This is a sketch of my long overdue intellectual biography of Richard Ely. It has been way too long in the making and I have accumulated many more debts than I can acknowledge here. In particular, I am grateful to Katherine Auspitz, James Boyce, Bruce Laurie, Tami Ohler, and Jean-Christian Vinel, and seminar participants at Bard, Paris IV, Paris VII, and the Five College Social History Workshop. I am grateful for research assistance from Daniel McDonald. James Boyce suggested that if I really wanted to write this book then I would have done it already. And Debbie Jacobson encouraged me to prioritize so that I could get it done.
The Ely problem and the problem of American progressivism

The problem of American Exceptionalism arose in the puzzle of the American progressive movement. In the wake of the Revolution, Civil War, Emancipation, and radical Reconstruction, no one would have characterized the United States as a conservative polity. The new Republican party took the United States through bloody war to establish a national government that distributed property to settlers, established a national fiat currency and banking system, a progressive income tax, extensive program of internal improvements and nationally-funded education, and enacted constitutional amendments establishing national citizenship and voting rights for all men, and the uncompensated emancipation of the slave with the abolition of a social system that had dominated a large part of the country. Nor were they done. Many in the social movements that had propelled the abolitionist movement and the leadership of the post-bellum Republican party were committed to continue their transformation of the nation’s social system, to the spread of democracy to give equal rights to women, to workers, and to nonwhites. Thus, entering the last quarter of the 19th century, the United States stood not only as the world’s greatest republic, but as a nation whose government and social system denied the legitimacy of aristocracy, ascribed status, and even questions authority and hierarchy.

So when did things change? When did this proud nation of revolutionary democrats become a bastion of privilege, the last and strongest redoubt of capitalism?

It has seemed paradoxical how America was transformed from a revolutionary to a conservative nation in a period that historians have called “the Progressive Era.” Historians have been hesitant about how to characterize this period. Following the lead taken by contemporaries, many historians have taken progressives at their word and viewed them and their movement as

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Madison, Ely was a crusading liberal, a Social Democrat attacked for his reform politics by reactionaries in the Wisconsin state government. By developing an historical approach to the study, Ely opened space in American economics for institutionally sensitive studies and a relativistic economics open to policy reform and government regulation.\(^8\) For those who see progressivism as a movement for reform, Ely’s victory over his critics marked the opening of American economic policy to reform ideas. Overcoming critics who insisted on \textit{laisser faire} for all circumstances, Ely and his students would then blaze the way for the New Deal with an aggressively liberal research program and by working with reform politicians in Wisconsin and elsewhere.\(^9\) Others, however, have taken a different lesson from Ely’s story; for Dorothy Ross, for example, it has been a measure of the \textit{limits} of progressive reform in the United States where the progressive Ely was forced to tack right to appease reactionaries.\(^10\) In so doing, Ely set a pattern to be followed later, including by his students in the New Deal era, whose reform initiatives were repeatedly limited by the need to appease powerful conservatives.\(^11\)

Focusing on Ely’s radicalism creates a convenient link between the radicalism of the abolitionist movement and Civil War-era Republicans and the Progressive Era reformers stretching to the New Deal.\(^12\) But this approach forces us to ignore much of Ely’s work, and to push some aspects

\(^8\) Notwithstanding his enormous volume of work, Ely’s economic theory was never fully developed but ideas are in, among other works, Richard T Ely, \textit{The Past and the Present of Political Economy} (Baltimore: N. Murray, publication agent, Johns-Hopkins university, 1884); \textit{Science Economic Discussion} (New York: The Science company, 1886); Richard T Ely, \textit{An Introduction to Political Economy} (New York, Cincinnati: Hunt & Eaton; Cranston & Stowe, 1892); Richard T Ely, \textit{Property and Contract in Their Relations to the Distribution of Wealth} (New York: The Macmillan Company, 1914).


\(^12\) See, for example, the famous line by Ely’s student, John R. Commons, born in 1862: “Liberty, equality, and defiance of the Fugitive Slave Law were my birthright. . . . My earliest recollections were thrilling stories of their ‘underground railway,’ for the escape of Negroes to Canada, across my mother’s Western Reserve and my father’s
of his story into a procrustean bed. It not only ignores some of what he says, but requires that we omit other important elements of his scholarly legacy. To be sure, Ely favored many reforms favoring working people, democratic governance, and against the interests of monopolists.\textsuperscript{13} And he worked with a wide circle of reform minded friends and students, including the prominent feminist pioneer and labor reformers, Florence Kelley, and Jane Addams, the latter a winner of the Nobel Peace Prize.\textsuperscript{14} But it ignores both his overriding concern to professionalize economic policy making to exclude popular influences, to dictate to working people and the public. Before he was a reformer, Ely was an autocrat who believed a small elite group alone should govern because they knew best.

Hostility to popular participation in governance, to social movements, and to democracy itself is the most important lesson that Richard Ely bequeathed to the Progressive Movement and to the American Left. Richard Ely defended a program of social reforms because he believed in reducing the power of monopolists and in redistributing income towards working people; but income redistribution was desirable on utilitarian not on democratic grounds, not to increase the social or political power of working people and the poor. As he himself said, Ely was an “aristocrat not a democrat,” and a paternalist not a revolutionary.

This study thus suggests a different approach where Ely is less as a victim than the architect of a form of reactionary progressivism that has afflicted the American Left ever since by dividing social movements to empower workers and others from reform-minded intellectuals in the policy-making elites. As an ideology of American Exceptionalism, Ely’s paternalist social imperialism was much more reactionary and dangerous than a merely repressive politics would have been. Not only did he discourage radical politics, he discredited democratic values themselves.

\textbf{Richard Ely: the alleged radical}

As a teacher and scholar, Richard Ely was a seminal figure in the construction of American progressivism. First at Johns Hopkins and after 1892 at the University of Wisconsin, Ely taught...

\footnotesize{\textsuperscript{13}He supported, for example, the progressive income tax, collective bargaining and higher wages, the nationalization of natural monopolies, and an expanded use of the state’s police power to protect the public from pollution and other public nuisances. For examples of his political writings, see Richard T. Ely, \textit{Problems of to-Day; a Discussion of Protective Tariffs, Taxation, and Monopolies} (New York: T. Y. Crowell & co, 1888); Richard T. Ely, \textit{Socialism; an Examination of Its Nature, Its Strength and Its Weakness, with Suggestions for Social Reform} (New York, Boston: T. Y. Crowell & co, 1894); Ely, \textit{Property and Contract in Their Relations to the Distribution of Wealth}, 1914.}

many of the leading figures in the movement, most famously including John R. Commons but also John Finley, Edward Ross, Albert Shaw, Albion Small, and Woodrow Wilson. In his writings, both scholarly and popular, he defended the idea of social and economic reform. Against traditional Economics with its assumption of a perfectly-competitive equilibrium, he articulated an alternative vision of the economy guided by historically-created institutions, subject to change and, therefore to improvement, through social action. He corresponded regularly with Supreme Court justices, members of Congress, and presidents. Theodore Roosevelt credited him with introducing “me to radicalism in economics and then made me sane in my radicalism.”

Ely introduced German “socialism of the chair” to the American academy and polity. Educated in Germany, he learned more than historical economics from his German mentors; he learned that economics could be part of a program of social reform from professors who were themselves part of a larger reform movement. In October 1872, in Thuringen, a group of German economists met to discuss founding an organization to reflect their opposition to socialism, their support for social reform, and their vision of Economics as a progressive, empirical, and historical discipline. This led in 1873 to the organization of the Verein fur sozialpolitik (Organization for Social Policy), which included among its early members the leading figures in the German Historical School, including Schmoller, Brentano, Conrad, Engel, Hildebrand, Roscher, and Wagner. At its regular meetings, the VfS provided a forum for discussion of alternative social reforms, of research programs in empirical and institutional economics, and an exciting alternative for young American scholars to partake in the life of the mind with German scholars who, at least sometimes, had the ear of policy makers and political leaders. As with the new German Empire and the German university system, the VfS seemed to point a way forward for ambitious young Americans, looking to make a new University system and a new and better America.

Notwithstanding its reputation as a progressive, even socialist, organization, the VfS was profoundly more conservative than many post-Civil War Americans. The antebellum abolitionist movement was based on ideals of equality and the worthiness of labor, principles that were only grasped more tightly with political success. The Republicans success in

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emancipating the slaves, the largest uncompensated confiscation of property in history, established the principle that equality and democratic rights are above property.\textsuperscript{18} Politicians were ready to continue the struggle. Charles Sumner, a pre-war labor radical and abolitionist, promised Wendell Phillips that he would devote himself to the labor question after he had done “just one more thing for the Negro” in enacting the Civil Rights Bill of 1871.\textsuperscript{19} Ben Wade, president pro tempore of the Senate, also wanted to extend the abolitionist struggle to northern labor. Speaking in Lawrence, Kansas in June, 1867, Wade celebrated the destruction of slavery and warned that the next fight in America would be the struggle between labor and capital. “Property is not equally divided and a more equal distribution of capital must be worked out.” Congress had done much for Negro could hardly be expected to sit idly by without doing something about the terrible distinction between the man that labors and him that does not.”\textsuperscript{20} Having overcome aristocracy in the British monarchy and southern slave owners, these republicans were ready to push democracy further, into the relations between labor and capital.\textsuperscript{21}

By comparison, the program of the VfS, and Ely’s own “radicalism”, was thin gruel. The VfS was careful to differentiate itself from the socialist left as much as from the \textit{laisser faire} right. It endorsed reforms that would improve the condition of the working class but without challenging the distribution of power in society, either at work or in the state. The VfS called for the state to act as “regulator and moderator of the contending industrial classes.” But this state intervention was to avoid any need for workers to act on their own behalf. Ely’s teachers, these German “socialists of the Chair,” carefully restricted their reform to stay within the \textit{Kaiserreiches} without challenging Germany’s highly undemocratic political system. The VfS consistently opposed socialism, most trade unions, and the German Social Democratic Party. The organization implicitly favored the preservation of the most reactionary social institutions; those who would democratize Germany’s autocratic social and political order were not welcome.

Like his German mentors, Ely was no socialist; and he was quite comfortable with the most undemocratic social forms and with top-down paternalist reforms brought to workers by benign elites.\textsuperscript{22} He characterized himself as “a conservative rather than a radical, and in the strict sense of the

\textit{Destruction of Slavery in the United States, 1861-1865} (W. W. Norton & Company, 2012); Richardson, \textit{To Make Men Free}.\textsuperscript{18} Wills, \textit{Lincoln at Gettysburg}.\textsuperscript{19} Wendell Phillips and George Lowell Austin, \textit{The Labor Question} (Boston : New York: Lee and Shepard ; Charles T. Dillingham, 1884), 33.\textsuperscript{20} There is no transcript of Wade’s remarks but they were reported in the New York Times, 11 and 12 June, 1867. See the discussion in Friedman, \textit{State-Making and Labor Movements}, 65–67; Richardson, \textit{To Make Men Free}; William Zornow, “‘Bluff Ben’ Wade in Lawrence, Kansas: The “‘Bluff Ben’ Wade in Lawrence, Kansas: The Issue of Class Conflict,” \textit{Ohio History Quarterly} 65 (1956): 44–52; Hans L. Trefousse, \textit{Benjamin Franklin Wade, Radical Republican from Ohio} (New York: Twayne Publishers, 1963), 256–89.\textsuperscript{21} The classic study of this is, of course, David Montgomery, \textit{Beyond Equality}; \textit{Labor and the Radical Republicans, 1862-1872}, 1st ed. (New York: Knopf, 1967); Foner, \textit{Reconstruction}, chapter 10.\textsuperscript{22} Ely’s economic theory could be quite radical; see Ely, \textit{The Past and the Present of Political Economy}, 1884; \textit{Science Economic Discussion}. His ideas on property could also be taken to very radical conclusions because he
term an aristocrat rather than a democrat.” While some have tried to dismiss these words as spoken by a man whose career was at the time threatened by critics concerned about his politics, we should take them seriously. While his most famous work, The Labor Movement in America, for example, was criticized for favoring labor, the book defended only the most conservative trade unions and firmly opposed any form of rank-and-file militancy or campaigns for economic democracy. On the contrary, the book uses Burkean restraint on labor unrest or social reform. “There is much that is bad in existing social arrangements,” Ely acknowledges, “but there is also much that is good; and this good has been procured by the struggles of centuries.” He continues in urging caution:

I believe that, on the whole, the lot of mankind was never a happier one than today. The preparation of this book has given me a stronger conviction than ever before that the past century has witnessed an improvement in the position of the laboring classes in the United States. . . . This is not said to suggest to you that you fold your hands, and lazily take things as they are, but to encourage the use of conservative means for the attainment of your ends. There are vast treasures in our civilization which it is in the interest of all to preserve. Resist wrong more strenuously than heretofore; strive for all that is good more earnestly than you have ever done; but let all your endeavors be within the law.

Using language familiar to conservatives, Ely goes on to ascribe much of poverty to the failings of individual workers, rather than the structural problems of American capitalism; and he urged solutions through individual action and cooperation with capital. “There is no atom of help to you or to any in drink” and “[c]ast aside envy, one of your most treacherous foes,” Ely counsels, as if personal failings account for labor’s problems and individual virtue will transform society. Rather than urging the organization of labor as a class, Ely urges workers to “cast off the slavery of party politics,” because “[i]f your demands are right, if they are reasonable, then you will win and hold your gain.”

How then are working people to win these gains? Ely’s recommendation is that they calmly persuade society’s leaders of the justice of their cause and, through demonstrated self-restraint, show that they are worthy of help. Popular unrest is not only wasted energy but positively dangerous because it risks alarming the “social betters” upon whose benevolence all programs of social reform rest. Unions, Ely argues, can improve society not through strikes or by promoting class consciousness, but by “education by giving workers opportunity to develop skills and


promote civic life.” Rather than institutions for social struggle, unions can help bring reforms by encouraging temperance, insurance, and mediation and arbitration leading to “industrial cooperation” between labor and capital. “The laboring classes,” he concludes, “through their unions, are learning discipline, self-restraint, and the methods of united action, and are also discovering whom they can trust, finding out the necessity of united great confidence in leaders with strict control of them.”28

The discipline and self-restraint that lead common workers to follow leaders rather than act independently as free men and women. With reason, Ely pronounces his book “‘a most conservative work.”29

Richard Ely in the narrative of American Exceptionalism

To be sure, Ely’s reformism was enough to draw criticism, attacks magnified by his prominence in the American academy and in American civic life. And those attacks have led later observers to overstate his radicalism, and to make Ely the model for how the repression of American radicalism created a conservative consensus.

A Democratic sweep in the elections of 1890 had brought a new administration to Wisconsin, including the election of a new Superintendent of Public Instruction, Oliver Wells. A school teacher from Appleton, Wisconsin, where he served as that city’s school superintendent, Wells encountered Richard Ely almost by accident when an organizer for the Typographers’ union came to Madison to lead an organizing drive among the printers there, including those employed at the company that printed both the town’s Democratic daily paper and the works of the Christian Social Union, where Ely was president. In the course of a prolonged strike, Ely urged the publisher to negotiate with the union, and warned suggested that if the strife continued, the Christian Social Union would have to withdraw their printing contract.

Hearing of this, Wells blamed Ely for the strike. Curious about this activist-professor, Wells read the review in the Nation of Ely’s recently published Socialism: An Examination of Its Strength and Its Weakness, with Suggestions for Social Reform, and concluded that the book was a piece of rank socialist propaganda by an irresponsible, even diabolical professor. Appalled that Wisconsin employed such a radical professor, Wells wrote a scathing letter to the Nation, reprinted in the New York Evening Post, and soon elsewhere. Under the heading “The College

Anarchist,” the letter charged Ely with providing “a sort of moral justification for attacks upon life and property.” Ely, he says, “believes in strikes and boycotts, justifying and encouraging the one while practicing the other.” Wells adds:

Professor Ely, director of the School of Economics, differs from Ely, the socialist, only in the adroit and covert method of his advocacy. A careful reading of his books will discover essentially the same principles, but masked by glittering generalities and mystical and metaphysical statements . . . His books are having a considerable sale, being recommended and advertised by the University and pushed by publisher and dealers. . . . They abound in sanctimonious and pious cant, pander to the prohibitionist, and ostentatiously sympathize with all who are in distress. . . . Only the careful student will discover their utopian and impractical and pernicious doctrines, but their general acceptance would furnish a seeming moral justification of attack on life and property such as this country has already become too familiar with.  

How ironic that Wells accused Ely of precisely the type of social militancy, support for popular movements and struggles, that Ely himself disparaged! Yet, his charges resonated, then and since, through a casual reading of Ely’s work. Ely’s support for (some) unions was, of course, well known, and too easily misunderstood. His books, of course, including Socialism, were filled with attacks on laissez faire and were critical of simple-minded defenses of private property. In Socialism, Ely rejects the “doctrine of selfishness,” defends altruism, and calls Aristotle a socialist. While his antagonism to social movements and to democracy was easy to overlook, there was easily enough here to lend credence to Wells’ other charges.

Wells’ attack frightened Ely’s friends, many of whom were not only suspicious of his politics but were tired of his arrogance and his demanding ways. University of Wisconsin president Charles Kendall Adams, distanced himself from Ely for his own protection. While discounting Wells’ charges, “I could not believe the charges made in the letter were true,” he suggested that they “are so serious that they demand your attention.” He then reassured Ely that “I have never believed your fundamental ethical concepts in regard to the relations of property and persons to be essentially different from my own.” Whatever happened, Adams was safe.

Not so Ely. The nature of the charges made by the elected director of the state’s educational system insured that some inquiry would be conducted. The Board of Trustees overseeing the University of Wisconsin at Madison quickly appointed a three member subcommittee to evaluate his suitability for his position as professor. Following American forms, they planned a “trial,” where Wells would present his accusations to be answered by a defense from Ely. The trial date was set for the evening of August 20, 1894.

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30 The Nation (July 5, 1894)
32 See the lukewarm endorsements from Ely’s friend Edwin Seligman (C898) and from Harvard’s Frank Taussig (C902)
33 C.K. Adams to Ely, July 23, 1894
Ely read of the attack by Wells while teaching at Chautauqua. The timing could not have been worse because he was depressed and distracted. He and his wife were grieving the death of their youngest daughter. The death left them estranged. His wife retreated to her family in Richmond, Virginia, while he continued his summer teaching in New York. Panicked, distracted, emotionally unable to cope, Ely was almost immobilized by Wells’ attack until he was rescued by one of his former students, David Kinley then teaching at the University of Illinois.

Recognizing Ely’s frail emotional state, Kinley took charge of the case, even instructing Ely to refrain from public comment, and “on no account to be interviewed.” Kinley moved to Madison for August, and developed a politically savvy defense strategy that suited Ely’s panicked mood as well as his underlying beliefs. Kinley set out to protect Ely’s academic position rather than to use the opportunity to make a larger political point. Rather than defend Ely’s right to teach and his right to support unions on grounds of free speech and right to teach freely (Lehrfreiheit), Kinley denied that Ely had ever propounded any radical ideas even while accepting that a socialist would be unfit to teach.

Ely, thus, conceded the larger point or the right of a scholar to speak freely. In his first public response to Wells’ letter, Richard Ely accepted Wells’ premise about the incompatibility of radical ideas and a University teaching position. He responded to Wells by saying “I am accused of opinions which I do not hold and of conduct of which I have not been guilty.” In a prepared statement read for him by Bishop Vincent to the Chautauqua encampment on August 14, Ely accepted Wells’ approach while denying the facts of the case. “If true,” Wells’ charges “unquestionably unfit me to occupy a responsible position as an instructor of youth in a great university.” Ely, however, insisted on his right to remain at Wisconsin because “I deny each and every charge in each and every particular.”

As to my views, I have nothing to retreat. I may have modified my opinions, for fools only never change, and as the years have passed I have shared a common fate and become, on the whole, more conservative. . . . As for trades Unions, I have held, and still hold, that their province must be a limited one, and I expect less from them than economists like Prof. Brentano, and the late Thorold Rogers. The old-fashioned, striking trades Union, has outlived its time and usefulness. . . . But am I not a socialist? On the contrary . . . I have maintained that even could socialism be organized and put in operation, it would stop progress and overthrow our civilization.

But what about anarchy? I was the first writer to examine exhaustively, and to expose and to attack unsparingly anarchy in the United States. This I did in my Labor Movement in America.

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34 Kinley was later President of the University of Illinois.
35 Kinley to Cranshaw August 1, 8, 14, 1894 in Ely papers
36 See Kinley to Ely, C890 C891 C911
37 C893
But it is alleged my teachings have a pernicious influence on my students, making of them socialists and anarchists. I have been teaching for thirteen years and my students . . . begun to acquire national fame. Who are these dangerous men? Shall I name a few? They are men like Profs. Turner, Haskins, Scott, Blackman, Ross, Warner, Bemis, Small, Commons, Powers, Kinley, Gould, Wilson, Dewey, President John Finley; journalists like George P. Morris and Robert Finley and Albert Shaw; workers in Associated Charities like McDougall, Hubbard, Ayres.  

Working with Ely’s attorney, Kinley set out to discredit Wells’ charges by demonstrating that Ely had no direct involvement in the printing strikes or with the union organizer and by presenting a selected reading of Ely’s voluminous materials for the subcommittee, readings carefully redacted to make the most conservative impression. Confronted with Ely’s disingenuous claims and the selected evidence provided, Wells was reduced to sputtering: Ely, he said,

[e]ither lacks the courage of his convictions or more probably deludes himself in the belief that he is a friendly judge and and not an advocate. For myself, I think that if the university is to teach socialism it should employ a frank and open instructor in it.  

Notwithstanding Ely’s own reticence about asserting an unqualified defense of academic freedom his trial has passed into American legend. As a statement of the right to free speech and academic inquiry, the Wisconsin Trustees’ statement has become a monument to American liberty. The trial has even passed beyond fact. Inspired by President Kennedy’s book Profiles in Courage, a TV show by that name was aired in 1964. One episode was based on Ely’s trial; Edward Asner played Oliver Wells, Lieutenant Commander Spock (Leonard Nimoy) played Ely’s attorney Burr Jones, and Dan O’Herlihy, better known as Andrew Packard from Twin Peaks, played Ely.

The trial has served a different purpose for some American historians who see the fact of a trial as more meaningful than the Trustees’ ringing statement. Viewed through the lens of the McCarthy era and the repression of left Economics in the 1970s, the mere fact that he was tried has been presented as proof of the power of repression in the American academy. Especially as argued by Dorothy Ross in her magisterial The Origins of American Social Science, Ely’s trial is the pivot point around which American social science, economics especially, turned. Ely and other radical economists learned to tone down their rhetoric and to refrain from pushing  

38 Ely personal statement Aug 14, 1894: Made in the Ampitheater at Chautauqua in Ely Papers  

39 The Ely Investigation, Communication of Superintendent Oliver E. Wells, Aug 20, 1894.  

arguments against private property or capitalism. In this view, the Trustee’s statement is mere window-dressing; the key point is that Ely got off with a defense that, as Mary O. Furner summarizes, not only avoided the issue of academic freedom but “recanted his radicalism. Instead of defending his interest in the reform potential of socialist theories and reaffirming his sympathy with American labor, Ely denied both causes.” Ely’s trial is a landmark on the road to American Exceptionalism because it marked out the limit of acceptable radicalism; a limit accepted by somewhat-craven academics ready to abandon their ideals for position.

**Ely’s retreat from radicalism?**

Ely did not need Wells to abandon radical reform; he had done that already in rejecting the radical democratic ideals of his father’s generation. As an explanation of Exceptionalism, the trial has been read as the point where Ely abandoned his youthful radicalism. The progression from a radical Ely who founded the AEA to advance social democracy and a conservative Ely after his trial has become an object demonstration of the effect of American repression. Over 50 years before Joseph McCarthy and the great Cold War purges, American economics was already being pushed to the right by university presidents, trustees, and funders.

The problem is that the story is wrong on the facts. While Ely was frightened by his experience, there is no inflection in his academic research or political advocacy around his trial. While there is a decline in correspondence related to social reform after the trial, he continues to be involved in reform politics (see Figure 1) and maintains his interest in reform politics and labor economics in his writing as well, continuing to write extensively in these topics for over a decade after the

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trial (see Figure 2). Which might be no surprise; after all, he won; the Trustees exonerated him and proclaimed his right to academic freedom.

![Figure 2. Ely publications by topic, 1880-1930](image)

Ely’s writing did drop off after 1894 but he remained active in all three areas of reform work: labor, social reform, and alternative economic theory. And by 1900 he is back in action, writing about “Lessons to be Drawn from the Year’s Labor Troubles,” “The Religious Press and the Labor Movement,” and “Industrial Democracy in American History.” It is only after 1905 that he changes his research agenda, publishing less and, after 1910, taking up a new research program on Land Economics.

**Richard Ely’s progressivism: the retreat from democratic aspirations**

Rather than a fearful response to repression, Ely’s had a coherent politics and a social theory consistently held throughout his career, a new progressive politics of hierarchical reform and top-down social change that abandons the democratic aspirations of earlier American reformers while opposing the unbridled exploitation allowed by advocates of *laisser faire*. Like others of his generation, his politics did not come organically from participation in social struggles, whether those of labor, women, or racial minorities. Instead, his ideas are those of an aggrieved son of New England, a defender of America’s traditional cultural and political leadership against the challenge of a population swollen by African Americans, and immigrants from southern and Eastern Europe and from Asia. Rejecting democracy, he rejects with it any notion that social change comes through social conflict or through the struggles of those at the bottom of the social order.
What do you do when your parents did great things? And how much worse is it when you despise them? Living in the shadows of greatness makes a daunting challenge for an ambitious young man. The great works of those who came before raise the bar for meaningful accomplishment even while their achievements seem to leave no attainable goals, only the sad challenges of completing and consolidating their work, and the thankless work of fighting off the inevitable backwash. Worse still, by completing a period’s social reform, the older, now envied hero generation’s success leaves to its successors the unenviable challenge of devising what’s next. What is to be the next task for social reformers? What next for those who would lead the great American republic?

Such was the burden of the generation of American reformers raised in the Civil War years to come to maturity in the 1870s, the waning years of Reconstruction. So much had been achieved: the slave freed, the Republic preserved, opportunities opened to the worker. Victorious in battle, the American republic was secured by constitutional amendments that ended the slave power and secured rights to all; the great works of the Civil War generation completed that of the founding fathers in establishing universal free labor and the supremacy of universal suffrage. More, the triumphant Republicans had extended the revolution to open new opportunities for working people, securing land and education to free labor with the Homestead Act, the Morrill Act, and a program of internal improvements that would give the settlers on the free soil of the west access to markets. The Abolitionist crusade and the herculean efforts of the Civil War showed that social action could transform the world. The work of the heroes and martyrs of these struggles was celebrated in every Memorial Day, at the erection of every memorial marker. How now should the Republic’s would be leaders guide social action and the Republic forward? After Garrison, Stevens, Morrill, and Sumner: what remained for the next generation?

The Civil War settled that America was to be a democracy but what left unresolved the meaning of freedom, equality, and self-government. If “all men are created equal,” then are all forms of inequality to be overturned? Were all to have an equal say in governance? Did the government that gave free land to farmers and subsidies to manufacturing and transportation owe equal support to the aspirations of manufacturing and other industrial workers for independence and self-expression? Certainly, these were the views of Ben Wade, Charles Sumner, and Wendell Phillips. Positions shared by Ezra Ely, Richard’s idealistic and often financially inept father.

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Who can really trace the roots of a person’s ideals? For Richard Ely, raised in the shadow of Garrison and Lincoln and born to a father as frustrating as he was admirable, there was a need to articulate a new social vision. If this vision resonated with others, then it may be because a generation of would-be social scientists and reformers found themselves facing the same generational dilemma. Too young to have fought in the Civil War, America’s first professional economists could only partake of the anti-slavery crusade through bedtime stories and school histories. The Civil War existed for him in a very personal way; they grew up admiring the men and women who had led “the noble campaign for equal rights” conducted “through a powerful democratic state” and those died to preserve “the last best hope of earth.” But if they were to find their own identity, it would have to be by moving beyond what the work and ideas of their noble and hallowed antecedents.

The psychology of downward mobility

For Richard Ely, in particular, the generational challenge was compounded by personal animosity. Despite a good middle-class education and training in a profession, civil engineering and land surveying, his father, Ezra Ely, could barely support his family. Instead, Ezra preferred to devote himself to his scholarly studies, especially of the Bible, and to his political activities in support of abolition and labor reform. To his son, the problem was a combination of laziness and an idealism that left him too distracted to do what was needed to support a family.

In 1851, Ezra’s railroad work brought him to Ripley, New York where he met his wife, Harriet Mason. Harriet and Ezra shared a commitment to reform politics as well as the traditional New England values of education and bible study; when separated by his work they stayed in touch by studying the same bible chapter every night. Despite their spiritual compatibility, the marriage proved disappointing to Harriet who quickly learned that her husband was too easily distracted and even impractical to be depended on to support a family. A eulogy tribute of Ezra Ely called him “the most remarkable man Fredonia has produced.” Though not a college graduate, “he was a scholar well versed in the books included in the college curriculum.” Almost as familiar with Latin as with English, he read several hundred pages of his Latin favorite authors every winter. “A Greek Testament was his constant companion. Geology was a favorite science. He was expert in mathematics, an adept in Botany and an enthusiast in Mineralogy. He was well read in history and the higher walks of literature.” He had everything but the ability to earn a living and support a family. Ezra seemed to consider his scholarship and religious devotion as worthy work, seemingly with little regard for his family’s financial situation. Harriet eventually studied painting

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45. Ironically, the final nails in the coffin of the Civil War era campaign for equal rights were driven by James’ sometime-colleagues in the new economics, Johns Hopkins students of Richard Ely, including Edward Ross, Ulrich Phillips, and Woodrow Wilson.
Richard Ely reports that he was raised with “a hard religion; the wrath of God as emphasized in the Old Testament predominated.” Salvation was to be achieved by adherence to the demands of this stern and commanding God, following commands that included labor, scholarship, and a commitment to brotherhood. God’s heavenly authority was backed by the very earthly instruction of Richard’s own father. “Firm in his beliefs,” religion “helped to make his [i.e. Ezra Ely’s] life rather a gloomy one.” Perhaps like the puritans described by Michael Walzer and Max Weber, for Ezra religious anxiety became displaced into labor and a commitment to social service. At least in theory, work to him was a high virtue, a sign of divine favor, a holy service and earthly manifestation of devotion to God. These lessons were reinforced by the Fredonia community where free labor was prized and political radicalism rooted in religious devotion. This was the New York Barnburner district, the revival area that became the heartland of abolition, the campaign for equal rights for women, and radical democracy; Fredonia, indeed, was the birthplace of the Women’s Christian Temperance Union. “[A]live with a desire to correct the abuses he saw about him,” Ezra threw himself into the area’s reform movements. He denounced the county prison, for example, as “a disgrace to any civilized community.” Never discounting the strength of the opposition to reform, he was always ready to take the first, initial step. Writing two years before Richard’s birth, he explained to a friend: “My highest ambition with regard to myself is to have the heart to do good at all times . . . and to die at peace with God and all men.”

While Ezra’s politics and scholarship were admired through the community, they were a burden for his family. In his autobiography, Richard recalls “one painful incident illustrating my father's nonconformist views. He felt that rich and poor alike should be welcome in the house of God and that there should be no distinction of dress between the rich and poor. Once he appeared in church in his farmer's overalls, much to the distress of the family.” Worse was appeared to be his father’s almost deliberate inability to earn money. In his autobiography, Richard recalls these experiences with some benevolence. “We had all sorts of bad luck on the farm,” he recalls, including crows that ate the corn seed and the successful potato crop during a year of low prices. Bad luck does not explain all of the farm’s problems. Recalling that his father was a civil engineer who learned to farm by reading the Country Gentleman and the agricultural columns of

50 Ibid., 7.
54 Ibid., 15.
the [New York] Tribune, Richard reports disdainfully that “he always retained some fantastic notions about agriculture, such as the belief that crops grow while you sleep.”\textsuperscript{55} Repeated failures, however, left him “gloomy,” brooding, and introspective. He became overbearing, banished tobacco and alcohol from his household and forbade the reading of secular books on the Sabbath. He forbade young Richard from playing at marbles with his friends. His religious devotion fed on his business failures, and his religious values interfered with his business operations. “My father,” Richard said, “would see a hay crop injured or even ruined by a rain on a Sabbath day, but he would not go to gather it as his neighbors did. Our farm would have made a good barley farm, but he would not raise barley on it because barley was chiefly used for the manufacture of beer.”\textsuperscript{56}

Frustrated with his father’s soporific farming, young Richard mobilized his two younger siblings to help him clear rocks from the hayfield.\textsuperscript{57}

Without support from his family, Richard set off to college at Dartmouth with his life savings of $50 in pocket, money that he had saved from his own work, and the rest of his tuition and expenses paid by a full scholarship; even then he needed an emergency subsidy of $70 from Dartmouth President Asa Dodge Smith to complete his Freshman year. His transfer to Columbia was possible only because of continued scholarships and because he could live with his mother’s sister at 487 8th Ave.\textsuperscript{58} And, he studied in Germany using a Columbia scholarship, the support of his mother, from sale of her artwork, and money he made selling newspaper stories to, among others, the New York Evening Post.\textsuperscript{59}

A good son to his parents, Richard tried to honor them, in his own way. Responding to his father, Richard developed an almost manic concern for money and determination to achieve financial success. Where Ezra saw scholarship and political idealism as substitutes for marketplace triumphs, Richard sought to use his academic success to gain material affluence. For his mother, Harriet, he set out to earn a good living, demonstrating and taking great pride in his financial acumen down to his financial collapse during the Great Depression. But he never worked only for money; he never abandoned either Ezra’s devotion to scholarship or his commitment “to do good – to love God and help on His cause”. Whatever the disappointment with his father’s failure to blend virtue and scholarship with worldly success, Richard was determined to do well while doing good. But his version of doing good diverged dramatically from what he came to see as his father’s foolish idealism. Instead of the democratic egalitarianism and respect for common labor of his father’s generation, Richard came to prize the worldly success of businessmen, bankers, and other elites.

\textsuperscript{55} Ibid., 21.
\textsuperscript{56} Ibid., 7.
\textsuperscript{57} Ibid., 21.
\textsuperscript{58} Now the site of the New Yorker Hotel.
\textsuperscript{59} Ely, Ground Under Our Feet, 27, 31, 36, 51-2.
The first step for Richard was to drop his father’s religion. As soon as he was out of the home, Richard dropped his parents’ Congregationalism for the Episcopal Church of his new friends from New York’s upper crust, his fellow Columbia College students. While Richard was to remain involved in his church, he did not let his spiritual activity interfere with his worldly life, his ongoing search for wealth and material success. Always entrepreneurial, even after attaining a good academic position, Richard searched for additional income through his writings and through investments. As a student in Germany, he had made money by his pen, writing for newspapers and periodicals, and he later added to these revenues money for his books and editing work. Beginning at Hopkins, Ely added a new entrepreneurial work: he started buying and selling properties, using his economic expertise to make money as a real-estate investor, speculating in the Baltimore real estate market. As an economist interested in urban planning and the effect of urban infrastructure on property values, he may legitimately have felt that he had a certain comparative advantage in the real estate market. Both activities took time and focus away from his academic work; the real estate work also diverted his research and eventually subverted it entirely.

Had Richard Ely applied his own materialist philosophy, he would have anticipated that his increasing affluence and his involvement in speculative business activities would change his politics, making him more conservative and his academic work more conventional. Investing in real estate and managing properties taught him the importance of protecting established real property against taxes or social regulation in the interests of the rest of the community. There is more here than simple financial interest. It is natural for people to seek validation from those around them and from those they respect. Ely’s business activities and fund raising connected him with a different class of people with different interests than those with whom he worked in academe or in his reform work. As he spent more time with rich people and trying to lure them into investing in his developments, Richard Ely naturally came to value their approval and to seek their friendship; and it became harder to speak against the interests of people who he had come to respect and whose friendship he valued. Unlike his publishing activities, Ely’s entrepreneurship drew him away from his reform allies in and out of academe. In sharp contrast with his increasingly suspicious and hyper-critical attitude towards Commons and other reform allies, Ely would fawn over the rich men who are in a position to fund his academic and businesses. He took great pride in associating with the rich, associations that were profitable for him, helped him to raise money for his research, and also assured him that he had, indeed, made it in the world in a way that his father never had.

Along the way, Richard’s ideas did change. After Richard pitched a property to him, Albert Brissey, President Allied Real Estate Interests of the State of New York responded by offering “to take the liberty of showing it to one or two of my directors.” He then added a warning that [s]trong efforts are being put forward in New York to secure an unearned increment tax. Will you give me some material on this matter at your earliest convenience? If you have not read “Privilege and Democracy in America” by Frederick C. Howe I urge you to get it. It is Henry
George brought down to date." Soon Richard was himself condemning taxes on land, saying that it forces marginal land into use, encourages premature use of land. And, besides, land values and rent have fallen as share of national income so why pick on real estate?

Richard’s politics settled to match his economics. In 1924, his taxable income was $16,600, with most of it coming from outside of his University employment. Relative to the wages of unskilled workers, this is the equivalent of over $615,000 today. No longer was he the scholarship student, nor was he the penniless wayfarer returned from studies in Europe. Richard Ely had made it. When, in late March, 1920, Samuel Batten, of the Social Service Education, American Baptist Publication Society wrote asking if he would endorse a new reform group the League of Economic Justice committed to seek “more just and brotherly economic system” through research and education. This was the type of reform organization to which Ely eagerly lent his name earlier in life. But the Ely of 1920 was a different man. After three weeks, he finally responded to Batten with vague apologies about having fallen behind in his correspondence and the general suggestion that “I am inclined to question myself whether this is the best way to proceed . . . I myself, for example, am giving a great deal of attention to Land Economics. It seems to me that to formulate wise land policies might yield larger results than to engage in something so general as you propose.”

Writing real-estate entrepreneur Charles Lee Smith for money for Institute for Land Research, Ely wrote: “I have received so much encouragement from so many sources,” Ely said, “that I feel that if I can take care of the expenses for the first few months the thing will be easy. I want to give a service which will be worth all that it costs to business concerns and when I get it started they will, I am sure, be glad to pay for it.” Exactly what sort of ‘service’ he intended was clear in a letter the next day to C. A. Dyer, of the Ohio Home Protective League. The League wanted to reprint some of Ely’s writing and Richard Ely asked to make some changes before to tone down some of his assertions for the impact of property taxes. “It is best to make an understatement,” Ely wrote, “we must not give the radicals an excuse for discrediting our figures.” To think, a younger Richard Ely was one of those radicals.

The sociology of social control: the social theory of disfranchisement
What is becoming of our country? Born into a solid, Yankee New England, Richard Ely knew a country filled with people like him, people who could be trusted to govern themselves responsibly by his lights. This was the country that overcame southern slavery. But hardly had it triumphed when it was transformed with the arrival of, first, the Irish, then Germans, the Chinese, then, especially after 1880, by the arrival of growing numbers of immigrants from

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60 Albert Brissey to Richard T. Ely (October 7 1910) in Richard Ely papers, reel 42. Note that Howe studied under Ely at Johns Hopkins.
62 Richard T. Ely to Dr. Samuel Batten (April 12, 1920) in Richard Ely Papers, reel 70.
southern and eastern Europe. Soon, many of Ely’s neighbors and countrymen feared that their America was being overrun by “elements undesirable for citizenship or injurious to our national character,” immigrants with strange religions and customs who flooded cities, crowded into foul-smelling and unhealthy tenements, living in poverty, and promoting crime, delinquency, labor unrest and violence.64

Universal suffrage made the question of immigration more than a problem for workers competing with immigrant labor and more than a matter of aesthetics for those uncomfortable with foreigners. Democracy and self-rule raised the question of immigration to a higher level: could the country be saved from them. A Democracy was to be governed by a majority of its residents; what to do when that majority was different and, almost by definition, “unfit” to rule?

Richard Ely brought a new perspective to the immigration debate, one grounded in a seemingly progressive politics and social theory, but an approach that is fundamentally undemocratic. Superficially, his bigotry and racism seem almost enlightened. Ely argues that there are basic differences among people, inequality such that “in contract men who are, in one way and another unequals, face each other and that their inequality expresses itself in the contracts which determine their economic condition.” This imbalance of bargaining power becomes, for Ely-the-progressive, a reason for state intervention so that the police powers of the state are needed balance inequalities by regulating contract.

The coercion of economic forces is largely due to the unequal strength of those who make a contract, for back of contract lies inequality in strength of those who form the contract. Contract does not change existing inequalities and forces, but is simply the medium through which they find expression. Wealth and poverty, plenty and hunger, nakedness and warm clothing, ignorance and learning face each other in contract and find expression in and through contract. . . . Modern legislation, even reluctantly and against the force of prejudice, recognizes

increasingly the existence of classes, and the inequalities of powers among human beings.\textsuperscript{65} Ely agreed with eugenicists that many of these inequalities were genetic and could only be reduced through restrictions on procreation.\textsuperscript{66} Racists, of course, took this approach to argue for the exclusion of some peoples from the United States because of their intrinsic incompatibility with self-government. Compared with them, Ely’s views might appear to be relatively benign. While others dismiss entire races of people, Ely argues that these are deficient only because of their history, and inherent inferiority is a problem of individuals. Throughout all the races, there are individuals with “defective” or “limited” capabilities. Differences across large communities and ethnic or racial groups are due, in Ely’s view, not to intrinsic capacities but are the product of historical development. This makes it possible to reduce disparities and raise the level of primitive peoples and races through effective teaching and leadership. Most important: by using such a narrowly determinist approach, Ely denies the possibility of social action and the value of popular action and historical praxis.

Compared with other prominent social scientists, Ely was a practical scholar who wrote relatively little high theory. Compared with his contemporary, Emile Durkheim, for example, he moved quickly through any fundamental ontological questions to grapple with specific political concerns. He began his career with some provocative pieces attacking orthodox Ricardian economics, notably his Past and Present of Political Economy and Socialism. But even in the 1880s, most of his energy was taken up with work that would qualify as “applied economics.” Compare, for example, Ely’s The Labor Movement in America with Durkheim’s De la Division du travail social. Both present a reformist politics but where Durkheim used his work to develop a social philosophy about the integration of wage workers into a progressive society and to consider the place of individualism in society, Ely does little but preach. He is content to ground his reformist economics on an existing ethical system, social Christianity. Economics, he wrote in his autobiography, “must be subservient to the ethics of Christianity.”\textsuperscript{67} Unions, Ely argued, are to be supported because by elevating “the lowest social stratum . . . they put themselves in line with the precepts of Christianity.” He adds:

A wider diffusion of sound ethics is an economic requirement of the times.

Christian morality is the only stable basis for a State professedly Christian. An


ethical demand of the present age is a clearer perception of the duties of property, intelligence, and social position. It must be recognized that extreme individualism is immoral. Extreme individualism is social anarchy, and . . . the first social Anarchist was Cain . . . Laissez-faire politics assure us we are not keepers of our brothers, that each one best promotes the general interest by best promoting his own. . . . there is no duty which one class owes to another and that the nations of the earth are mere collections of individuals with no reciprocal rights and duties. It is time for right-thinking persons, and particularly for those who profess Christianity, to protest vigorously in season and out of season against such doctrines wherever found.

Ely concludes that “The absolute ideal was given two thousand years ago by Christ, who established the most perfect system of ethics the world has ever known. This ideal is the doctrine of human brotherhood.”

There is, of course, a social theory here. Economics, Ely argues, needs to be historical because most people are products of their past; and it needs to be ethical because social change comes from the efforts of a few superior people who need to be trained in decent, Christian, even Yankee ethics. In his Past and Present of Political Economy, he defends the “new school” of historical political economy, grounded in the work of the German Historical School, which places “man as man, and not wealth, in the foreground” giving “special prominence to the social factor . . . In opposition to individualism, they emphasize Aristotle's maxim ”Man was formed for society.” It is impossible, Ely argues, “to separate the individual from his surroundings in state and society” In the new political economy:

Account is taken of time and place; . . . Political economy is regarded as only one branch of social science, dealing with social phenomena from one special standpoint, the economic. It is not regarded as something fixed and unalterable, . . . It is on this account that a knowledge of history is absolutely essential to the political economist.

In a society characterized by the division of labor and “the phenomenon of exchange,” Ely says the division of labor binds us together in a community of mutual dependency. Producing for others, we depend on them to satisfy our needs which they do only on conditions that we produce for them. Each producer depends not only on his own exertions but also on those who produce the commodities he desires, those who produce the same commodities as he produces and therefore compete with him, and those who also seek to consume the goods he desires and therefore compete with him in buying them.

70 Ibid., 35, 45–6.
71 Ibid., 50–1.
Here Ely builds a theory of the social construction where individuals are shaped by their different societies. But rather than follow the path blazed only a few years later by Durkheim, or earlier by Marx, social causation runs in only one direction for Ely. For Ely, people are shaped by their circumstances, but do not in their turn, or in their social action, reshape conditions. Social life including social action, what Marx called *revolutionizing praxis*, does not itself constitute part of the material world shaping individuals.\(^{72}\) In practice, as Marx warned in the *Theses on Feuerbach*, failing to take account of social action, leaves “the active side” of social life to be “developed abstractly by idealism.” Simple materialism like Ely’s “forgets that circumstances are changed by men and that it is essential to educate the educator himself. This doctrine must, therefore, divide society into two parts, one of which is superior to society.”\(^{73}\) In Ely’s case, the “educator” becomes the Ph.D. economist, the University professors and administrators, the business elite, and, in some cases, the responsible trade union leader.

What then to do about immigrants and other inferior peoples coming to America? The problem is not one of genes which could be addressed by eugenics, but one of deficient historical evolution, and this makes it much more serious than the eugenists imagined.

We are coming to deal more with peoples of a lower civilization, and we have to ask the question. How rapidly can they move forward to a stage of industrial civilization which is removed from them by hundreds and perhaps thousands of years? . . . For a long time in this country, under the influence of eighteenth-century philosophy, we were inclined to regard men as substantially equal, and to suppose that all could live under the same economic and political institutions. It now becomes plain that this is a theory which works disaster, and is, indeed, cruel to those who are in the lower stages, resulting in their exploitation and degradation.\(^{74}\)

These East Europeans or Asians, or Africans, are not suited for the high economic, social, and political standard set by old-stock immigrants and native Yankees. “Education can do much here to make the transitions easier.” But even with the best tutelage change can only be brought slowly to primitive peoples, peoples simply not suited for self-government.\(^{75}\) Generations will be needed before the habits of primitive cultures rise to the needs of the new material circumstances of modern American life. If during this time, primitive peoples participate fully in the social and political life of the American republic, then we risk them dragging down American society to their level before America’s established communities can raise them to the American level.

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\(^{73}\) Karl Marx, “Theses on Feuerbach” 1845, https://www.marxists.org/archive/marx/works/1845/theses/theses.htm. These issues are central in Friedman, *Reigniting the Labor Movement*.


Thus, to Ely, the race between the educational work of the American elite and the threat posed by ignorant and irresponsible immigrants cannot be won without abandoning traditional democratic forms. The problem was most acute in America’s great cities. “The discreet and sober use of the ballot,” a reformer complained, “is something not to be learned in a day or even in a generation” leaving immigrant voters “easy prey to the sophistry and cajolery of claptrap politicians.” A retreat was called for from the democratic aspirations of earlier American republicans, a retreat marked by restrictions on the suffrage and restrictions on popular regulation of local government. Where earlier Yankee social reformers praised the New England town meeting, Ely and his progressive allies would bring to America the type of leadership and hierarchical government that Americans brought to the Philippines. Or even the slave plantation-school described by Ely’s student Ulrich Phillips.

Conclusion: progressive intellectuals and American democracy

In 1914, Ely published what he had come to consider his most important work, *Property and Contract in their Relations to the Distribution of Wealth*. Ely was disappointed by the tepid reception his masterpiece received, which he blamed on its appearance at the outbreak of World War I. While the book was not completely forgotten, and was even reissued in 1971, it never had much influence even among institutionalists.

More than poor timing doomed Ely’s masterwork. In *Property and Contract*, Ely develops a “social theory of property” where property rights are rooted in social utility; property “must serve social interests and the welfare of society must come first.” Ely casually associates changes in the forms of property with a “historical theory of the state” where political leaders and judges get new and better ideas. While this is a vague and idealistic notion, he has another, more practical explanation: “If it is desirable that a change should be made, society is richer after the change than it was before.” Ely thus associates changes in income distribution and in property rights with changes in policy guided by efficiency criteria. Social change is driven not by social action but by factors driving changes in efficiency, presumably the neoclassical trinity:

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82 Ibid., 507, 248.
factor endowments, individual preferences, and technology. While purportedly making an argument for the importance of institutions in shaping income distribution, Ely reduces these institutions to a basis in economic efficiency; and grounds social change in the work of an elite of genius.\footnote{Note too that this argument, ubiquitous among neoclassical economists, is circular because efficiency itself cannot be measured independently of prices which are themselves shaped by income distribution.}

From the failure of \textit{Property and Contract}, he seems to abandon any attempt to resist the neoclassical tide and the rise of methodological individualism. In his widely used textbook, \textit{Outlines of Economics}, for example, he largely avoids what economists today call \textit{“microeconomics”} or the theory of individual behavior. But when he explains prices and value, he does so in terms of individual consumer’s marginal utility and individual producer’s rising willingness to supply at higher prices without regard for any social construction of preferences or of productivity. In words that could have been written by any orthodox neoclassical economist, he explains that prices “are thus the outcome or resultant of the individual valuations of all who buy and sell in the market.”\footnote{Richard T Ely, \textit{Outlines of Economics}, 3d rev. ed. (New York: The Macmillan company, 1916), 165.} Once Ely accepted orthodox value theory and methodological individualism, his famous motto “look and see” became nothing more than a recommendation for idiosyncratic story-telling, or worse, for mindless empiricism. Without a theory connecting individual behavior to social institutions, there is no reason to study history or collective action; everything important can be understood through psychological studies or, even worse, through logical analysis of a rational actor. By itself, Ely’s historicism and empiricism provides no guide to how to formulate an explanatory model linking individual behavior to his broader vision of economics as a historical social science. Nor was there any help in his direct political program. On the contrary, his casual and repeated appeal to religious values implicitly contradicts his materialist social vision by suggesting that individuals have a free will that can transcend their social context if only they would accept the (Christian) Bible.\footnote{Again, as Marx notes in the Theses on Feuerbach, without an appreciation of conscious human activity, simple materialism leaves to idealism the development of the active side of human history.}

Lacking a theory of how \textit{“social facts,”} as Durkheim calls them, shape and constrain individuals, Ely’s students were eventually forced, like himself, to acquiesce in neoclassical value theory and, from there, to surrender the institutionalist program. Was Ely incapable of deep theorizing, or did he not bother because he preferred to devote his energies to his entrepreneurial activities, both financial and political? It may not be possible to answer this question fully but we can dismiss any suggestion that Ely lacked models for constructing an alternative microeconomics as a social science. Without resort to foreign models, to his German teachers or to Durkheim or Marx, Ely could have drawn on contemporary American economists developing aspects of an alternative microeconomics. For consumer theory, he could have drawn on one of his students, Thorstein Veblen or Wesley Clair Mitchell who question the simplistic model of the rational individual consumer. Or he could have used his student John R. Commons’ approach where institutions are interpreted as collective actions shaping individual values and motivations. He could have developed a producer theory drawing on the work of John Maurice Clark, son of his friend John Bates Clark and successor to Ely’s colleague Henry C. Adams, a theorist who developed insights compatible with Ely’s own work on monopolies. Ely could have pushed further his insights for an alternative approach to understanding the economy as a social system that extends
beyond the market for commodities drawing on the writings of his contemporaries Jane Addams, Charlotte Perkins Gilman or Margaret Reid. All of these provided building blocks for an alternative vision of economics as a social science; all build on ideas proposed by Ely himself. None are included in his later textbooks or in what he saw as his major theoretical work, *Property and Contract*.

If institutions do not have meaningful, independent effects, then neither do social movements or does social conflict. Indeed, this is exactly the approach followed by Ely’s students, John R. Commons and Selig Perlman, who explain variation in union membership and growth rates in simple and static materialist terms: inflation rates and a desire to protect wages and employment. A small set of material conditions determine union growth and behavior without regard for human agency or social action.

For economic historians and other institutionalist economists, accepting the dominant neoclassical view that rational actors advance their simplest material interests in the short term as shaped by technology and factor endowments undermines the rationale for their own disciplines. Why study history or institutions if all behavior is shaped by the constraints of technology and the supply of productive factors? Why study epiphenomenon or, worse, the behavior of irrational fools? In thus abandoning micro-foundations to those who would see social life as a collection of isolated Robinson Crusoes, American scholars not only ignored the work of the great 20th century French sociologist, Emile Durkheim, but also the 19th century’s most prominent French visitor to the United States. In exploring democracy in the United States and in France, Alexis deTocqueville argues that the forms of political life in each have shaped the development of the individuals. By providing training in political democracy, democratic institutions in the United States have tamed passions and taught Americans “self interest properly understood,” the values needed to live as equals in a democratic society. In words that prefigured Durkheim, deTocqueville argues that political life is a school teaching habits and forms of

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perception and communication. Effective democratic governance is not just a result of a responsible public but the cause.

Had Ely sought inspiration from de Tocqueville, or from Durkheim, he would have had more respect for democratic means. Instead of looking to strengthen hierarchy so that enlightened elites could bring reforms to the people, he might have appreciated how participation in social movements and collective action not only brings desired social reforms but can create better people. Without such a theory, too many on the American Left have sought to achieve worthwhile reforms from above, without appreciating that all egalitarian social movements ultimately must be democratic because they all seek, in the end, to enhance equality and democratic values. Democracy should be valued not only as an end, but as a means.

Ely could have had a better social theory. He could have advanced a more coherent vision of the economy as a social system from the individual on up to historically developed institutions. Such an approach may have been rejected by economists intent on serving the interests of powerful capitalist interests. But by failing to build coherent micro foundations into his social theory, he left himself and his followers open to easy attack for being simple-minded empiricists operating without coherent theory. Because, of course, they were.

More important, had he developed a coherent social theory grounded in the construction of democratic values through social action, he would have grounded progressive social politics in the defense of democratic rights and participation. Instead of separating social science from social movements, he would have bound them together with social scientists writing as the organic intellectuals of a renewed social movement. That would have been truly exceptional.

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