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Chapter 5

The Progressive Gospel of Efficiency

The United States was settled in its early years largely by members of Protestant faiths. Even today, members of the Roman Catholic church represent fewer than 30 percent of the U.S. population. Any great Roman influence in the United States thus will not be a matter of the strength of numbers. It lies instead in the fact that the way of thinking of the Roman tradition is in large degree the American way of thinking. The founding fathers were products of the Enlightenment; in this respect they held views that, although now taking a secular form, were a continuation of outlooks found widely in the theology of the late medieval Catholic church. Although the influence of medieval ideas on the development of American institutions has not been a central theme in most histories, a growing number of writers recognize this debt. The United States represents a continuation of a long tradition in Western civilization—a tradition that can be traced back through the Enlightenment to medieval theology and before then to beliefs widely held in the Rome of the ancient world.

The Roman Tradition in America

In *The Public Philosophy* (1955), Walter Lippmann stated his conviction that American public life rests on “a body of positive principles and precepts which a good citizen cannot deny or ignore.” These beliefs provide the underlying public philosophy on which American institutions are grounded. Without this philosophy it would be “impossible to reach intelligible and workable conceptions of popular election, majority rule, representative assemblies, free speech, loyalty, property, corporations, and voluntary associations.” The key underlying ideas are to be found in the “public philosophy ... known as natural law.”¹

This public philosophy of the United States, Lippmann reported, “was first worked out by the Stoics,” and further developed by Thomas Aquinas and other medieval thinkers; it was given a new statement by Locke, and then finally was “re-enacted in the first ten amendments of the Constitution of the United States”—with respect to which “the largest part of the public philosophy was never explicitly stated.”² As Lippmann saw matters, this core set of ideas is still important for the healthy functioning of American society in the twentieth century. The problem is that fewer Americans now believe strongly in them, and leading intellectuals often spurn them outright.

Lippmann’s thinking paralleled developments in Roman Catholic theology of about the same time. The Catholic community of the United States in a sense belongs simultaneously to two churches: a secular church adhering to the “civil religion” of the United States, and an institutional Catholic church headed by the pope in Rome. How, Catholic theologians and lay thinkers now asked, can these dual faiths be reconciled? Are the Catholics of the United States perhaps fated to a permanent state of divided spiritual loyalty and inevitable theological confusion?

As developed by a leading American Catholic theologian, John Courtney Murray, the answer fortunately was no. There need be no conflict of Catholic loyalties because, as matters have turned out, the core U.S. beliefs and the core Catholic beliefs are very similar—on a number of key points, almost one and the same. Thus, Murray found (much like Lippmann), that “the American Republic” was “conceived in the tradition of natural law.” The philosophy of the Bill of Rights, for example, is “tributary to the tradition of natural law.” Democratic government is not a mechanical exercise but requires a “virtuous people,” who understand the “ethical nature of political freedom” and that democratic government is “a spiritual and moral enterprise.” To accept this outlook would be to accept important

elements of “the premise of medieval society,” including the conviction that “the legal order of society—that is, the state—is subject to judgment by a law that is ... inherent in the nature of man; that the eternal reason of God is the ultimate origin of all law.” Indeed, as Murray argued, the American concept of a free people under limited government “would have satisfied the first Whig, St. Thomas Aquinas.”³

American institutions such as the Bill of Rights are thus “the product of Christian history.” Moreover, it is more a Catholic than a Protestant history. The tradition “of natural law as the basis of free and ordered political life ... found, and still finds, its intellectual home within the Catholic Church.” Hence, there is a “paradox in the fact that a nation which has (rightly or wrongly) thought of its own genius in Protestant terms should have owed its origins and the stability of its political structure to a tradition whose genius is alien to ... certain individualistic exigencies of Protestant religiosity.” Rather than a Protestant foundation, the “American Consensus” embodies ideas and convictions that more closely reflect a “Catholic intelligence and conscience.”⁴

Hence, as a commentator on Murray’s writings recently observed, Americans might well look to “Catholicism [for] important insights to an effort to reclaim and extend the American proposition.”⁵ A similar conclusion is found in another prominent Catholic theologian of the mid-twentieth century—Jacques Maritain—who saw the American understanding of “political society” as involving “a work of reason and virtue.” In *Reflections on America*, Maritain explained that the idea of the “common good,” traceable as far back as Greek and Roman sources, “plays an essential part in the American consciousness.”⁶ George Weigel finds in Maritain a viewpoint that the civil faith of the United States is “more congruent with the political philosophy of St. Thomas Aquinas than any other.”⁷ Yet another contemporary Catholic writer finds that Aquinas in the *Summa Theologica* “concluded that the best form of government combined elements of monarchy, aristocracy and democracy in a manner not very different from the American arrangement of executive, judicial and legislative branches.”⁸

Such views are not confined to Catholic theologians. Raised as a Lutheran, Paul Tillich was a citizen of Germany until he fled the Nazis in the 1930s. Tillich could appreciate perhaps more than most Americans the degree to which “the Enlightenment feeling that a new beginning has been inaugurated is part of the American experience.” Indeed, the basic outlook of the United States has been “an almost unbroken tradition of [the] Enlightenment.” By comparison with Europeans, Americans even in the twentieth century are “much more ... dependent on the eighteenth century,” partly reflecting the fact that in the United States in the nineteenth century the “romanticist reaction against the eighteenth century” had less impact. Instead, the “optimistic and progressivistic attitude of the Enlightenment” has almost always prevailed.⁹

The Enlightenment could itself draw, Tillich explained, on a “rational, empirical point of view” that had already been found in a “line from Aristotle to Thomas Aquinas.” For Aquinas, “intellect” is not only the feature that “makes man human” but is also the feature that “is the primary characteristic of God.” The world is a “divine ground” that has “the character of intellect.” As a result, when we seek through science and other investigations to understand the world, it offers the hope that “we can discover God in our acts of cognition.” In short, for Aquinas “the knowledge of God, like all knowledge, must begin with sense experience and men must reach God on this basis in terms of rational conclusions.”¹⁰

By contrast, Tillich regarded the Protestantism of the Reformation period as having destroyed not only the authority of the medieval Roman Catholic church, but also “to a certain extent reason.” If the medieval period and then the Enlightenment were ages of reason, Tillich explains that it was the great protester Martin Luther who “detested the idea that God has established a law between himself and his world... . He wanted everything as nonrational, nonlegal as possible, not only in the process of salvation but also in the interpretation of history and nature.” If the medieval mind and then the Enlightenment saw nature as a harmonious order grounded in the laws of a rationally designed universe, “Luther’s

relationship to nature has much more the sense of the presence of the divine, irrationally, mystically, in everything that is.”¹¹

Thus, although members of Protestant faiths shaped the building of the United States, their beliefs frequently were a long way from the Protestantism of Luther and Calvin. Americans have been more doers than protesters; they have not typically regarded the world as fundamentally sinful, man’s condition as alienated, most men as condemned, or humanity as subject to impersonal forces leaving men incapable of shaping their destiny. Indeed, Americans have generally believed in progress achieved through the application of reason, in the perfectibility of human institutions, in the rule of law, and in the fellowship and equality of all mankind—characteristic outlooks of the Roman tradition.

American society has shown a great openness to change. History for Americans has been the record of genuine progress—not of a fall and retrogression from an earlier happier and better natural condition. Partly because the United States has been so new, and its institutions less encrusted by custom, the United States has adapted without the degree of revolutionary turmoil and social upheaval experienced in Europe. America was subject to many of the same ideas and the same social and economic forces that swept over Europe in the age of Darwin. In the end, American society was probably no less transformed. But this social transformation could be achieved in the United States on the whole within a framework of reason, gradual adjustment, and respect for law. With the exception of the Civil War, the foundations of American society were never severely threatened.

Such a comparatively peaceful transition was due in significant part to the influence of the American “civil religion”—a religion based on the Constitution and that has seen the United States as the vanguard for the progress of humanity. Moreover, progress in the United States has meant in large degree economic progress. Americans have been sure that they were on the road to material abundance and that ever higher levels of goods and services would provide the foundation for a newly harmonious and happy condition of human existence. It has been a faith particularly suited to a wealthy nation that for much of its history could offer free land, abundant natural resources, and broad economic opportunity.

If the Roman tradition exhibits attitudes of common sense, pragmatism, and moderation, these are American attitudes as well. If the good life is for the Roman tradition the proper goal on this earth, Americans again typically agree. If the Roman tradition has seen all mankind as fundamentally equal, it has been America that has opened its borders widest to the immigrants of the world, offering the opportunity to participate in the forward march of progress. Indeed, of all nations the United States in the modern age has illustrated the characteristic outlooks of this tradition better than any other.

In the mid-nineteenth century, the United States still subscribed to an individualism that was derived from the eighteenth century—an atomistic vision in which the forces of nature acting through each individual combined to yield a harmonious social order. This nineteenth-century individualism would be challenged and to a significant degree supplanted in the twentieth century by a new understanding of a proper social order: that of American progressivism. The doctrines of progressivism would provide the guiding faith for the development in the twentieth century of the American welfare state. Constituting yet another modern economic theology, American progressivism once again preached a message of salvation through economic progress. Still another Roman priesthood, the members of the U.S. economics and other social science professions, would emerge in the progressive era to spread the message of the economic redemption of mankind.

In the twentieth century the Roman tradition in the United States has become important not only to Americans, but to the whole world. Since World War II, economic and cultural developments in American life have often paved the way for social change throughout the world. People everywhere have hoped to match U.S. material progress—a hope that in Western Europe, Japan, and a number of other countries has already been substantially realized. Europe at the end of the twentieth century finds itself moving toward a single economic market, comparable in size to the United States. Gradual political steps

toward a United States of Europe have taken place with the creation of a European Parliament and the administrative apparatus for the European Economic Community. American democracy served as an important model and inspiration for the democratic revolution that swept across Eastern Europe in 1989. In the second half of the twentieth century, the economic theology of the United States has thus tended to become a gospel with a worldwide significance.

Richard Ely: Preacher of the Social Gospel

The U.S. economist Richard Ely is best known as the founder of the American Economic Association, which met for the first time in 1885. He taught from 1881 to 1892 at Johns Hopkins University and from then until 1925 at the University of Wisconsin. His students included Woodrow Wilson, Frederick Jackson Turner, and John R. Commons, as well as a number of other early leaders of U.S. social science. Ely was one of the founding fathers of the progressive movement in Wisconsin, serving as mentor to a generation of its leadership.¹² In honor of his many contributions to American economics, a feature lecture is still delivered today in Ely's name at each annual meeting of the American Economic Association.

Ely and William Graham Sumner—the latter a professor at Yale University from 1872 to 1909—were the two most influential economists of the late nineteenth century in American life. Both rejected a confinement of their activities to academic pursuits, instead engaging in vigorous public advocacy. Both criticized their many professional colleagues who were wedded to the eighteenth-century vision of an economic world in happy equilibrium decreed by natural law. Instead, reflecting the growing influence of Darwinist ideas, they argued that life in society should be understood in terms of an evolutionary concept of history.

In their interpretations of history, however, Ely and Sumner stood at opposite poles. Sumner was the leading spokesman in the United States for the social Darwinism of Herbert Spencer. His influence rose for a time to such heights that it has been said that much of America's leadership "preached and exemplified 'Billy Sumner.'" ¹³ Following Spencer, Sumner viewed life in harsh terms. He said, for example, that society could have equality or liberty, but not both. Efforts to achieve social equality would undermine the evolutionary improvement of the human species, leading to "survival of the unfittest" and "not liberty."¹⁴ Sumner opposed almost all government efforts to relieve the hardships of the poor: "The fact that a man is here is no demand upon other people that they shall keep him alive and sustain him." He argued, however, that if men trusted to the workings of evolution, they would soon be rewarded: "Let every man be sober, industrious, prudent, and wise, and bring up his children to be so likewise, and poverty will be abolished in a few generations."¹⁵

For Sumner, the role of government should be minimal. Government interventions were considered not only wasteful and unwise, but also futile. Government could not change what nature dictates because "a natural fact is, and that is the end of the matter, whether we men give it our sovereign approval or not."¹⁶ One historian characterizes Sumner's outlook as a belief that "in society, then, there is no possibility of social reform, of planning—human intelligence is inadequate to deal positively with social problems. Men must sit back and allow the forces of nature free play."¹⁷

While social Darwinism became the foremost public philosophy of the United States in the late nineteenth century, it encountered determined resistance from the social gospel movement. Ely was almost as prominent in this movement as Sumner was in spreading the message of social Darwinism. Ely traveled widely throughout the United States, delivering a message of salvation through earthly progress to religious and all manner of groups. Indeed, a leading study of the social gospel movement comments that during the 1880s Ely was "perhaps the most aggressive advocate of the social gospel" in the United States.¹⁸ His public visibility and impact were such that another historian finds Ely exerting "a pervasive influence on [American] social thought and the course of social reform both during the eighties and the nineties and during subsequent periods of reform."¹⁹

For Ely, economics and theology were inseparable. He states that the fundamental organizing principle of social organization is the biblical commandment “Thou shalt love thy neighbor as thyself.” Ely finds this commandment, however, largely ignored in the daily existence of most Americans. The sharp separation that many men make between the affairs of God and the affairs of this world is strongly rejected by Ely. Instead, “every act and thought and purpose, in our laws and in their administration, in all public as well as private affairs” should follow the rule of love of fellowmen. This commandment extends even to “all our daily acts, in our buying, selling, getting gain.” Behavior in the marketplace has no exemption from the rule of love. Men cannot hope both to “serve God and mammon; for the ruling motive of the one service—egotism, selfishness—is the opposite of the ruling motive of the other—altruism, devotion to others, consecration of heart, soul and intellect to the service of others.” Hence, the man who “oppresses the hireling in his wages is no Christian, but a pagan.” Those who seek to hold down unfairly the wages of labor will find that God has in store a future of “miseries that shall come upon them.”²⁰ Ely’s views thus are directly at odds with those of Sumner and other advocates of laissez-faire, who argue that the very progress of society depends on men pursuing their own advantage.

Yet, Ely finds that institutional religion has been ineffective in seeking to bring about the just and ethical world that he seeks. Even when the church has accepted its responsibilities, the clergy has been ignorant of the realities of social and economic life. It is impossible to build a just and joyous society without a foundation of detailed knowledge. Lacking such knowledge, the church leaders “appear like blind leaders of the blind; for they manifestly have never received instruction in sociology” (a subject that Ely and most others of the time consider to encompass economics). Hence, there must be a new “social science” that will deal with “the relation of man to his fellows in what we call society.” It will have for “its special province human happiness and well-being, and the underlying conditions of a prosperous, righteous, and progressive state of society.” The role of the new social science will be, above all, to “absorb the attention of men seeking to obey Christ’s new commandment to love one another, and to promote the true welfare of their neighbors in all those infinite ways which love suggests.” Ely recommends that theology students should therefore devote 50 percent of their studies to social science and expresses the hope that “theological seminaries should be the chief intellectual centres for sociology.”²¹

In contrast to Sumner, Ely believes that “the economic life of man is to some considerable extent the product of the human will.” As the leading spokesman for a new “ethical school of economists,” Ely and his fellow school members seek “to direct ... this economic, social growth of mankind.” It is an “ethical ideal which animates the new political economy” and seeks an abolition of the existing “contradiction between our actual economic life and the postulates of ethics.” The achievement of this goal will require a “departure of economists from the individualistic philosophy ... which has gained such a stronghold in America.” The ethical school of economists “places society above the individual.” It will therefore be necessary to have a “new conception of the state.” The state will apply economic knowledge in the service of “the greatest good of the greatest number” and thereby “accomplish the end of human society, the ethical ideal.”²²

Ely is deeply impressed by the productive powers of modern technology. He is of the view that “with the inventions and discoveries of modern times, we seem almost to have solved the problem of production.” It is the distributional side that “still awaits a satisfactory solution”—this particularly requiring the attention of economists armed with a Christian ethical sensitivity. By joining economic science with Christian ethics, it will be possible to “guide and direct the forces which control the production and distribution of economic goods, that they may in the highest degree subserve the ends of humanity.”²³ Ely envisions the resulting economic system in the following terms:

First of all, we must seek a better utilization of productive forces. This implies, negatively, that we should reduce the waste of the competitive system to its lowest possible terms; positively, that we should endeavor to secure a steady production, employing all available capital and labor

power; furthermore, the full utilization of inventions and discoveries, by a removal of the friction which often renders improvement so difficult. Positively this implies, also, that production should be carried on under wholesome conditions.

We must so mend our distribution of wealth that we shall avoid present extremes, and bring about widely diffused comfort, making frugal comfort for all an aim. Distribution must be so shaped, if practicable, that all shall have assured incomes, but that no one who is personally qualified to render service shall enjoy an income without personal exertion. In the third place, there must be abundant public provision of opportunities, for the development of our faculties, including educational facilities and the large use of natural resources for purposes of recreation.²⁴

For Ely, the goal of a productive and ethical society is not a matter of passing time on earth, awaiting a more glorious salvation in the hereafter. Instead, Ely believes that “Christianity is primarily concerned with this world, and it is the mission of Christianity to bring to pass here a kingdom of righteousness.” What we “learn about heaven” in the Bible is in fact meant to apply “for this world.” Indeed, salvation is not for Ely to be found in the hereafter, but instead “God has given to his people this world for salvation.”²⁵

Ely states that the earthly path to salvation requires “a never-ceasing attack on every wrong institution, until the earth becomes a new earth, and all its cities, cities of God.” In his view, “it is as truly a religious work to pass good laws, as it is to preach sermons; as holy a work to lead a crusade against filth, vice, and disease in slums of cities, and to seek the abolition of the disgraceful tenement-houses of American cities, as it is to send missionaries to the heathen.” Ely argues that social problems such as child labor, working conditions of women, public corruption, public recreation, and an unjust distribution of wealth are at heart “religious subjects.” The solutions to all these problems require the application of extensive social and economic knowledge. Hence, the path to earthly righteousness and salvation “in its elaboration, becomes social science.”²⁶

These basic tenets of Ely’s faith were in fact widely shared in the American social gospel movement of the late nineteenth and early twentieth centuries and would exert a large influence in American life. In his history of the movement, Charles Hopkins writes that for its members “the kingdom of heaven was brought down out of the skies to be realized progressively here and now.” The “social salvation” of mankind required the “coming to earth of the kingdom of heaven.” Moreover, such salvation was meant in a literal, not a metaphorical sense. For the social gospelers “social salvation never became a mere program of reforms”; rather, “its great prophets were men of spiritual, even mystical, genius whose message was characterized by a fundamentally religious and evangelical fervor.”²⁷

As the key figure in the creation of the American Economic Association, Ely was seeking to carry out these religious convictions. As seen by Ely, the new association of economists was to be a practical instrument for gathering the data and generating the knowledge for a reconstruction of American society along new ethical grounds. Ely sought to exclude from the new association those economists such as Sumner who were in his view opposed irreconcilably to his aims.²⁸ At the first meeting of the American Economic Association in 1885, twenty of the fifty who joined were former or practicing ministers. A number of leading social gospelers of the time—including Lyman Abbott, Washington Gladden, and Amory Bradford—were charter members of the American Economic Association. Although Ely was forced to make some compromises, the first statement of principles of the American Economic Association reflected his purposes in a number of ways. One principle read that “we regard the state as an agency whose positive assistance is one of the indispensable conditions of human progress.” Another said that “the conflict of labor and capital has brought into prominence a vast number of social problems, whose solution requires the united efforts, each in its own sphere, of the church, of the state, and of science.”²⁹

Ely was not the only important economist of the time to be closely associated with the social gospel movement.³⁰ John R. Commons was a well-known student of Ely; he too preached as a social

gospeler, and would later become a leading figure in the American institutional school of economics. Commons taught that “people need not only the heart of love, but also the knowledge to guide their love,” which could be “derived only from the science of sociology.”³¹ Other important early social scientists who were connected to the social gospel movement include Edward Bemis, John Bates Clark, Simon Patten, Edward Ross, and Albion Small.³² Ross, one of the founders of the American profession of sociology, is the author of *Latter Day Saints and Sinners* in which he stated that a modern saint “goes about checkmating evil”—an activity accomplished by social reform.³³ Although Henry George was not an economist by profession, his economic writings were perhaps the most widely read of any author in the late nineteenth century. George also saw his efforts as being in the service of a deeply religious cause.

Ely and others of the “ethical school” of economists were frequently accused of being socialists—a potentially dangerous label in that era. Some social gospellers in fact expressed strong sympathies or directly embraced socialism. There were, as Ely acknowledged, many similarities. Socialists and the social gospellers were both deeply concerned to improve the conditions of labor. Their specific reform agendas overlapped on many points. Both looked to the state to improve society. Socialists and social gospellers shared a vision of a unified community of mankind, brought together by love and a dedication to the common good. Moreover, as Ely wrote, despite the outwardly secular appearance, there was a common religious underpinning: “Socialism has become ... a religion to many, and the devotion which it has awakened is something which nothing short of a religious force is able to arouse.”³⁴

Writing in 1894, Ely approved of much that socialism sought, yet found that it aimed to move too rapidly, had too much the flavor of a “panacea.” Men were not yet ready for the abolition of private property, owing to the still “backward state of development of man’s social nature” and the fact that “men are still too individualistic in their nature.” It would therefore be a “long time to come” before they would be able to meet the “requirements of a socialist state.” Ely also saw a threat to liberty in that “those in whose hands were centred political and economic control would have tremendous power.”³⁵

Despite these reservations, the social gospel that Ely delivered in the 1880s was in its essence a Christian democratic socialism. Ely’s message also bore many resemblances to the social vision of Saint-Simon. In his later years, Saint-Simon had prophesied the emergence of a new religion that would join Christian love of fellowmen with the deeper truths and expert knowledge that modern sciences could offer. Society would be organized for the achievement of maximum productive efficiency, each person performing tasks determined by the objective requirements of economic and other scientific knowledge. If Saint-Simon had called for a priesthood of social scientists to lead this new world, Ely was now prepared to take the practical steps to make this vision a reality. The American Economic Association emerged from Ely’s commitment to supply the expert knowledge and skills needed to carry out the message of Saint-Simon.

The modern era has frequently seen the secularization of older Judaic and Christian beliefs. With Ely, matters are now reversed; institutional religion absorbs and incorporates a secular gospel. Indeed, as preached through the social gospel of Ely, a branch of Christian theology now becomes in large part an economic theology. The true message delivered by Christ to his disciples is interpreted by Ely to contain fundamentally a message of economic progress on earth. The priesthood responsible for showing the path to salvation will be the professional economists of the world. In short, Ely’s social gospel is an example of a common practice in the modern age that might be called “inverse secularization”—the reversion of economic and other originally secular themes of salvation back to a Christian dress.

The Christianity of Ely would have been anathema to central figures of the Protestant tradition such as Augustine, Luther, and Calvin. Typical of the general optimism of the progressive era, Ely’s theology lacked almost any sense of human existence as tragic, of humanity fated for sin and suffering, of men alienated from and betrayed by their reason since the fall of man. Ely instead held human capacities, motives, and reasoning in the highest regard. Men by their own knowledge were capable of bringing

about their own salvation. As Ely wrote, “the message of Christ” and “the grand distinctive feature of Christianity” were the “exaltation of humanity. I will not say the worship of humanity, but surely it is safe to say all but the worship of humanity.”³⁶

It was an outlook encouraged by the times. As the nineteenth century drew to a close, scientific invention was rapidly turning out new products that would transform the existence of the average person: the telephone, electric light, and phonograph in the 1870s; the automobile and electric trolley car in the 1880s; the movie camera and wireless radio-wave transmission in the 1890s; the airplane and electric washing machine in the first decade of the twentieth century. New manufacturing techniques were making possible sharp increases in the scale and efficiency of production. Improvements in transportation were drastically reducing the costs and time of moving goods and people among different parts of the United States. Much faster and cheaper means of communication were linking the entire nation together.

If the sense of change was pervasive, most of it seemed for the better. A later student of the progressive era would write that “the change in the externals of living was so amazing, the vistas of the future presented in the Sunday supplements so astounding that anything seemed possible; a Golden Age of peace and plenty for all seemed just a short distance across the years.”³⁷ In this era, Americans were filled with a confidence that, as Woodrow Wilson expressed it, man “by using his intellect can remake society, that he can become the creator of a world organized for man’s advantage.”³⁸ A leading Protestant preacher of the day, the social gospeler Walter Rauschenbusch, would echo Ely’s views and proclaim that “progress ... is divine,” the mechanism by which God exerted his will to bring about a new heaven on earth.³⁹

The God found historically in Christianity had in truth a limited role to play in the theology of Ely. Indeed, it was an unnecessary role—one that could easily be dispensed with. Partly for this reason, it would be primarily to science—not to Christian theology—that many Americans of the progressive era would look for their basic understanding of the world. Science had also fought long and hard to escape the restrictions and roadblocks that institutional Christianity often placed in its way. Science proclaimed a neutral search for knowledge and a freedom from social values and conventions that had often been at odds with Christian teachings. If science and Christian theology were joined together, science risked becoming enmeshed in the bitter history of conflicts within Christianity. Americans had long sought to avoid these conflicts by separating institutional religion from the practical functioning of government.

There was thus little to gain and much to lose in locating the new science of economics within the subject matter of Christian theology, as Ely proposed to do. Indeed, there was opposition among many economists to Ely’s aims from the beginning—an opposition that gradually increased, and fairly soon prevailed. By 1892 Ely was forced to resign his position as secretary (chief administrative officer) of the American Economic Association.⁴⁰ By the mid-1890s, Ely himself was beginning to acknowledge the need for a professional association of economists that would demand a neutral allegiance to the methods of science, welcoming contributions from all social viewpoints, remaining officially well removed from the doctrines or the organizational framework of any institutional religion. Ely would gradually redirect his own studies to a life of more scholarly and technical tasks. Although playing a less visible role in U.S. public life, he became a leading researcher in the field of land and natural-resource economics, and served for many years as a well-respected figure in the American economics profession.⁴¹

Secularizing influences were in fact pervasive in the United States in the late nineteenth and early twentieth centuries. The progressive movement was by and large a secular movement. Yet the specific reform agenda of progressivism was largely made up of reforms that had already been proposed by the social gospelers. The progressives often exhibited no less zeal and fervor for the cause. Progressivism, like socialism around the world, had all the qualities and the feel of a religion. Indeed, progressivism was a secularization of the social gospel movement—or as one later historian would write, “the social gospel ... was, in a sense, the religion of the progressive movement.”⁴² In carrying the banner of the progressive

gospel, however, it would not be Ely but another American economist, Thorstein Veblen, who would achieve great visibility and influence early in the twentieth century.

Thorstein Veblen: Caller to a New Priesthood

Thorstein Veblen has been described by a leading American historian of the progressive era as “the most brilliant mind of his time.”⁴³ Holder of a Ph.D. from Yale, he taught economics at the University of Chicago from 1892 to 1906 and served for a time as the managing editor of its *Journal of Political Economy*. In the first two decades of this century his writings reached a large audience, causing H. L. Mencken to observe that for a while “Veblenism was shining in full brilliance. There were Veblenists, Veblen Clubs, Veblen remedies for all the sorrows of the world.”⁴⁴ Professionally, Veblen’s writings were a leading inspiration for the institutional school of American economists. One of his pupils, Wesley Clair Mitchell, would state that “no other such emancipator of the mind from the subtle tyranny of circumstance has been known in social science, and no other such enlarger of the realm of inquiry.”⁴⁵

Veblen was possessed of a breadth of knowledge and depth of historical scholarship rare among economists. He viewed economics as embedded in culture, studying American business and governing practices from a distance and with the detachment of an anthropologist surveying some new and unfamiliar world. His distinctive perspective was developed in his first book, *The Theory of the Leisure Class*, published in 1899—a work that soon made him famous. Veblen had already applied a similar outlook to the realm of economic ideas in four articles published in the *Quarterly Journal of Economics* from 1898 to 1900. In Veblen’s view, economics had yet to escape fully the status of a “primitive animism.” Among primitive men, the natural world is seen as “guided by discretion, willpower, or propensity looking to an end.” These animistic beliefs typically found expression in religion. Modern economics, to be sure, asserted a scientific status. Yet, Veblen found that the “methods of economic science” were still dominated by an “archaic habit of thought.”⁴⁶ The origins of this habit were “traceable through medieval channels to the teachings of the ancients.”⁴⁷ In the most influential modern formulation, the “spiritual” approach of economics is seen in the theories of natural law. A continuity runs from “overruling providence” to the “order of nature, natural rights and natural law” of the eighteenth century. All represent efforts “to formulate knowledge in terms of absolute truth; and this absolute truth is a spiritual fact.”⁴⁸

The services of modern economists have often been devoted to the maintenance of “ceremonial adequacy.” Economists have taken “what the instructed common sense of the time accepts as the adequate or worthy end of human effort” and transformed this common sense into a “canon of truth.” At its most successful, Veblen finds that economics yields a “body of logically consistent propositions concerning the normal relations of things.” This task involves an exercise in the classification of events in the world according to economic categories—investment, demand, labor, profit, and so forth. Like the nineteenth-century science of biology, but unlike the scientific method of Newton, the result is a “system of economic taxonomy.”⁴⁹

Adam Smith, as Veblen sees him, achieved a major advance in that he offers “a larger and more painstaking scrutiny of facts, and a more consistent tracing out of casual continuity in the facts handled.” Smith also offers “a different, more modern ground of normality.” Yet, these elements should not obscure the animistic qualities also found in Smith’s writings. Veblen finds that “with Adam Smith the ultimate ground of economic reality is the design of God.” In making this design, “the Creator has established the natural order to serve the ends of human welfare; and he has very nicely adjusted the efficient causes comprised in the natural order, including human aims and motives, to this work that they are to accomplish.” Nature has provided a guiding mechanism that surely and inevitably works autonomously “to enforce the divine purpose in the resulting natural course of things.”⁵⁰ Thus, the hidden hand of Adam Smith is not an accident of nature or a product of human purpose, but is in fact the hand of God—guiding

events benevolently and purposefully, if beyond the view and understanding of most men in the course of their affairs.

Veblen sees Smith's successors among the economists of the nineteenth century as still reflecting a strong theological influence, but in ways less visible and less central to their conclusions. The utilitarians, who rejected the natural-law framework, were—by comparison with Smith—"undevout." In Malthus, there was still a "divinely sanctioned order," but its role was "somewhat sparing and temperate." The classical followers of Smith showed a "different distribution of emphasis," but not a "new and antagonistic departure." In relation to the actual workings of the economy, classical economics still had a "ceremonial" role that continued to serve a purpose of "legitimation."⁵¹

Veblen believes, however, that trends in the modern age are moving rapidly beyond the animistic conceptions of the past. The development of industrial processes is forcing modern men to think with ever greater logic and rational precision. Their thought processes must now match the rationality of the machines and the complex systems with which they work. As Veblen writes, the workings of industry "are not safely to be construed in terms of propensity, predilection or passion. Life in an advanced industrial community does not tolerate a neglect of mechanical fact." The result will be that the need for clear thinking in industry eventually "shapes their habits of thought"—an influence that will inevitably extend beyond work activities to other areas of life.⁵² Although he makes his assertions less dogmatically and prophetically, Veblen follows Marx in finding that the underlying economic and material realities determine mankind's ways of thinking.

A further implication of Veblen's viewpoint is that men attuned to the mechanical realities of industry—who think rationally and are free of animistic and ceremonial atavisms—are the most suitable to lead their fellowmen. Such rational men in modern society are to be found especially among the engineers of the industrial system. In 1921 in *The Engineers and the Price System*, Veblen summed up his grand design for a future industrial society led by its engineering and other scientific elites.

The early twentieth century had inherited not only a body of economic writings, but economic institutions out of touch with the realities of industry. The requirements of technology thus had "outgrown the eighteenth century system of vested rights" defended by Adam Smith. Under the economic realities of the early twentieth century, "the technicians are indispensable to productive industry of this mechanical sort; the Vested Interests and their absentee owners are not." Indeed, the vested interests are not only unnecessary, but positively harmful. Veblen explains that their continued role in the managing of industry has yielded "an incredibly and increasingly uneconomical use of material resources, and an incredibly wasteful organization of equipment and manpower in those great industries where the technological advance has been most marked."⁵³ At one point Veblen suggests that a properly expert management of American society might even increase total industrial output by three to twelve times.

Under the existing institutional arrangements of the economy, both "statesmen" and "captains of finance" have the power to "touch its mechanism," which yields "dissension, misdirection, and unemployment of material resources." It is a system where "industrial experts are ... required to take orders and submit to sabotage at the hands of the statesmen and the vested interests." Instead of by technological competence, the power to decide the fate of the industrial system is allocated according to the twin evils of "politics" and financial "investment." The situation must be corrected by "a revolutionary overturn as will close out the Old Order of absentee ownership and capitalized income." With the abolition of absentee ownership, "industrially useful articles will presently cease to be used for purposes of ownership, that is to say for purposes of private gain" that subvert the goals of the larger community.⁵⁴

Power to control the industrial system therefore should shift from politicians and absentee property owners to the most knowledgeable personnel. A "Soviet of Technicians" should be created to include prominently "Production Engineers" and "Production Economists." These "economists and

engineers ... will have to be drawn together by self-selection on the basis of a common interest in productive efficiency, economical use of resources, and an equitable distribution of the consumable output.” This is not only a technical undertaking, but “provision must also be made for the growth of such a spirit of teamwork as will be ready to undertake and undergo this critical adventure.” The production engineers and economists will understand that “they are ... the keepers of the community’s material welfare,” who are not to be moved by “commercial interest” but by a “common purpose”⁵⁵

There must also be an “extensive campaign of inquiry and publicity” in order to enlighten the public as to the technological realities that demand the control of qualified experts. Finally, as a practical matter, it will probably be impossible to wrest power from its current holders without “the working-out of a common understanding and a solidarity of sentiment between the technicians and the working force.” When superior knowledge is finally matched with instruments of social control, the result will be a system that is “impersonal and dispassionate,” whose workings are “a painstaking and intelligent coordination of the processes at work,” driven by “technological knowledge” of an “altogether unbusiness-like nature,” and which is “exactly specialized, endlessly detailed, reaching out into all domains of empirical fact.”⁵⁶ As Veblen sums up his new economic message,

The technology—the state of the industrial arts—which takes effect in this mechanical industry is in an eminent sense a joint stock of knowledge and experience held in common by the civilized peoples. It requires the use of trained and instructed workmen—born, bred, trained and instructed at the cost of the people at large. So also it requires, with a continually more exacting insistence, a corps of highly trained and specially gifted experts, of diverse and various kinds. These, too, are born, bred, and trained at the cost of the community at large, and they draw their requisite special knowledge from the community’s joint stock of accumulated experience. These expert men, technologists, engineers, or whatever name may best suit them, make up the indispensable General Staff of the industrial system; and without their immediate and unremitting guidance and correction the industrial system will not work. It is a mechanically organized structure of technical processes designed, installed, and conducted by these production engineers. Without them and their constant attention the industrial equipment, the mechanical appliances of industry, will foot up to just so much junk. The material welfare of the community is unreservedly bound up with the due working of this industrial system, and therefore with its unreserved control by the engineers, who alone are competent to manage it. To do their work as it should be done these men of the industrial general staff must have a free hand, unhampered by commercial considerations and reservations; for the production of the goods and services needed by the community they neither need nor are they in any degree benefited by any supervision or interference from the side of the owners.⁵⁷

Like so many social gospelers and progressives, Veblen in such passages unmistakably reflects the influence of Saint-Simon. Veblen is another disciple—the message of Veblen another adaptation—of the religion of humanity. If God made a rational world, it will now be scientific experts—the priesthood of Veblen’s new church of science—who reveal its rational structure. The moral authority of the Catholic priest is now bequeathed to the professional expert. In the message of Veblen, it will be these experts who decide the legitimacy of social and economic practices, who preside over the priestly ceremonies of modern society.

Like a number of other leading thinkers of the modern age, Veblen is acute when it comes to recognizing a theological inspiration in his predecessors. Yet when it comes Veblen’s turn to lead the way into the future, he offers yet another prophecy of heaven on earth, yet another economic road to salvation, yet another modern economic theology.

Veblen’s differences with Adam Smith are, therefore, not a question of Smith’s theological economics versus Veblen’s scientific economics. Rather, Veblen is the spokesman for a different theological viewpoint. Veblen speaks for a Roman tradition that has largely eliminated the vestiges of Protestant individualism. Smith is also of the Roman tradition, but the influence of Calvin is nearer and

stronger. For Smith, as for the Protestant Reformation, the autonomy of the individual best serves God's purposes. For the Reformation, this autonomy is found in matters of personal faith, which are decisive for salvation. As found later in Adam Smith, this autonomy is to be maintained in economic matters, which have become the modern road to salvation.

In the Roman Catholic church, however, it is the pope, the priesthood, and the institutional church that reveal the divine intent for mankind. The word of God arrives from on high; the individual must not claim a higher authority for his own individual conscience. It is the institutions of the Roman Catholic church that are the repository of divine wisdom—not a hidden hand that works through the independent beliefs and actions of many autonomous individuals. So it is with the progressive gospel of Veblen as well. There is only one truth for Veblen's church of science, which is the scientific truth discovered and verified by the institutional practices of science. The deliverers of this truth represent a new priesthood—the professional experts who can uncover the laws of the universe through the application of the scientific method.

Veblen explains that, like the Roman priesthoods of old, the new class of technical experts will act with regard to the "benefit to the community at large." The ethic of expert professionalism is "teamwork"—not individual advantage.⁵⁸ Men of science will not abuse the immense power that Veblen seeks for them because—again, like earlier priesthoods—they will be of high character and deep commitment to the service of their fellowmen. The experts of the future must, as Veblen acknowledges, assume responsibility for the distribution of outputs, along with the production of these outputs. But Veblen is not concerned that there will be an unfair distribution, because his ruling body of expert technicians will have the welfare of all society at heart. To be sure, Veblen has no scientific demonstration, no proof, no causal explanation for all these meritorious qualities of the professional. For Veblen, it is self-evident that the call to a priesthood of selfless engineers and economic experts will be answered. Partly by a process of self-selection, the modern priesthoods of expertise will attract individuals willing to devote their lives to the higher purposes of men on earth.

Veblen's message in this and in other respects was the message of the American progressive movement of the first two decades of this century. As a thinker, Veblen was not fundamentally opposed to or divorced from his time. Rather, he developed the core ideas of progressivism in a particularly colorful, graphic, and dramatic way. Historians would later observe for example, how the new expert professionals of the progressive era did in fact find that "the shared mysteries of a specialty allowed intimate communion" such as had also been found in the priesthoods of the Roman Catholic church. The professions offered a sense of "prestige through exclusiveness," a brotherhood of men brought together by their common "desire to remake the world," and a "deep satisfaction" that accompanied a "revolution in identity" that followed initiation into a select class. The rites of professional life in the progressive era were designed to ensure that "the process of becoming an expert, of immersing oneself in the scientific method, eradicated petty passions and narrow ambitions."⁵⁹

The goal of the progressives was an ever more productive organization of society, the means by which an ever greater abundance of goods and services would be obtained. The progressive movement pursued this goal with such commitment and fervor that progressivism would later be characterized by the historian Samuel Hays as the "gospel of efficiency."⁶⁰ Dwight Waldo would similarly write that "it is yet amazing what a position of dominance 'efficiency' assumed, how it waxed until it had assimilated or over-shadowed other values, how men and events came to be degraded or exalted according to what was assumed to be its dictate." Tracing in essence the evolution of the Roman tradition, Waldo found that "every era has a few words that epitomize its world-view and that are fixed points by which all else can be measured. In the Middle Ages they were such words as faith, grace and God; in the eighteenth century they were such words as reason, nature, and rights; during the past 50 years in America they have been such words as cause, reaction, scientific, expert, progress—and efficient."⁶¹ Another historian, Samuel Haber, described a United States that in the progressive era seemed to be possessed by "an efficiency

craze” that represented “a secular Great Awakening.”⁶² Still another spoke of “the efficiency movement,” which was presented “as a panacea for the ills of mankind” and sparked “a moral fervor that had all the earmarks of a religious revival.”⁶³

In order to maximize social efficiency, as Veblen said, it would be necessary to assign each man to the task and location best suited to his individual talents. Americans in the past had often exalted decentralization and individuality, but in the progressive era a new sense of the nation as a single community emerged, scientifically and centrally managed by an expert elite. William Schambra comments that progressivism emphasized a vision of “a genuine national community which could evoke from the American people a self-denying devotion to the public good, a community in which citizens would be linked tightly by bonds of compassion and neighborliness. Americans would be asked to transcend their traditional laissez faire individualism (which had been aggravated by the forces of modern industrialism) in order to bond themselves as one to the ‘national idea.’”⁶⁴

If less sophisticated and less colorful in his language than Veblen, an even more influential proselytizer for the scientific management of industry was Frederick Taylor. Even in the Soviet Union, Lenin enthusiastically recommended the widespread application of Taylor’s scientific methods to problems of industrial production. The scientific management movement found existing American businesses lacking in the attitudes and skills necessary to achieve the full productive efficiency of industry. Believing—like Veblen—that those who have the scientific knowledge should also have the authority, Taylor and his disciples advocated a controlling role for the class of engineers. In a newly complex and technological age, large numbers of progressives believed that it would be necessary to place “control of the huge and delicate apparatus of industry into the hands of those who understood its operation.” Engineers were widely seen in the progressive era as “a new industrial intelligentsia, standing between capital and labor, and peculiarly fitted to resolve the nation’s social conflicts.”⁶⁵

Educated in engineering at Stanford University, Herbert Hoover acquired his international reputation in part by skillfully administering European food assistance and other humanitarian concerns. Hoover’s public reputation was as an “engineer-economist-organizer.”⁶⁶ Yet another enthusiast for scientific management and leadership by engineers, he stated that “the one-hundred thousand professional engineers in the United States, men trained in exact thinking and in administrative responsibility, who were drafted into civilian and military service during [World War I], vindicated the scientific attitude in dealing with problems of social organization.”⁶⁷ Selected by Hoover, the authors of the “Hoover Report” in 1921 stated that “engineers come in contact with and influence every activity in industry and as a body possess an intimate and peculiar understanding of intricate industrial problems... . It is peculiarly the duty of engineers to use their influence individually and collectively to eliminate waste in industry.”⁶⁸

Influenced by such ideas, scientific management did in fact spread rapidly throughout the U.S. business world. In the 1920s Alfred Sloan introduced modern management to the automobile industry, building up a new giant—General Motors—managed by a corporate headquarters filled with experts in many fields.⁶⁹ A new breed of trained professional was assuming a leading role in the operation of U.S. business, applying cost accounting, quality control, budgeting, investment analysis, demand research, and other technical methods.⁷⁰ The American system of professional business education was expanding rapidly to supply the demand for expert personnel equipped with specialized knowledge and skills.

The progressives sought also to apply scientific management to government. The operation of the U.S. Congress in the late nineteenth century appeared to many progressives as “a forum in which private groups served themselves as best they could.”⁷¹ In order to introduce expert methods, it would be necessary to separate much of government from the influence of politics—especially the harmful influence of special interests. In a famous 1887 essay, Woodrow Wilson observed that formerly “the functions of government were simple, because life itself was simple.” Now, however, “the functions of government are every day becoming more complex and difficult.” Hence, there was no choice but to

assign the administration of such tasks to professionals. Ordinary democratic processes should guide the overall policy directions, but “in the oversight of the daily details and in the choice of the daily means of government, public criticism is of course a clumsy nuisance.”⁷²

A few years later Frank Goodnow laid out a similar prescription in greater detail: “There is a large part of administration which is unconnected with politics, which should therefore be relieved very largely, if not altogether, from the control of political bodies. It is unconnected with politics because it embraces fields of semi-scientific, quasi-judicial and quasi-business or commercial activity.”⁷³ The institution of the independent regulatory commission would emerge from the progressive conviction that the administration of government should be separated from democratic politics. The leadership and staff of independent commissions such as the Federal Reserve Bank were to be well-recognized experts with specialized skills appropriate to management in a disinterested fashion.⁷⁴ New professional schools to teach scientific methods of public administration were created, matching the new professional schools of business. Waldo captures well the guiding faith of the progressive reformers of American government:

Students and reformers of all kinds fell to making human relations and governmental practices scientific ... This faith in science and the efficacy of scientific method thoroughly permeates our literature on public administration. Science had its experts: so we must have “experts in government.” Science relies upon exact measurement: so let the data of administration be measured. Science is concerned only with facts: so let the “facts” be sovereign. Science makes use of experiment: so let the mode of administrative advance be experimental.⁷⁵

There were, of course, some dissenters. Woodrow Wilson in his later years shifted away from the scientific management of society to preach the “new freedom”—a political philosophy involving a greater role for individual pursuit of self-interest as long as there is no excess of market power. Others argued that the scientific management of society was a formula for suppressing democratic freedoms and for installing an oppressive elite with dictatorial powers. There was an important populist strain within progressivism that looked to popular democracy and sought answers more in the voice of the people than in any group of scientific experts.

Yet, much of the political and economic history of the United States in the twentieth-century has been a history of the success of the progressive message of scientific management of American society.⁷⁶ If somewhat modified, progressivism in fact remains today the guiding faith of the American welfare state. It still provides social legitimacy for contemporary American government. Whatever the realities, government actions must still be said to be in the public interest as determined by objective methods based on the expert skills of professionals.

The economic theology of nineteenth-century America was derived from the Enlightenment vision of a harmony of the forces of individual self-interest, from Adam Smith, and from John Locke. With progressivism, the theological lineage shifted to Comte and Saint-Simon. A contemporary would say of a leading theorist of American progressivism—Herbert Croly—that he was “the first child christened in Comte’s ‘religion of humanity.’”⁷⁷ Among U.S. economists, Veblen was the leading preacher of this faith. His promised land was, as a later scholar would describe it, “a self-operating utopia where dispassionate, expert engineers would oversee a society of individuals comprehending and loving their work.”⁷⁸ The message of Veblen was—like Ely and other social gospellers—the arrival of mankind at a future heaven on earth through the application of economic (and other expert) knowledge. It was a message especially well suited to an age enthralled by the impacts of science. As Walter Lippmann wrote in the 1920s, “the miracles of science seem to be inexhaustible. It is not surprising, then, that men of science should have acquired much of the intellectual authority which churchmen once exercised. Scientists do not, of course, speak of their discoveries as miracles. But to the common man they have much the same character.”⁷⁹

Given legitimacy by the progressive gospel, the federal government in Washington would in the twentieth century assume for the American public the aura and the administrative authority earlier found in the medieval period in Rome. The progressive prescription for a separation of science and politics in U.S. government assigned to science a domain that addressed matters of truth and salvation—the former domain of the medieval Roman church. Politics in the progressive scheme dealt with petty conflicts in the affairs of men, as the Roman church had looked to kings and lords to supervise such mundane matters in medieval times. The modern research university took the place of the medieval monastery. The expert professions assumed the mantle of the Roman priesthoods of old. As in the medieval Roman church, ordinary persons now as well could not challenge the teachings of the progressive experts. In neither period could ordinary persons even speak the special languages of the priesthoods: Latin in medieval times; mathematics and other scientific languages in the modern era. The progressive church and the medieval Roman church were, in short, sources of ultimate truth—a truth delivered by church authorities, providing common standards and rules for the community of the faithful. The resulting unified and harmonious community should, in principle, encompass all the world in a theocratic embrace. In the twentieth century the United States would seek—and in many aspects achieve—the fulfillment of yet another theology of the Roman tradition.

Thurman Arnold: New Deal Prophet of Corporate Socialism

If the progressive era set the stage for the American welfare state, it would not be until the New Deal that much of it was actually realized. New regulatory agencies such as the Federal Communications Commission and the Securities and Exchange Commission were created in the 1930s, while the powers of older agencies such as the Interstate Commerce Commission were expanded. Social Security, welfare, and public housing programs established the foundation for a national system of income redistribution. The Wagner Act greatly strengthened labor unions. The federal government in the New Deal years assumed responsibility for maintaining the incomes of farmers. The Bureau of the Budget was significantly strengthened and shifted from the Department of the Treasury to the White House, contributing to the development of an administrative presidency with powers and personnel for a more professional management of the executive branch.

The New Deal was more notable for practical accomplishments than for intellectual creativity. Indeed, much the same might be said for U.S. economics during this period. Many economists came to Washington to help write and administer the new laws. Professional economists began to assume what would eventually become an important role in the administration of the American welfare state. Yet no American economist of a stature comparable to Ely or Veblen emerged to put the New Deal in a broad perspective that would defend its efforts. Indeed, many prominent figures in American economics were opposed to its programs. The president of the Brookings Institution, Harold Moulton, was a leading critic of New Deal initiatives.⁸⁰ Many other economists argued that government intervention would only aggravate the economic problems of the day; self-correcting mechanisms within the economic system would work, if only given enough time and allowed to operate freely.

The brain trust of the New Deal was populated above all by lawyers. In this respect it is appropriate that it would fall to a lawyer—Thurman Arnold—to develop the leading New Deal statement of the economic theology of Ely and Veblen. Arnold accomplished this task in *The Folklore of Capitalism*, published in 1937. It was a brilliant polemic in defense of the reforms of the New Deal, also offering an insightful dissection of American economic and legal culture.

Arnold's writings are not today as well known or as much read as Veblen (and to a lesser extent Ely). Indeed, Arnold is better known as a founding partner of Arnold, Fortas, and Porter, which in the years after World War II became one of the leading law firms in Washington, D.C. Arnold's was the classic story of the New Deal intellectual. After early successes in an academic career, he left the faculty of the Yale Law School in 1938 to come to Washington. He served as the head of the antitrust division of

the Justice Department from 1938 to 1943, establishing a reputation as one of its most aggressive and effective leaders. Like many New Dealers, on leaving government Arnold stayed on to become a longtime member of the informal governing establishment.

In his early writings Arnold followed a trail that Veblen had already blazed. The economic opponents of the New Deal were the preachers—Arnold said—of an “economic theology” that was derived from the eighteenth and nineteenth centuries and that was largely irrelevant to the real world of twentieth-century American business and government. The “folklore of 1937,” Arnold wrote, consisted of the “sound principles of law or economics,” which were widely regarded “as inescapable truths, as natural laws, as principles of justice, and as the only method of an ordered society.” These beliefs were in fact a particularly important and influential new “religion” of the day. For the faithful, they showed “the way of economic and legal salvation.” This faith was led by its “priests [who] are lawyers and economists.” There was also a “Devil,” who was to be found as the political “demagogue” who ignores sound economics and law and is “constantly misleading the people by making the worse appear the better reason.”⁸¹

Economists might develop the doctrines but it is the institution of the law that enforces them. Arnold wrote that the God of the current day “was not always the God of the Church. Lawyers found one in the Constitution.” The members of the Supreme Court even wear much the same garments as the priests of old—part of their effort to surround themselves with an aura of religious mystery. The objective is to ensure that “the judicial institution is worshiped” and to foster popular acceptance that “within its priestly portals, the language of the law is used with truth, with logical finality, and with authority.” The best antecedents for the U.S. legal system are to be found in the Middle Ages, where scholars then as well “spent their lives studying those fundamental principles, the violation of which brings ruin. Their logic was as unassailable as the economic and legal logic of today.” Like the Middle Ages, Arnold’s own day was found to be “an age where Reason is still king”—however out-of-touch the actual results of the elaborate legal reasoning pursued in late medieval times and now again in twentieth-century America. In the current age, “the Supreme Court, above all institutions, [stands] for the finality of rational principles.”⁸²

Arnold’s assessment of the economics of his day was similar. Contending schools of economic thought were engaged in “theological dispute,” he wrote. The role of economists was in large part ceremonial, being called on to dispense “priestly incense.” Economists “regretted man’s tendency to follow false economic reasoning, just as the preachers regretted man’s tendency to sin.” The only answer was “constant preaching, which had the weakness of all preaching throughout the centuries, in that sin and heresy were always rising against it.” For economists, the greatest source of sin and of evil influences was the iniquitous domain of “politics.”⁸³

Economists believed that, if mankind would only heed their message, men would find the path to the “laissez faire heaven.” Economic progress to a heavenly future had replaced the “Heaven in the Middle Ages,” leaving all else to be regarded “as temporary, shifting and ephemeral.” Like all priesthoods, economists were more concerned with future salvation than with the conditions of the moment. Thus, as Arnold wrote, “the quaint moral conceptions of legal and economic learning by which the needs of the moment could be argued out of existence were expressed by ‘long run’ arguments.”⁸⁴ The meaning of the long run, in short, was the path along which the way to heaven was to be found.

When it came to the practical problems of managing society in the New Deal years, however, Arnold considered that the teachings of economists were virtually “useless.” Modern U.S. industry had become so large and concentrated that it found its true antecedents in the Middle Ages, now compromising a system of “industrial feudalism.” Society was in genuine need of “a set of observations about the techniques of human organization.” By the 1930s, Arnold found that “men are beginning to realize their complete interdependence.” What was needed was “a science of the diagnosis of maladjusted

organizations in an age where organizations have replaced individuals as units.” Instead, what economists were offering was a set of writings that were “no more descriptive of social organization today than the theology of the monarchy was descriptive before the French Revolution.”⁸⁵

Yet while competition was not the real driving force, the modern business corporation was an “extraordinary, efficient machine” that had vastly increased the standard of living of the American people. American business with its “natural organizing ability” had developed a “productive plant which was the marvel of the modern world.” As Veblen had argued that real control had passed to those who possessed the critical knowledge, Arnold now similarly found that the successes of U.S. industry were attributable to “the rise of a class of engineers, salesmen, minor executives. ... Current mythology puts them in the role of servants, not rulers.” But the truth is that “it is this great class of employees, working for salaries, which distributes the goods of the world.” American industry was large because “specialized techniques made bigness essential to producing goods in large enough quantities and at a price low enough.” American business thrived in “the most highly organized and specialized society the world has ever known” by mastering the techniques of organization, based on expert knowledge.⁸⁶

Arnold also followed Veblen in arguing that in twentieth-century America the distinctions between government and business had become artificial. Large business and large government required the same organizational methods, the same fields of expertise, and the same skilled personnel. Society was a large and complex system that required scientific planning throughout its parts. Moreover, the use of social resources by a business consumed the resources just as completely as the equivalent amount of use by a government agency. Pressing the logic of this view to its ultimate conclusion, Arnold argued that business use of the resources of society amounted to another form of “taxation”—on a par with government taxation.⁸⁷ Arnold’s was in essence a socialist vision, regarding all the basic instruments of production as part of the common property of society.

To be sure, in American business “any expenditures, however fantastic,” and however profligate in the use of limited social resources available to meet national needs, were not commonly regarded by Americans as a drain on society. But who could deny that “the great industrial organizations collected the money which they spent from the same public from which the government collected”? In point of fact, Arnold now argued, the different public attitudes with respect to government spending and industrial spending were merely an “emotional reaction” that could not be justified “by any rational process of argument.” It was another artifact of the “folklore of capitalism”—not a matter for economic analysis, but suitable for an anthropological form of inquiry.⁸⁸

Yet there was a great irony because the “pure fiction” maintained in the United States that large business was private was in fact essential to the success of the little recognized and de facto form of socialism that was practiced in the United States. The fiction of privateness gave business the great advantage that it was free to make full use of expert skills and thus to pursue its goals efficiently. By contrast, interest-group pressures, ideological demands, and other irrational elements of American political culture frequently immobilized American government, holding it far short of its productive potential. Arnold thus wrote that the United States had “developed two coordinate governing classes: the one, called ‘business,’ building cities, manufacturing and distributing goods, and holding complete and autocratic power over the livelihood of millions; the other, called ‘government,’ concerned with the preaching and exemplification of spiritual ideals, so caught in a mass of theory that when it wished to move in a practical world it had to do so by means of a sub rosa political machine.” Government was confronted by “a desperate spiritual need to impose impossible standards.” On the other hand, American mythology gave business—in truth a public enterprise, even though regarded as private—a freedom from such burdens, allowing it to achieve with great success the productive aims of the nation.⁸⁹

The members of the American economics profession, as Arnold contended, performed a vital practical role in maintaining this unique system of corporate socialism American style. It was their role to

prevent the American public from achieving a correct understanding of the actual workings of the American economic system. Economists instead were assigned the task to dispense priestly blessings that would allow business to operate independent of damaging political manipulation. They accomplished this task by means of their message of “laissez faire religion, based on a conception of a society composed of competing individuals.” However false as a description of the actual U.S. economy, this vision in the mind of the American public was in practice “transferred automatically to industrial organizations with nation-wide power and dictatorial forms of government.” Even though the arguments of economists were misleading and largely fictional, the practical—and beneficial—result of their deception was to throw a “mantle of protection ... over corporate government” from various forms of outside interference. Admittedly, as the economic “symbolism got farther and farther from reality, it required more and more ceremony to keep it up.” But as long as this arrangement worked and there could be maintained “the little pictures in the back of the head of the ordinary man,” the effect was salutary—“the great [corporate] organization was secure in its freedom and independence.”⁹⁰ It was this very freedom and independence of business professionals to pursue the correct scientific answer—the efficient answer—on which the economic progress of the United States depended.

The progressives had earlier made the famous argument that there should be a strict dichotomy in government between politics and administration. Arnold was now arguing, in effect, that this progressive scheme had already been substantially realized in American society. However, it had been realized under false pretenses and in a deeply misleading way. Contrary to public belief, American business was in truth part of government. It was here that the scientific, expert, and efficient side of American government—the part of government divorced from politics—was actually to be found. If the United States had already adopted socialism without saying so, the business world was the vanguard of the de facto American system of corporate socialism.

If American socialism was in fact corporate socialism, it was in the world of U.S. business that the religion of humanity of Saint-Simon, the social gospel of Ely, and the Soviet of Technicians of Veblen were being realized. If the salvation of mankind was to be achieved on earth, following along a path of expanding productivity and growth of economic output, it was the managers and professional experts of the American corporate world who were leading the way to heaven on earth. Arnold’s mission was to enable the formal and thus far ineffective institutions of American government to make their proper contribution to economic progress as well. The official agencies of government should be allowed to operate like businesses, thereby further expanding the realm of scientific management in American life.

Arnold’s biting and sarcastic probe raised some difficult problems that he did not fully address. Since business freedom and independence from political interference—the very source of American economic efficiency—depended on antiquated and ever less convincing priestly incantations of economists, the prognosis might seem bleak. As the falsity of economic pronouncements was more widely recognized and the existing theological protections of business wore thin, the misleading distinction between “public” and “private” organizations might gradually disappear. If government then extended its direct influence to control the affairs of business as well, the efficiency of American business could be undermined. Rather than the current condition of efficient business and inefficient government, the future outcome might be inefficient business and inefficient government alike.

However, while this conclusion might easily be drawn from his analysis, it was not the conclusion of Arnold. Indeed, he sought with his argument to support the case for the New Deal expansion of the role of government. *The Folklore of Capitalism*, written in the 1930s in the heat of public controversy, was an attempt to provide intellectual support for the greater “exercise of national power to solve national problems in America.”⁹¹ His sarcastic portrayal of economic and legal theology was in fact designed to discredit this theology. By so doing, Arnold hoped to undermine the obstacles that were being raised in the courts and by economists to the adoption of New Deal programs. Like other progressives, Arnold had a deep faith in the ultimate triumph of scientific reason. He believed that, if the truth of the matter were

laid bare for public scrutiny, the rational course would be for American government to become as expert, as professional, as skilled, as efficient as American business already was. If this required major changes in American government, and in American political culture, rational men should be able to find the way.

If Arnold acknowledged that American government was not yet fulfilling the progressive expectation, it was an observation that would be made with growing frequency in the years to come. As Arnold had hoped, government responsibilities increased rapidly. Yet, contrary to Arnold's intention, government administrators seldom obtained the independence and freedom of their business peers. Arnold had assumed that a better understanding of American economic folklore would allow for a more rational and efficient exercise of government responsibilities. The actual results in the succeeding years would suggest that American society might not yet be prepared to confront the deep tensions that exist between popular democratic government and expert scientific government. Perhaps some myths and fictions were still socially necessary even to protect business efficiency. Perhaps the economic folklore of Arnold's day would be needed for a considerable time to come, continuing to help to smooth over these tensions.

One more important attempt would be made to reformulate the progressive gospel. In the years after World War II, it was John Kenneth Galbraith who undertook this task.

John Kenneth Galbraith: Announcer of the Arrival of Heaven on Earth

While the New Deal moved the specific reform agenda of the progressive movement decisively forward, it also advanced a spirit that was in some ways at odds with the progressive gospel. Indeed, the political practices of the New Deal raised questions that would challenge the feasibility of the progressive governing scheme.⁹² This scheme depended on the existence of a unified national community able to act in concert and to which the professional administrators of the government would loyally devote their efforts. The creation of major new government power, if wielded by administrators for parochial or personal purposes, could well be more a social menace than a social benefit. The progressive vision demanded, in short, that a spirit of communal sacrifice and teamwork should infuse government and society—an outlook that the progressives in fact sought actively to instill in engineering, economic, and other professional groups.

Yet the progressive reforms of the New Deal were accomplished in significant part through the formation of interest-group coalitions. Woodrow Wilson had been the progressive idealist who believed that even the whole world might become a community of free men. Franklin Roosevelt was the hardheaded realist who knew what was required to achieve practical results in politics.⁹³ Roosevelt did not depend on high-minded appeals, but sought to bring together constituencies to their mutual benefit. He sought to show them not how to sacrifice for the greater good, but how to use American democratic politics to their advantage. Indeed, to many of Roosevelt's critics—including old progressives such as Walter Lippmann—his attitudes often appeared jaded and cynical.

During World War II, a state of emergency gave the American national community a great common cause. After the war, however, some fundamental questions would have to be faced. To what extent was the United States a single community—or instead made up of coalitions of interests that pursued their own goals, sometimes finding it convenient to join together in American politics? To what extent did the specific institutional arrangements of American government, which prescribes a division of powers almost unique in the world, encourage a fragmented politics of interest-group interaction? Was there, on the other hand, any common interest identifiable in advance that could guide government administrators? Such questions were at the heart of the basic issue of reconciling democratic politics and the professional management of government. How could government be administered by expert elites with professional skills and training, while still adhering to American democratic principles of government not only “for” but also “by” the people?

To be sure, such issues were of ancient lineage. Theologians over the centuries had wrestled with the question: How could individual freedom of religious conscience coexist with the authority of the church? The Roman Catholic church had answered the question one way, emphasizing central church authority and limiting the role of individual understandings of faith. Protestantism had answered another way, emphasizing individual responsibilities for belief and a decentralized church structure.

In addressing such questions once again, another economist—John Kenneth Galbraith—would step forward to become a leading spokesman for the progressive gospel. Galbraith’s vision was in many respects a redevelopment of the themes of Ely, Veblen, and Arnold. For example, Galbraith argued that it was important to recognize “capitalism” as resting in significant part on a “system of theology.” The theology was obscuring the fact that capitalism is also a “practical matter” requiring pragmatic answers.⁹⁴ Many economists, however, were engaged in a “religious rite.” Like others who preach the “conventional wisdom,” their efforts were an “act of affirmation like reading aloud from the Scriptures or going to church.” It was a necessary ceremony in order to “placate the gods” of the modern era.⁹⁵

Economists devoted elaborate efforts to the analysis of the hypothetical world of perfectly competitive markets, while ignoring the realities of the American business world. As Arnold had argued, Galbraith also found that U.S. industry tended to have a feudal structure: “In the business peerage the ducal honors belong to the heads of General Motors, Standard Oil of New Jersey, Du Pont and the United States Steel Corporation.”⁹⁶ Like the lords of feudal manors, the heads of large U.S. corporations exercised large discretionary power over their employees and other members of society. In the orthodox competitive model, no such discretionary power could exist, because the forces of market competition effectively circumscribe the actions of any individual business. If a business should raise prices above the competitive level, no one would buy the product. If a business should cut the wages of labor arbitrarily, it would lose its work force. Hence, prices, wages, and other economic results were objectively determined by impersonal mechanical forces—in a perfect market, that is.

However, Galbraith now found that in the U.S. industrial system “privately exercised economic power is less the exception than the rule.” Indeed, it was necessary in the years after World War II to come to the “realization that economic power belonging to the genus monopoly was commonplace in the economy.”⁹⁷ Galbraith would seek in the 1950s and 1960s to work out an answer to this question: Is this new power of American business—a political power over the lives of millions of people—compatible with American values and ideals?

Over the years, Galbraith developed two replies—both, in fact, reassuring and affirming of the legitimacy of existing economic arrangements. The first was the concept of “countervailing power,” presented in *American Capitalism* in 1952. If big business should threaten to become too powerful, then big labor would emerge to check the power of business and to protect the wages of labor. Galbraith found that there was a general tendency for “power to be organized in response to a given position of power.” Moreover, the existence of the one would prevent abuse by the other. Hence, “as a common rule, we can rely on countervailing power to appear as a curb on economic power.”⁹⁸

Galbraith also saw the role of government largely in these terms: “The support of countervailing power has become in modern times perhaps the major peacetime function of the federal government.”⁹⁹ If one party grew too powerful, then government could step in to reestablish the balance. Government could act to encourage the growth of countervailing private power—as it had done in the New Deal years, for example, in supporting the growth of labor unions. Alternatively, the powers of government might be wielded directly to assist weaker parties, as in the enactment of minimum wage legislation. The government should generally try to assume a role not of direct producer, but of the fair broker in a system of competition among alternative power centers.

Galbraith would later give a second and considerably different answer to the problem created for the American industrial system by concentrated power in private hands. Indeed, it was an answer closer to

the tradition of Veblen, Arnold, and other progressive thinkers. Power in the large corporation did not actually constitute a problem, because it did not really belong to any one or a few individuals. Rather, as Galbraith would explain in 1967 in *The New Industrial State*, “power ... has passed to the technostructure.” It might appear that individuals were important but, in truth, “because individuals have more standing in the culture than organizations, they regularly get credit for achievement that belongs, in fact, to organizations.” The transfer of power to the technostructure was not intended, but could not be avoided. The structure of U.S. industry entailed “complex tasks of planning and control” that demanded the services of experts. Moreover, sophisticated technology demanded still further “specialized talent” and “more comprehensive planning.” American industry had thus today reached a stage that “only a group of men sharing specialized information could ultimately operate [it].”¹⁰⁰

In the business world, as Galbraith explained, “the mature corporation ... is not compelled to maximize its profits and does not do so.” In large corporations, “the stockholders are without power” and the board of directors become the “passive instrument” of the corporate management. Within the corporation, beyond some minimum “the offer of more money to an engineer, scientist or executive may bring in little or no more effort.” Instead, individuals were motivated to serve the corporation for the achievement of “some significant social goal.” Moreover, since the corporation functioned in the “economic society” of the United States, “economic growth” and thus the growth of corporate production would “surely be a central goal.” Another closely related corporate goal would be “rapid technical advance,” which was in fact a key ingredient in the continued economic progress of society.¹⁰¹ Further, the setting of goals was a circular process, as the goals of the corporation would tend to become the goals of society, and vice versa.

The corporation maintained its independence from government control on grounds of the existence of free-market competition that were “palpably bogus”—the same priestly incantations that Arnold had found were critical to keeping American “industrial government” free of political interference. Instead, the corporation was largely able to pursue the goals of the “members of the technostructure.” The dominance of specialized knowledge existed not only within the firm, but extended across all society—involved similar outlooks, attitudes, and goals wherever the technostructure was found. Thus, although government did not control industry, the two existed in “intimate association,” linked together as part of an informal but nevertheless effective “planning system.” Because of the general “agreement on economic growth as a social goal,” it was possible for members of the technostructure everywhere to have a “strong social purpose.” Members of the technostructure could find motivation and satisfaction in their lives “in the secure knowledge that they are serving a larger purpose than their own.”¹⁰²

Veblen in the progressive era had called for a Soviet of Technicians, the displacement of absentee ownership, and the management of society by an elite core of production engineers and production economists. Arnold in the 1930s announced the arrival of corporate socialism, which made American industrial productivity the envy of the world, although government was still falling well short of its proper role. Galbraith in the 1960s confirmed Arnold’s finding that the corporate world was in fact a world of American socialism and further stated that government as well had now come substantially into the hands of a technocratic and professional elite. The successes of the New Deal, Keynesian economics, and the general spread of public administrative skills had not only increased greatly the scope but also the capacity of U.S. government.

The social gospeler Ely had preached that a kingdom of heaven on earth could be reached through economic progress—a vision that was secularized by the progressives and that the New Deal sought to put into practice. Galbraith now pronounced this vision largely fulfilled, although some throwbacks to the old order still remained. The pursuit of economic growth gave meaning to the lives of the engineers, administrators, and other expert professionals who actually ran American society. They were not motivated by personal financial gain—at least as long as a basic standard of living was provided—but, like many of their priestly predecessors, by the needs of their fellowmen. The achievement of economic

progress was the real meaning of history, the objective by which events could be interpreted and judged, the true road to modern salvation. Many professionals committed their lives to scientific discovery and technological advance, recognizing that in these areas lay the decisive instruments of economic progress. This progressive faith held the large and diverse elements of the American welfare state together; it was the critical glue that made it possible to forge a unified American community.

In 1957 Galbraith asserted in *The Affluent Society* that, at least in the United States, economic growth had already yielded a world of “great and quite unprecedented affluence.”¹⁰³ In truth, the happy responsibility had fallen to Galbraith to announce that the arrival of heaven on earth was now finally at hand. The millennium was virtually an accomplished fact, though its arrival had been less sudden than many expected. It was therefore no longer appropriate to think in the old and outmoded terms of the problems of the road to affluence and salvation. The United States had already been blessed with a new and unprecedented event in all of history, and now faced only the problem of learning how to enjoy the bounties of a heavenly existence right here on earth.

The United States was the fulfillment not only of the hopes and prophecies of Ely, Veblen, and Arnold, but before them of Saint-Simon and Comte.¹⁰⁴ Galbraith would now preach the religion of humanity not as a hope for the future, but—to a remarkable degree—as something already realized. If Saint-Simon had called for a national council of Newton, and for many local temples of Newton, the American technostructure used other labels but had already substantially realized the prophecy. The American priesthoods of experts were found throughout the United States, managing its affairs competently and efficiently. The businesses of corporate America were among the leading temples of expertise. Americans lived in happy and affluent harmony, as Saint-Simon had foreseen—guided by the impersonal and scientific dictates of the progressive gospel of efficiency, as carried out by the industrial and government technostructure.

While the consequences may have been less redemptive than expected, Galbraith was essentially correct in his finding that the United States had attained many of the characteristics of a socialist country. Even though its economic folklore and the teachings of its economic priesthoods said otherwise, the reality of American socialism was sometimes so compelling that even the economic priesthood could no longer deny it. Eventually, Milton Friedman would be forced to admit that “almost every economic plank of the 1928 Socialist platform has been enacted by the U.S. in the period since.”¹⁰⁵ The welfare state was indeed an American theocracy of science, based on the progressive gospel of efficiency. It was also a theocracy of the Roman tradition, a new Roman church of broad scope, encompassing many millions of people in a diverse community, a successor to the medieval Roman Catholic church that once covered most of Europe. The United States—most wedded of all nations to the Roman tradition—was the place of realization of the faith in reason, progress, law, equality, and the good life that has characterized this tradition over many centuries.

Yet neither ancient Rome nor the medieval Roman church had offered a permanent solution to the problems of the human condition. Indeed, despite Galbraith’s picture of the peaceful and prosperous existence that had been realized in the United States, there were a few discordant notes even in his analysis. Partly reflecting his recognition of the realities of New Deal politics, Galbraith made surprisingly frequent reference to the concept of “power.” Yet, power is an alien presence in a heaven where all people should be living in happy harmony. Power presupposes conflict and the desire of one person or group of persons to impose their will on others. True, Galbraith emphasized the workings of power more in 1952 in *American Capitalism* than in 1967 in *The New Industrial State*. In the latter book, the vision was further removed from human selfishness, irrationality, and sin. Yet, the problem suggested by Galbraith in 1952 could not be so easily banished. Many would not be able to agree with Galbraith’s descriptions of a current society of corporate socialism in which all was well and good in American life—in essence, a fundamentally conservative vision, despite Galbraith’s reputation to the contrary. Indeed, although Galbraith held high hopes, the more common finding of social analysts in the years after World

War II was that the progressive vision of Ely, Veblen, and Arnold had been gravely flawed. If the United States had in effect already adopted its own form of socialism without saying so, American socialism was not altogether what had been advertised.

Ever since formulated in the early nineteenth century by Saint-Simon, the gospel of efficiency had depended on the existence of an objective and impersonal answer—the one scientific answer. Lacking such, the determinations of expert elites could easily come to represent the assertion of discretionary and arbitrary power by one person or class over another. Yet, those who examined closely the contents of American social science in the 1940s and 1950s exhibited a growing unease. In the key field of administrative science, Herbert Simon (later to win the Nobel prize in economics in 1978) announced in 1946 that all the efforts up until then had yielded meager results—consisting not of a set of valid scientific laws, but mostly of loosely formulated “proverbs” and in some cases even mutually contradictory proverbs at that.¹⁰⁶ In the years to follow, the questioning of the scientific qualities of a great deal of social science knowledge would not diminish, but intensify.

Another important element of the progressive design was the conviction that the decision-making role for democratic politics should be limited to nontechnical matters. Moreover—according to the famous progressive dichotomy—as scientific knowledge of government advances, the domain of expertise should expand while the domain of politics should shrink. But in the years after World War II, a number of leading American political scientists made their reputations by showing the deficiencies and (to a considerable degree) the failure in practice of the progressive prescription. There was in fact little evidence that experts were being granted independent authority over the administration of government. Even in areas that seemed to involve matters suitable for the professional exercise of technical skills, politics intruded regularly. Indeed, members of Congress and other politicians seemed to feel little hesitation in becoming actively involved in almost any kind of detail in almost any area of government, sometimes interfering in minor technical elements of administration.

In many cases, such political involvement was not intended to serve the interests of the national community. Rather, the motive was frequently to benefit one or another special interest group. Political scientists in the years after World War II generalized this observation to develop a new understanding of American politics. Rather than the progressive ideal of objective decision making by professional experts, most of American government was actually a domain of interest-group politics. Within this domain, decisions were reached by negotiation and compromise among the contending private parties. As explained in 1952 by political scientist David Truman in *The Governmental Process*,

Many ... assume explicitly or implicitly that there is an interest of the nation as a whole, universally and invariably held and standing apart from and superior to those of the various groups included within it. This assumption is close to the popular dogmas of democratic government based on the familiar notion that if only people are free and have access to “the facts,” they will all want the same thing in any political situation... . Such an assertion flies in the face of all that we know of the behavior of men in a complex society. Were it in fact true, not only the interest group but even the political party should properly be viewed as an abnormality. The differing experiences and perceptions of men not only encourage individuality but also ... inevitably result in differing attitudes and conflicting group affiliations.

Assertion of an inclusive “national” or “public interest” is an effective device in many ... situations... . In themselves, these claims are part of the data of politics. However, they do not describe any actual or possible political situation within a complex modern nation.¹⁰⁷

The progressive vision was still further undermined by the observation that American government could seldom establish any clear values or policy directions in advance. Rather, as Charles Lindblom wrote in 1959, government actually operated through a process best described as “the science of ‘muddling through.’ ”¹⁰⁸ It was a process in which social values and policy directions typically emerged after the fact, inextricably mixed with the making of administrative and other expert decisions. Rather

than clear goals served by comprehensive rational planning, government typically muddled forward incrementally. This observation raised a crucial issue: If values were to a significant degree embedded in technical decisions, then decisions made by the experts alone might also mainly reflect the social values of the experts themselves—an outcome much at odds with American democratic expectations.

By the mid-1960s, some observers were suggesting that a major crisis in American political thought existed, perhaps even grave enough to pronounce “the end of liberalism.” Theodore Lowi thus found that in the years after World War II a new interpretation of American liberalism had become the conventional wisdom, which he labeled “interest-group liberalism.” Galbraith’s theory of countervailing power was only one among many theories in this genre. Lowi found, however, that interest-group politics was undermining the very legitimacy of American government. It was putting the powers of government at the service of private purposes. It often resulted in government actions that not only were poorly designed, but were also at cross-purposes with broader social needs and goals. As Lowi explained, “liberal governments cannot plan. Planning requires the authoritative use of authority. Planning requires law, choice, priorities, moralities. Liberalism replaces planning with bargaining. Yet at bottom power is unacceptable without planning.”¹⁰⁹

In summary, the progressive gospel encountered a crisis of faith in the years after World War II.¹¹⁰ Despite Galbraith’s reassuring messages of the 1950s and 1960s, his announcement of the arrival of heaven on earth was apparently premature (and Galbraith himself would later confess some doubts). There were a number of responses, but the most important was an attempt to reinterpret the progressive gospel—preserving its central tenets, yet redesigning the instruments of planning and administration. Rather than relying on direct administration by government, there would be a new emphasis on using the market mechanism to achieve socially determined goals. The planning role for government would be to design market incentives in a manner suitable to the realization of these goals. This reinterpretation of progressivism was carried out in large part by members of the economics profession, and its message may well be labeled “economic progressivism.”