

Capital Theory and Racism: From Laissez-Faire to the Eugenics Movement in the Career of Irving Fisher

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Irving Fisher's long and enthusiastic support for the American eugenics movement receives nary a word of mention in most standard histories of economic thought. Nor is the broader issue raised of the interrelationship between the economics profession and scientific racism in all its forms during the Progressive era. Joseph Schumpeter, in his *History of Economic Analysis*, is virtually alone in noting Progressive economists' affinity for racist doctrines, but he minimizes any connection between their racism and their work in economics.¹ Schumpeter specifically denied that Irving Fisher's analytic economics, which he termed "brilliant," bore any relation to Fisher's various "propaganda" activities in such fields as hygiene, world peace, and eugenics.² Likewise, Joseph Dorfman, in *The Economic Mind in American Civilization*, asserts that Fisher's reform causes were unrelated to his economic analysis: "With Fisher, the removal of the defects [in the economic and social system] awaited some future day when analysis would be powerful enough to cope with them."³

It is a mistake to ignore the scientific racism of Progressive economists. Schumpeter's and Dorfman's views that their racism and economic ana-

lyses were unrelated is not only implausible—how could so "brilliant" a star as Fisher so compartmentalize his thought?—it is, as I shall show, wrong. In this paper I will focus on the career of Irving Fisher, and show how it blended class and race prejudices with Fisher's work in technical economics, and led him to support the eugenics movement, a form of upper-class aggression against the lower classes. Fisher is worth studying because he was a significant figure in his own right, and because in important respects he typified other Progressive economists such as, for example, Francis A. Walker, Richmond Mayo-Smith, Jeremiah Jenks, and John R. Commons, who, while they did not join the campaign for eugenics, nevertheless combined their prejudices with their economic analyses to support the needs of the upper classes.⁴

I. Eugenics and Class Warfare

The eugenics movement to which Irving Fisher gave his allegiance was more than simply scientific racism. Eugenacists tended to be as distressed by the supposed biologic inferiority of the lower classes as they were by the existence of inferior racial groups.⁵

The timing of the eugenics movement is significant. Its greatest vogue was during the Progressive period, from the 1890s through the 1920s—a period of severe social unrest attributable to the emergent industrial capitalist system and characterized by economic instability, extremes of wealth and poverty, mass immigration, explosive class warfare, and the rise of politically significant radical groups such as the Socialist Party. As James Weinstein has made clear, these threats to the con-

* A number of people have been particularly important in helping me clarify the ideas contained in this paper. I have benefited considerably from reading Robert Cherry's "Racism, Capital Theory and the Economics Profession 1900-1915," in mimeo, although I disagree with some of his contentions. I also wish to thank the *RRPE* reviewers for their helpful comments. Finally, I owe a considerable debt to Michele Aldrich, who, as an historian of science, first interested me in scientific racism in the economics profession, and who read and criticized several earlier drafts of this paper.

porate capitalist system generated a number of highly sophisticated responses on the part of the ruling classes and their allies among academic and middle-class reformers, which were designed to stabilize the system and to reform it on their own terms.⁶ One such response was the eugenics movement.

Eugenics attracted many prominent turn of the century middle-class reformers and academics including economists Irving Fisher, Walter Willcox, and Thomas Nixon Carver. But the eugenics cause also received encouragement and financial aid from important upper-class institutions and individuals. Eugenics was taught and eugenics research undertaken at such ruling-class institutions as Harvard, Yale, Columbia, and Stanford. The Carnegie Institution provided funds in 1902 to found a "Station for Experimental Evolution" under the direction of the prominent eugenicist Charles B. Davenport, and the Rockefeller Foundation also provided funds for a eugenics research project. Mrs. Averill Harriman gave money and land to set up the Eugenics Record Office in 1910, and the eugenics cause received moral or financial support from such other prominent members of the upper class as Charles Eliot (President of Harvard), Theodore Roosevelt, Coleman Du Pont, and Henry Clay Frick.⁷

Upper-class enthusiasm for eugenics is entirely understandable, for eugenicists perceived the poverty, crime, disease, alcoholism, and social unrest of the Progressive era not as consequences of the corporate capitalist system, but rather as a result of the innate biological inferiority of blacks, recent immigrants, and members of the lower classes. Such a diagnosis was bound to appeal to the conservative and well-to-do, and it led many to support eugenics programs with a kind of religious fervor. To the eugenicist, laissez-faire and natural selection were discredited doctrines, for their unfettered workings had generated inferior individuals and all of the attendant social problems which these unfit created. The ultimate result, eugenicists feared, would be the triumph of the mediocre in the form of socialism.⁸

Accordingly, reform was necessary. But eugenics reforms, because they stemmed from an analysis which placed the blame for social problems squarely on the biological inferiority of the lower classes, newer immigrants and blacks, tended to ignore the structure of wealth and power and concentrate instead on breeding out the bad stock.

Immigration laws designed to screen out unfit individuals and ethnic groups, birth control for the lower classes, antimiscegenation laws and compulsory sterilization for "degenerates," all of which eugenicists advocated, were thus manifestations of upper-class warfare against the lower classes. They deflected analysis and criticism away from the corporate capitalist system and blamed its evils instead upon the supposed biological inferiority of its victims. It was to this movement which Irving Fisher was drawn, by his racial biases, by his dislike of laissez-faire capitalism, and by his technical economic analysis.

II. Fisher's Technical Economics

For reasons shortly to be made clear, the chronology of Fisher's career is of some importance. He revealed his future plans as a scholar activist in two early letters written in 1895 and 1899 to his cousin Will Eliot. Fisher admitted his ignorance of social issues but explained that he felt it first necessary to master preliminary questions of theory.⁹ He would begin by concentrating on technical materials and only later turn to popular issues. "The best popular writing is almost always done that way," he told Eliot.¹⁰ Years later, in his 1911 introductory economics text, Fisher enunciated similar views when he described economic principles as vital to those who would become leaders of reform movements.¹¹ Such views suggest that Fisher saw his own work in analytical economics as a necessary prerequisite to his later career as a social reformer; they hardly support Schumpeter's and Dorfman's conclusions that his technical economics and reform career were unrelated.

Fisher seems to have followed the course he set for himself and advocated to others. His period of greatest scholarly activity occurred between the years 1895 and 1907, largely, although not entirely, before he became seriously involved as a social reformer. Fisher seems to have worked out the major ideas which led Schumpeter to describe his performance as brilliant by 1900 or so, and he published them in numerous articles and in two books, *The Nature of Capital and Income* which appeared in 1906, and *The Rate of Interest*, published a year later.¹² Because the analytic economics contained in these works spilled over into his later reform career, a brief review of Fisher's economic analysis is in order.

Wealth, capital, income, and the rate of interest were all related pieces of the same puzzle to Fisher. He defined wealth as material objects owned by human beings, and he included and stressed human beings themselves as an important form of wealth. Capital was simply the stock of wealth extant at any time, while all income was the yield per unit of time on the stock of human and non-human capital. Capital and income were connected by the rate of interest, for the value of capital was simply the value of its expected future income discounted or capitalized at the market rate of interest. The rate of interest was itself determined, Fisher explained, by the interaction of all individuals' time preferences — their preference for present over future goods — and their investment opportunities. Each individual took the market rate of interest as a datum and, depending upon his or her time preference and investment opportunities, determined how much to save, consume, invest, borrow, and lend; all individuals together determined the values of all these variables and the rate of interest.¹⁴

Time preference, Fisher asserted, depended upon one's income and such personal characteristics as foresight (which he noted the primitive races and uninstructed classes lacked), habit, self-control, life expectancy and concern for others.¹⁵ Investment opportunities involved choices between future income streams of differing sizes and time shapes; rational individuals would employ their resources to yield the income with the highest present or capital value. Such decisions on where to employ one's wealth, Fisher noted, placed the future of society's income in the hands of the individual entrepreneur: "The great majority whose interests he serves are . . . as dependent on his judgment as . . . the passengers in a railroad train depend for their safety upon the good judgment of an engineer." ¹⁶

Fisher explained how the rate of interest determined not only where one would invest but also such considerations as the optimal rate of resource use over time, which he illustrated with the problem of when to harvest a forest. He also discussed the impact of inventions on his variables. By enlarging investment opportunities, inventions were likely to raise the rate of interest at least temporarily as society enlarged its future income possibilities. Inventions, Fisher noted, were the basis for progress in civilization; they depended upon personal efficiency (innate ability, hygiene and education), the extent of genius, incentives to innovate,

and the ease with which knowledge spread throughout society.¹⁷

III. Technical Economics and Social Philosophy

Fisher subscribed to a conservative, essentially Social Darwinist theory of income distribution which he probably held prior to his own original work in economics. It is worth noting that as a Yale undergraduate, Fisher had been a student of that great Social Darwinist William Graham Sumner, and *The Nature of Capital and Income* was dedicated to him. Fisher's own contributions to economics provided powerful reinforcement to his social views, however. Hints of Fisher's explanation of wealth and poverty are contained in his technical publications, but his ideas were spelled out more fully in the course of lectures he gave to Yale undergraduates from 1901-1910, and in his 1911 introductory economics text.

Although he admitted that luck and fraud played a role in shaping the distribution of wealth and income, Fisher emphasized the importance of differential ability and rates of time preference.¹⁸ All forms of income were a yield on some form of wealth, human or non-human, in Fisher's view, and so the problem of poverty was a problem of the distribution of human and material capital. The accumulation of wealth was overwhelmingly due to ability and thrift, Fisher was sure. Almost all the rich men in America had gotten their possessions through ability, he told his students — an argument which surely must have been well received.¹⁹ Working men of inferior grades, on the other hand, lacked ability. The ability to save was of crucial importance. If you explain why an individual has no savings you explain the distribution of wealth far more than if you study wages, Fisher claimed, for the absence of savings insured that a worker would have a high marginal valuation of money and would, accordingly, work for a pittance. "Savings," Fisher assured his students, were the "salvation of the laboring man," but high rates of time preference insured that many of the poor lacked the ability to save.²⁰

Individuals' differences in wealth and income were thus explained by Fisher as the consequence, in large measure, of their differing innate abilities and preferences for present over future goods. Although he admitted that income too determined saving, Fisher made it clear that in his mind the poor tended to be innately inferior. The relative decline in the birth rate among the upper classes,

and the corresponding relative rise of the birth rate among the poor, would decrease the nation's average ability and thus lower its per capita wealth, he asserted.²¹ "No greater calamity could be imagined," he thought.²²

Principles similar to these governed the distribution of wealth among nations also. Philippine Negroes had so little ambition and such a low marginal valuation of money that only those with an immediate craving for alcohol could be induced to work. In general, Fisher stressed that African and American Negroes, along with most other colored peoples, lacked foresight.²³ The primitive state of civilization in which the colored races lived was accordingly attributable to their racially determined high rates of time preference.*

Fisher's explanation of income distribution thus rests squarely with one leg on time preference, another on ability, and a third on the innate inferiority of the lower classes and colored races. Yet surprisingly enough, while Fisher's economic and social philosophy combined to justify the distribution of wealth, he was often highly critical of the social and personal consequences of individuals' decisions on how to employ their wealth and income. In modern economists' jargon, Fisher distinguished between the private and social costs and benefits of individuals' actions.

Fisher's clearest articulation of these concerns is contained in his 1906 address to the American

Association for the Advancement of Science entitled "Why Has the Doctrine of Laissez-Faire Been Abandoned?" His answer was that the old individualism had allowed behavior harmful to both the individual actor and to society too. The resulting social evils had to be remedied by reform activity, Fisher noted, and he emphasized that such reforms would stave off the "menace of socialism."²⁴

As early as 1902, in his introductory lectures at Yale, Fisher has criticized the conspicuous consumption of the wealthy (which he termed "social racing"), for he thought that by making the poor envious it harmed society as a whole.²⁵ Later, in his 1911 textbook, he listed the use of drugs, alcohol, and prostitutes as other forms of consumption which harmed both the individual consumer and society as well.²⁶

Investment decisions too, Fisher was aware, could be socially harmful, as he also noted in his 1911 text:

A factory which defiles the household linen and the lungs of the neighborhood is not an unmixed benefit. If all the injury it caused could accrue to the factory owner, he would put in a smoke consumer or else most willingly suffer a great reduction in the value of his plant.²⁷

Instead, Fisher continued, the loss was spread thinly over a large population in the form of blackened houses and "injury never capitalized or measured in the health of his fellow citizens." Fisher also described the bad sanitary conditions in cities and individuals who carried infectious diseases as further instances in which social and private interests conflicted and which therefore necessitated legal reforms.²⁸

It is significant that Fisher's rejection of laissez-faire was most emphatic in the area of human health, and this no doubt stemmed partly from his own siege with tuberculosis from 1898-1901. Soon his concern with health expanded to include racial health, and he began to suspect that many forms of laissez-faire civilization were leading not only to poorer health but to racial decay as well. Marx too had concluded that laissez-faire capitalism was harmful to human health — especially workers' health — and to him it was simply one more reason for revolution. But to Fisher, with his conservative explanation of the distribution of wealth which stressed the importance of innate individual and racial characteristics, socialism was

* That Fisher's ideas and sentiments have not entirely disappeared from the economics profession will come as no news to the readers of this *Review*. Yet while many modern human capital theorists acknowledge Fisher as their intellectual mentor, they have — so far at least — downplayed genetic explanations of the income distribution. (See, for example, Jacob Mincer, "The Distribution of Labor Incomes: A survey with Special Reference to the Human Capital Approach," *Journal of Economic Literature*, 8 [March, 1970], 1-26, and Zvi Griliches and William Mason, "Education, Income, and Ability," *Journal of Political Economy*, 80 [May-June, 1972], s74-s103.) Even so forthright a Tory as Edwin Banfield, while he makes use of Fisher's argument that the high time preference of the poor is a major cause of their poverty, links it to their cultural rather than to their assumed biologic incapacity. Since their culture is assumed to be unchangeable, Banfield's argument yields virtually the same conclusions as one based on genetic inferiority without achieving for its author quite the same degree of opprobrium. Still, a future marriage between modern human capital theory and genetic racism can hardly be ruled out. Should such a liaison occur, we may suppose Fisher would approve; he was after all, the first match maker.

simply not a viable option. Consequently, Fisher was led to moderate reform to improve public and private health, and to prevent a decline in racial quality.

IV. Personal Hygiene, Public Health, and Eugenics

Fisher's career as a health reformer lasted for over thirty years after his initial conversion in the period 1898-1901. Over these years he not only invented a tent for the cure of tuberculosis, investigated the effects of diet on endurance, and inquired into the proper form of mastication for good digestion, he also produced an avalanche of speeches, books, and pamphlets advocating all manner of personal hygiene and public health reforms and emphasizing the economic benefits from their achievement. That Fisher's personal experience with tuberculosis was crucial in turning him into a crusader for health cannot be doubted, for he said as much himself.²⁹ But Fisher's technical economic analysis, especially his stress that capital included human wealth, insured that he would perceive health as a form of capital, and expenditures for better personal hygiene and public health as an important social investment.

By 1907, Fisher had become a member of the executive committee of the Committee of One Hundred for National Health, a group whose major purpose was to achieve a national health department. In *The Rate of Interest*, Fisher had claimed that hygiene stimulated inventiveness. In a letter to Will Eliot written in 1909, Fisher gave an example of other benefits he expected from better health. He claimed that the one million dollars given by the Rockefellers to eradicate hookworm "would restore hundreds of millions of dollars of labor power and save still more from the impairment of future generations."³⁰ At about the same time, Fisher published a pamphlet in which he estimated the costs and benefits from the reduction of tuberculosis.³¹

As part of his campaign for better health, Fisher came to support the temperance movement, and he couched his arguments largely in economic terms. Fisher's first of what came to be an enormous barrage of written denunciations of alcohol was delivered to a Congressional committee investigating that subject in 1912. By 1926, Fisher was arguing to a Senate committee that prohibition would raise worker productivity and therefore wages, and he estimated that the gain to be at least five per cent of 1919 national income. In fact, Fisher explained to the committee, the recent raise

in both wages and profits could be traced to the prohibition of alcohol.³²

It seems clear from the above evidence that Fisher's approach to health issues was importantly shaped by his economic analysis. Health was perceived as an investment. The market's failure to allocate sufficient investable resources to this area led to high social returns to a public health movement, and thus allowed Fisher to see social and economic meaning in his crusade for better health.

By at least 1910 Fisher, led by his fears of the racial degeneration which was stemming from *laissez-faire*, by the logic of his economic analysis, and by his enthusiasm for public and private health, had become an ardent eugenicist. The logic of eugenics, in turn, reinforced his concern with certain diseases and health habits, and shaped his stand on a considerable array of other popular reform causes.

It was but a short and, Fisher thought, eminently logical step from concern over personal and public health to support of the eugenics movement. Eugenics was, as Fisher never tired of emphasizing, the highest form of public health; it bettered the "innate vitality and sanity of the human race."³³ Moreover, public health without eugenics could well be self-defeating, Fisher stressed, for by keeping the unfit from dying out, public health, unless offset by eugenics programs, could result in the deterioration of the human species.³⁴ Fisher also came to suspect that certain habits and diseases which he opposed as dangers to public health were thoroughly dysgenic as well. Syphilis, he thought, was the major source of congenital infantile blindness.³⁵ And operating on the theory widely held by eugenicists, that what was poison to the individual was poison to the race, Fisher frowned on the use of coffee, tea and tobacco as potentially dysgenic. Of the dysgenic effects of alcohol he was more sure: it destroyed the germ plasm and was thus — happy coincidence — a double-barreled evil.³⁶

Fisher's economic analysis and his social views also insured that he would find eugenics a congenial reform. As discussed earlier, Fisher's conception of health was sufficiently broad to include racial health, while his distrust of *laissez-faire* capitalism, combined with his race and class biases, led him to perceive ever-increasing racial degeneration in such seemingly innocuous phenomena as the relative fecundity of the poor. Race degeneration, in turn, implied to Fisher a deteriora-

tion in the stock of human capital, society's most important form of wealth. Eugenics policies were, accordingly, an eminently sensible form of economic policy to a man who was above all, an economist.

That he perceived eugenics programs as a form of economic policy Fisher revealed in a 1909 study for the Committee of One Hundred for National Health. Fisher discussed the "economy" of increased vitality: vitality was partly due to hygiene and partly due to "breeding" he thought. He then estimated the economic benefits from vitality and claimed that the return to health expenditures might be very high indeed. It is clear from his definition of vitality to include breeding, and from the context of his argument, that Fisher conceived eugenics policies as one form of health program.³⁷

Fisher's stress on the importance of human capital and his ready equation of individual wealth with superior ability led him to perceive the relative decline in the birth rate of the upper classes as a major source of racial degeneration with serious economic and social consequences. Thus, in *The Rate of Interest* Fisher claimed that innovation depended on "breeding"; later he asserted that the occupational distribution corresponded to the stratification of intelligence.³⁸ The implication, as he told his 1910 economics class at Yale was that "if . . . there shall be a degeneration in population [if the best classes fail to perpetuate themselves] the effect on per capita wealth will be to decrease it."³⁹

An obsessive concern with degeneration characterized many of the eugenicists, Fisher among them, and he seems to have included three distinct, though related, phenomena in the term. In his introductory economics lectures, Fisher virtually equated degeneration with poverty. Later, in *How To Live*, published by the Life Extension Institute, degeneration was evidenced by excessive mortality from any source. Bad air, one of the by-products of laissez-faire capitalism and a long time concern of Fisher's, was one source of early mortality.⁴⁰ Once he had advocated proper ventilation; now he hoped that generations of natural selection might immunize mankind to evil effects of bad air. Negroes and Indians, being relatively primitive types, were particularly easy prey to bad air, and hence to tuberculosis, Fisher thought. Anglo-Saxons and Jews, he claimed (momentarily forgetting his own siege with TB), were, by natural selection, more likely to be immune.⁴¹ That American mortality rates in

general were higher than those in Europe Fisher termed a sign of degeneracy; he attributed it either to our lack of adaptation to civilization or to race amalgamation. Eugenics, he concluded, might be the remedy for degeneracy.⁴²

In Fisher's 1921 presidential address to the Eugenics Research Institute, he used the word degeneration in a third fashion to refer to the supposed increase in the number of individuals with physical or character defects. "A great load of degeneracy is certainly upon us," he announced gloomily, and listed the blind, deaf, feeble-minded, epileptic, criminal, inebriate, diseased, deformed, pyromaniacs, and kleptomaniacs.⁴³ Fisher's topic in this address was the eugenic significance of historical events, and he revealed his most extreme fears of the anti-social consequences of laissez-faire social policies, suggesting to his audience that such fundamental aspects of civilization as economic progress and population growth, having led to such an increase in degeneracy, might in fact be dysgenic. It was as though Fisher had rethought his earlier analogy of society as passengers on a train with the entrepreneur at the throttle, and concluded that the journey was leading them all not to progress but to racial ruin.

This vision that laissez-faire capitalism could lead to the deterioration of human capital and hence to future decay was apparently in Fisher's mind as early as 1911, and it led him to link eugenics to the conservation movement. Conservation broadly conceived, Fisher argued, was an approach to the world designed to prevent exploitation in the present without regard to the future, and thus to prevent industrial, political, and national suicide. Seen in this fashion, conservation must include man, Fisher argued, and eugenics policies were therefore part of the conservation movement.⁴⁴ These views must have come easily to Fisher. As an economist he analyzed the principles governing the optimal utilization of a forest; as a reformer he saw eugenics policies as a form of conservation which by preventing degeneration would insure the rational use of human resources over time.

Following the program he had revealed to Will Eliot in 1899, Fisher was a popularizer rather than a researcher of eugenics.⁴⁵ His campaign against the use of spiritous liquors because of their supposed dysgenic effects has already been noted. Fisher also opposed unrestricted immigration on racial and eugenic grounds. The core of the immi-

gration problem was racial and eugenic, he thought. The newer immigrants, having been assisted in their Darwinian passage to the new world by technological changes and health regulations which made the voyage less lethal, and thus having missed out on the benefits of natural selection, were necessarily of inferior stock and might, therefore, injure the "germ plasm of the human race."⁴⁶

Fisher also opposed birth control unless it was extended to the colored races.⁴⁷ He favored segregation of the sexes among institutionalized "defectives," and approved of sterilization laws as enacted by such states as Connecticut and Indiana. Such policies could "make a new human race in one hundred years," he claimed.⁴⁸ On a more positive note, Fisher suggested subsidizing the children of the eugenically "fit." He also supported coeducation (the fact that Harvard graduates were failing to reproduce themselves led Fisher to term colleges "engines for the mental suicide of the human race"), and noted with some approval the fitter families contests sponsored by Mary Watts.⁴⁹

More than any other single cause, the movement for world peace absorbed Fisher's considerable energies in the decade after 1914. And passionate though it was, Fisher's devotion to peace stemmed not from his opposition to killing as such, but from his horror at the dysgenic consequences of war. Fisher lamented the slaughter of the "flower of our best manhood," as it left to the less sturdy the perpetuation of the race.⁵⁰ "When this war broke out, having myself studied eugenics, it nearly broke my heart," Fisher informed a church group in 1917.⁵¹ Nothing else about World War I seemed to bother him:

If we could induce our enemies to join with us in setting up on each side not the best young men but the worst; to pick out the idiots including the Crown Prince of Germany (laughter and applause); to get rid of all the degenerates, I would look upon the war as the best thing that ever happened eugenically.⁵²

In the light of Fisher's oft-repeated statement that eugenic worth must become someday the ultimate moral standard, this quotation implies that a eugenic war would be a good war, a dysgenic war, a bad war, as far as Fisher was concerned.⁵³

There was no doubt in Fisher's mind that modern war was dysgenic with a vengeance, and so he campaigned for world peace and eugenics. Un-

less the eugenics movement were to offset the dysgenic effects of World War I, there would be a return to the Dark Ages, Fisher forecast in his 1921 Presidential address to the Eugenics Research Institute, and the Nordic race would "vanish or lose its dominance."⁵⁴

V. Summary and Conclusions

By now it must be sufficiently clear that Fisher's technical economics and his devotion to various reform movements were not simply a peculiar manifestation of schizophrenia. Fisher himself stressed the importance of mastering technical economics before one began a reform career, and clearly he practiced what he preached. Thus it is more accurate to see Fisher's reform activities, especially his support of the eugenics movement, as the outcome of a causal matrix which included technical economic analysis, the assumption of biological inferiority, and rejection of laissez-faire.

Fisher's assumption of the biologic inferiority of newer immigrants, colored people and the lower classes in general, and his technical economic analysis reinforced each other.⁵⁵ Together they led him to explain the distribution of wealth and income on the basis of innate individual and racial traits such as the ability and desire to work, and the propensity to save. Fisher's stress on the importance of human wealth led him to emphasize the social importance of these traits. Consequently, he was led to rule out certain types of reform which would redistribute income and wealth, most especially socialism.

Yet Fisher thoroughly distrusted laissez-faire policies as harmful to both individual and racial health. These views evolved into a *fin de siecle* pessimism which accused the very basis of laissez-faire capitalism — economic progress itself — of hitherto unsuspected evil consequences for the future of the human species. This gloomy vision nicely meshed Fisher's class and race prejudices with his economic analysis. Multiplication of the biologically unfit lower classes and colored races, and other civilization-induced forms of race degeneration, revealed social and economic decline to Fisher, with its attendant risk of socialism, and thus led him to reject laissez-faire. Eugenics policies emerged as the logical solution for these problems for they would prevent society from returning to the Dark Ages. Properly implemented, such policies would preserve and augment the value of society's

most important form of wealth — human capital.

This conclusion that the biological inferiority of large elements of the population made both laissez-faire and socialism undesirable forms of social organization was widely shared by eugenicists, and by other prominent economists outside of the eugenics movement such as John R. Commons. Thus, the conversion of key members of the turn of the century economics profession from laissez-faire to liberal reform was motivated in part by their fears of socialism, and these fears, in turn, stemmed in some measure from a belief in the inferiority of blacks, immigrants, and the lower classes, whose power would be augmented under a socialist regime.

It is impossible to assess Fisher's specific contribution to the eugenics cause — his marginal product — with any precision, or to evaluate precisely the contribution which eugenics made to conservative reform, but some observations can be made. Eugenicists were an important force behind the passage of racially discriminatory immigration laws; they imparted a racist bias to the birth control movement which it has never quite lost, and supported the compulsory sterilization of "degenerates." Eugenicists lent scientific prestige to state anti-miscegenation laws; they shaped the values and attitudes of a generation of social workers, and supported the use of IQ tests as a measure of innate intelligence. Such tests purported to demonstrate that much crime and delinquency were the result of

feeble-mindedness. Applied to the testing of school children to determine the "needs of the child," IQ tests invested progressive education reforms with race and class biases.⁵⁶

Eugenicists can also take some credit for furthering the general climate of racism and nativism during the Progressive era. Such doctrines helped to split the working class and to marshal middle-class sentiment against such labor organizations as the I.W.W. which attempted to organize blacks, immigrants, and the unskilled. Finally, eugenics deflected analysis and criticism away from the corporate capitalist order, and instead led many reformers, such as Fisher, to attack its most helpless victims.

The eugenics movement was, therefore, a species of class warfare. As such it was simply an extreme — though logical — expression of upper- and middle-class beliefs and reform needs. In this fight, Fisher was an important captain not only because of his prestige and enormous energy, but also because he brought a battery of heavy intellectual artillery which was particularly his own contribution — capital theory — to defend the ramparts of the ruling orders.

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NOTES

1. Joseph Schumpeter, *History of Economic Analysis* (New York: Oxford, 1954), pp. 791-792. Standard histories of economic thought which minimize the relationship between economics and scientific racism, and which ignore Fisher's connection with eugenics are Eric Roll, *A History of Economic Thought*, rev. and enl. ed. (New York: Prentice Hall, 1946), Benjamin Seligman, *Main Currents in Modern Economics* (New York: Free Press, 1972), Mark Blaug, *Economic Theory in Retrospect* (Homewood, Ill.: Irwin, 1962), and Joseph Dorfman, *The Economic Mind in American Civilization* (New York: Viking, 1949), 3 vols.

2. Schumpeter, pp. 871-873 and 930-931.

3. Dorfman, vol. 3, p. 389.

4. Walker's views may be found in a number of places including, for example, "The Colored Races in the United States," *The Forum*, 11 (July, 1891), 501-509. For Richmond Mayo-Smith, see *Emigration and Immigration* (New York: Charles Scribner's Sons, 1892). One of Jenks's more moderate statements is in "The Urgent Immigration Problem," *World's Work*, 22 (May, 1911), 14368-14374. Commons' views are revealed in *Races and*

Immigrants in America, (New York: Macmillan, 1907); the relationship between his race and ethnic views and reform sentiments is investigated in detail in my unpublished paper "The Backward Races and the American Social Order: Race and Ethnicity in the Thought of John R. Commons."

5. This section of the paper relies heavily upon a number of standard treatments of scientific racism, including Thomas Gossett, *Race, The History of An Idea* (New York: Schocken, 1965), John Haller, *Outcasts from Evolution: Scientific Attitudes of Racial Inferiority, 1859-1900* (Urbana: Univ. of Illinois Press, 1971), Mark Haller, *Eugenics*, (New Brunswick: Rutgers Univ. Press, 1963), and especially, Donald Pickens, *Eugenics and the Progressives* (Nashville, Vanderbilt Univ. Press, 1968).

6. James Weinstein, *The Corporate Ideal in the Liberal State: 1900-1918* (Boston: Beacon, 1968).

7. That Willcox and Carver supported the eugenics cause is revealed in Irving Fisher to Ellsworth Huntington, October 10, 1923, Series IV, Box 32, Folder 336, Huntington Papers, Yale University, and H. F. Perkins to Ellsworth Huntington, January 18, 1932, Series III, Box

- 68, Folder 2497, Huntington Papers. The role of the upper classes in the eugenics movement is revealed in Haller, *Eugenics*, ch. 5, and Pickins, ch. 3.
8. Pickins, p.20.
9. Irving Fisher to Will Eliot, 30 November 1895, Fisher Papers, Historical Manuscripts Division, Sterling Library, Yale University (hereafter cited as FP).
10. Fisher to Eliot, 2 August 1899, FP.
11. Irving Fisher, *Elementary Principles of Economics* (New York: Macmillan, 1911), pp. 475-476.
12. Irving Fisher, *The Nature of Capital and Income* (New York: Macmillan, 1906); *The Rate of Interest* (New York: Macmillan, 1907). Many of the ideas contained in these works were published previously in the following articles: "Appreciation and Interest," *American Economic Association, Publications*, Series I, vol. 11 (August 1896), 331-442; "What is Capital," *Economic Journal*, 6 (December 1896), 509-534; "Senses of Capital," *Economic Journal*, 6 (June 1897); "The Role of Capital in Economic Theory," *Economic Journal*, 7 (December 1897), 511-537; "Precedents for Defining Capital," *Quarterly Journal of Economics*, 18 (May 1904), 386-408; "Professor Tuttle's Capital Concept," *Quarterly Journal of Economics*, 19 (December 1905), 309-315.
13. In this brief discussion I am being somewhat a-historical and am using the phrase investment opportunities which did not show up in Fisher's economics until publication of *The Theory of Interest* (New York: Macmillan, 1930). For a good and lucid discussion of Fisher's theory see James W. Conard, *The Theory of Interest* (Berkeley: Univ. of California Press, 1963), pp. 47-71.
14. Fisher, *Rate of Interest*, pp. 102-109.
15. *Ibid.*, p. 195.
16. *Ibid.*, pp. 161-163.
17. *Ibid.*, pp. 198-206.
18. Fisher, *Principles of Economics*, pp. 429-446. See also "List of Subjects Irving Fisher has Taught: Economic Theory, 1901-1902," Lecture XV, pp. 12-16, FP. For hints of these views in Fisher's more technical efforts, see, for example, *The Rate of Interest*, ch. 12.
19. "List of Subjects Irving Fisher has Taught: Lectures in Course on Principles of Economic Science, I-XXVIII, October 6, 1909 through May 25, 1910," Lecture XXVI, p. 9, FP. Fisher qualified this statement in his introductory text to read: "In part at least through ability and industry." *Elementary Principles*, pp. 444-445.
20. "List of Subjects. . . : Economic Theory, 1901-1902," Lecture XV, pp. 12-16, Lecture XVI, pp. 12-16, and Lecture XVII, pp. 15-19, FP.
21. "Lectures in Course on Principles of Economic Science," Lecture XVIII, p. 5, FP.
22. Fisher, *Elementary Principles*, p. 439.
23. "Lectures in Course on Principles of Economic Science," Lecture XXVI, pp. 10-11; "Economic Theory, 1901-1902," Lecture XV, p. 15, FP. See also "The Rate of Interest, pp. 103-104, and *Elementary Principles*, pp. 348-349 where Fisher noted that the Irish, too, lacked foresight.
24. Irving Fisher, "Why has the Doctrine of Laissez Faire been Abandoned?" *American Association for the Advancement of Science, Proceedings*, 56-57 (1906-1907), pp. 577-591.
25. "Economic Theory, 1901-1902," Lecture XVIII, FP.
26. Fisher, *Elementary Principles*, p. 462.
27. *Ibid.*, pp. 461-463.
28. *Ibid.*, p. 463.
29. Irving Fisher, "The Lengthening of Human Life — in Retrospect and Prospect," Third Race Betterment Conference, *Proceedings* (January, 1928), p. 1, FP; see also "Extracts from Biography for 'Political Economists in Autobiographies' " (February, 1925), FP.
30. Irving Fisher to Will Eliot, 6 December 1909, FP.
31. Irving Fisher, "The Cost of Tuberculosis in the United States and its Reduction," Sixth International Congress on Tuberculosis, *Transactions* (1908), pp. 1-35, FP. See also "A Revised Estimate of the Economic Cost of Tuberculosis," Eighth Annual Meeting of the National Association for the Study and Prevention of Tuberculosis, *Transactions* (1912), pp. 123-139. Additional evidence that Fisher viewed health as an economic issue is contained in the following references: "Economic Aspect of Lengthening Human Life" (address to Association of Life Insurance Presidents, 1909), FP, "Economic Aspects of Health and Safety" (Radio Address, April 25, 1930), FP, "Life Extension" (address at Vassar College, 1917), FP, "The Lengthening of Human Life in Retrospect and Prospect," *American Journal of Public Health*, 18 (January, 1927), 1-14. For a complete listing of Fisher's writings on health see Irving N. Fisher, *A Bibliography of the Writings of Irving Fisher* (New Haven: Yale Univ. Press, 1961).
32. See Irving Fisher, "Sale of Intoxicating Liquors," statement in U.S. Congress, Committee on the District of Columbia, Sub-Committee on Excise and Liquor Legislation, *Hearings* (March 7, 1912), Government Printing Office, 1912, and Irving Fisher, "Economic Benefits of Prohibition," statement in U.S. Congress, Senate, Committee on the Judiciary, Sub-Committee on Prohibition, 69th Con., 1st Sess., *Hearings* (April 5 and 24, 1926), pp. 1015-1040 and 1417-1421.
33. Irving Fisher, "Lecture on Health and Religion," delivered at the Unitarian Church, Portland, Oregon, October 21, 1917, p. 16, FP. See also "Eugenics," *Good Health*, 48 (November, 1913), 561-584.
34. Fisher, "The Lengthening of Human Life," p. 7. See also, "Impending Problems of Eugenics," *Scientific Monthly*, 13 (September, 1921), pp. 219-221. Francis M. Bjorkman, "What Health is Worth to Us," *Word's Work*, 17 (March, 1909), 11324-11325, also attributes this view to Fisher.
35. Fisher, "Eugenics," p. 18.
36. *Ibid.*, pp. 16-18. See also, "Impending Problems of Eugenics," p. 19, and Irving Fisher to Cleveland Moffatt, 20 March 1917, FP. Fisher wrote well over one hundred other books, articles, and pamphlets dealing with alcohol or prohibition, many of which argued that liquor was a poison both to the individual and the race. For a complete listing, see Irving N. Fisher, *A Bibliography*, passim.
37. Irving Fisher, "Report on National Vitality," Committee of 100 on National Health, *Bulletin #30* (Washington: Government Printing Office, 1909), chs. 6, 12, 14.
38. Fisher, "Impending Problems of Eugenics," p. 223.
39. Fisher, "Lectures in Course on Principles of Economic Science," Lecture XXVIII, p. 5.
40. Irving Fisher and Lyman Fisk, *How to Live*, 7th ed.

(New York: Funk & Wagnalls, 1916), p. 146.

41. *Loc. cit.*

42. *Ibid.*, p. 282.

43. Fisher, "Impending Problems of Eugenics," pp. 214-215.

44. Irving Fisher, "Conservation of Man," unpublished address to American Academy of Political and Social Science, January 19, 1911, FP.

45. Fisher was affiliated with a number of groups which advocated eugenics programs, sometimes as part of a broad platform of reform. These included the Committee of 100 on National Health, and the Life Extension Institute, both of which he helped found. Fisher also founded the American Eugenics Society and was a president of the Eugenics Research Institute as well as being a member of other more ephemeral eugenics advocating organizations too numerous to mention.

46. Fisher, "Impending Problems," pp. 225-227.

47. *Loc. cit.*

48. Fisher, *How to Live*, pp. 321-323. See also, Bjorkman, "What Health is Worth," pp. 11324-11325, and Irving Fisher, *et al.*, "Report of Sub-Committee on Ultimate Program to be Developed by the Eugenics Society of the United States of America," *Eugenical News*, 8 (August, 1923), 73-80, esp. p. 80.

49. Fisher, "Impending Problems," pp. 228-229; "Report

of the Sub-Committee," pp. 73-75. See also, "What Have We to Do with Eugenics," *Eugenics*, 3 (August, 1930), pp. 283-284.

50. Irving Fisher, *The Necessity for a League of Nations* (Leaflet published by Massachusetts Joint Committee for a League of Free Nations, May, 1919), FP. See also "After the War, What?" *New York Times*, Section IV, oo, 1, 10, August 16, 1914.

51. Fisher, "Lecture on Health and Religion," p. 16.

52. *Ibid.*, p. 20.

53. For two public statements by Fisher that eugenics must become the ultimate standard of right and wrong see *ibid.*, p. 27, and "The Public Health Movement" (Address to students of Oberlin College, April 4, 1912), p. 7, FP.

54. Fisher, "Impending Problems," p. 217.

55. Fisher's racism modified, apparently as a result of the findings of cultural anthropology, as he grew older. Thus, *The Theory of Interest* published in 1930 is much more careful in attributing the behavior of individuals or groups to racial traits. Fisher does not, however, seem to have changed his earlier views on eugenics.

56. See Clarence Vasier, "Testing for Order and Control in the Corporate Liberal State," *Educational Theory*, 22 (Spring, 1972), 154-180.