

Missing Ethics in Economics

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McCloskey (University of Iowa and Erasmus University) is not only known for her work in economic history but also for her characterisation of economics as rhetoric. She and I collaborated in various ways in developing the rhetorical perspective but our opinions have always diverged when it came to economics. She remained firmly committed to the perspective of the Old Chicago School (pro-market, anti-government, casuistic argumentation in the spirit of Armen Alchian, Ronald Coase and Theodore Schultz) while I was flirting with sociological and anthropological perspectives in economics. In this essay she comes out as a cultural economist. While still being committed to Chicago principles she argues in the grand old tradition of economics as a moral science.

I HAVE gradually come to understand that culture matters for economics and for the economy. It was hard to learn, because I am a “neoclassical” economist, from the subschool of Chicago. Admitting culture into economics has the problem of all revisions of an old way of thinking. Schopenhauer said, the new thought “forces its way as an enemy into the previously closed system of our own convictions, shatters the calm of mind we have attained through this system, demands renewed efforts of us and declares our former efforts to have been in vain” (1851 [1970], number 19, p. 124). No wonder some of the most dogmatic scientists and scholars are the most learned.

Come to think of it, the way we are taught economics is another of those cultural facts that matter [Klamer 1983; van Dalen and Klamer 1996]. We neoclassicals are taught early to sneer at sociologists and philosophers, anthropologists and English professors, who foolishly believe that culture matters. What the lesser breeds do not know are called within economics “separation theorems” or “neutrality results.” When a management consultant talks about the “culture” of IBM the neoclassical economist sneers and says, “Don’t you know that the market simply bypasses all that? IBM can have any old culture it wants, but the tastes of consumers and the technology of computers will force IBM to behave the same way.” When an anthropologist finds it strange that economics does not acknowledge the symbolic value of consumption the Chicago economists sneer and say, “*De gustibus non disputandum*.” Consumers can value beads or blankets any way they want, but when

the relative price of a good rises you'll find less of it bought." Therefore, economists think they can have any opinion they want about the value of culture, but still believe that the culture is separated from the economic behavior.

I now believe they are wrong. I do not conclude that economic analysis is useless. That is a *non sequitur* much indulged in the century or so that intellectuals have felt themselves excused from knowing any economics beyond the first few pages of *The Communist Manifesto*. "Economics is a partial view of humankind," they note. And then: "Therefore it has *nothing* valuable to say, and I am free to offer amateur opinions about the economy without having opened a book on economics." It's like the parallel anti-humanist *non sequitur*, much indulged by economists over the same century: "Answers to ethical questions often do not have the demonstrative force of mathematics. Therefore ethics has *nothing* to say, and I can feel free to adopt ethical opinions though ignorant of ethical reflection."

The reasons I offer for believing that the neoclassical and Chicago economists are wrong are internal to economics as an intellectual project, not missiles launched at economics from the outside. I am still a neoclassical and even Chicago School economist, and wish their projects well. But I believe now that neglecting the culture – for example, neglecting ethics – will make the economic analysis wrong. By this I mean "wrong" *in terms that economists themselves would recognize as relevant*. I believe now that an economics that wants to get the economy right has to know about ethics. And an economy that wants to get its business right has to practice ethics.

But reasons will not quite explain the story (they never do). As a Chicago economist sitting in the Social Science Building on 59th Street around 1975 I started to worry about the "methodology" of the school, which even then seemed to me primitive. I read some philosophy of science, especially Karl Popper, but didn't see how it could help. Then in 1979 I read, on the advice of Wayne Booth in English at Chicago, some "rhetoric" and in a flash (it seemed to me) it was clear. Economics had a "rhetoric," which is to say a mode of persuasion. But when you think about it – and it took me years to figure this out – if economics (or physics or mathematics: it's not about "hardness") is rhetorical, then it's not so different from cultures of discourse in other fields, such as literature or philosophy. Economics uses metaphors. Economists call them "models." But then it dawned on me – slowly, slowly – that economics also uses another figure of thought, stories. Economists don't call their stories anything, because they are not used to thinking of stories as part of thought. Only then did I start seeing what's wrong with an economics that omits ethics. The ethical theories that most appealed to me were narrative – not the Platonic or Kantian ethics of abstract rules but an Aristotelean or a feminist ethics of who you are, and what sort of virtues such a person might have.

After all, Adam Smith was a professor of moral philosophy, John Stuart Mill an ethical and political philosopher. True, the worldly philosophers since then have drifted away from ethics. Yet the subject of economics is ethical – the study of human character and its virtues – which makes a claim to sidestepping ethics worrisome. We do not worry much if an astrophysicist refuses to think ethically. We should worry if an economist does.

It would be a strange economics, of course, that did not treat at least the pursuit of happiness, and therefore the ethics of getting more. Economics has a branch called "welfare economics" into which ethical questions have been diverted since the 1920s. The graduate schools teach that the sole ethical judgment an economist should make is the least controversial one: if every person is made better off by some change (in such a case it is called "Pareto optimal"), the change should take place. Even philosophers like John Rawls have adopted the notion of Pareto optimality, trying in the modern economist's manner to pull a decently detailed ethical theory out of a hat. Welfare economics has shown recently some stirrings of more complex ethical life, as in the works of the economist and philosopher Amartya Sen. But mainly welfare economics is 19th-century utilitarianism stuffed and mounted and fitted with marble eyes.

The amorality of economic morality is best exemplified in a recent paper by Daniel Hausman and Michael McPherson in the leading journal of economics, the *Journal of Economic Literature*. In a long piece the writers (one a philosopher, the other an economist) do not get beyond scrutiny of the stuffed bird. No hint is given in their paper that ethical theory has developed in the past thirty years beyond Kant and especially beyond Bentham.

We can do better. The first point, a cheap one (we are dealing with economics, remember), is that economists have ethics, perforce. The literary critic Wayne Booth remarks in his book on the ethics of storytelling, *The Company We Keep* (1988), that "even those who work hard to purge themselves of all but the most abstract formal interests turn out to have an ethical program in mind" (p. 7). All right, yes: ideology motivates economists, despite their protestations of ideological innocence.

The bigger point, however, is not ideology and its inability to see itself. We know that already. The bigger point is that economic stories, as Booth argues in detail for the European novel, have an ethical burden. The word "ethical" comes from the Greek for "character"; every act arising from character has an ethical dimension. (The word "morality," incidentally, is from Latin *mos, moris*, "custom," and is notably more social, as one might expect from the custom-minded Romans; in English of course the two words are synonyms, and will be used so here.) "We all live a great proportion of our lives in a surrender to stories. Even the statisticians and accountants must *in fact* conduct their daily business largely in stories: the reports they give to superiors; the accounts they deliver to tax lawyers; the anecdotes and parables they hear..." (p. 14, italics his). "All of us spontaneously make narratives out of just about every bit of information that comes our way" (p. 162). "It is impossible to shut our eyes and retreat to a story-free world" (p. 236). If we enter into it we "embrace the patterns of desire of any narrative" (p. 285). A stronger connection between economics and culture can hardly be made: stories are the vocabulary for our cultures; stories instruct us in ethics; economics is ethical. Therefore, economics is suffused with culture, and neglecting the fact will result in stories told unconsciously.

Booth's central question about the corruptions of literature (p. 11): "What kind of company are we keeping as we read or listen?" As our mothers told us, keeping bad company is bad for us. The levels at which we are asked to be a kind of person by economic writing need to be distinguished.

Along with high-minded precepts about the production of science, the scientific paper in economics as elsewhere encourages the low-minded notion that other ethical questions are "just matters of opinion." It is part of modernist talk on the radio, as when a lawyer confronted with the immorality of a law practice based on stirring up racial animosity (the example is not hypothetical) replies by saying, "Well, that's a value judgment." The scientific paper in economics treats ethical matters of income distribution (say) as similarly unarguable, like one's preference for chocolate ice cream. The question that remains, of course, is, "How do we think about our judgments, once we decide that our goal is to *think* about them and not simply to assert them?" (Booth, p. 59). The values asserted by the scientific paper in economics and elsewhere are certainly not all bad. But it is worth remarking sharply that they are not all good, either, even though Scientific.

The scientific paper in economics has an implied reader it shares with other self-consciously scientific productions of the culture. The implied reader has some features that are unattractive: he is cold-blooded, desiccated, uninvolved. The case of Isaac Newton and his invention, the scientific paper, is the model (Bazerman, 1988, Chap. 4).

And as Booth says, "artists often imitate the roles they create. The writer is moved, in reality, toward the virtues or vices imagined for the sake of the work itself" (p. 108). The same is true of academics, perhaps more so. Historians of the medieval papacy or students of comparative politics adopt their subjects' methods, at least in spirit. It is not irrelevant that Henry Kissinger's first book was on Metternich. Anthropologists have begun to wonder recently about the effects the people they study have on them. The economist asks the reader to take on certain ethical positions for the sake of the economic argument. Most of us don't like the implied reader of economic stories: "Am I willing to be the kind of person that this story-teller is asking me to be?" (Booth, p. 33). About the coldly calculating *homo economicus*, no, say we, with Yeats: "A levelling, rancorous, rational sort of mind/ That never looked out of the eye of a saint/ Or out of a drunkard's eye."

And yet the rational calculation had better be done, by someone, or else we will bomb German civilians at night for no gain or choose manned space flight over unmanned. The person you are asked to be in a modern economic argument is not attractively romantic, no aristocratic hero, but is a character that society cannot do without. He is usefully realistic about constraints and choices, though a trifle unreflective. In other words, on utilitarian grounds (there it is again) the economist is necessary. In policy questions the ethical position that economics recommends is that of the social engineer, who provides plans indifferently for full employment or extermination camps. The social engineer will protest that he would have nothing to do with extermination camps. But then he must ask where he draws the line, an ethical deliberation that economists are reluctant to undertake.

The levelling, rancorous, rational sort of mind in modern economics can be justified more deeply. It is in fact a part – only a part, though often claimed to be the whole – of the ethic of the modern bourgeoisie. The most important point to be made about ethics in economics, and the main point I wish to make here, is that economics is part of the ethical theory of bourgeois life. The “part” is the problem. Modern economics has forgotten its origins in ethical reflection about commercial societies, and therefore has substituted a levelling, rancorous, rational sort of mind for the much fuller reflection by the inventors of economics, the men of the Scottish Enlightenment.

We have two ways of talking about the virtues, and seem stuck on them. One is patrician, what John Casey calls “pagan” virtues. The classical four are those of Odysseus: prudence, temperance, justice, and courage. The aristocrat is honorable, great hearted in hospitality, quick to anger. “You wine sack, with a dog’s eyes, with a deer’s heart,” says Achilles – exhibiting more courage than prudence, temperance, or justice – “Never/ once have you taken courage in your heart to arm with your people.”

The other way of virtue-talk is plebeian, the way of St. Paul. The peasant suffers yet endures. “Let every soul be subject unto the higher powers. For there is no power but of God. Owe no man any thing, but to love one another.” Faith, hope, and charity, these three, but the greatest is charity. It is a “slave morality”, bending to the aristocratic virtues that Nietzsche and other Hellenizers prized. The two vocabularies of the virtues are spoken in the Camp and the Common. Achilles struts through the Camp in his Hephaestian armor, exercising a noble wrath. Jesus stands barefoot on the mount, preaching to the least of the Commoners.

And yet we live mostly now in the Town, we bourgeoisie, or else we are moving to townly occupations as fast as we can manage, trading the old cow for a car. The aristocracy is gone, though some intellectuals wish not. And the prediction that the proletariat at the other end would become the universal class has proven to be mistaken.

It is usual to praise a pagan or a Christian virtue, and then to complain how much we moderns lack it. Shamefully we bourgeoisie are neither saints nor heroes. The age is one of neither pagan gold nor Christian silver, but mere iron – or aluminum, or plastic. The townfolk are useful, maybe necessary; but not virtuous. “Why, the very idea. Bourgeois *virtue!*?” The bourgeois virtues have been reduced to the single vice of greed.

The intelligentsia thunders at the middle class, but offers no advice on how to be good within it. The only way to become a good bourgeois, say Flaubert and Sinclair Lewis and Paolo Pasolini, is to stop being one. Not having an ideal of bourgeois virtue, or devaluing the ideal by comparison with Christian and aristocratic virtue, leaves us unable in economics to talk about virtue at all. We bourgeoisie are left without reasons for ethical standards. We are left with What’s Profitable. As the Manchester man said to Engels in reply to a complaint about the condition of the working class: “Yet a great deal of money is made here. Good day, sir.” In academic terms, we are left with the ethical simplicities of utilitarianism. Culture is cut off from economics, and economics from culture.

Ethics courses in business and medical schools exhibit the dilemma. Some time ago the Harvard Business School was given \$22 million to study ethics in the old way, all the ethics that money could buy. Harvard Medical School has waxed ethical, too. The professors staffing the courses believe that ethical questions are matters of crisis. What are the ethics of insider trading? Would Jesus have signed on? What about the transplantation of organs? How would Kant have felt about that one? Yet aristocratic or peasant virtue, which is our ethical talk, cannot offer much help minute-by-minute in being a good bourgeois.

Ethics has turned recently from universal theories to the particular virtues, as in Alasdair MacIntyre, *After Virtue: A Study in Moral Theory*, or John Casey, *Pagan Virtue: An Essay in Ethics*, and to narrative in aid of the virtues, as in Albert Jonser and Stephen Toulmin, *The Abuse of Casuistry: A History of Moral Reasoning* or Wayne Booth's book already mentioned. Feminist thinking on the matter, such as Carol Gilligan, *In a Different Voice*, or Nel Noddings, *Caring: A Feminine Approach to Ethics and Moral Education*, or Joan Tronto's astonishing appropriation of the Scottish Enlightenment for feminist purposes, *Moral Boundaries: A Political Argument for an Ethics of Care*, has questioned the presumption of universal ethics, and in particular the worship of masculine virtues. As Bernard Williams puts it, in the new approach – as new as Aristotle – “morality is seen as something whose real existence must consist in personal experience and social institutions, not in sets of propositions.” It is local knowledge, not universal, located in the camp or common or town.

Consider the virtues of the three classes, matched to their character. The “character” might be in the eyes of others, or in its own eyes, or, less commonly, in fact.

THE CLASSES AND THE VIRTUES

Aristocrat	Peasant	Bourgeois
Patrician	Plebeian	Mercantile
pagan	Christian	secular
Achilles	St. Francis	Benjamin Franklin
pride of being	pride of service	pride of action
honor	duty	integrity
forthrightness	candor	honesty
loyalty	solidarity	trustworthiness
courage	fortitude	enterprise
wit	jocularly	humor
courtesy	reverence	respect
propriety	humility	modesty
magnanimity	benevolence	consideration
justice	fairness	responsibility
foresight	wisdom	prudence
moderation	frugality	thrift
love	charity	affection
grace	dignity	self-possession
subjective	objective	conjective

The point of such a listing is not to drive us all to the third column (in our lives from Saturday night to Sunday at Church to Monday on the job we tour the columns anyway). Nor is it to develop some new Universal Ethic. The point is to sidestep universals. In some personal and social circumstances, courage is a virtue. (In others it is a vice, as Amelie Rorty has noted.) So is humility. (Likewise.) But when the class left out by the virtue-talk is half the population, on its way to all the population, the vocabulary of the virtues is not doing its job. Art does the cultural job of making a vocabulary of virtues. *Things Fall Apart*, or Borges, makes one act ethically towards Nigerians or Argentineans more than does any amount of philosophizing about universal good. A modern society needs poetry and history and movies about bourgeois virtue: integrity, honesty, trustworthiness, enterprise, humor, respect, modesty, consideration, responsibility, prudence, thrift, affection, self-possession.

I am suggesting, in other words, that we stop sneering at the bourgeoisie, stop being ashamed of being middle class, and stop defining a participant in an economy as an amoral brute. The bad talk creates a reality. Adam Smith knew that a capitalist society such as eighteenth-century Edinburgh could not flourish without the virtues of trustworthiness or bourgeois pride, supported by talk. Smith's other book, *The Theory of Moral Sentiments*, which even no economist reads, was about self-respect, not greed; esteem, not venality. Economics is the social theory of town life, and its ethics is bourgeois. Yet even many economists have learned by now that moral sentiment must ground a market. (Some go on trying to solve the Hobbes Problem, well into its fourth century of irresolution, namely: can a mob of unsocialized brutes be proven on a blackboard to create in the end a civil society? The problem lacks point if people have already the cultural character of French people or Americans.)

The growth of the market promotes virtue, not vice. Most intellectuals since 1848 have thought the opposite: that it erodes virtue. Dickens wrote: "It was a fundamental principle of the Gradgrind philosophy that everything was to be paid for. Gratitude was to be abolished, and the virtues springing from it were not to be. Every inch of the existence of mankind, from birth to death, was to be a bargain across a counter." As James Boyd White puts it in his otherwise admirable *Justice as Translation*, bourgeois growth is bad because it is "the expansion of the exchange system by the conversion of what is outside it into its terms. It is a kind of steam shovel chewing away at the natural and social world."

And yet we all take happily what the market gives – polite, accommodating, energetic, enterprising, risk-taking, trustworthy people; not bad people. In the Bulgaria of old (I was told by Poles who claimed to have seen it) the department stores had a policeman on every floor, not to prevent theft but to stop the customers from attacking the arrogant and incompetent clerks selling goods that fell apart at the moment of sale. The way a salesperson in an American store greets customers startles foreigners: "How can I help you?" It is an instance in miniature of bourgeois virtue.

Even an ethics of greed for the almighty dollar, to take the caricature at its face value, is not the worst. An ethics of greed is better than an ethics of slaughter, by patrician sword or plebeian pike. Commercial greed must work by mutual agreement, not by violence. Dr. Johnson said, "There are few ways in which a man can be more innocently employed than in getting money." The disdain for modest greed is ethically naive, because it fails to acknowledge that the greed prospers in a market economy only by satisfying the customer.

And even from a strictly individual view the bourgeois virtues, though not those of Achilles or Jesus, are not ethical zeroes. Albert Hirschman (who speaks precisely of "bourgeois virtues") recounts the career from Montesquieu to Marx of the phrase "*doux commerce*," quoting for instance William Robertson in 1769: that sweet commerce "tends to wear off those prejudices which maintain distinctions and animosity between nations. It softens and polishes the manners of men." In his play at the dawn of bourgeois power, George Lillo has his ideal of the London merchant, Thorowgood, assert that "as the name of merchant never degrades the gentleman, so by no means does it exclude him." Thorowgood on leaving the office instructs his assistant to "look carefully over the files to see whether there are any tradesmen's bills unpaid." The aristocrat will sneer at such goody-goodness among the bourgeoisie. But after all, in seriousness, is it not a matter of virtue to pay one's tailor? What kind of person accepts the wares of tradesmen and refuses to give something in return, though promised? No merchant he.

A potent source of bourgeois virtue and a check on bourgeois vice and a lesson for an economics that is going to take ethics seriously is the premium that a bourgeois society puts on discourse. The bourgeois must talk. The aristocrat gives a speech, the peasant tells a tale. But the bourgeois must in the bulk of his transactions talk to an equal. It is wrong to imagine, as modern economics does, that the market is a field of silence. "I will buy with you, sell with you, talk with you, walk with you, and so following... What news on the Rialto?"

The aristocrat does not deign to bargain. Hector tries, and Achilles answers: "argue me no agreements. I cannot forgive you./ As there are no trustworthy oaths between men and lions,/ Nor wolves and lambs have spirit that can be brought into agreement." The Duke of Ferrara in Browning's "My Last Duchess" speaks of his late wife portrayed there upon the wall, "Even had you skill/ In speech - (which I have not) - to make your will/ Quite clear to such an one... / E'en then would be some stooping; and I choose/ Never to stoop." The aristocrat never stoops; the peasant stoops silently to harvest the grain or to run the machine; the bourgeois stoops metaphorically to make his will quite clear, and to know the will and reason of the other. The aristocrat's speech is declamation, and his proofs are like commands, which is perhaps why Plato the aristocrat and some Western intellectuals after him loved them so. The proof of the irrationality of the square root of 2 convinces (*vincere*, to conquer). The bourgeois by contrast must persuade, sweetly ("*suadeo*," from the same root as English "sweet").

The bourgeois goes at persuasion with a will. About a quarter of national income is earned from merely bourgeois and feminine persuasion: not orders or information but persuasion, sweet talk (Klamer and McCloskey 1995). Is the sweet talk of the bourgeoisie “empty,” mere comforting chatter with no further economic significance? If that was all it was then the economy would be engaging in an expensive activity to no purpose. By not talking we could pick up a \$20 bill (or more exactly a \$1,500,000,000,000 bill). A quarter of national income is a lot to pay for economically functionless activity. The fact would not square with the most modest claims of economics. The businesspeople circling La Guardia on a rainy Monday night could have stayed home. The crisis meeting in the plant cafeteria between the managers and the workers would lack point.

Adam Smith as usual put the matter well. The division of labor is the “consequence of a certain propensity ... to truck, barter, and exchange. [I cannot pause here to consider] whether this propensity be one of those original principles in human nature, of which no further account can be given; or whether, as seems more probable, it be the necessary consequence of the faculties of reason *and speech*.” *The Wealth of Nations* did not again mention the faculty of speech in a foundational role, though Smith, who began his career as a freshman English teacher, did remark frequently on how business people and politicians talked together. In *The Theory of Moral Sentiments* he called speech “the characteristic faculty of human nature.”

Half of the Smith formula, the faculty of reason, became in time the characteristic obsession of economists. Smith himself did not much pursue it. Economic Man, rationally seeking, is not a Smithian character. It was later economists, especially Paul Samuelson during the 1940s, who reduced economics to the reasoning of a constrained maximizer, Seeking Man, *Homo petens*. Samuelsonian seeking has a peasant cast to it: the maximization of known utility under known constraints sounds more like Piers Ploughman than Robinson Crusoe. The utilitarian reduction of all the virtues to one maxim makes all virtues into prudence. The wind-up mice of modern economic theory know nothing of humor, affection, integrity, and self-possession. Smith’s notion of *Homo loquans*, Speaking Man, squares better with the varied virtues of the bourgeoisie.

The virtues of the bourgeois are those necessary for town life, for commerce and self-government. The virtue of tolerance, for example, can be viewed as bourgeois. Its correlations in European history, such as contrasted between Spain and Holland, suggest so. The experience of trade creates a skepticism about certitude – the arrogant and theoretical certitude of the aristocrat or the humble and routine certitude of the peasant. As Arjo Klamer has pointed out, “the dogma of doubt” is bourgeois, an attitude suited to the vagaries of the marketplace. On the town hall of Gouda, overlooking the market, is the motto “*Audite et alteram partem*”, listen even to the other side.

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Bourgeois charity, again, if not the "charity," meaning spiritual love, of the English bibles, runs contrary to the caricature of greed. More than the peasant or the aristocrat the bourgeois gives to the poor – as in the ghettos of Eastern Europe or in the small towns of America. Acts of charity follow the bourgeois norm of reciprocity. The American Gospel of Wealth, founding hospitals, colleges, and libraries wherever little fortunes were made, is a bourgeois notion, paying back what was taken in profit. Annenberg gives \$500 million to schools in one jolt and we are not astonished. Middle class people in the nineteenth century habitually gave a biblical tenth of their incomes to charity. The intrusion of the state into charity killed the impulse, remaking charity into a *taille* imposed on grumbling peasants: I gave at the office.

But the intellectuals since 1848 have despised this virtuous bourgeoisie, and have produced the conviction that Economics and Culture are opposed. Popular literature from the Horatio Alger stories to Dale Carnegie and *The Reader's Digest* continue to reflect on bourgeois virtues. And yet the clerks have steadily attacked the bourgeois virtues. They won in the end. High culture does.

But the intellectuals were mistaken about the growth of table, one of the deaf honorable gentlemen, rationality. They mistook bourgeois life the way a rebellious son mistakes the life of his father. The life of the bourgeoisie is not routine but creation. What has raised income per head in the rich countries by a factor of twelve since the eighteenth century is originality backed by commercial courage, not science. Dickens was mistaken to think that Facts alone are wanted in the life of manufacturing. Manufacturing depends on enterprise and singlemindedness far from coolly rational. Weber was mistaken to think that the modern state embodies principles of rationality in bureaucracy. Anyone who thinks that a large modern bureaucracy runs "like an army" cannot have experienced either a large modern bureaucracy or an army. Freud was mistaken to claim that modern life compels a choice between the reality principle and eroticism. A business person without an erotic drive, suitably sublimated, achieves nothing.

The lack of insight by the intelligentsia into business life is odd. It reminds one, I repeat, of an adolescent boy sneering at his father: remarkable how the old chap matured between my 17th and 21st birthday. The European novel contains hardly a single rounded and accurate portrait of a businessman (Thomas Buddenbrook is a notable exception). The businessman is almost always a cardboard fool, unless he proves in the end to evince aristocratic or Christian virtues (thus Scrooge in Dickens' Christmas story). Intellectuals in the West have had a tin ear for business and its values.

A change is overdue. To admire the bourgeois virtues is not to buy into admiration for selfishness. Capitalism needs encouragement, being the hope for the poor of the world and being in any case what we are. But capitalism need not be hedonistic or monadic, and certainly not unethical. An aristocratic, country-club capitalism, well satisfied with itself, or a peasant, grasping capitalism, hating itself, are both lacking in virtue. And neither works in town. They lead to monopoly and economic failure, alienation and revolution. We need a capitalism that nurtures

communities of good townfolk, in South Central LA as much as in Iowa City. We encourage it by talking seriously about the bourgeois virtues.

And yet there is an ethical problem in the theory and practice of economics. The problem is deeper than the mere distaste for calculation or selfishness or greed. Booth argues persuasively that a good author is a good friend, the good friend being "a kind of company that is not only pleasant or profitable, in some immediate way, but also good for me, good for its own sake. Hours spent with this best kind of friend are seen as the way life should be lived... (M)y true friend is one who [quoting Aristotle] 'has the same relations with me that he has with himself'" (1988, p. 146-147).

Modern economics conserves on this sort of friendship, trying to get along on as little of it as possible. Economics was once described as the science of conserving love. The notion is that love is scarce, and that consequently we had better try to get along without it, organizing our affairs to take advantage of the abundant selfishness instead. The argument is economic to the core. As Adam Smith said famously, "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest" (1776, p. 16).

But Smith also pointed out (this is Joan Tronto's point) that people have a "feminine" desire to be part of a polis or family as well, and to warrant affection in such a group. People just do. It is Aristotle again: humans are political [that is, polis-loving] animals. The analytic mistake is getting along with no love when people are in fact lovers. I have called it the "Hobbes Problem," but it is the problem of Machiavelli, Mandeville, Bentham, and the modern economists: let's see what would happen if people were unsocialized brutes. But they are not unsocialized brutes. And so economists "predict" that people will defect from social arrangements at the drop of a hat. Massively, in wars and families, and experiments on college undergraduates, they do not. Something is wrong with an economic analysis that ignores the acculturated character of people, as economists are gradually coming to understand.

If economists tell stories and exercise an ethical sense when telling them, then they had better have as many stories as possible. This is a principled justification of pluralism, an argument for not keeping all one's eggs in a single narrative basket. "Powerful narrative," writes Booth, "provides our best criticism of other powerful narratives" (1988, p. 237). Maybe. Powerful metaphors do the job, too. A variety in economic narratives is good for the soul. Marxist narrative provides a criticism of the bourgeois "neoclassical" narrative, and vice versa. "The serious ethical disasters produced by narratives occur when people sink themselves into an unrelieved hot bath of one kind of narrative" (p. 237). Dogmatic Marxists, dogmatic neoclassicals, dogmatic Austrian economists, dogmatic institutionalists, who have put the other's writings on an index of forbidden books, are ethically dangerous, all of them. They are true believers, or, rather, believers in Truth. The best lack all conviction, while the worst/ Are full of passionate intensity.

The Boothian pluralism of stories, then, speaks to economics. Albert Jonsen and

to reduce ethical questions to a system of axioms. The stories of economists could better be used casuistically, as Jonsen and Toulmin would urge. The case-by-case method is quite opposed to modernism, and was attacked by Pascal in his *Provincial Letters* of 1656-57 on modernist grounds (Jonsen and Toulmin, Chap. 12). It does not seek universal principles to be applied by social engineers. It seeks an ethical conversation in which principles of less-than-universal applicability are discovered.

The best economists do exactly this. Ronald Coase, for example, is a British educated economist who has been for a long time on the faculty of the Law School of the University of Chicago. His approach to economics is casuistic, looking for the stories and metaphors and facts and logics that fit the case at hand, and avoiding the unreasonable obsession with one of them alone. His most famous article, "The Problem of Social Cost" (1960), is exactly casuistic. It has therefore been misunderstood by modernist economists, who see in it a "theorem" for their social engineering. The theorem, as it happens, is due to Adam Smith, some years in advance of Coase (namely, that exchange free of trammels works well; Coase's point was the opposite, that in a world of trammels the particular trammels need to be examined one by one to decide about air pollution and property rights). A style of ethical storytelling that insists that cases matter as much as principles is foreign to most of modern economics. Such a style is foreign to its peculiar culture, which is modernist and masculine and has never really worked.

Dialogue

Klamer: When I heard you presenting these arguments for the first time I was pleasantly surprised. It seems you have made a conversion by trying to make the ethics explicit in your account of economic behavior. Your new way of reasoning, by including virtues, friendship and even love, appears to be so much warmer and more humane, I'd say, than the cold-blooded approach that is so characteristic of your colleagues in the Old Chicago school. Would you agree with this observation?

McCloskey: The old Chicago economists were not cold at all. Frank Knight, Milton Friedman and Theodore Schultz had a way of doing economics that left room for passion. But the Old Chicago school has become nouvelle Chicago school dominated by Gary Becker and Robert Lucas who are Benthamites in a way that Milton Friedman is not.

Then there is a personal point. I have changed my mind on this although I have a long history of changing my mind. I was once a Marxist and then changed my mind; I was once a social engineer and changed my mind. That does not mean that I have thrown everything out that I learned as a marxist or a social engineer.

Klamer: How would you characterise your most recent change?

McCloskey: The change, which started before my change in gender but was accel-

erated by that change, was brought about by the recognition of the obvious point, the point of Aristotle, that humans are political animals. The Greek 'politike' is translated into the modern word political but it does not have the same connotation in Greek. In the Greek it is closely connected with the polis, that is, with the community. The recognition that people like to be in groups will, I think, change the economics.

Klamer: By accounting for relations, for example.

McCloskey: Yeah. That would be the really spectacular way to show that hard nosed economic analysis makes mistakes when it forgets that humans are political animals. Such as the mistake of assuming that people will not ever voluntarily sacrifice themselves for the public good. That is obviously false for a mother's love for her child, but it is obviously false more generally.

Klamer: The paper reads like a celebration of bourgeois virtues. At the same time you stress the importance of love and friendship. Don't the two conflict?

McCloskey: I don't think so. I don't think bourgeois life is any less loving than aristocratic or peasant life. I think it is early nineteenth century romantic nostalgia that town people are loveless. There is all this foolish modern talk about the alienation of people in big cities or in markets or on the job in factories. I don't think that that is true. Markets are often occasions for love. Think of your relationship with your dry cleaner or your friendly bicycle mechanic. It's true, as you say in your inaugural, that there can be a conflict between markets and friendship but they also can be complements. For example, you can come to know your bicycle mechanic and if you have the ability to love at all, you come to love him to some degree. There is a conviction on the left that all markets are anonymous but as you have emphasized in your own work, that is not true. Even under modern advanced capitalism many markets are face to face.

Furthermore, we are not confined to one of the three columns of virtues. You are the one who convinced me that a person can easily be an aristocrat on Saturday, a Christian on Sunday morning and a bourgeois on Monday.

Klamer: What will the good old Chicago economists think of this?

McCloskey: People like Armen Alchian, Ronald Coase, James Buchanan, and Milton Friedman for that matter, can understand such an argument and will agree with it. People who can't understand and agree with it are the heirs of Samuelson and Bentham.

Klamer: Historians seem to have a problem with your analysis as well. At least, that is the impression I got from their reactions to your paper during the conference.

Klamer: Historians seem to have a problem with your analysis as well. At least, that is the impression I got from their reactions to your paper during the conference.

McCloskey: I am a historian too. I was in the history departments of Chicago and Iowa. Look, I am writing an essay here, not a historical monograph. Some historians have difficulties with that. Some don't. I can understand and sympathise with the view that essays of this sort are not scientific. I don't pretend to be scientific here. I am trying to change present day sensibilities. I don't want to write false history, but I don't have to make a scientific contribution to history in order to use history.

Klamer: So your intent is normative.

McCloskey: I am acting like aunt Deirdre, but mostly to the profession of economics. Economics has fallen on bad times; the mistakes that economists are making are those of boys. So exactly as an aunt might scold the boys who are trampling all over the flowers in the garden, I am scolding the boys in economics for spoiling economics.

Klamer: And you think that economists will do better by paying more attention to the ethical dimension of economics.

McCloskey: It will bring economics back to Adam Smith where it started. It will make for an economics that in the words of an economic historian named Ashton walks on both legs.

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