

**Illiberal Reformers: Race, Eugenics, and American Economics in the Progressive Era**

Thomas C. Leonard

Princeton: Princeton University Press, 2016, 264 pp.

Thomas C. Leonard's *Illiberal Reformers* tells a story that captures the mind, breaks the heart, and turns the stomach. Today, many economists argue that minimum wage laws are bad policy because they reduce employment opportunities for low-skilled workers. Leonard recounts the ways in which Progressive Era economists argued that minimum wages were *good* policy precisely because they reduced employment opportunities for those workers. Social scientists in the thrall of the eugenics movement enthusiastically endorsed policies that excluded "unfit workers" from the labor market lest those workers' earnings enable them to continue polluting the gene pool. Leonard shows how policies like minimum wages and prohibitions of child labor were not victories for oppressed laborers under the thumb of rapacious capitalists. Instead, they were explicitly intended to limit competition.

*Illiberal Reformers* is a detailed, but compact, intellectual history of American economics during its separation from "political economy" and its emergence as a separate profession guarded by a new scholarly organization, the American Economic Association.

Leonard notes that many early American progressive economists were trained at German universities, where they were inculcated with the views of the German Historical School and its contempt for English economics and its classical-liberal bent. Progressives admired the emerging German administrative state and were taken with the idea of a society run by experts trained in scientific research and blessed with superior insight into the human condition. They rose to intellectual and political prominence with their conviction that *laissez-faire* was no way to run an industrial society. Armed with their new understanding of the science of economics, they would run an administrative state that would eliminate the waste and inefficiency endemic to capitalism.

Motivated by a curious combination of, in Leonard's words, "compassion and contempt" for the poor, progressive reformers were vain in their own conceit, thinking that they could arrange the members of a great society with the same ease with which their visible hands would move pieces about upon a chessboard. They were, in short, Adam Smith's classic "Men of System." While Smith stressed the importance of local knowledge—and Friedrich Hayek would later highlight the importance of using knowledge distributed across many minds—the progressives cut this Gordian knot by conceiving of society as a literal organism. The state was a "moral person," in the words of reformer Richard T. Ely.

The enthusiasm for reform rested on incorrect—or at least incomplete—theories of wage and price determination. Many of the leading reformers held that wages were determined not by marginal productivity but by customary standards of living. Foreigners and other non-Caucasians could "under-live" American workers because they were accustomed to lower standards of living. Nonwhite workers would thus win the race to the bottom, ultimately culminating in "race suicide." In this view, Darwinian and competitive forces were dysgenic, meaning that unchecked reproduction among the fecund and "swarthy" would overwhelm the genetically superior, leading ultimately to the degradation of the human race.

In supply and demand analysis, a minimum wage increases quantity supplied and reduces quantity demanded, creating unemployment. This is often the prelude to a discussion of unintended consequences: apparently compassionate policies hurt the least well-off among us. But, as Leonard shows, for many that was not an

unintended consequence at all. Many economists of the Progressive Era explicitly supported minimum wages because they would reduce employment among African Americans, immigrants, and the members of “low-wage races” (their term). The intended consequences were unemployment among “unfit workers” and the progressive improvement of the human race.

These offensive ideas were not the hysterical effusions of cranks and ideologues operating at the fringes of economics and public policy. Richard Ely and John R. Commons, among many others, were squarely mainstream thinkers, the founders of influential societies, and the editors of influential journals. Prestigious lectures and prizes are named for them. The *American Economic Review* and the *Journal of Political Economy* were outlets for eugenicists and scientific racists advancing viewpoints we rightly call repugnant today. Outside of economics, Woodrow Wilson would go from the presidency of Princeton University to the presidency of the United States with explicitly racist and eugenic views. Still others—famous jurists like Louis Brandeis and Oliver Wendell Holmes as well as members of the literati like Jack London, Eugene O’Neill, Virginia Woolf, and D.H. Lawrence—were enthusiasts for the scientific management of society.

Their rhetoric was astounding. Sidney and Beatrice Webb claimed that “unemployment is not a mark of social disease, but actually of social health” in light of policies aimed at eliminating unemployables from the labor market. Those who would “debauch our labor market” and “wreck by their competition the standards of other workers,” in Walter Lippmann’s words, had no place in the labor market. Richard Ely recommended stopping Indian famine relief efforts: “Why not, Ely ventured, ‘let the famine continue for the sake of race improvement?’”

The sordid intellectual and moral origins of workplace regulations, minimum wages, and so on are not by themselves evidence that they are bad ideas or poor anti-poverty measures; but Leonard’s book shows us that we should be more skeptical of calls for intervention in the name of the betterment of the benighted. H.L. Mencken famously said that “the urge to save humanity is almost always only a false-face for the urge to rule it,” and the eugenic economics of the Progressive Era would be a case in point. Historians and textbook writers should revise their understanding of Progressive Era labor legislation and note that many of the rules restricting labor force

participation by women and children were not there to protect women and children from exploitative employers or from degrading and destructive work but to protect white male breadwinners from competition—and to make it so that the grossly misnamed “unemployables” would have a harder time reproducing.

*Illiberal Reformers* is also a very useful cautionary tale in a policy environment where claims like “the science is settled!” are cudgels brandished against heretics and dissenters from the consensus. Those who believe “the science is settled” on minimum wage or other labor restrictions would do well to read *Illiberal Reformers* in order to see how those convinced of their unassailable theories enacted policies for monstrous reasons. *Illiberal Reformers* also provides a useful intellectual backdrop against which to interpret the women’s rights movement, the Civil Rights Movement, and more recently the “Black Lives Matter” movement.

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## **The Great Leveler: Violence and the History of Inequality from the Stone Age to the Twenty-First Century**

Walter Scheidel

Princeton: Princeton University Press, 2016, 444 pp.

This is a grisly and depressing tome if I have ever read one, though hopelessness and despair are common features of the human experience. They are cornerstones in our history, and we ignore history’s tragedies to our own peril. Inspired by Thomas Piketty’s *Capital in the Twenty-First Century* (2013), Walter Scheidel draws together a vast array of quantitative and narrative evidence for his central thesis that

throughout recorded history, the most powerful leveling invariably resulted from the most powerful shocks. Four different kinds of violent ruptures have flattened inequality: mass mobilization warfare, transformative revolution, state failure, and lethal pandemics. . . . Hundreds of millions perished in their wake. And by the time the dust had settled, the gap between the haves and the have-nots had shrunk, sometimes dramatically [p. 6].