–29). He is frankly terrible on Adam Smith (36–38; I’m no great admirer of Smithian moral philosophy myself, but Frey made me want to defend it). Francis Wayland (42–47) is a “compromiser.” Friedrich Hayek’s defense of free markets can be explained only by Hayek’s “ignoring other possible reasons for dissatisfaction” with them.

I agree with Frey that significant criticisms can be made of all of those thinkers’ positions and arguments, and Frey does raise several good criticisms, e.g., of some of the libertarians’ tendency to moral subjectivism and relativism. But one’s first obligation is an accurate portrayal of the positions and arguments one wants to argue against. Frey flirts regularly with straw men.

Given the negative portrayal of the autonomy position in *America’s Economic Moralists*, one should expect that it would also show a parallel awareness of criticisms of the relational position that Frey agrees with and a response to the standard criticisms of it. Instead, *America’s Economic Moralists* gives us only sympathetic presentations of the relational thinkers’ views and no criticisms of them at all.

Frey’s general animus against the autonomy position carries over to his treatment of particular charged issues. A standout here is Frey’s treatment of the anti-slavery movement. The importance of the battle over slavery and its continuing fallout a century and a half after its abolition cannot be over-stated, so the historical record matters immensely here.

In Frey’s account, the credit for the victory over slavery in the nineteenth century goes to the relational morality, and the blame for retarding that victory belongs almost without exception to the autonomy individualists. The relationalists emphasize our equality under God and our universal kinship as members of the human species (78). By contrast, the autonomists think of themselves as unique and they subject everything, including other humans, to cost-benefit profit calculations (80). All of this is fine, as it is true that some prominent abolitionists were relationalists and some of the apologists for slavery did appeal to adversarial self-interested arguments. But it is also true that traditionally relationalist arguments have been widely used to justify slavery: for example, racialists define humans in terms of their membership in competing racial groups, and they deny the relative importance or significance of the individual—one’s racial, ethnic, or tribal relationships are taken as primary; consequently, racialists justify their making slaves of individuals of other racial groups. It is also true, conversely, that some prominent abolitionists were autonomy individualists. A prominent example here is Benjamin Franklin, previously slighted by Frey as an inadequate thinker in the autonomy individualist tradition: Franklin, along with Benjamin Rush, was one of the co-founders of the American Society for the Abolition of Slavery. So Frey’s conclusion seems to me to be at least premature and at worst tendentious, given that both relational and autonomy arguments have been used both for and against slavery.

I don’t want to overstate the above criticisms, for there are exceptions. One is Frey’s comparison of three twentieth-century thinkers: Hayek, Milton Friedman, and Michael Novak in chapter 13. Frey is unsympathetic to all three, but he does

give them coverage and, importantly, he is sensitive to the distinctions between neoclassical economics, libertarianism, anarchism, and traditional conservatism. Given that many relationalists, communitarians, and leftists tend to lump them together, Frey's careful parsing of the distinctions is well done.

CONCLUSION

America's Economic Moralists is a good historical survey of mostly religious commentaries on economics. Frey's work is in part a historical survey and in part a polemic against the autonomy individualists. In my judgment, Frey does a good job covering the important distinction between autonomy and relational economic moralities and many of the sub-debates therein. But there are more historically and philosophically significant themes that could also have been developed more fully, and Frey's eagerness to advance the relational view and to slight the autonomy view sometimes gets the better of his skills as historian and philosopher.

***Multinational Corporations and Global Justice*, by Florian Wettstein (Stanford, Calif.: Stanford Business Books, 2009). Hardcover, 410 pp. ISBN: 978-0-8047-6240-3.**

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Multinational Corporations and Global Justice by Florian Wettstein is an ambitious and audacious book whose propositions, if operationalized would dramatically change the current global economic system. It is clearly written and challenges the reader to think more carefully about the power and influence of multinational global corporations (MNCs) and the future direction of justice in the global order. I cannot do justice to the fullness of its complicated arguments, so in what follows I will summarize what I find to be the major conclusions and raise some questions about their implications. While I strongly disagree with some of the arguments in the book, it is one of the most stimulating books I have read this year, and I cannot recommend it enough.

The thesis of the book is that "the largest obligations of justice must be assigned to those agents and agencies with the most extensive capabilities to make positive contributions to the [global] transformation of unjust situations into just ones" (9). Those agencies will turn out to be large multinational corporations. Wettstein makes these arguments in three phrases. Beginning with the development of a theory of a "rights-based cosmopolitan justice," he then argues that multinational corporations are quasi-government institutions. Given those two premises, Wettstein concludes that MNCs are the "primary agents of justice." This agency includes positive duties to improve the basic rights, lives, infrastructure, and well-being of those in need and to be proactive in a global transformation to a form of cosmopolitan democracy with regulatory mechanisms to govern MNC transactions worldwide.