

## Review Essay

### Merit—A Fundamental Ideal Worth Recovering\*

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We live in times of great conflict about our national ideals. Some Americans want to retain traditional ideals; others desire to chart a radically different course. Joseph F. Kett, the James Madison Professor of History at the University of Virginia, challenges the confusion of the times with his new book, *Merit: The History of a Founding Ideal from the American Revolution to the 21<sup>st</sup> Century*. Working primarily within the landscape of higher education and public administration, Kett provides a wealth of insight about the early development and recent decline of merit as one of the nation's primary ideals. If America's future is to brighten, the American people must better understand the important role merit has played in the country's development and success. Although it is not a roadmap for renewal, Kett's book, by highlighting the benefits of meritocracy, points us in the right direction.

Of all the fundamental ideals of the early American Republic, *moral deservedness* has suffered the greatest loss of courageous support in recent decades. This decline is evident in politics, business, religion, education, and entertainment. Other notable ideals such as popular consent and equal rights (increasingly associated with entitlement rights) have grown in relative importance (Kett, 222, 260). Rights have trumped merit because of a cultural shift toward simplified concepts, political utility, and narcissism. While the reasons for this unhappy

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\* Joseph F. Kett, *Merit: The History of a Founding Ideal from the American Revolution to the Twenty-First Century* (Ithac: Cornell University Press, 2013).

outcome are many, they share a common thread: too many people want more recompense than their merits and contributions warrant. As a result, there is a ceaseless process of rationalization that seeks in ethics, theology, and secular philosophy a set of justifications for unjust gain.

Traditionally, Americans have felt that the nexus or central notion of merit is the concept of deservedness or “just deserts,” where one’s economic rewards correspond to one’s efforts, skills, and accomplishments (96–99). One of the ethical first-truths of a meritocracy is that the value of people’s contributions to the public interest (often through the operation of markets) ought to be reflected in rewards that are rational and suitable in light of honorable national goals. Viewed thus, a meritocracy encourages productivity by building people’s confidence that work and ingenuity that is constructive to the public good will produce a reasonable return on investment. This ideal has encouraged “ambition, self-improvement, self-denial, and, more basically, the belief that Americans can gain control over their lives” (266).

Metaphorically, a merit-based system is akin to a *justification by faith and works* system where the faith involves vision, initiative, and integrity, while works incorporates productivity, perseverance, and prudence in deploying skills or managing acquired capital. During the founding era, many Americans believed that republicanism and merit went hand-in-hand because both favored truth, sincerity, frugality, and industry. Republicanism would help the country stay on the high road of merit and moral decency, while merit and moral decency would help preserve the political architecture of republicanism (Kett, 67, 98). Clearly, these hopes were optimistic. The passage of time gave evidence that the freedom inherent in republicanism could also unleash mighty impulses for financial speculation and “wild schemes” arising from “uncontrollable impetuosity”—problems that responded to few treatments apart from sound monetary policy and quality religion (102). Happily, cultural norms did contain such impulses most of the time, contributing to the glowing American pride that ours was a land “with no parasites to suck the rewards from honest labor” (19).

Today, as in earlier times, it is difficult to stay on the high road when others are taking the low road and getting to their goals first. When social mores and community standards crumble, it asks a great deal of individuals to see their competitive standing suffer by holding to norms consistent with the public good. When the equivalent of massive-grade inflation hits various measures of moral deservedness, actions that would otherwise be viewed as irresponsible become institutionalized as pragmatic. This phenomenon is demonstrated quite fully in the evolving imperative of crony capitalism in the Washington to Wall Street circuit. These observations reinforce the argument that financial morality must

not take a backseat to any perceived expediency of growth. Culture must be protected or even the principled may become compromised.

Early in America's development, faith in the veracity of the biblical Scriptures gave people courage to insist that moral considerations play a key role in evaluating merit. John Jay, the first Chief Justice of the US Supreme Court, wrote in Federalist No. 2 that he took great pleasure in considering that Providence gave this country to a people united by one religion, similar customs, and a shared approbation of governmental principles. These same people went on to ratify what remains the shortest of the world's national constitutions. The US Constitution did not define merit or provide a lengthy exposition of the nation's goals because a widely held ethos made the goals self-evident and kept them in general subservience to policy leadership within the respective states. This national ethos, embedded in America's early conceptions of sound education, included the conviction that individual merit acting upon fair opportunity, *not governmental largess*, ought to explain each person's progress and prosperity, or lack thereof (264–65).

Kett begins the American merit saga with the “First Characters” or “Men of Merit” (i.e., the American founders). Hailing mostly from England's environs, the founders' notion of merit reflected the assumption that one's station in life along with one's achievements were the surest explanation of one's character. While this may have been a truncated concept, one's reputation for accomplishment, the public standing of kinfolk, and an aptitude for leadership did bear some connection to merit. In short, there was great ambition for high positions of public trust so that individual self-appraisals of merit could be publicly validated in the context of a republic pruned of courtiers, hereditary titles, and peerage (42). In discussing these matters, Kett coins the phrase *essential merit* to denote what others might call civic merit.

For men who could not hope to attain high office, merit was associated with self-sufficiency, honesty, resourcefulness, and a set of attributes widely associated with good character. Kett notes that the American Revolution gave those engaged in military operations the hope of gaining a meritorious reputation by advancing in military rank (32). The idea that merit could be conferred by a rise through the ranks presaged an American future where academic grades and college degrees would someday confer images of merit. Merit conferred externally by a credentialing system or organization is described by Kett as *institutional merit*.

After the American Revolution, new generations of Americans found it more difficult to establish a public image of merit in the lengthening shadows of the Men of Merit and Revolutionary War heroes. Attempts to establish, augment and publicize personal reputation were pursued through electoral offices and

bureaucratic appointments throughout most of the nineteenth century. As there were not enough stations of stature to receive all the capably ambitious, the institutionally based credentialing function of colleges and universities gained importance (11, 185). However, since the college experience was not relevant to job training until after World War I, a college diploma did not define merit in many people's eyes (138, 167). Merit for most people continued to be associated with a reputation for good character; the possession of occupational skills; and, for the fortunate, success in developing or managing a business enterprise.

As industrialization advanced in the twentieth century, progressive firms used employee testing as a means of identifying talent. Additionally, testing provided a socially acceptable rationale for the division of work and promotions. Professor Kett provides a detailed exegesis of how the institution of performance testing grew. He highlights various controversies over the fitness of tests as a means of credentialing people for employment opportunities. Kett's endeavor shows how merit resonates with human intuitions about justice and sound practice; that is, until reasoning is overwhelmed by political pressures.

One of the sharpest attacks on merit in the early twentieth century arose from Franklin Knight in his 1923 article "The Ethics of Competition." Knight's goal, according to Kett, was to "sever desert from economics" (250–51). Knight argued that the value of a good or service depended on demand, which was devoid of moral content and thus had no superior claim to the social dividend. In 1971, John Rawls followed Knight by contending that effort was not a suitable basis for deservedness because effort and success were linked to natural aptitudes, including talents and circumstances arising from accidents of birth (e.g., ethnicity, locale, educational prospects, and family resources). Arguments along this vein worked to undercut the value of merit among academicians unwilling to allow hereditary advantages or environmental good fortune to count for much. Somehow, big government was supposed to step in and level everything that God and history had not.

The thesis advanced by Knight and Rawls is contrary to traditional American political theory and discordant with realities everywhere. The reality is that many millions of Americans have made good in a land of plenty in spite of their "accidents of birth" that put them well behind the starting line that others inherited. This fact is verified in the biographical material of countless American entrepreneurs. The political-theory portion of the matter, as advanced by John Adams and accepted by anti-federalists as well as federalists, is that the republican way of deservedness welcomes "a combination of birth, wealth, education, talent and virtuous acts" (36). Parents have a right and responsibility to transmit merit to their children through quality teaching that increases their children's prospects

of success. Attendance to the idea that personal qualities—inherited or received through teaching—are not worthy of a differentiated reward would necessitate the discounting of admirable attributes important for a better world.

In spite of many Americans' weakness for lotteries and entitlements, most Americans do not want an empire where the mainsprings advance or reward people on the basis of luck, a spoils system, egalitarian leveling, or any other arbitrary or anti-merit preferential basis (261). Most of the nation's citizens believe that fair, free, and morally sound markets tend to proportion rewards in accordance to the relative value of people's work and contributions (142). If this is not happening—as many Americans fear to be the emergent case—the problem must be market distortions that reflect government favoritism.

This is by no means the first era in which the rise of crony capitalism has caused angst in America. In the last decade of the eighteenth century, Virginia Senator John Taylor declared his concerns with the emerging "Paper Aristocracy" and Hamilton's Bank of the United States that supported it. Taylor contrasted the merits of honest property holders (who gained from fair and useful industry and talents) with the demerits of fraudulent property holders who leveraged privilege, paper charter, and offices that provided pay without work ("sinecure"). To Taylor, unwelcome British peerage was rising on American soil without need of hereditary titles or placemen. The advance of this new stealth peerage was financed by central bank functions that essentially tilted economic competition in favor of those able to capitalize upon paper money and lines of credit (98). By pillaging the productive classes, Hamilton's Bank illustrated how unconstrained financiers have the power to violate the republican principle that wealth be distributed by merit and industry (*ibid.*).

As the Jeffersonian era came to a close, Jacksonian Democrats took up the argument that *equal rights meant citizens' equal right to advancement on the basis of merit*. The problem with the Bank of the United States was that it violated equal rights "by giving advantages to the few that were not available to many"—an observation prescient of conditions at the Federal Reserve today (222). Many American patriots were frustrated that instead of ordinary Americans receiving economic rewards matching their skills and efforts, the wealth was being stolen by financiers and speculators (96–98). In this context, a leading Jacksonian newspaper editor, John O'Sullivan, argued that the growth of paper money wealth through leveraged finance was inconsistent with a meritocracy. O'Sullivan believed that paper money tempted Americans into an unnatural level of speculative enterprises that resulted in the pillaging of the many by the few, the spread of vice, the development of class animosities, and the prospect of economic ruin. For members of O'Sullivan's camp, the best way of combating

legislative privilege (i.e., crony capitalism) was to design market systems that matched rewards with merit (99).

While Professor Kett's examination of financial merit is not the main thrust of his book, the credibility of his perspective on finance is enhanced by the breadth of his inquiry about merit in higher education and public administration. Carefully documented, apolitical and nonpolemic, this book on merit deserves to be on a great many bookshelves. In every chapter, the author is circumspect about pushing his own views. While saying it is unfortunate that underinformed people deride the notion that merit can be judged fairly, he tempers his criticism of merit's detractors. His main recommendation is that merit's critics reexamine the detrimental by-products of the alternatives to merit (261–62).

In sum, Kett's history reveals merit as a timeless and necessary ideal for the proper function of the American republic. While the place of merit must be restored in many venues, it is important not to overlook the task of designing capital markets where the rewards accrue most naturally to those who truly further the public good. No one imagines that such an endeavor will be easy or without risks. The beachheads of the 1944 Normandy invasion were not easy, nor was the protracted amphibious campaign of 1945 for Okinawa. However, some things must be done, and some losses of important territory must be reversed. To equate the fight for merit as a joust against imaginary enemies—tilting at windmills—would be a tragic retreat from responsibility. The morally hazardous alternatives to merit are advancing too rapidly to ignore.