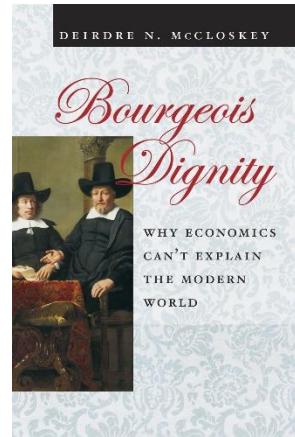


Deirdre McCloskey. *Bourgeois Dignity: Why Economics Can't Explain the Modern World*. Chicago: University of Chicago Press, 2010. Pp. xvi + 571. ISBN 978-0226556741. Paperback \$22.50.

Deirdre McCloskey is on a mission to prove to the world this proposition: “Markets and innovation, which are ancient but recently have grown dignified and free, are consistent with an ethical life” (p. 40). Making the overall argument in favor of this idea evidently requires several volumes, which the author calls the “Bourgeois Era.” *Bourgeois Dignity* is the second volume in the series. It builds on foundations laid in *Bourgeois Virtues: Ethics for an Age of Commerce* (2006), in which McCloskey argues that bourgeois life “is, and was, and could be, and should be” ethical, not simply an unseemly quest for material gain. A third volume, *Bourgeois Equality: How Ideas, Not Capital or Institutions, Enriched the World*, appeared in 2016.



The primary argument of *Bourgeois Dignity*, as its subtitle indicates, is that the various materialist explanations historians and economists offer for the Industrial Revolution and accompanying enrichment of the world’s population since 1700 all fail. After one disposes of all the materialist hypotheses, the only explanations left rely on intangibles not easily measured, such as a change in thinking about the dignity of commercial activity. Recognizing that this approach quickly becomes irritating—“one tires of being told what did *not* happen” (p. 36)—McCloskey cites several examples from various disciplines in which this rejection-of-alternatives method has led to discovery of important knowledge.

McCloskey begins by impressing upon the reader the sheer magnitude of the “Great Fact”: the sixteen-fold rise in material standards

of living enjoyed by the average person today as compared to one living in almost any period of world history before the year 1800. This emphasis is important to the analysis that comes later in the book, for a change of this magnitude sets up a very high bar over which any causal hypothesis must leap in order to be accepted. It's difficult to overstate the importance of this point; even I, a professional historian who has studied the period in question for decades, didn't fully grasp the meaning of this huge disparity in living standards until reviewing the data in this book's early chapters. Moreover, the sixteen-fold improvement understates the real rise in prosperity because our statistical measurements do not fully capture the increase in the quality of the goods we use. When these improvements are taken into account, McCloskey estimates, the real purchasing power of Americans has risen somewhere between forty and one-hundred ninety times since 1800.

Once this high bar has been established, McCloskey methodically devotes most of the book's remaining pages to disposing of each materialist hypothesis that attempts to explain the Industrial Revolution and, by extension, the Great Fact. Savings and capital accumulation didn't change significantly from previous eras, and there is no empirical evidence of the "original accumulation" posited by thinkers like Karl Marx. The accumulation of human capital has in fact become important in recent decades, but was not so in the early stages of the Industrial Revolution. Transportation, geography, and natural resources all have an insufficiently large impact to explain the Great Fact. Imperialism did not actually enrich the European countries that engaged in it; for example, economic growth in Britain jumped significantly *after* it divested itself of its empire in the mid-twentieth century. Foreign trade in general, and the slave trade in particular, by any empirical measure accounted for a very small percentage of economic prosperity. (Obviously, certain Europeans derived great benefit from the slave trade and other exploitations, but McCloskey shows that these could not have had any significant general effect on European living standards.)

Eugenic theories, such as the idea that personality traits leading to economic success cascaded downwards through the English population via the merchant classes' disproportionate reproduction in the early modern period, founder on multiple grounds, such as the high mortality rate in urban areas for the downwardly mobile and the prevalence of adoption (as opposed to biological reproduction) among the bourgeoisie. Good institutions and incentives, a favorite explanation of Chicago-school economists, influence behavior within the context of a given set of social values, but they are not transformative, nor do they explain how those social values themselves change. At any rate, some other societies outside Europe had good institutions with respect for private property long before northwestern Europe did, but they did not industrialize. Likewise, the "science-and-technology" explanation fails to account for other societies' superior scientific achievements in the pre-modern period.

If none of these materialistic explanations can explain the Great Fact, McCloskey concludes, we are left with looking to changes in the way people thought about commercial activity. In the seventeenth and eighteenth centuries, the Netherlands and Britain gradually dignified commerce in rhetoric at the same time they set commercial actors at relative liberty in law. When this unique combination interacted with the ideas of the Scientific Revolution and Enlightenment, northwestern Europe developed a culture of innovation, the best explanation for the Great Fact. McCloskey argues that this "Bourgeois Revaluation" gave commercial expression not only to prudence, but "also to the six other principal virtues of temperance, justice, courage, love, faith, and hope" (p. 393). Because this adoption of bourgeois values has helped the poor most of all over the past two centuries, modern attacks on the bourgeoisie by both left and right threaten to harm the poor by undermining the culture that has provided them with prosperity undreamed of by their ancestors.

A great strength of this book is that McCloskey shows command—"from the inside," as it were—of the methodologies employed in the various materialistic hypotheses while also providing a humanistic

critique of their shortcomings “from the outside.” In numerous places the reader encounters (with adequate warning) a shift from logical, common-sense argumentation appealing to the general reader to more technical, mathematical argumentation suited to specialists in the social sciences. In fact, a major theme of *Bourgeois Dignity*, implicit throughout and explicitly stated once or twice, is the need for more interdisciplinary awareness. Scholars in the humanities operate largely unaware of the significant findings, often decades old, that their colleagues in the social sciences have securely established, and the reverse is also true. For example, English professors still peddle the long-debunked theory that labor’s “surplus value” provided the capital base for innovation, and economists ignore literary scholars’ discovery that bourgeois values spread through the medium of the novel in the eighteenth century. McCloskey is certainly not the first to point to the problem of academic silos in the various disciplines, but *Bourgeois Dignity* is one of the most effective works in recent years to illustrate the practical impact of the insularity.

I am sympathetic to McCloskey’s thesis, which I think is argued very well both rhetorically and in terms of its analysis of data. Perhaps, though, I am biased in favor of it due to my own background in the humanistic tradition. Others have criticized it on various grounds. An example is the lengthy exchange in the October 2010 issue of *Cato Unbound*, in which three other scholars favoring materialistic explanations push back against the “Bourgeois Revaluation.” In my opinion, McCloskey anticipates and effectively answers these objections; readers can judge for themselves. But clearly, for a full understanding of this thesis, readers would need to take into account all three volumes of the “Bourgeois Era” series published to this point.

The stakes in this debate are huge. If McCloskey is correct, the growing hostility to bourgeois values on display in recent years at all levels of society threatens the material prosperity on which modern society depends for its social harmony. A devaluation of the bourgeoisie’s dignity or liberty, leading in turn to a decrease in material welfare for the

poor, could produce civil unrest and other extremely negative outcomes. It is critical that the intellectuals get this one right. Those of us who understand the power of ideas know who must win this argument.

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