



Richard Ely's Golden Calf

BY JONAH GOLDBERG

IN a lecture to Harvard students in 1886, Oliver Wendell Holmes Jr. spoke of the sort of thinker of whom it can be said that, “a hundred years after he is dead and forgotten, men who never heard of him will be moving to the measure of his thought.”

Perhaps more than any other leading progressive intellectual, Richard Ely is dead and forgotten, save among a few economists and a few historians. The American Economic Association, which Ely founded, still has a prestigious Richard Ely memorial lecture, and such neo-progressives as the late Richard Rorty tried valiantly to restore Ely’s stature. But for the most part, Ely is the answer to a very obscure trivia question. And yet today’s liberals continue to move to the measure of his thought.

With only a modicum of literary license, it’s fair to say that the house of contemporary liberalism sits on a foundation laid down by Ely. He wrote dozens of books, on monopoly, taxation, land use, and urban reform, and several standard texts on general economics. A leader of the new generation of German-trained or -inspired Ph.D.s, Ely began teaching at the brand-new Johns Hopkins University—conceived as a German-style institution—in 1881. Just over a decade later, the progressive writer Lyman Powell wrote that Ely’s writings “exercised a wider and more positive influence on American legislation than the works of any other economist of the present generation.” Not long after that, he was known as the “dean of American economics.”

As a professor at Hopkins and, later, the University of Wisconsin, Ely served as a mentor to or major influence on many of the most important progressive thinkers and activists. In 1939, a reviewer of Ely’s autobiography, *Ground under Our Feet*, observed that “it is common knowledge, among those who know the field, that Dr. Ely has a greater ‘gallery’ [of disciples] than any other economics professor in the country.” His disciples and allies became the intellectual shock troops of progressivism in journalism and academia. His student John Finley was, variously, president of the City College of New York, New York state commissioner of education, and editorial-page editor of the *New York Times*. Msgr. John A. Ryan, whose writings on industrial democracy were integral to the New Deal, was one of Ely’s greatest champions (Ely found a publisher for Ryan’s 1906 book *A Living Wage* and wrote the introduction to it).

The most famous members of Ely’s gallery, however, were politicians: Woodrow Wilson, Ely’s student at Hopkins; Wisconsin governor Robert La Follette Sr.; and Theodore Roosevelt. Ely’s influence on La Follette was extensive, as Ely was the leading academic behind the “Wisconsin Idea”—using academic experts to guide government policy—and La Follette, who often called Ely his “teacher,” was its foremost political champion. His influence on Teddy Roosevelt was more diffuse. While they were longtime friendly acquaintances, Ely’s impact on TR came mostly through his writings and through Albert Shaw, a student and devotee of his who became a close adviser to Roosevelt. TR famously said of Ely, “He first introduced me to radicalism in economics and then made me sane in my radicalism.”

That “radicalism” was mainstream progressive economics, or simply “reform.” Some of the reforms were perfectly defensible. Clean food and drinking water, the improvement of labor conditions, the abolition of child labor are all desirable ends, even if we can debate the means of attaining them. And while much of the welfare state that we know today was constructed by the “new economists” Ely led, his more significant contribution was not, strictly speaking, economic.

MANY contemporary progressives assert that liberalism is an authentic American tradition, with roots in American soil. In part because the word “liberal” came to have a foreign or un-American patina to it, many prominent liberals have adopted “progressive” instead. During a 2007 primary debate, Hillary Clinton rejected the “liberal” label. “I prefer the word ‘progressive,’ which has a real American meaning, going back to the progressive era at the beginning of the 20th century.”

The irony here is that the supposedly more authentically American tradition of reform also has a heavily European lineage. Indeed, American progressives saw themselves as the U.S. franchisees of an international effort. “We were parts, one of another, in the United States and Europe,” proclaimed William Allen White. “Something was welding us into one social and economic whole with local political variations. It was Stubbs in Kansas, Jaurès in Paris, the Social Democrats [that is, the Socialists] in Germany, the Socialists in Belgium, and I should say the whole people in Holland, fighting a common cause.” When

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Jane Addams seconded Teddy Roosevelt's nomination at the Progressive-party convention in 1912, she declared, "The new party has become the American exponent of a world-wide movement toward juster social conditions, a movement which the United States, lagging behind other great nations, has been unaccountably slow to embody in political action."

If America was lagging behind, Germany was leading the pack. Bismarck's "top-down socialism" was, in the words of liberal historian Eric Goldman, "a catalytic of American progressive thought." A young Woodrow Wilson wrote that Bismarck's Prussia was the most "admirable system . . . the most studied and most nearly perfected" in the world. When the American Economic Association was formed, five of the first six officers had studied in Germany. At least 20 of its first 26 presidents had as well. In 1906, a professor at Yale polled the top 116 economists and social scientists in America; more than half had studied in Germany for at least a year.

Much of the philosophical rationale for Bismarck's top-down socialism came from the "historical school" of German economists, of which Ely's mentor at the University of Heidelberg, Karl Knies, was a leader. Imbibing heavily from Hegel and Darwin, the historicist economists believed that all economic facts are relative and evolutionary, contingent upon their time and place. Historicists rejected laissez-faire economics on the grounds that there are no immutable or universal laws of economics. "The most fundamental things in our minds," Ely said of himself and his new generation of intellectuals, "were on the one hand the idea of evolution, and on the other hand, the idea of relativity."

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"The nation in its economic life is an organism," he wrote, "in which individuals, families, and groups . . . form parts." Hence competition and self-interest are generally bad things, working against the tide of progress. After all, organs in the human body do not compete against one another, so why should organs of the body politic? History, like evolution itself, was moving toward greater social cooperation. And it fell to experts to decide how to advance that process. "A new world was coming into existence, and if this world was to be a better world we knew that we must have a new economics to go along with it." Not only did this vision provide a perfect rationale for empowering social planners, it necessarily consigned the rights and liberty of the individual to being an afterthought—hence Ely's advocacy of what he called "coercive philanthropy." If experts can glean which way social betterment lies, who is the individual to object? The job of the economist is not to consider discrete questions about how to, say, maximize productivity or measure discretionary income. It is to fix society in all its relations, right down to each individual. The goal of the economist, Ely believed, was to hasten "the most perfect development of all human faculties in each individual." Whether the individual wanted that development was irrelevant.

In this respect, Ely was one of the primary architects of the transformation of liberalism from a doctrine of negative liberty (having the state stay out of your way) into a doctrine of positive liberty (having the state set you up with the tools and teaching

necessary to "be all you can be"). His goal was "to equalize opportunities" and to give "to each the means for the development, complete and harmonious, of all his faculties." Regulating "industrial and other social relations existing among men is a condition of freedom," he wrote. To this end, Ely advocated "industrial armies," arguing that young men and society alike would benefit from a form of civilian conscription straight into the factories. If implemented, his ideas might "lessen the amount of theoretical liberty," but would surely "increase control over nature in the individual, and promote the growth of practical liberty." That idea—"practical liberty"—is the vision behind the "Economic Bill of Rights" that FDR promulgated decades later, and echoes of it can be heard every day in calls for a "new New Deal."

BUT to discuss Ely purely in terms of public policy leaves out his most important work: He was, bar none, the most important lay proselytizer of the progressive social gospel and "Christian socialism" in America. A close friend or adviser to nearly every major social-gospel preacher, he founded the "Christian sociology" movement. Ely scholar Benjamin Rader reports that "ministers across the country used Ely's writing as a basis for sermons." Ely's *Social Aspects of Christianity* was a definitive text. "For more than twenty years," writes Rader, "every minister entering the Conference of the Methodist Episcopal Church was required to read *Social Aspects* as well as Ely's *An Introduction to Political Economy*."

Ely was born in 1854 in western New York to pious Yankee and

Puritan Presbyterian parents. His father, Ezra, was an "extreme Sabbatarian," to use Murray Rothbard's phrase, refusing to let his children even read or play games on Sunday. In order to avoid working on the Sabbath, Ezra quit his well-paying job as a civil engineer on the railroads and struggled as a farmer. Despite needing the money, he refused to grow barley—the best crop for his soil—because it could be used for the devil's brew, beer. While Ezra lamented that young Richard never had a proper conversion experience to "become a good Presbyterian," he nonetheless imbued in Richard a religious commitment to egalitarianism and a desire to "set the world on fire."

This religious conviction animated Richard Ely, to the extent that he believed every aspect of life should have Christianity injected into it. He held that Christians made a fundamental error by holding that salvation lies in the next life. When Jesus says that his kingdom is "not of this world," the correct translation, according to Ely, is "not of this age." And it was Ely's core conviction that the age of salvation could be reached through the judicious application of welfare-state policies. He wrote, in *Aspects*: "I take this as my thesis: Christianity is primarily concerned with this world, and it is the mission of Christianity to bring to pass here a kingdom of righteousness and to rescue from the evil one and redeem all our social relations." The mating of his German historicism and American religion spawned a hybrid offspring that recognized no significant distinction between "is" and

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“ought,” because what exists now is merely the current installment of God’s plan. “The ‘Is’ embraces the future ‘Ought,’” Ely explained. “This in itself answers the question whether political economists should deal merely with what is, or also with what ought to be. The two cannot be separated.” The Christian doctrine of “service” became a divine injunction to advance a non-Marxist national socialism.

There was a great controversy over whether Ely was literally a socialist. He played an interesting game in his early writings: on one hand making an impassioned case for the inevitability and desirability of socialism, while on the other insisting that he was not a socialist. It’s a rhetorical pose that should be familiar today, as many liberals speak glowingly of the benefits of social democracy and defend outright socialist activists while insisting that they are not themselves socialists. Ely’s posture didn’t convince everyone. Prompted by an attack on Ely in *The Nation*, then a reliably laissez-faire magazine, the University of Wisconsin conducted a major inquiry into the charge that Ely was fomenting support for radicalism and violence. He was ultimately cleared, though the experience rattled him. (It was around this time that Teddy Roosevelt bumped into him and asked, “Hello, Ely. Is *The Nation* still after you? No man can read *The Nation* and remain a gentleman.”)

It is a confusing debate to follow now, because the term “socialism” has been so tainted by just one, Marxist, variant of it. But socialism had a more nimble and nuanced set of meanings a century ago. Ely rejected revolutionary, non-Christian socialism on numerous grounds, including its Marxist faith in abstract universal laws, its atheism, and its anarchic violence. He favored instead a “golden mean” whereby a profoundly paternalistic state intervened under the instruction of experts like himself, in the name of guiding society toward ever greater cooperation and the true socialism of the Kingdom of Heaven.

Nonetheless, Ely invariably saw socialistic government programs as the best means for realizing the Christian exhortation to live by the golden rule. Ely was what some today would call a “Christianist,” subverting Christianity into an explicitly political and programmatic doctrine delineating how law, economics, business, and individual behavior should be organized. He complained that contemporary life is “divided into things sacred and things secular” and asserted that “to a Christian all things must be sacred, his business as well as his church.” The American Economic Association (which initially brimmed with over 60 ministers as members) was to be a fundamentally religious organization that imbued all of its analysis and recommendations with a Christian vision that rejected laissez-faire economics as sinful and cruel.

It should be no surprise that Ely was a statist *par excellence*. Indeed, for Ely, the church was subsidiary to the state. Even the nation, which for the historical school was the most basic political unit and a galvanizing force for socialism, mattered less than the state. If the nation was the body politic, the state was its soul, its conscience, the divine spark of God’s will. “God works through the State in carrying out His purposes more universally than through any other institution,” Ely wrote. It “is religious in its essence,” and “a mighty force in furthering God’s kingdom and establishing righteous relations.” The only legitimate reason to restrain the state’s right and authority to intervene in society, according to Ely, lay in the limits of its “ability to do good.” And since the state was the manifestation of God on earth, its ability to do good was limitless.

Liberals often like to discuss the progressives and the social gospel as distinct if occasionally overlapping phenomena. The truth was closer to the opposite: Progressivism and the social gospel were usually the same phenomena, and were only occasionally distinct from each other. The social-gospel movement often retreated to the new economics (or to eugenics) when it could not find sufficient arguments in scripture or theology. And the new economists invoked Christianity whenever their numbers didn’t add up. The corruption of both factions was nearly total.

The philosopher Eric Voegelin famously warned against “immanentizing the eschaton.” The phrase’s exotic polysyllabism was no doubt part of its appeal for William F. Buckley Jr., who helped popularize it. To immanentize the eschaton is to attempt to establish a Kingdom of Heaven on Earth. For Voegelin, this Gnostic heresy was the underlying motive for all of the leftistisms of the 20th century. He once quipped that for the Marxist, “Christ the Redeemer is replaced by the steam engine as the promise of the realm to come.” More than any other thinker, Ely introduced the drive to immanentize the eschaton into the mainstream of progressive thinking, where it remains today.

What united the socialists, the progressives, the social gossellers, the pragmatists, the nationalists, the fascists, the Marxists, and the other factions of intellectuals who rallied at the wake of “God’s funeral” was the idea that old ideas needed to be thrown away. These new intellectuals insisted that the “crust of custom”—a popular phrase at the time, coined by Walter Bagehot—had to be broken, and that the dogmas, assumptions, rules, and habits associated with the old order had to be either ignored or, better, destroyed. This was from the outset a moralistic mission because, as they saw it, the old notions of universal truths were created for the benefit of the greedy haves in order to oppress the have-nots.

Such thinking led progressive historians such as Charles Beard to argue that the U.S. Constitution was not so much a marvelous advance in human liberty as an elaborate con constructed to protect the wealth of a few landowners, and political scientists such as Woodrow Wilson to argue that the written Constitution should be replaced with a living one interpretable only by the new intelligentsia.

And here lies the moral of the story. Ely’s determination to meld Christianity and economics while claiming that science was always on his side undermined the authority of Christianity while accelerating the growth and increasing the power of the state. The “pragmatist razor” that trims away needless superstition sliced away Christianity whenever it got in the way of statist imperatives. With time, the state became the golden calf.

Some progressives came to recognize what they had done. Toward the end of his life, after he had turned (quite viciously) on FDR, Charles Beard observed of the New Deal progressives: “These people are talking the relativism which will ruin liberalism yet. Don’t they know that the means can make the ends? Don’t they realize that their method of arguing can justify anything? I wish we could find some way of getting rid of conservative morality without having these youngsters drop all morality.” Nearly 20 years earlier, the progressive J. Allen Smith complained of Wilson-era progressives: “The real trouble with us reformers is that we made reform a crusade against standards. Well, we smashed them all and now neither we nor anybody else have anything left.”

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