

# THE DIGNITY OF THE BOURGEOISIE

**Deirdre McCloskey** explains to **Matthew Shaffer** how, around 1700, a new way of speaking about commerce gave birth to the modern world.

**E**conomic history looks, in graphic representation, like a hockey stick. For tens of thousands of years, we traced nasty, brutish and short lives along the shaft. Children anticipated a world no different from their grandparents'. Shakespeare's audiences had only marginally better lives than Sophocles'. But at the beginning of the eighteenth century, mankind—beginning with the British and Dutch—hit the blade of that hockey stick, enjoying an unprecedentedly sharp and irreversible upturn in prosperity, life expectancy, and health. Ever since, the world has changed more quickly in every generation than it had previously in millennia. By all criteria, human life has improved in ways unthinkable 300 years ago.

Solving the mysteries of the birth of the Industrial Revolution (and, subsequently, the modern world) has been the primary task and test of economic history. And, according to Deirdre McCloskey, all explanations so far have failed. Those failures, in turn, indicate the failings of modern economics. Her magnum opus, an explanation of the birth and flourishing of the bourgeoisie and its subsequent transformation of the modern world, will occupy at least six volumes. In November 2010, University of Chicago Press released the second instalment: *Bourgeois Dignity: Why Economics Can't Explain the Modern World*.

Traditional economic models—the ones we find in Econ 101—focus on labour, capital, technology, population, etc. McCloskey's economics incorporates two more factors: dignity and rhetoric. Economics, she argues, has failed to be a humane science that accounts for the ways in which things like human speech—rhetoric—influence the way a society lives and works. After a detailed examination of traditional explanations of economic growth, McCloskey concludes that each is inadequate, and that the only explanation for the peculiar birth of the modern world is speech: At the beginning of the 18th century, people in the Netherlands and Britain began talking about commerce as a good thing—a novelty at that time. They gave dignity to the bourgeoisie. And that drove capitalism, giving birth to the modern world.

**Deirdre McCloskey** is Distinguished Professor of Economics, History, English, and Communication at the University of Illinois, Chicago. Her latest book is *Bourgeois Dignity: Why Economics Can't Explain the Modern World*. **Matthew Shaffer** works for *National Review Online*.

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McCloskey is a renaissance intellectual, with appointments in both the social sciences and the humanities at the University of Illinois at Chicago, and writings on everyone from Euler and Gödel to Plato and Derrida. This ferocious intellect talked with NRO's Matthew Shaffer about her latest book and the state of modern economics.

**'Bourgeois' and 'rhetoric' as superlatives**

**Matthew Shaffer:** You approach the Industrial Revolution as something peculiar. We who don't spend our lives thinking about it assume it was inevitable—only a matter of time. But you think it's weird that this idea—that being economically productive was a good thing—caught on. Are we very lucky? What would the world be like today if bourgeois dignity hadn't caught on?

**Deirdre McCloskey:** You got it. We would be at \$3 a day, as a good deal of the world still is. It was a weird idea, historically speaking.

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Especially we Americans, in this most bourgeois-admiring of cultures, don't notice the ideological water in which we are swimming. Humans in Northwestern Europe, and now much of the world, were lucky. It was luck, not some ancient virtue of the English constitution, and least of all some biological superiority of Europeans or Us British or the like. It was not inevitable in 1600. By 1800 it was, and by 1900 everyone not blinded by some millennial fantasy, Left or Right, could feel it.

**Matthew Shaffer:** 'Bourgeois' and 'rhetoric' are, for many, terms of derision. But they are superlatives for you. Explain. In what sense, and in the vein of which intellectual traditions, do you use the words? Hegel and Aristotle?

**Deirdre McCloskey:** Aristotle for sure. Plato was disdainful of rhetoric, which he rightly saw as an instrument of democracy. And Plato hated democracy. He wanted the rule of the best,

*hoi aristoi*. That doesn't leave room for democratic assemblies and law courts, or Fox News or MSNBC.

But Aristotle studied the democratic constitution of Athens with sympathy, and he wrote the book on rhetoric. He defined it as 'the study of the available means of [uncoerced] persuasion.' But the hard men of the seventeenth century turned against it, in favour of absolute, geometric, neo-Platonic Truth. Thus Bacon, Descartes, Hobbes, Spinoza.

I prefer the old sense of the word, which does not have to mean 'blather': We have scores of words in English for bad speech. We need one for persuasive speech, the sweet talk for which one-quarter of us in a modern economy are paid.

As for 'bourgeois,' Hegel used the word *Burger*, which is a cognate. And most of the advanced European thinkers circa 1810 praised the middle class emerging just then. It's later, especially after the failed liberal revolutions of 1848, that the clerisy turned against the bourgeoisie.

**Matthew Shaffer:** *Bourgeois Dignity* explains the Industrial Revolution's 16-fold multiplication in average income as a function of rhetoric and dignity—of a society that spoke approvingly of a bourgeois, commercial life. How can you scientifically prove a thesis about soft factors like rhetoric and dignity?

**Deirdre McCloskey:** Rhetoric and dignity *can* be quantified. But I don't think the only scientific test is quantitative—though quantitative measurements are certainly helpful.

You can measure such factors by finding what's missing elsewhere. It's like measuring the acceleration of a falling stone in a *non*-vacuum. We know the acceleration in a vacuum. So anything slower than that is probably caused by air resistance. It may be hard to measure the air resistance *directly*. But indirectly, it's simple, which is the rhetorical plan of the book. I show what all the other explanations are missing.

But, in fact, rhetoric and dignity are rather easily measured, and that is the task of the *next* book, *The Bourgeois Revaluation: How Innovation Became Ethical, 1600–1848*. You can measure the shifting significance of bourgeois words:

honesty, profit, responsibility, monopoly, etc. by looking in historical dictionaries and historical texts in all the languages of commerce, from 1600 to 1848. ‘Responsibility,’ for example, is entirely modern (and thus measurable: It’s zero before 1800, commonplace afterward). The equivalent word before 1800, as one can see from the *Oxford Thesaurus* (based on the *Oxford English Dictionary*), is ‘duty.’ In a hierarchical society, one has one’s duty to one’s master, period. In a modern and bourgeois society, duty is turned inward and becomes a character trait essential for a modern enterprise: responsibility. It’s a fairy tale of scientism that only prices and quantities can be measured.

**Matthew Shaffer:** The most familiar of the explanations that you rebut is the ‘Protestant Work Ethic.’ Why can’t it account for the revolution?

**Deirdre McCloskey:** Because one doesn’t see a change in the *psychology* of businesspeople. Weber’s argument has been under attack ever since he made it in 1905; he himself gave it up after 1905 and never went back to it. It has been shown repeatedly to be false. It’s an anti-Catholic prejudice, unsurprisingly common in northern Europe, to suppose that Catholics didn’t worry about their businesses, or indeed their place in heaven or hell. We have gigantic evidence that they did so worry, and in just the way Weber, on the basis of misreadings of Calvinist texts and Benjamin Franklin, thought was special to followers of John Calvin.

As I say in the book, what people like about the Weber hypothesis is that it combines a spiritual change inside the souls of businesspeople (*Geist* was the German word) with a focus on routine investment (savings rates were supposed to be higher among Calvinists). It combined idealism with Marxism. No wonder everybody likes it. But alas, it’s wrong.

What changed was the *sociology*. That is, what changed was the attitude of the rest of the society *towards* businesspeople, and with that new attitude came a change in government policy. It was suddenly all right—most clearly in the most bourgeois country on earth, the United States of America—to get rich and to innovate.

### Economics today

**Matthew Shaffer:** Many journalists wrote up the financial crisis as a failure of the science of economics, or at least of the neoclassical approach. Are they right?

**Deirdre McCloskey:** No. As I say in the preface to *Bourgeois Dignity*:

The Big Economic Story of our times has not been the Great Recession of 2007–2009 ... And the important moral is *not* the one that was drawn in the journals of opinion during 2009—about how very rotten the Great Recession shows economics to be, and especially an economics of free markets ... Such prediction is anyway impossible: if economists were so smart as to

In a bourgeois society, duty is turned inward and becomes a character trait essential for a modern enterprise: responsibility.

be able to predict recessions, they would be rich ... No science can predict its own future, which is what predicting business cycles entails. Economists are among the molecules their theory of cycles is supposed to predict ...

The important flaw in economics ... is its materialist and unnecessarily mistaken theory of past growth. The Big Economic Story of our own times is that the Chinese in 1978 and then the Indians in 1991 adopted liberal ideas in the economy, and came to attribute a dignity and a liberty to the bourgeoisie formerly denied. And then China and India exploded in economic growth ...

**Matthew Shaffer:** How do you evaluate economics today and economists’ function as modern America’s preeminent public intellectuals?

**Deirdre McCloskey:** With alarm. But non-economist intellectuals need to understand some elementary economics: There is no such thing as a free lunch; national income equals national product equals national expenditure; free trade is nice; more money causes inflation; governments are not all-wise; spontaneous order is not chaos.

My alarm comes from the economist's tendency to reduce humans to Maximum Utility machines. We need a humanomics, of the sort that Adam Smith and John Stuart Mill and John Maynard Keynes and Friedrich Hayek and Gunnar Myrdal and Kenneth Boulding and Albert Hirschman practised. Some current practitioners are Nancy Folbre, Arjo Klamer, and Richard Bronk. It's an economics for grownups.

### Preserving bourgeois society

**Matthew Shaffer:** What should Americans do to preserve bourgeois society, or is our rhetoric so naturally pro-bourgeois that we don't need to worry?

**Deirdre McCloskey:** We need to worry a little less than the average northern European does. Arguments about bourgeois virtue that strike most Americans as pretty obvious ('The middle class, not the clerisy or the state, is the source of good innovation'; 'Making money is all right'; 'We can solve environmental problems by invention') are fighting words in the Netherlands or Sweden. Old Europe distrusts innovation. In the United States, the task is to embarrass the anti-capitalist Left with facts, without arousing moralistic, anti-innovation fervour on the Right.

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**Matthew Shaffer:** You spend a lot of time demolishing cherished lefty myths about capitalism. What do you think the Right has gotten wrong on capitalism?

**Deirdre McCloskey:** A certain disdain for innovation, or attributing the few good parts of innovation to heroic figures, Nature's Noblemen. A conservative suspects that innovation will result in disaster, not improvement, unless under the control of Us Aristocrats. Let us not flee to evils we know not of. He is naturally pessimistic. He hates rock music and feminism and everything else that came from the Decade of Innovation, the 1960s. A libertarian, by

contrast, is naturally optimistic about change. She sees a spontaneous order in non-hierarchical, unplanned societies. She loved the 1960s as liberating blacks, women, gays, handicapped people, colonialised people, youth.

**Matthew Shaffer:** You say that dignity and liberty were 'the greatest externalities' of our pro-bourgeois rhetoric for ordinary people. Are liberty and bourgeois dignity tethered? Many point to China, Singapore, etc. as examples of places where economic advance has not produced other kinds of liberalism.

**Deirdre McCloskey:** They are correct. The problem is the fallacy of Right Now. In 1969 one would have said the same thing about South Korea and Taiwan, or for that matter, about Spain and Portugal. Outside the low, dishonest decade of the 1930s, with preparations in the 1920s, it has always gone one way, since the cats of liberty and dignity were let out of the bag in the late seventeenth century. Do all the statistical analysis you want, but we 'liberals' (nineteenth-century European definition) have history on our side.

**Matthew Shaffer:** Now that the march of classical liberalism has proceeded so far ...

**Deirdre McCloskey:** ... but has miles to go before we sleep, / And miles to go before we sleep ...

**Matthew Shaffer:** ... and the world accords more dignity to the bourgeoisie than ever before, was our recent rocky passage just a blip in an overwhelmingly positive trend?

**Deirdre McCloskey:** Matt Ridley (author of *The Rational Optimist*), Joel Mokyr (author of *The Enlightened Economy*) and I agree, as anyone acquainted with the numbers would. We've had 40 of these recessions since 1800, and even a half-dozen as bad as this one. We should have acquired in two centuries a cautious faith in the trend, which is up and up and up since 1800 by about 2,000 percent per person, conservatively measured.

**Matthew Shaffer:** You say you're relatively unworried about rapacious public-sector unions. Doesn't the example of Greece trouble you on this point?

**Deirdre McCloskey:** Well, if the police and municipal workers work *very* hard at it they can bring a society to ruin. But the United States is not heavily unionised. (Sweden, which is heavily unionised, has rational unions, which know that Sweden must trade to live.) And Americans are not willing to leap off a cliff holding hands with the unions, as the Greeks were until this year. In Chicago, the city and state just broke the power of the electricians' union to overcharge exhibitors at our massive McCormick Place for such highly technical tasks as plugging in extension cords. The exhibitors are coming back.

**Matthew Shaffer:** Before *Bourgeois Dignity*, you wrote *The Bourgeois Virtues*. Do you think our debt-ridden culture is a manifestation of a decline in the bourgeois virtues, or is that just romantic nonsense?

**Deirdre McCloskey:** Conservative romantic nonsense, similar to the cries in the eighteenth century that commerce would corrupt spartan virtues. Dr. Johnson, who was a conservative but no sort of romantic, said in 1778, 'Depend upon it, sir, every state of society is as luxurious as it can be. Men always take the best they can get.' And the blessed David Hume had said in 1742, 'Nor is a porter less greedy of money, which he spends on bacon and brandy, than a courtier, who purchases champagne and ortolans [little songbirds rated a delicacy]. Riches are valuable at all times, and to all men.' Of course.

There's a progressive version of the nonsense, the complaining about 'consumerism.' A more up-to-date reply is that so long as various Oriental protectionists (in the 1970s, it was the Japanese, not the Chinese) are so foolish as to send Americans TV sets and hammers and so forth in exchange for IOUs and green pieces of paper engraved with American heroes, wonderful. Would you personally turn down such a deal? If your personal checks circulated as currency, and the grocer was willing to give you tons of groceries in exchange for eventually depreciated Matt-dollars, wouldn't you go for it? I would, and drink champagne.

**Matthew Shaffer:** Do you think bourgeois virtues can be inculcated by public institutions, including schools?

**Deirdre McCloskey:** The merchant academies of England in the seventeenth and eighteenth centuries raised prudent bourgeois boys (they were mostly excluded from Oxford and Cambridge because many of the merchant families were not conforming members of the Church of England). The universities in Scotland had teachers like Adam Smith, and raised boys (they were very young in Scotland) who admired commerce. Our culture, so corrupt and so little reflecting the classical virtues in the eyes of conservatives like Allan Bloom, admires *innovation* extravagantly in its rock music and its movies and its ethernet. It's innovation, not respect for hierarchy or love of military glory, that makes for a successful society.

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**Matthew Shaffer:** Traditionally, bourgeois political life is defined in precise contrast to the ancient state, as one devoted to accommodating citizens' desires rather than inculcating virtue in them. And yet, you suggest the virtues are the precondition for a bourgeois state.

**Deirdre McCloskey:** Not exactly precondition, because I also argue that virtues are *generated* by a liberal economy and state ('liberal' in the old and still European and true sense, not the sense in which progressives have used the word in the United States). Markets make us more moral.

**Matthew Shaffer:** What should young people who want to study economics your way, your 'humanistic science of economics,' do?

**Deirdre McCloskey:** In college, you got the claim that Greed is Good, and anyway people are Max U sociopaths, regardless of what all the scientific evidence gathered on the point says to the contrary. I would advise them, of course, to read my book *How to Be Human\**: *\*Though an*

*Economist*, which is advice to young economists about maintaining morale and integrity—and getting the scientific task done while retaining common sense. Beyond that, Educate thyself. Read widely, having acquired somewhere a deep knowledge of an economics of some sort. We have enough amoral idiot savants in the study of the economy. We need some fully educated humans. We need a humanomics, not more freakonomics.

**Matthew Shaffer:** Will our intelligentsia and artists come around, and learn to love the bourgeoisie?

**Deirdre McCloskey:** It's hard. The temptation to fall back into schoolyard egalitarianism is great. After about age 20 or so we have often chosen our political identities, and then on emotional grounds can't change them (though I did, come to think of it). I have a very bright graduate student here at UIC, a humanist, who tells me that rereading Marx makes him 'more of a communist.' Oy vey ist mir. And he has a libertarian girlfriend.

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