LYMAN HOTCHKISS AT WATER OLD PRINCETON'S SPOKESMAN TO THE MARKETPLACE

Robert Barnett, Gordon-Conwell Theological Seminary
LYMAN HOTCHKISS ATWATER
OLD PRINCETON'S SPOKESMAN TO THE MARKETPLACE

by

Robert L. Barnett

A Thesis Submitted to the Faculty of

GORDON-CONWELL THEOLOGICAL SEMINARY

in Partial Fulfillment of the
Requirements for the Degree

MASTER OF THEOLOGY

2002
# CONTENTS

Abstract ................................................................. iv

Acknowledgements ....................................................... iv

Introduction ............................................................... 1

Atwater as a Princeton Apologist ....................................... 5

  Historical Sketch of New England Theology and New School Presbyterianism
  Atwater’s Defense of the Old Princeton Doctrine of Sin
  Atwater’s Defense of the Old Princeton Doctrine of the Atonement

Atwater as a Social and Economic Thinker ......................... 17

  Atwater’s Recognition of Changes in Economic Culture
  Atwater and the Emerging Secular Understanding of Work
  Atwater’s “Conservative-Progressive” Framework for Cultural Reflection

Atwater as Princeton's Spokesman on Economic Issues ........ 29

  Atwater’s Response to Civil War Financing
  Atwater’s Response to Monetary Policy of the 1870s
  Atwater’s Response to the Labor Unrest of the 1870s

Conclusion ............................................................... 43

Bibliography ............................................................. 47
ABSTRACT

In this brief study, the writings of Lyman H. Atwater, a Presbyterian pastor-theologian and close associate of Charles Hodge, are considered against the notion that the Old Princeton tradition was singularly focused on Presbyterian doctrine and apologetics, and was indifferent to the social and economic problems of the nation. Atwater, a key apologist for orthodox Calvinism in the mid-nineteenth century, responded to some of the more vexing economic problems of his day; including the financial activity, monetary policy, and labor unrest during Civil War and the turbulent 1870s. The conclusion of this study is that the proponents of Princeton Theology were not silent about the problems of nineteenth century industrialization and economic culture, but in Atwater, engaged the marketplace from a socially conservative and theologically orthodox framework.

ACKNOWLEDGMENTS

I wish to express particular gratitude to several people. Dr. John Jefferson Davis of Gordon-Conwell Theological Seminary, under whose direction this work was completed, was a constant source of encouragement and patient guidance. Dr. Garth Rosell and Rev. William G. Messenger of the seminary’s Ockenga Institute graciously provided the opportunity to complete sections of this study as part of the on-going research in the field of marketplace ministry by the Mockler Center for Faith and Ethics in the Workplace. Especially my wife, Theresa Barnett, provided loving encouragement during my long hours of research and writing and for her carefully proofreading of the manuscript.
INTRODUCTION

The industrialization of the American economy during the nineteenth century brought a profound and turbulent transformation to American business culture and engendered a variety of reactions from the religious academy. According to many scholars, including evangelicals, the conservative Presbyterians at Princeton ranked among the more indifferent and muted respondents to the cultural change, and paid scant attention to the social and economic problems of the nation. To historians of Presbyterian orthodoxy, the Old Princeton tradition is regarded as insular, and almost singularly doctrinal and apologetic. Its emphasis was on the articulation and defense of a Reformed confessional heritage, often at the expense of a full-orbed exposition of the potential of evangelical faith for informing and transforming American business life.¹

This characterization is somewhat incomplete. Although the general trajectory of the Old Princeton was necessarily doctrinal, the concerns of business life and culture were often addressed. During the mid nineteenth century, this was especially seen through Lyman H. Atwater, Princeton’s most important spokesman on economic affairs during the Civil War and post-war period. A Presbyterian pastor-theologian and close associate of Charles Hodge, Atwater attempted to integrate Princeton Theology with his conservative economic and social views. Through his writing, Old Princeton played an important role in the analysis and critique of nineteenth-century industrial problems.

It is the contention of this thesis that the theological perspective of conservative Calvinism informed Lyman Atwater's approach to the issues of the marketplace. After a brief biographical sketch, this study will identify the points where Atwater, as a Princeton theologian, applied his conservative Presbyterianism to the problems of economic behavior.\(^2\) The first chapter draws from Atwater's apologetic writings on the theological problems with New England Theology\(^3\) and New School Presbyterianism and thereby demonstrates his basic congruence with Princeton. The second chapter outlines Atwater's understanding of historical cultural progress and further demonstrates his agreement with the theological approach to human culture maintained within the Calvinist and Princeton tradition. The third chapter shows how Atwater actively confronted specific economic crises of his day, each within a socially conservative and theologically orthodox framework consistent with Old Princeton.

Lyman Hotchkiss Atwater (1813-1883) was born near New Haven, Connecticut and, interestingly, was baptized at the church pastored by Nathaniel Taylor, whose departure from orthodox Calvinism would later bear the weight of Princeton polemics. Young Atwater graduated from Yale College with honors in 1831 and briefly taught the classics at Mount Hope Institute near Baltimore, Maryland. From 1832-1835, he attended Yale Theological Seminary (at the time that Taylor was president) and shortly after graduation, was ordained as pastor of First Congregational Church of Fairfield, Connecticut. He served this church for nineteen years. Although a Presbyterian, he was associated with the Congregational General Association of Connecticut.


\(^3\) New England Theology is the tradition arising and departing from Jonathan Edwards that included at least two distinct forms: the New Divinity of Edwards' immediate followers and the New Haven Theology of Nathaniel W. Taylor. In this thesis, the term “New England Theology” will be used interchangeably with either of the two latter terms.
because the Plan of Union of 1801 between the two denominations promoted co-operation and exchange of ordained ministers. He maintained close ties to the Old School branch of the Presbyterian Church and attended their General Assembly. As a preacher, Atwater held a high view of Scripture as "an infallible guide as to mutual relations and practical applications" of doctrinal truth. In an 1863 article on expository preaching, he insisted that the general moral and ethical principles of the Bible should be applied from the pulpit to every legitimate occupation and vocational calling. His pastoral concern for the application of biblical truth to the workplace was evident in his important article, "The Bible in the Counting House."

Many a rural pastor - and the writer of this is one of them - constantly sees the flower of his flock borne away to the great marts of commerce . . . It has thus become a matter of urgent necessity that the Christian ministry should meet this extraordinary state of things, and shed the light of Christian truth on all pathways and windings, the exigencies and temptations of mercantile life.

In 1854, the College of New Jersey appointed Lyman Atwater as Professor of Mental and Moral Philosophy, a post he held until 1868 when he was transferred to the chair of logic, ethics, economics and political science at the assumption of James McCosh to the college presidency and the instruction of moral philosophy. In 1861, he was appointed as a part-time lecturer at Princeton Seminary to teach on the connection between biblical revelation and metaphysics and in 1867, published his textbook, Manual of Elementary Logic. Former students recognized his broad and competent interest in both religious and public affairs. One wrote that Atwater, as an academic

"profundely interested in the welfare of his community and the nation. His ripe judgment came to be respected by our public men and legislators, who in times of perplexity came to him for council and guidance."

Atwater's most significant contribution to the corpus of Princeton Theology was through the pages of the *Princeton Review*. He wrote more than 100 articles for the journal, covering a wide range of topics including theology, philosophy, education, history, and economics. His first contribution, "The Power of Contrary Choice," published in 1840 shortly after the 1837-38 split between the Old School and New School Presbyterians, was the first of several defending Old School Presbyterianism against the influences of New England Theology and the pervasive effects of that theology among their New School brethren. His major arguments in these articles were directed against the revision of the Reformed understanding of total depravity and the effects of sin on human nature. He opposed Taylor's challenges to the doctrine of moral inability and the federal theory of immediate imputation of Adam's fall upon mankind. Atwater's polemic brought him recognition within the orthodox Calvinist camp and endeared him to Hodge and other Princetonians. In 1865, after the influences of New England Theology had diminished, the General Assembly named Atwater to a committee to study the reunification of the Old and New School branches and in 1869, to a committee to work out the basis for that reunion.

In 1869, Atwater joined Charles Hodge as co-editor of the *Princeton Review*, and then after Hodge's retirement, became senior editor. His (and Hodge's) expressed editorial direction for the

---

journal was to increase "the number and variety of its articles in the practical department" and to provide for ministers and laymen "condensed views of the great works, controversies, discussions of the day." Atwater grasped the far-reaching effect of the *Princeton Review* to equip an educated and serious clientele "who, from the pulpit, the rostrum, the lighter periodicals, and other forms of publication, reach and mould the public mind." Consequently, during the turbulent 1870s, he reflected and wrote extensively on the problems of commerce and emerging industrialism. When the Old and New School branches of the Presbyterian Church re-united, Atwater shared editorial responsibilities with Henry B. Smith and later, James M. Sherwood. He retired from editorial control of the journal in 1878 but continued as a contributor and as a professor at the college until his death.

Even though Atwater is an important secondary figure among the Princetonians, he is but briefly mentioned in discussions about Princeton Theology. Current scholarship usually places him within the context of the theological debates with New England Theology and seldom describes the interrelationship of his theological distinctives and his economic reflection. Mark Noll briefly describes him as a contributor to the *Princeton Review* and as one whose work augmented that of Charles Hodge, especially crediting him as the theologian who "shouldered the major burden in replying to the theological errors" perceived in New England Theology. In similar fashion, George Marsden describes Atwater’s defense of Old School Presbyterianism and his later reconciliation with the New School. Economic historians deal with Atwater’s

11 Ibid. 9.
conservative views on money and management and only briefly identify him as a clergyman.\textsuperscript{14}

One of the better treatments of Atwater is found in Gary Scott Smith’s discussion of the Reformed response to the secularizing tendencies of nineteenth century industrialism.\textsuperscript{15} Smith credits Atwater as a significant Reformed thinker in this arena and lays out his ethical views regarding the major problems of socialism and labor relations, but his purpose does not include making a connection between Atwater's economic views and the theological perspective of Old Princeton.

Therefore, in this study the writings of Lyman H. Atwater will be considered in relation to the Calvinist orthodoxy and social conservatism of the Old Princeton tradition. In the conclusion, it will become clear that in Atwater, Princeton Theology was not limited to doctrinal and ecclesiastical concerns, but reflected consciously on the implementation of Reformed theology for business life.


\textsuperscript{15} Gary S. Smith, \textit{The Seeds of Secularization: Calvinism, Culture, and Pluralism in America, 1870-1914} (Grand Rapids: Christian University Press, 1985), 55-58, 130-137.
ATWATER AS A PRINCETON APOLOGIST

In 1852, while pastor at First Church in Fairfield, Lyman Atwater joined 51 Connecticut ministers to protest the exoneration of Horace Bushnell by the state general association of Congregationalists. Bushnell, the pastor of Hartford’s North Church, espoused a theology that varied from the confessions of faith followed by the Connecticut church, the standards of Westminster and Savoy adopted by New England divines in 1680. Atwater and his colleagues were particularly concerned about Bushnell’s anthropology and soteriology, namely his revision of traditional Calvinist belief in the penal imputation of Adam’s sin and his replacement of the doctrine of Christ’s vicarious sacrifice with the moral influence theory of the atonement. According to conservative Calvinists, his doctrinal innovations conceptually abrogated the need for spiritual regeneration and fueled a moralistic vision of the Christian life.\(^1\) Atwater felt that the New England Presbyterian and Congregationalist churches had slipped further away from their moorings in orthodox Reformed theology.\(^2\) Bushnell was a liberal exemplar of the doctrinal innovations of the New England Theology that conservative Calvinists, including Atwater and the professors at Princeton Seminary, had battled for decades. Beginning in 1840 with his Princeton Review article, "The Power of Contrary Choice," Atwater had joined forces with Old Princeton to defend Old School Presbyterians and contend against the theories of personal responsibility advanced by Bushnell and his predecessors.


In this chapter, Atwater’s agreement with the Princeton Theology will be demonstrated, particularly as he engaged in the debates for the doctrinal purity of Old School Presbyterianism. After a brief historical sketch of New England Theology and New School Presbyterianism, the specific points of Atwater’s apologetic will be discussed. His defense of the immediate imputation theory will be examined, followed by a discussion of his understanding of the doctrine of penal substitutionary atonement. His defense of these doctrines placed him squarely with the Princetonians and provided the basis for his understanding of cultural progress.

Atwater understood that the anthropological and soteriological doctrines held by the church would have significant bearing on the approach taken by Christians to solve the social and economic problems of the day. He believed that consistent moral and cultural progress in American society was possible only through the spiritual transformation of its individual citizens. In his system of orthodox Calvinism, all people possessed an inherent guilt and disability that rendered them incapable of correcting individual and systemic sin apart from a radical work of redemption done on their behalf. The atonement wrought by Christ’s sacrifice had direct application to the Christian life and the development of consistent moral and ethical behavior. Therefore, a deficient view of the atonement, drawn from an inadequate understanding of sin and its effect on the human condition, would govern the appropriateness of solutions to social problems. As a pastor concerned about the effects on his congregation of emerging industrialism, he demonstrated this conviction, asserting that the only comprehensive cure for social and economic problems was “the gospel which is the power of God unto salvation . . . Evangelical religion alone can do the work, first by making the tree good that the fruit may be good.”

Like other Princetonians, Atwater drew his battle lines by defending Old School Presbyterian anthropology and its effect on soteriology. In his writing, Atwater clearly established himself as a member of the Old Princeton camp. It is significant that Atwater was himself a New England divine who came from the very epicenter of the theological controversies. He was culturally relevant, not responding to esoteric doctrinal issues but to the problems arising in his own society.

**Historical Sketch of New England Theology and New School Presbyterianism**

New England Theology emerged from the revivalist wings of the Congregationalist and Presbyterian churches after the Great Awakening. Those closely associated with the revivals, such as the colleagues and former students of Jonathan Edwards, attempted to reconcile Calvinism with the pietism and experiential religion of revivalism and created an indigenous school of American Calvinism, often called the New Divinity. To these ministers, orthodox principles of total depravity and passive dependence on the Holy Spirit for regeneration seemed at odds with a proactive approach to effective evangelism. Joseph Bellamy (1719-90) was concerned that Reformed anthropology made God appear to be the author of sin. Sinfulness as an inherent human trait, imputed from Adam’s disobedience rather than individual actions, appeared irrational and discordant with the idea of human responsibility and divine benevolence. He redefined the forensic meaning of human depravity and atonement to be simply the divine means for achieving the greatest good for humanity. Samuel Hopkins (1721-1803) defined sin as “selfishness” and Christian virtue as “disinterested affection toward others,” thereby casting human wickedness as the acts of moral agents capable of acting in righteousness. The atonement was governmental

---

4 In like manner, Charles Hodge engaged what he believed to be an incorrect anthropology because it lay at the heart of the departure from orthodox (Calvinist) soteriology by New England Theology. See David F. Wells, “Charles Hodge,” in *Reformed Theology in America*, ed. David F. Wells (Grand Rapids: Baker Book House, 1997), 49.

rather than legal, not a payment for the debt of sin but a demonstration of divine goodness and a motivator for repentance and moral reform, though conversion was impossible without the influence of the Holy Spirit. Jonathan Edwards Jr. (1745-1801) and Nathanael Emmons (1745-1840) further elaborated Bellamy’s governmental theory of the atonement.  

Each of these Edwardsean theologians claimed to expound and elaborate Edwards’ doctrine, a point that Atwater would often dispute. He saw Edwards as an Old School Calvinist in all but two points - his theory of mediate imputation of Adam’s sin and his ambiguous emphasis on benevolence as the primary quality of virtue. “Neither of these peculiarities, however, was allowed to act upon or modify other parts of his theology.” Rather, he saw himself as a true Edwardsean on most issues and believed that the views of Bellamy, Hopkins and Edwards Jr. were not Edwardsean at all, “the distinctive features of this New Divinity, in all its successive forms, are utterly abhorrent to his entire system.” The doctrinal innovations brought by these early New Divinity men departed from the theology of both Edwards and Westminster. Human guilt was redefined so that it no longer implied a judicial punishment upon humanity that required justification before a divine court. Instead, each sinner’s guilt was derived by free and individual choice and corruption became only a matter of personal volition. Revivalist techniques could play upon the intellect and emotions to redirect the sinner’s will toward God.  

Nathaniel W. Taylor (1786-1858), Atwater’s former pastor and professor at Yale and a mentor to Horace Bushnell, was probably the most influential spokesman for the New England Theology. He shaped a school of American Calvinism known as the New Haven Theology or “Taylorism.”

6 The above discussion on the New Divinity men was drawn from Sydney E. Ahlstrom, A Religious History of the American People (New Haven: Yale University Press, 1972), 403-414.
8 Ibid. 583-585.
In *Concio ad Clerum* (1828), his address to the Connecticut General Association, Taylor stated a position on original sin somewhat akin to that of the New Divinity men. He believed that human sin was inevitable, but not causally necessary; all men had the ability to choose righteousness instead of evil, something he called the “power of contrary choice.” While affirming the need for the divine influence in conversion, he rejected the Calvinist principle that Adam’s sin was imputed to his posterity and resulted in a constitutional depravity and an inability to choose good over evil, a notion that he felt undercut the belief that men act as free moral agents. A constitutional change was not necessary for man to attain moral perfection. Moral depravity was formed by voluntary acts and not by imputation. The innate tendency to sin was not moral depravity and needed no redemption; “the cause of all sin is not itself sin.”9 In Taylorism, human nature must be distinguished from the disposition to sin received after the first volitional choice to disobey God. Taylor held that human beings were born with an inherited sinful nature but were morally neutral and had an instinct for self-love. Inevitably, all people choose the world over good and self-love turns into selfishness. Like the New Divinity men, Taylor understood the essential purpose of Christ’s atonement to be the promotion of morality and divine benevolence toward humanity. He denied those theories that cast man’s relationship to God in legal terms, “The atonement as such cannot result in the right of the lawgiver to pardon the transgressor, but must produce its whole effect in sustaining the authority of the lawgiver.”10

Atwater compared the New Divinity of the Edwardseans and Taylor to the orthodox Calvinism of Westminster and identified four radical points of departure in their theology: 1)  

---


People possess a native sinlessness with a natural faculty to choose righteousness. 2) The sinner has a plenary ability to renovate his own soul, that is, he has the responsibility and capacity to accomplish God’s moral commandments. 3) Self-love is the primary cause of all voluntary action; therefore, people will choose righteousness when motivated away from selfishness. 4) God is unable to prevent sin without destroying moral action.\textsuperscript{11} New Divinity placed into the hands of humanity the responsibility for sin and salvation. Atwater summarized the perspective of New England Theology: “The sinner’s change in regeneration must be caused by his own will, not another’s, else his repentance and faith would not be his own, but God’s, who wrought it in him.”\textsuperscript{12}

The theological tenets of New School Presbyterianism were drawn from the doctrines of Taylor and the New Divinity men. The Plan of Union of 1801 promoted cooperation and exchange of ordained ministers between Congregationalists and Presbyterians in order to evangelize the western frontier. This alliance accelerated the influence of the New Divinity upon the Presbyterian Church, especially on the western frontier. New and Old School parties emerged, each taking opposing stances toward the revivalist techniques, voluntary cooperation in missionary work, and theology. Old School proponents, including the Princetonians Archibald Alexander and Charles Hodge, voiced concern that the New School Presbyterian theology departed from the Westminster standards. Doctrinal conflict ensued, New School Presbyterian ministers were accused of heresy, and ultimately, the Old School and New School branches split in 1837-38. Lyman Beecher (1775-1863), a close friend of Taylor and a New England revivalist, was tried for heresy and acquitted by the Cincinnati presbytery at the time he moved west in 1835 to become president of Lane Seminary. Because of his association with Taylor, he was accused of holding to New Haven views of native depravity and regeneration. Albert Barnes (1798-1870), pastor of the

\textsuperscript{11} [Atwater]. “Jonathan Edwards and the Successive Forms of New Divinity,” 609.
\textsuperscript{12} Ibid. 591.
Presbyterian Church in Morristown, New Jersey, preached the sermon, “The Way of Salvation” (1829), which promoted a Taylorite doctrine of original sin. When he was called to First Presbyterian Church in Philadelphia in 1831, Barnes was charged with heresy and later acquitted by the Philadelphia presbytery. The crucial problem of his theology rested his view on the active and passive aspects of regeneration and the role of the Holy Spirit to overcome human inability, though Barnes was ambiguous on this point.13 George Duffield (1794-1868), pastor of the Presbyterian Church in Carlisle, Pennsylvania, advocated the New Haven view of total depravity and the impossibility of inherited sinfulness. “Depravity consists in the misdirection and inappropriate exercise of his faculties; not in wrong faculties inherited.”14 In opposing articles in *Bibliotheca Sacra*, Duffield and Atwater each spelled out the doctrinal positions of their respective schools.15 Atwater classified Duffield’s theology as anti-Calvinist, “simply and purely the style of Taylorism and New Divinity”16 and contrary to the standards of the Westminster Confession of Faith. However, in the 1860s, the younger generation of Presbyterian ministers began to abandon New Divinity precepts, allowing the Old School to consider reunion. Atwater concluded that the theological factors that led to the earlier schism had been removed and that the Old and New School branches were “ripe for re-union.”17 The denomination reunited in 1869.

---

14 George Duffield, *Spiritual Life: or Regeneration* (Carlisle, PA, 1832), 310, quoted in ibid., 55.
Atwater’s Defense of the Old Princeton Doctrine of Sin

Lyman Atwater’s theological debate with New England Theology dealt primarily with the manner and extent in which individuals participated in Adam’s sin. In “The Doctrinal Attitude of Old School Presbyterians,” his concise summary of orthodox Calvinism, he gave more space to the doctrine of sin than to any other topic. In this brief treatise, he described the connection between Adam’s sin and all his progeny as a federal or representative relationship that brought about a corrupted nature and an inherited tendency toward sin. Along with the other Old Princeton theologians, he espoused an immediate (antecedent) imputation theory of original sin in which the fact of a sinful nature in each individual is derived through Adam’s past sin as the representative all of humanity. In this system, the effect of the Fall on the human race was judicial culpability, charged to each individual because of Adam’s disobedience and apart from individual participation. Through a federal or nonparticipatory relationship with Adam, all people share in his guilt. The consequences of Adam’s sin are passed down, so that all are treated as if they have actually and personally committed Adam’s sin. Atwater drew biblical support from Romans 5:12-21 where the parallel relationship between the first and second Adam is described. According to the Calvinistic interpretation of this passage, condemnation resulted from Adam’s imputed transgression while Christ’s righteousness is counted as the legal remedy for the consequences of sin. Atwater understood the parallel between Jesus Christ and Adam as “the single point of headship, and the manner in which these two great heads of our race respectively bring condemnation and justification upon the parties represented by them.”

The corresponding relationship of Adam and Christ to humanity is an essential component in the anthropological and soteriological scheme in Princeton Theology.

---

Atwater understood Adam’s imputed sin as affecting humanity in two ways: “Its *stain* is the moral and spiritual pollution which the soul of man is infected. *Guilt* is the obligation to punishment arising from a previous fault.”\(^{19}\) To him, imputation of sin was forensic; all people are born under God’s wrath as a result of the covenantal relationship between God and Adam. The disobedience of the federal representative implied judgment for all of his progeny; inherited corruption or spiritual death for all humanity is the penalty. The imputation of Adam’s guilt, and not individual sinful acts, was the ground for divine condemnation. Hodge’s explanation of original sin tracks closely with Atwater and indicates their agreement on this theological issue: “To *impute* is simply to attribute to, as we are said to impute good or bad motives to any one. In the judicial and theological sense of the word, *to impute* is to attribute anything to a person or persons, upon adequate grounds, as the judicial or meritorious reason of reward or punishment.”\(^{20}\)

Atwater rooted his doctrine of the penal nature of original sin in the Presbyterian concept of covenant theology. As the federal head of the human family, Adam represented humanity before the divine judge in a contractual or legal arrangement. A covenant of works was imposed on Adam in Genesis 2:16-17 that stipulated a probationary period with appropriate rewards and sanctions. Adam’s disobedience abrogated the covenant for himself and his posterity. In a concise explanation drawn from the Westminster standards, Atwater outlined the covenantal aspect of immediate imputation:


That God not only laid Adam under the simple obligation of a reasonable being to obey his law, but entered into a covenant with him, promising life upon “condition of perfect and personal obedience;” and death upon the first act of disobedience (Con. of Faith, vii.2.; Larger Cat. 20) . . . The covenant being made with Adam, as a public person, not for himself only, but for his posterity; all mankind descending from him by ordinary generation, sinned in him, and fell with him in that first transgression (Larger Cat. 22).21

Atwater believed that the theory best represented the biblical record and followed the Princeton acceptance of the Westminster confession. The native moral depravation in human beings is not simply a weakness or vitiation, but is properly called sin, corruption, or total depravity and is guilty and deserving of punishment. Quoting from the Shorter and Larger Catechisms, he contended that, “original sin, together with all actual transgressions which proceed from it” is “conveyed from our first parents unto their posterity by natural generation, so as that all who proceed from them in that way are conceived and born in sin.” It is from this “original native corruption of man, whence proceed actual transgressions.”22

As part of his explanation of immediate imputation, Atwater summarized and compared several theories of original sin that he believed were not in agreement with orthodox Calvinism. These three are pertinent to his debate with New England Theology: sovereign constitution, realistic, and mediate imputation. Each of these theories represents a departure in some degree from the Old School Presbyterianism espoused by Atwater and the other Princetonians, each undercuts the soteriological foundation on which he builds understanding of cultural progress and his marketplace ethic.

22 Westminster Shorter Catechism 18; Westminster Larger Catechism 26, quoted in ibid., 93-94.
The *sovereign constitution* theory, espoused by Hopkins, denies the penal effect of the Fall. Human depravity is “not a punishment or judicial infliction for Adam’s sin, but it arises solely from a sovereign constitution, whereby, upon his sinning, his posterity were to be brought into a state of sin and misery.”\(^23\) This principle defines the relationship between Adam and his progeny as parental and not causative, as neither actual nor judicial. Accordingly, human depravity, though inherent and universal, is not a penal decree given to humanity as a share in Adam’s guilt. Sin is a voluntary moral choice born out of an innate, divinely constituted (though not imputed) human nature.\(^24\) Atwater questioned this principle on its failure to recognize the forensic nature of the work of Christ. The theory shifted away from the covenant of works imposed on Adam and fulfilled in Christ, and no longer offered a legal basis for the alleviation of the guilt of sin through the substitutionary atonement. The parallel between the first and second Adam breaks down. If Adam’s failure is judged merely by “sovereign allotment, and not as its meritorious ground, then the righteousness of Christ works our salvation by mere arbitrary allotment, and not as its meritorious ground.”\(^25\) According to Atwater, this theory would invalidate justification of sinners solely through the righteousness of Christ.

The *realistic* theory presumed a traducianist view of the soul’s origin. Since the soul, as well as the body, is born from the parents, the disposition to sin that is found in Adam and Eve is communicated naturally through the parental lineage. Sin is an inherited trait derived literally from Adam apart from the Fall and its imputation. According to Atwater, if the biblical parallel between the two Adams is maintained, the theory invalidates the doctrine of justification by faith alone: “If

---


then, Adam’s sin condemns us because it is ours inherently, Christ’s righteousness justifies us because it is ours inherently. We are justified by our own inherent virtues.”

The *mediate imputation* theory espoused by Jonathan Edwards drew upon an inherited rather than forensic explanation of original sin. The theory defined guilt as personal and as reckoned to people only through the actual commission of sinful acts. It assumed that Adam’s sin is not imputed antecedently and immediately through the fall of Adam, but mediately through the outworking of innate depravity in each person. Humans partake of Adam’s sin only because they derive a corrupt nature from him. Depravity is not a result of judgment but from our being human. Atwater refuted the theory by drawing from the parallel of Adam and Christ: “If Adam’s sin is imputed to us on account of our previous sin, then from the apostle’s parallel between the two (Rom. v.), Christ’s righteousness must be imputed to us mediately, through or on account of our previous righteousness.” To Atwater, a proper understanding of the vicarious atonement was undermined because the mediate theory ignored the relationship between sin and judgment. “The sin of Adam procures our condemnation by being immediately reckoned to our account or imputed to us, the righteousness of Christ justifies us in the same way.”

Charles Hodge wrote extensively on the nature of original sin, and as the chief spokesman for Princeton Theology during the mid-nineteenth century, his views are better known than those of Atwater. Hodge placed emphasis on the essential parallel between Adam and Christ in a manner similar to Atwater: “our union with Adam and our union with Christ . . . the derivation of a corrupt nature from Adam, and of a holy nature from Christ, are included in the analogy between the first

---

26 Ibid. 100.
29 [Atwater], “Jonathan Edwards and the Successive Forms of New Divinity,” 617.
and second Adam.” Later, in his *Systematic Theology* (1873), Hodge defended the doctrine, refuting the same disparate theories that Atwater encountered. He summarized the relationship of Adam to his progeny and the probationary character of his sin:

> God constituted our first parent the federal head and representative of his race, and placed him on probation not only for himself, but also for all his posterity . . . Men therefore stood their probation in Adam. As he sinned, his posterity comes into the world in a state of sin and condemnation. They are by nature the children of wrath . . . The loss of original righteousness, and death spiritual and temporal under which they commence their existence, are the penalty of Adam’s first sin.

The similarity of thought and emphasis between Hodge and Atwater indicates that a basic theological congruence can be assumed. Because he was clearly in agreement with Hodge on this point of anthropology and stood firmly in the tradition of Princeton, Atwater’s subsequent writing on financial and economic issues serves as an example of nineteenth century conservative Reformed reflection on business life.

Atwater's understanding of the forensic nature of the imputation of original sin supported his concept of total depravity. The penalty imposed from Adam’s sin was a moral corruption, imputed to humanity prior to specific sinful acts. This left Adam’s progeny dependent upon the judicial imputation of divine righteousness to set things aright. Imposition of spiritual death implied a loss of original righteousness and a corrupted nature, the inability of fallen humanity to do anything spiritually good. This corruption was pervasive; moral contamination affected the whole of human

---


nature so that the optative, emotional, and cognitive faculties were tainted. Atwater stressed the extent of the decree:

But the Scriptures . . . pronounce not only the exercises of man’s whole optative faculty sinful, but also the innate moral disposition or habits whence these exercises proceed . . . It has been the common doctrine of the Church, as shown in her confessions, that the whole soul, the heart and the mind, the will and the intellect, the optative, emotional and cognitive faculties are contaminated, and that this corruption pervades his whole nature.  

The issue of human capability was the major point of disagreement with New Haven Theology. In the New Haven system, human responsibility for sin is possible only through voluntary acts, never by imputation. The human disposition to sin is connected to free choice. People have the ability to make contrary choices, that is, to choose not to sin. “Moral agency implies free agency,” wrote Taylor. It is “the power of choice, the power to choose morally wrong as well as morally right, under every possible influence to prevent such choice or action.” Accordingly, there is no innate disposition to sin that is antecedent to personal moral action. Human sinfulness occurs because of self-love, when people focus on the world rather than God. Thus, moral inability is voluntarily imposed and could be suspended by an appeal to self-love or the desire for happiness. A constitutional change was unnecessary to choose goodness, though the prompting of the Holy Spirit would be a necessary influential factor in the choice.

Atwater strongly disagreed. Taylor’s concept of self-love assumed that the human will is always disposed to please self and will act according knowledge of what is good. Freedom,

---

34 Pope, “New Haven Theology,” 43.
according to Atwater, involved choosing a course of action based upon one’s preponderating desires, which are corrupted prior to regeneration. Since the innate corruption resulting from the imputation of Adam’s sin disabled human capacity to choose good, free contrary choice is impossible. The power of contrary choice assumes a moral agency within the human will that allows one to choose whether or not to sin. The fact of an imputed sin nature and the resulting need of regeneration abrogated that possibility. Therefore, Atwater challenged the notion of contrary choice:

The fact that men choose freely, yet have the disposition toward evil and are held responsible means that they need regeneration in order to chose what is right: “such want of discernment of the beauty of moral excellence is the very core of depravity and guilt; and so far as the soul is blinded, the necessity of spiritual illumination becomes indispensable.”

Like Taylor, George Duffield credited human nature with an innate ability to overcome a sinful disposition and choose God over self. In a summary of New School Presbyterian doctrine, he wrote, “We have all the requisite constitutional faculties . . . to bring us under obligations and adapt our minds to believe God.” These natural capacities can be excited and influenced by the Holy Spirit to believe, repent, and turn to God. To Atwater, this eliminated the need for regeneration and reduces the role of the Holy Spirit to a mere suasory influence, more like that of a preacher. He asserted that,”this moral persuasion, however advanced and improved, and supposed to be effectual, yet it confers no new real supernatural strength unto the soul.” Such capacity involves plenary ability to obey God without divine grace. Duffield complained about the apparent

---

esoteric nature of the controversy over New School Presbyterian theology as if it were unnecessary and useless theological ground to cover. On the other hand, Atwater, like other Old School Presbyterians, presumed that anthropological assumptions were consequential and governed their soteriology. To them, the departure from a penal imputation of sin and the subsequent inability to choose God apart from regeneration was a step toward works-righteousness and had a profound effect on soteriology and Christian ethics. Cognitive acceptance of right behavior and attitudes were insufficient for change. Atwater wrote:

The whole method of evangelical culture proceeds on the principle -not of arousing men to a consciousness of their own goodness, or strength to become good- but of their own corruption, weakness, and utter insufficiency of themselves to do works acceptable to God; and so, of persuading them to look wholly to the grace of God in Christ, that in him they may find righteousness for guilt, holiness for sin, and strength for weakness. It is so far from being true, that men can be stimulated to seek gospel holiness by a consciousness of their own strength, that, in such a state of mind, they cannot comprehend it, much less pursue it.

Atwater’s Defense of the Old Princeton Doctrine of the Atonement

The differing theories of the atonement among liberal and conservative American Calvinists were an outgrowth of the debate over original sin. Bushnell advocated a subjective moral influence theory that saw the crucifixion not as a vicarious sacrifice but as a demonstration of divine love and motivator for ethical behavior. The New Divinity men, and later, New School

---

38 Duffield, "Doctrines of New School Presbyterian Church," 587.
39 [Atwater], "Inability," 232.
Presbyterians, forsook Westminster’s judicial explanation of imputed sin and contended for a governmental atonement theory that viewed the crucifixion as a demonstration of general justice. Proponents of Princeton Theology, including Lyman Atwater, maintained a penal theory of the atonement that viewed the death of Christ as the satisfaction or payment for the guilt of sin. Their judicial understanding of Adam’s sin and its imputation logically conduced a doctrine of the substitutionary atonement. They saw the essential focus of the crucifixion as substitutionary and forensic; that is, “the nature and efficacy of Christ’s sufferings, which, substituted for ours, serve to deliver us form [sic] merited wrath and woe.” Other views tended to be more or less subjective, fixing the purpose of the atonement to elicit a human response rather than as an objective act to satisfy God’s demand for retributive justice; they taught that forgiveness was the act of a benevolent God who is gracious enough to overlook sin without recompense. As New School Presbyterian George Duffield asserted, the atonement of Christ was a “great expedient and governmental procedure” used by God to proclaim his justice and right to pardon sin, and not a judicial act to discharge the guilt of an accused party.

As Atwater argued for the adequacy of the penal theory, he claimed that other theories actually subverted the justice of God. Bushnell’s moral influence theory denied the idea of a propitiary sacrifice and held that the work of Christ was to satisfy humanity’s longing for love and acceptance, not the demands of God’s wrath. The governmental theory taught that the death of Christ merely displayed the efforts of a moral governor to exhibit benevolence in order to achieve the greatest happiness for humanity. Justice was described in its general sense, without reward or

---

40 Each of these theories was among those advocated in medieval and Reformation thought. The Reformer’s held to the penal substitution theory, whereas Peter Abelard (1079-1142) developed the moral influence theory and Hugo Grotius (1583-1645), the governmental theory. See Millard J. Erickson, *Christian Theology* (Grand Rapids: Baker Book House, 1993), 781-800. Atwater’s critique of the governmental theory is typical of his defense of the Old Princeton view of the atonement and is discussed below.


recompense for actual or imputed moral actions. It was more of a symbolic gesture to indicate God’s righteousness and abhorrence for sin. The purpose of the crucifixion was to demonstrate benevolence, so that by trusting in God’s kindness, people were free to enjoy creation. Atwater summarized Taylor’s position: “Benevolence or the desire and purpose to promote such happiness is the only virtue, or the sum of all virtues.” He felt that Taylor’s system failed to acknowledge holiness as an essential moral attribute of God. The relationship of human sinfulness and divine moral perfection required punitive justice imposed upon the lawbreaker in order to maintain the standard of holiness maintained by the lawgiver. The general pardon offered by Taylor’s benevolent governor did not satisfy the demands of justice and righteousness and could not justify the believing sinner. It did little to deal with the problem of inherent human corruption and therefore could not impute the righteousness needed for consistent ethical behavior and moral goodness. Hodge, in explaining the need for justification, stated the problem negatively that "if what we call justice is only benevolence . . . man is not required to be just in order to be saved. There are no claims of justice to be satisfied.”

In Atwater’s system, justice was not general, but particular and distributive. It began with an emphasis on God’s natural and revealed law, and taught that the holy God maintains himself over against violations of his law and administers his creation accordingly. God requires other moral agents to adhere to the same standard of holiness that He does and imposes sanctions when that law is broken. Atwater argued that the substitutionary application of distributive justice dealt conclusively with the consequence of imputed sin. Perfect justice is served only when God renders to the guilty “all their deserts, either in their own persons, or by an accepted substitute,” in order that “the claims of his justice for the punishment of the sinner are satisfied or discharged.”

---

44 Hodge, Systematic Theology, 3:123.
the atonement is no mere governmental expedient; no merely didactic, or symbolical, or influential exhibition,” asserted Atwater. “It is a true and proper satisfaction of divine justice by Christ’s endurance of the penalty due the sinner, and his perfect obedience imputed to him for his full justification.” The efficacy of the crucifixion rests in its sole and essential purpose to satisfy God’s wrath through Christ’s assumption of the imputed penalty for Adam’s guilt. Old School Presbyterians, according to Atwater, meant by their doctrine of penal substitution that “those transgressions of [Christ’s] people for which he was stricken, must have been reckoned to his account, i.e., imputed to him; and that thus he assumed their guilt, i.e., their obligation to punishment.” According to Atwater, distributive justice, which dealt directly and forensically with each transgressor, is the only means to establish virtue and promote genuine happiness. The Princetonian view was that the general justice scheme imposed by Taylor emphasized a meaningless form of benevolence that offered no solution for the individual and systemic ills of society.

A moral governor cannot truly show himself truly benevolent, entitled to reign, or to command the confidence of his subjects, unless he promotes benevolence in his subjects by the highest rewards, and discourages selfishness by the extremest of penalties. So far as he comes short of this, he fails to show perfect benevolence; for he fails to do what he might do to promote perfect benevolence, and thereby perfect happiness.

Hodge shared Atwater’s understanding of true justice: “When a sovereign pardons a criminal, it is not an act of justice. It is not on the ground of satisfaction to the law.” According to the Princeton

---

scholar, the Bible teaches “that justification is on the ground of an atonement or satisfaction; that the sinner’s guilt is expiated; that he is redeemed by the precious blood of Christ.”

The governmental theory was, in Atwater’s view, inconsistent with the reality of evil and human suffering. As a principle grounded primarily on benevolence, it cannot adequately consider the problem of corruption within its system. Moral depravity, suffering, and pain are facts of human existence. Yet, without recompense for sin, the presence of suffering and evil cannot be harmonized with the holiness and justice of a perfect God. Atwater believed that Taylorism created an imbalance between the attributes of God’s sovereignty and goodness. Under the moral government of a deity whose primary characteristic is benevolence, evil and pain are logically impossible. No satisfactory explanation is given for the existence of sin. Atwater strived to balance God’s decretive and preceptive will as a means to understand the problem of evil. Citing the examples of Herod and Pilate, he believed that God retains sovereignty by permitting evil actions to accomplish his sovereign purpose, but actually is displeased by them. Through his preceptive will, God respects what he approves and rewards those actions.

Atwater understood the emphasis on benevolence to be essentially utilitarian. The perspective espoused by Taylor was that actions in themselves have no moral quality but depend on the attitude of the one performing the action. Human behaviors have no intrinsic moral quality but are right or wrong only as they bring about happiness or the common good. “The end sanctifies the means, whatever they may be. Desert of punishment and the righteousness of its infliction depend not upon the culpability of the victim but upon its relation to the public good.” Atwater’s opposition to this idea is clear. The virtue of an action depends not upon its ultimate consequence;

---

47 Hodge, Systematic Theology, 3:125.  
but on its intrinsic moral quality: “. . . that what is right is what ought to be done, and is
meritorious, that what is wrong is what ought to be shunned and, if done, deserves punishment.”

In his later writings, Atwater held to this position, arguing for the holiness of God as a consistent
moral yardstick and against expediency as a motivator for financial and economic actions.

As both pastor and academician, Lyman Atwater represented Old Princeton as an apologist for
Old School Presbyterian doctrines of sin and the atonement. He wrote with a clarity and precision
that made him an able defender of Calvinist orthodoxy in nineteenth century America. His
document was in congruence with Princeton theology: Human beings are condemned because of
Adam’s sin and derive their inherent depravity from the imputation of the first progenitor’s sin and
subsequently are unable to obey God’s precepts apart from the regenerative activity of the Holy
Spirit. The atonement from Christ’s death is penal and substitutionary, given as a legal remedy to
redeem believing sinners from the consequences of their guilt before a righteous God. Justification
is the starting point for individual sanctification and cultural progress.

This theological scheme undergirded Atwater’s thoughts on economic and social issues. For
Atwater, consistently wise and ethical behavior in the marketplace is premised on the economic
actor’s inherent ability to respond to God’s holiness and obey his law, a human capability that
Atwater’s Calvinist system denies. Rather, he presumed an inherent disability to perform ethically,
apart from the imputed righteousness of Christ or enforced moral sanctions. Therefore, his
financial and management solutions were conservative in their approach. While Atwater was an
apologist for Old School doctrine, he was also a keen observer of economic culture. He
recognized early the implications of emerging industrialism in the United States.

ATWATER AS A SOCIAL AND ECONOMIC THINKER

In 1853, the year before he assumed a professorship at the College of New Jersey, Lyman H. Atwater published an article in the *Princeton Review* encouraging ministers to exhort Christians to apply biblical truth to the activities of the marketplace. The essay, aptly entitled “The Bible in the Counting House,” described some of the challenges brought by the emerging industrial economy. Atwater regarded the technological advances and commercial innovations of the Industrial Revolution as positive indicators of progress and civilization, though he urged preachers to grapple with the cultural issues engendered by the changes in the economic behavior of the people in their congregations. He believed that the social metamorphosis underway in nineteenth century America required “new applications of the great principles of Christianity to enforce the peculiar duties, or guard against the new temptations, to which they give birth.” He argued that Scripture held a direct and immediate claim on economic activity and that pastors and other religious leaders had a responsibility to examine the character of the changing marketplace and to identify ways to apply biblical principles to its ethical and moral problems. His prescription was decidedly evangelical, given not simply to restrain the darker side of industrialism, but to “present in bright and attractive hues the model Christian merchant.” As a conservative Calvinist, Atwater’s analysis of economic culture was based on an Old School Presbyterian hermeneutic that drew

---


2 [Atwater], "The Bible in the Counting House," 392.

3 Ibid. 405.
solutions from explicit biblical imperatives. He had a confidence in the restoration of society,
ultimately through the conversion of individuals to the Christian faith.

In this chapter, the general methodology followed by Atwater in responding to these cultural
changes will be considered, particularly in contrast with the increasingly secular work ethic of the
nineteenth century. It will be demonstrated that Atwater was attuned to the changing marketplace
of mid-nineteenth century America and that he encouraged theological and ethical reflection on
economic issues. His socially conservative and theologically orthodox framework for cultural
analysis will be shown to be consistent with Princeton Theology, especially that of Charles Hodge.

**Atwater’s Recognition of Changes in Economic Culture**

Atwater wrote “The Bible in the Counting House” at mid-century, while pastoring First
Church in Fairfield, Connecticut. Commercial and industrial expansion was a recent phenomenon
in the United States and the social and moral problems associated with change were only beginning
to become evident. As a pastor, he observed this sea change from a pre-industrial to a
manufacturing economy and recognized the moral and sociological effects that this shift would
have on American Christians. Factors such as technological innovation, the emergence of
American capitalism, westward expansion, and population growth, were having such a pervasive
effect on American culture, he believed, that deliberate reflection on the implications of culture
should be an integral part of religious and academic leadership. Complaining that, “Few have duly
reflected upon the prodigious increase of mercantile business in our country,” he felt that many of
his colleagues failed to grasp the multifarious impact that “the increase of the commercial class”
was having on society and the church. As an observer of economic change, Atwater sought to identify some of the moral strengths and weaknesses of the new industrial economy, and highlighted those areas that were indicators of progress and those he believed would bring moral and ethical questions. For Atwater, cultural observation and engagement were concomitants of effective pastoral ministry and theological reflection.

During the nineteenth century, the United States began a dramatic shift from an economy based on small-scale, family-owned businesses, mostly farming and other agricultural pursuits, toward an economy dominated by large-scale corporations with national markets. Prior to the last third of the century, the majority of working people were entrepreneurs who operated small businesses and farms for their own sustenance and profit. Except for production required to sustain the operation of households or farms, most manufacturing was accomplished by craftsmen in small shops, assisted by a few apprentices and journeymen. Business activity was conducted by general merchants who marketed the products of small enterprises and by local import/export or commercial houses that financed the acquisition and distribution of inventories. Throughout the nineteenth century, numerous managerial innovations in finance and distribution as well as technological improvements in production power, transportation systems, and communication ushered in a factory system and large-scale commercial operations. Specialization in commerce, production, and transportation fueled the change in American economic behavior. By the turn of the twentieth century, the majority of working Americans were no longer small-scale entrepreneurs, but were part of the labor market employed by big investors of capital.

---

4 Ibid. 393.
To a large extent, Atwater attributed economic change to the emergence of a complex financial and banking system that fueled great corporate endeavors such as railway construction and improvements in manufacturing technology. Bankers were the “nobles of the land” and the stock exchange, for better or worse, had become the “real seat of the empire.” Before the Civil War, the formation of corporations and other devices for raising capital were only beginning to replace the short-term financing arrangements of local enterprises and were devised mainly to finance railroad expansion. Atwater recognized this phenomenon and through his writings during the Civil War and Reconstruction era and would deal with the economic and moral problems associated with his perception that credit and banking was misused. It is significant that Atwater recognized the importance of finance capitalism during the early stages of the American business development, even if prompted by Boardman’s treatment of the topic. Quite early in his thinking, he believed that the competitiveness engendered by industrialization and business innovation exacerbated certain moral and spiritual problems. The new entrepreneurial spirit and “the necessity of a more close and entire, and even slavish application to business, in order to ward off the encroachments of rivals” encouraged the pursuit of wealth to the neglect of other personal duties such as family, church, and community (including the care of the poor). Competition and the variety of economic options available to the nineteenth century entrepreneur presented extraordinary motives for unethical and dishonest business practices.

Atwater anticipated the change that American capitalism and technology would bring to the interrelationship between work and other aspects of the Christian experience. Prior to

---

6 [Atwater], “The Bible in the Counting House,” 394-395.
7 For example, see [Lyman H. Atwater], “The Nature and Effects of Money, and Credit as a Substitute,” Biblical Repertory and Princeton Review 34 (1862): 310-357. Atwater’s treatment of financial problems during the Civil War and the 1870s will be discussed in the next chapter.
8 [Atwater], “The Bible in the Counting House,” 398.
than not, was personally responsible for the success of his particular enterprise. Work activities were less segregated, both geographically and temporally, from the life of family and community. The relocation of the workplace from home and farm to factories, transportation centers, or financial institutions reshaped the way Americans approached the workplace and promoted a subtle compartmentalization of work from the other routines of life. Atwater cited two examples of this problem: the decline of Sabbath observance and the restructuring of employer-employee relations. Christian workers confined for long hours each day to the mill or factory often used Sunday to spend time with family and friends in lieu of religious devotion. Atwater claimed that Sabbath-keeping shifted in emphasis from worship to recreation and that the Christian faith was pushed easily to a small corner of one’s existence. He believed that the American idea of the Sabbath would move from its Puritan and Presbyterian distinction as “sacred to religious purposes, excepting only works of necessity and mercy,” to that of a weekly holiday. 9

Industrialization radically altered workplace relationships, especially between Christian employers and their employees. The traditional mentoring arrangements between the Christian craftsman or merchant and a young apprentice were replaced with impersonal and transactional interaction between manager and subordinate. In pre-industrial America, apprentices and clerks would have near-parental supervision and nurturing, enjoying both personal and professional mentoring and often living with the families of their employers. With the advent of the factory system, the personal and public lives of the American worker were separated, contributing to the privatization of religion and, to Atwater’s lament, the moral downfall of younger laborers.

9 Ibid. 400-401.
Atwater and the Emerging Secular Understanding of Work

Atwater served as Professor of Mental and Moral Philosophy at the College of New Jersey from 1854 until 1868 and assumed the chair of logic, ethics, economics, and political science when James McCosh became president of the college, serving in that capacity until his death in 1883. During this period, his influential writing on economic issues was published in the *Princeton Review* and other journals. Economic historians describe him as typical of the group of academic clergymen who served as teachers of moral philosophy and dominated the early development of American economics.\(^\text{10}\) Atwater believed that the energy of American economic activity was rooted in its religious heritage and along with most conservative nineteenth century Americans, held to a work ethic derived from Calvinist thought. Developed during the Reformation, the understanding of a double calling - generally, to union with Christ and specifically, to one's vocation - spawned an ethic of stewardship and industry that framed the early American economy.\(^\text{11}\) Calvinists were self-conscious of living out their calling, in all aspects of their lives, not just in the religious sphere. This sense of calling was undergirded by the essentials of their Reformed theology. According to Max Weber, as early American Calvinists sought assurance for their election; economic prosperity was sometimes viewed as outward proof of salvation: “The Calvinist, as it is sometimes put, himself creates his own salvation, or as would be more correct,

---


\(^{11}\) Before the Reformation, the medieval church made a distinction between the Augustinian concepts of *via activia* (secular work) and *via contemplativa* (the life of reflection and meditation) holding that a thoroughgoing religious life demanded monastic asceticism and contemplation. In contrast, Luther and Calvin described work as a divine calling to a productive vocation for God’s glory and the common good of humanity. See Augustine, *Tractates on the Gospel of John* 124.5; Martin Luther, “To the Christian Nobility of the German Nation Concerning the Reform of the Christian Estate,” Luther’s Works 44:127; and John Calvin *Institutes* 3.10.6. For a general description of the Reformation work ethic, see Lee Hardy, *The Fabric of This World: Inquiries into Calling, Career Choice, and the Design of Human Work* (Grand Rapids: Eerdmans, 1990), 3-76; and Ian Hart, “The Teaching of Luther and Calvin About Ordinary Work,” *Evangelical Quarterly* 67 (1995): 35-52, 121-135.
the conviction of it."\textsuperscript{12} Weber contended that this resulted in a rational approach to economic life, marked by diligence and innovation. Coupled with the discipline of restrained consumption, this acquisitive spirit resulted in the accumulation of the capital that would fuel the industrialization of America.

During the late eighteenth and nineteenth centuries, the Protestant work ethic shifted away from its religious motivation. Work became valuable because of its usefulness for the benefit of individuals and society. The writings of Benjamin Franklin (1706-1790) stressed self-reliance, personal initiative, and the pursuit of self-interest. His maxims on the instrumental value of work have become the stuff of popular business wisdom: "God helps those who help themselves" and "Drive thy business, or it will drive thee."\textsuperscript{13} Henry Ward Beecher (1813-1887), one of nineteenth century America's leading liberal pastors, spoke often of the utility of labor to develop moral character and to serve society. He insisted that people could achieve success in life through hard, industrious work. Beecher drew his work ethic from the New England theology that was opposed by Atwater: “I do believe that man is corrupt enough, but something of good has survived the wreck.”\textsuperscript{14} By mid-century, the idea of calling faded from common speech, and with it the notion that in work one labored for the glory of God was replaced by the idea of usefulness. Where Puritans had been called to their vocations, nineteenth century Americans were told that it was one’s social duty to produce. The Reformation sense of vocation was replaced by a new ethic that defined work as contribution to the common good, as a creative act that enabled upward mobility, and as an activity that kept people from being idle and sinning. When combined with the


\textsuperscript{13} For example, see Benjamin Franklin, \textit{The Way to Wealth} (reprint, Applewood Books, 1986).

competitiveness of emerging capitalism, this ethic fashioned a new economy with a quest for efficiency and rationalization of work.  

Atwater maintained much of the older Calvinist’s purpose for work. Although he wrote little about vocation or calling, he understood work essentially as a means to obey and glorify God. The creation of wealth through the proper use of property for the production of commodities and services useful to the community was therefore, a divine mandate. For Atwater, God-honoring behavior in the marketplace meant efficient and productive use of material and human resources. He held to biblical exhortations against sloth and laziness and believed that the science of economics should help people “become more productive and less abortive . . . to prevent the needless waste, and promote the richest fruits of human toil.”  

Work had an essential instrumental value and its productivity should be promoted for the good of society. Atwater wrote that the task of the economist is

to show men how they may most effectually carry out its requirements in respect to what must be the constant task of the great mass of mankind; how they may put their talents to the most productive use, so as not to be unprofitable servants; owe no man anything, render to all their dues; provide for their own; have wherewith to give liberally for charity and religion.  

The connection of productive work to the good of society placed a strong moral and ethical emphasis in Atwater’s analysis of business activity. His economic solutions were not derived from expediency, but were rendered in terms of moral and religious obligations. For example, in his

17 Ibid. 437-438.
examination of the Panic of 1873, he placed blame on unethical uses of credit and illicit means to secure wealth. He asserted, “Economics and ethics largely interlock because production and exchange cover so much of the whole field of personal and relative duties.” For Atwater, ethical economic behavior was an important ingredient in useful work: “Sound morality is always and everywhere productive of the highest economic thrift.” For this reason, he denied a laissez-faire approach to business, but insisted that government should enforce ethical conduct in the marketplace. Moral principles are founded on the Decalogue and provide the ethological framework for fulfilling the cultural mandate:

The whole second table of the law respects man in his social, including civil, relations, and that it is all necessary to any fulfilment [sic] of the original command, "increase and multiply," which can raise human society above the condition of mere herds of brutes . . . It guards . . . the right to one's labor and its fruits.

Atwater appeals to the Eighth Commandment to support “legislation for the organization of industry and the production of commodities.” For him, the tenure of property, like civil government and the family, is a divine ordinance for the social regulation of man and the restriction of evil. The ethical imperative for the protection of property and its use lay in its instrumental value for obeying God’s commands. Charles Hodge’s explanation of property in his discussion of the Decalogue tracks closely with Atwater’s view:

---

21 Ibid. 218.
Property, however, is specially designed to enable a man to discharge his moral duties. Every man has duties of his own to perform; duties which belong to him alone, not to others, not to society; duties which arise out of his personal vocation and standing, especially such as belong to his own family. Therefore he must have what is exclusively his own. Property, therefore, is not intended for mere self-gratification or support; nor is it a mere objectless mastery over things external; it is the necessary means to enable a man to fulfil [sic] his divinely-appointed destiny. 23

Atwater accepted a providential or theocentric world-view in which all of life, including marketplace behavior, is subsumed under God’s sovereignty and His sustaining care over creation. 24 This providential view of culture meant that economic conditions are predictable and can be interpreted in terms of natural and biblical revelation. Economic laws, or tendencies, operate in accordance with divine will and enable both a reasonable analysis of marketplace activity and obedience to God’s precepts. Atwater writes that such tendencies are discernable and follow providential patterns:

---


24 Lyman H. Atwater, "Calvinism in Doctrine and Life," Presbyterian Quarterly and Princeton Review 4 (1875): 73-106. See also Charles D. Cashdollar, "Ruin and Revival: The Attitude of the Presbyterian Church Toward the Panic of 1873," Journal of Presbyterian History 50 (1972): 230-231. Cashdollar assumes that the conservative approach to social issues followed by orthodox Calvinists like Atwater was rooted in a fatalistic view toward providence, though this view is incorrect. The social conservatism of Atwater (and apparently that of other Princetonians) is better seen in light of his biblical hermeneutic that looked for explicit scriptural injunctions for social change. This will be discussed below.
It is none the less true and important that "the hand of the diligent maketh rich," i.e., has this tendency so surely that we can forecast the probable result . . . Can we not with reasonable certainty predict divers disastrous consequences of flooding the country with irredeemable currency, however they may be mitigated by unforeseen counter-influences?²⁵

American economic thought was forged by economic thinkers who saw the physical world working according to principles that could be discovered only by science. The marketplace, said Adam Smith, was governed by natural laws in which individuals consistently operated according to the principle of self-interest. A society operating on such natural laws would embrace a laissez-faire political and economic system where each individual could compete in an unencumbered marketplace, exercising his right to self-interest. This system was guided by Smith's notion of an impersonal deity, an "invisible hand" that produced a natural harmony and equilibrium in society.²⁶ This distinction displaced God in the economy and removed the transcendent basis for morality and ethics from everyday economic life. Social Darwinism fit well within this framework. The theory was based on Darwin's evolutionary hypothesis; humans compete in a struggle for social, economic, and political existence in which natural selection results in a "survival of the fittest."²⁷ Herbert Spencer, the English sociologist who articulated Social Darwinian precepts, argued that cultural evolution would automatically produce, through competition, prosperity and personal liberty unparalleled in human history. He held to a unilinear theory of history, a progressive movement from the simple to the complex, from homogeneity to heterogeneity, in which natural

processes would select the best candidates for survival and reward based on skill, intelligence, and self-control: “Evolution then, under its primary aspect, is a change from a less coherent form to a more coherent form, consequent upon the dissipation of motion and integration of matter.”

Social Darwinism was built upon a strict laissez-faire economic policy that frowned upon governmental control of commerce and industry. Spencer held that governmental regulation of production and distribution would penalize superior economic actors in favor of others. The rise of large industrial corporations was seen as natural, no matter the method of acquisition or cost to society. To the adherents of Social Darwinism, the unconstrained aggregation of capital during the nineteenth century was legitimized on secular grounds, without spiritual sanction or extrinsic moral foundation.

As an orthodox Calvinist, Atwater could not accept Spencer’s evolutionary approach to culture. In an 1865 article in the *Princeton Review*, he briefly weighed in against Spencerian social evolution and its potential danger as a means to evaluate effects on economic society. He saw Spencer’s idea of cultural evolution, based on unalterable social forces, as materialistic and void of the “sovereign providence and free supernatural grace of God.” Spencer’s idea of social progress was defined in non-theistic terms that denied the inherent human tendency toward evil and presumed a constitutional goodness apart from the regenerative activity of the Holy Spirit. This was in contradiction with the Old School Presbyterian notion of total depravity. Instead of the

---

29 Hofstadter, *Social Darwinism*, 43.
31 For example, see [Lyman H. Atwater], "Modern Explanations of the Doctrine of Inability," *Biblical Repertory and Princeton Review* 26 (1854). A discussion of Atwater’s position on total depravity is the first chapter of this study, above.
linear view of history espoused by Calvinists, the Spencerian evolution model had a cyclical view of progress with each economic stage dissolving into complexity and differentiation.

The greater the progress of material improvement, of machinery of inventions for making animals and the inanimate forces of nature do the work of man, the more perfectly do all classes share in the comforts and luxuries thus produced ... civilization, then, tends towards increasing homogeneity in our race ...  

Atwater further contradicted the evolutionary hypothesis by emphasizing moral progress in society as people respond to the gospel and are brought into obedience to Christ. He apparently saw this as a movement toward a Christian, possibly postmillennial, society within human history. He continued:

... as men are wicked and selfish, they are discordant, belligerent, heterogeneous. In so far as they become pure and good, they become congenial, harmonious, "homogeneous." . . . Here we find the true homogeneity, in the one holy catholic church, not in any single outward organization, but in the "communion of saints," who love the Lord Jesus Christ.  

Atwater’s “Conservative-Progressive” Framework for Cultural Reflection

Atwater responded to the cultural issues of his day through a framework that was both conservative in its approach and optimistic in its outlook. He drew from traditional ideas and values, rooted in biblical revelation and the Westminster standards, to analyze business activity and propose economic solutions. He was at the same time both minimalist and progressive; only occasionally did he promote widespread correction to social ills, while anticipating a Christianized, 

---

32 Atwater, “Herbert Spencer’s Philosophy,” 260.
33 Ibid.
possibly eschatological society. His 1852 article in the Princeton Review, “The True Progress of Society,” is helpful in understanding his methodology. In this essay, he claimed that every man of true progress is a conservative and every conservative is a man of progress.\(^{34}\) This progressive conservatism was opposed to sudden or radical change that was disruptive or harmful to the established social order, yet, it worked for lasting cultural transformation. For Atwater, that transformation occurred as individuals were converted to faith in Jesus Christ.

In keeping with his conservatism, Atwater opposed social movements that were destructive to existing institutions and practices. In his view, much of social reform had less to do with systemic change than with discontent, impatience, and contempt for hard work. Most reform movements were devoid of effective leadership and driven by restlessness, novelty, and popular sentiment. When impulsive and revolutionary, reform was often accomplished at the expense of the very culture it tried to improve.

The chronic maladies which always attend human imperfection . . . are ingrained into the very fibres of human society, must be instantly eradicated, even if the process involves the demolition of the social fabric itself.\(^{35}\)

This principle is apparent in Atwater’s criticism of the 1872 labor dispute and trade union movement. He called the strikes “insane and suicidal,” stressing that the disruption was harmful to the workers themselves:

That labor cannot succeed in breaking down capital without breaking down itself; and, per contra, that the more adequate the reward of labor, the more elevated, thrifty, buoyant, and productive it becomes.\(^{36}\)

\(^{34}\) [Atwater], “The True Progress of Society,” 25.

\(^{35}\) Ibid. 20.
Atwater was not against social change, but he believed that progress could occur only as fundamental elements in society are maintained and used as the baseline for advancement. Cultural progress must have a starting point, a place of stability from which meaningful change can begin. A conservative approach to social change insists on stability in the foundational ideas and institutions of the culture, preserving “all the treasures of truth and means of well-being which have already been gained, and make these a capital to be wielded in seeking still larger discoveries and accumulations.”

For Atwater, stability was essential to all true progress. Corrupt or despotic governments are preferred over revolutionary or capricious enterprises. Political and economic systems thrive under fixed and stable policies that are not subject to frequent change or movement of principle. For example, even those opposing import duties and tariffs would admit that a tariff system “steadily adhered to, would be better for a country than a tariff constantly vacillating from one extreme to the other.”

To explain the concept of stability, Atwater drew from the unchanging character of God, who is morally perfect, without variableness, and always dependable. Yet, with this constant, immutable nature, God works beneficent and transformative change in his creation in order to bring about a new heavens and a new earth. When Christians are empowered by God to minister to others to promote moral or spiritual change, their essential faith and practice are not destroyed. Rather, it is through adherence to doctrine and principle that change occurs.

To Atwater, social stability was essentially rooted in theological and biblical consistency. His thoughts on Scripture in his brief doctrinal summary, “The Doctrinal Attitude of Old School

---

38 Ibid. 22.
39 Ibid. 21.
Presbyterians” are pertinent to his conservatism. Like the other Princetonians, Atwater held to the verbal inspiration of the Bible: “Presbyterians, therefore, as we suppose, in common with most evangelical Christians, hold that verbal inspiration is requisite to the authority and sufficiency of the scriptures as the only rule of faith and life, and the supreme arbiter of controversies.” 

His understanding of biblical infallibility rested on the internal testimony of Scripture to its own inspiration and his belief that the biblical language, in order to express the thought intended by its divine author, required guidance in the choice of words. Atwater’s hermeneutic is evangelical. Individual passages are to be interpreted by the whole Bible, “the obscurer parts by the more plain, exceptional passages by the general scope and harmony of the whole.” Human reason must be subordinated to Scripture in order to grasp difficult doctrines such as the Trinity, original sin, or predestination. Biblical revelation is supreme. “The human intellect is disqualified for authoritative judgment, as to what is compatible with the nature and character of God to reveal, not only by its finitude, but by its corruption.”

This approach to Scripture underscored his answers to economic questions, resolved in the light of explicit biblical precepts rather than feelings or judgments about a particular social problem. Atwater wrote of the importance of his confessional heritage:

We nevertheless hold that what the true church – meaning thereby the true people of God – have ever held to be the meaning of scripture, on essential points, must be its true meaning. If in regard to fundamental doctrine, the saints in all generations have not found out what Christianity is, it may safely be assumed to be past discovery.

---

41 Ibid. 71.
42 Ibid. 72.
Here, Atwater aligns himself with his Princeton colleagues by placing great value on the historical basis for the Reformed faith. Hodge, for example, often quoted the theological positions of Augustine, Calvin, and the Puritans divines. This point is important because Atwater had his feet in both worlds - he dealt with the cultural conditions of his world and like the other Princeton theologians, revered the past. Mark Noll, in discussing the relationship between the seminary and college at Princeton, comments that as the Princetonians looked to the past, they were not as sharply attuned to nineteenth-century developments as they otherwise might have been. This does not seem to be the case with Atwater; he was steeped deeply in historical theology, while at the same time engaging cultural problems.

Atwater’s conservatism must be understood in its historical context. “The True Progress of Society” was written at the height of the slavery issue and the problem of abolitionism. A review of his response to these issues, and his congruence with Charles Hodge, provides a framework for understanding Princetonian conservatism as well as his later writings on economic behavior. Slavery was an important, though not decisive factor in the 1836-37 split between Old School and New School Presbyterianism. In 1836, prior to the division, Hodge elucidated the Old School position that slavery was biblical, in that it was not prohibited by Scripture and was thus divinely ordained through the tenure of property. Hodge's article may have helped ally southern Presbyterians with the Old School cause. Old School leaders saw a connection between New School Presbyterian doctrine and abolition; both emphasized the rights of man and moral obligations above biblical precedents. Abolitionists who were Presbyterians were generally associated with the New School branch of the denomination and were rarely found in the Old School.
School or among southern Presbyterians. For example, during the 1840s and 1850s, New School pastor Albert Barnes was the leading antislavery spokesman among Presbyterians. He believed that the Bible revealed general moral principles against slavery, even if there was no explicit prohibition against the practice.\textsuperscript{45} After the split, every New School assembly from 1846-1857, passed resolutions against slavery. In 1849, the Old School assembly officially declared that slavery was a civil institution that should be dealt with by legislatures, and not churches; slaveholders were instructed to treat their slaves as human beings. In 1850, the New School denomination repudiated the position that slavery was a divine institution.\textsuperscript{46} Atwater’s 1852 article, ”The True Progress of Society” was published in the midst of this debate.

Atwater’s conservative reaction to slavery was essentially a reluctance to derive binding principles from Scripture unless those principles were explicit. He challenged as unscriptural the abolitionist assumption that slavery was prohibited and sinful, calling the impetus to make slaveholding an issue of moral character an “anti-apostolic test” of Christian character and fellowship. According to Atwater, the anti-slavery movement circumvented the authority of Scripture and brought severe consequences to the nation, including increased apprehension by slaveholders, maltreatment of slaves, desperate attempts to extend the area of slavery, and the possible dissolution of the Union.\textsuperscript{47} Hodge dealt with the same issue in similar fashion:


\textsuperscript{46} The above discussion on the Presbyterian debate over slavery was taken from George M. Marsden, \textit{The Evangelical Mind and the New School Presbyterian Experience} (New Haven: Yale University Press, 1970), 88-103; and Sydney E. Ahlstrom, \textit{A Religious History of the American People} (New Haven: Yale University Press, 1972), 659-661.

\textsuperscript{47} [Atwater], ”The True Progress of Society,” 34-36.
We recognise no authoritative rule of truth and duty but the word of God. Plausible as may be the arguments deduced from general principles to prove a thing to be true or false, right and wrong, there is almost always room for doubt and honest diversity of opinion.

... Unless we can approach the consciences of men, clothed with some worse imposing authority than that of our own opinions and arguments, we shall gain little permanent influence. ... It is our object, therefore, not to discuss the subject of slavery upon abstract principles, but to ascertain the scriptural rule of judgment and conduct in relation to it.\(^48\)

Both Hodge and Atwater refused to impose a binding rule where the Bible was silent, even when abuses were evident. Atwater argued for the status quo: “The Bible contemplates the perpetual existence of these two classes [property holders and the poor or slaves], and prescribes their respective duties.”\(^49\)

Atwater and Hodge couched their argument for slavery in the language of property rights. Slaves, though accorded the dignity and fair treatment due to all human beings, were regarded as the rightful property of their masters. The right of property, according to Hodge’s discussion of the Eighth Commandment, was the God-given right to the exclusive possession and use of certain things; any violation of that right is sinful.\(^50\) In this sense, the principle of property is a legal arrangement that gave the property holder the right to use another human for labor, so long as that work is in a manner consistent with his humanity. That person is to be given education and religious instruction, the rights of marriage and family, and fair compensation for his labor (usually as food, clothing and shelter), and the right to own property himself.\(^51\) According to Atwater and

\(^{48}\) [Hodge], “Slavery,” 275.

\(^{49}\) [Atwater], “The True Progress of Society,” 35.

\(^{50}\) Hodge, Systematic Theology, 3:421.

\(^{51}\) [Hodge], “Slavery,” 278, 303.
Hodge, the failure of southern slaveholders to abide by these principles did not abrogate the slave’s classification as property. Atwater contended for the primacy of property rights, “The remedy for the abuses of property is not in the destruction of it. We can conceive of nothing that would be more fatal to all industry and thrift, that would more completely blight and paralyze society, (the extinction of religion alone excepted,) than insecurity in the tenures of property.”

Hodge anticipated an eventual end to slavery in the United States, either through an over-supply of slave labor or the gradual education and economic improvement of the slave population. He counted on the cultural transformation of the Christian faith to eventually make systemic and institutional change. Slavery in the United States “should be left to the operation of those general principles of the gospel, which have peacefully ameliorated political institutions, and destroyed domestic slavery throughout the greater part of Christendom.” In this brief summary of the slavery writings of Hodge and Atwater, it is evident that the Princetonian response to slavery was at the same time both conservative and progressive. They were minimalists in their approach, yet they hoped for a leavening effect of the gospel to change society as individuals were converted. Elwyn Smith claims that Princeton’s conservative response to slavery resulted in a disengagement of Reformed religion from public life, especially when applied to other social problems. Although Hodge and Atwater seemed to support the status quo in this issue, it is incorrect to say that they were disengaged from or uninterested in their culture. They were essentially conservative and chose not to make disruptive social change except where they felt explicit biblical commands were being violated.

52 [Atwater], “The True Progress of Society,” 35.
53 [Hodge], “Slavery,” 286.
In Atwater’s conservative-progressive framework was the presumption of a general improvement of society. Progress was the necessary concomitant to social stability; just as adherence to traditional values and ideas prevented disruption and chaos, cultural improvement prevented stagnation.\textsuperscript{55} In every aspect of cultural life, permanence and progression should be in equilibrium. Atwater saw the technological advances in manufacturing, transportation, and communication, used to build up existing social structures, as indictors of an advancing culture. Financial innovations, such as credit and an established monetary system, helped move western commerce from a “savage state” to capitalist prominence. To Atwater, the increase in civil liberties, education, and economic opportunity, when derived through peaceful, orderly means, demonstrated a movement toward a culturally enriched civilization.

This sense of progress was not evolutionary, but theistic and eschatological. It presumed the Christianization of society as individuals become spiritually transformed and influence its economic, political, and social structures. As Christian principles permeate every sphere of life and regulate commerce and politics, America will become more homogenous and American cities will become shining “cities of God, whence go out streams of holy influence to purify and bless our nation.”\textsuperscript{56} The propagation and realization of the gospel message was the impetus of true progress. True progressives are Christians, he insisted, “men who believe, love, and obey, and do their utmost to lead others to believe, love, and obey the truth as it is in Jesus.”\textsuperscript{57}

As a Calvinist, Atwater believed that cultural transformation occurred under the sovereign direction of God. He approached economic problems from the standpoint of a theologian, believing that moral and ethical issues are ultimately resolved through the application of Scripture

\textsuperscript{55} [Atwater], “The True Progress of Society,” 24-25.
\textsuperscript{56} [Atwater], “The Bible in the Counting House,” 396.
\textsuperscript{57} [Atwater], “The True Progress of Society,” 36.
and the regenerating power of the Holy Spirit. Evangelism and cultural reflection were never separated in Atwater’s thinking. His prescription for the labor-management conflict is consistent with his Reformed framework.

The power of Christian love should smooth and sweeten all the relations of capitalists and labor. [They] are under special and urgent obligations [and] should so let their Christian love radiate in kindly and blessed ministries to their employés and their families, in all feasible ways, as to disarm hostility, extinguish jealousy, and provoke not envying and malice, but to love and good works . . . It has, indeed, a supreme reference to God and eternity, but godliness hath the promise of the life that now is, and that which is to come.\footnote{Atwater, "The Labor Question,"492.}
ATWATER AS PRINCETON'S SPOKESMAN ON ECONOMIC ISSUES

In 1871, after assuming editorship of the Princeton Review, Lyman Atwater expressed his intention to use the journal to engage in serious theological reflection on the contemporary issues of the day, to deal “with topics of present moment and interest, with the great questions which are now agitating the minds of men.” His stated purpose was to influence the thinking of Christian leaders, both in the church and in economic and political society, desiring that the journal’s articles would “percolate through the leading minds they inform and inspire, among all grades of society, until they indirectly influence a countless multitude.”

1 The majority of Atwater’s writing on marketplace issues, especially those dealing with specific economic problems, fell within the years just prior to and during his editorship, a period when economic changes were reshaping American culture. The age was one of rapid industrialization, commercial innovation, bitter dispute over business and economic policy, and violent conflict between labor and management.

From the vantage point of Presbyterian Princeton, Atwater, as churchman, theologian, and observer of economic culture, was engaged with some of the more hotly contested business problems of his day, including fiscal policy and labor reform. He approached these issues through a conservative-progressive framework, with an ever-present concern for ethical behavior, cultural and political stability, and the good of society as a whole. He saw the marketplace in ethical and moral terms; to him, the creation of wealth through economic activity is a divine stewardship given primarily for the good of society and only secondarily for personal profit. All economic actors

must regard themselves as accountable before God. Although he always addressed cultural problems from a conservative framework, he was a critical observer of the moral and social effects of capitalism and was not an unqualified supporter of the status quo.

In this chapter, Atwater’s reflection on these three specific economic events will be examined: 1) the adoption of fiscal policies by the Union to finance the Civil War; 2) the debate over monetary policy during the 1870s, especially during the Panic of 1873; and 3) the labor disputes during the 1870s. Most of his economic articles were written during this period, ten of his fourteen essays dealing with business or financial matters were published between 1862 and 1877.

Atwater's economic writings generally cluster around two themes: monetary policy and labor-management relations. These are two areas that Atwater felt disrupted the social and economic stability of the nation. It will be demonstrated that his writings were careful responses to specific political and economic crises of his day. These include the fiscal and monetary policy implemented by the federal government during the Civil War, the political and economic upheaval following the war, especially with regard to monetary policy, and the economic depression, and the violent labor strikes of the 1870s. In each of these events, Atwater remained consistent with his socially conservative and theologically orthodox beliefs.


4 Atwater wrote two business-related articles that fall outside of the period discussed in this study and deal with issues that were debated largely after his death in 1883. These articles are a) Lyman H. Atwater, "The Regulation of Railroads," *Princeton Review* 4:2 (1881): 406-428, written in favor of limited regulation of railroads as public conveyance during the preliminary debates leading to the 1887 Interstate Commerce Act; and b) idem, "Future Paper Money in This Country," *Princeton Review* 5:1 (1882): 1-25, a preliminary observation on the free silver debates that would engulf American politics in the 1880s and 1890s. Atwater preferred a gold monetary standard and likely would have sided against advocates of bimetallism. It is noteworthy that William Jennings Bryan, a devout evangelical Presbyterian layman and three-time presidential candidate (1896, 1900, 1908) was famous for his "Cross of Gold" speech on the opposite side of the debate.
Atwater’s Response to Civil War Financing

The outbreak of the Civil War required a reorganization of the country’s fiscal and monetary structure. The antebellum system of commercial credit and exchange was cumbersome; it consisted of 1,600 state-charted banks that offered notes acceptable in the locality of issue and a federal treasury that circulated specie in the form of gold and silver coins. Most local business transactions were handled with the demand notes, though specie was required for imported goods and for federal obligations such as taxes and customs duties. Federal monies were not deposited in banks, but in sub-treasuries, a requirement of the 1846 Independent Treasury Act. Since a national paper currency was not issued, state bank notes functioned as fiduciary currency, redeemable for specified amounts of gold or silver upon demand. As a store of value, these bank notes were risky to hold; when a bank was unable to redeem notes for specie on demand, they became worthless. Most financial institutions frequently returned bank notes for immediate redemption and kept the notes at or near their face value, a “sound money policy” in which note issues were limited by a fixed proportion of specie reserves held for redemption. Supply and demand for paper currency was determined by the bank’s reputation and ability to making specie payments.5

Like most conservatives, Atwater stood against expanding the circulation of demand notes above a level in which each note could be converted to specie. He held to a sound money position, believing that the exchange or purchasing value of paper money was derived, not from

---

its monetary role, but in the value associated with gold or silver that it represented: “Precious metals constitute the fittest material for a medium of exchange,” and “mere engraved pieces of paper are not in themselves wealth . . . they may fill the place of money, and pass as money, but they are not money proper.”6 Atwater supported paper currency only when backed up and redeemable in gold or silver coin.

In 1857, a panic occurred that underscored the conservative concern about money expansion. Prompted by the failure of the Ohio Life Insurance and Trust Company, a firm with heavy investment in railroads and large liabilities to eastern banks, the crisis occurred after a time of economic and commercial expansion made possible, in part, by the discovery of gold in California. Easy credit was available for speculative investment in real estate and in railway construction often beyond the capacity of the railroad to produce. Incomplete railroad construction brought stocks down and forced the Ohio firm to default on its debt to the New York banks. Fearing that they could not meet their financial obligations, bankers panicked, limited credit, and demanded payment on mature loans. When depositors began exchanging bank notes for gold, a bank run ensued and the banks began suspension of specie payment. Financial historians generally agree that the crisis was brought on in part by speculation and misuse of the credit made available from the abundant gold supply.7 Atwater, as a first-hand observer of the crisis held this view. Speculation in 1857, as well as earlier crises, disrupted the stability needed for a balanced social order and caused a “derangement between the equilibrium of supply and demand . . . of nearly all commodities, but especially of lands and building sites, as the prime object of the speculative mania in the grand


7 For example, see Dewey, Financial History, 262-265; and Studenski and Krooss, Financial History, 127.
commercial bubble.” Atwater did not see the panic in terms of a business cycle, but as a moral issue caused by the poor stewardship and greed of less-than-honest businessmen who took advantage of expanded credit and gambled on a higher return than expected in normal trade practices.

In 1860, when Abraham Lincoln was elected, the country had just begun to recover from the economic problems brought on by the Panic of 1857. Southern banks withdrew large amounts of money from northern banks and uncertain investors withdrew funds, contracting the supply of available credit. Lincoln’s new Secretary of the Treasury, Salmon P. Chase, had the responsibility of raising $320 million to provide for wartime expenditures; one fourth was from taxes and the rest by government loans. In July 1861, Congress authorized a $250 million loan, to be secured through 20-year bonds, Treasury notes, and non-interest bearing demand notes. The Treasury issued $80 million in federal demand notes and in August 1861, Chase persuaded the major banks in Boston, New York, and Philadelphia to loan $150 million, payable in three equal installments in August through November 1861. Chase, a sound money advocate, required the banks pay in specie for government notes, and anticipated that they would be sold quickly to replenish the lending bank’s specie reserve. The less confident bankers feared a depletion of specie reserves and hoped that Chase would handle loans without specie so that they would have hard money to handle other transactions. The bankers’ fears proved correct. Specie was hoarded and only $45 million from the first two $50 million note issues was sold to the public. Confidence was eroded when early military and diplomatic actions went poorly for the Union. Gold reserves were diminished, leaving little to meet obligations for foreign trade and customs duties. The eastern banks refused to buy more Treasury notes, instead exchanging $50,000,00 for interest-bearing bonds, and in

---

December 1861, private banks suspended specie payments. In order to meet the shortage of money, Congress passed the Legal Tender Act in February 1862, issuing $150 million in US Treasury notes. The act required that these notes, known as “greenbacks,” must be accepted as legal payment for all goods and services in the United States, except duties on imports and interest on public debt, even though they had no specie backing. The legislation was a stopgap measure, intended for only one issue, though a total of $450 million greenbacks were circulated, a second $150 million in July 1862, and another $150 million in March 1863. All were to be redeemed for specie after the war.9

In April 1862, Atwater responded to the Legal Tender Act through an article in the Princeton Review entitled, “The Nature and Effects of Money, and of Credit as its Substitute.” In this essay, he outlined his sound money philosophy, identified the various instruments available for credit, and described potential economic and ethical problems that he understood would result from the expansion and contraction of the paper money supply. He supported the temporary suspension of specie payments as “the only alternative to great financial stringency and commercial distress,” seeing the measure as a necessary wartime expedient driven by the “sudden displacement of the specie of the bank-vaults of the great commercial centres, by government loans from these banks.”10 Maintaining a consistent conservatism, he insisted on a close ratio between the value of specie and that of paper currency, and expected a return to the gold standard and convertible paper money after the war. He wrote,

Although there is every indication that specie payments might again be resumed and maintained, yet such a war as is now upon us gives rise to so many unlooked-for financial anomalies, that it will probably be safer to prolong the suspension during its continuance, keeping the difference between paper and metallic currency slight . . . But the true standard is gold and silver. The true paper money is that which is immediately convertible into them.\textsuperscript{11}

Likewise, Atwater concurred with the issuance of greenbacks as a national fiduciary currency, believing that their convenience as a medium of exchange indicated progress and movement toward a more homogeneous society: He wrote, “A thousand advantages arise from having at command paper money which is equally current and available in every part of the country. The recent act of Congress directing the emission of $150 million of United States treasury notes is the first step in this direction.”\textsuperscript{12}

Atwater did not regard the greenbacks as fiat paper money, but as a form of credit employed as a substitute for money. For him, the various forms of credit were linked to ethics and social stability: “Credit is a state of mind,” he wrote. It is a belief in the trustworthiness of financial institutions and the public to fulfill their mutual obligation. Lending institutions make money available and borrowers agree to repay the credit on the basis of trust. The inflation or deflation of the value of money is a violation of that trust. Inflation caused the expansion of paper money and scarcity of commodities in the Civil War:

\textsuperscript{11} Ibid. 344-345.
\textsuperscript{12} Ibid. 351.
. . . money may be very plenty . . . while other commodities are either scarce in fact, or made so by being, in consequence of the very abundance of money, held for higher prices. Then money, for a time, exchanges for less than the cost of its production in other articles.\textsuperscript{13}  

Atwater believed that whenever distrust supplants credit in the marketplace, financial institutions are forced to limit the amount of credit available to solvent and reasonable businesses.\textsuperscript{14} Atwater saw this as an abrogation of the right of people to conduct business and earn an honest, reasonable profit. For Atwater, it was a disruption of the stability of society and apparently a violation of the right prescribed by the Eighth Commandment to use one’s property to earn a livelihood. Atwater conceded that some expansion of credit was necessary to meet emergency contingencies, since imports and customs duties will diminish the gold supply and businesses have to operate in order to meet the needs of the war. He did not believe that the circulation of paper money as credit was the cause of economic problems \textit{per se}; rather, he blamed inflation on speculation in gold, land, and stocks, which drove up the prices of goods and services. Since speculators obtained credit on the basis of expected price increases and not from their solvency, reputation, or productive capability, their competition in the marketplace created an abnormal demand for commodities. According to Atwater, speculation manipulated prices and essentially robbed the profits of honest economic actors. Credit for speculation should be curtailed and made available only to those solvent businesses that deserve it.\textsuperscript{15}  

In July 1864, Atwater published a follow-up article, entitled “The War and National Wealth.” In this essay, he discussed the problem of public debt engendered by the war, the causes of

\textsuperscript{13} Ibid. 317.  
\textsuperscript{14} Ibid. 332-333.  
\textsuperscript{15} Ibid. 335-336, 339.
inflation, and the imbalance of wealth created by high prices of goods and services. Greenbacks were first issued in the spring of 1862 and began to depreciate almost immediately. After the Legal Tender Act, gold became another commodity, sought by speculators and by businesses that needed specie to purchase imports or to dispose of taxes and custom duties. The price of gold increased until $1.00 in gold was worth $2.85 in paper money. The depreciation of the greenbacks stemmed from the increase in demand because of the federal government’s spending on war materiel, the premium on gold, and the expansion of the supply of paper currency. Exports of gold for international trade reduced its supply and raised its price. Speculators bought and sold gold in the New York gold exchange by gambling on fluctuations in prices, and consequently drove up the cost. Some banks made business loans on the speculative value of gold. This rise in gold price resulted in rise in general price level.\footnote{For the general causes of greenback depreciation, see Dewey, \textit{Financial History}, 292-294 and Studenski and Krooss, \textit{Financial History}, 147-148. Greater emphasis on the premium of gold as a factor is given in Robert P. Sharkey, \textit{Money, Class, and Party: An Economic Study of Civil War and Reconstruction} (Baltimore: Johns Hopkins Press, 1967), 50-55.} This depreciation made it possible to convert paper money into government bonds. In October 1862, Philadelphia banker Jay Cooke was authorized as sole agent for the sale of six percent government bonds, redeemable in gold; $500 million were sold across the Union in $50 increments to banks, businessmen, tradesmen, farmers, and wage-earners.

Though an advocate for redeemable paper currency, Atwater did not place immediate blame for inflation on the money supply. In fact, he acknowledged that suspension of specie payments and fiduciary use of paper money allowed businesses to trust government and provided the impetus for business activity:
In the present case, the emission of paper money by the government, when it began, obviously raised the credit of the government, by giving assurance of payment to its creditors. Thus, it stimulated activity in producing the supplies needed for the government, and so infused confidence and activity into every branch of industry.\(^{17}\)

Yet, Atwater argued for careful control of the money supply, insisting that inflation was a moral issue. The expenditures of the war required that paper currency be kept as close to par as possible with the specie standard so that its purchasing power could be maintained. To fall short of this would create the possibility, or at least the perception, that the government could not keep its financial obligations. Sound currency “inspires the fullest confidence in the ability of the nation to pay punctually the interest, and ultimately extinguish the principal of whatever national debt may be incurred by the necessary outlays of the war.”\(^{18}\)

For Atwater, inflation caused an imbalance in the economy that amounted to stealing. The higher prices of commodities, driven upward by the premium on gold, “goes to make the owners of them richer, and the buyers so far forth poorer.” Although the procurement of military equipment and supplies brought profit to many “bankers, merchants, manufacturers, the great centres of exchange, trade, and finance,” higher prices diminished the ability of some people to purchase goods in the marketplace, especially laborers, small-scale businessmen, and those on fixed incomes. He wrote that wages did not keep pace with price increases: “. . . they have not been advanced at all in proportion to the increased cost of the articles which this class have been accustomed to consume, whether articles of necessity or comfort.”\(^{19}\) Atwater believed that speculation and careless monetary policy contributed to inflation, and thus, robbed many of the

\(^{17}\) [Atwater], “War and National Wealth,” 467.  
\(^{18}\) Ibid. 474-475.  
\(^{19}\) Ibid, 453-454.
purchasing power enjoyed before the war. Inflation was further encouraged through the importation and purchase (with specie) of foreign-made articles by wealthy Americans:

The rise in gold to the neighbourhood of $2.50 also shows that the excess of our consumption is represented by foreign fabrics which we have not gold enough to pay for, consequently the price of gold is forced up until it raises the price of other things.\(^{20}\)

This imbalance of production and consumption represented a fundamental evil and disrupted the stability of the whole nation. He advocated the right of “honest and prudent merchants” to secure a profit through sound business practices, but decried the activity of “reckless speculators” who used credit and an inflated paper money supply to build their fortunes. To Atwater, these monetary issues were both economic and ethical.

**Atwater’s Response to Monetary Policy of the 1870s**

In September 1865 the wartime debt was at $2.8 billion, mostly in short-term loans and non-interest bearing currency, consisting of greenbacks that fluctuated in value and national bank notes, which were backed by government bonds and did not vary in value. A return to the pre-war practice of specie payments was expected, though not possible until the gold premium disappeared and greenbacks were brought back into equilibrium with specie. In 1866, sound money advocate Hugh McCulloch, the Secretary of the Treasury under Johnson, began contracting the supply of greenbacks by converting them into six-percent bonds, expecting to lower prices and quickly restore the gold standard. By 1868, more than 80 percent of the greenbacks had been retired and much of the federal debt eliminated. However, the repayment of the earlier war loans was

\(^{20}\) “Note to the article on The War and National Wealth,” *Biblical Repertory and Princeton Review* 36 (1864): 584. The editors of the *Princeton Review* (Hodge and Atwater) inserted this note, from data released by the Secretary of the Treasury after the article went to press.
accomplished with great controversy. Through Cooke’s agency, the federal government had sold bonds during the war at par for greenbacks, enabling those with gold to profit by buying greenbacks at depreciated value and converting them into bonds at par. Farmers and others who had incurred debts during the war and post-war years contended that repayment in specie gave bondholders unwarranted profits. “The same money for bondholder and the plowholder” (the so-called “Ohio Plan” that would pay interest in greenbacks), they claimed, and demanded that interest be paid in greenbacks. To sound money people, this was dishonest because the government had promised coin payment for the bonds. Since Cooke had acted as the government’s representative and had promised payment in specie, any breach of this agreement would be unethical. Atwater later decried the Ohio plan as “kiting,” a practice that would result in higher prices and depreciated currency.\(^{21}\) McCulloch’s efforts helped reduce the federal debt but created another problem. Specie payment had not yet resumed and gold received for custom duties created a surplus. Because of a stipulation in the Independent Treasury Act, gold from customs duties could not be deposited in banks but was sold on the open market, an opportunity for speculators. In the first year of Grant’s presidency, on September 24, 1869, two speculators, Jay Gould and James Fisk, were able to manipulate the gold market by purchasing a significant part of specie offered for sale at the New York City Gold Exchange. The price rose by 20 percent, causing financial ruin among those who had contracted to buy at lower prices, which in turn forced prices to fluctuate and the stock market to grind to a halt. George S. Boutwell, Grant’s Secretary of the Treasury in 1869, averted a crisis by releasing additional gold. The event became known as "Black Friday." Atwater’s harshest condemnation was against such speculation:

Our inconvertible currency generates a class of speculators who thrive by preying upon the commerce, the industry, and the resources of the country. Their vocation is to unsettle values, and foment financial derangements. This sort of speculation . . . reached its malign climax during peace, in the Black Friday made memorable in Wall street for a generation . . . It may safely be assumed that gambling speculations are among the great moral, social, and financial evils of the country.\textsuperscript{22}

In April 1873, Atwater wrote an article in \textit{Scribner’s Monthly} entitled, “Needed Modifications of Our Currency and Banking System,” describing the tightened money market of 1872 and anticipating that a panic would begin later that year. He discussed the National Bank Acts of 1863-1864, which required minimum bank specie reserves for New York City (25 percent) and country banks (15 percent). The common practice was for out-of-town banks to deposit excess loans in New York banks because they had a thriving loan market, resulting in pyramiding of deposits, since both the out-of-town and New York banks counted the same funds as reserves. Country banks would withdraw funds during planting and harvest time to service demand for farm loans and for a short period would make credit in the New York money unavailable for most transactions. Atwater called for a modification to the existing law, arguing for greater elasticity in the money supply while maintaining a convertible paper currency, redeemable in specie on demand. He advocated “the importance of freely using reserve funds, when needed to meet the just requirements of trade,” believing that such action would bring monetary equilibrium:

whenever such excess of money or loanable \textit{sic} funds accumulates at any point, let due
reserves be husbanded against the day of scarcity. When the scarcity comes and begins to
pinch, let these reserves be freely employed to meet it.\textsuperscript{23}

Atwater asserted that the inflexibility of the national banking system would lead to a national
panic. During the 1873 planting season, the annual demands for farm loans put pressure on the
nation’s bank reserves to limit credit. At the same time, incomplete railway construction, financed
by eastern banks, weakened the value of most railroad securities and reduced the earnings of
financial institutions. On September 18, 1873, Cooke’s Philadelphia banking house, which had
financed the Northern Pacific Railroad for about $100 million, collapsed and brought about
widespread panic. There was a bank run, followed by a depression with widespread
unemployment and violence among railroad workers. Atwater had correctly anticipated the results
of these conditions and predicted a panic.

In January 1874, four months after the failure of Cooke’s bank, Atwater wrote an article in the
Princeton Review entitled, “The Late Commercial Crisis,” that summarized his position on
monetary and fiscal policy. He used this essay to describe what he believed to be the moral
problem and cause of the Panic of 1873: frantic speculation by dishonest or insolvent businessmen,
especially speculation in railroad securities. This activity stimulated unparalleled, often incomplete
railroad construction, created and destroyed fortunes overnight and fostered political corruption.
He complained about banking restrictions that enabled speculation but hindered the availability of
credit to solvent enterprises. While arguing for elasticity in the money supply that would alleviate
the seasonal monetary difficulties of the agricultural cycle, Atwater reiterated the conservative

position on the gradual resumption of specie payment. He criticized the Inflation Bill of 1874, the congressional legislation (vetoed by President Grant in April 1874) that attempted to raise the circulation of devalued greenbacks to $400 million. With confidence that the ratio between paper notes and gold would eventually return to equilibrium if not inflated, Atwater claimed that the bill would violate the laws of God and nature. “Let government now issue a thousand million of greenbacks, or marbles, and stamp them dollars, make them legal-tender, ” he mocked, “Will they have a value equal, or not immeasurably inferior, to the same number of gold or silver dollars, or bills actually redeemable for their face in coin?”

In the following edition of the Princeton Review, published as the bill was debated in Congress, his words were just as sharp about the legislation: “This multiplication of promises by the nation, without any intent to keep them, will in time, if continued, sink the nation’s faith and credit . . . with all its untold evils, commercial, social, and moral.” The country’s fiscal and monetary structure was, according to Atwater, in moral disarray both in public policy and individual ethics. In one statement, he decried the “widespread demoralization, fraud and theft among those holding the highest fiduciary positions.”

Atwater outlined the moral lessons to be learned from the panic. He stressed the importance of moral character that should accompany the creation of wealth. The Christian businessman should view himself as a steward of God-given resources, not pursuing wealth for the sake of personal comfort, luxury, or extravagance. His work should be marked by traditional Calvinist virtues of “industry, frugality, economy, prudence, reasonable provision for the future.”

24 Atwater, “Late Commercial Crisis,” 111.
26 Atwater, “Late Commercial Crisis,” 105. This comment may be a reference to two financial scandals. The first scandal, known as the Crédit Mobilier swindle, involved overcharging government construction contracts for the Union Pacific Railroad in 1872 and implicated, among others, members of Congress and Schuyler Colfax, Grant’s Vice President. In the second scandal in 1873, known as the Sanborn Contract, William A. Richardson, Grant’s Secretary of the Treasury in 1873, was implicated in an irregular tax collection scheme, and in May 1874, was forced to resign.
He should be scrupulously honest in his business dealings, with an absolute faithfulness to keeping one’s obligations and contracts. He should be generous with his wealth, especially giving to the poor and the work of the church: “. . . to feed the hungry, clothe the naked, shelter the homeless, warm the shivering, and above all to support the great evangelistic enterprises of the church.” Atwater stressed the uncertainty of riches, the volatility of economic life and the ease in which fortunes come and go. “No property is secure against all contingencies,” he claimed, “No mortgage or insurance is proof against decay, disease, fire, flood, tornado, famine, pestilence, war.” Christian faith served as an ultimate and beneficent equalizer in the competitive marketplace: “After all, even for any security or good of our earthly estate, we must trust in the living God, and lay up treasure in heaven. This resource is open to all, however poor in this world's goods.”

Citing the biblical imperative to “owe no man anything,” he demanded that all honest businessmen pay their debts according to the value of currency at the time the obligation was incurred. He admonished entrepreneurs to avoid the speculative mistakes that brought about the panic. Credit should be available for reasonable and predictably successful enterprises, but never when it is beyond one’s ability to repay. Speculation is immoral whenever there is not a reasonable expectation of profit and when it does not serve the common good.

Monetary policy continued to be one of the major economic and political issues in the years following the Civil War. The presidential administrations of Grant and Hayes were marked with bitter public debate over currency and federal indebtedness, and in 1875, a political party, called the Greenback Party, was formed to advocate policies that would expand the supply of paper money. Bankers, financiers, and fiscal conservatives, like Atwater, favored a monetary policy that would contract greenbacks and restore specie payments quickly. Farmers, less affluent

---

27 Ibid. 124.
28 Ibid. 125.
businessmen, and debtors complained that they had to pay their obligations in scarcer dollars and wanted an increase in available currency that would cause the prices of their goods to go up. The debate was fought on both economic and moral grounds and churchmen weighed in on both sides of the debate.\textsuperscript{29} To Atwater, who decried payment of the national debt with a devalued currency, the integrity of the government of the United States was at stake:

> We plead for the resumption of coin payments, at the earliest day practicable without producing serious financial stricture or commercial panic, because the national faith, morality, and honor require it. Surely, the faith and honor of the nation require that it fulfill its promises and obligations voluntarily assumed.\textsuperscript{30}

The moral change that Atwater wanted in monetary policy was the resumption of specie payments on demand, an act that would provide a convertible paper currency and, in his view, bring equilibrium to the money supply. In \textit{Scribner's Monthly}, Atwater advocated a return to redeemable paper currency as a moral imperative: "National morality requires the fulfillment of the nation's promises [to resume specie payment] at the earliest practicable period."\textsuperscript{31} In 1875, the Resumption Act was passed; the act required the federal Treasury to redeem in coin any greenback submitted for redemption after January 1, 1879, and retire greenbacks after 1875 at the rate of 80\% of national debt.\textsuperscript{32} The legislation lacked popular support and was repealed in November 1877, even though vetoed by President Hayes. Atwater, in his 1875 \textit{Princeton Review} essay, "The Currency Question," understood the political volatility of the legislation and believed that its repeal


\textsuperscript{30} Atwater, "Resumption of Specie Payment," 217.

\textsuperscript{31} Ibid. 218.

would promote further inflation and devalue money. He saw the implications of an irredeemable paper currency in terms of public image and credibility: "Public morality and religion, as well as national prestige and power, would suffer a terrible shock in such an open breach of the national faith, and destruction of public credit."³³ This inflation and debasement of currency, because it resulted from an artificial expansion of the money supply and not from the natural economic tendencies of supply and demand was to Atwater an evil to be avoided. The impact on society would be harmful and would hurt those on fixed incomes who were most vulnerable:

One very obvious effect must be to destroy, or reduce to a minimum, the value of all fixed money incomes, salaries, the interest on investments in stocks, bonds and loans, which constitute the support of widows, orphans, the aged, infirm and helpless . . . The treasuries of our religious and benevolent societies, if replete with worthless engraved paper, would be depleted of all means of real sustenance for our missions, Home and Foreign and other evangelistic schemes. In short, the cause of religion in all its departments would suffer a hopeless prostration of its means of support.³⁴

**Atwater’s Response to the Labor Unrest of the 1870s**

During the summer of 1877, the country was facing a general labor insurrection. Spontaneous strikes and rioting had erupted among railway workers, first in Martinsburg, West Virginia on the Baltimore and Ohio Railroad, and subsequently on the Pennsylvania, New York Central, and Erie, eventually stopping rail traffic on all of the lines east of the Mississippi River. In Baltimore, strikers stopped all trains, seized railroad property, and set fire to the local station. The state militia

---

³³ Atwater, "Currency Question," 736.
³⁴ Ibid. 735-736.
was called in, open conflict occurred between the militia and the strikers, and nine people were killed. In Pittsburgh, more violence occurred when a mob of 4,000-5,000 rioters, including the local citizens sympathetic to the strikers, destroyed 2,000 railway cars, and burned the depot, machine shops, grain elevators, and other buildings. The conflict resulted in 25 deaths, prompting President Hayes to send in federal troops. In October 1877, Atwater responded to the railroad strike riot in an article for the *Princeton Review*, entitled “The Great Railroad Strike.” He saw the strike as the capstone of growing labor unrest, as a “social volcano . . . ready to rage at the slightest provocation.” The labor problem for him was of one of considerable economic and social consequence.

The railroad strikes of 1877 had their beginnings in the labor movement of the previous decade. Before the Civil War, most labor organizations were either reform associations aimed at establishing utopian socialist communities or trade associations formed around a single occupation or craft. Most workers bargained for employment as individuals and not as collective groups. Labor organizations were few and usually were weak and local in character. After the war, laborers began to react to the poor working conditions, long hours, and low wages brought by industrialization, and labor organizations began to emerge. In 1866, the National Labor Union was formed by representatives of various local trade unions and in 1868; it campaigned for the eight-hour workday. The union eventually became involved with the Greenback party and declined in influence. In 1869, the Knights of Labor, precursor to the American Federation of Labor, established its first chapter with garment cutters in Philadelphia to promote co-operation among

---


different trades; in 1872, a second chapter with shipbuilders was organized. In the anthracite coalfields of eastern Pennsylvania, a local union, the Workingman’s Benevolent Association gained a certain amount of prominence. Atwater’s article, “The Labor Question in its Economic and Christian Aspects” was written as a response to this issue. The Pennsylvania legislature mandated an eight-hour workday for miners in 1868, and mine operators responded by insisting on a corresponding reduction in wages. The union was formed to represent workers in the coal fields of Schuylkill County, Pennsylvania, refused to accept the cut, organized a strike, and halted mining operations for a month. The resulting coal shortage raised the price of coal and enabled the miner’s to negotiate a 10 percent wage increase. Almost overnight, the Workingman’s Benevolent Association become a powerful organization on the anthracite coal fields and formed a council to coordinate other local unions throughout the industry. They followed similar tactics, organizing further strikes to cause coal shortages so that prices would increase and higher wages could be demanded, and negotiated a wage settlement with the mine operators based on the fluctuating price of coal. After the Panic of 1873, mine operators cut wages and the union organized another strike, though many workers chose to return to the pits as “scabs.” A secret society called the Molly Maguires began to terrorize the coalfields, committing acts of vandalism, assault, and murder in order to prevent stop operations and miners from working during the strike. In 1877, after investigation by the Pinkerton Detective Agency, several conspirators were arrested, tried, and executed or imprisoned. To Atwater, both the strikes and the accompanying violence were disruptions of the social stability necessary for progress, and a violation of the divine mandate to work. For the strike to be effective, the union had to encourage all workers to strike and stop those who wanted to work. He saw this action as a violation of God's order: “All who interfere with, or conspire to despoil men of this God-given right should find the whole power of the state
put forth to thwart them as enemies of the human race.\textsuperscript{37} In response to their push for the eight-hour workday, Atwater argued that such legislation would be stealing from the employer and would deplete capital. In a later essay, he wrote that the eight-hour day (without a corresponding wage cut) was an infraction of a biblical principle:

\begin{quote}
He that worketh not, neither shall he eat. As we have said, it is the endeavor of men to evade this divine ordinance; that is the root of our chief present troubles . . . First and foremost among these is the whole system of movement among laborers to extort unrighteous wages, by requiring ten hours' pay for eight or nine hours' work.\textsuperscript{38}
\end{quote}

For Atwater, the union’s tactics upset the equilibrium between the supply and demand and increased the price of coal. Their action may have increased wages for one group, but negatively affected labor everywhere else. Regarding the anthracite coal strike, he wrote: “The recent coal strikes in Pennsylvania involved a tremendous and cruel levy on all the laborers elsewhere dependent on anthracite for their fuel, or motive power in manufacturing.”\textsuperscript{39} He believed that the strikes injected an artificial factor upsetting the divinely ordered tendency toward equilibrium in the supply and demand of labor. The necessity for labor to increase wages would, according to Atwater, disrupt the economic order and, the price increases associated with inflated wages would harm both individuals and corporations:


\textsuperscript{38} Atwater, “Our Industrial and Financial Situation,” 523.

\textsuperscript{39} Atwater, “The Labor Question,” 483.
[The wage increase] does not, as they blindly conceive ordinarily, come so much out of their employers' as out of all the consumers of the articles produced by them; but, like other iniquities, it has wrought its own retribution, and is thus working its own cure. These enormous wages have crushed and killed the industries in which they had been exacted. Employers can no longer pay them, except at a loss. Why? Because the people cannot afford to pay the enormous prices required for commodities produced by such dear labor.\textsuperscript{40}

In keeping with his conservativism, Atwater believed that the major problem with labor unrest was the assault on the biblical mandate to steward personal wealth. Human labor and the use of wealth were intricately connected. For him, labor was creative activity, divinely ordered to serve humanity to “produce some result beyond itself, either transient or enduring, coveted by man.” It was instrumental, valued for its capacity to produce commodities or provide services for the benefit of society and was distinct from non-productive activity such as leisure, art, or unemployment. Because of its productive capacity, labor had an interdependence with capital. Personal wealth is the outcome of labor provided for consumption or investment, and capital is “that portion of wealth, or of the accumulated savings of labor, which is devoted to the support and assistance of the laborer in future production.”\textsuperscript{41} This interrelationship, according to Atwater, was divinely ordered and its interruption was a disruption of social and economic stability. Workers should be fairly compensated for their activity and investors should be rewarded for their risk.

\textsuperscript{40} Atwater, "Our Industrial and Financial Situation," 524.
\textsuperscript{41} Ibid. 468.
When labor is employed for production, affluence is potentially available for both the laborer and the capitalist.\textsuperscript{42} Conversely, the partnership between capital and labor implied that anything diminishing the productive capacity was harmful to both: “labor cannot succeed in breaking down capital without breaking down itself; and, per contra, that the more adequate the reward of labor, the more elevated, thrifty, buoyant, and productive it becomes.”\textsuperscript{43}

For Atwater, organized labor appeared to be controlled by radical socialists advocating forcible seizure and redistribution of wealth. Labor unions seemed to him to be bent on the abolition of property rights, a solution that would reverse cultural progress, “drive back society to the poverty and privations of savagism,” destroy the structure of family life, and disrupt the progress of Christian civilization.\textsuperscript{44} Although he equated labor reform almost entirely with radical socialism, he recognized early the trend toward consolidation and national organization, and the potential economic and social impact. He wrote the following comments at a time before labor had organized on a national scale:

\begin{itemize}
  \item \textsuperscript{43} Atwater, “Labor Question,” 475.
  \item \textsuperscript{44} Ibid. 481. Atwater’s concern may be overstated. Organized labor in nineteenth century America included socialist and communist elements, though organizations that were more conservative gained dominance. For example, Samuel Gompers, founder of the American Federation of Labor, was convinced that the labor movement in the United States could not succeed if led by radicals. See, Dulles, \textit{Labor in America}, 116-117.
\end{itemize}
It cannot be denied that the feeling among laborers of dissatisfaction with their relations to capitalists and employers is deep and widespread, whether with or without reason; It is impelling to a vague unrest and uncertainty; to efforts - more or less blind or intelligent, organized and unorganized, lawful and lawless, to rectify supposed wrongs, and assert the rights supposed to be denied them. Out of these come combinations, first local, or in particular trades, then general and in all trades; now state-wise, now national, now international. They are often assuming a portentous aspect. Atwater had a conservative-progressive approach to management-labor relations. To him, the lower wages caused by corporate fraud or mismanagement is primarily a wrong done to stockholders who have taken a financial risk with their investment and not to employees whose wages have been cut: Capitalists "suffer a thousand grievances compared with the [laborer]," he wrote. Worker's "suffer only indirectly, and in some small reduction of their wages; the latter suffer directly and immensely." To solve this problem, Atwater urged that laborers become capitalists themselves by sharing in the interest of their employers. The following description proposes a pension plan that would provide for the welfare of the employee:

---

45 Atwater, "Labor Question", 478.
46 Atwater, "Great Railroad Strike," 741.
47 The mill in Fall River, Massachusetts is used as an example of a successful profit-sharing plan in Atwater, "The Labor Question," 481. For a description of the plan, see "The Butler Canvass," *North American Review* 114 (1874): 147-171.
Employés [sic] of the great companies should have, in connection with the company employing them, an accumulating provident fund, furnished partly by contributions from the company, and partly by a small percentage on the wages of the employés, which shall combine some of the essential features of savings-bank and life insurance, and from which, in case of disablement or death, they or their families will receive a certain proportionate allowance or pension.  

As an early advocate of pension and profit-sharing plans, he shared common ground with progressives of a later era. Rather than being an advocate solely for the interests of capital, his concern included the welfare of laborers. Employee stock ownership would demonstrate the interdependence of capital and labor and promote the harmonization of economics and biblical ethics: "It makes all parties mutually interdependent. If one suffers all suffer. If one rejoices all rejoice."

For Atwater, the ultimate solution for labor problems was in the Christian gospel. He believed that Christian employers and their workers had a mutual obligation to demonstrate love and respect toward each other. The demand of Scripture for workers was to apply "all that diligence, fidelity and skill, that hearty and cheerful devotion to their interests, which we would exercise if working for ourselves," an obligation, when followed, that would "make most employers all the more able and willing to pay them righteous and even generous wages."

Christian employers have a special obligation to care for their employees with Christian love, obeying "the injunction to do good to all men, as they have opportunity," so that they can break

---

48 Atwater, "Great Railroad Strike," 742.
50 Atwater, "Our Industrial and Financial Situation," 492.
down "the wall of separation" with labor and develop "affectionate confidence which was proof against all venomous combinations and strikes." Evangelism in the workplace was a particular obligation placed on the employer and the Church as the ultimate solution to labor unrest: especially should "the Church generally, and employers and capitalists particularly, make it a paramount concern to christianize the laboring masses, and first of all those so intimately related to them as employés [sic]."\footnote{Ibid. 488, 492.}
CONCLUSION

In this study, the argument has been advanced that Old Princeton was not limited to doctrinal and ecclesiastical concerns, but through the extensive writings of Lyman H. Atwater, reflected consciously and deliberately on the marketplace. First, it has been argued that Atwater was decisively within the Princeton camp, both in his adherence to Old Presbyterian doctrine and his conservative-progressive approach to cultural problems. Secondly, it has been demonstrated that Atwater maintained a pastoral and theological concern for the problems of commercial life and industrialism faced by nineteenth century businessmen and policy makers. Most of Atwater’s economic writings fall during the period of time just after the Civil War, when he served as co-editor and editor of the *Princeton Review*. As a spokesman for Princeton, he responded directly to some of the more vexing and politically divisive economic problems of his day.

Atwater’s defense of the Old Princeton doctrines of original sin and the atonement was examined in the first chapter. Beginning with his 1840 article, “The Power of Contrary Choice,” he joined Hodge and other Princetonians to defend immediate imputation and penal substitutionary atonement. Both theological issues consumed the attention of the Princeton apologists in the early nineteenth century. They believed that human beings derive their inherent depravity from the imputation of Adam’s sin and subsequently, are unable to obey God’s precepts apart from the regenerative activity of the Holy Spirit. The atonement is penal and substitutionary, given as a legal remedy to redeem believing sinners from the consequences of their guilt before God. Atwater’s defense of these doctrines proved him to be an able apologist for Princeton Theology and placed him squarely within that tradition.
In the second chapter, Atwater’s general approach to cultural problems was examined. His socially conservative and theologically orthodox framework for cultural analysis was drawn from an Old School Presbyterian hermeneutic that derived solutions from explicit biblical imperatives, a pattern consistent with that of Hodge. He had a providential or theocentric world-view in which cultural activity, including economic behavior, was under God’s sovereignty; his solutions to commercial and industrial problems were rendered in terms of moral and religious obligations. For Atwater, economic behavior and personal ethics were interrelated. Proper business activity depended upon an understanding of property ownership that subsumed individual benefit under the good of humanity and the progress of society. His conservatism was both minimalist and progressive; he anticipated a gradual, eschatological change in society and only occasionally promoted widespread correction to social ills. For Atwater, social change could occur only as fundamental structures in society were stable and used as the baseline for advancement. His approach to the slavery issue was typical; he believed that slavery would someday be abolished, though he was reluctant to disrupt the social order by imposing binding principles from Scriptures he thought were not explicit in order to effect that change. Economic laws or tendencies, such as the law of supply and demand, were among those principles that lent stability to modern society and should not be disrupted by artificial means.

Atwater’s responses to selected economic problems were discussed in the third chapter. His economic writings were thoughtful observations on the fiscal problems of the Civil War and the financial and industrial turmoil that occurred during panic and economic depression of the 1870s. These writings generally cluster around the themes of monetary policy and labor-management relations. Irwin Unger points out that, as a sound money advocate, Atwater held a position similar
to many conservatives of his era and believed that monetary policy was essentially a moral issue.\(^1\)

To Atwater and other conservatives, an irredeemable paper currency expanded the money supply in an unethical and dishonest manner; its inflationary aspects subverted the federal government’s ability to repay its obligations at each loan’s original value and the resulting higher prices robbed consumers of their former purchasing power. He described as evil those artificial intrusions to the marketplace such as speculation in gold or securities markets, monopolies, and labor strikes that upset the natural, divinely ordained tendency toward equilibrium in supply and demand. For Atwater, these disrupted social stability, impeded cultural progress, and were harmful to society. His analysis of labor unrest was also treated in moral tones; strikes, because of their disruptive and violent nature, undermined social stability and negated the rights to work and gainfully use private property and the biblical mandate to work. Because of the 1877 railroad strike, he believed that the potential of organized labor to disrupt economic stability on a large scale was great.

Atwater’s critique was not self-consciously one-sided; in contrast to the characterization made generally of conservative Calvinism by Charles Hopkins and Henry May, he was not an apologist for unrestrained capitalism. He contended for governmental regulation and intervention where he deemed appropriate to maintain social order, such as a temporary expansion of paper currency to finance military expenditures during the Civil War. The proposals he made during the 1870s labor strikes for profit sharing indicated a more balanced approach to industrial relations than most historians give to orthodox Calvinists. As an evangelical, Atwater believed that the ultimate solution for economic problems lay in the transformation of society through individual conversions. He emphasized that evangelism and discipleship in the workplace was a particular obligation of the Christian employer and charged the Church with the responsibility to examine the

---

character of the marketplace and to identify ways to apply biblical principles to its problems. For Atwater, church and culture went hand in hand. Gary Smith described this approach, taken by Calvinists like Atwater, as “a blend of individual transformation and societal improvement with the accent placed much more strongly on the former.”

Several criticisms of Atwater’s approach are briefly noted. First, Atwater’s economic writings seem somewhat moralistic and make little direct or explicit connection to his Old School Presbyterian understanding of sin and the atonement. Even though he is a staunch orthodox Calvinist, he takes positions that are largely indistinguishable from the liberal evangelicalism of Henry Ward Beecher, and thereby leaves his economic thought in the realm of individual ethics. When his critiques on business culture are read apart from the larger number of theological writings, his overall theological perspective may be misunderstood and his eschatological view of cultural progress rarely made evident. Secondly, Atwater, only occasionally addressed the sinfulness of social structures; economic problems were usually couched in terms of individual rather than collective sins and systemic change was seldom advocated (the most telling example was in his support of slavery). He apparently presumed that economic tendencies, such as operation of the law of supply and demand in capitalistic economies, functioned according to divine intent if left alone and were not necessarily corrupt human structures. Thirdly, Atwater seems to be reactive rather than proactive with regard to economic problems. Although he clearly responds to the economic problems of his day, Atwater’s biblical-theological injunctions come after the event, and even late in his writing. He writes of issues of economic and political

---

3 For example, economic historian Joseph Dorfman accurately summarized Atwater’s ethical stance on economic issues, but by drawing only from his economic writings, did not mention his larger theological perspective. See Joseph Dorfman, The Economic Mind in American Civilization 1606-1865. 2 vols. (New York: Augustus M. Kelley, Publishers, 1966), 2:705-706.
importance but his writings make little contact with the business owner, in contrast with his pastoral article “The Bible in the Counting House” that called for application of Scripture in these areas. Of course, this study dealt with sources from national journals where Atwater’s comments on public policy would be appropriate; a thorough review of his sermons while pastor would be in order. Despite these inconsistencies, he was an astute observer of the economic conditions of his day and rightfully earned praise as “the most influential Reformed spokesman on industrial relations” of his time.  

It is evident that Atwater was both a Princeton Theologian, squarely in the camp of Old School Presbyterianism, and a thoughtful analyst of his culture. The tendency of many church historians to view Old Princeton as insular and singularly focused on doctrine and apologetics is incorrect. This view of American Presbyterian history does not take Atwater’s volume of work into account. Atwater was a student both of Scripture and of the cultural issues of his times and attempted to provide theologically informed solutions to those problems. Today, the gap between the careful theological reflection and everyday business life stands in sharp contrast to the work of Lyman Atwater. Pastors and academics can learn from his example and labor diligently to decrease the distance between the ministry of the church and the work of the marketplace.

---

BIBLIOGRAPHY

Works by Lyman H. Atwater Cited in this Study


**Other Works by Lyman H. Atwater**


**Other Primary Sources Cited in this Study**


______. *Spiritual Life: or Regeneration*. Carlisle, PA, 1832.


**Background Sources Cited in this Study**


