

Tocqueville and the Moral Economy of Bankruptcy in Nineteenth- Century America

Brianne Wolf

*James Madison College, Michigan State University**

Introduction: Moral Economy and Political Economy

Individual decision-making in a market economy and its effects on society have long been debated. Scholars and pundits alike point to the problems of ignorance, structural inequality, and disproportionate power as preventing citizens from making good economic decisions. Some economists assert that decisions are value-neutral where “the analysis assumes that individuals maximize welfare *as they conceive it*, whether they be selfish, altruistic, loyal, spiteful, or masochistic.”¹ Those who view decision-making in a market space as value-neutral dismiss the normative impact that can result from the sum of individual decisions. In other words, they maintain that economic decisions are and ought to be individual decisions. Other economists assert that market spaces—where people buy and sell goods and services—incentivize moral decisions because “markets reward good behavior and good actors gain social approval. Similarly, markets punish bad behavior and

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bad actors gain social disapproval. Additionally, markets constantly place participants in situations where they have to exercise their moral judgments.”² Other scholars assert that political judgment is entirely separate from economic judgment as “a form of mental activity that is not bound to rules, is not subject to explicit specification of its mode of operation (unlike methodical rationality), and comes into play beyond the confines of rule-governed intelligence.”³ Those who are skeptical of the virtue of individuals’ economic judgments suggest that citizens should be “nudged” toward more individually and socially healthy decisions,⁴ like civic engagement,⁵ especially through public policy.⁶ Others malign the political judgment of American citizens as corrupted by commercial interests altogether.⁷ Few consider ways to improve the public’s access to and knowledge of economic ideas so that they can make their own decisions.⁸

The debate about the influence of market decisions on political judgments has a long history in what has been called the moral economy. Older traditions of political economy agree that the sum of individual decisions forms a moral economy defined as a “social structure,”⁹ “the interrelated processes of economic, social, moral, and psychological interactions among individuals,”¹⁰ or the structure resulting from “administration, leadership, arrangement, and order.”¹¹ Analyzing the moral economy demonstrates how individual decision-making affects the structure of social interactions either positively or negatively. The intersection of the moral economy and political economy and its importance can be seen both historically and today in the allocation of credit. Economic historians have underscored the role of something like the moral economy in determining early forms of credit and in their analysis of defaulting on credit or bankruptcy. “The history of capitalism is not, then, just an account of transaction costs, economies of scale, and diminishing returns, but of social habits, cultural logics, and the conditions of system-building as well.”¹² The credit economy did not just reflect the morality of individual economic decisions; it also revealed the prevailing prejudices of public opinion. One economic historian commented that the moral economy was “the

ideal against which debtors and creditors measured themselves and each other and to which they gave legal expression. It was an ideal that presupposed the dependence of debtors and the omnipotence and inherent justness of creditors. Within that framework inability to pay was a moral failure, not a business risk.”¹³ The credit economy emphasizes the way in which the economic decision-making of the masses is disparaged. Another economic historian argues that those who defaulted on loans were seen as the “looser forlorn’ . . . a ghost who had lost his spirit, a fallen republican angel in a land of rising liberal entrepreneurs.”¹⁴ The debtor was depicted as a “broken man” taken advantage of by creditors.¹⁵ Yet, despite its stigma, “[d]ebt was an inescapable fact of life in early America.”¹⁶ The credit economy reveals how individual decisions result in a moral economy that is either positive or negative for social relationships and economic prosperity.

This paper turns to Alexis de Tocqueville’s account of bankruptcy to illuminate the role of the moral economy in liberal political economy. His analysis demonstrates the complexities of public morality and sound economic judgment. Although he receives feedback from his interviewees that bankruptcy is a problem in America because of the debtor class also referred to by historians of the period, Tocqueville outlines the problem not as one of the inferior judgment of the least advantaged but as a twofold problem of the moral economy. First, Tocqueville shows that norms that elevate materialism and individualism without rules to facilitate economic transactions result in a zero-sum moral economy where individuals can take advantage of one another and as a result both economic prosperity and social cohesion suffer. Second, he highlights the unfair rules that disadvantage the poorest in society and prevent them from exercising judgment. Tocqueville’s analysis demonstrates that a moral economy that produces economic growth and allows for social trust is based not merely on individual judgment but also the formal and informal rules in place that inform those judgments. I argue that Tocqueville’s assessment of bankruptcy emphasizes the dual problem of judgment as individual and social while also providing resources for the least advantaged

to overcome the problem of the disproportionate political and economic power of the wealthy. Further, his brief treatment of bankruptcy is part of a larger intervention he wants to make into nineteenth-century understandings of political economy. He thinks the science of economics pays insufficient attention to moral questions and worries about the consequences for individuals' judgment and society. He aims to widen the focus of economic analysis to include morality and politics. For Tocqueville, political participation and liberty remain crucial for economic liberty and prosperity.

This treatment is significant for at least five reasons. First, this analysis of Tocqueville's brief but emphatic account of bankruptcy in America adds to the growing scholarly conversation about Tocqueville's political economy.¹⁷ Scholars have mentioned his account in passing, but these comments have not received sustained analysis.¹⁸ Detailing Tocqueville's explanation of bankruptcy clarifies his contribution to political economy, especially demonstrating that Tocqueville thought the study of economics should include moral and political considerations. Second, this analysis illuminates connections between Tocqueville's work and the contemporary debate about the morality of individual decision-making in market economies. Through the case of bankruptcy, Tocqueville shows the consequences of ignoring or maligning the economic judgment of the masses for social coordination and the order or disorder of economic and moral spaces. Third, within Tocqueville scholarship, this analysis supports claims that Tocqueville is a "paradoxical moderate,"¹⁹ or "strange liberal,"²⁰ who defies modern political categorization and claims that unlike many in the liberal tradition, Tocqueville's political liberalism is primary to and generative of his economic liberalism.²¹ In other words, for Tocqueville, economic prosperity depends on political conditions of freedom and participation. Further, this analysis adds to growing scholarship attending to the connections between morality and economics and the moral economy specifically. The argument shows Tocqueville's participation in a tradition of political economy that understands commerce as including moral

exchange that begins in earnest in the eighteenth century with Adam Smith and continues into the nineteenth century with Tocqueville's friend and correspondent John Stuart Mill. By using the lens of the moral economy to understand his argument about bankruptcy, this paper focuses on the importance for Tocqueville of moral rules that create the boundaries of what is possible in a healthy political economy. In other words, economic interactions cannot and should not be unrestrained and anarchic because of the consequences for social stability and cohesion. Tocqueville shows the importance of social interaction and having a stake in the economic game for producing an ordered moral economy, one that is not subject to frequent downturns and instability and where individuals can trust one another. For Tocqueville, this can be achieved only by providing opportunities for the least advantaged to participate in the credit economy and allowing feedback mechanisms for economic exchange. Finally, this analysis presents a different view of Tocqueville's familiar twofold concern for the downfall of liberal democracy—individualism and soft despotism.²² While these concerns as typically understood fit many of our contemporary worries about liberal democracy and indeed the way we discuss economic judgment, this essay shows why it is problematic to limit our understanding of dangers in democracy to interested elites and disinterested citizens. Tocqueville shows why citizens may be interested in more than their private affairs but are prevented from full participation by lack of access and education. He is concerned with property ownership not for reasons of self-interested individualism but to incentivize individuals to participate in the political process and to agree on rules that facilitate associational life.

What follows first demonstrates the role of the moral economy in Tocqueville's political project, specifically the shift in the moral economy in America, and then uses the lens of the moral economy to analyze Tocqueville's account of bankruptcy, focusing on his account of public opinion as an unreliable guideline for economic judgment. Next follows a discussion of Tocqueville's suggestion for educating political economic judgment in democratic and

commercial society to equalize the economic playing field using the case of England as described in his *Memoirs on Pauperism*. The paper concludes with reflections on what analyzing the moral economy can tell us about citizenship and judgment in contemporary liberal society.

**The Problem of Materialism and Individualism:
The Moral Economy in Tocqueville's America**

Tocqueville argued throughout his life that political economy should be understood as having a moral component. Scholars have not specifically discussed the moral economy in Tocqueville's work but have often implicitly referenced its workings. Sharon Krause recognizes in Tocqueville's analysis of America the role of public opinion in enforcing what she calls democratic honor, especially how opinion influences people to look for jobs or how they view industry.²³ Dana Stauffer analyzes Tocqueville's account of the shifting moral landscape from aristocracy to democracy or devotion to self-interest.²⁴ Richard Avramenko argues that economic courage "is essential for both the creation of our communities and the safeguarding of our souls," demonstrating the relationship between economics and the morality in Tocqueville's thought.²⁵ Likely referencing François Guizot's lectures, Tocqueville often refers to the new social state under equality of conditions, analogous to something like the moral economy.²⁶ Tocqueville defines the social state as "the first cause of most of the laws, customs and ideas that regulate the conduct of nations; what it does not produce it modifies" (DA, 74).²⁷ Indeed, his focus in providing a description of the American social state is on the merging of the economic and moral. He describes the effects of the elimination of the law of primogeniture in America that prevents inequality and promotes a love of well-being. He concludes the first section of the chapter by explaining the overlap of these concepts: "There [in America], men appear more equal in fortune and in mind, or, in other words, more equal in strength than they are in any other country in the world and have been in any century that history remembers" (DA, 88). In this section I argue that Tocqueville saw political economy as

rightly comprising both self-interest and normative concerns and that he wanted to establish boundaries to the pursuit of wealth to prevent it from being solely about the satisfaction of self-interest in democratic society.

For Tocqueville, economic analysis should include the moral economy. In a letter to his cousin Louis de Kergorlay, Tocqueville proposes a journal to correct other studies of economics by including moral aspects of the science. He writes,

“While all the efforts in political economy seem today to be in the direction of materialism, I would like the policy of the journal to be to emphasize the most immaterial side of this science, to try to introduce ideas and moral feelings as elements of prosperity and happiness, to try to rehabilitate the spiritual dimension in politics and make it popular by making it useful.”²⁸

Tocqueville explains that “moral feelings” can contribute to “prosperity and happiness.” This is a positive-sum moral economy where the sum of social interactions leads to positive benefits for the individual and for society. He also points to the role of the spiritual in being “useful.” The converse of this would be a negative-sum moral economy. In letters to his traveling companion Gustave de Beaumont, beyond discussing logistics of the journal—for example, that Mos. Guerry will fund it²⁹—Tocqueville mentions two additional formulations of the topics to be covered, “doctrines of order and liberty” and “moral and political sciences.”³⁰ For Tocqueville, democratic governance requires a robust civil society, and civil society produces a moral economy or a structure created by social interactions to guide individual judgment and behavior. Later in his career, when he was appointed president of the Academy of Moral and Political Sciences, in his 1852 presidential address, Tocqueville makes the argument that the political and economic sciences properly understood ought to include morality. He also attributes the economic advantage of America to citizens’ “intellectual and moral qualities” (DA, 640).

The real importance of the moral aspects of economic life are the effects of this interplay of the moral and economic spheres on politics. In a famous passage, he describes how the moral economy can be a net positive or negative for American society. Individuals can learn to balance their loves of equality and liberty and not simply “rush toward liberty by rapid impulses and sudden efforts,” and “when citizens are all more or less equal,” they can learn to combine with one another “to guarantee liberty”; otherwise they could fall into “absolute power” (DA, 88–89). Tocqueville tells us that these are the “two great political consequences” arising from the social state that could be described as a positive- or negative-sum moral economy (DA, 89). These two great consequences he will describe in the second volume of *Democracy* as individualism or soft despotism. What is new, however, is that Tocqueville’s approach to solving these problems is not strictly normative or economic.

The key passion that animates democratic societies is love of “material well-being” (DA, 931). Tocqueville sees that democratic society has undergone a moral shift and seeks to replace or recover some of the aristocratic morality that has been replaced by democratic morality. He explains how aristocratic morality was, at least ostensibly, about fulfilling transcendent duties to God and one’s ancestors. He explains, “When the world was led by a small number of powerful and rich individuals, the latter loved to form a sublime idea of the duties of man; they took pleasure in professing that it is glorious to forget self and that it is right to do good without interest, just like God” (DA, 918–19). By contrast, democratic morality has its basis in utility: “American moralists do not claim that you must sacrifice yourself for your fellows because it is great to do so; but they say boldly that such sacrifices are as necessary to the person who imposes them on himself as to the person who profits from them” (DA, 920). Tocqueville is not merely longing for an aristocratic time that has passed;³¹ he is pointing to the function of external rules that limit behavior for the sake of the order of the wider community. Americans have cleverly redefined virtue to satisfy their self-interest and to cohere with their highest value—making money

(DA, 1103). Tocqueville explains this shift, saying, “[T]hey do not deny that each man may follow his interest, but they strive to prove that the interest of each man is to be honest” (DA, 920). This new understanding of virtue works well with American commerce because it accepts a certain amount of vice and breaking of contracts, as we will see in the case study of bankruptcy. Tocqueville’s comments on bankruptcy appear as part of his discussion of the American emphasis on making money. In America, he witnesses the nineteenth-century phenomenon of the moral economy transforming from debt as a personal moral failure to a business failure.³² However, Tocqueville still ascribes to the former understanding of defaulting as a moral failure tied to standards of virtue beyond public opinion. He is concerned about the judgment of the masses because of their emerging participation in both markets and politics. He worries that love of money precludes a healthy formation of judgment by preventing the development of a feedback mechanism from one’s peers for economic, political, and moral decisions. He is also afraid that those who control political and economic institutions will prevent the masses from having the information they need to make individually and socially beneficial decisions. Often political participation in the liberal tradition was reserved for those of a certain economic status and the nonindustrious were excluded.³³ Referencing the bourgeoisie of the July Monarchy in France, Tocqueville commented they were “the most selfish and grasping of plutocracies . . . [and] treated government like a private business.”³⁴ Tocqueville feared the wealthiest using government toward their own ends in all societies moving toward democracy, as he had witnessed in his native France.

Important for this study is Tocqueville’s claim that the majority has “moral dominion” (DA, 404–5). Moral standards are not located outside individuals but within them. This means that moral standards are constantly shifting. Americans, Tocqueville thinks, believe nothing unless they can see, prove, or understand it for themselves. In this way they are Cartesian without having read Descartes (DA, 699). “Each person withdraws narrowly into

himself and claims to judge the world from there . . . they easily conclude that everything in the world is explicable, and that nothing goes beyond the limits of intelligence" (DA, 701). The source of judgment is not outside standards but each person's individual reason (DA, 700). For Tocqueville, this means that there is nothing outside the material world that has validity and meaning in what he calls "an almost invisible distaste for the supernatural" (DA, 701). The agreement on something by many minds lends it further validity, and so the traditional standards for morality such as God or the Platonic forms are too immaterial to have meaning for Americans. Tocqueville explains, "The moral dominion of the majority is based in part on the idea that there is more enlightenment and wisdom in many men combined than in one man alone, more in the number than in the choice of legislators. It is the theory of equality applied to minds" (DA, 404). The problem with this emphasis on equality is that it overwhelms another important concern—namely, liberty. Majority opinion turns tyrannical when it tramples over minority rights. "The moral dominion of the majority is based as well on the principle that the interests of the greatest number must be preferred to those of the few" (DA, 405). The judgments of individuals affect the sum of social interactions in society. The moral dominion of the majority, in 1835, Tocqueville finds, excluded Black Americans from voting at the polls through intimidation, even though they were legally allowed to vote, because as a Pennsylvanian explains to him, "the law lacks force where the majority does not support it" (DA, 414n4). Tocqueville's example indicates a negative outcome for social relations results from the moral economy.

Therefore, as part of his analysis of the new economy, Tocqueville realizes a new morality will have to accompany the new "love of well-being" (DA, 751). Because of the force of public opinion in the American imagination—"The idea that the right to govern belongs to the majority because of its enlightenment was carried to the soil of the United States by the first inhabitants"—Tocqueville searches for ways to moderate this impulse for individual judgment to be subordinated to the majority (DA, 405). Although Tocqueville accepts that in democratic society morality is

defined in terms of self-interest, utility, and public opinion, at the same time he seeks to ensure that there are guideposts to provide feedback for individual judgment so that the moral economy tends toward positive rather than negative sum for individuals and society. He aims to do so by preserving vestiges, or remnants,³⁵ of aristocracy like religion,³⁶ courage,³⁷ law,³⁸ and tradition. Americans do not like formalities, because “forms . . . slow or stop them each day in some of their desires” (DA, 1270). But, Tocqueville argues, “this disadvantage that men of democracies find in forms is . . . what makes the latter so useful to liberty, their principal merit being to serve as a barrier between the strong and the weak, those who govern and the governed” (DA, 1271). Forms help preserve liberty because they prevent tyranny—either of majority populations on minority ones (the strong and weak) or by governments on citizens.³⁹ These formalities provide a structure for social interaction and provide individuals with expectations for their decisions. He also aims to provide guideposts for judgment by providing economic education to the poorest in society. As he writes in a speech to the Academy of Moral and Political Sciences (1852), instead of assuming that poverty is “hereditary and incurable,” the Academy commits to “spreading . . . certain notions of political economy.” Scholars have focused on judgment in Tocqueville’s thought mostly in reference to his disdain for American art,⁴⁰ as part of his critique of the power of public opinion turned majority tyranny to stifle individual judgment,⁴¹ or as part of the shift from concern with the transcendent to the immediate and provable, in the vein of Descartes.⁴² However, a lesser-explored aspect of this remedy for Tocqueville is his concern over the social rules public opinion generates that provide feedback for individuals and change their calculations. Formalities create a structure that aids individuals in making judgments and prevents a negative-sum moral economy where individuals’ decisions can negatively affect others and can prevent social coordination and associational life. When there are few rules to act as boundaries, individuals lack feedback mechanisms to make economic decisions.

For Tocqueville, the emergence of industrial society and global commerce have undermined the boundaries that help guide judgment by providing feedback about the consequences of individual decisions for the wider society. Economists refer to these mechanisms for coordinating social behavior as “focal points” and give the example of a traffic light.⁴³ In other words, disorder has been introduced as social structures are no longer able to influence rules governing behavior. Tocqueville’s argument points to the ways that democratic society, as compared with aristocratic society, has unsettled social relationships. People no longer feel responsible for or to one another. The “economic” shift toward equality in democracy has had ripple effects throughout society. Family rules and structure have been altered in favor of familiarity, intimacy, and affection (DA, 1038–39). Tocqueville compares the democratic family relationship to the bonds of aristocracy: “With the bond thus formed at the beginning of life, occasions for breaking that bond hardly present themselves . . . democracy loosens social bonds, but it tightens natural bonds. It brings family members closer at the same time that it separates citizens” (DA, 1040). Similarly, citizens in a democratic society interact temporarily only as long as a “law . . . tie[s] two citizens very closely together” but separate when the law is abolished (DA, 1039). There are not formal rules for interaction, only ones based on affection. Tocqueville contrasts this idea with feudal social order: “There was nothing tighter than the knot that joined the vassal to the lord in the feudal world” (DA, 1040). Tocqueville also notes the effects on relationships in the workplace. Factory owner and worker have only a temporary relationship determined by the duration of their labor contract and thus “are no longer held together except as the ends of a long chain” (DA, 983).⁴⁴ The point for Tocqueville is that without a strong social order that determines relationships and with those relationships representing duties to one another, moral and economic judgments of behavior become harder to formulate. The social rules are less clear, and the result is less clear feedback about the consequences of individual decisions. Standards of relationship and obligation shift regularly with public opinion and affection and become harder

to navigate. Even though these relationships might be more loving, they must be negotiated and renegotiated in each individual case.

The feedback from relationships has been replaced by a new feedback mechanism—the market. A key aspect of the changed moral economy that Tocqueville emphasizes is the importance of commerce. The typical professions in aristocratic society for male nobility would have been to serve as inheritor of the estate (lord), priest, or soldier. The Americans instead prioritize business. He calls Americans “a commercial people” (DA, 516). He argues that “equality of conditions developed among all men the taste for well-being, and directed their minds toward the search for what is useful” (DA, 918). For Tocqueville, “there is nothing greater or more brilliant than commerce that is what attracts the attention of the public and fills the imagination of the crowd; all energetic passions are directed toward commerce” (DA, 975). Commerce stimulates emotions. Beaumont similarly states, “[A]ll Americans are merchants.”⁴⁵ While the market can provide a proxy for public opinion,⁴⁶ Tocqueville sees that the drive for gain has superseded all other feedback mechanisms, and public opinion has even exempted failing in the market.

The Case of Bankruptcy

In his brief analysis of bankruptcy in *Democracy in America* and in the journal of his trip to America, Tocqueville makes three main observations about the problem of bankruptcy law in America: bankruptcy demonstrates the problems with the new moral economy in America; bankruptcy is most common for the poorest in society because of unfair rules favoring the economic elite; and finally, bankruptcy law undermines political and economic coordination and, therefore, prosperity. First, Tocqueville argues that attitudes toward bankruptcy in America manifest the problematic love of wealth in democratic society that prioritizes gain more than social connection. The shift in the moral economy of democratic society is marked by a propensity toward risk. As one historian of political thought writes, “Risk developed as a new idea in seventeenth- and eighteenth-century British political and economic

discourse . . . [and] became a meaningful concept for people trying to cope with the unknown, particularly in their political and commercial endeavors.”⁴⁷ Tocqueville recognizes in America an attitude that was becoming commonplace throughout the West with the advent of a global, commercial, and industrial society. Tocqueville writes, “Those who live amid democratic instability have constantly before their eyes the image of chance, and they end by loving all enterprises in which chance places a role. So they are all led toward commerce, not only because of the gain that it promises, but by love of the emotions it gives” (DA, 976). Commerce reorients the emotions toward love of instability. For Tocqueville, people in democratic societies accept that the commercial pursuit is “a game of chance” (DA, 643).

The reorientation of the moral economy from stability and harmony toward risk also means that public opinion approves of bankruptcy. Tocqueville writes,

In the United States, fortunes are easily destroyed and rise again. . . . Industry is for it like a vast lottery in which a small number of men lose every day, but in which the State wins constantly; so such a people must see boldness with favor and honor it in matters of industry. Now every bold enterprise imperils the fortune of the one who devotes himself to it and the fortune of all who trust in him. The Americans, who make commercial temerity into a kind of virtue, cannot in any case whatsoever, stigmatize those who are daring. (DA, 1104)

Although many place their trust in those who play the commercial game, fortunes are frequently lost. And yet, Americans are willing to accept that sometimes individuals take imprudent risks or break contracts, resulting in bankruptcy, because they think it is in their self-interest for the economy to grow overall. They may lose their own fortunes by trusting in enterprising individuals, but they do not morally condemn those who lose but uphold their honor. He writes, “That is why in the United States such a singular indulgence is shown for the merchant who goes bankrupt; the honor of the

latter does not suffer from such an accident" (DA, 1104). Public opinion does not view bankruptcy as a moral failure, but as important for economic advancement.

Beaumont, for this part, similarly describes how the notion of virtuous behavior has been redefined in terms of individualism and materialism. In a May 19, 1831, letter to his father, he writes, "Americans are, as I said, a mercantile people. They are consumed by a desire for riches, which carries in its train a host of disreputable passions: cupidity, fraud, bad faith. Their sovereign goal is to make money. On the other hand, no or little shame attaches to bankruptcy; it is quite common in all cities."⁴⁸ Again, notions of right and wrong have been upended by the new commercial morality. Similarly, in his novel *Marie*, Beaumont writes, "Thus, all Americans are merchants, because they all see in trade the way to wealth; they all become bankrupt because they want to become rich too quickly."⁴⁹ This mindset leads them to make "no legal distinction between the businessman who runs into bad luck and the imprudent bankrupt who is a spendthrift and a fraud."⁵⁰ Bankruptcy affects social relationships because trust is broken between partners in a trade, but it also affects the stability of the legal regime.

Most important to Tocqueville is that bankruptcy demonstrates that wealth has supplanted politics as the highest priority for Americans. The pursuit of well-being is not itself problematic, but the effects on social harmony are worrisome. His account fits with what one economic historian explains as a contradiction in the description of the American in the mid-nineteenth century: "insolvency constituted an omnipresent counterpart to the narratives of economic achievement so often lauded by the era's pundits and politicians."⁵¹ He admires the economic courage of the Americans,⁵² as well as their innovative business techniques, such as in ship-building and sailing (DA, 637–48). For Tocqueville, the problem is that the pursuit of wealth has displaced political participation and replaced all other social rules.

This universal movement that reigns in the United States, these frequent reversals of fortune, this unexpected displacement of public and private wealth, all join together

to keep the soul in a sort of feverish agitation that admirably disposes it to all efforts, and maintains it so to speak above [itself and] the common level of humanity. For an American all of life happens like a game of chance, a time of revolution, a day of battle. (DA, 643)

Although the results of economic participation are “unexpected,” these pursuits consume all aspects of American life. For Tocqueville, political participation should be the highest virtue in a democratic society, but instead, the Americans have prioritized risk to achieve material gain. The new virtue of democratic society is to take risks, not to keep promises or even to succeed in one’s commercial endeavors. This is a familiar story about capitalism in America. However, Tocqueville is unsatisfied with this explanation. He recognizes the significance that the new virtue of commerce has taken on, but he also sees ways in which this can destroy the kind of community that he sees as necessary for self-government in a democracy. The problem for Tocqueville, as Richard Swedberg explains, was that money became “the key to practically everything for Americans. Social distinction, for example, derived primarily from money in the United States, not from ancestry or tradition.”⁵³ Tocqueville emphasizes that the passion for money governs all aspects of democratic life, but especially the making of the law. “The people, surrounded by flatterers [and sycophants], succeed with difficulty in triumphing over themselves. Every time you want them to impose a privation or discomfort on themselves, even for an end their reason approves, they almost always begin by refusing” (DA, 364). Americans will not place any limitations on the pursuit of wealth. Tocqueville and Beaumont similarly comment in their account of the US prison system about the different moral standards concerning bankruptcy because it is tied to commerce. “Thus, many offenses against religion and morals, such as blasphemy, incest, fornication, drunkenness, etc., are in the United States repressed by severe punishments; with us they are unpunished. Again, our code punishes bankruptcy, against which the laws of the United States have no provisions” (PS, 100). For Tocqueville, love

of well-being means that the people will not support laws they think prevent them from satisfying this love of well-being or that are held in esteem by public opinion—bankruptcy is his paradigmatic example, alongside vigilante justice and a preference for alcoholic drink.

Second, bankruptcy was common, especially among the least advantaged, and Tocqueville emphasizes that this is because of rules that impede them from fairly participating in economic life. In fact, in his study of just the southern district of New York, one economic historian found that there were 503 bankruptcies between 1823 and 1842.⁵⁴ For his part, Tocqueville records 800 bankruptcies in Philadelphia in 1831 alone (JA, 185). This fact led many of the wealthy Americans Tocqueville interviewed, such as a lawyer in Philadelphia, to claim, “The need for a bankruptcy law is universally felt among the trading and manufacturing States of the Union” (JA, 185). Tocqueville’s analysis of the situation of the worker in the American economy differs from the analysis of the elites he interviews. The elites argue that the problem of bankruptcy results from the poor taking advantage of creditors. One interviewee claims, “The actual state of our legislation in case of bankruptcy is deplorable. We have no guarantee against fraud. The creditor is continually the victim of his debtor, the scandal of a bankrupt become rich again, without having paid his creditors, is continually repeated” (JA, 185). Bankruptcy is a problem of the behavior of the debtor class, according to the elites.

Tocqueville sees the potential problem with the skewed judgment and moral economy that results from the Americans’ position on bankruptcy as leading to a different kind of soft despotism. He points out that industrialization not only has consequences for the mind of the worker, in a familiar trope explained by Adam Smith and later by Karl Marx,⁵⁵ but also could lead to the emergence of a new business aristocracy (DA, 983–85). The industrial aristocracy would have disproportionate power and influence to “make use of” “the industrial population that it directs” (DA, 984). Tocqueville indicates his reluctance to adopt the skepticism of the elite against the many. In his record of a conversation with Roberts Vaux,⁵⁶ in his notebooks, the judge makes clear his view that the problem of bankruptcy is caused by the poor judgment of the people:

Mr. Roberts Vaux said to me today: “. . . There are special dangers in introducing the industrial system into a country as completely democratic as ours. In France or in England, when the industrial population is frustrated by poverty and would disturb public order, there is a force outside it ready to maintain that order. But with us where is there a force outside the people?” I answered, “But take care. What you are saying has wide bearings. For if you admit that the majority can sometimes desire disorder and injustice, what becomes of the basis of your government?” Mr. R Vaux replied: “I admit that I have never approved of the system of universal suffrage, which really does give the government over to the most excitable and worst informed classes of society. Here we really have no guarantees against the people” (JA, 58).

I have quoted Tocqueville’s conversation with Vaux at length because their exchange is key for understanding Tocqueville’s views on the moral economy and his goals for educating judgment. While Mr. Vaux blames the least advantaged and as a result questions popular sovereignty, Tocqueville expresses caution that such a view undermines the American experiment in democratic government from which he thought that the French had much to learn. While Vaux’s argument reflects Tocqueville’s own concerns about majority opinion, Vaux reports that the “industrial population . . . would disturb the public order.” Tocqueville, in contrast, has more faith in political participation. He is more concerned about public opinion being overly focused on material gain over political association.

Third, bankruptcy harms social stability, which in turn harms political health and economic growth. This third observation about bankruptcy is a culmination of the other two. In his interviews about bankruptcy, Tocqueville is told that bankruptcy law frequently shifts with public opinion. One Philadelphian reports, “We formerly had a bankruptcy law, but being the work of a party, the party that succeeded it in power repealed it. It is one of the ills of our system

of government that matters of general interest are made subservient to political passions, even when the subject in question is not of a nature to excite such passions" (JA, 185). Bankruptcy law shifts with the party in power. These shifts make economic judgments difficult because the rules are constantly changing. Such imprecise rules make it difficult to decide with whom to conduct business. Further, the shift in the moral economy demonstrates that there are not concrete feedback mechanisms for coordinating social behavior. Although the majority of people have prioritized risk, the rules about what risks are appropriate and which are not are unclear. One interviewee says that bankruptcy is not punished "[s]o long as there is not clear fraud on the merchant's part, opinion does not blame him" (JA, 113). The rules are established not by law but by opinion.

Tocqueville finds bankruptcy troubling because public opinion approves of it even though it violates moral law. He argues that there are two types of "public judgment" (*le jugement public*). There are universal notions of morality, which he describes as "simple notions of just and the unjust, which are spread over the whole earth," and there are sometimes "particular notions that belong only to one country" (DA, 1094). He further explains the human need for universal morality because "humanity feels permanent and general needs, which have given birth to moral laws; to their disregard all men have naturally attached in all places and in all times, the ideas of blame and shame. They have called doing evil to evade them, doing good to submit to them" (DA, 1094). One could argue that if public opinion has approved of bankruptcy, then the democracy is functioning as it should, but Tocqueville sees wider consequences such as strained relations between creditors and debtors, the poor being taken advantage of, and disruption to the trust that could be built from commercial interaction. Tocqueville comments,

The Americans make no less an arbitrary classification of the vices. There are certain tendencies, blameworthy in the eyes of the general reason and of the universal conscience of humanity, that find themselves in agreement with the particular and temporary needs of the American

association; and it condemns them only weakly, sometimes it praises them. I will cite particularly the love of wealth and the secondary tendencies that are connected to it (DA, 1103).

Without accurate feedback about their decisions, individuals do not trust one another in economic transactions and, more important, political associations are undermined. In a further explanation of the difficulty of social coordination, Tocqueville comments that “courage that makes you almost insensitive to the sudden reversal of a fortune painfully acquired . . . is principally necessary for the maintenance and prosperity of the American association” (DA, 1105). For Tocqueville, bankruptcy or the reversal of fortune is an unhealthy form of associational life because it is not based on reliable connections. Political associations are based on a “spirit” that helps “a certain number of individuals . . . to work in a particular way toward making those [agreed on] doctrines prevail” (DA, 303). Tocqueville admires the spirit of courage that persists across commerce and associational life to solve problems, but commercial courage excuses failings while the associational spirit finds ways to remove “an obstruction” or define “rules and punish . . . infractions” (DA, 303).

The skewed understanding of what is required to achieve wealth prevents checks on unjust and immoral behavior. Tocqueville puts it thus: “The Americans are renowned for their skill in business and their spirit of enterprise. But in general they are considered bad debtors” (JA, 257). The pursuit of wealth reorients moral laws so that what was once universally blameworthy is now celebrated by public opinion. Tocqueville and Beaumont’s joint report on the penitentiary system also points out the conundrum of bankruptcy law in America denying common standards of criminal behavior:

No bankrupts are found in the prisons of the United States. Shall we conclude from this that the crime of bankruptcy is never committed there? This would be a strange mistake,

because in no country perhaps more bankruptcies take place than there: it is necessary, therefore, in order not to admire on this point the commercial morality of the United States, to know whether a matter is in question which the law regards as a crime (PS, 100).

Tocqueville and Beaumont refer to the new moral system in terms of materiality by calling it “commercial.” Bankruptcy is commonly understood to be a crime, but because the majority is widely complicit in the crime, public opinion excuses it. Notice they also point out that there is no commercial morality at all where the law is not taken seriously. There is no rule to bound behavior and decision-making.

Bankruptcy represented the new commercial morality. In one account in his journal dated January 14, 1832, the interviewee, Mr. Poinsett,⁵⁷ explains in detail how bankruptcy does not violate the morality of the Americans:

Q: Is it true that in the United States public opinion does not shun bankrupts with the rigor with which they are treated in Europe? A: Yes. . . . He can launch out on the most hazardous undertakings, begin without capital, risk borrowed money in all manner of ways, without materially damaging his reputation; he begins again the next day. Almost all our merchants play double or quits, and that is thought quite straightforward. (JA, 113).

Mr. Poinsett indicates that moral feedback between peers—reputation—does not signal that defaulting on loans is problematic. In the case of bankruptcy, the feedback mechanism from one’s peers leads to disorder because the positive affirmation of risk and loss leads to both economic and moral hazards. Tocqueville does not approve of the Americans’ judgment of incurring debt. He explains, “The great number of insolvencies and bankruptcies which take place every year in the different States of the Union, and more especially the indifference shown by public opinion about this

matter, are one of the greatest stains on the American character” (JA, 257). Public opinion on bankruptcy in America represents a flawed morality or disordered moral economy. Commercial virtue for Tocqueville is only “pretended virtue” (DA, 257).

Understanding the case of bankruptcy through the lens of the moral economy reveals that social relationships can be ordered or disordered, positive sum or negative sum. For Tocqueville, social relationships are undermined by the attitudes surrounding bankruptcy. He asserts, “In the United States, no legislation exists relating to fraudulent bankruptcies. Would it be because there are no bankruptcies? No, on the contrary, it is because there are so many of them. The fear of being prosecuted as a bankrupt surpasses, in the mind of the majority, the fear of being ruined by bankruptcies; and in the public conscience there is a sort of culpable tolerance for the crime that each person condemns individually” (DA, 364). Although bankruptcy would be considered a crime in other applications because it is a breach of contract, love of well-being has overtaken this evaluation of moral standards. A positive-sum moral economy creates a feedback mechanism for individual decisions and a social structure on the basis of those decisions. Honesty is considered a virtue in commercial times, conveyed as justice or temperance.⁵⁸ Without accurate and reliable feedback from individual decisions, people cannot effectively coordinate with one another. Whereas individuals normally would condemn the breaking of a contract—after all, the enforcement of contracts are foundational to a healthy economy⁵⁹—public opinion in America has decided that contracts no longer apply if commercial risks are being undertaken. Americans fear the change in the law more than they worry about failing in commerce. Boundaries that exist to allow individuals to cooperate with one another are removed in favor of the possibility of greater wealth acquisition. Yet, as Tocqueville also makes clear, the problem of honesty is also one of the terms of contract the elite set for the poor. The poor do not have full access to the information they need to make a productive economic decision. A further signal that morality has morphed outside its usual boundaries is the fact that American “commercial

morality is very different from that of Europeans” (JA, 113). As one economic historian notes, the US policy was much more generous to defaulters. Throughout Europe, debt imprisonment was common and only merchants could receive bankruptcy discharges, though they could not initiate proceedings and depended on a large share of creditors to consent to the discharge.⁶⁰ Does this historical fact suggest that Tocqueville wanted the lower classes to experience this kind of subservience to the wealthy? As we will see, Tocqueville’s solution to the problem of the indebted lower class was different than others in the history of political and economic thought, such as that of Locke, who suggests forced labor as one punishment among many to restrain the poor’s lack of temperance.⁶¹ For his part, Tocqueville instead favors education and improving social coordination.

Prioritizing Economic Judgment

Because of the problems bankruptcy causes for a positive-sum moral economy, Tocqueville wants to provide standards of judgment in economics that extend beyond satisfying self-interest and preference maximization to facilitate economic and civil transactions. Specifically, Tocqueville wants to provide insulation for the laboring poor against the economic elites in society taking advantage of them. What makes Tocqueville’s account of educating the judgment of the poor distinct is that he does not want to nudge them in a specific moral direction but wants to allow them to exercise their own judgment. To be sure, Tocqueville does have a moral view of the economy. He is concerned about limitless materialism and especially wants to provide a counterpoint to the notion of endless acquisition for present advantage without consideration of future needs. His main goal for the least advantaged, however, is to provide them with tools to achieve their economic goals and prevent them from succumbing to unfair rules established by and in favor of the interests of the elite.

In his *Memoirs on Pauperism* Tocqueville explains his goals for improving the situation of the least advantaged and, consequently, the moral economy. Although in these works Tocqueville is writing

about England in 1835, where he saw industrialization in its most advanced stage and expressed horror in his journal at the condition of workers in places such as Manchester, where “from this foul drain the greatest stream of human industry flows out to fertilize the whole world” (JEI, 107), these ideas recall some of his observations on bankruptcy in America. In 1840 in the second volume of *Democracy*, he expressed his concerns about industrialization and the division of labor because it “immeasurably multiplied the number of industrialists” (DA, 981) and “makes the worker weaker, more limited, more dependent” (DA, 982). Finally, in his 1852 speech to the Academy, he makes the connection between the situations of America, industrial England, and revolutionary France on the subject of the interconnected nature of politics, morality, and economics. In his first *Memoir on Pauperism*, also about the English society he was observing, Tocqueville argues for private charity to ensure that the material needs of factory workers in industrial society are provided for because there is no social safety net in commercial society. But it is in his incomplete and never-published *Second Memoir on Pauperism* that Tocqueville experiments with ideas for educating the political economic judgment of the industrial classes. He wants to ensure that laborers can provide for themselves regardless of the booms and busts of the market. He sees that the division of labor does not provide opportunities for workers to learn the basics about financial management. Further, the poor are disadvantaged by the position of the richest, who can exploit industry to their advantage. In *Democracy*, he observes, “As the principle of the division of labor is more completely applied . . . very rich and very enlightened men arise to exploit industries that, until then have been left to poor artisans” (DA, 982).

In the *Second Memoir*, Tocqueville expresses concern about the disordered moral economy of industrial England. After beginning where he left off in the first *Memoir*, reiterating his concerns that the industry displaces agricultural workers and “expose[s] them] to the same miseries that constantly strike the industrial population when new machines are discovered” (SMP, 30), he then introduces the problem that industry changes the judgment of

virtue in the laboring classes: "Which members of the inferior classes most freely succumb to every excess of intemperance and love to live as if each day has no tomorrow? Which ones show the greatest lack of foresight in everything?" (SMP, 31). Tocqueville repeats a sentiment common among the elite in early commercial society that the laboring poor are lazy or eager to take advantage of public welfare.⁶² But his comments also amount to more than a prejudice against workers. He is also concerned about the satisfaction of their material needs when economic disaster strikes and the development of their moral judgment. In other words, he is concerned with social order and the moral economy. He argues,

One can thus foresee that the industrial classes, regardless of the general and permanent causes of poverty that affect them, will frequently be subjected to crises. It is therefore quite necessary to be able to protect them both from the evils that they bring upon themselves and from those evils against which they can do nothing (SMP, 35).

Tocqueville wants to institute predictability into the moral economy so that the poor can know how to judge and spend their resources. As he expressed in the first *Memoir*, Tocqueville is uneasy about the state becoming the sole provider of charity. Further, he worries that elites will take advantage of the poor because of their positions of power.⁶³ Notice that he blames not only the individual virtue of laborers but also the overall structure of the economy that they cannot control. He wants to provide order in a time of constant shifting, not just of public opinion, but also of the forces of supply and demand. He thinks educating workers will lead to individuals saving money to prevent poverty and encouraging social coordination amongst workers—thus producing order in the moral and political economy.

He introduces the idea of providing savings banks for the poor to educate their economic judgment and encourage social order. Tocqueville contemplates that the banks could be run by the state, but he worries that either irresponsible behavior by the poor or the

state could cause the banks to go bankrupt. "Personally, I cannot believe that it would be wise to place the entire fortune of a large kingdom's poor classes in the same hands, and so to speak, in a single place, in such a way that an event . . . could in one stroke ruin their last and only resources. . . . In the last one hundred years the state has declared bankruptcy more than once" (SMP, 40). Here he is especially concerned about the instability of the state and its potential ulterior motives, arguing that "prudence" suggests the state ought not to be trusted with "the entire fortune of such a large number of men" (SMP, 40). While this reference to bankruptcy is not the same kind of bankruptcy he is discussing in America, it is related to judgment and the management of money overall that he wants to encourage in the working classes. Judgment is not promoted among the working poor in industry. Instead, they need only use "physical strength without intelligence," while factory owners "need knowledge, and almost genius to succeed" (DA, 983). The goal of savings banks is to provide a method to teach foresight to the industrial populations, given the new realities of commercial society where individual fortunes are tied to the global marketplace, so that the poor do not become destitute. He wants to provide them insulation from forces that will manipulate them. He explains,

Moreover, what must be feared is not only that the government seizes the capital loaned by the poor but also that the lenders, by their own imprudence, make it impossible for their creditor to return the capital and force it to go bankrupt. What is the goal of savings banks? To permit the poor person to gradually accumulate capital during prosperous years they can use in times of misfortune. It is thus the very essence of savings banks that repayment be always payable and in small sums—that is, in cash (SMP, 40).

Tocqueville wants to insulate workers from the bad practices of governments and lenders. The current savings banks were designed to take advantage of the poor. With the new savings banks,

Tocqueville is attempting to teach workers how to provide for themselves in times of economic downturn rather than having to turn to those who will give them unfair loan terms and make it hard for them to achieve future economic prosperity. Again, this education in economic judgment is tied to Tocqueville's concerns about bankruptcy and its effects on the moral economy. Whereas evidence from American norms around bankruptcy demonstrate that the moral economy of commercial society prioritizes the here and now, Tocqueville sees a need for individuals in democratic society to think beyond the present. He also wants to remove impediments to social coordination and trust. The current loan programs erode trust and a positive-sum moral economy because of their instability. Furthermore, workers cannot participate politically if they are destitute.

Tocqueville also suggests trade associations, affordable loans, and publicly funded almshouses to help the poorest classes learn political economic judgment. First, he considers trade associations to teach workers about their companies and business more generally by giving them a stake in their companies. He quickly moves on from this suggestion, worrying that these associations will be captured by "a few powerful individuals," that workers will not be able to successfully organize themselves and "disorder" will result, or finally that the associations will also struggle with credit because "its agents have been unfaithful" in the past (SMP, 36). Next, Tocqueville laments "usurious" lenders—pawnshops—that take advantage of and "ruin the poor man" (SMP, 44). He also decries the link between these pawnshops and the funding of almshouses. The presence of these pawnshops also points to a disordered moral economy where a few are able to benefit from the economic structure at the expense of others. Those who lend money to the poorest in society can circumvent rules of honesty without negative social feedback or consequences, but the debtor class is condemned for similar behavior. These kinds of lending practices produce a negative-sum moral economy.

Tocqueville settles on local savings banks as a solution to teaching the poorest how to think beyond the present and develop the virtues of foresight and temperance. These will also have the

advantage of preventing “a universal and sudden bank run” (SMP, 43). These local savings banks would also provide loans to the poorest from their peers: “The administrators would be only an intermediary between these two groups. In reality, it would be the thrifty poor or those momentarily favored by fortune who would lend their savings” (SMP, 44). This would help foster connections between workers because the lenders would get a better rate of return on their savings, and the debtors would receive fairer interest rates. This practice would also prevent unfair loans from creditors and thus, Tocqueville only implies, reduce the number of bankruptcies. Here, Tocqueville’s assessment of the working poor differs from those of the elites in America who argued that the problem with the market and the moral economy was the degenerate behavior of the poorest in society. For Tocqueville, the poor are disadvantaged by the rules of the game set by government and economic elites. He trusts them to make their own decisions provided they are given institutions that will provide feedback to help them succeed. The result will be economic and moral prosperity or an ordered moral economy, which Tocqueville refers to as benefiting the “interest of the indigent classes and in the interest of the order of public morality” (SMP, 44). Tocqueville uses the language of the moral economy—seeking social order from individual decisions—to defend his proposals. Linking savings banks and the pawnshops would not be a perfect solution, as they would depend on the laboring poor’s participation and would need to be able to accommodate all requests for deposits and loans, but they are a better solution than the others Tocqueville has explored. This effort to improve both the moral and the economic health of society is a work in progress such that “today’s economists and statesmen should try to . . . improve savings banks’ composition and . . . create additional resources through which the poor could save” (SMP, 43). For Tocqueville, savings banks teach similar lessons as property ownership, and it is this stewardship he aims to cultivate among the laboring classes so that their judgment can extend beyond materialism and presentism. It also provides the poor a more level playing ground to participate in the economy.

Conclusion: Lessons for Liberalism

Many argue that individuals in American liberal democracy do not vote in their economic interests, especially because of paternalism,⁶⁴ or because of the disproportionate influence of the economic elite.⁶⁵ Tocqueville addresses these concerns, arguing for a moral economy that is structured by social rules broader than preference allocation. Yet the morality of market society is often questioned on the grounds that markets corrupt norms of social interaction,⁶⁶ give the rich undue control over the political game,⁶⁷ allow the wealthiest to dominate the political debate in favor of their own interests through philanthropic means,⁶⁸ and erode meaningful work.⁶⁹ While it is beyond the scope of this paper to discuss whether these concerns about the negative effects of markets on morals are correct, Tocqueville's analysis is relevant for these issues because he specifies what is required for a positive-sum moral economy. He argues for clear and fair rules to guide economic and political interactions so that individuals can make informed decisions and are free to form moral connections with one another. Without these rules, Tocqueville demonstrates, the moral economy is negative sum and market transactions negatively detract from the possibility of political association. Individuals do not trust one another, and economic growth is at risk. Tocqueville trusts individuals to make their own decisions in their best interest as long as the social structure does not prevent them from acting on their judgment. However, Tocqueville, like others in the classical tradition of political economy, also demonstrates that it is insufficient to account for economic decision-making solely by self-interest. This not only is insufficient for economic growth but also ignores normative standards that allow for a healthy, ordered, and moral society.

Tocqueville's analysis also highlights the power of public opinion in a surprising way. Despite outside influences, public opinion will generate a positive or negative moral economy. I have argued here that in *Democracy in America* Tocqueville sees a transformation in the moral economy from a social structure being determined by fixed moral standards to one determined by public opinion.

The case of bankruptcy demonstrates this shift. While for Tocqueville it is unlikely that individuals can be “nudged” into desirable behavior that is outside the paradigm that public opinion deems acceptable, individuals can nonetheless be given the tools to better see the results of their decisions for overall social cohesion and economic prosperity. Although the argument for educating rather than nudging judgment may seem a slight nuance from prevailing arguments in political science, for Tocqueville, the nuance makes all the difference for a healthy liberal political economy. He is interested in fostering the ability for individuals to decide for themselves, rather than directing them toward a particular avenue. Tocqueville’s concern for the moral economy is grounded in his belief that economic prosperity is not possible without political freedom and participation. Bankruptcy law in the America of the mid-nineteenth century undermined political freedom in his view by limiting the extent to which political association and the ability of least advantaged to make political and economic judgments about their use of resources was possible. His suggestions, while imperfect, point to the importance of providing individuals with additional information and fair institutions so that individuals can exercise judgment and allow for the potential for social coordination.

Fruitful future research could utilize Tocqueville’s conceptualization of the moral economy to understand other aspects of his account of democracy and commercial society, especially his implicit claim that political liberalism precedes economic liberalism. His conception could also be applied to other thinkers in the history of liberalism to reorient our understanding of commercial society beyond notions of capitalism defined in terms of the satisfaction of greed at all costs.

I have argued that Tocqueville fits within the tradition of liberal political economy, rightly showing that this tradition is impoverished without an account of the importance of judgment and moral norms. Tocqueville’s analysis of the moral economy and the bankruptcy within it shows us what is at stake in the moralizing claims we make about political economic matters. These claims affect the unwritten but socially enforced rules that allow individuals to

pursue their goals and work with others or prevent social cooperation and economic advancement altogether. Further, Tocqueville demonstrates that often moral claims—the enforcement of contracts in bankruptcy, for example—cover over rules that give undue advantage to some of the players in the economic game. While the main problems in Tocqueville’s thought are typically cast as those of apathy leading to soft despotism or majority tyranny, attention to the problem of bankruptcy demonstrates that inattention to the moral economy allows for, in Tocqueville’s words, plutocracy. In his analysis of the case of bankruptcy, Tocqueville demonstrates why it is insufficient to claim economic liberalism without attention to political liberalism.

Notes

1. Gary S. Becker, “The Economic Way of Looking at Behavior,” *Journal of Political Economy* 101, no. 3 (1993): 386.
2. Virgil Henry Storr and Ginny Seung Choi, *Do Markets Corrupt Our Morals?* (Cham, Switzerland: Palgrave Macmillan, 2019), 205.
3. Ronald Beiner, *Political Judgment* (London: Methuen, 1983), 2.
4. See, e.g., R.H. Thaler and C.R. Sunstein, *Nudge: Improving Decisions About Health, Wealth, and Happiness* (New York: Penguin Publishing Group, 2009).
5. See Suzanne Mettler, “Soldiers to Citizens: The G.I. Bill and the Making of the Greatest Generation,” *Perspectives on Politics* 2 (2005); Richard Avramenko and Richard Boyd, “Subprime Virtues: The Moral Dimensions of American Housing and Mortgage Policy,” *Perspectives on Politics* 11, no. 1 (2013).
6. Theda Skocpol, *Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States* (Cambridge, MA: Belknap Press of Harvard University Press, 1992).
7. See Ethan. Porter, *The Consumer Citizen* (New York: Oxford University Press, 2020); Michael J. Sandel, *What Money Can’t Buy: The Moral Limits of Markets* (New York: Farrar, Straus and Giroux, 2012).
8. One exception might be Avramenko and Boyd as they mention judgment. See Avramenko and Boyd, “Subprime Virtues: The Moral Dimensions of American Housing and Mortgage Policy,” 117. However, they are less interested in education on economic matters so much as fostering morality through the incentives provided by mortgage policy.

9. Samuel Bowles and Herbert Gintis, "The Moral Economy of Communities: Structured Populations and the Evolution of Pro-Social Norms," *Evolution and Human Behavior* 19, no. 1 (1998): 5.
10. Michelle Schwarze and John Scott, "Mutual Sympathy and the Moral Economy: Adam Smith Reviews Rousseau," *Journal of Politics* 81, no. 1 (2019): 67.
11. Norbert Götz, "'Moral Economy': Its Conceptual History and Analytical Prospects," *Journal of Global Ethics* 11, no. 2 (2015): 148.
12. Michael Zakim and Gary J. Kornblith, *Capitalism Takes Command : The Social Transformation of Nineteenth-Century America* (Chicago: University of Chicago Press, 2012), 2.
13. Bruce H. Mann, *Republic of Debtors: Bankruptcy in the Age of American Independence* (Cambridge, MA: Harvard University Press, 2002), 3.
14. Scott A. Sandage, *Born Losers: A History of Failure in America* (Cambridge, MA: Harvard University Press, 2006), 52.
15. *Ibid.*, 54.
16. Mann, *Republic of Debtors: Bankruptcy in the Age of American Independence*, 3.
17. Drolet questions whether Tocqueville can be considered an economic liberal. See Michael Drolet, *Tocqueville, Democracy, and Social Reform* (New York: Palgrave Macmillan, 2003), Chapter 2. Keslassy argues that he is only a political liberal, not an economic one. See Eric Keslassy, *Le Libéralisme De Tocqueville À L'épreuve Du Paupérisme* (Paris: L'Harmattan, 2000). Kahan argues Tocqueville's economics contradicts his liberalism. See Alan S. Kahan, *Alexis De Tocqueville* (New York: Bloomsbury Academic, 2013). Others discuss Tocqueville's economic interests such as the commercial ethos that drives American productivity. See Christine Dunn Henderson, "'Plus Ça Change...': Innovation and the Spirit of Enterprise in America," *Review of Politics* 67, no. 4 (2005). Others discuss practical economic policies, especially those dealing with increased inequality in commercial society. See Richard Swedberg, *Tocqueville's Political Economy* (Princeton: Princeton University Press, 2009), 133; Gianna Englert, "'The Idea of Rights': Tocqueville on the Social Question," *Review of Politics* 79 (2017). Others discuss specific cases like the Second Bank of the United States. See Brianne Wolf, "'The Monetary Link': Tocqueville on the Second Bank of the US and Liberal Political Economy," in *Exploring the Social and Political Economy of Alexis De Tocqueville*, ed. Peter Boettke and Adam Martin (London: Palgrave Macmillan, 2020).

18. Brief references to Tocqueville's account of bankruptcy from scholars of Tocqueville include Swedberg, *Tocqueville's Political Economy*, 33; George Wilson Pierson, *Tocqueville in America* (New York: Johns Hopkins University Press, 1996), 49, 55, 71; Edward Pessen, *Jacksonian America: Society, Personality, and Politics* (Urbana: University of Illinois Press, 1978), 40; Brief references to Tocqueville's account of bankruptcy from historians of bankruptcy include Sandage, *Born Losers: A History of Failure in America*, 67, 90-91; Jon Elster, *Political Psychology* (Cambridge, UK: Cambridge University Press, 1993), 113-14, Edward J. Balleisen, *Navigating Failure: Bankruptcy and Commercial Society in Antebellum America*, *Luther Hartwell Hodges Series on Business, Society, and the State* (Chapel Hill: The University of North Carolina Press, 2001), 14.
19. Aurelian Craiutu, "Tocqueville's Paradoxical Moderation," *The Review of Politics* 67, no. 4 (2005).
20. Roger Boesche, *The Strange Liberalism of Alexis De Tocqueville* (Ithaca, NY: Cornell University Press, 1987).
21. See Craiutu, "Tocqueville's Paradoxical Moderation."; Seymour Drescher, *Tocqueville and England* (Cambridge, MA: Harvard University Press, 1964); Drolet, *Tocqueville, Democracy, and Social Reform*.
22. This analysis is similar to that of Christine Dunn Henderson, "Revisiting Tocqueville's American Woman," *Political Theory* (2023). In analyzing the case of women she also points out that Tocqueville's concern for soft despotism is more complicated than it appears.
23. See Sharon R. Krause, *Liberalism with Honor* (Cambridge, MA: Harvard University Press, 2002), 72.
24. See Dana J. Stauffer, "Tocqueville on the Modern Moral Situation: Democracy and the Decline of Devotion," *American Political Science Review* 108, no. 04 (2014).
25. Richard Avramenko, *Courage: The Politics of Life and Limb* (Notre Dame, IN: University of Notre Dame Press, 2011), 195.
26. Tocqueville learned to analyze democracy as a social state [*état social*] from François Guizot when he observed his series of lectures entitled "General History of Civilization in Europe in 1828-1829" just before his journey to America. For more on Guizot's influence on Tocqueville see Melvin Richter, "Tocqueville and Guizot on Democracy: From a Type of Society to a Political Regime," *History of European Ideas* 30 (2004).
27. All references to Tocqueville's works are cited parenthetically as follows: DA = *Democracy in America*, Alexis de Tocqueville, *Democracy in America*, English ed., 2 vols. (Indianapolis: Liberty Fund, 2012);

- JA = *Journey to America*, Alexis Tocqueville, *Journey to America*, trans. George Lawrence (New York: Anchor Books, 1971); PS = *On the Penitentiary System in the United States and Its Application in France*, Gustave de Beaumont and Alexis de Tocqueville, *On the Penitentiary System in the United States and Its Application in France* (Carbondale: Southern Illinois University Press, 1964 [1833]); MP = *Memoir on Pauperism*, Alexis Tocqueville, *Memoirs on Pauperism and Other Writings: Poverty, Public Welfare, and Inequality* (South Bend, IN: University of Notre Dame Press, 2021); SMP = *Second Memoir on Pauperism*, Tocqueville 2021, Speech to the Academy of Moral and Political Sciences = Alexis de Tocqueville, "Speech Given to the Annual Public Meeting of the Academy of Moral and Political Sciences on April 3, 1852," in *Alexis De Tocqueville and the Art of Democratic Statesmanship*, ed. Brian Danoff and L. Joseph Herbert (Plymouth, UK: Lexington Books, 2011 [1852]); JEI = *Journeys to England and Ireland*, Alexis de Tocqueville, *Journeys to England and Ireland*, trans. George Lawrence and J.P. Mayer (London: Faber and Faber Limited, 1958).
28. September 28, 1834. See *Œuvres complètes*, vol. 13, pt. 1 *Correspondance d'Alexis de Tocqueville et de Louis de Kergorlay* ed. André Jardin (Paris: Gallimard, 1977), 361–2 (hereafter OC), as cited/ translated in Swedberg, *Tocqueville's Political Economy*, 3.
 29. In his biography of Tocqueville, Brogan writes "It is doubtful if his advice was of the slightest use to his friend. Beaumont's head was full of a project for launching a new magazine to deal with political and economic subjects in partnership with a country neighbor, André-Michel Guerry, who happened to be France's leading statistician. Naturally Tocqueville was to be involved: Beaumont's idea was that they should invest the Monthyon prize-money in the scheme, and he hoped that Tocqueville could find some contributors in London. Tocqueville was quite willing to try, though he could not promise to contribute himself until his book on America was finished (this remark is the only indication we have that it may have been begun)." Hugh Brogan, *Alexis De Tocqueville: A Life* (New Haven, CT: Yale University Press, 2007), 247.
 30. Letter to Gustave de Beaumont, August 13, 1833, OC vol. 8, pt. 1, *Correspondance d'Alexis de Tocqueville et de Gustave de Beaumont* ed. André Jardin (Paris: Gallimard, 1967), 125 (translation my own).
 31. For an extended defense of this interpretation, see Cheryl B. Welch, *De Tocqueville* (Oxford: Oxford University Press, 2001); J. Pitts, "Introduction," in *Writings on Empire and Slavery* (New York: Johns Hopkins University Press, 2001).

32. Mann, *Republic of Debtors: Bankruptcy in the Age of American Independence*.
33. Gianna Englert, "Liberty and Industry: John Locke, John Stuart Mill, and the Economic Foundations of Political Membership," *Polity* 48, no. 4 (2016).
34. Tocqueville in *Recollections* as quoted in Boesche, *The Strange Liberalism of Alexis De Tocqueville*, 233.
35. Richard Avramenko, "Fugitive Aristocracy: Tocqueville's Search for Remnants of the *Ancien Régime*," in *The Cambridge Companion to Democracy in America*, ed. Richard Boyd (Cambridge, UK: Cambridge University Press, 2022).
36. Joshua Mitchell, *The Fragility of Freedom: Tocqueville on Religion, Democracy, and the American Future* (Chicago: University of Chicago Press, 1999); Catherine Zuckert, "Not by Preaching: Tocqueville on the Role of Religion in American Democracy," *The Review of Politics* 43, no. 2 (1981), Catherine Zuckert, "The Role of Religion in Preserving American Liberty—Tocqueville's Analysis 150 Years Later," in *Liberty, Equality, Democracy*, ed. Eduardo Nolla (New York: New York University Press, 1992).
37. Avramenko, *Courage: The Politics of Life and Limb*.
38. Albert W. Dzur, "Democracy's 'Free School': Tocqueville and Lieber on the Value of the Jury," *Political Theory* 38, no. 5 (2010).
39. Though, as Richard Avramenko and Noah Stengl, "Looking Down Tocqueville's Nose: On the Problem of Aristocratic Etiquette in Democratic Times," in *Aristocratic Souls in Democratic Times*, ed. Ethan Alexander-Davey and Richard Avramenko (New York: Lexington Books, 2018), recently write, the imposition of aristocratic forms on a democratic people is a sure way to incite a revolution.
40. Stauffer, "Tocqueville on the Modern Moral Situation: Democracy and the Decline of Devotion."
41. Krause, *Liberalism with Honor*.
42. Craiutu, "Tocqueville's Paradoxical Moderation."; James Ceaser, "Alexis De Tocqueville on Political Science, Political Culture, and the Role of the Intellectual," *The American Political Science Review* 79, no. 3 (1985): 657–672; L. Joseph Hebert, "Individualism and Intellectual Liberty in Tocqueville and Descartes," *The Journal of Politics* 69, no. 2 (2007).
43. See Virgil Henry Storr, Laura E. Grube, and Stefanie Haeffele, *Community Revival in the Wake of Disaster: Lessons in Local Entrepreneurship* (New York: Palgrave Macmillan, 2015), 49.

44. See also Richard Avramenko and Brianne Wolf, "Disciplining the Rich: Tocqueville on Philanthropy in the Democratic Age," *Review of Politics* 83, no. 3 (2021).
45. Gustave de Beaumont, *Marie or, Slavery in the United States*, trans. Barbara Chapman (Baltimore: Johns Hopkins University Press, 1999 [1835]), 221.
46. Storr and Choi, *Do Markets Corrupt Our Morals?*
47. Emily C. Nacol, *An Age of Risk: Politics and Economy in Early Modern Britain* (Princeton: Princeton University Press, 2016), 1. Hanley situates Tocqueville in the broader Enlightenment conversation. See Ryan Patrick Hanley, "Tocqueville and the Philosophy of the Enlightenment," in *The Cambridge Companion to Democracy in America*, ed. Richard Boyd (Cambridge, UK: Cambridge University Press, 2022).
48. Alexis Tocqueville, *Letters from America* (New Haven, CT: Yale University Press, 2014), 29.
49. Beaumont, *Marie or, Slavery in the United States*, 221.
50. *Ibid.*, 221–22.
51. Balleisen, *Navigating Failure: Bankruptcy and Commercial Society in Antebellum America*, 2.
52. Avramenko, *Courage: The Politics of Life and Limb*.
53. Swedberg, *Tocqueville's Political Economy*, 11.
54. Balleisen, *Navigating Failure: Bankruptcy and Commercial Society in Antebellum America*, 8.
55. Adam Smith argues that the division of labor renders the worker "as stupid and ignorant as it is possible for a human creature to become." Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 2 vols. (Indianapolis: Liberty Fund, 1981 [1776]), 782. Karl Marx argues that because of the division of labor, "the worker sinks to the level of a commodity and becomes indeed the most wretched of commodities" and the workers become alienated from their labor. Karl Marx, "Estranged Labor," in *The Marx-Engels Reader*, ed. Robert C. Tucker (New York: W.W. Norton & Co., 1978 [1844]).
56. Roberts Vaux was a Quaker, reformer, and judge located in Philadelphia. Some of the issues he was involved in included education and social reform. He served as president of the Temperance Society and was a delegate to the antislavery convention. He also served as secretary and commissioner of the Philadelphia Prison Society, and Tocqueville and Beaumont dedicated their book on the US penitentiary system to him for all his help with their research. Haverford College, in *Library Newsletter* (1988). "Making the Connection: Tocqueville, Vaux, and Haverford,"

- Library Newsletter 23:1988. Accessed February 29, 2024, <https://web.archive.org/web/20081011014659/https://www.haverford.edu/library/about/newsletter/news23.html>.
57. A physician, Dr. Poinsett was the first US diplomat to South America and minister to Mexico, and he served in the South Carolina legislature and US House of Representatives. For more on his life, see R. Smith and Charles Lyon Chandler, "The Life of Joel Roberts Poinsett," *The Pennsylvania Magazine of History and Biography* 59, no. 1 (1935).
 58. See Deirdre N. McCloskey, *The Bourgeois Virtues: Ethics for an Age of Commerce* (Chicago: University of Chicago Press, 2006).
 59. See, e.g., Thomas Hobbes, *Leviathan* (Indianapolis: Hackett Publishing Co., 1994 [1651]); Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (New York: Crown Publishers, 2012); and Lawrence H. White, "Bankruptcy as an Economic Intervention," *Journal of Libertarian Studies* 1, no. 4 (1977).
 60. Balleisen, *Navigating Failure: Bankruptcy and Commercial Society in Antebellum America*, 13-14.
 61. John Locke, "An Essay on the Poor Law," in *Locke: Political Essays*, ed. Mark Goldie (Cambridge, UK: Cambridge University Press, 1997 [1697]).
 62. Himmelfarb argues that Tocqueville overestimated those who take advantage of public welfare. Gertrude Himmelfarb, *The Idea of Poverty: England in the Early Industrial Age* (New York: Knopf, 1983), 152.
 63. Drescher asserts Tocqueville worried about the emergence of a politically absent industrial aristocracy. Drescher, *Tocqueville and England*, 132. But I argue he saw ways by which they could take advantage of the system, not merely exempt themselves from it. Boesche is more in line with my argument, noting that for political reasons, Tocqueville was not often publicly critical of the emerging commercial aristocracy or bourgeoisie, but he maintained "contempt for the bourgeoisie" because of their potential danger to democracy. Boesche, *The Strange Liberalism of Alexis De Tocqueville*, 132.
 64. Joe Soss, Richard C. Fording, and Sanford Schram, *Disciplining the Poor: Neoliberal Paternalism and the Persistent Power of Race* (Chicago: University of Chicago Press, 2011).
 65. Larry M. Bartels, *Unequal Democracy: The Political Economy of the New Gilded Age* (Princeton: Princeton University Press, 2008), Chapter 9; Jacob S. Hacker and Paul Pierson, *Winner-Take-All Politics: How Washington Made the Rich Richer, and Turned Its Back on the Middle Class* (New York: Simon & Schuster, 2011), Chapter 2.
 66. Sandel, *What Money Can't Buy: The Moral Limits of Markets*.

67. See, e.g., Randall G. Holcombe, *Political Capitalism: How Political Influence Is Made and Maintained* (Cambridge, UK: Cambridge University Press, 2018).
68. Emma Saunders-Hastings, *Private Virtues, Public Vices: Philanthropy and Democratic Equality* (Chicago: University of Chicago Press, 2022); Rob Reich, "Repugnant to the Whole Idea of Democracy? On the Role of Foundations in Democratic Societies," *PS: Political Science & Politics* 49, no. 3 (2016).
69. Russell Muirhead, *Just Work* (Cambridge, MA: Harvard University Press, 2009).