Patient social reformers
Concordance between method and vision
in the work of Richard T. Ely, and Sidney and Beatrice Webb

Evan Roberts
(2534038)

Paper submitted in partial fulfillment of the requirements for the MA Plan B

University of Minnesota, Department of History

April 2003
Patient social reformers
Concordance between method and vision
in the work of Richard T. Ely and Sidney and Beatrice Webb

There is little to be gained either by the elaboration or by the criticisms of ideal states of society. It cannot, indeed, be too often repeated that Socialism, to Socialists, is not a Utopia which they have invented, but a principle of social organization which they assert to have been discovered by the patient investigators into sociology whose labours have distinguished the present century.


A final word to workingmen …. ‘Be ye also patient; stablish your hearts; for the coming of the Lord draweth nigh.’ No political economist could give you better advice.


Introduction
The classical, comparative approach to the history of labor in the United States is still shaped by Werner Sombart’s 1906 question — why is there no socialism in America? Viewed in the mirror of continental European the historic failure of socialism in the United States appears exceptional.¹ Viewed in the mirror of Britain and its settler colonies—Australasia and Canada—the need to rephrase the question is clear.² Revolutionary socialism and communism were marginal movements in Britain and its settler colonies, and the United States. By exploring connections between Britain and the United States, America appears different but not exceptional. Instead of asking why socialism failed in the United States, we might explore how the conversation between British socialists and American social reformers took place, and how they addressed similar questions. This paper examines the relationship of Richard Ely with

¹ Ira Katznelson and Aristide R. Zolberg, eds., Working-class formation: nineteenth-century patterns in Western Europe and the United States (Princeton, N.J: Princeton University Press, 1986). is the most important recent example of how this question has shaped scholarship.
Sidney and Beatrice Webb, and compares their ideas about labor markets and social reform. Despite stumbling over what “socialism” meant, there was a core of similar ideas in the conversation between progressives in the United States and Fabian socialists in Britain. Both tried to reconcile the tension between democracy and social inequality by increasing the role of social scientists in government.

This paper is set in the wider dialog that sees the Progressive era in comparative and international perspective. Daniel Rodgers has argued that between approximately 1890 and 1940 American politics was peculiarly open to taking part in a conversation with Europe about social policy and reform. Rodgers’ emphasizes the American study of European ideas, but in this paper the comparative structure shows a more balanced conversation. Although Richard Ely typically appears in accounts of the Progressive era as the handmaiden of German social science in American universities, in conversation and comparison with Beatrice and Sidney Webb, Ely tried to fashion a native language and platform of reform that could succeed in the United States. Following James Kloppenberg I will refer to the common core of ideas in the thought of the Webbs and Ely as “social democratic”.

Social democrats aimed to find a middle course between laissez faire capitalism and communism. In particular, they believed that the granting of civil, legal and political rights to

---

greater numbers of people during the nineteenth century should be extended by a concept of social citizenship. Political citizenship had given men equal opportunities to vote, as the suffrage was liberalized throughout the nineteenth century. Social citizenship, by analogy, would give men the chance to participate in the economic life of the nation. Social citizenship would be granted by expanded access to education, reductions in working hours, and increases in wages. Political citizenship gave men a formal equality in the voting booth. It was not clear to social democrats at the beginning of the twentieth century exactly how social citizenship would be put into place. How social citizenship would be equalized was especially unclear. While everyone should receive an education, social democrats did not believe that everyone should do the same work or earn the same income. Moreover, it was unclear to contemporaries how equality in political citizenship and social inequalities would exist together. Both the Webbs and Ely believed that social science could help resolve the tension between growing political and civil equality, and the social and economic inequalities they saw as necessary to motivate greater production and wealth. Advocacy of the role of social science in resolving this tension was posited on the promises of neutrality, but social science served to advance the interests of their own class.

Background

Richard Ely was born into a Protestant New England family, and following undergraduate study at Columbia completed a PhD in economics at Heidelberg in 1880. His advisor at Heidelberg,

---

7 I use “men” deliberately, because until at least 1920 suffrage—the most important element in political citizenship—was denied to women. Similarly, the concept of “social citizenship” was gendered. For example, in the influential notion of the “family wage” which posited that men should earn enough to provide for a non-working wife and children. The challenge mounted to gendered conceptions of political and social citizenship is a separate topic.
Karl Knies, strongly impressed upon Ely that economics was an inductive historical subject, not deductive and mathematical. Ely took his religious passions into academia, and while his publications were prolific his arguments were often built on faith and facts, with logic lacking.

On his return to the United States in 1880, Ely was not immediately able to find an academic position, and began writing popular articles on a burning issue of the day—the relationship between labor and capital. Ely’s first academic appointment in economics was at Johns Hopkins, but after clashing with colleagues he moved to Wisconsin in 1892. At Wisconsin he founded the School of Economics, Political Science and History. His 1886 book *The Labor Movement in America*, was the first academic book on the topic. Plans for its revision were never fulfilled, but the project of revision brought John Commons to the University of Wisconsin to work on a history of American industrial society and the American labor movement. Thus, the path from Ely’s work to Commons’ vastly more influential *History of Labor in the United States* was direct.

After the turn of the twentieth century Ely’s interest in labor issues waned. While he was elected as the first secretary of the American Association for Labor Legislation in 1906, he began

---


to withdraw from active participation in 1909.\textsuperscript{12} His interests shifted to real estate economics. Eventually this took him away from his very public and politically engaged work at the University of Wisconsin to the Institute for Research in Land Economics and Public Utilities at Northwestern University.\textsuperscript{13}

By contrast, Sidney and Beatrice Webb sustained a lifelong interest in social policy and socialism. Beatrice Potter was born into a wealth English family, and after rejecting Joseph Chamberlain’s offer of marriage when she was 26 years old, turned her attention to studying social problems in London with Charles Booth. Through her association with Booth, she met Sidney Webb, one of the founding members of the Fabian society. While employed as a civil servant at the time he met Potter in 1890, Sidney Webb’s energies were largely directed towards political activity. Sidney Webb’s earliest published views were individually authored, but following their marriage the Webbs embarked on a very productive collaboration in research and writing.\textsuperscript{14} They also found time to establish the London School of Economics, whose interdisciplinary approach to social science was influenced by the Wisconsin School Ely had founded.\textsuperscript{15} Their 1897 book \textit{Industrial Democracy} posed questions for academic inquiry about industrial relations, trade unionism and labor markets that were addressed for several decades in Britain and the United States.\textsuperscript{16}

\footnotesize


\textsuperscript{13} His first major book on the topic was Richard Theodore Ely, Mary L. Shine, and George S. Wehrwein, \textit{Outlines of land economics} ([Ann Arbor, Mich.: Edwards brothers], 1922). On his move away from Wisconsin, see Lampman and Johnson, "The First Economist at Wisconsin, 1892-1925," p.114.


\textsuperscript{15} Lampman and Johnson, "The First Economist at Wisconsin, 1892-1925," p.112.

was a multi-volume history of English local government, including the influential volumes on *English poor law history* which appeared in 1929.\(^{17}\) Between these more scholarly works, the Webbs published their most comprehensive exegesis of how a socialist society might work in *A Constitution for the Socialist Commonwealth of Great Britain*.\(^{18}\) During the 1920s their political influence reached its apex, with Sidney serving as a Member of Parliament from 1922 to 1929, and as President of the Board of Trade in 1924 as part of Britain’s first Labour government.

The œuvre of both Ely on his own, and the Webbs working together, was vast. Indeed, their publication habits were very similar. All worked extremely hard, to the point that on his honeymoon Ely took his new wife to Illinois so that he could investigate the Pullman township and write an article for Harper’s, while the newly wed Webbs went to Dublin to spend time in the archives reading trade union records.\(^{19}\) Like the Webbs, Ely had a tendency to publish recycled editions of his earlier work, and spent his intellectual energy revising and republishing his work for a variety of audiences, rather than pushing through with the more intellectually demanding tasks of refining the analysis.\(^{20}\) Although their politics overlapped, they initially saw

substantive differences that did not exist and which were suggested by confusion over what the term “socialism” covered.

A distant relationship: Sidney Webb & Richard Ely

Sidney Webb and Richard Ely had a long correspondence, but not a frequent one. Their relationship was punctuated by regret that they had, again, missed seeing each other.21 Ely had first met Sidney Webb, when Webb visited the United States in 1888. Francis Amasa Walker, the Superintendent of the 1870 and 1880 United States censuses, introduced the two men.22 At Ely’s request, Webb wrote a 19,000-word (74-page) tract on *Socialism in England* that Ely had published under the auspices of the nascent American Economic Association.23 They corresponded several times in 1890 and 1891 about republishing the work in England, and Webb thanked Ely for a complimentary copy of Ely’s *Labor Movement in America*.24 Their correspondence waned when Webb became “engaged to be married to Miss Beatrice Potter … and we are at work on a joint study of Trade Unionism from the root up … and I fear I shall not see America again for some years.”25 Two years later their correspondence resumed when Ely sent Webb draft chapters of *Socialism and Social Reform*. In a two-page reply Webb made slight
corrections to facts, and passed quickly over substantive differences. He urged Ely to see municipal and national administration as examples of the “steady growth of actual socialism,” and regretted that Ely had reservations about democracy.26

Socialism or social reform?

Despite a disagreement about what “socialism” meant, the Webbs and Ely held similar political views. After *Socialism and Social Reform* was published, Webb wrote to Ely praising the work. Yet in the last paragraph Webb alluded to important linguistic differences that obscured the similarity of their views;

I should say that I do not recognise your division between Socialism and Social Reform anymore than I could a chasm between Christianity and Social Reform. Collectivism, to me, is a principle, not a system. All your Social Reforms are based, it seems to me, on Collectivism, and so I agree with them.27 [emphasis original]

Ely retreated from using “socialism” in connection with his own views under pressure from conservative colleagues and university administrators.28 As he retreated, he tried to cover himself by showing how malleable “socialism” was. In a discussion with his conservative Johns Hopkins colleague, Simon Newcomb, he argued that the “…same words have stood to different men for different ideas …. they have often been talking about things not at all the same, though they supposed them to be so.”29 After being accused by a University of Wisconsin Regent in 1894 of “preaching socialism” Ely covered himself again in *Socialism and Social Reform* arguing that “a

more careful use of the word socialistic should take the place of its present loose use.”

30 Ely abandoned “socialism” in the United States because he feared that it would be connoted with the Marxist current of socialism strong in France and Germany. 31 To many Americans the differences between “anarchists,” “communists,” and “socialists” was slight. After the strike wave of 1886 they were all dangerous radicals. 32

While Ely denied that he was a socialist, he continued to argue socialism provided a useful critique of contemporary economic and social arrangements. Socialism, conceived broadly as a social philosophy opposed to individualism, proposed an ideal of co-operation and fraternity that was needed to counteract the doctrine of *laissez-faire*. 33 The distinction had been lost on his critics since *The Labor Movement in America* appeared in 1886. Reviewing the book, the conservative economist Henry Farnam commented that “… much that he says sounds so much like what a good many of the socialists say, that he ought hardly to complain, if people occasionally mistake him for one …. Neither should Dr. Ely complain, if the color he gives to many statements leads people to call him a socialist in spite of his emphatic protests to the contrary.”

34 Ely provided his critics with ample evidence for their claims of inconsistency. For every statement that “I am a conservative rather than a radical” he would tack the other way by

saying “… there is a great deal of Socialism in every organized society and … it ought to be increased.”35

Despite their different relationship to “socialism,” the political inclinations of Ely and the Webbs were similar. What the Webbs called “socialism” was very similar to what Richard Ely called “social reform”. Sidney and Beatrice Webb had no trouble identifying as socialists. “At last I am a socialist!” Beatrice Potter wrote in her diary in 1890. She was partly brought to that conviction by reading Sidney Webb’s essay, “The Basis of Socialism: Historic” in a seminal collection of social democratic essays published by the Fabian Society in 1889.36 The Webb’s “socialism” was similar to Ely’s “social reform.” The only major difference in their views was Ely’s emphatic Christianity, whereas the Webbs saw social service as a secular substitute for religion. They asked similar questions about society, and proposed similar reforms. John Stuart Mill, not Marx, was the important influence on all three. Ely believed that “leadership and guidance from superior classes” was necessary to keep society “moving slowly in the right direction” towards “great things [that] have to be accomplished slowly.”37 Like Ely, the Webbs believed in influential experts slowly guiding society in the direction of social progress.38

Research and reform

One of the roles of experts was to analyze contemporary conditions, and propose reforms that were based on empirical need. All saw social science around the turn of the century to require

Baconian fact-gathering, rather than abstract theoretical formulation. Ely termed his research style the “look-and-see” method, and encouraged his students to amass documentary evidence, and understand the antecedents of present-day industrial conditions. “The first thing,” Ely said, “was to gather facts [with] all generalizations … continually tested by new facts gathered from new experience.” The Webbs took a similar approach, gathering historical documents to append to their publications. They often concluded their publications with the sentiment that they were “no nearer … simple or universal generalisation.” The Webb’s were “…loth to pin our faith to any manipulation of economic abstractions, with or without the aid of mathematics…. [and] inclined to attach more weight to a consideration of the processes of industrial life as they actually exist.” Similarly, Ely contrasted the “deductive and inductive … idealistic and realistic” schools of political economy which had “a foundation in the mind and a basis in external nature” respectively. For Ely and the Webbs, the promise of social science was the promise of empirical research. Their research was instrumentally oriented towards recommending government policy and legislation. In Ely’s words, it was “the kind of knowledge which would lead to action, for knowledge without action is dangerous.” They left unstated how researchers should draw generalizations and make inferences from the mass of empirical data they collected.

43 Ely, Ground under our feet, p.186.
Their omission of the process of moving between research and reform gave them the grounds to suggest that social science could be neutral and untainted by ideology.

The work of the Webbs and Ely was marked by a concordance between research method and vision of society that took two forms. First, they emphasized the organic and evolutionary nature of society. In their research they stressed the historical antecedents of contemporary conditions, though none identified primarily as historians.\textsuperscript{44} Because they believed industrial society was changing over time, they recommended improvement in social conditions through slowly evolving reforms. Ely believed there were “… capabilities of improvement which are immanent in the existing social order.” Similarly, the Webbs argued that the reforms they proposed were only “the conscious adoption of a principle of social organization which the world has already found to be the inevitable outcome of Democracy and the Industrial Revolution.”\textsuperscript{45} If society was changing anyway, proposals for reform should understand and take advantage of natural and pre-existing changes in social institutions.

Second, all believed in a fundamentally hierarchical view of human society. Nature distributed talents and capacities in an uneven way. Moreover, inequality and hierarchy made for a better society. They shared the view that those with character and intelligence would ideally lead society. There should be a prominent role in government for expert leadership. Put another way, they sought to expand the influence of middle class intellectuals and academics in politics, over


the claims to power of the propertied upper classes or the mass working class. In attempting to resolve the conflict between political democracy and social inequality, social democrats substituted a conflict between the purported expertise of social scientists and political democracy.

**Political and social citizenship**

The conflict of expertise and democracy is the continual tension running through the work of Ely and the Webbs. James Kloppenberg has argued it is also central to understanding their social democratic peers, Jaurès in France and Bernstein in Germany.\(^4^6\) The Webbs and Ely never satisfactorily resolved this conflict, and the Webb’s support for Soviet communism and Ely’s greater conservatism after about 1910, both originated in their struggle between these two poles of thought.\(^4^7\) The wider significance of this conflict was twofold. First it contributed to the formation of a non-proletarian, and thus non-Marxist, strand of socialism.\(^4^8\) Whatever the failures of the Progressive reformers or the Fabian socialists to implement their program, this achievement should not be discounted. Marxist inspired politics never became a significant alternative current of thought in British or American society in the way it did in continental Europe. Second, socialist thought was hitched to liberalism, and in the United States republicanism as well, to become “social democracy”\(^4^9\).

---

\(^4^6\) Kloppenberg, *Uncertain victory: social democracy and progressivism in European and American thought, 1870-1920*, pp.267-270.


The Fabians were successful in emphasizing the thoroughly English and liberal basis for their program. The Fabian socialist conception of social citizenship had an enduring impact on British society, beginning with the Asquith Liberal government, and continuing through the Attlee and Wilson Labour governments in the 1940s and 1960s. In contrast, social democracy in the United States was never as politically successful in the twentieth century. Social citizenship could never be equal in the United States while racial inequality was interlocked with class inequality, and while blacks were denied full political citizenship. The zenith of social democratic achievement in the United States in the first half of the twentieth century was the New Deal. But the New Deal grant of social citizenship was selective. Black agricultural and domestic workers were not protected by the Fair Labor Standards Act, precisely because they were denied political citizenship. The limits to expanding social citizenship in the United States highlight the tension between political equality, and social inequalities. Yet the achievement of social democracy should not be discounted. Out of opposition to Marxism, and marriage to liberalism, the Progressives and Fabians carved an intellectually respectable ideology of reform that accepted some of the creative efficiencies of industrial capitalism, but did not rest comfortably with the social outcomes of *laissez-faire*.

**The organic nature of society**

The Webbs believed that *laissez faire* had already been eroded in Britain by 1890, not by socialist revolution, but by pragmatic liberalism. In his first important publication “The Basis of Socialism: Historic” Sidney Webb wrote that “the industrial revolution, with its dissolution of
medievalism” had left “all the new elements in a state of unrestrained license”. Individual liberty, defined as the freedom and power to

privately appropriate the means of production, reached its maximum at the commencement of the [nineteenth] century. No sentimental regulations hindered the free employment of land and capital to the greatest possible pecuniary gain of the proprietors, however many lives of men, women and children were used up in the process.51

The social consequences of the industrial revolution had animated great debates about the institutions of British society. Webb believed that British laws and institutions were “[r]otten survivals from bygone circumstances” that were rapidly being made obsolete by the industrial revolution. To fashion a new set of institutions and laws Britain had experimented with “laisser faire” and the “anarchic competition of private greed.” Completely unrestrained competition, however, would have utterly destroyed the state, according to Webb. To forestall this he argued that “practical men ignorant … of any scientific sociology [and] believing Socialism to be the most foolish of dreams and absolutely ignoring … all grandiloquent claims for social reconstruction” had unconsciously “worked to bring about the very Socialism they despised”.52

Thus, Webb concluded that “the Socialist philosophy of to-day is but the conscious and explicit assertion of principles of social organization which have been already in great part unconsciously adopted. The economic history of the century is an almost continuous record of the progress of Socialism”.53 In summary, Webb believed that British laws and institutions were already partly

53 Ibid., pp.28-29.
socialist. Fabian proposals for reform only extended existing principles governing Britain, they did not overturn them.

Webb’s argument that Fabian proposals were an extension of an unacknowledged-existing socialism in Britain was embedded in a metaphor that depicted society as growing and organic.\(^{54}\) An organic society was a web of relationships between individuals, which was constantly changing. Proposals to reform society were less threatening because society was changing anyway. Moreover, this perspective means that the Webbs’ critiques cannot be read as criticism of unfettered capitalism. The Webbs believed that socialism was already quietly embroidered into the fabric of British society through state and municipal involvement in such diverse activities as telegraphs, steamtugs, research in meteorology, and regulation of playing-card makers and Scotch herrings.\(^ {55}\) However, they also believed socialism to be more than milk, water and gas — it suffused society, and Sidney Webb proposed further development along these lines. No revolution was required, because “history shews [sic] us no example of the sudden substitution of Utopian and revolutionary romance”.\(^{56}\)

Writing in retrospect, Ely expressed a philosophy that also disclaimed utopian and revolutionary proposals;

> Those who have had utopian aspirations have been disappointed and disillusioned …. Those have been the practical reformers who have carefully and painstakingly studied the forces and currents of our life and have attempted to direct them and act in harmony with them.\(^ {57}\)

---

\(^{54}\) Ibid., p.29 ff.

\(^{55}\) A short sampling of a longer list in Ibid., pp.44-46.

\(^{56}\) Ibid., p.42.
Like the Webbs, Ely believed that the first step was to understand social change. Proposals for reform should take into account what was already occurring. Ely placed less emphasis than the Webbs did on the organic nature of society, because he feared that the state would become too dominant. Yet he also saw society as an interlocking whole. Individuals were “inextricably and organically bound up in state and society,” and their economic life was an “organism … composed of interdependent parts, which perform functions essential to the life of the whole.”

For Ely, the idea that society had an existence above the individuals that composed it was a broad definition of socialism. According to Ely society was not “a mere aggregation of individuals, but a living growing organism, the laws of which are something different from the laws of individual action.” By his own definition Richard Ely was a form of socialist. Ely’s views about the dynamics of society were very close to the views Sidney Webb expressed in “The Basis of Socialism: Historic”.

Ely, like Webb, believed that capitalism was evolving. The most important change in the nineteenth century, according to Ely, had been the growth of complexity, interdependence, and the scale of industry. Whereas in the eighteenth century households who contributed all the elements of production largely carried on economic activity — capital, labor, and land — these were now provided by different classes of people, neither of whom could carry on without the other. The labor process had become more complex, and workers were differentiated on the

---

57 Ely, *Ground under our feet*, p.185.
60 Ely, *Socialism and Social Reform*, p.3.
basis of their skills. Ely argued that it was inevitable that labor and capital would dispute the
distribution of income from the sale of output. The growth of organized labor was a direct
outcome of this specialization in providing the factors of production.

Like the Webbs, Ely was not sanguine about the social conditions of industrial capitalism.
“Labor problems” were central to the problems of industrial capitalism, and included child labor,
women working in factories, unsanitary urban housing, laborers required to work on Sunday,
long hours of labor, excessive mortality of the working classes and industrial accidents.

Although the “submerged tenth” suffered greatly, improving their lot required no revolution, but
evolutionary reform of existing institutions. Ely believed that society, which had an organic
form, was improving on its own, and proposed reforms which extended the natural tendency of
society to improve itself. Although the “social organism is imperfect ... it does move forward,”
said Ely. Ely’s proposed reforms centered on the question of monopoly businesses. Public
ownership of natural monopolies, such as gas works, electricity, city transport, telegraphs,
telephones and railways would give “a certain balance to the whole industrial life which must
otherwise be wanting.”

Competition and income distribution
In other areas of the economy both the Webbs and Ely believed that competition was feasible
and desirable. However, they all wanted to redirect competition to a higher ethical level than
prevailed under unregulated industrial capitalism. For example, the Webbs argued that minimum wages would not lead to an absence of competition in industrial life, but instead shift it to competition for higher quality work, than for lower wages.\textsuperscript{68} Ely believed that a “… higher ethical level of private business can only to slight extent be secured by individual action, but it must be largely the work of social action, and still more especially of legislative action.”\textsuperscript{69} Sidney Webb argued that the minority of employers who paid penury wages caused social problems. His view was echoed by Ely’s concept of the “twentieth man.”\textsuperscript{70} The twentieth man, as Ely explained it, wanted to keep his shop open longer than the 19 other shopkeepers in a town did. Competition forced the 19 shopkeepers to keep the same hours as the twentieth man. Legislation, such as restrictions on working hours, would not hinder competition, but would channel competition into an ethical form. Competition \textit{per se} was not wrong, but had to be judged according to whether competition strengthened individuals and groups or weakened them. Competition, for which the standards were “rightly controlled by society” was beneficent for all.\textsuperscript{71}

Implicit in their belief that society overall would benefit from redirecting competition was a criticism of the existing distribution of income. The Webbs and Ely recoiled at the distribution of income they saw in their countries at the turn of the twentieth century. Yet, their criticism of unequal incomes was not complete, for even in an ideal society they believed incomes would vary greatly. The Webbs wanted to eliminate the unjust inequalities of income that resulted from

\textsuperscript{69} Ely, \textit{Socialism and Social Reform}, p.316.
Rent was not just payments for land, but because land was nearly fixed in supply it acutely demonstrated the problem of rent. According to Sidney Webb, “the earth may be the Lord’s but the fulness thereof must inevitably be the landlord’s.” The Webb’s views about rent were influenced by their friendship with the English economist, Alfred Marshall. Rents were payments in excess of what was necessary to retain a factor of production in the market. Because the supply of land was nearly fixed extra payments were pure surplus to the owner. Over short periods of time the supply of mines and skilled labor was also fixed, so owners of these factors could also earn rents. Rents paid to skilled labor were termed “rents of ability”. Managers of industrial enterprises were a group who often received rents of ability because their work was very specialized, and they acquired detailed knowledge about the workings of the company who employed them. A firm had to pay more to retain managers with firm-specific knowledge than a generic manager would receive. Skilled artisans and engineers could also receive rents of ability. In practice, however, most rents went to landowners. The basis of the “idle rich” was land ownership. Unjust distribution of income could be alleviated by “the restitution to public purposes of rent and interest of every kind”. Moving towards collective ownership of property would also ameliorate the unjust distribution of income, which was characterized by “excess in the hands of a small class, balanced by positive privation at the other end of the social scale.”

---

In the United States, Ely believed that ownership of natural monopolies, not land, was the principal cause of unjust income inequalities. Ely argued that monopoly profits were “un-earned income,” and that natural monopolies should be publicly owned.78 The power of monopoly companies to set prices for the commodities they sold, and control the total amount supplied was a “partial explanation of the vast concentration of wealth in the United States,” and brought about the “evils” and “pernicious social effects of wanton luxury confronted by poverty.”79 Ely believed that bringing monopolies under public control would eliminate the unjust incomes earned when monopolies were privately owned.80

Thus, the Webbs and Ely shared the belief that rents and monopoly profits were a source of unjust income inequalities. They were also agreed that inequalities in labor income were natural and desirable. Indeed, it has been argued that belief in the functional differentiation of individuals was the shared belief that enabled Sidney and Beatrice Webb to write together.81 While monopoly rents were undesirable, the Webbs believed it was desirable that workers with extra skill were able to earn “rents of ability.” Workers were able to earn rents of ability when the skills they had were in short supply, and it would take some time for other people to acquire the same skills and offer themselves to employers.82 The Webbs emphasized that minimum wages—alternatively known as the “Standard Rate”—still allowed employers to pay superior workmen more. The superior craftsman, they argued, “retains all his advantages over his fellows,

81 Beilharz, Labour's Utopias: Bolshevism, Fabianism, Social Democracy, pp.52-75.
but without allowing his superiority to be made the means of reducing the weekly wage of the ordinary worker."\textsuperscript{83}

Their views on human heterogeneity are most stark in their opinion about eugenics. At its most extreme, the Webbs believed that natural variation in human talents stretched down to “the problem of the Unemployable” who society was condemned to “have always with us … who without suffering from apparent disease of body or mind, are incapable of steady or continuous application, or who are so deficient in strength, speed, or skill that they are incapable, in the industrial order in which they find themselves, of producing their maintenance at any occupation whatsoever.” Elimination of the Unemployable class from the labor market by setting a minimum wage above their value to employers would raise morality and social fitness, as well as the material standard of living of the working classes.\textsuperscript{84} While Ely also supported eugenics his view on the heterogeneity of human talents and capacities to labor was expressed more positively.\textsuperscript{85} The positive freedom for all to develop their talents did not mean that all had equal talents. Ely viewed the doctrine that men were “substantially equal” as “a theory which works disaster, and is, indeed, cruel to those who are in the lower stages, resulting in their exploitation and degradation.”\textsuperscript{86} Ely linked his views on the distribution of talent to the role of experts in reforming society. Recognizing the inequalities among men, Ely proposed that social reform be guided by the “superior classes”;

the truth is that the inequalities among men in character and capacity are simply marvelous. The ordinary wage-earner feels, and shows that he feels the need of superior leadership. He is looking about and crying out for true leadership. He desires the help of those who are wiser and stronger than he is himself. All of us do. … When the inequalities among men are frankly acknowledged, the duty of those of who are favored by the differences among men becomes apparent.87

Ely’s conception of “superiority” was largely one based on intellect, and he was a consistent advocate of public education from the nursery to the university.88 Equality of opportunity through education would sort people into their correct role in society.89 Ideally, society would become a “natural … aristocracy of merit …. naturally opposed to a false and most pernicious doctrine of equality.” Without the leadership of more intelligent classes the advancement of civilization itself would falter.90

While Ely related the variation in human abilities to the leadership of society, he paid less attention than the Webbs did to the organization of people within firms. The Webb’s views on the hierarchies within firms illustrate their non-proletarian view of labor. Workers qua workers could not and should not decide what should be produced because workers had “… no specialised knowledge; and as persons fitted for the performance of particular services, they are even biased against the inevitable change in demand which characterise progressive community.” That is, workers should not be allowed to impede the development of new goods and services which consumers wanted. The Webbs also believed that workers should not decide how production should take place. Workers were innately conservative about production

methods, and had a strong self-interest in maintaining existing arrangements. Yet workers were entitled to contribute to decisions about the conditions under which they were employed, such as “… the intensity and duration of their toil, and the wages given as its reward”. According to the Webbs, bargaining between workers and employers should be confined principally to wages and hours.

However, the Webbs acknowledged that workers did have an interest in what was made, and how it was made. Workers would gain an increased understanding of production decisions if they were represented on the boards of enterprises. The Webbs believed that the increasing complexity of industrial firms meant the board’s role was to consider “a stream of reports from … disinterested costing experts.” Decisions would be based on scientific information about the operation of the firm. Workers would have input into these decisions. Efficiency would increase because decisions arrived at with worker input would be accepted as fairer. Ultimately, though, the Webbs believed “the responsibility for decision” had to be vested “in the right hands.” The “right hands” were the hands of managers. Ely paid less attention to the problem of organizing workers within firms than the Webbs did in *Industrial Democracy*. However, when Ely addressed the topic he reached similar conclusions. Hierarchy was legitimate when it was meritocratic:

> Extensive coöperation necessarily means gradations in authority, but these in themselves are not an evil, for if we could be sure that the higher positions are filled by those who are best fitted for them we should have merely the recognition of a natural aristocracy of merit …

---

92 Ibid., pp.760-761.
Conclusion

The “natural aristocracy of merit” and “disinterested experts” played the same role in the firm that social science research done by middle-class academic intellectuals played in wider society. The tension between equal political citizenship and social inequality was transferred to a tension between the role of expert authority and democratic equality. Social democrats believed that knowledge derived from social science could resolve the conflicts that were inherent in social inequality. Social inequality and competition were necessary to motivate people to work hard, and to produce the goods consumers wanted. Social democrats believed that social scientific knowledge would allow social inequality and political equality to co-exist. In the firm, the expert substituted learned knowledge about the dynamics of costs and prices, for the alternatives of waiting for the invisible hand to reveal the pattern of trade or the scientific socialist promise of a directed plan for who would produce what for whom.94 In society the expert substituted the promise of certainty and seeming neutrality of social scientific knowledge for the discredited alternatives of laissez faire capitalism with its waste and social dislocation, or the unproven Utopia of a revolutionary change in social arrangements.

However, Sidney and Beatrice Webb, and Richard Ely were not disinterested experts. They were profoundly interested and engaged in directing society towards their own vision of the ideal society. While their ideals were not self-consciously utopian or revolutionary, and proposed reforms would follow gradually after substantial research, this did not make their views any less an ideal of how to organize society. Separately and correctly the Webbs and Ely concluded that the conflict between labor and capital could not be finessed by pretending that because everyone

94 Ely, Socialism and Social Reform, pp.124-128.
shared an interest in increasing the income society produced, that there was no conflict about income distribution. They did not acknowledge that the conflict between expert authority and democracy could not be finessed by positing a class of knowledgeable leaders who had no interests but the interests of society. Producing more could ameliorate conflicts over the distribution of income. When political power was given to experts, they inevitably took political power from others. The achievement, yet also the unresolved tension in social democracy, was to try and substitute for the conflict of labor and capital about income, a conflict of social scientific knowledge with democratic equality.
Bibliography


———, Socialism and Social Reform, New York: Thomas Crowell, 1894.

———, Outlines of economics, New York: Macmillan, 1900.
———, "The past and the present of political economy", Johns Hopkins University studies in historical and political science, 2 no. 3 (1884): 5-64.
———, "Recent American socialism", Johns Hopkins university studies in historical and political science, 3 no. 4 (1884): 231-304.


EVAN ROBERTS: PATIENT SOCIAL REFORMERS 29


