

# America's Economic Moralists: A History of Rival Ethics and Economics

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## In Review



## America's Economic Moralists: A History of Rival Ethics and Economics

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Americans have viewed morality in economic life in at least two ways. One highlights personal economic well-being, and the other focuses on social relationships in economic affairs. From the colonial period until the present, these two moral perspectives have lived in constant tension, each appealing to different values that Americans cherish. Using the terms *autonomy moralists* and *relational moralists*, Donald Frey, a professor of economics at Wake Forest University, searches American history to see how these two approaches pervade both public policy and private-sector discourse and are woven into a moral fabric that shapes economic activity. An implicit theme lurking in the background suggests that religious moralists are prone to accommodating prevailing cultural values rather than critiquing them.

This is a monumental project that surveys the work of over 100 writers and their treatment of autonomy and relational morality. For autonomy moralists, the social order fits the scientific posture of the 18th-century Enlightenment. The economy functions as a clocklike machine in a world of scarcity, where individual freedom is the dominant rule of the game. In colonial times the Puritans adapted to Enlightenment thought with their belief in a work ethic and a calling: the belief “that one might earn for oneself and also glorify God and serve others in a vocation tended to give divine warrant to self-interest.” Relational morality, on the other hand, views the economy as an unfolding creation of human choices with moral content. This moral stance “understands the individual self to exist within a web of relationships, which defines the self and confers social rights and obligations.”

Autonomy morality seeks a minimal role for government, is tolerant of the preferences of others and accepts inequality as a natural outcome of a system based on earned status. These moralists see the rules of the market as sufficient boundaries for action so that additional moral boundaries are unnecessary. Relational moralists take issue with each of these claims by making humans interdependent for their welfare. This requires shared values and constraints that rely on the moral discernment of the group.

Frey examines the Puritan and Quaker influence in colonial times, showing how a theology of individual salvation fit well with the secular self-sufficiency ethic of Benjamin Franklin and other colonial thinkers. The result was a tilt toward autonomy morality and a laissez-faire economic system. Frey credits the evangelical preacher Francis Wayland with making Protestant orthodoxy consistent with a laissez-faire economy and autonomy morality.

Frey surveys the work of scores of secular and religious authors to find tendencies toward these two types of morality. The communitarian Moravians practiced relational morality but valued individual identity. The abolition period highlighted human dignity as well as the need for human kinship. Slavery could be seen as individualism gone awry, indicating the need for boundaries around market freedom. With Herbert Spencer and the advent of social Darwinism, autonomy morality dominated the moral landscape despite the efforts of critics like Thorstein Veblen and other relational moralists. By this time many religious thinkers had developed a dualistic approach to ethical life. Creating wealth and earning substantial incomes were justified by autonomous morality, while philanthropy was the gesture toward relational morality practiced in the late 19th century by industrialists like Andrew Carnegie.

The tension between the two forms of morality continued throughout the 20th century. Secular economists such as Richard Ely and John Bates Clark voiced concerns about a mechanistic economics that seemed far from reality. On the other hand, Henry George promoted economic determinism, claiming that “poverty, want, and starvation” are “the inevitable results of universal laws with which . . . it were as hopeless to quarrel as with the law of gravitation.” But again there was resistance to autonomy morality, this time from leaders of the Social Gospel movement and from Catholic social teaching, which emphasized human dignity as a qualifier of autonomy.

The optimism and rapid economic growth of the 1920s convinced many that free markets could solve the problem of scarcity. Bruce Barton and Father Divine found individualistic markets to be congruent with traditional religious teaching, and this gave autonomy morality even firmer footing in American culture. The Great Depression, however, caused the pendulum to swing back toward shared responsibility, increased governmental action and questioning of laissez-faire economics.

When prosperity returned, individual freedom again became the dominant theme in economic thinking. If people’s freedom of choice is limited only by personal income, then social welfare will be maximized. The Chicago school, led by Milton Friedman, framed economics in this way, making autonomy morality the reigning economic moral option despite the cautions of Frank Knight, who preceded Friedman at the University of Chicago. Religious support for Chicago school economics came from Michael Novak, who separated society into economic, political and religious spheres,

with moral considerations being concentrated in the religious sphere and individualistic free choice in the economic sphere.

The book continues with consideration of modern critics of the autonomy morality mainstream, including John Kenneth Galbraith, John Rawls, Arthur Okun and Amartya Sen. The need to set some boundaries around markets to enhance justice and promote a collective sense of fairness is a common theme in the work of these writers. The final historical chapter points to a wide ecumenical consensus that economic life cannot be limited to autonomy morality because economic inequality and insecurity are not solved by a self-adjusting, mechanistic, value-free market.

Frey concludes his work with an assessment of both moral systems, measuring them against the values of self-interest, economic virtue, human rights and collective action, inequality and poverty, and human dignity. This is an excellent discussion that might well be read after the introduction because it provides a helpful perspective on the historical chapters. Frey is clearly sympathetic with the relational morality option but is evenhanded in his historical assessment.

Readers should be aware of several shortcomings of the book. First, its focus only on America means it lacks the perspective of key British and other classical and neoclassical economic thinkers. Frey's treatment of Adam Smith and Thomas Malthus, for example, is superficial. He presents Smith as the framer of autonomy morality even though a reading of both of Smith's major works could easily put him closer to the relational morality group. Second, Frey does not mention that economists are presently pursuing experimental economics, cooperation economics and game theory techniques, or that they are considering the meaning of happiness. All of these open the door for relational morality to creep into mainstream thinking.

Third, Frey only briefly mentions the significant effects of globalization on moral thinking. Finally, in a few cases Frey references clerics or other moralists who seem somewhat removed from economic topics. In these cases it is possible to read more into their views than they intended.

Despite these shortcomings, *America's Economic Moralists* is an invaluable resource. Frey's two categories of moralists provide an innovative typology around which constructive discussion of morality and economics can occur.