

A Bailout of a Different Sort

Rediscovering thrift

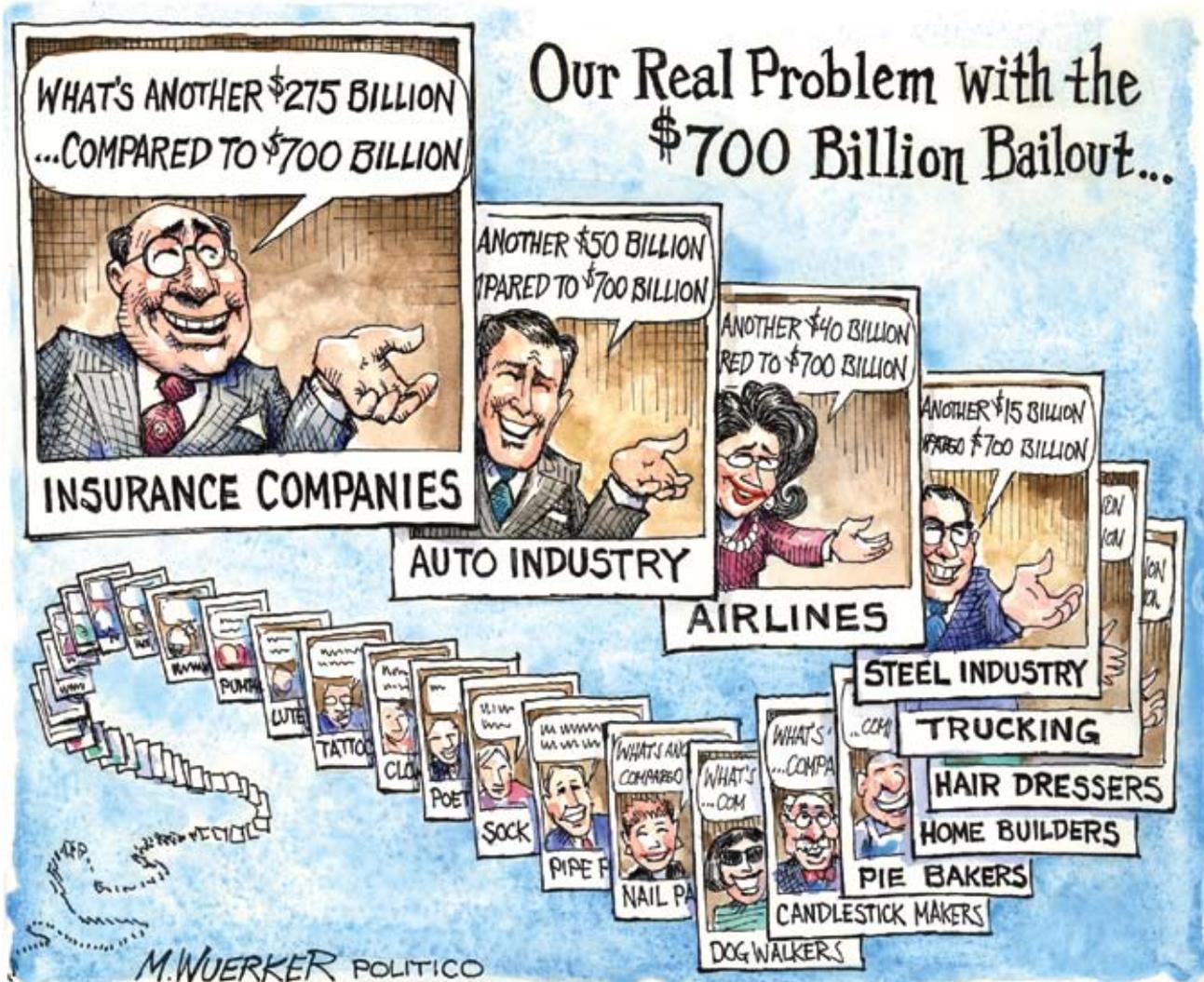
Joshua J. Yates



MANY FACTORS CONTRIBUTED to the 2008 financial crisis. As we are seeing more clearly, ideological dogmatism, systemic complexity, insufficient regulation, faulty data, risky business practices, and, ironically enough, the consequences of global thrift—some \$36 trillion worth of the world's savings in search of a strong return—all played critical roles, along with strong performances from greed and fraud. To this list of proximate causes, I want to add a broader background factor, namely, our lack of a common language regulating the public/private and normative dimensions of economic life. The dominant American social ethic has been based on an ideological wager that we can do without such a language. The crisis suggests we cannot. In this article, I want to consider a neglected tradition of thought and practice that offers some promise for revitalizing such a language and for reimagining the relationship between economy and society.

"It's the economy, stupid!" "No, stupid, it's greed!" These two expressions capture the poles of a continuum of common sense reasoning about economic life. The first pole conceives of the economy as a strictly technical and amoral arena governed by the laws of supply and demand and macroeconomic policy. At the other pole, the economy is a sphere of pure self-aggrandizement, where greedy and grasping persons (individuals and corporations) battle one another to extract maximum profit. In bull markets, we favor the first or technical pole. In hard times like the present, sentiment swings the other way. We moralize about rapacious CEOs, reckless Wall Street traders, incompetent or colluding government regulators, and materialistic and irresponsible consumers. This moralizing is understandable, but skewed. The vacillation between these familiar poles—the technical and the moralistic—is inadequate and is itself a symptom of a deeper impoverishment.

The problem, plainly put, is that we have no public consensus on the relationship between moral and material progress. We have highly developed theories and procedures regarding private interest, but radically fragmented ideas and practices when it comes to the public interest. Rarely are we offered any conceptually and morally salient framework for thinking about the greater interdependencies that tie private economic and public goods together. The massive federal bailout of private companies has shown us how real those interdependencies are, yet the lack of a framework for thinking about them hampered our ability both to prevent the crisis, despite numerous warnings that the day of reckoning was drawing nigh, and to



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respond constructively as it unfolded. In addition to financial bailouts and stimulus packages, we need to reinvigorate our moral imagination about the common good.

Fortunately, we are not without resources in this regard. We possess a rich and dynamic, if largely untapped, ethical heritage upon which to draw. One place to begin is through a reconsideration of thrift—a word that originally meant “the condition of thriving.”

THE VIRTUE OF THRIFT IN AMERICAN HISTORY

There have been a number of dominant social ethics in American history, each with a distinct formulation of thrift at their heart. The fabled, and admittedly over-determined,

Puritan ethic is only the most well known. At its best, this ethic inspired individuals to pursue the management of time and talents and to accumulate wealth in a manner both responsible and pious. Puritan thrift was not reducible to private, individual interest. Rather, it was as much a spiritual calling for whole communities as it was for the individuals who constituted them. Puritan thrift engendered a powerful combination of individual moral striving with mutual aid and social reform.

The Puritan ethic, in time, gave way to the emerging demands of commercial capitalism. In its place arose the Victorian ethic, which wove together various religious and ethical injunctions with civic republican ideals of self-government. Like its Puritan forerunner, the Victorian ethic at its best emphasized

self-discipline, hard work, sobriety, honesty, diligence, and industry, but also a duty to benevolence. With the emergence of this ethic, the definition of thrift fundamentally changed from the all-encompassing but thoroughly spiritualized condition of thriving, to one principally focused on worldly, material well-being and individual frugality.

In time, the Progressive ethic arose to reconcile the enormous social dislocations occasioned by the transition to industrial capitalism. Progressive thrift captured both highly trained forms of managerial discipline that were emerging on the factory floor and the powerful inducements for mass consumption epitomized by the installment plan. Counter-intuitive (even contradictory) in the view of preceding ethics, with their common preoccupation with work and saving, Progressive thrift was understood by many not as the end of thrift, but rather as its reformulation for a managerial and consumer age. Moreover, the private, individualistic features of Victorian thrift were no longer sufficient in the face of extreme cycles of economic boom and bust, not to mention the disturbances of world war. The Progressive ethic thus also included various forms of collective thrift, from government and corporate welfare to the civic obligations of rationing and buying war bonds.

More recently, a new and arguably more radical ethical sensibility has emerged under the banner of neoliberalism. It is epitomized by a distinct character type: the proper subjects of “free markets” are “free agents”—individuals oriented to material security, but also to self-actualizing through work, leisure, and social commitment. On the positive side, this ethic combines a vision of virtuous consumption with a work ethic that privileges authenticity, mobility, and autonomy as much as industrious time management and delayed gratification. It also connects long-standing concerns with gentility and self-cultivation to concerns for tolerance and equality. Yet the free agent ethic, like all ethics before it, has a distinctive downside: even in good economic times many Americans are unable to meet the demands of free agency. Such agency is empowering, even exhilarating, if you are one of the cosmopolitan professionals who can move easily from one job to another in the global economy, but distressing, often painful, if you are not.

Moreover, the free agent ethic is devoid of any robust conception of the commonweal, and its perceived materialism,

riskiness, inequity, and unsustainability has engendered a diverse array of alternative ethics. The most influential is the emerging green ethic of the environmental movement. Expressions of what we might call “eco-thrift” can, of course, differ to the point of contradiction. At one extreme is the mainstream, consumer-oriented, and largely corporate-led environmentalism of buying green-friendly products and recycling; at the other is the counter-cultural, anti-consumer, and anti-corporate environmentalism of “simple lifers” and deep ecologists. Taken as a whole, however, eco-thrift is about constraining market forces and free agents who are wasteful of limited natural resources and destructive of the ecologies that sustain our planet’s critical biodiversity. In a world of inescapable limits and a highly constrained and diminished abundance, the ethic of free agency is proving untenable.

THE PROMISE OF THRIFT WELL UNDERSTOOD

Our problems are enormous. No particular thrift ethic, past or present, is sufficient to address a ten-figure federal deficit, overcome our dependence on fossil fuels, reform social security and health care, or restore investor confidence. The promise of thrift for our economic thought and practice is not in any particular historical expression but in the “grammar,” if you will, common to all its historical forms. How so? Consider again the *Puritan ethic’s* concern with the common good and with

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ends that transcend private, material (even worldly) well-being; the *Victorian ethic’s* emphasis on individual responsibility, delayed gratification, and benevolence; the *Progressive ethic’s* championing of mutual obligation and social justice, but also its trade-offs between time, consumption, and efficiency; the *green ethic’s* concern with stewardship of the environment and natural resources; and even the *free agent ethic’s* celebration of self-expression and autonomy. At their best, each of these features illuminates the noninstrumental ends of eco-

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conomic life—responsibility, reciprocity, propriety, stewardship, authenticity, and citizenship. In this broad sense, an historic appraisal of thrift’s surprising grammar gives us insight not only into the evolving meaning of material well-being, but also into the changing understandings of the good life and the good society more generally. In this broad sense, thrift—that is, thrift well understood—illuminates the central moral question of all economic life: *what does it mean to thrive?*

There are, to be sure, a number of salutary efforts underway to rethink the normative dimensions of economic life. The environmental movement’s advocacy for sustainable devel-

opment is one, but there are many others, from best-selling financial self-help books preaching the gospel of debt-free living to the promotion of “downshifting” by advocates of simplicity to recent calls for a new progressivism and attempts to create new measures of prosperity and well-being other than the Gross Domestic Product (GDP) such as the Human Development Index or the Genuine Progress Indicator. As in the face of past crises, Americans are mustering powerful forms of social critique and issuing calls for reform. The problem, however, is with our systematic inability to make any particular call to reform publicly compelling. When the going is good, we immediately shift back to treating economic life as a realm of the purely technical. The promise of the grammar of thrift is that it offers a language capacious and cohesive enough for deliberating on the greater interdependencies that constitute the commonweal in good times and bad.

In the years ahead, frugality will once again become a virtue of necessity for many Americans—financially strapped, jobless, with fewer prospects for a better future. But this new era of forced sobriety and reflection presents Americans with the opportunity to reconsider what it means (and what it takes) to thrive. Of course, reexamining the “grammar” of thrift is only a beginning. Unless it is accompanied by an institutional framework that supports new ways of conceiving and practicing economy, talk of thrift will likely lapse into a platitude, or worse, another brand of moralism. Until the hard work of conceptual, ethical, and institutional reconstruction begins, the promise of thrift well understood will remain only a promissory note we hold unpaid against an otherwise severely mortgaged future. Still, the promise of thrift is real and offers conceptual and ethical resources for renewing a common language by which we can talk together in the face of our many dilemmas about the nature of a prosperous, just, sustainable, and humane economy. ■



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