James S. Cicarelli

Equity, Fairness, and the Origins of Economic Thought

A Study in Justice and Early American Economics

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Preface

James S. Cicarelli (1941-2023) devoted his career to understanding the moral, philosophical, and historical foundations of economic life. As a long-time faculty member and former dean at Roosevelt University, he was widely admired for his remarkable clarity of thought, generosity toward students, and unwavering commitment to intellectual fairness. His scholarship ranged across the history of economic thought, income distribution, and the philosophical roots of American economic ideas. Yet what distinguished him most was his ability to weave together economic theory, historical narrative, and ethical reflection in a manner accessible, humane, and deeply insightful. This volume, Equity, Fairness, and the Origins of Economic Thought, brings together three of his important contributions that were previously published in EconSciences journals, now presented in unified form to honor his lasting scholarly legacy.

The first essay, Equality, Equity, and the Distribution of Income, reflects Cicarelli's lifelong interest in the conceptual and empirical foundations of distributive justice. In this work, he revisits more than a century of analysis on the Lorenz curve and the Gini ratio, tracing the evolution of modern approaches to measuring inequality. He moves beyond standard metrics by proposing a novel framework for evaluating fairness in income distribution—one that aspires not merely to quantify disparity, but to illuminate the ethical considerations underlying public policy. The essay stands as a testament to his conviction that economics is inseparable from questions of justice, dignity, and social responsibility.

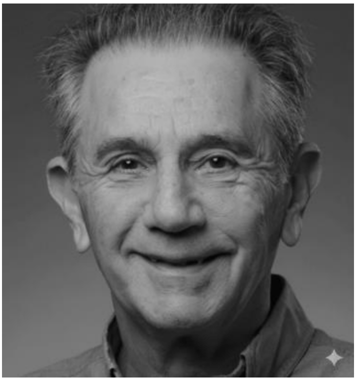
The second essay, Philosophical Origins of Seventeenth-Century American Economic Thought, explores the intellectual roots of Puritan and Quaker contributions to early American economic life. In a period defined by protohistory—where practice far outpaced formal writing—Cicarelli employs inferential historical method to reconstruct economic reasoning from sparse but meaningful textual remains. His analysis reveals why Quaker ideas, despite being less voluminous, ultimately exerted deeper influence on American economic development than the more doctrinal Puritan tradition.

The final essay, Economic Thought in Eighteenth-Century America Prior to Independence, offers a sweeping overview of conditions and ideas shaping colonial economic thinking from 1700 to 1775. Against the backdrop of rapid population growth, rising literacy, and expanding commercial networks, Cicarelli identifies three currents of thought—mainstream, issue-specific, and crosscurrent—that foreshadowed the trajectory of American economics after independence. His narrative demonstrates how intellectual seeds planted in the colonial era cast "long shadows," preparing the ground for the nation's later economic identity.

Together, these essays reveal a scholar deeply attuned to the long arc of economic ideas and their enduring moral implications. In collecting them into this volume, we honor James S. Cicarelli not only as an economist, but as a careful historian, a generous teacher, and a voice committed to fairness in both scholarship and society. May this book preserve and extend the influence of his work for future generations of researchers, students, and readers.

B. Kargı
December 1, 2025

Dedication



To the memory of
Professor James S. Cicarelli (1941–2023),

Whose unwavering commitment to fairness, clarity of thought,
and the humane foundations of economics continues to inspire
all who seek wisdom in the history of ideas.

May this volume stand as a small tribute to his scholarship,
his integrity, and the generosity he shared with colleagues
and students throughout his life.

Contents

1. Equality, equity, and the distribution of income

As one might expect among philosophers, especially those who consider themselves in egalitarians (Sher, 2014), equality is a thorny concept that has occupied the discipline since ancient times. Origins of the contemporary philosophical debate are often traced to Jean-Jacques Rousseau's essay *Discourse of the Origin of Inequality* published in 1754 (Corning, 2015: 2). Today, the debate continues unabated among philosophers whose discussion usually centers on the differences and similarities concerning two types of equality, deontic and telic (Hirose, 2014: 207), a distinction that the uninitiated may find difficult to grasp (Segall, 2016: 2-3). In economics, the difference between equality and inequality is more linear and usually focuses on how wealth or income or both are distributed. Economic concerns about equality/inequality predated modern economics which arguably began in the second half of the eighteenth century with the rise of Physiocracy in France and the publication of Adam Smith's *The Wealth of Nations (1776)*.

From 1645 to 1649, for example, the English Levellers, apolitical group who "received their name as a term of disapprobation from their opponents who were often prone to accuse them of favoring the equalization of wealth," espoused a number of 'radical' ideas including the levelling of men's estates (Spicer, 2004: 567). In America, interest in the distribution of wealth has been ongoing for over a hundred years as evident in the publication of Spahr's book on the topic as it related to the United States (Spahr, 1896). In 1905, Max O. Lorenz, then a graduate student in economics at the University of Wisconsin (Madison), developed a graph to represent the distribution of income or wealth (Coulter, 1989: 8). Lorenz's approach is illustrated in Figure 1, a 1x1 square where the horizontal axis shows the cumulative percentage of income earners or wealth holders, be they individuals or households, ordered from lowest to highest, and the vertical axis shows the cumulative percentage of income or wealth received by those persons or units. In the field of statistics, a curve showing the cumulative frequency or cumulative relative frequencyof a variable is called an ogive, (pronounced oh-jive (Sullivan, 2004: 87)). As a point of reference, a typical Lorenz-curve diagram has a forty-five degree line which represents the Line of Perfect Equality in the distribution of income or wealth, that is, all units receive an identical amount so that ten percent of the units (individuals or households) receive ten percent of the income or wealth, twenty percent of the units receive twenty percent, and so on, until all the units combined (one hundred percent) receive all the income or wealth (Wolff, 2009: 63).

The Lorenz ogive shows the *actual* cumulative percentage of all income (or wealth) accruing to individuals or households when arranged in ascending order from poorest to richest. The closer the Lorenz ogive is to the ogive of perfect equality, the greater the degree of equality in the distribution of income (wealth); conversely, the greater the gap between the two ogives, the more unequal the distribution. In 1912, the Italian economist Corrado Gini derived the Gini ratio as a way to quantify the degree of inequality for a given distribution of income or wealth. When compared to itself overtime, the Gini ratio indicates if that distribution is becoming more equal, more unequal, or staying the same. In terms of Figure 1, the Gini ratio is equal to the ratio of A, the area between the 45-degree ogive and the Lorenz ogive, and the total area under the 45-degree line, that is, A plus B. (Coulter, 1989: 52-55). The Gini ratio has a value range of zero to one, with the former value representing perfect equality in the distribution (i.e., the 45 degree line and the Lorenz ogive are one and the same), and the later value perfect inequality with the richest unit, be it a person or a household, receiving all the income or wealth, and everyone else receiving nothing. In 1980, the Gini ratio for the distribution of income in the United States was .4; twenty-three years later it was .48, indicating an increasing degree of inequality of the distribution of income in the USA, a process that has been ongoing for at least forty years (Wiseman, 2017: 348).

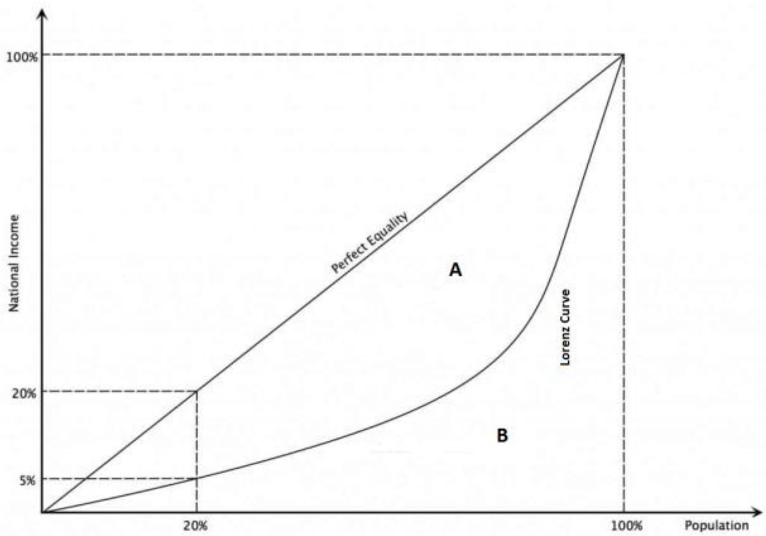


Figure 1. *A Typical Lorenz Curve*

Equality as a concept, and the most commonly used empirical method for quantifying it -the Lorenz-curve/Gini-ratio analysis- have several attributes that recommend this approach for measuring income distribution, namely familiarity, ease of computation, and readily available data for calculation (Champernowne, 1974: 789). There are, however, some inherent shortcomings, both technical and conceptual, with this methodology. Technically, Lorenz ogives can intersect, a rare occurrence, but when they do, the Gini ratio becomes ambiguous regarding the state of inequality and whether it has increased, decreased or remained the same (Sen, 1997: 48-49; Allison, 1978: 878). Another source of ambiguity regarding the topic of inequality is what is being measured—income or wealth. A thesaurus might consider the words income and wealth synonymous, and some of the great minds who have authored important works on the subject of economic distribution (e.g., Piketty, 2014: Chapter 1; Rawls, 1971: 60-65) used the terms interchangeable. In the fields of economics and finance, however, the two are distinct concepts and treating them as the same, even for the purpose of literary variety, can be confusing. Income is a flow and includes household earnings from labor as well as other payments such as interest and dividends (Atkinson, 1983: 4); it is usually measured per unit of time such as wage-per-hour, salary-per-week, or total annual compensation. Wealth is a stock and is equal to the net value of one's assets (what a person owns such as an automobile or a home) minus one's liabilities, e.g., outstanding car payments or a mortgage. It is measure at a point of time, say the last day of a calendar year (Wolff 2002: 5-6). The distinction between income and wealth has significantly different policy implications that are discussed in the final (policy) section of this paper.

The use of household incomes as the primary source of data for constructing a Lorenz ogive is another technical flaw embedded in conventional income-distribution analysis as such data imply that all households are identical, which is decidedly not the case, especially when households, as measured by income, are clustered together in "fifths," "tenths," or the "top one percent."

> ...there are far more people and workers in the top income brackets than in the lower ones. Indeed, there are 82 percent more people in the top fifth of households than in the bottom fifth. In 2006, 81 percent of households in the top quintile had two or more workers; but only 13 percent of the household in

> the bottom fifth had two or more workers. In nearly 40 percent of these households, no one was working" (Shelton & McKenzie, 2014).

There is a reasonable likelihood that the recent steady increase in the Gini ratio for the distribution of income in the USA is due, in part, to the aging of the baby boomers and the corresponding rise of single-person households. Other things being equal, we would expect a household with four potential income earners, say two adults and two teenaged children, to generate more total income than a household consisting of a single potential income earner.

At the conceptual, or more correctly, philosophical level, much of the work on income distribution, especially that coming from economists (Galbraith, 1998: 4), often equates equality and equity, a practice that is at best puzzling if not misleading (see diagram in Dolan, 2013: 464, or Champernowne & Cowell, 1974: 282-84). Equality is a mathematical division that results in the same absolute share of the total being given to each recipient in the distribution process, whether it's dividing income among households, or a candy bar between two recalcitrant children. Equity is subjective, and the relative shares awarded are based on personal values reflecting some principle of justice as defined by one's sense of fairness (Forgang, 1977: 13). In certain situations, equal and equitable can be equivalent, e.g., a teachers' union negotiating for an across-the-board salary increase in an educational environment where it is impossible to tease out the contributions of each individual teacher to the intellectual development of a specific student. In general, however, an equal distribution and an equitable are not necessarily the same (Coulter, 1989: 16) as will become evident in the next section of this paper.

A final, indeed almost fatal flaw of Lorenz-curve/Gini-ratio analysis is that the logic embedded in this approach comes to a dead end, at least with respect to policy recommendations. The foundation of the Lorenz-curve/Gini-ratio analysis is based on the implicit assumption that more equality is preferred to less. By the process of induction, this premise leads to the inescapable conclusion that perfect equality -

when the 45 degree ogive and the Lorenz ogive are one and the same- is preferred to any degree of inequality. In the United States, this conclusion is a non-starter when it comes to policy recommendations concerning redistribution. There are two interrelated reasons for this, one political, the other economic. Politically, European institutions favor workers, which partially explains the more even distribution of income throughout Europe when compared to America, where the political bias is slanted toward consumers whose wellbeing is usually tied to economic growth (Gordon, 2004: 34-5). With respect to economics, or more specifically the economics of growth, American economists almost universally subscribe to the notion that there is a trade-off between equality and efficiency -a major source of growth-such that gains in the former may come at the expense of the latter (Okun, 1975; Heilbroner, 1988: 87-89).

> It is necessary to know not simply whether a society is rich in economic terms, but also how its resources are distributed. Thus a problem with gross domestic product, as a measure of social well-being, is its obliviousness to distributional concerns. Free markets can help fuel economic growth, and economic growth can improve people's lives. But many citizens are not benefited by growth... (Sunstein, 1997: 6)

The precise point at which greater equality may adversely impact efficiency, thereby inhibiting long-term growth and lowering the level of national output, leaving everyone, even those at the bottom rungs of the income distribution worse off (Atkinson, 2015: 243-62), is unspecified and maybe undefinable (Galbraith, 2012; 38-39). “Equality in an absolute sense would be advocated by nobody” (Boulding, 2008: 77). Still, the prospect of a trade-off makes the politicsof increasing distributional equality through income redistribution a tough if not impossible sell (Williamson & Lindert, 1980: 290-91).

When combined, the philosophical, technical, and political drawbacks cited above have the cumulative effect of turning the discussion of income distribution, or more accurately redistribution, into an intellectual cul-de-sac for economists who, after wandering around the neighborhood of equality for over one hundred years, usually emerge to find they are essentially in the same place they started, that is, unhappy with the status quo, yet unable to recommend a plausible way to make the situation better. The next three sections of this paper are meant to break the cycle of inertia in the field of income distribution and discuss, in order, equity and income distribution, the creation of an empirical-based measure of equity regarding the distribution of income, and the creation of income redistribution policies that make economic sense and have realistic political possibilities.

Equity and the distribution of income

When it comes to the distribution of income, equality as a concept is easily understood and fairly straight forward in terms of measurement; not so is equity (Keeton, 1956: 2-4). For some philosophers, distribution is about the just division of desserts among those responsible for their creation, a concept that dates to Aristotle (Olsaretti, 2003: 1) and finds its most well-known contemporary expression in John Rawl's ***Justice As Fairness***. This is not the justice that is the "characteristic value produced by legal systems, "but rather "an independent, ever-changing ideal, the perfect solution to disputes which judges and law makers quest after but never find. By this definition, or lack of definition, justice is never fully achieved" (Diesing, 1976: 163). Indeed, "justice as fairness" is a philosophical doctrine that maybe incompatible with a political sensitive policy agenda (Rawls, 2001: 142-143); it is also a concept "with which economics has always had an ambivalent relation" (Heilbroner, 1988: 110). Indeed, linking philosophical argument with economic analysis "runs the risk of creating a product that satisfies neither camp" (Le Grand, 1991: 3), as "philosophers do not take kindly to the suggestion that they should tailor their conclusions to what other people happen to be willing to vote for" (Swift, 2014: 7). For their part, economists, as noted above, are prone to equate equity and equality, with some going so far as to frame the quest for equity as a by-product of envy which folklore considers one of the seven capital vices (Varian, 1976). Arguably, the most approachable perspectives on the concept of equity, especially among those interested in generating meaningful policy recommendations that would promote it, are found among social psychologists.

Unlike philosophers or economists who tend to rely on deductive reasoning -going from the general to the particular- when exploring the topic of distribution within the context of social justice, social psychologists are more apt to use an inductive approach when considering the same topic. This tact usually involves studying regular people to see how they view justice with respect to the three transcendental realms of life, namely the social, the political, and the economic. The use of this particular-to-general methodology leads social psychologists to conclude that

> ...individuals begin from an assumption that they are equal to all others in their home life, school, community, political rights, and policy interests; however, they begin from an assumption that they are either better or worse than -at any rate, not necessarily equal to all others in their economic and social worth. Justice, then, requires differentiation in economic matters but equality in personal and political matters; justice is not a matter of finding the right rule for all occasions. (Hochschild, 1981: 48).

This perspective becomes the prism through which social psychologists examine the three basic approaches to distributive justice—need, equality, and equity (Deutsch, 1975). Distribution according to need requires an allocator to decide who gets what, and while not feasible at a societal level, this method for achieving distributive justice is deemed eminently fair in certain instances such as an emergence requiring medical triage and the immediate prioritization and distribution of available skills and/or medicines (Leventhal, 1976: 92-3). With regard to the other methods of achieving distributive justice, surveys of regular people indicate that equality or horizontal equity is the pertinent norm for evaluation -all persons are inherently equal in the social arena; one person, one vote, in the political world- whereas in economic life, equality in terms of vertical equity is the relevant Standard -to each according to his/her contribution (Culyer, 2001: 3-4). In its weak form, economic equity implies a direct relationship between effort and rewards (desserts as philosophers like to call them); in the strong form, the relationship is direct and proportional (Deutsch, 1985). Either way, equity is the means to achieve the objective of equality as it relates to social justice in the realm of economic life, a line of reasoning that has been articulated for more than a century (Willoughby, 1900: 29). Economists hypothesize an equality/productivity trade-off, that is, attempts to equalize incomes may discourage effort, thereby diminishing the overall level of production, and adversely impacting everyone in the system. For their part, social psychologists have documented an equity/productivity trade-off which is embodied in the word 'shrinkage,' a business euphuism that refers to production losses due to theft, sabotage, and other forms of purposeful inefficiencies (Payne, 2017: 188-93; Leventhal, 1976) initiated by those who believe that they are being treated unfairly. As a corollary to Lorenz-curve/Gini-ratio analysis, efforts have been made to quantify equity theory as it relates to distributive justice in the economic sphere (Coulter, 1989: 161-177), but the resulting "indexes of inequity" focus on microeconomic issues of justice, often involve the judgement of a "scrutineer," (Walster, *et. al.*, 1978: 10), and thus are not directly pertinent to the larger and more comprehensive issue of societal justice and the distribution of income (Young, 1994: 6-7). Given that equity is a more challenging concept than equality when it comes to income distribution (Corning, 2011: 25), can we develop a generally acceptable ideal for the equitable distribution of income, then compare it to the actual distribution so we can (a) see where we are relative to a desirable social norm, and (b) determine the extent of redistribution we would need to close the gap between where we are and what would be considered ideal? The ideal of equity as the basis of distributive justice is large and complex (Walzer, 1983: 3; Arrow, 1983), and making it accessible is the focus of the next two sections of this paper.

A sense of fairness and the distribution of income

Despite the view that the concept of equity "is so hopelessly subjective that it cannot be analyzed scientifically" (Young, 1994: xi), the search for a macro-measure of equity as a prerequisite for income redistribution has had a long history. Early in the twentieth century some economists concluded that since the distribution of personal attributes is almost certainly normal, statistically speaking, the distribution of income would follow suit (Ely, *et al.*, 1910: 383-385). Observation, then (Pigou, 1920: 696-97) and now, indicates otherwise, as income distribution is skewed to the right, with the mean exceeding the medium because of a relatively small number of extremely high incomes at top end of the distribution, and consequences of illegal bias at the other end (Deutsch, 1975: 145). In the United States, for example, race and gender play significant roles among those clustered in the low end of the income distribution, and though we like to think of our country as one that cherishes the wine and not the bottle it comes in, the reality is otherwise. During much of the nineteenth century, biological determinism and the related 'science' of craniometry (measurement of the skull) were the foundation of a theory "that social and economic roles accurately reflect the innate construction of people" (Gould, 1981: 20). In the later portion of the nineteenth century and through the 1920's, an alternative but related explanation of the disconnect between the distributions of abilities and income came into vogue, as some scholars reasoned that because the distribution of abilities, especially intelligence and other supposedly inherited traits (Herrnstein & Murray, 1994: 14-24), are not normally distributed, neither is income (Atkinson, 1983: 119). This line of thinking, now discredited, was the bedrock of the eugenics movement, a school of thought popular among academics, including some American economists. For example, Irving Fisher, one of the foremost American economists of the first half of the twentieth century, was instrumental in the formation of the American Eugenics

Society and served as its first president from 1922-1926 (Engs, 2005: 76).

Today we recognize that finding an empirically robust connection between the distribution of abilities and income is virtually impossible for several reasons. First, a consensus on the seemly mundane process of identifying and defining abilities is highly unlikely. Second, measuring abilities in a complete and consistent manner is probably impossible. Finally, the trade-offs among attributes is so complex and involved, for some, the connection(s) between the distribution of abilities and income may just boil down to being a matter of chance (Segall, 2016). Luck, however, has a way of averaging out (Tan, 2012: 2-3); an extremely bright person may have difficulties getting along with others, while a highly creative individual may have little or no resilience. Accepting that the distribution of personal assets involves "large random elements" (Varian, 1973: 226) that may or may not be normally distributed (Mayer, 1960), maybe the way to proceed is to assume that under ideal conditions the distribution of income would be normal, and deviations from that ideal would largely be the consequences of biases associated with factors (biases) having nothing to do with effort per se. The normal distribution and its associated ogive are shown in Figure 2. The dotted line in the figure represents the Line of Perfect Equality, which has three points in common with the Line of Perfect Equity: 0/0, where zero percent of the households receive zero percent of the income; 50/50, where 50 percent of the households receive 50 percent of the income; and 100/100, where all the households collectively receive 100 percent of the income.

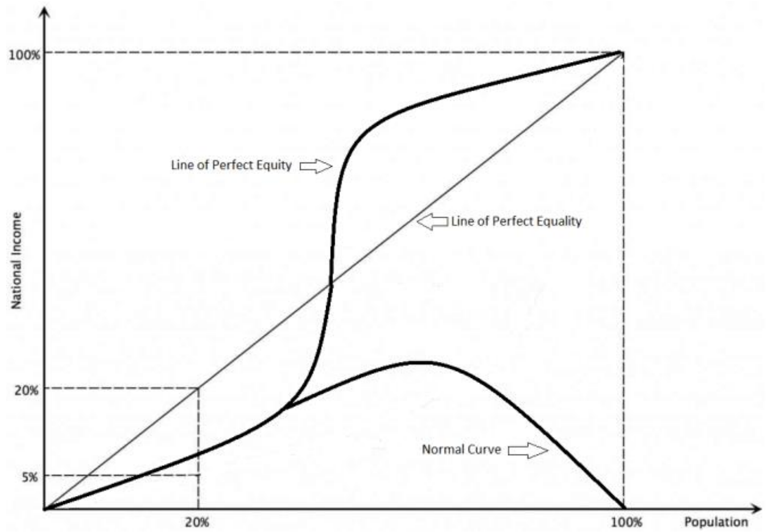


Figure 2. *Line of Perfect Equity*

The notion that under ideal conditions the distribution of income would be normally distributed has some empirical support, albeit oblique. In 2013, John E. Roemer and Alain Trannoy (2013) published an involved and rather dense study of the distribution of income of male workers in Denmark and Hungary, showing the accumulated frequency distribution of earning as related to a measure of "accountable effort" for workers clustered into three different categories according to the educational backgrounds of the workers' parents (p.232 in the *Handbook* version of the study). Under conditions of equal opportunity where income depends on effort, a choice variable, each of the three cumulative frequency distribution curves shown in two different diagrams (one for each country) has the characteristic S-shaped cumulative frequency distribution associated with a standard normal curve as usually defined in terms of its symmetry, and measures of central location and classic dispersion (DeCarlo, 1997). This conclusion was not the explicit purpose of the study, but the empirical results support the idea that under 'ideal' conditions, income is normally distributed, a hypothesis that American economists advanced more than one hundred years earlier (e.g., Becker, 1964: 64, and Ely, 1910: 382-383).

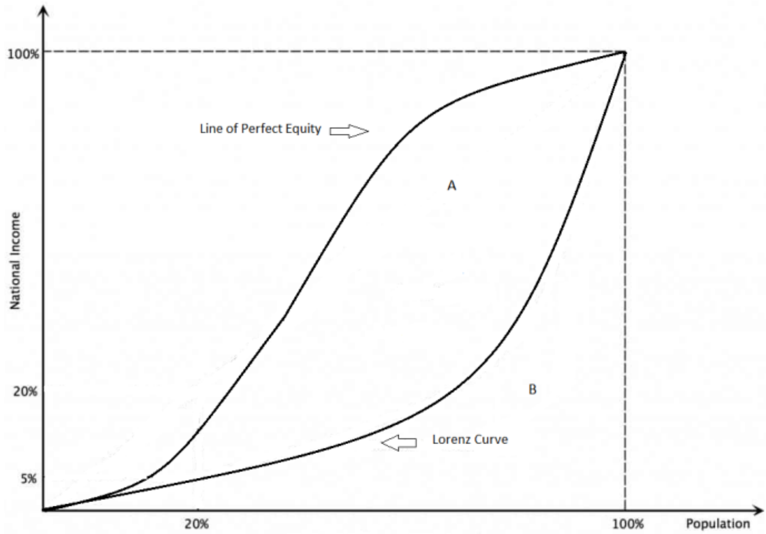


Figure 3. *Index of Equity*

Figure 3 is comparable to Figure 1, save that the Line of Perfect Equality (45 degree line) has been replaced by the Line of Perfect Equity, which represents the ideal distribution of income when there is genuine equality of opportunity, leaving effort, however defined, as the 'sole' determinate of actual income earned. Similar to the Gini ratio, the Index of Inequity can be computed as the ratio of two areas, A to A+B. As with the Gini ratio, the Index of Inequity would range from a value of zero when the Line of Perfect Equity and the Lorenz Curve are identical, to a value of one (Perfect Inequity) when area A is equal to zero. Comparisons of the Index of Inequity to itself over time would indicate if the degree of inequity in the distribution of income is increasing, decreasing, or remaining the same. At any point in time, the state of income distribution as shown by the Line of Perfect Inequity could be used (a) to calculate exactly the aggregate amount of income that would have to be redistributed to move the actual distribution of income (the Lorenz curve) to the Line of Perfect Equity, and (b) the approximate gain or loss of each income unit, be it a person or household. Research fails to uncover any estimates of the aggregate income transfer that perfect ***equality*** would require, nor the associated per units gains or losses, probably because scholars are reluctant to spend the time calculating such numbers given that the probability of moving to an equal distribution of income is zero. An educated guess is that amount of transfers to achieve perfect equity in the distribution of income would be less than that required to achieve perfect equality. Using a log-normal transformation of 2010 Census data, my mathematically astute colleague Mr. Andy Kubis calculated both the Gini ratio and the Index of Inequity, whose values are respectfully, .43 and .54, suggesting that the degree of inequity is not as acute as the degree of inequality for the data set involved.

A cursory examination of Figure 3 indicates several points worthy of note. First, since the Line of Perfect Equity and the Lorenz curve are nearly synonymous for the bottom twenty percent of income recipients, any income redistribution designed to improve equity would flow primarily from the top fifth of income recipients to the middle sixty-percent of recipients; in short, very little of the redistributed income would makes its way to the bottom fifth. This sort of overall income transfer might effectively eliminate the so-called "hollowing-out of the middle-class" (Komlos, 2016: 26), a phenomena of growing concern over the past thirty years, but have little real impact on the bottom twenty percent of income recipients whose economic status is not so much about inequity as it is about a lack of occupational equality (McClosky & Zaller, 1984: 62-63) usually associated with personal characteristics that have nothing to do with ability or effort (Harding *et al.*, 2005). The bow is oblivious to the gender or race of the person moving it across the strings of a violin, just as the computer is indifferent to the age or sexual orientation of the individual entering code. Vigorous and unrelenting enforcement of existing anti-bias laws are more likely to enhance the equality of opportunity and improve the intergenerational mobility and earning's potential (Corak, 2004: 3) of the bottom twenty percent of income recipients than income redistribution alone (Parker, 2017). Equality of opportunity is a necessary condition for equity, but it may not be sufficient (Roemer, 1996: 163). That being the case, what are the policy implications of an equity-driven redistribution of income designed to promote distributive justice throughout society as a whole, an issue that America has grappled with for over a century (Ryan, 1978)? That is the topic of the final section of this paper.

Thoughts on the policy implications of an equity approach to income redistribution

Philosophers split on the concept of income redistribution, with some arguing that it is an infringement on the liberty of those whose just desserts are diverted to others in the name of equity (Nozick, 1974: 168-69), while others believe that it is a ligament method of promoting justice as fairness (Rawls, 1971: 301-303). Politicians, being practitioners of the art of the possible, are open to the concept ifit is politically viable. What are the policy options available for those willing to entertain the notion of promoting greater equity in the distribution of income given "a surprising level of consensus among voters for such action" (Norton & Ariely, 2011: 9)? An obvious one is the recalibration of the income tax schedule, which currently has a negligible impact on redistribution (Young, 1994: 100-101), so that the middle sixty percent pay less while the top twenty percent pay more, essentially leaving the total taxes collected about the same. The arithmetic may be relatively straight forward, but the politics would be complicated on at least three levels. First, the magnitude of the redistribution could create so many unknowns regarding potential 'winners,' 'losers, 'and 'costs' and 'benefits' that the whole process of redistribution might be viewed as a third rail that no politician, regardless of stripe, would be willing to touch (Miller, 1999: x; Gans, 2016; Heller, 1987: 180-183). Second, even if the idea of using the federal tax system as a vehicle for income redistribution in the name of equity became politically acceptable, pursuit of that goal could conceivably conflict with the federal government's frequent use of the income tax as a tool for achieving the macroeconomic goals of steady growth, stable prices, and full employment (Arrow, 1983). Finally, tinkering with the federal income tax might incentivize the 43 states with state income taxes (and even the seven without) to revisit their income-tax systems in ways that neutralizes or at least diminishes the effectiveness of the federal system as a vehicle for income redistribution.

As part of a "synthetic approach" to income redistribution (Palley, 2003: 184), inherited wealth, which has become especially pronounced over the last 50 years (Piketty & Zucman, 2015: 1365), and its taxation certainly have to be considered. The idea of taxing inherited wealth in the name of social justice is hardly new (Carver, 1915: 304-323; Atkinson, 2015: 237-39). Those that inherit significant wealth can be likened to lottery winners who "are entitled to their prizes but cannot be said to deserve them" (Feinberg, 1970: 74). Such a tax would also have to be applied to "transfers between living persons, known as *gifts inter vivos*" so as to discourage avoidance tactics (Atkinson, 2015: 193). A tax on wealth inheritance, which is especially pronounced among the mega rich (Wolff, 2015: 4-5), would also diminish intergenerational inequity and occupational inequality (Bowles, Gintis, & Groves, 2005: 1-3). In the journey of life, an inheritance tax would be the equivalent of "the staggered start" frequently used in selected Olympic track events in which racers run in assigned lanes around an oval track. The idea behind the staggered start is to eliminate or at least minimize the impact that the starting positions have on the outcome of the race. In the United States, the inherent fairness of a 'staggered start' in life may not translate into a significant redistribution of income due to the relatively anemic size of the intergenerational transfer of wealth (Wolff, 2015: 134-35). It would, however, be an important endorsement of the principle of equity and readily perceived as such, for a sense of fairness is just as important as fairness itself (Rawls, 1958).

2. Philosophical origins of Seventeenth Century American Economic Thought

"There cannot be any question that the underground economy is a real phenomenon with important implications that deserve attention and study"
Vito Tanzi,(1999: 338)

At first glance, writing an essay on seventeenth-century American economic thought would seem to be an easy task since so little formal writing and publishing of any kind was produced in America during this time period. Therein lays a paradox. Early American colonists, whose numbers grew to approximately a quarter million by the century's end from less than a thousand at its beginning (Cassedy, 1969, 14-15; 62-63), were busy if not consumed with answering the basic economic questions of what, how, and for whom at the individual and societal levels. The practice of economics was extensive even if writing about economics was not. Some economic-thought historians ascribe the dearth of bona fide economics to the start-up cost of forming a new society: "Adventurers, colonizers, planters, agriculturalists, merchants, governors or soldiers as a rule are neither highly reflective nor philosophical in method" (Johnson, 1932, 11). The reality is that the absence of a well-developed body of knowledge for posterity, be it economics or whatever, is a major by-product of a protohistorical period.

Anthropologists define protohistory as (1) a period between prehistory and history, a time when the existence of a preliterate culture is noted in the writings of other societies, or (2) a transitional period between the advent of literacy in a civilization and the writing of the first historians (Trigger, 1985, 116; Trigger & Swagerty, 1996, 326). For American aboriginals, the sixteenth century, basically the period from 1492 to 1600, satisfies the first definition. For colonial America, the seventeenth century or roughly 1607 to 1700, fits the second meaning as will be shown presently.

Indigenous Americans were preliterate and, understandably, did not create a written legacy. Colonial Americans came from literate countries, but the vast majority of these immigrants, especially the large number who came in the first substantial waves of migration in the mid-seventeenth century, could neither read nor write. These early colonists did not create a rich written legacy for future generations to mine, nor could they access the works of the few fellow colonists who did. Recognizing this is crucial to seeing the 1600s as the literary time-bridge between the prehistory of the sixteenth century and the first thoroughly historical era in America, the eighteenth century.

On the premise that "nothing can be understood apart from its context" (Crosby, 1972, xiii), this essay begins with a circular flow model of the production, transmission, and consumption of knowledge in early colonial America as a way of making the case for considering the seventeenth century as America's protohistorical period. This is necessary to justify the inferential methodology used in this paper as opposed to citation evidence, the standard approach when doing intellectual history scholarship, an option not viable since seventeenth century colonial Americans did not produce any tracts dealing specifically with economic thought. Once the notion of a protohistorical period is accepted or at least entertained, the essay examines, interprets, and evaluates the economics of New England Puritans, one group whose rich written heritage allows inference of their economic thinking, thinking that was complete, consistent, but in the end had limited impact on America economics in the seventeenth century or beyond. The essay concludes with an investigation of an alternative approach to economics, one associated with the seventeenth century Quakers of Philadelphia and developed in terms of the philosophical precepts of William Penn. While nowhere near as voluminous as that of the Puritans, Quaker writings and thus thought was more influential in shaping colonial economic behavior and ultimately the arc of American economic thought.

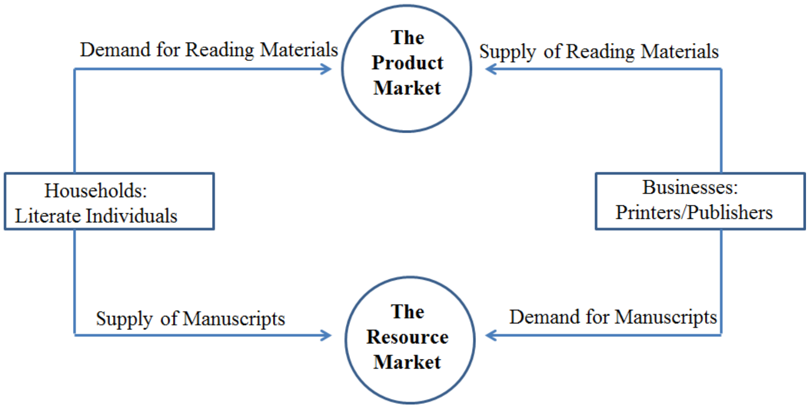
Knowledge, Ideas, Influence, and Protohistory

Capitalizing on Europe's fascination with the New World, books and pamphlets by English visitors or immigrants to American appeared almost as soon as England began a sustained effort at colonization. Examples included Captain John Smith's *A Description of New England* (1616) and *Good Newes from New England* (1624) by Edward Winslow, leader of the Mayflower pilgrims. Opportunities for place-bound Brits to see American aboriginals for themselves—Pocahontas and her husband, the colonist John Rolfe, and their son Thomas, visited London in 1616—only heightened New World curiosity (Foreman, 1943, 8). Awareness of America's indigenous people became so commonplace in England, the term "indian" found its way into Shakespeare's *The Tempest,* first performed in 1611 (Vaughan, 1965, 24). Hoping to exploit Europe's New World interest, colonists, particularly Puritans, crafted publications meant to induce others to migrate to America, and/or persuade policy makers to support colonization (Geller & Gomes, 1975, 16). Works such as John Winthrop's *A Modell of Christian Charity* (1630) probably had the desired effect; the question we need to explore is what impact did these writing have on the Puritan's colonial contemporaries living in America, and thus indirectly, the trajectory of American thought, particularly as it applies to economics?

To get a handle on this issue, consider Exhibit 1, a simple circular flow model of written knowledge/information in which the "product market" represents the consumption of information and the "resource market" describes its production. In the product market literate persons demand or buy written information and the printing industry supplies or sells it. In the resource market, the roles are switched; literate individuals supply or sell manuscripts and printing firms demand or buy material to publish. We need to appreciate the scope and complexity of both the product and resource markets in this model to gauge the influence seventeenth century American writings had in the American colonies, and then contrast that with the status and weight such writings enjoy in modern intellectual history.

Consider the demand side in the product market, in short, the state of literacy in colonial America, understanding that the seventeenth century is a veritable "cul-de-sac of inadequate data" (Price, 1984, 19). Since the lack of data makes evaluating the incidence of literacy in seventeenth century colonial America in terms of the modern definition of literacy impossible (Soltow & Stevens, 1981, 4), modern researchers have used the evidence of testators' signatures or marks as a proxy measure, reasoning that "signatures on wills approximate the literacy not only of the sample but of the population" (Lockridge, 1974, 7). Other literacy scholars, recognizing that this approach has shortcomings "as it uses a biased sample and an ambiguous measure" (Lockridge, 1974, 4), have studied signatures and marks "attached to deeds of conveyance, depositions and jury inquests" as a way to assess the degree of general literacy (Bruce, 1910, 450-59). These scholars argue that signers of these documents were likely to be drawn from a wider swath of the population than property-owning will-makers (Soltow & Stevens, 1981, 56), and thus are more representative of literacy among the population as a whole. Although signature evidence is thought to overstate a population's literacy (Grubb, 1990, 455), the cumulative results of numerous signature-base measures of colonial literacy provide a clue as to the status of reading and writing in seventeenth century America (Soltow & Stevens, 1981; Bruce, 1910).

Exhibit 1: The circular flow of the printed knowledge/information industry in America during the protohistorical period.



In the first third of the century when immigration was minor and mainly ideologically driven, literacy was relatively high, about 75 percent for men, considerably less for women, and well above that for the general populations of England and Western Europe. From 1630 to 1680 when motivation for migration became more economic and less philosophical, the new colonists were more representative of the European populations from where they came, and literacy rates fell to about thirty percent for men and less for women (Cressy, 1969, 98). By the end of the seventeenth century literacy for colonial men and women began to rise. This increase was due to a number of factors notably the rise of education, especially religious education (Morison 1936, 56-79. 83-87), increasing population density, and the broad ascent in the general level of prosperity (Perkins, 1980, 39). Increasing population in America's northeast created the economies of scale that permitted formation of public school systems, another boost to literacy (Soltow & Stevens, 1981, 30). In the southern colonies, the physical dispersion of the population because of the expanding planation economy put the emphasis on home schooling rather than formal education, contributing to regional differences in literacy rates, which were lower in the south than the north (Bruce, 1910, 293). By mid-century conservative estimates are that at least forty percent of male colonists and two-thirds of female colonists could *not* write their own names (Cressy, 1969, 217). Through the rising tide of prosperity elevated literacy across colonial America during the latter part of the seventeenth century (Grubb, 1990, 477), true literacy in America by century's end was confined primarily to scholars, clergy, and gentlemen of means (Steinberg, 1959, 165). Using signature evidence indicates that by 1700, the pool of literate persons in the American colonies was small, about 30 percent of the adult males in the north, less in the south, and still less when the total population of men and women of all races is considered (Lockridge, 1974, 14-15). The consumption of reading material was understandably negligible, a conclusion reinforced in probate records showing that book possession was rare even among the well-to-do. Personal libraries were tiny, usually in the single digits with a high probability that at least one of those volumes, if not all, was the Bible (Bruce, 1910,410-41; Morison 1936, 138).

The anemic demand side of the product market in Exhibit 1 seems downright robust compared to the supply side. The 1636 founding of Harvard College in Cambridge, Massachusetts led to the establishment of the first printing shop in colonial America in 1639 for the purpose of producing imprints for the school as well as the general public (Thomas, 1970[1810], 4). In the southern colonies, the first print house began around 1680 in Williamsburg, Virginia (Bruce, 1910, 390; 402): it began producing imprints in earnest in 1693 when the College of William and Mary, which operated as a "grammar school until well into the next century" opened (Dorfman, 1946, 27). During the early phase of the printing industry in America—1640-1669—about five imprints per year were produced (Soltow & Stevens, 1981, 41). By the end of the century printing houses had been established in a number of colonial urban centers including Boston, New York, and Philadelphia, but the overall level of output for the period 1639-1700 remained small, less than one thousand imprints (Weeks, 1996[1916], 2), consisting mostly of legal notices broadsheets and religious pamphlets, the majority of which appeared in the last decade of the century (Evans, 1941[1916]).

The short supply of paper, which in the seventeenth century and through the first half of the eighteenth century was produced using fibers extracted from linen and cotton rages and not wood, also inhibited the development of a colonial printing industry (Weeks, 1996[1916], 60-72). Granted that during the protohistorical period most printing jobs originating in America were outsourced to Europe (Thomas, 1970[1810], 5), and most reading materials used in the colonies were imported (Cressy, 1987, 232-33), the conclusion is inescapable: the product market in Exhibit 1 was diminutive and so was its economic and social influence within the colonies.

While reasonably operational in the major urban areas of England and Western Europe during the seventeenth century, the circular flow model of knowledge production and distribution in Exhibit 1 was basically nonexistent in colonial America because of an economic Catch-22. On the demand side of the model's product market, individuals were hesitant to acquire literacy skills due to the paucity of available reading material. On the supply side of the product market, printers were unwilling to exploit the economies of scale intrinsic in mechanical printing given the dearth of readers. Without viable demand and supply conditions in the product market, there was no derived demand to drive the resource market, creating an economic stalemate that persisted in colonial America until the eighteenth century. Compounding this situation was the absence of publishing intermediaries; "Publishers, in the modern sense of the word, did not exist in the English-speaking world until the eighteenth century" (Morison 1936, 124). This was especially evident in the newspaper industry. The first attempts to publish newspapers in England date to the late 1500s (Thomas, 1970[1810], 9), but sustained publishing success was not achieved until 1620 (Copeland, 1997, 14-15). By contrast, the first newspaper in the American colonies appeared in Boston in 1690. After one issue *Publick Occurrences Both Forreign and Domestick* ceased publication, suppressed for political and religious reasons (Copeland, 1997, 11-14). Not until 1704 and the appearance of the *Boston News-Letter*, a weekly broadsheet with a typical press run of 250 in a town with a population of about 10,000, did America witness the continuous operation of a successful newspaper (Mott, 1945, 12). The *News-Letter* survived until December, 1719, the same month Boston got its second newspaper and Philadelphia got its first (Copeland, 1997, 14). Newspapers in the southern colonies appeared later suggesting a north/south pattern of development, but the spatial reality of seventeenth century America followed an east/west progression, or more accurately, a coastal/interior settlement pattern, and not a north/south one. The South as a geographical expression did not emerge until well after independence (Bridenbaugh, 1970, vii-viii).

One group of American immigrants, however, was intent on communicating with others, present and future. American Puritans, particularly in New England, "were highly self-conscious about their achievements and began interpreting themselves for posterity as soon as they arrived in the New World" (Morgan 1964, 3). Published New England Puritans included John Winthrop, William Pynchon, John Cotton, and Anne Bradstreet, while numerous others produced hand-written journals and diaries. Most of this voluminous output met with indifference among British scholars (Cressy, 1987, vii), but has been mined to near exhaustion by twentieth century American scholars creating a variety of interpretations of New England Puritans ranging from the conceptual narratives of the incomparable Perry Miller, to the Whigish histories of his equally eminent protégé Edmund Morgan, and from the neglected proses of Samuel Eliot Morison, to the eclectic methodologies of the new social historians__"cliometricians, interdisciplinary social theorists, and critically minded social democrats"—whose views of historical scholarship are both complementary and sometimes contradictory (Henretta, 1979). Thanks to these modern efforts we probably know more about American Puritans then they knew about themselves (Greene & Pole, 1984, 8); we certainly know more about New England Puritans than their contemporaries living in other American colonies. The accumulated body of Puritan work has yielded unimaginable insights into a distant culture but not without some consequences, largely unintentional.

First, inherent in the study of intellectual history is the analysis of written documents and those who create them, which in seventeenth-century America means accentuating the views of clerics and political officials, a distinct minority that had the time and talent to write, as opposed to the largely illiterate mass of immigrants who had neither (Trigger, 1985, 341). Second, "the rich and extensive writings…on New England culture…especially Puritanism" has given it "a disproportionate importance in the history of seventeenth America (Bailyn, 1955, 75), to the near exclusion of other shapers of American culture. Yet, however exaggerated the import of Puritan thinking may seem, it cannot be ignored. As recently as 1776, "Puritanism provided the moral and religious background of fully 75 percent" of European immigrants living in America (Ahlstrom, 1972, 124). Rather than downplaying the significance of the New England Puritans on the development of the American mind, their importance must be calibrated, contextualized, and put in perspective with other prominent contributors whose modest written legacy underestimates the magnitude of their impact, especially as it pertains to economic thought.

Puritan Economic Thought

In 1930 Max published *The Protestant Ethic and the Spirit of Capitalism*, a work which helped popularized the view that Puritanism in general, and that practiced in New England in particular, was a religious precursor of the market economics Adam Smith 'preached' in *The Wealth of Nations* (Parks, 1996, 15-16). The reality was more complicated than that (Frey, 1998). To be sure, certain aspects of Puritanism parallel Smith's economic thinking such as the idea of harnessing self-interest to advance the social good, although Puritans clearly distinguished morally acceptable self-interest from sinful self-centeredness (Frey, 2009, 13). On the other hand, certain tenets of Puritanism—just price, the sin of usury and other Scholastic precepts—were antithetical to pure market economics (Appleby, 1978, 14). As no Puritan ever penned a tract explicitly focused on the sect's economics, Puritan economic thought has always been a matter of inference and interpretation, especially speculative processes given that the group's economics was embedded in its religion, itself a manifestation of Puritan philosophy. Contemporary scholars often have difficulty coming to terms with Puritan thought, "not because of its profundity but because of its simplicity" (Miller 1967, 161).

> Its [Puritan thought] fundamental ways of regarding things being utterly foreign to our manner of thinking, or seeing; to us it seems highly abstract and over-intellectualized, yet in its day the doctrine had for Puritans among its many virtues that of easy comprehensibility. It can indeed be stated very compactly. When God created the world, He formed a plan or scheme of it in His mind, of which the universe is the embodiment; in His mind the plan is single, but in the universe it is reflected through concrete objects and do seems diverse to the eye of human reason; these apparently diverse and temporal segments of the single and timeless divine order are the various arts; the principles of them are gathered from things by men through the use of their inherent capacities, their natural powers; once assembled, the principles are arranged into series of axiomatical propositions according to sequences determined by the laws of method (Miller, 1967, 161).

Like nested Russian dolls, the three interrelated aspects of Puritan thought—economics, religion, and philosophy—are conceptually distinct yet inexorably related, requiring an appreciation of both the philosophy and the religion if one hopes to understand Puritan economics.

The philosophical roots of Puritanism can be traced to William Perkins (1558-1602), a Cambridge University theologian and a moderate during the English Reformation (Wright, 1940, 171). Writing in Latin during a period of limited literacy, his influence was restricted largely to his peers, namely, intellectuals, academics, and other clerics. Still, the power of his proses to explain the "knotty problems that troubled the consciences of the time' (Wright, 1940, 196), made Perkins as important to England as John Calvin was to Western Europe. Many of his students used their careers to spread his message. Principal among these was William Ames (1576-1633), Perkins' protégé and the one especially instrumental in shaping seventeenth century Puritan religion as it evolved in England and was practiced in New England. Ames operationalized Perkins' philosophical precepts into a useful, every-day religion that served as a practical guide to ethics (Sprunger, 257) teaching "men what to believe and how to act" (Haller, 1957[1938], 25). His writing, many of which appeared in English before those of Perkins, had a profound impact on ordinary Puritans, particularly those who migrated or considering migrating to the New World. Indeed, Ames's *The Marrow of Theology* (1627), which initially appeared in Latin but was quickly translated into English, became the primary divinity text at Harvard College from its founding in 1636 and well into the eighteenth century (Maloy, 2008, 105). Less dogmatic than many of his peers, Ames gave Puritanism a degree of flexibility often lacking in purely philosophical approaches, as he reworked Scholastic doctrines to make them more applicable to contemporary life (Boughton, 1987, 203). In the process he inadvertently crafted a religion that was especially adaptable to the unanticipated realities of the New World (Davis, 2005). Ames's "theological treatises...were to reign supreme in New England for a century and a half" (Morgan, 1963, 74), but in England he was dismissed. Unable to coexist with the established English church, he began in 1610 a self-imposed exile in the Netherlands that lasted until his death (Sprunger, 1972, 27).

However important Perkins and Ames were to Puritanism in general, John Robinson (1575-1625) was the minister most instrumental in bringing the religion to New England. A "rigid Separatists who saw the English church as polluted throughout" (Sprunger, 1972, 19), Robinson studied at Cambridge during a time when both Perkins and Ames were there. After graduation and several ministries, he became pastor of a Separatist group in Scrooby, a small town in Northern England. Robinson was apparently a gifted preacher with substantial influence among his followers (McNeill, 1954, 335-6) during a period when Puritans placed a premium on the spoken word (Haller, 1957[1938], 19), due in part to the low rates of literacy (Lockridge, 1974, 15). Indeed, Puritans considered preaching "the principal means ordained by God for instructing people in the great truths revealed by the Scriptures" (Morgan, 1963, 7), which would explain why William Perkin's most enduring work was not one of his philosophical tracts but rather *The Art of Prophesying* published posthumously in 1607 (Emerson, 1990, 17).

Using his powers of persuasion, Robinson convinced his flock to migrate to the religiously tolerant Netherlands, first to Amsterdam in 1607 then settling in Leiden in 1609, where Robinson became the leading Separatist outside of England (Sprunger, 1972, 37). Being mainly merchants, the Scrooby group initially encountered some serious problems adjusting to life in the commercial republic of the Netherlands, but within a decade became sufficiently comfortable in their new, liberal surroundings to achieve a level of prosperity comparable to that which they had left behind. For Robinson, convinced that Puritanism was not just the right way but the only way, the Puritan's new life had become too tolerant and too comfortable. Having "no intention of tolerating other sects" (Miller, 1933, 64), Robinson believed that Dutch hegemony would eventually absorb the Scrooby congregation, rendering the Separatist movement meaningless. As the author of *A Justification of Separation from the Church of England* (1610), Robinson had no truck for the institutional arrangement that gave political officials authority over church affairs, but as a Puritan, he was favorably disposed to the reverse situation—church officials running the government—and was especially partial to laws providing that only church members could vote or hold elected office (Morgan, 1965, xxix). To thwart the religious hospitality of the Dutch and simultaneously promote the idea of creating a Puritan theocracy, Robinson began to call upon his congregation to consider relocating to the New World, there to erect a "new state...in accordance with Puritan ideals" (Miller, 1933, 100). In the fall of 1620 a small portion of Robinson's followers, heeding their leader's appeal, went to London with the intent of voyaging to the New World to establish "the Puritan dream of a godly Utopia (Haller, 1957[1938], 189)." In London, the thirty-three Puritans joined a group of "strangers," essentially non-Puritans seeking to migrate to the New World for economic reasons. This bizarre combination of the righteous and the opportunistic boarded the *Mayflower* and, after one false start, the 102 passengers and a crew of 30 departed for their destination on September 16, 1620. Following nearly two months at sea, the ship anchored in what is now Provincetown Harbor of Cape Cod, making Robinson the "pastor of the Plymouth pilgrims" (Emerson, 1990, 51) and bringing Puritanism to what would become Massachusetts. What was this variant of Calvinism-- that Perkins conceived, Ames refined, and Robinson preached--all about, and what economic thinking was embedded in the philosophy of this religion?

Puritanism was a retro radical movement as it sought to recapture the Christianity of the past rather than take the faith in a new direction (Geller & Gomes, 1975, 13). Following the lead of William Perkins, Puritans looked upon the Bible "as the ultimate authority" in all matters concerning human life (Wright, 1940, 184). Committed to building a society based on biblical precepts as interpreted by St. Augustine and filtered through the writings of Thomas Aquinas and other Scholastic thinkers (Miller, 1967, 66), the Puritans worked toward updating medieval teachings for life in the seventeenth century (Boughton, 1987, 194-203). This was especially true of the Puritans who migrated to Massachusetts where they created the so-called New England Yankee, a mythical persona formed when their rugged religious idealism came to terms with 'Yankee' realism, "a product of native conditions, created by a practical economics" (Parrington, 1927, 3-4). This wisdom born of necessity is evident in the Puritan's attitude toward the Scholastic notions of just price and usury.

Functioning markets in which the dynamic interactions of buyers and sellers set prices that influenced choice-making were operational in England and its colonies long before the publication of Adam Smith's *Wealth of Nations* (Appleby, 1978, 20-23). Commodity markets were well established throughout the seventeenth century, and factor markets, particularly for labor, while less evident, were clearly emerging at the time Puritans landed in Massachusetts (Jones, 1996, 118-120). Initially, Puritans followed Scholastic teaching about pricing as evident in the infamous Keayne trial (Valeri, 2010, 37-71), in which Robert Keayne, a Boston merchant, was assessed a hefty fine and given a severe tongue lashing for repeatedly taking advantage of shortages to 'overcharge' his customers (Morison, 1936, 8). Eventually, Puritans figured out how to be pious and profitable (Valeri, 2010, 90); ever the Yankee, they equated the 'just price' with "the common market price," a proto-market economics that was a practical concession to reality and well within the norms of conformity expected of everyone, Puritans and non-Puritans alike (Bercovitch, 1993, 72-79). Similarly, usury or interest-bearing, business-to-business loans were considered an acceptable and appropriate aspect of commercial life, although when lending to the poor, Puritans believed that one should neither demand nor expect a return beyond the principal (Frey, 1998). Plainly, with respect to just-price and usury, Puritans were "attuned to the commercial needs of the times" (Dorfman, 1946, 12). While Puritans paid lip service to Scholastic economics, they embraced wholeheartedly a basic tenet of Scholastic society, namely, mutual interdependency of individuals and the collective responsibility of all to promote the common good (Langholm, 1998, 101). Acceptance of this proposition was evident in the covenants or contracts Puritans believed to be the foundation of social order.[1]

Rightly or wrongly[2], Puritans believed that endemic to medieval society was the notion that every individual "was

[1] The impact of Scholasticism on the development of Western economic thought is a matter of debate. For a sampler of the variety of views on the subject see (Schumpeter, 82-107), (Friedman), (Blaug, 29-31), (Zuniga), and (Casey).

[2] For a comprehensive review of medieval thought and social norms, and philosophy see (McGrade, 2003).

placed by God's command in a particular station in life (Morgan, 1965, xv)," a covenant or spiritual contract the Puritans dubbed 'the calling.' In Puritan microeconomics, there is a person for every job and a job for every person; the calling is the process that determines who does what, that is, the life activity by which each individual earns a living for one's self while simultaneously promoting social wellbeing. Finding one's special place required each individual to study God's word (the *Bible*) and examine one's "God given capacities and opportunities" to discern what that calling was (Morgan, 1965, xvi). Those who selected the correct calling were rewarded accordingly, while those who could not decipher the Almighty's message or chose to ignore it, would never know prosperity. Puritans expected everyone to work and work hard, but hard work alone was not sufficient to prevent poverty. Having no truck in a labor theory of value, Puritans subscribed, if only implicitly, to the principle of comparative advantage. For Puritans, poverty was the result of following a sub-optimal calling. By simply reassessing their life choices and discerning one's true calling, the poor could alter their financial status for the better. Coupling a person's unique abilities with society's occupational needs promoted the common good as well as personal well-being, for when the good of the self is optimized so too is that of society as a whole (Frey, 1998, 1575). Believing that on Earth God's work was surely their own, Puritans were not averse to tweaking the system of callings as reality dictated; the staffing of the teaching profession was a clear example of this.

During the seventeenth century and throughout much of the eighteenth, brawn trumped brains as the human attribute most necessary for the survival of colonials. Thinking and reflection were no substitutes for a strong back and the willingness to work endless hours using primitive tools to create a pasture, till the rocky New England soil, or build a crude home and hearth. Yet not all those expected to shoulder there burdens, namely men, were physically endowed for the task. Some had genetically-based physicals disabilities while others were simply too slight for the demanding physical labor that early colonists had to endure in establishing a permanent presence in the New World. Nevertheless, even physically disabled Puritans had a calling, a commitment to serve self and the community through work. Applying a bit of human ingenuity, the Puritans matched God's design with theirs. This was surely the case when it came to staffing the growing educational system and its ever increasing need for teachers, a perfect 'calling' for men with physical limitations (Elsbree, 1939, 34). This became a common practice in New England as well as in other colonial areas such as New York and Philadelphia. Begun in the seventeenth century, the calling of frail men to the teaching profession continued well into the next century illustrated in the person of the spindly Ichabod Crane, the main character in Washington Irving's classic short story "The Legend of Sleepy Hollow," set in the 1790s and first published in 1820. When the quantity supplied of men, disabled or not, was insufficient to match that being demanded, Puritans turned to women to fill the growing teacher shortage (Elsbree, 1939, 68). During this period of American history, the old saw "those that can do, those that can't teach" was an apt description of clever resource management and not merely a catty remark.

The calling was part of a larger, grand covenant that imposed a variety of mutually interdependent obligations on each person in a Puritan society, creating a microeconomics that was essentially the byproduct of prescribed social expectations. As revealed in scriptures, this social contract spelled out the proper behavior of all individuals to self and others, mimicking a religious commune; even the ostensibly individualistic choice of an occupation was in reality a social decision "in which one's vocation was service to the community, not purely service of the self" (Frey, 2009, 15). Embedded in this complex social matrix was a relational economic system based on a network of reciprocal duties that applied to everyone, including leaders and their followers.

> God approved of rulers, called them to office, and endowed them with the sanction of His authority; but He did so, as with other callings, indirectly: He called rulers to office through the consent of their people. It belonged to the people to establish government, define

> its purposes, place rulers in charge of it, and submit to those rulers as long as they fulfilled their offices properly. To achieve all these ends, the people must engage in a second, subsidiary covenant, not with God but with each other and their perspective rulers (Morgan, 1965, xxiii).

The Puritan system of economics, which was as much ecclesiastical as it was economic, required unflinching compliance with social norm and a willingness to work hard, with the accent on the later; disobedience was intolerable and indolence forbidden. In this saintly yet secular culture, cloistered monastics "were actually viewed as following an unproductive, even antisocial, calling" (Frey, 2009, 16).

The "distinctly theological" system of Puritan microeconomics was strictly medieval, but their macroeconomics was *au courant*. The seventeenth century was the golden age of Mercantilism, at least in colonial America (Johnson, 1932, 139-49). Building on the policy recommendations of Thomas Mun as reflected in his *England's treasure by forraign trade*, written in 1623 and widely circulated among British politicians but not formally published until 1664 (Appleby, 1978, 37), the English established trade patterns with colonial America that were mutually beneficial and eagerly accepted by all parties involved—"the colonial providers of raw materials and the metropolitan producers [England] of finished manufactures..." (McCusker, 1996, 362). The American colonies, including New England, found ready markets in England proper and its Caribbean colonies for their furs, fish, ship masts, tobacco, and other agriculture products, and were happy to buy, in turn, British-made capital goods and consumer durables (McCusker & Menard, 1985, 97; 118). In the eighteenth century Mercantilism economics would become a contributing factor to the American war of independence, but in the seventeenth century it was the basis of a welcome and thriving symbiotic relationship.

Given the state of Puritan economic thought, clearly not on a par with what the English economist William Petty was producing at approximately the same time, two questions arise about its impact: How well did the Puritan economic system actually perform, and what legacy did that system and its underlying philosophy have on the long-term development of American economic thought? For an answer to the first question, let's start with the Plymouth colony, the first explicit attempt to create an American settlement based on Puritan principles. As a theocratic beachhead, Plymouth was doomed before the Puritans disembarked from the Mayflower. The strangers (non-Puritans) on board, mostly farmers representing about two-thirds of the 100 or so passengers who survived the Atlantic crossing, were driven by dreams of the prosperity to be had in the blossoming agriculture belt of northern Virginia, the original destination of the Mayflower. Realizing that those dreams were not likely to be realized in the wilderness that was Massachusetts, technically part of the Virginia Colony (Tyler, 1907, 291), the strangers initially refused to disembark. After nearly two months on a tiny ship with a bunch of religious zealots, they demanded that a binding contract, a "covenant" protecting secular as well as religious rights be agreed to before landing; otherwise the strangers would remain on the ship for the return trip to England (Dorfman, 1946, 30-31). Painfully cognizant of their lack of agrarian skills, the Puritans quickly agreed to the strangers' demands and the Mayflower Compact was struck. Often portrayed as a cosmic documents that "laid the groundwork for democracy in America" (Yero, 2006, 18), the Mayflower Compact was more likely the first manifestation in what is now the State of Massachusetts of O'Neill's dictum—all politics in local.[3]

Neither the Puritans nor their religion thrived in Plymouth. Within a year of their first landing, half of the colonists who came to Plymouth had perished. Initially under-resourced and later poorly resupplied, the Plymouth settlement nearly suffered the same fate as the "Lost Colony"

[3] Thomas "Tip" O'Neill (1912-1994) was a Massachusetts representative in the U.S. Congress and served as Speaker of the House for ten years. The dictum is a piece of advice his father gave him when Tip was a young politician (O'Neill, 25-26).

at Roanoke or the abandoned Sagadahoc colony in Maine; yet, Plymouth survived, just barely. Ten years after being settled, Plymouth had a population of about 300 living in "primitive comfort within small frame houses built along two intersecting streets" (Bailyn, 1955, 4). The Mayflower compact created an open society at Plymouth, at least as open as prevailing seventeenth-century English mores would allow. This meant that the Puritans, who had little use for other Protestant sects, even separatists ones (Ver Steeg, 1964, 78-79), could not build their utopian theocracy at Plymouth. So, in 1629-1630 the Puritans initiated a bigger and better-financed effort to create a religious state in the New World. In less than two years 17 ships brought over 1,000 colonists, who established "what would become the city of Boston upon their arrival in Massachusetts Bay." (Carter, 2008, 44). However, what set this endeavor at colonization apart from its forerunner at Plymouth was not just its size nor its resources but its leader, John Winthrop, the champion of the Puritan ideal whose force of will was the single most important factor in the founding and success, however limited, of the Massachusetts Bay Colony (Morgan, 1964, vii, 174).

Winthrop (1588-1649) came to the New World as governor of the Massachusetts Colony, a position he was elected to on four separate occasions and held for 12 years. He and many of the early Puritans who travelled with him (Emerson, 1990, 35) came to America with one purpose in mind: to create a society consistent with biblical precepts that would be both "ciuill and ecclesiasticall." Boston was to become a "Citty upon a Hill," a paragon of piety, politics, and prosperity that would serve as a shining model of nation building for England, if not all of western Europe (Miller, 1953, 4-5). For Winthrop and those who accompanied him, the idea was "to make New England a beacon to the world, not a refuse from it" (Morgan, 1980, 173), and for the first dozen years in Massachusetts it appeared as though they would succeed. The period from 1630 to 1642 witnessed a 'great migration' from England to New England as some fifteen to twenty thousand people made the crossing with a fair share settling in Boston, the center of Puritan America (Morgan, 2007, 60). These immigrants brought with them, in ascending order of importance, their human capital, their aggregate demand, and their money supply. The ships that transported the migrants also carried many of the products colonists needed but could not produce, while on the return trip, took fish, lumber and other New England exports to consumers in the Caribbean, England, or both, thereby completing the mercantilist cycle of trade (Morgan, 2007, 60). The duration and magnitude of this spurt of economic growth was unprecedented in Colonial American history, but in 1642 these halcyon days came to a bubble-bursting end when the very engine of prosperity—immigration—stalled, and America experienced what was possibly its first recession.

The ostensible cause of this economic downturn was the English Civil War, a series of armed conflicts that began in 1642 and occurred on and off for nearly ten years. The war resulted in a number of prominent changes in English life including the creation of a social climate more hospitable to Puritans and other separatists groups; this, in turn, diminished the significance of the political and religious reasons for migrating while simultaneously elevating the import of economic factors. On that score, New England was an inferior destination compared to the agricultural-rich areas in Pennsylvania, New Jersey, Maryland, Virginia, and other points along coastal America south of Boston (Galenson, 1996). At its peak, New England was the destination for just over thirty percent of those immigrating from England. After the English Civil War, that proportion dropped as even second- and third-generation New England Puritans began migrating south, causing net immigration to New England to turn negative in the 1680s and 1690s (Cressy, 1987, 68-69).

Other contributing causes to the decline of the Puritan ideal included but were not limited to: a growing perception among the elder founders of Puritan New England of "a great and visible decay of godliness" and the increased "manifestations of pride" (Miller, 1956, 7); conflicts with American aboriginals (Schultz & Tougias, 2000); a lack of intensity on the part of immigrants during the second half of the seventeenth century to push the Puritan agenda (Bailyn, 1986), 9); the impractically of the communal system of work and rewards (Parks, 1996, 19); the growing importance of the shipping-services industry and the corresponding decline of the resource-intensive export industry (Anderson, 1975, 8-23): the increasingly unpopular, class-identifying sumptuary codes (North, 1988, 41-58); the nearly perpetual internecine conflicts between John Winthrop and virtually everyone who disagreed with him (Morgan, 2007, 145-152); and the Salem witch trials, symbolic of the "death throes of a passing era." (Middleton, 2002, 181). Even though 'blue laws,' statutes prohibiting commerce on the Sabbath, and other vestiges of Puritan economics survived well into the twentieth century in parts of New England, the influence of Puritan economic thought, never appreciable, gave way to Yankee realism by the end of the seventeenth century, a convergence in economic thinking more in tune with the practices prevailing in most other areas of Colonial America (Johnson, 1932, 128-133).

Another Perspective

If modern scholars have exaggerated the importance of Puritan contributions to the scope of American economic thinking, than they have done so at the expense of other influences on the arc of economic thought in America, most notably Quakerism under the leadership of William Penn (1644-1718). Curiously, Penn deserves recognition for what

He did, and to some extent for what he didn't do. Because of an old friendship and debts the Crown owed his father, Penn received a royal charter in 1681 making him the proprietor of 45,000 square miles in the New World that included most of present-day Pennsylvania (named for Penn's father), northern Delaware, and western New Jersey.[4] In 1682 Penn came to America intent on achieving three important goals. One of his objectives was to acquire legal title to some of the lands in his proprietorship, specifically riverfront properties along the rivers separating eastern Pennsylvania

[4]For a detailed description of the particulars involved in how Penn received his proprietorship, see (Geiter, Chapter 1; Bronner, Chapter 2).

from Delaware and New Jersey; this meant purchasing the property from resident aboriginals (Forrest, 2001). The acquisition process took Penn nearly two years to complete, and by all accounts he treated indigenous Americans with dignity and respect, paying fair prices for their lands (Peare, 1957, 246-47, 250-51). A second major goal of his first visit to colonial America was to create a Quaker utopia in Pennsylvania that would "show a society founded and operated along the lines of Quaker ideals not only could work but was the answer to mankind's ills" (Endy, 1973, 349). John Winthrop and the Puritans came to the New World to create the scaffolding for a temporary society that would ultimately serve as a model for nation building in the Old World; Penn saw his Quaker enclave as a permanent refuge from Europe, with Pennsylvania being as different from Massachusetts as Quakerism was from Puritanism.

In a sense Puritanism and Quakerism were more alike than different in that both were bible-based Protestant sects. However, Puritans were partial to the Old Testament with its negative reinforcement, exclusivity of membership, and limited redemption; by contrast, Quakers favored the New Testament and its notions of positive reinforcement, inclusiveness, and the prospect of universal salvation. In Massachusetts, Puritan values translated into inhibiting norms that encouraged conformity and stifled initiative. This would not be the case in Penn's "holy experiment" where Quaker principles would insure democracy and justice, inclusion, and creativity. In 1684 Penn, the real estate entrepreneur, returned to England to recruit Quakers and non-Quakers from all of Europe to migrate to his religious utopia (Hull, 1970). Before his departure he wrote *Framework of Government*, a genuinely democratic blueprint for governing Pennsylvania in his absence, which takes us to the one important thing he didn't do.

John Winthrop was the champion of the Massachusetts colony; he was also a micromanager. They were called puritans for a reason and Winthrop was inclined to see himself as being among the purist of the pure. For almost twenty years he made the major strategic decisions in the

Massachusetts colony, that is, the what and the why; he also made most of the tactical decisions—the how. As both chief executive and day-to-day manager, Winthrop institutionalized decision-making in Massachusetts, leaving little wiggle room for those who governed after him. Penn was the visionary of Pennsylvania and probably would have become a micromanager if he had the opportunity; he chose instead to return to Europe to people his utopia, trusting that the managers he left behind would follow the spirit if not the letter of his principles as described in *Framework*, a document that ultimately served as an inspiration for the United States Constitution (Peare, 1957, 294-95). Penn stayed in Europe fifteen years and during this time there arose in Pennsylvania the inevitable conflicts that occur when the mixture of "low politics and high ideals" clash (Kammen, 1980[1972], 146). Using their discretion, resident managers in Pennsylvania devised commonsense compromises "between Penn's radical vision and the tradition-bound expectations of the early settlers" (Dunn & Dunn, 1982, 2). The result transformed lofty values into workable ethics, and did so within the guidelines Penn prescribed in *Framework*. Naturally, there were gaps between practice and principles. As a group, Quakers were almost uniformly outspoken in their denunciations of slavery, yet the record clearly indicates even William Penn owned and traded slaves (Endy, 1973, 356). The acute labor shortage in Colonial America led some to tolerate the supposedly intolerable (Jernegan, 1931, 30-35). Still, when Penn returned to his proprietorship in 1699 for a two-year stay, he found a prosperous, pluralistic society whose political system embraced his concept of democracy, whose economic practices were aligned with his business-oriented thinking, and whose social norms were in tune with his puritanical inclinations as reflected in his 1682 essay *No Cross, No Crown* (Morgan, 1983).

Penn's third objective in visiting his proprietorship in 1682 was to establish the city of Philadelphia, a planned community complete with a commercial hub that would serve as the economic engine driving the Pennsylvania colony (Forrest, 2001), an engine fueled by trade, both domestic and international (Dunn & Dunn, 1982, 18). When Penn returned to England in 1684, Philadelphia was more dream than reality; upon his return to America in 1699, presumably a permanent relocation, he found that the population of Pennsylvania had grown to 18,000, of whom about 3,000 lived in Philadelphia. Though he had intended to live out his years in the colony, Penn returned to England in 1701 to put his crumbling financial affairs in order; he never succeeded, and on July 30, 1718 he died penniless (Dunn, 1986). If he could have returned in seventy years he would have found Philadelphia a vibrant, thriving city with a population of 30,000 and a hub of science and letters comparable in many respects to the major centers in Europe.

> In 1787 Philadelphia was unquestionably the intellectual capital of the United States. It was not simply that Philadelphia was much larger in population than New York or Boston; it was the distinction of its citizens that made the city a magnet for foreign visitors and the obvious meeting place for men of thought, as Alexander Hamilton put it, continentally, men who could see beyond the boundaries of their town or parish or county or state. It was the city of Benjamin Franklin, the very symbol of the Enlightenment, of Benjamin Rush, America's best-known physician, of David Rittenhouse, America's leading astronomer, of Charles Willson Peale, painter and promoter, of William Bartram, the country's foremost botanist. It was home of the American Philosophical Society, the only significant learned society on the continent. It had a flourishing theater, where, despite lingering objections from Quaker moralists, ladies and gentlemen could laugh at a farce or weep at a tragedy. It had eight newspapers and two monthly magazines (the *Columbian Magazine* and the *American Museum*). It had Peale's Museum with a display of waxworks, paintings, and scientific curiosities, the eighteenth-century prototype of the Smithsonian. It had Gray's Tavern, with the most elaborate landscape gardens in the country, complete with waterfalls, grottoes, and Chinese pagodas. Philadelphia was the place to be, the place to go. (Morgan, 2009, 130-31).

Despite his extensive publications—more than "fifty books, pamphlets, and broadsides... which he published at his own expense" (Dunn, 1986, 41)—William Penn did not add in a material way to the development of economics as an intellectual pursuit. Nevertheless, the implementations of his visions for Pennsylvania and Philadelphia were instrumental in fashioning the America version of laissez faire, that paradoxical blend of public and private interests designed to foster business development and promote economic growth on the local, regional and even the national level. This public/private paradigm became the model of economics, at least as it evolved in the eighteenth century America (Johnson, 1932, 243-61), and that alone is sufficient to include Penn among those who have contributed mightily to the American strain of economic thought.

3. Economic Thought in Eighteenth Century America Prior to Independence

Discussing the state of American economic thinking in the eighteen century might seem a bit pretentious given that the century witnessed the publication of *The Wealth of Nations*, arguably the most notable event in the history of Western economic thought. Compared to the active, organized, and sometimes competing schools of European thought—mercantilism, physiocracy, laissez faire, invisible-hand market capitalism—the state of American economics from 1700 to 1775 was truly primitive. Yet, as the 1978 Nobel Laureate in Economics Herbert A. Simon once observed "Advances in human knowledge even more than other events, cast very long shadows before them" (Katz, 1989:264). This cogent insight certainly applies to American economic thinking prior to the American revolution, andprovides a revealing preview of what the country's economics would look like after independence. Before discussing pre-revolutionary economic thought per se, this paper begins with an overview of economic conditions as a way of giving historical context to the development of American economics during the colonial period prior to independence.

Economic Conditions, 1700-1775

The first 75 years of the eighteenth century were a period of consistent, sustained economic growth in America, thanks in large measure to a steadily increasing colonial population that grew at a rate slightly in excess of three percent per year (McCusker& Menard, 185:9). Overall human head count in America—colonial plus aboriginal—was probably less in 1700 than it was in 1600 because of the dramatic drop in the indigenous populations due mainly to the adverse effects of the human and zoonotic diseases associated with European immigrants and their live stocks (Menard, 1996:254-55; Jennings, 2000:21). By 1700 the decimation of native peoples had been so precipitous that the growth of colonial populations—domestic and immigrant—more than offset subsequent declines in the number of aboriginals. From about 250,000 at the beginning of the eighteenth century, the colonial population of America increased tenfold on the eve of independence to about 2.6 million, the composition of which was "1.95 million whites, 520,000 blacks, and 100,000 or fewer Native Americans" (Perkins, 1980:2). The colonial population was also becoming more diverse as the proportion of immigrants from England steadily decreased to about 60 per cent in 1770, with the other forty percent coming from a variety of European countries and Africa (Kammen, 1970:203). By about mid-century the impact of immigration on the size of America's population had waned and thedomestic birth rate became responsible for about 95 percent of population growth(Perkins, 1980:2).

The American workforce prior to independence was not only getting larger, it was also getting better. The broad implementation of compulsory education for a variety of religious and secular reasons (Jernegan, 1930:84-91) produced an appreciable deepening of the human capital embodied in the colonial population. This was particularly evident in relatively densely populated coastal areas such as those around Boston and Philadelphia, which could sustain a large and growing number of private and public grammar and secondary schools (Seybolt). While not as high as along the sea coast, the incidence of schooling rose steadily during this time period for children living in the comparatively less populated interior (Seavoy, 2006:28). The overall growth in education had a dramatic impact on the literacy rate as evident in development of the newspaper industry in America. The first continuous publication of an American newspaper began in Boston in 1704. Fifteen years later Boston got its second newspaper and Philadelphia got its first. Thereafter in rapid succession, newspapers appeared in other coastal urban centers: New York, 1725; Maryland, 1727; Charleston, 1732; and Virginia, 1736 (Copeland, 2000:14; Mott,1945:12). Printing and widespread literacy took longer to arrive at interior settlements; the first newspaper in Vermont began publishing in 1781(Thomas, 1970:586).

Notwithstanding the large commercial plantations in Maryland, Virginia, and South Carolina that were exporting tobacco, rice, and sugar to England and its other New World possessions, eighty to ninety percent of the colonial population depended on the activities of small-scale agriculture for their livelihood (Seavoy, 1997:1). These farms were generally self-sustaining but not necessarily self-sufficient as there were extensive networks of farmers' markets and barter arrangements for farm-to-farm trade. Most of these exchanges did not occur in formal markets so measures of national output or its dual, national income, are rough approximations. Nevertheless, rigorous and reasonable analysis of available data has yielded credible estimates for national income statistics for 1700-1775(Jones). For the timeframe in question, per capita income in colonial America grew at rates ranging from .3-to-.5 percent per annum (Jones, 1980:78). Given the rate of population growth, this implies that gross domestic product was increasing at a minimum of about 3 percent a year for the 75-year period, which translates into a doubling every 20-25 years without interruption. A favorable tail wind gave additional momentum to this seamless expansion: "No major famines, epidemics, or extended wars intervened to reverse or even slow down appreciably the tide of vigorous economic expansion" (Perkins, 1980:ix). This period of growth transformed the American colonies into a developing nation from an undeveloped one.

> From 1700 to 1774, ...aggregate output multiplied almost twelvefold. At the start of theeighteenth century, the size of the colonial economy was a mere 4 percent of the mother country's;yet on the eve of independence the percentage had risen to over one-third, and the colonies were gaining steadily. (Perkins, 1980:ix)

Despite being one of the longest period of uninterrupted growth in American economic history, theyears from 1700 to 1775 were not without problems, two of the more prominent ones begin the quantity of money and the supply of labor. With respect to money, the long held conventional view was that glitches with the American money supply were a by-product of British mercantilism (Kammen, 1980:48; Bailyn1955:182-83).

> The colonies—as a debtor region—were confronted with a continuous adverse balance of payments, and their available specie was repeatedly drawn away to creditors in Europe. The scarcity of specie in America gave birth to a widespread belief that prices of colonial products were ruinously low because money was wanting. Commercial rates of exchange were unfavorable to the debtors; and, when the prices of their products fell in response to European commercial conditions,they were hard pressed to find the means of paying their debts(Nettels, 1964:8).

A more contemporary stance is that the colonial supply of money was just about right to sustain the robust rate of growth the American economy experienced over the 1770-1775 period. If this was not the case, that is, if the conventional view were correct, the colonies would have experienced a general and persistent decline in the price level;that did not happen although regional liquidity problems often occurred and were sometimes acute (Perkins, 1980:102). For some modern scholar, the underlying issues about the supply of colonial money were more a matter of political control than economics (Perkins, 1980:116). Whether real or imagined or something in between, issues surrounding the institution of money and its many facets were frequent topicsof the few Americans writing about economics in the eighteen.

The second major economic concern in eighteenth century colonial America was the persistent shortage of labor due in large measure to the "unfettered access to abundant land" (Matson, 2006:28). Most immigrants came to America to become farmers; even transplanted merchants regularly gave up their craft to enter agriculture once they had acquired enough wealth to purchase a farm and with it, the sense of security that accompanied land ownership (Nash, 1986:344-45). To cope with the labor shortage which was particularly acute in the seventeenth centuryand the early portion of the eighteen century before population growth eased the situation somewhat, the colonies developed an elaborate system of servants, i.e., contract workers who bound themselves to a single employer for a fixed period of time in return for free transportation to America.

> There were three main classes of servants. One who entered into such a contract with an agent, often the shipmaster, was called an indentured servant. The shipmaster reimbursed himself, on arrival in America, by selling the time of the servant to the highest bidder. The second class included the "redemptioners," or "free-willers." They signed no contract beforehand, but were given transportation by the shipmaster with the understanding that on arrival they were to have a few days to indenture themselves to someone to pay for their passage. Failing this, the shipmaster could sell them himself. The free-willer then was at a great disadvantage. He had to bargain in competition with many others, and was so much at the mercyof the buyer or the shipmaster that laws were passed by several colonies limiting his time ofservice and defining his rights. (Jernegan, 1931:47).

All told, "roughly half the Europeans arriving before 1776 owed a term of servitude in exchange for their ocean passage"

(Rockman, 2006:335). A third category of servants included those forced into servitude such as prisoners and convicted criminals. This was the smallest class of servants amounting to no more than ten percent of the roughly 500,000 servants who came to America prior to independence (Tomlins, 2006:150). The shipping of felons to the America was relatively short lived as several colonialgovernments were successful in persuading the British to discontinue the practice (Jernegan, 1931:48-49).

The twin magnets of high wages and cheap land continued to attract immigrants to America as the eighteenth century progressed but in reduced numbers, diminishing the effectiveness of servitude as a means of dealing with the labor shortage (Bailyn, 1986:60-1). That plus the frequent turn-over of servants working on fixed-length contracts led colonists, particularly plantation owners in the West Indies and America's southern colonies, to seek an alternative supply of labor (Koo, 2008:82-3). Slavery began in the British West Indies in the 1620s, and about fifty years later in colonial America. More slaves were imported into the West Indies than America (Dunn, 1984:165),but the rate of population growth among American slaves exceeded that among the slaves in the West Indies. As a result, at the time American independence was declared, there were about 350,000 slaves in the West Indies compared to 500,000 in the mainland colonies. Of the total American slave population, about ninety percent lived in the southern colonies while the rest were scattered in the Mid-Atlantic and New England regions (Dunn, 1984: 165), where a combination of social forces and economics discouraged the practice of slavery. Ultimately, the institutions of slavery and issues surrounding the supply of money played prominent roles in the American story; the control of the money supply was a contributing factor to the seminal event in eighteenth century America, the War of Independence, while the moral, political, and economic ramifications of slavery were instrumental causes of thewatershed event in nineteenth century American history, the Civil War.

Eighteenth Century American Economics

Any examination of American economic thought in the eighteenth century must include a discussion of Benjamin Franklin (1706-1790), arguably one of the most fascinating people on the planet during that century, and certainly the "one commanding name in [the] American economic discussion" of pre-revolutionary literature (Seligman, 1967:126).Born in Boston into a family of limited means, Franklin was the fifteenth of seventeen children Josiah Franklin fathered in two marriages. Though essentially self-educated, Franklin was sent to the Boston Latin School at age eight as preparation for a life in the clergy but family finances, or rather the lack thereof, forced an end to his formal schooling after two years. He worked for his father, a maker of candles and soap, until age 12 at which time he was indentured to his older brother James, a printer. The quid pro quo for this arrangement was that James would teach his younger brother the trade and in return, Franklin pledged nine years of service, this at a time when white servitude, though still popular, was declining as black slavery was increasingly becoming the predominant form of bound labor in colonial America (Dunn; Galenson). After five years of almost continuous friction between himself and his brother James, Franklin absconded from his apprenticeship, fleeing to Philadelphia in 1723 to begin a new and what would prove to be a remarkable life.

Franklin arrived in Philadelphia an "unkempt urchin," with few possessionssave for "a Dutch dollar and a change of stockings in his pants" (Conner, 1965:10). Being a skilled printer, he eventually found work in what he personally considered his life's primary occupation as evident in his last will and testament which begins "I, Benjamin Franklin, Printer..." (Seeger, 1973:4).In 1729 after several years working for others,he bought and published the *Pennsylvania Gazette*, and turned what was a regional publication into the largest circulating newspaper in colonial America. The paper ultimately became the forerunner of *The Saturday Evening Post,* which is still in publication. In 1733, Franklin created

Poor Richard's Almanack, an annual publication which appeared continually until 1758. The *Almanack* had a peak circulation of about 10,000 (Van Doren, 1938:109), equivalent to about two percent of the literate population in the American colonies, making it, in relative terms, comparable to the 2.7 million circulation of *The Saturday Evening Post* in its heyday (Bruccoli, 1996:14). By 1750 he left the publishing industry, but not before arranging sales of his literary properties in a way that provided Franklin and his family a comfortable standard of living for the rest of their days.

Franklin was a printer by necessity; he was a polymath by choice. A voracious reader from an early age, he amasses a personal library of over 4,000 volumes covering a variety of topics and subjects including science, literature, and politics (Seeger, 1973:7). More than just a consumer of knowledge, he also created it. In the 1740s he performed many ingenious experiments in physics and electricity, the results of which he often shared via correspondences with like-minded thinkers in colonial America and other parts of the world as was the practice among scholars at that time (Brands, 2000:193). His efforts produced a number of important inventions such as the Franklin stove and the lighting rod, technological breakthroughs that diminished appreciably the incidence of household fires, the scourge of eighteenth- century urban areas. Eschewing patents, he readily made his inventions available to society as a whole, a gesture that reflected his personal but unarticulated belief in knowledge as a public good (Labaree, 1964:192). The 1751 publication of *Experiments and Observations on Electricity* cemented his international reputation and helped make him "the only American whose name was widely known outside America before 1776..." (Forde, 2003:80). It was no fluke that in 1747 when the Royal Swedish Academy of Sciences sent the agricultural economist Peter Kalm, a protégé of Carl Linnaeus, to North America in search of seeds and plants that could be commercially transplanted, literally the first person Kalm contacted upon reaching colonial America was Benjamin Franklin (Benson, 1937:17- 625).

Given his eclectic interests it was inevitable that Franklin would at some point in time train his reasoning powers on economic issues; he did so at the age of 22 when he examined one of the most stubborn problems of life in colonial America, money.

> In the pre-revolutionary period there were only a few economic topics that attractedattention. These were agriculture, trade, taxation and currency, of which the most important,as well as the most contentious, was the last (Seligman, 1967:122).

On April 3, 1729, Franklin published the small pamphlet *A Modest Enquiry into the Nature and Necessity of a Paper Currency* (Franklin, 1911:335-58), which first appeared as an essay in the *Maryland Gazette* on December 17, 1728 (Carey, 1928:7). The purpose of the piece was to endorse the use of paper currency as a way to deal "with the perennial insufficiency" of a circulating medium of exchange in the American colonies. The later situation arose because international traders in the colonies were obliged to ship gold and silver overseas to settle accounts,leaving an inadequate supply of money available to support the growing volume of internal trade in America, which at the time lacked an indigenous supply of precious metals (McCusker, 1978:117).

To cope with the persistent shortage of a circulating medium of exchange, trade in the American colonies relied on a combination of barter, commodity monies such as sugar and tobacco, overvalued gold and silver coins, and paper currency (McCusker, 1978:117-121). The last method—paper money—was clearly a superior optioncompared to the other solutions of the problem, each of which lacked convenience especially when comparing the value of one commodity to another. Franklin wrote: "To remedy such Inconveniences and facilitate Exchange, men have invented MONEY, properly called a *Medium of Exchange,* because through or by its Means Labour is exchanged for Labour, or one Commodity for another" (Franklin, 1911:345). Thus, Franklin introduced his labor theory of value, a concept he borrowed from William Petty's (1623-1687) *A Treatise of Taxes and Contributions*, published in 1662. As Petty reasoned and Franklin eloquently explained, the amount of labor (time) embedded in the production of a commodity determines its comparative value vis-à-vis other commodities; the medium of exchange "whether Gold, Silver, Copper, or Tobacco" merely measures worth and facilitates trade but does not create value per se (Franklin, 1911:345).A side-by-side comparison of relevant passages from the works of Petty and Franklin reveals just how much the latter lifted from the former (Wetzel, 1895:30-31). Using contemporary norms one could argue that Franklin plagiarized Petty, but given the literary milieu of the early eighteenth century, such a conclusion would be hasty and inappropriate.

The term plagiarism "had no currency in English before the late sixteenth century" and was then an issue involved more with the production of literary material than its appropriation by other writers (Lowenstein, 2002:87). England's first copyright law—the Statute of Anne—was adopted in 1710; it was less about defending the intellectual property of authors and more about protecting the commercial interests of stationers (a catch-all term for publishers, printers, and booksellers) from those who would pirate their imprints (Lowenstein, 2002:13-14). For authors "plagiarism didn't become a truly sore point...until they thought of writing as their trade" (Mallon, 1989:3-4). In England, that did not occur until the middle of the eighteenth century (Pitcher), when a variety of factors combined to make writing a viable careerchoice(Pitcher, 2000:1).

> Increases in literacy, the growth of cities, falling paper prices, the influx of international capital,the endof pre-publication censorship, and above all, the newfound willingness of authors tomake their work public transformed British literary culture from a courtly coterie into a thrivingmarketplace (Greene, 2005:1).

A comparable transformation of writing from an avocation to a viable livelihood did not occur in America until the nineteenth century. "Franklin was not an original economist and would never become one "(Brands, 2000:133), so he did what any self-respecting intellectual of his era would do when writing in a field outside his areas of expertise: he grafted the best economics then available and adopted it for his purposes. Petty may have been the first to advance a labor theory of value, however opaquely, but Franklin's explanation of the theory was more accessible to the general reader, which is probably why Karl Marx regarded both as originators of the concept (Marx, 1906:59).

While William Petty was the major source of Franklin's economics (Spiegel, 1991:124-131), Franklin drew his inspiration for the essay on money from his personal experience and observations. Growing up in Massachusetts the first American colony that began using paper money as early as 1690, Franklin was exposed to a lively and continuous debate on the topic as reflected in the approximately 30 pamphlets printed in the colony and distributed in Boston from 1682 until his departure for Philadelphia in 1723 (Carey, 1928:1). About half of these leaflets were published during Franklin's apprenticeship as a printer; indeed, two of the pamphlets were printed in James Franklin's shop (Carey, 1928:1; Davis, 1910:414-42). The positions expressed in the essays circulating in Boston represented the spectrum of viewpoints, from those in manufacturing and commerce who generally supported paper currency as a way to boost business, to those opposed to the idea such as lenders and others fearful of the possibility of devaluation. These competing perspectives tampered Franklin's enthusiasm for paper money and made him mindful of the need to create a prudent supply of currency subject to an orderly rate of growth to accommodate an expanding economy (Franklin, 1911:342-45). There is no indication in his writing that he fully appreciated the potential of runaway inflation or the economic harm that it could produce (Hutchinson, 1988:140). For Franklin, the benefits of paper currency far outweighed the risks, a position reinforced in 1723 when Philadelphia began its own experiment with paper money accompanied by a noticeable uptick in the overall level of economic activity in the city, a boom he directly attributed to the increase of money in circulation (Cary, 1928:5).

After *A Modest Enquiry* appeared in print, Franklin did not revisit the field of economics in any meaningful way until 1751 when he published *Observations concerning the Increase of Mankind and the Peopling of Countries*, an essay "in which he emphasized the tendency for population to increase when subsistence was available, but with none of the menace proclaimed nearly half a century later in Malthus' first essay" (Hutchison, 1988:245). Contrary to Malthus' fatalism, Franklin noted that colonial population and American prosperity seemed directly related, with the former doubling every 25 years for an annual rate of growth of about 2.5 percent. "By 1775 the population of the 13 colonies had reached 2.5 million, compared with only 250,000 in 1700, a tenfold increase" (Lemon, 2001:119-21). During that time period, the population in America grew from one-tenth to about one-third of that of Britain (Lemon) due primarily to a high domestic birth rate and immigration, both voluntary and forced (slavery). That the colonial population would soon exceed England's (which it did by 1820) was obvious to all, so much so that colonists were prone to tell anyone who would listen "that in thirty or forty years...the North American colonies would form an independent country" (Olsson, 1970:13). For Franklin, believing as he did that population growth drives economic expansion; an independent America would be both more populous and more prosperous thanGreat Britain (Carey, 1928:2-6).

Over the next three decades Franklin published several works that touched on economics or economic issues including: *The Interest of Great Britain Considered with Regard to her Colonies and the Acquisition of Canada and Guadeloupe*(1760), in which he makes use of the principle of the division of labor; *On the Price of Corn and Management of the Poor* (1767), where he excoriates export taxes; and *Reflections on the Augmentation of Wages which will be occasioned in Europe by the American Revolution* (1788), an annunciation of his version of a theory of the high wage economy (Seligman, 1967:127). In 1876 an assessment of these works and other economic writings of Franklin led one historian of American economics to conclude: "Of Franklin then it must be said, that he not only did not advance the growth of economic science, but that he seems not even to have mastered it as it was already developed," a criticism softened somewhat with the rationalization that "little more can be said for any of our public men or writers during the period of Franklin's activity" (Dunbar, 1904:7).

The reality was that the state of American economic thinking throughout much of the eighteenth century was embryonic compared to what was going on in other parts of the world. At about the time Franklin was publishing *A Modest Inquiry,* several universities in Prussia and Sweden were establishing academic chairs in political economy (Stapelbroek&Marjanen, 2011:19). None of America's universities taught economics as a standalone course, and if economic matters such as fair price or usury were discussed at all, it was usually in the context of a class on moral philosophy (Conkin, 1980:ix). If positive economics is the economics of what is or can be, and normative economics is what ought or should be, than policy economics is about program or plans to narrow the gap between the two. The habit of making policy recommendations that promote the welfare of the whole was the thrust of Franklin's economics (Kammen, 1970:127), or rather his political economy as the expression was commonly used in the eighteenth century.

> The word *political* in *political economy* did not refer to the policy implications of economic theory or to the interaction of economic analysis and governmental action. Rather,*political* designated a universe of discourse. Political economy included those universalprinciples applicable to a national economy, to a single sovereign entity. It set off the publicscope of political from the more limited field of domestic economy, and thus from thoseprinciples applicable only to a single household or firm. (Conkin, 1980:ix)

Since his purpose was promoting societal welfare, be it of Philadelphia or that of the entire nation, Franklin was way too practical to let consistency interfere with his economic thinking. "His inconsistencies were many, but they were the inevitable accompaniments of his diverse loyalties and journalistic habits" (Dorfman, 1946:178). As a young man he argued against Mercantilism and its system of tariffs but later in life he saw the virtue of protectionism as a way to insulate the commerce of an emerging nation from the rigors of competing with merchants in well-established countries. This apparent contradiction wasFranklin's eighteenth century version of "import substitution" (Mott &Zinke, 1987:114). The first economist he read was William Petty from whom he borrowed a labor theory of value, but in the 1760s, trips to Paris and meetings with leading physiocrats convinced a mature Franklin that agriculture was the ultimate source of wealth (Hutchinson, 1988:246). In the short essay *Positions to be Examined* published in 1769, he wrote:

> Finally, there seem to be but three ways for a nation to acquire wealth. The first is by*war*, as the *Romans* did, in plundering their conquered neighbors. This is *robbery*.—The secondby*commerce*, which is, generally, *cheating*.—The third by *agriculture*, the only *honest way*;wherein man receives a real increase of the seed thrown into the ground, in a kind of continualmiracle wrought by the hand God in his favor, as a reward for his innocent life, and his virtuousindustry. (Franklin, 1769)

For a mellowed Franklin, the value and dignity of an agriculture-based economy trumped that ofa manufacturing-based system regardless of amount of back-breaking effort involved or the diminished level of prosperity attained (Carey, 1928:168-69). As he had done with other economic thinkers, Franklin mimicked the ideas of the physiocrats, but he did so creatively.

> While European in his general philosophy, Franklin was American in his economicviews, and simply adopted those parts of French philosophy which were fitted to the conditionsof his country. His general economic ideas were of the laissez-faire type in the sense in whichthey were held by his French friends, but he was a pioneer of American economic thought,bringing optimism into the discussion of population and the wages problem, and basing hisopinions on the peculiar features of the American economy of vast spaces. (Normano, 1943:37)

Always pragmatic, "Franklin's political economy was motivated throughout by a vision of the good society to which sound economic policy should lead" (Mott &Zinke, 1987:116). For him, this meant a strong middle class and a "society without extremes of conduct and of wealth or poverty" (Mott &Zinke, 1987). This "Happy Mediocrity" as Franklin called it, smacks of the modern concept of 'optimal,' the idea singularly responsible for contemporary economics being dubbed the "Goldilocks" science.

Given the sum total of his economics, whether derived from Franklin's standalone pamphlets or passing remarks embedded in his other writings, a legitimate question can be posed: Was Benjamin Franklin America's first economist? Some scholars respond with an enthusiastic yes: "Franklin, then, deserves a place in the history of early economic literature, and especially in the history of American economics. He is the first American who deserves to be dignified by the title Economist" (Wetzel, 1985:56). Other writers describe his economic contributions with more muted admiration (Dorfman, 1946:78-195). The point is debatable but the significance of Franklin to economics in particular and American life in general is not.

> …Benjamin Franklin personified the transformation of Britain's mainland colonies intothe first modern society. Most of the major transformations that occurred in America between1680 and 1770 unfolded before him—the colonies' massive population growth, the maturation of colonial politics, the creation of a slaveholding culture even outside the southern colonies,immense domestic and international expansion, the growth of a rick secular life and material culture, the evolution of diverse, sometimes baffling modern religious pluralism.The aphorisms of Franklin's *Poor Richard Almanac* made sense of that transformation.In Franklin's hands…life became something to be shaped, reshaped, then reshaped again—"LostTime is never found again"—"God helps them that helps themselves"….These aphorisms tamedand disciplined an expanding, aggressive, and calculating society. They did not guarantee amoral

> society or even a good society. But they channeled behavior that might drift toward pure greed, asserted the virtue of labor over status, and bypassed traditional Europeanemphasis on family inheritance, political deference, and vengeful religious dogmatism. In*Poor Richard's Almanac,* many Americans could see what they were becoming and what theywanted to be. (Butler, 247)

That Benjamin Franklin still commands our attention validates his importance; American economics is fortunate to be able to trace its roots to him.

Other Voices

Benjamin Franklin was probably the most significant political economist in colonial America from 1700 to 1775 but he was not alone. There was a small but vocal cadre of political economists during this time period galvanized into action by the debates swirling around paper currency and the institution of land banking. Through self-published pamphlets and the modern equivalent of letters-to-the-editor, many writers, most anonymous, argued the pros and cons of land banks and paper money, especially in New England where a tradition of conventional banking and an allegiance to hard (specie) money were particularly strong (Newell, 1998:143). Boston, where paper money was a source of contention since first being introduced in 1690, was the epicenter of this debate (Bailyn1955:185-89).

Like nature, economic activity abhors a vacuum, and in the absence of a domestic supply of gold and silver, American colonists sought a solution to the shortage of money in the one thing they had in great abundance, land. Usually organized and operated by various colonial governmental units, land banks created loans in the form of provincial paper currency lent to borrowers who used their land, farms, homes, and other types of real estate as collateral (Thayer, 1953:145). Along with a limited quantity of specie money, the land-backed paper currency circulated as a medium of exchange and fueled economic growth, especially in the middle colonies where "a moderate volume of money issues on the security of good land in a region whose agriculture was highly profitable gave value and stability to the currency" (Thayer, 1953:146). This was not the case in New England, especially in the Boston area where a combination of poor quality land and an oversupply of currency generated inflation, which proved to be bothersome for traditional bankers, merchants involved in international commerce, and similar creditors who despite their preference for hard money were often obliged to accept depreciated paper currency in the settlement of debts (Michener, 2011:8).

Many Massachusetts residents contributed to the literary debate over the efficacy of land banks and paper money including William Douglass and Hugh Vance, two pamphleteers who together "created the most comprehensive body of analysis in the entire paper money debate" (Newell, 1998:219). Of the two, Douglass was clearly the more well known in the New England colonies then and to history now. Born about 1691in Gifford, Scotland to a family of some means, he studied in the Netherlands and France, and eventually earned a medical degree from the University of Edinburgh, "at the time the best medical school in Great Britain" (Lemay, 2006:98). Douglass immigrated to England's New World colonies in 1716, settling in Boston in 1718 where he stayed until his death in 1752. At a time when most American 'physicians' were trained via apprenticeships, Douglass claimed he was the only professionally educated doctor in Boston, a fact that was probably true and something he never let his associates forget (Bullock, 1897:266). A self-proclaimed rationalist, he rejected the blind acceptance of doctrine in favor of empirical-based reasoning. As was the case among educated individuals of this era, his intellectual interests were many, including history. His book *A Summary, Historical and Political, of the First Planting, Progressive Improvements, and Present State of the British Settlements in North America* was cited three times in *The Wealth of Nations* (Smith, 1937:972). His many accomplishments and generous philanthropy led to the naming of the small village Douglass, Massachusetts, about 15 miles south of Wooster, in his honor.

By contrast, Hugh Vance's biography is not nearly as well documented as that of Douglass. Vance (1699-1763) was born in Boston to a well-respected Huguenot family. His educational background is something of a mystery, although he did spend some time in Stockholm as a young man. In adulthood, he became a stalwart within the Boston merchant community, serving on a number of citizen committees in the 1730s and '40s and was elected to public office, all of which "indicates that he enjoyed the respect and confidence of his fellow citizens" (Wilhite, 1958:148). Unlike Douglass who amassed a sizeable fortune during his life, Vance the merchant had limited success despite his extensive involvement in civic affairs; "in his old age, after a career of activities on his own and in town affairs, he was adjudged a bankrupt" in 1758 (Davis, 1910:20). While his business acumen may have been wanting, Vance's economic thinking as evident in his 1740 pamphlet *An Inquiry into the Nature and Uses of Money; More especially of the Bills of Publick Credit* was rich in prescient observations. An ardent enthusiast of paper currency, he began his essay supporting soft money with a fledgling theory of value that would resonate with a modern economist.

> All things in use in the world, whether they have real or accidental Value, or Price in theMarket, from the same causes, *viz*. either from the *Plenty* or the *Scarcity* of the Commodity tobe sold, or from the greater or smaller number of *Buyers;* but more fully and clearly expressedby means of any change in the *Proportion* between the *Quantity* to be sold and the *Demand* forthat*Quantity*. By the *Quantity to be sold*, we must understand the present Quantity of goodsthat the *Sellers* are inclined or forced to part with; and by the Demand, the present quantity ofgoods, which the *Buyers* are under obligations at the same time to purchase...(Vance, 1911:374)

In this passage, Vance exhibits an instinctive appreciation of price determination via the interaction of demand and supply; applying his insight proved more difficult than expressing it. Further along in his essay Vance reasons that the price level and the amount of money in circulation are not necessarily related (Vance, 1911:379), a proposition that becomes the linchpin of his measured and reasoned "defense of paper currency against the charge of inflation" (Newell, 1998:219).

Long a champion of hard money, William Douglass in his 1740 pamphlet *A Discourse concerning the Currencies of the British Plantations in America: More Particularly to the Province of Massachusetts Bay in New England* launched a rebuttal to Vance's position. Save for an appreciation of Gresham's Law (Wilhite, 1958:143), Douglass, a man long on opinions but short on logic, relied on polemics to discredit his adversary, a tactic he had employed in 1721 when arguing against inoculations as an effective treatment for smallpox during a potential epidemic in eastern Massachusetts (Dorfman, 155). Despitehis medical credentials, local Boston politicians when ahead with an inoculation program, disregardingDouglass' tradition-bound professional judgment in favor of experimental pragmatism (Carr, 2008:306-7). Never publically admitting that his initial opinion was wrong, Douglass reluctantly accepted the effectiveness of inoculations (Copeland, 2000:13-24). Given his propensity to consider himself the smartest person in the room, any room, Douglass used the same heavy-handedness to discredit Vance's argument while promoting his fundamental belief in hard currency even though "he had no basic or complete theory of money" and otherwise "contributed nothing of importance to any other phase of economic theory" (Wilhite, 1958:144).

Considered in*toto*, the Douglas/Vance debate illustrated the adage "where one stands depends on where one sits." The haughty Douglass reflected the point of view of British-oriented "foreign" merchants, namely importers and exporters who dealt in international commerce where specie money was the preferred medium of exchange, while Vance, a "native " merchant spoke for those engaged in trade within the colonies where paper currency worked just fine (Dorfman, 1946:158). The difference between the two positions was more about Douglass' style and station than Vance's substance and insight. In part because they wanted to believe that Douglass and those of his ilk represented the popular view, the British enacted the Currency Act of 1752, restricting future emissions of paper currency in the New England colonies. In 1764 the British extended the Currency Act to all colonies in North America, a move that backfired as it made currency autonomy a contributing factor of the American Revolution. Some historians have argued that a 1773 amendment to the Currency Act mitigated the restrictions on the issuing of paper currencies in the American colonies, thereby diminishing the significance of currency sovereignty as a cause of the War of Independence. The amendment, however, was most likely too little too late; by 1773 the arrow had already left the bow.

A Crosscurrent

Through the first 75 years of the eighteenth century, there was no uniquely American body of economic thought per se. American economics of the time was a stew of Old World thought seasoned with aboriginal practices and "dyed by the geography, physical aspects, and environment of the New World, as well as by its lack of history and traditions of its own" (Normano, 1943:28) Yet during this unprecedented period of continuous prosperity, there was a call for reforming American economic practices if not thought, a plea that would become a persistent echo in the evolution of American economic thinking, recurring in varying degrees of intensity and duration from the eighteenth century to the present. The point of tension that pits a crosscurrent against the main stream often involves the quintessential problem of democracy: the frictions between libertarian views and a communitarian outlook; balancing the rights and responsibilities of the individual with the needs and aspirations of the community (Normano, 1943:30-31). Pinpointing the origins of this constant and contentiousstruggle is debatable, but certainly a leading candidate for this contrariness as evident in American economic thought can be found in the writings of John Woolman (1720-1772).

Woolman was born into a pioneering Quaker family who had established a homestead in western New Jersey not far from Philadelphia (Whitney, 1943:18-20). Well educated considering the norms of the time, Woolman performed many tasks for his community as an adult—schoolteacher, surveyor, willwriter, estate executor, peripatetic preacher—but his primary vocation was as a tailor, "a useful occupation…[that] would provide him a 'plain' living…but not great wealth and luxury," the temptations that "lead men astray from the path of righteousness" (Dorfman, 1946:196). Early in his life, Woolman experienced a crisis of conscience when he had to write a bill of sale for his employer who was selling a slave (Shore, 1913:45).The obvious contradiction of Quaker philosophy and slavery struck Woolman as insidious and ultimately inspired him to publish in 1754 the abolitionist tract *Some Observations on the Keeping of Negroes,* a pamphlet printed by his friend Benjamin Franklin (Shore, 1913:69-70). The abolition of slavery was one of the two main aims of his life; the other was "the readjustment of human relations for the relief of the laboring classes" (Gummere, 1922:v). In the mid-1750s, Woolman began to keep a journal, a common practice among many of his literate contemporaries. His journal was part diary, part philosophy, and part travelogue as it provided detailed descriptions of his many travels in colonial America and abroad. Woolman was certainly no economist, but when passages from his journals (Woolman) are combined with those from his other publications such as *A Plea for the Poor*, written in the mid-1760s but not formally published until some thirty years later (Gummere, 1922:401) one can infer his "radical Christian view of economics" (Sazama, 2003:190).

Although neither man followed a career path in agriculture, Woolman like Franklin was a firm believer in and a strong supporter of an agrarian-oriented economics system (Rosenblatt, 1969:89-94). Ever the practical humanist, Franklin was fundamentally but not exclusively an agrarian; Woolman, the idealistic spiritualist, saw husbandry as the only true purpose of human labor;

> I know of no employ in life, more innocent in its nature, more healthy, and moreacceptable in common to the minds of honest men, than husbandry…Labouring to raise the necessaries of life, is in itself an honest labour, and the moremen there are employed in honest employment, the better. (Woolman, 1772:464)

As the eighteenth century unfolded, sustenance farming was increasingly giving way to commercial agriculture where economies of scale and ever-increasing farm size created a consolidation of economic power and, invariably political clout. Woolman saw the consequences of this tectonic economic shift as devastating to the human spirit.

> Wealth desired for its own sake Obstructs the increase of Virtue, and large possessionsin the hands of selfish men have a bad tendency, for by their means too small a number of people are employed in things usefull, and therefore some of them are necessitated to labourtoo hard, while others would want business to earn their Bread, were not employmentsinvented, which having no real use, serve to please the vain mind…The mony which the wealthy receive from the poor, who do more than a proper shareof business in raising it, is frequently paid to other poor people for doing business which is foreign to the true use of things…To be busied in that which is but vanity, & serves only to please the unstable mind,tends to an alliance with those who promote that vanity, and is a snare in which many poor tradesmen are entangled.To be employed in things connected with Virtue, is most agreeable with the Character and inclination of an honest man.While industrious frugal people are borne down with poverty, and oppressed with toomuchlabour in useful things, the way to apply mony, without promoting pride and Vanity,remains open to such who are truly Sympathize with them in their various Difficulties(Woolman, 1763:402-403).

In Woolman's implicit labor theory of value some scholars see the thinking of a latent socialist (Ripley, 1931:87), but that conclusion is a stretch. Woolman never wrote for the abolition of private property or "government restrictions to limit wealth" (Rosenblatt, 1969:84). His message was saintly, his tone non-threating, his economics "moderate, self-regulating, and benevolent capitalism" (Rosenblatt). His position in the history of American economic thinking is securednot because of his economics, but rather for his opposition to the prevailing economic paradigm of his time. He was a harbinger of what would become a recurring phenomenon in the subsequent story of American economic thought.

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Equality, Fairness, and the Origins of Economic Thought: A Study in Justice and Early American Economics

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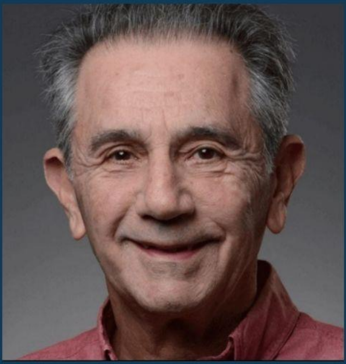

James S. Cicarelli

James S. Cicarelli was a distinguished American economist whose academic career was closely associated with Roosevelt University, where he served for more than two decades in both administrative and faculty roles. At Roosevelt's Walter E. Heller College of Business, he first held the position of dean, contributing to the development of business education and academic standards within the college. He later joined the Department of Economics as a senior faculty member, ultimately becoming Professor Emeritus. Throughout his tenure, he was known for his dedication to teaching, his mentorship of students, and his commitment to advancing the study of economics. Even after retirement, he continued to research, write, and publish, reflecting a lifelong engagement with economic scholarship.

Cicarelli's academic work centered on several interconnected areas, most notably the history of economic thought, income distribution and equity, and the contributions of women economists. He co-authored A History of American Economic Thought: Mainstream and Crosscurrents, a comprehensive study of the evolution of economic ideas in the United States. This book examined both mainstream perspectives and alternative intellectual traditions, demonstrating his interest in presenting a broad and inclusive narrative of American economic thought. Another major contribution was his work on women in economics. His book Distinguished Women Economists, written with Julianne Cicarelli, documented the achievements of women across the discipline and helped highlight their often overlooked role in shaping economic theory and policy. He also authored Joan Robinson: A Bio-Bibliography, providing a detailed scholarly account of one of the most influential heterodox economists of the twentieth century. In addition to his historical and biographical scholarship, Cicarelli wrote on income distribution and fairness, exploring the concepts of equality, equity, and the moral dimensions of economic policy.

James S. Cicarelli's legacy lies in his multifaceted contributions as a teacher, administrator, historian of economics, and scholar committed to intellectual inclusiveness. His work continues to serve as a resource for students and researchers interested in economic thought, gender in economics, and the ethical foundations of economic policy.

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