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# *A Humane Economy versus Economism*

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## *Introduction*

Contributing to the multi-faceted crisis Americans now face is the loss of those values and principles that are essential to a healthy economy. We could mention the incestuous relationships between business and politics, the avarice of large banking institutions, misguided Federal Reserve policy, the irrationality of Wall Street investors, and the Gordon Gekko motto that greed is good. In the face of these problems, average Americans have indeed been hurt and made subject to the predations of those whose lives are truly driven by greed and fear. Or, as Robert Kuttner has recently written, Americans have been made subject to the rentier class, the powerful and unscrupulous creditors of the financial world.<sup>1</sup> But a more subtle form of depredation is robbing us in an even more fundamental way. No effort at restoring America's foundations can be complete, no battle for her soul can be successful, without our being reminded of this need. I am speaking of our perspective on the nature and quality of business and work necessary for a *humane economy* to oppose the ravages wrought by its opposite, *economism*.

By "economism" I mean a false view of economy and business that either (1) denigrates these pursuits as related merely to material needs and not intimately connected with man's

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<sup>1</sup> Robert Kuttner, "Debtors Prison," *The American Prospect*, June 6, 2011, 3.

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higher purposes, or (2) elevates the material means sought by business and commerce to the status of man's only end. In both cases economic activity is associated exclusively with base human motives. In the former, economic pursuits are belittled, and in the latter they are given the highest praise. While there are many ways to engage this theme, I will here contrast the ancient and modern forms of economism with the alternative of a humane economy.

*Ancient Economism: The Absence of Leisure*

In the past, the emphasis was on the man of leisure who, acting as an independent or relatively self-sufficient individual, was able to spend time contemplating the higher aspects of life out of love for the good. He was able to do so because he did not have to work by the sweat of his brow to earn a living. The chief end of man was not seen as getting material wealth, and therefore trade and business were considered unworthy activities of the properly formed man, the man with the liberal education. This, of course, harkens back to Aristotle's *Politics*, where he writes that topics related to business matters, such as natural and unnatural methods of getting wealth, are not unworthy of philosophical discussion, but "to be engaged in them practically is illiberal and irksome."<sup>2</sup>

*Greeks and Romans scorned material pursuits as servile.*

This perspective was subsequently reflected in the different social classes this view entailed because, after all, some people actually had to lower themselves to make, grow, and trade things. These were, in Roman as well as Greek society, the slaves or the serfs or the laborers. The education suitable for them was vocational training while for the leisure class it was education in the "liberal arts," a name derived from the *liberi*, or freemen, the sons of well-to-do Romans who had the leisure to study such topics as philosophy, languages, and history.

To understand the purpose of "liberal" education, it is helpful to look at three definitions. First, Jacques Barzun writes that "the academic humanities serve the arts, philosophy, and religion by bringing order into the heritage of civilization."<sup>3</sup>

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<sup>2</sup> Aristotle, *Politics*, Book I, Chapter 2 [1258b,10].

<sup>3</sup> Jacques Barzun, *The House of Intellect* (New York: Harper Brothers Publishers, 1959), 212.

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Secondly, John Gould Fletcher, speaking of higher education, has a different emphasis, claiming: "We employ our minds in order to achieve character, to be the balanced personalities, the 'superior men' of Confucius' text, the 'gentlemen' of the old South. We achieve character, personality, gentlemanliness in order to make our lives an art and bring our souls into relation with the whole scheme of things, which is the divine nature."<sup>4</sup> Thirdly, Richard Weaver writes of the medieval pursuit of knowledge: "Under the world view possessed by medieval scholars, the path of learning was a path to self-depreciation, and the *philosophiae doctor* was one who had at length seen a rational ground for *humilitas*. Thus knowledge for the medieval idealist prepared the way for self-effacement."<sup>5</sup>

We can summarize these goals as order, art, and humility.

The "gentleman" of English society is perhaps the most familiar illustration of this concept in practice. He was not one who would demean himself by engaging in commerce or the professions. He preferred to have an independent income and pursue liberal studies without thought of monetary reward. (Of course, it is an interesting sociological question how this independent income was first established and later maintained. That is another matter.) This older, genteel view reminds one of the attitude of Mr. Collins in Jane Austen's *Pride and Prejudice*, who was worried that Mrs. Phillips's husband might be, well, might be engaged in—trade. He was dramatically relieved to find that Mr. Phillips was a solicitor, "a modest calling but respectable."

Without calling into question the enormous benefit to English society of the "spirit of the gentleman," as Burke calls it, the concept did do a disservice in one respect: by separating the higher ends of man from the way he earned his daily bread—that is, by failing to see the organic connection between the two—it relegated work to a lower social class, from whom little of an elevated nature was to be expected. This is one form of economism.

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<sup>4</sup> John Gould Fletcher, "Education, Past and Present," in *I'll Take My Stand* (New York: Harper and Row Publishers, 1930), 120.

<sup>5</sup> Richard M. Weaver, *Ideas Have Consequences* (Chicago: University of Chicago Press, 1948), 72.

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### *Economy, Business, and Work as Liberal Arts*

Yet at the same time that Jane Austen was writing her novel, such views concerning work were already changing as the classes and society were being altered under the new industrial and commercial regime that began in the late eighteenth century. These changes were a mixture of good effects and bad, but among the former was a different perspective on the role of business. In this context Wilhelm Röpke writes:

[A] certain opprobrium was attached for many centuries to that middle level of ethics which is proper to any essentially free economy. It is the merit of eighteenth-century social and moral philosophy, which is the source of our own discipline of political economy, to have liberated the crafts and commercial activities—the banausic [Greek for the “man at the stove”] as they were contemptuously called in the slave economy of Athens—from the stigma of the feudal era and to have obtained for them the ethical position to which they are entitled and which we now take for granted.<sup>6</sup>

The ancient view of trade—and of the corresponding social classes—was displaced by a more elevated view of business and economy. Röpke goes so far as to say: “It was a ‘bourgeois’ philosophy in the true sense of the word, and one might also legitimately call it ‘liberal.’”<sup>7</sup> It was “liberal” in the sense that it developed the virtues of “diligence, alertness, thrift, sense of duty, reliability, punctuality, and reasonableness.”<sup>8</sup> While these are perhaps pedestrian virtues, they are a part of that order, balanced living, and humility which define “liberal.” Individuals making their own way and supporting their families with their own efforts constitute a “source of vital impulses, as a life-giving creative force without which our modern world and our whole civilization are unthinkable.”<sup>9</sup> These contributions to the development of good character, in other words, were an important part of the new bourgeois philosophy, besides encouragement of earning a dollar, and were inseparably connected to work and business.

In Germany something of this new bourgeois philosophy was already evident in Goethe, the great poet and man of

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<sup>6</sup> Wilhelm Röpke, *A Humane Economy* (Chicago: Henry Regnery, 1960), 118-19.

<sup>7</sup> *Ibid.*, 119.

<sup>8</sup> *Ibid.*

<sup>9</sup> *Ibid.*

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letters. Speaking through the story's character Werner to its hero, Wilhelm Meister, Goethe, in his novel *Wilhelm Meister's Apprenticeship*, gives this view of business:

At that time you had no true idea at all of trade; whilst I could not think of any man whose spirit was, or needed to be, more enlarged than the spirit of a genuine merchant. What a thing it is to see the order which prevails throughout his business! By means of this he can at any time survey the general whole, without needing to perplex himself in the details . . . you do not see how form and matter are in this case one, how neither can exist without the other. Order and arrangement increase the desire to save and get. . . . I am convinced, my friend, that, if you once had a proper taste for our employments, you would grant that many faculties of the mind are called into full and vigorous play by them . . . you will joyfully enroll yourself among that class of men whose art it is to draw towards themselves a portion of the money, and materials of enjoyment which circulate in their appointed courses through the world. Cast a look on the natural and artificial productions of all the regions of the earth; consider how they have become, one here, another there, articles of necessity for men. How pleasant and how intellectual a task is it to calculate, at any moment, what is most required, and yet is wanting, or hard to find; to procure for each easily and soon what he demands; to lay in your stock prudently beforehand, and then to enjoy the profit of every pulse in that mighty circulation. This, it appears to me, is what no man that has a head can attend to without pleasure. . . . It is not, my friend, in figures of arithmetic alone that gain presents itself before us. Fortune is the goddess of breathing men: to feel her favors truly, we must live and be men who toil with their living minds and bodies, and enjoy with them also.<sup>10</sup>

The narrator of the story adds that Werner, the speaker, could not contemplate his profession and employment without "elevation of the soul."<sup>11</sup>

*True success  
in business  
tied to  
"elevation  
of the soul."*

While not on a par with the highest thoughts or aspirations of a Christian saint, this view of what business entails is certainly better and more joyful than that of the older tradition, calling into play the "many faculties of the mind" in the "art" of provision. Here is no shriveled Shylock wanting his pound of flesh, nor a Silas Marner counting his coins, nor a Uriah Heep fawning over his customers, but an educated individual

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<sup>10</sup> Johann Wolfgang von Goethe, *Wilhelm Meister's Apprenticeship* (New York: The Heritage Press, 1959), 31-33.

<sup>11</sup> *Ibid.*, 32.

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who sees order, virtue, and character in the enlarged understanding of commerce.

It is perhaps no accident that something like this view could be expressed—and I believe favorably received—already at the time when the merchants of the Hanseatic League voluntarily taxed themselves to provide needed facilities in their cities, which they considered it an honor as well as a duty to make available at their own expense.<sup>12</sup>

Other writers around the time when Goethe wrote were also pointing the way to a humane economy. Charles Butler, writing in the 1830s, published a curiously titled book, *The American Gentleman*, whose frontispiece contains a picture of George Washington as the author's conception of the ideal with the caption: "He needed no patent from the hand of royalty." The American gentleman was not averse to engaging in trade; he did not find it "illiberal and irksome" but rather the occasion to practice virtues intimately connected with good character. In Butler's words:

But, at the same time, it is certain that a mercantile life affords scope for the display of many good qualities, and of virtues which, from their sublime and difficult nature, may constitute the merchant a practical philosopher. It affords an ample field for the exercise of commutative justice, and self-denial in refusing to take advantage which might be taken with secrecy.<sup>13</sup>

Like Washington, the merchant was to adorn his situation and elevate it with exemplary behavior, his only legitimate claim to leadership as a natural aristocrat.

John Ruskin, writing in the middle nineteenth century, also makes the point that the "true merchant" must have a point of honor, a sense that his calling requires sacrifice in time of need for the provision of others. Addressing the tradition of the gentleman in English society, Ruskin writes:

They [English gentlemen] will find that commerce is an occupation which gentlemen will every day see more need to engage in, rather than in the businesses of talking to men, or slaying them; that, in true commerce, as in true preaching, or true fighting, it is necessary to admit the idea of occasional voluntary loss; . . . that the market may have its martyrdoms as

*Engagement in commerce an opportunity to practice virtues.*

*Gentlemen in business will "admit the idea of occasional voluntary loss."*

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<sup>12</sup> Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (Indianapolis: Liberty Fund, 1981), 850. Cf. Röpke, *A Humane Economy*, 133.

<sup>13</sup> Charles Butler, *The American Gentleman* (Philadelphia: Hogan and Thompson Publishers, 1836), 31.

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well as the pulpit; and trade its heroisms, as well as war.<sup>14</sup>

The true merchant lives up to this ideal of provision under duress for the good of others.

### *Modern Economism: Greed Elevated*

Unfortunately, at the same time these wholesome and redeeming views were being propounded, another view was also gaining ascendancy, one which eventually triumphed in the battle for the hearts and minds of business. This was the secular, modern form of economism, emphasizing material gain and utility, sometimes as man's exclusive end. "He who dies with the most toys wins," as an old bumper sticker reads.

Nineteenth-century liberalism was smitten with the idea of the immanentist or self-contained quality of the capitalist system, believing that it inherently possessed or produced the virtues which were really its prerequisites. The market was viewed as morally self-sufficient. Adam Smith's well-known principle of legitimate self-interest under the providential guidance of the invisible hand and circumscribed by justice and prudence, as well as his view of moral sentiments, was replaced with the self-centered economic man, maximizing consumption and profits. Sumner could say: "I promise you if you pursue what is good for yourself, you need not take care for the good of society. . . ." There was for him a nearly automatic harmony between individual wants and social needs, so that it was in fact a "pleasure" for him to see that "we are not at war with ourselves."<sup>15</sup>

That trends in industrialization did not always produce harmony and contentment bothered other thinkers such as Röpke. When speaking to a prominent pro-market economist in the early twentieth century, Röpke expressed his concern over the kind of dehumanizing work often required in the modern economy. The reply was that this is a romantic notion he must dispense with and that all one can do is pay

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<sup>14</sup> John Ruskin, "Unto This Last," in *The Seven Lamps of Architecture* (Boston: Dana Estes Publisher, 1913), 161-62.

<sup>15</sup> William Graham Sumner, "Discipline," in *William Graham Sumner: The Conquest of Spain and other Essays* (Chicago: Henry Regnery Company, n.d.), 16, 17.

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the worker as high a wage as possible so that he can engage in mass consumption after work. "Even at the time," writes Röpke, "I had the impression that this was an answer which could scarcely have been less wise. . . . But it seems to me that this so disappointing answer is a particularly clear example of a philosophy that is extremely widespread . . . of a blindness to the real problems that is typical of our times; my book *A Humane Economy* was an attack on this blindness."<sup>16</sup>

This blindness lay in the fact that the new "philosophy" had eroded the older foundation of values reflecting a Christian heritage and sense of the transcendent in life while retaining, as in the case of Sumner, the phraseology of the older bourgeois philosophy of virtue, discipline, and independence. The new view rooted in a belief in blind cosmological forces was part of the Social Darwinism in which life was viewed as a harsh struggle for existence and nature was seen as "red in tooth and claw." The new hero was the energetic entrepreneur, who got all he could from the world while at the same time aiding the cosmological force of progress. Richard Hofstadter gives us a picture of the times when he writes:

With its rapid expansion, its exploitative methods, its desperate competition, and its peremptory rejection of failure, post-bellum America was like a vast human caricature of the Darwinian struggle for existence and survival of the fittest. Successful business entrepreneurs apparently accepted almost by instinct the Darwinian terminology which seemed to portray the conditions of their existence.<sup>17</sup>

According to this view, whatever good there is in the world comes from people with motives that, by the standards of an earlier era, are base. That which in ancient times was con-

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<sup>16</sup> Wilhelm Röpke, "Formative Influences and Leadership in the Business Enterprise—Invisible Factors of Production," *The German Economic Review*, Vol. I, No. 3 (1963), 21.

<sup>17</sup> Richard Hofstadter, *Social Darwinism in American Thought* (New York: George Braziller, Inc., 1959), 44. There was, of course, the other side concerning this issue, namely, the reformers who rejected this application of Darwinian thought in favor of political and social meliorism. While their methods differed, their "values" were ultimately taken from the same bolt of immanentist cloth. A transcendent understanding of man's nature and purposes within the tradition of the Christianized West was still not espoused either in business or politics. For an excellent history on these matters, see Clarence Carson, *The Flight from Reality* (New York: The Foundation for Economic Education, Inc., 1969).

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*Avarice and  
insatiable  
greed idolized.*

demned is now, *pecca fortiter*, praised as the source of great fruitfulness. By the end of the twentieth century, progress, change, and improvements of all sorts were frankly thought to come from avarice and insatiable appetite. We come at last to Gordon Gekko's motto from the 1987 film *Wall Street*: "Greed is good. Greed works. Greed is right. Greed clarifies, cuts through, and captures the essence of the evolutionary spirit. Greed in all its forms, greed for life, money, love, knowledge, has marked the upward surge of mankind. . . ." And a few years later, the economist Walter Williams would give a similar message to students at Grove City College when he said: "If you were to ask me, what is the noblest of human motivations, what is the motivation that gets good things done, I would say, greed."<sup>18</sup> Even Sumner would have blushed to speak so bluntly

We have moved, then, from the man of contemplation, who disdains physical work and wealth-getting, to the avaricious entrepreneur, who disdains the contemplative life and philosophy. The entrepreneur, of course, is always a "practical philosopher" in Butler's phrase, but the content of that philosophy has changed relative to earlier times.

### *The Humane Economy*

Röpke took great pains to emphasize that the market and economy presuppose certain virtues; they do not produce them. While man fulfills his destiny in this world in part by earning his daily bread, there is something more than mere instrumentality in this activity. He describes his concern this way:

Life is not worth living if we exercise our profession only for the sake of material success and do not find in our calling an inner necessity and a meaning which transcends the mere earning of money, a meaning which gives our life dignity and strength. . . .

This feeling for the meaning and dignity of one's profession and for the place of work in society, whatever work it be, is today lost to a shockingly large number of people. To revive this feeling is one of the most pressing tasks of our times, but it is

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<sup>18</sup> Walter Williams, *Vision and Values*, Vol. 2, No. 1 (1994), 5. Williams continues to argue along the same lines in his more recent statements. See his comments in [www.nwfdailynews.com](http://www.nwfdailynews.com), 2012-01-12.

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a task whose solution requires an apt combination of economic analysis and philosophical subtlety.<sup>19</sup>

Röpke's thoughts remind one of another writer, Richard Weaver, who wrote concerning work:

Before the age of adulteration it was held that behind each work there stood some conception of its perfect execution. It was this that gave zest to labor and served to measure the degree of success. To the extent that the concept obtained, there was teleology in work, since the laborer toiled not merely to win sustenance but to see this ideal embodied in his creation. Pride in craftsmanship is well explained by saying that to labor is to pray, for conscientious effort to realize an ideal is a kind of fidelity. The craftsman of old did not hurry, because the perfect takes no account of time and shoddy work is a reproach to character. But character itself is an expression of self-control, which does not come of taking the easiest way. Where character forbids self-indulgence, transcendence still hovers around.<sup>20</sup>

*Purpose of work not merely to win sustenance but to embody the ideal in one's creation.*

Three examples will illustrate this point further. In the first, a pride of craftsmanship is seen in Goethe's *Wilhelm Meister* when Wilhelm's associate, Serlo, in the production of Shakespeare's *Hamlet*, argues that they should re-write the ending to please the audience, which wants Hamlet to live. But Wilhelm replies:

I will show the public any other complaisance; but, as to this, I cannot. We often wish that some gallant, useful man, who is dying of a chronic disease, might live longer. The family weep, and conjure the physician; but he cannot stay him: and no more than this physician can withstand the necessity of nature, can we give law to an acknowledged necessity of art. It is a false compliance with the multitude, to raise in them emotions which they *wish*, when these are not emotions which they *ought*, to feel."<sup>21</sup>

Business as "profit for self" is here subordinated to business as "provision of good for others." Wilhelm does this by being faithful to the aesthetic values intrinsic to his art first and to making a profit second. In doing so, he exemplifies Ruskin's "true merchant" who practices "occasional voluntary loss." The final result is that artistic and commercial "oughtness" are one.

*Business as "profit for self" subordinated to business as "provision of good for others."*

In the second example, we may consider Edmund Burke's

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<sup>19</sup> Röpke, *Humane Economy*, 114.

<sup>20</sup> Weaver, *Ideas*, 73.

<sup>21</sup> Goethe, *Wilhelm Meister*, 300 (emphasis in the original).

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well-known comments on the duty of the legislator to his constituents. He argues that the legislator owes them his “unbiased opinion, his mature judgment, his enlightened conscience.” The latter are not derived from his constituents, the law, or the constitution. He has no right to sacrifice them “to any man or to any set of men living.” Instead, “[t]hey are a trust from Providence, for the abuse of which he is deeply answerable.” When a representative is elected, he becomes a member of parliament whose duty it is not merely to look out for the interests of his local constituents, but also for the interests of the entire nation; he is to care “for the general good, resulting from the general reason of the whole.”<sup>22</sup> A responsible entrepreneur has a similar relationship to the public.

Weaver, giving another instance of this view, cites Governor John Winthrop’s answer to the General Court of Massachusetts in 1645 on the question of the source of the authority to act. Winthrop, anticipating Burke, states: “It is you who have called us unto this office; but being called, we have our authority from God. . . .” “In other words,” Weaver continues, “the leader may be chosen by the people but he is guided by the right; and, in the same way, we may say that the worker may be employed by anyone, but that he is directed by the autonomous ideal in the task.”<sup>23</sup> The ideal liberates the worker from an intrusive boss as much as the politician is liberated from the wishes of a constituency, or the artist from the wishes of his audience. Without the independence bestowed by the ideal, without such freedom, affection for the good and for the character it develops are stifled.

To follow Weaver further, whenever a worker sees his work as *worship* and not merely as *utility*,<sup>24</sup> and the worker seeks to embody the ideal in the task before him (i.e., pursuing what is good for its own sake), he is practicing the very essence of the liberal and the humane. He is taking the broader, transcending view of life which elevates his work. He is participating in the chief end of man, even achieving a measure of Aristotelian self-sufficiency and well-being. He is here import-

*Work as  
worship and  
not merely as  
utility.*

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<sup>22</sup> Isaac Kramnick, ed., *Edmund Burke* (Englewood Cliffs: Prentice-Hall, 1974), 20-21.

<sup>23</sup> Weaver, *Ideas*, 76.

<sup>24</sup> *Ibid.*, 73.

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ing the very freedom and latitude, necessary for the development and display of good character, that economic thought claims that he cannot have. Understood in this way, his labor becomes a part of his leisure.

*Labor in pursuit of the ideal becomes part of leisure.*

### **Summary and Conclusion**

Any effort to restore America's foundation in the sphere of business, economy, and work will be strengthened by remembering that the American gentleman was different from his British counterpart. While Americans retained the English common law and a great deal else of English culture, they did not adopt the English idea of titular aristocracy. In America the aristocrat was to be a man of natural talent and character who might achieve social prominence in any number of fields, including trade, business, and professional/vocational pursuits. Recovering this view and inculcating it in the young would be vital to any program of restoration. This could be achieved only by overcoming the opposed types of one-sidedness with regard to work that have been discussed and by finding a third way that keeps the material and the spiritual in the proper balance.

The views of Barzun, Fletcher, and Weaver, summarized above as calling for order, art, and humility, can also be applied to business. Where, for example, Barzun observes that humane studies bring order to our understanding of the heritage of civilization, so, too, economy and principled, responsible commerce contribute to the ordering of our civilization. How we order it depends on our understanding of human nature and destiny. A Marxian view and a free market view are obviously different. But justice in the deepest and broadest sense is the end of mankind, and the essence of good business, whatever else it may contain, is justice in production and exchange. The study and practice of business should be rooted in and profoundly influenced by the same understanding of human existence and its purpose that ought to inform every human pursuit. Economics properly understood qualifies for humane study as much as the traditional disciplines.

*Justice in the deepest sense is the end of man—and the essence of good business.*

Fletcher stresses the art of balanced living and the development of character: that we need to bring our souls into relation with the whole scheme of things in the way advocated by

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Confucius. The art of the gentleman, the balancing of life as a whole, must, then, include making an honorable place for the true merchant. When, either as customers or proprietors, people engage in business they have many opportunities to exhibit good character: kindness, generosity, fidelity in work, honesty, etc.

*Work provides numerous occasions for self-restraint in deference to a higher standard.*

The importance of humility before a higher standard has been emphasized. Submission to the ideal intrinsic to one's task is the practice of a faith in transcendence and subdues the merely egotistical self. Work in general provides numerous occasions for this kind of self-restraint in deference to a higher purpose. Just as work and business at their best can embody the values studied by the liberal arts, so, too, the liberal arts are directly relevant to explaining work and business at their best.

We need to reject economism in both its forms in favor of a balanced view that assigns to commerce its rightful place in society and regards it as a sphere of activity in which honor and other admirable qualities are expected and displayed. As Röpke put it, we need "a new humanism in which the market and the spirit are reconciled in common service to the highest values."<sup>25</sup>

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<sup>25</sup> Röpke, *Humane Economy*, 116.