

## *Bourgeois Equality*

***Bourgeois Equality:  
How Ideas, Not Capital, Transformed the World***

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## **Exordium:**

### The Three Volumes Show that We are Rich Because of an Ethical and Rhetorical Change

Why are we so rich? Who “we”? Have our riches corrupted us?

The series of three long books completed here, thank God, The Bourgeois Era, answers

(1.) in the first volume, *The Bourgeois Virtues: Ethics for an Age of Commerce* (2006), that the commercial bourgeoisie—the middle class of traders, inventors, and managers—is on the whole, contrary to the conviction of the “clerisy” of artists and intellectuals after 1848, pretty good;

(2.) in the second volume, *Bourgeois Dignity: Why Economics Can’t Explain the Modern World* (2010), that the modern world was made not by the usual material causes, such as coal or thrift or capital or exports or imperialism or property rights or even science, which have been widespread in other cultures, but by technical and institutional ideas among a uniquely revalued bourgeoisie;

(3.) and here in the third volume, *Bourgeois Equality: How Ideas, Not Capital, Transformed Our World*, that a novel way of looking at the virtues and at bettering ideas came in northwestern Europe from a novel liberty and dignity for commoners, among them the bourgeoisie. The bourgeoisie did not get better. Its increasing numbers, furthermore, would have been useless without what did in fact occur—a startling revaluation of the trading and betterment in which the bourgeoisie specialized. The revaluation was called “liberalism.” Liberalism in turn did not come from some ancient superiority of the Europeans but from egalitarian accidents in their politics 1517-1789.

The upshot since 1800 has been a gigantic improvement of the poor, such as your ancestors and mine, and a promise now being fulfilled of the same result worldwide—a Great Enrichment for the whole.

These are controversial claims. They are on the whole, you see, optimistic. For reasons I do not entirely understand, the clerisy after 1848 turned towards nationalism and socialism, and against liberalism, and came also to delight in conventional pessimisms about the way we live now, in our approximately liberal societies. Anti-liberal utopias have been popular in the clerisy. Its pessimistic books have sold millions. But the twentieth-century experiments of nationalism and socialism, of syndicalism in factories and central planning for investment, did not work. And most of the pessimisms about how we live have proven to be mistaken. It is a puzzle. Perhaps you yourself still believe in nationalism or socialism. And perhaps you are in the grip of pessimism about growth or consumerism or the environment or inequality. Please, reconsider.

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Let me tell you what the project argues and how each of the three books answers the others. The trilogy is one long complicated argument. It is complicated not because I am hiding the ball but because the argument covers a lot of history and economics and politics, and depends on many sorts of evidence, historical and literary and quantitative. Within each book you can see the argument in fair detail by consulting the table of contents. In the last two books I hit on the idea of outlining the argument in the declarative sentences that are the titles of the chapters, and the running heads. And in the first book the argument in its complexities was at least summarized in sequence in the table of contents under each chapter title. If you get confused – I have myself, often – take a look. Keep your eye on the ball.

The trilogy chronicles, explains, and defends what made us rich – out of the system we have had since 1848 usually but misleadingly called modern “capitalism.” The system should rather be called “voluntary, that is, trade-tested, technological and institutional betterment at a frenetic pace.” Or “astonishing progress, especially since 1848, with ample if uneven provision, tested by unforced exchange among all the parties involved.” Or “fantastically successful liberalism in the old European sense applied to trade and politics, as it was applied also to science and music and painting and literature.” The simplest version is “trade-tested progress.”<sup>1</sup> Many humans as a result are now stunningly better off than their ancestors were in 1800. The rest of humanity show every sign of joining the enrichment.

A crucial point is that the greatly enriched world cannot be explained by the accumulation of capital, as to the contrary economists have fervently believed from Adam Smith through Karl Marx to Thomas Piketty, and as the very word “capitalism” implies. The word embodies a scientific mistake. Our riches did *not* come from piling brick on brick, or bachelor’s degree on bachelor’s degree, or bank balance on bank balance, but from piling idea on idea. The bricks, BAs, and bank balances – the capital accumulations – were of course necessary. But so were a labor force and the existence of liquid water. Oxygen is necessary for a fire. It would be unhelpful, though, to explain the Chicago Fire of October 8-10, 1871 by the presence of oxygen in the earth’s atmosphere. Better: a long dry spell, the city’s wooden buildings, a strong wind from the southwest, and, if you disdain Irish people, Mrs. O’Leary’s cow. The modern world cannot be explained, I show in the second volume, *Bourgeois Dignity*, by routine brick-piling, such as the Indian Ocean trade, English banking, canals, the British savings rate, the Atlantic slave trade, the enclosure movement, the exploitation of workers in satanic mills, or the original accumulation of capital in European cities, whether physical or human capital. Such routines are too common in world history and too feeble in quantitative oomph to explain the thirty- or one-hundred-fold enrichment per person unique to the past two centuries.

Hear again that singular fact, discovered by economic historians over the past few decades. In the two centuries after 1800 the trade-tested goods and services rose for the average person in Sweden or Taiwan by a *factor* of 30 or 100 – that is, a rise of 2,900

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<sup>1</sup> I owe the phrase to Alberto Mingardi of the Istituto Bruno Leone.

or 9,900 percent. Not a mere doubling, 100 percent, but a *factor* of 100, or near enough 10,000 percent. The Great Enrichment of the past two centuries has dwarfed any of the previous and temporary enrichments.

In this third volume I try to show that the massively better ideas in technology and institutions, not capital accumulation or institutional interventions or government policies or union organizing, were the explanation. As a wise man put it, humans recently have “invented the method of invention.” The ideas and inventions, I claim, were released for the first time by a new liberty and dignity for commoners, expressed as the “equality” of the title – that is, by the ideology of European liberalism.

The great oomph of liberty and dignity can be shown by contraries. The linguist Kyoko Inoue explains how a Western notion of “individual dignity” gained a certain following in Japanese society during the early twentieth century, especially among the few Japanese Christians.<sup>2</sup> And yet the word when used in the MacArthur-imposed constitution after World War II was misunderstood. Most Japanese still viewed their word for dignity (*jinkaku*) as expressing rank, as in the older English plural, “dignities” – something like the opposite of the Western and recent idea of dignity accorded to everyone, equally, including women. Therefore “dignity” for women in Japan, built into the new constitution, was misunderstood (though usually innocently) as merely reaffirming the *low* rank of women in the Japanese hierarchy. The persisting indignity for half the population has not been good for the Japanese economy – at a time when the old heartland of liberalism in northwestern Europe has inched closer to its radical eighteenth-century ideal of all men *and women* created equal. The modern world was not caused by “capitalism,” which is ancient and ubiquitous, as for example in Japan itself during the seventeenth-century. The modern world was caused by egalitarian liberalism, which was in 1776 revolutionary, and was most prominent at the time--though still a minority view--in places like the Netherlands and Britain and British North America. The Great Enrichment, 1800 to the present, the most surprising secular event in history, is explained by bettering ideas springing from a new liberalism, against the *jinkaku* of rank.

It is recent. Some centuries before 1800 a few technological ideas had started to be borrowed by Europe from China and other economies to the east and south – paper, for example, or gunpowder, or the silk worm, or the blast furnace. But in the seventeenth century onwards, and especially after 1800, the political and social ideas of liberalism shockingly extended the technological payoffs, through equality of liberty and dignity in Holland and Britain and Belgium and above all in the United States, and then beyond. The economic historian Joel Mokyr has recently chronicled the improvements in communication and in the welcoming of novelties that made for a free-wheeling and largely egalitarian Republic of Letters after 1500, and especially after

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<sup>2</sup> Inoue 1991, 2001. Additional reflections in Inoue’s work are contained in McCloskey 2006, pp. 296-297.

1600.<sup>3</sup> The outcome of such rhetorical developments was a technological explosion, especially after 1800, radically improving on Europe's first teachers overseas. The Great Enrichment is not to be explained, that is, by material matters of race, class, gender, power, climate, culture, religion, genetics, geography, institutions, or nationality. On the contrary, what led to our automobiles and our voting rights, our plumbing and our primary schools was the fresh ideas out of liberalism, a new system of encouragement to betterment, and a partial erosion of hierarchy.

Since capital accumulation is easily supplied in response to a genuinely bettering idea, and is not therefore the initiating cause, the fraught C-word, "capitalism," does not make many appearances here. The dishonored B-word, "bourgeois," though, appears all over the place, for example in the titles of all three volumes. "Bourgeois" was taken self-consciously into English from French. Yet it is quite old as in English use as an adjective applying to the precisely urban middling sort I am talking about, employed in English from the early eighteenth century along with the vaguer phrase that eventually came to dominate, "middle class."

One task of the trilogy here, starting with the suitably named first volume, *The Bourgeois Virtues*, is to revalue the people of this middle class, or bourgeoisie – the entrepreneur and the merchant, the inventor of carbon-fiber materials and the contractor remodeling your bathroom, the improver of automobiles in Toyota City and the supplier of spices in New Delhi. The second volume and the third then turn to the economic and now the social and intellectual history to show in detail that the ideas the bourgeoisie imagined had arisen in the eighteenth century out of the new liberty and a new dignity accorded to ordinary people. Democracy of rights in voluntary trade and in polling booths, a democracy giving commoners a voice in the church and the economy and in politics, made people bold, liberating them to have a go in business.<sup>4</sup> In the historical lottery the idea of an equalizing liberty and dignity was the winning ticket, and the bourgeoisie held it.

Yet after the failed revolutions in Europe during the hectic year of 1848 – compare 1968 – a new and virulent detestation of the bourgeoisie infected the mass of artists, intellectuals, journalists, professionals, and bureaucrats, the "clerisy" as it was called by Coleridge, on a German pattern. The Germans word was *Clerisei* – or later the *Bildungsbürgertum* – meaning the cultivated and reading enthusiasts for *Kultur* as against the commercial and bettering bourgeoisie.<sup>5</sup> The clerisy of Germany, Britain, and especially France came to hate the merchants and manufacturers and indeed anyone who did not admire the clerisy's books and paintings. Flaubert declared, "I call bourgeois whoever thinks basely." He wrote to George Sand in 1867, *Axiome: la haine du*

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<sup>3</sup> Mokyr 2016, forthcoming. Mokyr's name, which will come up frequently, is pronounced "moh-KEER."

<sup>4</sup> The "having a go" is a British idiom, used in this application long ago by the economic historian Peter Mathias (1972 [1979], p. 66.

<sup>5</sup> Conze and Kocka 1985.

*bourgeois est le commencement de la vertu*, which is to say that it is an axiom that hatred of the bourgeois is the beginning of virtue.<sup>6</sup>

In 1935 the liberal Dutch historian Johan Huizinga noted that the hatred had become general among the clerisy:

in the nineteenth century, “bourgeois” became the most pejorative term of all, particularly in the mouths of socialists and artists, and later even of fascists. . . . How useful it would be from time to time to set up all the most common political and cultural terms in a row for reappraisal and disinfection. . . . For instance, *liberal* would be restored to its original significance and freed of all the emotional overtones that a century of party conflict has attached to it, to stand once again for “worthy of a free man.” And if *bourgeois* could be rid of all the negative associations with which envy and pride, for that is what they were, have endowed it, could it not once more refer to all the attributes of urban life?<sup>7</sup>

Such automatic sneering at the bourgeoisie needs to stop. It is an unattractive brand of self-hatred, since most of us, as owners and sellers of at least human capital, are bourgeois. True, if one insists on using the word “bourgeois” as, say, Jean-Paul Sartre and Simone de Beauvoir used it, to mean the worst and most inauthentic types of town life in France c. 1950, then it is not going to be much of an intellectual feat to conclude that bourgeois life leads straight to. . . well. . . the worst and most inauthentic types of town life in France c. 1950. But I urge you to stop using the word as a term of contempt, and to start using it scientifically and colorlessly to mean “owners and managers in town, risk takers or word workers, big or small in their capital, disproportionately literate, living by conversation.” Then we can find out by actual inquiry whether or not it is virtuous to hate them.

Like the mandarins of old China or *les honnêtes hommes* of early modern France, the members of the modern clerisy view themselves as uniquely ethical on account of their deep learning, including deep learning about ethics – or at least their daily reading of the *New York Times* or *Le Monde*. The notion that a person who truly grasps the meaning of “ethics” will in fact *be* ethical was Socrates’ claim by way of Plato. In view of the numerous highly learned but unethical people one meets, one rather doubts it. Yet the clerisy embraces the Platonic notion. It survives still for example in the attitude of Dutch bureaucrats in the city hall, who view themselves as learned mandarins, well qualified by arts degrees and ethical superiority and subscriptions to *NRC Handelsblad* to protect the sadly ignorant lower classes from the ravenous capitalists down in *de markt*.

In the eighteenth century certain members of the clerisy, such as Voltaire and Tom Paine, had courageously advocated our liberties in trade. Competition in trade, not City Hall or Whitehall, has in fact been our main protection against the ravenous. But during the 1830s and 1840s a much enlarged clerisy, mostly the sons of bourgeois

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<sup>6</sup> Flaubert (May 10, 1867), in *Oeuvres complètes et Annexes. Correspondance*, p. 5883.

<sup>7</sup> Huizinga 1935 (1968), p. 112.

fathers, commenced sneering at the economic liberties their fathers exercised so vigorously, and commenced advocating the vigorous use instead of the state's monopoly of violence to achieve one or another utopia, soon.

On the political right the clerisy, influenced by the Romantic movement, looked back with nostalgia to an imagined Middle Ages free from the vulgarity of trade, a non-market golden age in which rents and stasis and hierarchy ruled. Such a Romantic vision of olden times fit well with the right's perch in the ruling class, governing the mere in-dwellers. Later, under the influence of a version of science, the right seized upon social Darwinism and eugenics to devalue the liberty and dignity of ordinary people, and to elevate the Nation's mission above the mere individual person, recommending for example colonialism and compulsory sterilization and the cleansing power of war.

On the left, meanwhile, the cadres of another version of the clerisy – also influenced by Romance and then by their own scientific enthusiasm for historical materialism – developed the illiberal idea that ideas do not matter. What matters to progress, the left declared, is the unstoppable tide of history, aided (it declared further, contradicting the unstoppability) by protest or strike or revolution directed at the thieving bourgeoisie, such thrilling actions to be led, of course, by the clerisy. Later, in European socialism and American progressivism, the left proposed to defeat bourgeois monopolies in meat and sugar and steel by gathering under regulation or syndicalism or central planning or collectivization all the monopolies into one supreme monopoly called the state. In 1965 the Italian liberal Bruno Leoni (1913-1967) observed that “The creation of gigantic and generalized monopolies is [said by the left to be] precisely a type of ‘remedy’ against so-called private ‘monopolies’.”<sup>8</sup>

While all this deep thinking was roiling the clerisy of Europe, the commercial bourgeoisie – despised by the right and the left, and by many in the middle, too, all of them thrilled by the Romantic radicalism of books like *Mein Kampf* or *What is to Be Done* – created the Great Enrichment and the modern world. The Enrichment gigantically improved our lives. In doing so it proved scientifically that both social Darwinism and economic Marxism were mistaken. The genetically inferior races and classes and ethnicities proved not to be so. They proved to be creative. The exploited proletariat was not immiserized. It was enriched. In the enthusiasm for the materialist but deeply erroneous pseudo-discoveries of the nineteenth century – Benthamite utilitarianism, Comtean positivism, nationalism, socialism, historical materialism, social Darwinism, scientific racism, theorized imperialism, eugenics, geographic determinism, institutionalism, social engineering, progressive regulation, the rule of experts, and a cynicism about the force of ethical ideas – much of the clerisy mislaid its earlier commitment to a free and dignified common people. It forgot the main, and scientifically correct, social discovery of the nineteenth century – which was itself also in accord with a Romanticism so mischievous in other ways – that ordinary men and women do not need to be directed from above, and when honored and left alone

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<sup>8</sup> Leoni 1965 (2009), p. 83.

become immensely creative. “I contain multitudes,” sang the democratic, American poet. And he did.

New ideas from the bourgeoisie, and behind them the new and encouraging ideas in the society *about* the bourgeoisie and then about all of the commoners, made the Great Enrichment. The trilogy here defends such an ideational hypothesis against a materialism long dominant.

The first volume, whose subtitle gives away its theme, *Ethics for an Age of Commerce*, asks, Can a life in business be ethical? Can it be governed by virtues that include of course a businesslike prudence but are not limited to it? The answer, in executive summary, is Yes. Prudence is the virtue of profit, planning, know-how, *savoir faire*, common sense, efficiency. It’s good to have. We teach it to our dogs and children. “Look both ways when you cross the street.” “Study the balance sheet.” “Provide, provide.” But ethics in business goes beyond the virtue of prudence, and should. Actual businesspeople, being people, exhibit on their best days also love and justice and courage and hope and faith and temperance, and not only for instrumental reasons. The bourgeoisie is not composed entirely of the idiotically prudence-driven characters in a Dilbert comic strip.

*The Bourgeois Virtues*, in other words, repudiates the economist’s obsession with prudence only, isolated from the other virtues. The philosophers and theologians observe that if a virtue is narrowed down and isolated it becomes a vice. Since the 1930s an army of “Samuelsonian” economists has undertaken to narrow down and isolate our economic lives to what it is pleased to call rationality. “Samuelsonian” describes modern economists of the so-called “mainstream” – modeling exclusively with “constrained maximization,” in which the only virtue acknowledged is prudence.<sup>9</sup>

Not every worthy economist is Samuelsonian. An embattled counter-squad of economic thinkers, with quite varied politics, has included Friedrich Hayek, John Maynard Keynes, Joan Robinson, Kenneth Boulding, Ronald Coase, George Shackle, Robert Heilbroner, Albert Hirschman, James Buchanan, Thomas Schelling, Elinor Ostrom, Israel Kirzner, and Vernon Smith. They practice what could be called (Adam) Smithian economics, or what has been called recently “humanomics.” It posits merely a mild tendency to enter at the smell of net benefit, leaving space for the practice of love, justice, courage, hope, faith, and temperance. Genuine rationality among humans, as

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<sup>9</sup> “Samuelsonian” is historically more accurate than the more usual word, “neoclassical,” which includes for example Austrian and Marshallian economists who do not think much of modeling exclusively with constrained maximization, and are more concerned with entry and evolution. It is a term of affection, not of dismissal. During the 1960s I myself was trained at Harvard in Samuelsonian economics and during the 1970s I taught at the University of Chicago, which was at the time turning away from Marshall and Knight and towards Samuelson and Arrow. Samuelsonian economics was invented in the 1940s and 1950s by the brilliant and amiable Paul Anthony Samuelson (1915-2009) – long my mother’s mixed-doubles tennis partner – together with his equally brilliant and equally amiable brother in law, Kenneth Arrow (1921- ) – long a distantly friendly colleague of mine. Startlingly, they are joint uncles of the crown prince of Samuelsonian economics, Lawrence Summers.

noted recently by social psychologists such as Jonathan Haidt, and by the rest of us since the Epic of Gilgamesh, is *not* prudence only.<sup>10</sup>

A few economists are beginning to explore systematically such an economics, inviting back into the story complete human beings, with their ethics and language and upbringing.<sup>11</sup> For example, I am. The trilogy here exhibits a killer app of such an integration of quantity and quality, the sciences and the humanities, economic experiments and literary analyses, yielding – I hope you will come to believe – a plausible explanation of how we became rich in body and spirit.<sup>12</sup> Yet I have to admit that “my” explanation is entirely unoriginal. It is merely the economic and historical realization of eighteenth-century liberal thought. But that, after all, is just what the clerisy after 1848 so sadly mislaid.

The first, ethical volume repudiates also the *anti*-economist’s obsession with the *vice* of prudence-only isolated from the other virtues, the vice we call “greed.” Greed is not good. But neither does it especially characterize the bettering world of the modern bourgeoisie, whether in a small business or in a corporate giant. Greed is ancient and human – greed for gold, glory, power, position, sex. When Karsten Bernick in Ibsen’s first bourgeois drama, *Pillars of Society* (1877), comes to his ethical senses in Act 4, he declares, “Even if I haven’t always gone after profit [contradicting the simplest version of greed in the Samuelsonian theory], nonetheless I’m aware now that a hunger and craving after power, status, and influence has been the driving force behind most of my actions.”<sup>13</sup> Yes, all that, and sex, too, since the caves, the hunger and craving which is exactly, in the absence of balancing justice and love and temperance, the vice of greed.

Trade-tested betterment since 1800 came in part, of course, from prudence and profit. Without other virtues in attendance prudence and profit would be the Marxian or Samuelsonian economist’s “rationality” and the anti-economist’s “greed.” The success of the experiment in honoring prudence raised the prestige of the executive virtue. But the betterment came also from the other virtues of hope, justice, courage, love, faith, and temperance, and raised the prestige of commercial versions of these, too. Corporations such as Merck, UPS, Walt Disney, and Lockheed-Martin had by early 2014, out of a sense of commercial justice and not merely out of instrumental calculation, stopped giving money to the homophobic Boy Scouts of America. Likewise, Shell Oil and Campbell Soup allowed in their health-care plans for gender-reassignment surgery. Some few others of the *Fortune* 500 have not been slow to provide opportunities for women and minorities (hmm, well: in 2014 under 5 percent of CEO’s in the S & P 500 were women, with more men with the first name “John” than all the women combined). And in the way that business has sometimes been ahead of government in ethical seriousness, so have small businesses sometimes been ahead of

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<sup>10</sup> Haidt 2006.

<sup>11</sup> For example, Wilson 2010, which is the only substantive use in economics of Wittgenstein’s *Philosophical Investigations*. Wilson coined the word “humanomics.”

<sup>12</sup> Herb Gintis, listen up.

<sup>13</sup> Ibsen 1877 (1965), p. 112.

the large ones. In other words, a businessperson in the modern world, contrary to the materialist views of the Marxian or Samuelsonian economists or of their anti-greed enemies, is not ordinarily a Mr. Max U, Maximizing his Utility, a sociopathic manipulator of the vending machines called “other people.”<sup>14</sup> The businessperson walks with others, talks with them, entangled for good or ill in their stories and their metaphors. What news on the Rialto?

## §

The trilogy’s second volume, which again gives away its punch-line in the subtitle, *Why Economics Can’t Explain the Modern World*, examines in detail the capital-accumulation or worker-exploitation or other proffered causes in the materialist tales of the British Industrial Revolution, and shows their lack of quantitative oomph. Materialism can’t explain the Industrial Revolution of the eighteenth century. Especially it can’t explain the Great Enrichment that followed in the nineteenth. The book shows by the method of residues that bettering ideas, and especially ideas *about* the betterment, not mainly material interests, drove the modern world. Material interests and most of the institutions expressing them were ancient, and unchanging, and weak in quantitative oomph. What changed was ideology.

The British Industrial Revolution was a glorious start. All credit is due. Yet such idea-rich revolutions had happened occasionally before, in fifth-century Athens or twelfth-century Song China or fifteenth-century Italy.<sup>15</sup> The exception this one last time was the follow-on, the explosive Great Enrichment of ordinary people, loosening the Great Chain of Being which had trammled most humans since the invention of agriculture, keeping men in hand-and-back work and women in arranged marriages. After the loosening, the son of a freight conductor could become a professor of government at Harvard, the son of a tailor a professor of law at Yale, the daughter of a conservative Southern lawyer a liberal professor of law, philosophy, and classics at the University of Chicago.

Why? The causes were not (to select a few from the apparently inexhaustible list of materialist suggestions made by this or that economist or economic historian) coal, thrift, transport, high male wages, low female-and-child wages, surplus value, human capital, geography, railways, institutions, infrastructure, nationalism, the quickening of commerce, the late medieval run-up, the First Divergence, the Black Death, the original accumulation of capital, eugenic improvement, a mathematization of celestial mechanics, technical education, or a perfection of property rights. Such alleged causes of the modern world had been routine in a dozen of the leading organized societies of

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<sup>14</sup> I am using the word “Marxian” for “influenced by Marx,” as against a “Marxist,” that is, one following the Master in more orthodox and often violent fashion. A Marxian such as Donna Haraway, for example, might argue in her books that social class is a crucial element in history. A Marxist such as Antonio Negri might assist in the kidnapping and murder of businesspeople.

<sup>15</sup> For example, a brave attempt is Edwards 2013 and 2014, though one can criticize his methods. More grounded is Deng 2013.



Eurasia, from ancient Egypt and China down to Tokugawa Japan and the Ottoman Empire, and not unknown in Meso-America and the Andes. Routines cannot account for the strangest secular event in human history, beginning as bourgeois dignity in Holland after 1600, gathering up its tools for betterment in England after 1700, bursting on northwestern Europe after 1800, and then the world.

Not routine. Take the routine of property rights, emphasized for example by the economist Daron Acemoglu and the political scientist James Robinson in *Why Nations Fail* (2012). The trouble with their emphasis is that most societies have always enforced property rights. It is what we mean by a “society.” In Mesopotamian two millennia before the common era the cities enforced property rights, as did ancient Israel, the Viking lands, T’ang China. For that matter, the hunter-gatherers or the animal-herders – the First-Nation beaver hunters and Aboriginal plant gatherers and Sami reindeer followers – also enforced this or that institution of property, when it mattered, and when the enforcement did not grossly violate their other ethical convictions. If they failed to enforce the property rights suited to their ethics, their societies dissolved into a war of all against all.<sup>16</sup>

What then, one naturally asks, was the special ingredient that made routine enforcement of property rights or routine building of canals or routine access to the sea or routine mining of coal so very non-routinely fruitful in the Great Enrichment? The second volume answered, as *The Bourgeois Virtues* had shown in applied ethics, and now *Bourgeois Equality* shows now in social and intellectual history, that the special ingredient was a change in ethics-about-other-people’s-behavior. Note the definition of ethics involved – not individual-on-herself ethics alone, but “social” ethics, that is, judgments about others. People as individuals didn’t get better, or worse; not much. But they did radically change their attitudes towards other people. What began to characterize northwestern Europe in the seventeenth and eighteenth centuries was not so much new ethics at the level of individual responsibility, though perhaps that happened a little, encouraging and benefiting from arms-length trading. Much more important, though, was a change at the social level of the ethical opinion people had of each other. “You made a fortune trading with the East. Good.” Or: “That fellow invented a new transmission for automobiles. Good.” In other words, the new liberty and dignity for commoners was a sociological event, not a psychological one, and originated in a changing conversation in the society, not at first in psychological self-monitoring by the individual. People in Holland and then England didn’t suddenly start alertly attending to profit. They suddenly started admiring such alertness, and stopped calling it sinful greed.<sup>17</sup>

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<sup>16</sup> Berndt and Berndt 1964, pp. 302-305. On forming property rights in beaver, Demsetz 1967. But see Carlos and Lewis 1999, pp. 709, 726. Colin Turnbull’s *The Mountain People* (1972) is the classic, if vigorously disputed, picture of a war of all against all, among the Ik of Uganda.

<sup>17</sup> I refer to Israel Kirzner’s Austrian economics of the entrepreneur, as in Kirzner 1979 and 1989.

In any case an institution such as Acemoglu and Robinson think crucial – or a canal or a school or a coal mine that others think crucial – works well not merely because of good official rules of the game, beloved of Samuelsonian economists, which they call the “incentives” or “budget lines.” An institution works, if it does, mainly because of the good ethics of its participants, intrinsic motivations powerfully reinforced by the ethical opinion people have of each other.<sup>18</sup> The typical human, it has been shown by careful experiments on her and on other great apes, is much inclined to indignation and punishment (though other animals punish, too), in order to shame and scorn the defectors. She is willing to punish them in ways in which her own profits are sacrificed – the Latin of the word is relevant, “make holy.”<sup>19</sup> Humans have a sense of justice (and, as the primatologist Frans de Waal argues, some animals do also, if less elaborately), a sense of appropriate behavior towards other people and in other people. They will go to lengths to praise and reward the virtues in others of prudence, temperance, courage, justice, faith, hope, and love, and to blame and punish the corresponding vices. The Blessed Adam Smith called such matters of internalized ethics the “impartial spectator” – though a spectator who then gets up on stage to act, for the moral sentiments and the wealth of nations.

A society can craft an official rule against cheating in business. Such a rule would be a good institution. It’s even necessary, to discourage the simplest game-theoretic defections, and to generate “Schelling points” around which business can gather. True, Hasidic diamond dealers on 47<sup>th</sup> Street between 5<sup>th</sup> and 6<sup>th</sup> Avenue do without official rules. But the rest of us find them helpful institutions. Yet if the rules are enforced with a nudge and a wink among people who ignore simple honesty or who sneer at the very language of ethics, and who are not effectively condemned by the rest of society for doing so, as in a corrupt Chicago during the 1890s or in a corrupt Shanghai during the 1990s, the economy won’t work as well as it could. The society won’t be, say, Iowa or Sweden, which do about as well as humans can in gently shaming and disciplining corruption. Friends help friends also in Iowa and Sweden, admittedly, But in Italy and Ecuador people take such corruption a good deal further.<sup>20</sup> The extreme absence of a good impartial spectator in the breast, as in the old Soviet Union and now again, makes the written constitution a wholly dead letter.

The crux, that is, is not black-letter constitutions, the written-down constraints, the budget lines, but how the constitutions came about ethically and how they are sustained in social ethics – a continually renegotiated dance located out in the language games that people play as much as in their solipsistic “utility functions.”<sup>21</sup> When a

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<sup>18</sup> A discussion of the matter by Donald Boudreaux, John Nye, Joel Mokyr, and me, in which I concede some ground to the neo-institutionalists, is Hart and Richmond, eds. 2014. See also McCloskey 2014.

<sup>19</sup> Kurzban, DeScioli, and O’Brien 2007;

<sup>20</sup> Jacob D. Rendtorff of Roskilde University of Copenhagen pointed out to me the friend-to-friend “corruption” in Scandinavia. But its order of magnitude is not the same as it is in more normal parts of the world.

<sup>21</sup> The point comes from Bart Wilson.

society or its elite earnestly wants the rules of the game to work, and talks about them a lot, and scolds violators from an early age, the constitutions usually do work, pretty much regardless of imperfections in the written-down rules and incentives, especially if the imperfections fall within the usual range of human folly. The political scientists Elinor and Vincent Ostrom at Indiana University showed repeatedly that a situation that would in Samuelsonian economics always be a hopeless case of free riding and the tragedy of the commons, such as the overexploitation of the Los Angeles aquifer, can often be solved after a while by talk among serious-minded, ethically disciplined people.<sup>22</sup> Ethics undergirds laws, marriages, friendships, children's games, adults' games, clubs, traffic, science, business deals, constitutions – a point which political theorists from Machiavelli and Hobbes through James Buchanan and Martha Nussbaum, in their eagerness to devise a theory mainly out of prudence, have tended to overlook.<sup>23</sup>

The working of the U.S. constitution, for example, has always rested on such ethical grounding. Its crises have arisen from deep disputes about ethics, such as the ethics of the dignity of all people regardless of condition of servitude disputing with the ethics of honoring private property in slaves, or the ethics of the right of a woman to control her body disputing with the ethics of the right of the fetus to be born. In January 2001, after the contested vote for the presidency, the Democratic candidate, Al Gore, who had won the popular vote in November but not the electoral college, hung by a hair in Florida, conceded defeat when the conservative majority on the Supreme Court spoke. So far the institutions reached. A rule of the game is that a majority of the Court gets the last word. But suppose Gore had not conceded. It was not automatic that he would do so, or written down somewhere in a self-interpreting text. Nor was his decision to concede the election wholly explicable in terms of the incentives facing him, at any rate not the incentives of a sort that a Samuelsonian or Marxian economist would recognize. Gore's wanting the good of his country came out of his personal and social ethics, learned at his mother's knee. So did the acceptance of his defeat by the other Democrats, with more or less good grace. The rest of us heartily commend them, and congratulate, too, the mothers who taught them so well. That, too, was the social part of the ethical dance. We do not view the good people like Gore as mere suckers, missing a chance. We honor them, sociologically. The Roman Republic fell because ethics no longer supported its constitution, and a Cicero who did not make the first move in a game of prudence-only was accounted a fool, and put to the sword. Athenian democracy was doomed when early in its long war with Sparta, as Thucydides put it, "words [such as 'justice'] lost their meaning."<sup>24</sup>

The working of any institution depends on such socially supported ethics beyond incentives. To be sure, rules and incentives and opportunity costs are helpfully

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<sup>22</sup> Ostrom 1990, 2010; Ostrom, Walker, and Gardner 1994.

<sup>23</sup> McCloskey 2011. As to children's games, see Piaget 1932 (1965), pp. 13, 25 and Tomasello 2014.

<sup>24</sup> White 1984, from Thucydides, Book III, 3.82-[4].

explicit. Yet they can be corrupted at any level from board room to shop floor. For serious results the people of any institution, such as a hotel or a university, need to be to some degree seriously ethical from top to bottom, which is why economic development at a high level, or for that matter running a hotel or a university at a high level, is difficult. The participants in an institution or a society needn't be saints. Quite corrupt economies, such as Britain's in 1716 or Greece's in 2016, can nonetheless perform reasonably well by the standard of their times. But to achieve their full promise they need to be sufficiently attentive to the impartial spectator, a sufficiency that can be quantified. The participants from the CEO to the hotel maid need to be a little proud of their work, and willing to try to do it pretty well, and to be ashamed when a customer or a boss points out an evident failure. You can measure it. When you find it egregiously bad you can fire the malefactor, or jail him, unless he is protected by force or fraud and a misused monopoly of violence.

Even so, if a substantial minority of the people available for hiring do not have the right kind of impartial spectator in their breasts, and are put beyond instruction by bad child-raising or bad labor laws or bad courts or privileges protected by the state, you are stuck with a badly functioning economy, such as Russia's early and late. In an almost vacant coffee shop in Moscow in 2013 a customer asked politely that the irritating and very loud rock music, pleasant to the young staff, be turned down. The waitress was shocked that a customer would have an opinion. She indignantly refused. Thus was made evident the seventy years of changing the nature of man under socialism. Ethical persuasions, especially about other people, arousing a hard-wired indignation about ethics, are foundational, and can work in good or bad ways.

The trilogy, in other words, argues against the prudence-only obsessions of the economists and of their enemies. Within economics it argues against the factually dubious assertion from the political right that technological betterment comes automatically from private property.<sup>25</sup> And it argues against the logically dubious assertion from the political left that the betterment comes automatically from high wages.<sup>26</sup> Both are what the economists Friedrich Hayek and Vernon Smith among others practicing humanomics call "constructivist," as against "ecological."<sup>27</sup> There was little that was constructivist, automatic, material, Samuelsonian, institutional, or predictable about the releasing of human creativity from ancient trammels in the eighteenth century and especially the nineteenth century. All praise, then, to a betterment tested in voluntary trade of electricity supply in exchange for bread or labor for doctoring services, permitted by new social and political ideas.

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<sup>25</sup> North 1990; Acemoglu and Robinson 2012.

<sup>26</sup> Allen 2009. Against his logic and evidence see Humphries 2011, Hudson 2010, Kelly, Mokyr, and Ó'Grada 2013, and McCloskey 2010a, pp. 188-189.

<sup>27</sup> Smith 2007. The Chinese economist Ning Wang has observed to me that constructivist economics fails because it relies on theorems subject to a fundamental arbitrariness, which I have called the A-Prime-C-Prime Theorem (McCloskey 1994). Evolution, such as that experienced in China after 1978, on the other hand, explores without prejudice and judges by results alone.

## §

We're back, you see, to the first volume and the bourgeois virtues, and especially to the new praise in the eighteenth century for the "bourgeois virtues" as perceived in other people. The modern world was made by a slow-motion revolution in ethical convictions about commercial virtues and vices, in particular by a much higher level than in earlier times of toleration for trade-tested progress – letting people make mutually advantageous deals, and even admiring them for doing so. Note again: the crux was sociology, not psychology. The trade-toleration was advocated first by the bourgeoisie itself, then more consequentially by the clerisy. The clerisy for a century before 1848, I have noted, admired economic liberty and bourgeois dignity, and in aid of the project was willing to pledge its life, fortune, and sacred honor. After 1848 in places like the United States and France and Japan the bulk of ordinary people came slowly to agree. By then, however, as I also noted, much of the avant garde of the clerisy worldwide had turned decisively against the bourgeoisie, on the road to twentieth-century fascism and communism. Yet in the luckier countries, such as Norway or Australia, the bourgeoisie was for the first time judged by many people to be acceptably honest, and even was in fact acceptably honest, under new social and familial pressures. By 1900, and more so by 2000, the Bourgeois Revaluation had made most people in quite a few places from Syracuse to Singapore very rich, and pretty good.

One could argue, as Joel Mokyr does, that what mattered for betterment was the change in outlook among a technical elite of doctors, chemists, technicians, instrument makers. An essay that Mokyr wrote recently with the economic historians Cormac Ó Gráda and Morgan Kelly puts it this way: "what counted above all was [Britain's] highly skilled mechanics and engineers, who may not have been a large proportion of the labor force."<sup>28</sup> If one is speaking of the proximate cause, surely he's right. Mokyr's heroes are "the top 3-5 percent of the labor force in terms of skills: engineers, mechanics, millwrights, chemists, clock- and instrument makers, skilled carpenters and metal workers, wheelwrights, and similar workmen."<sup>29</sup> One could hardly have new machines for the manufacturing in bulk of such a revolutionary little device as, say, the wood screw without some man like Henry Maudslay (1771-1831), already educated in making machines. A 22-year old male student of economic history found hilarious the remark by the historian of the lathe, one Holtzappel: "Mr. Maudslay effected nearly the entire change from the old imperfect and accidental practice of screw making. . . to the modern exact and scientific mode now generally followed by engineers; and he pursued the subject of the screw with more or less ardor and at an enormous expense until his death in 1835."<sup>30</sup> But Dr. Holtzappel anyway supports Mokyr's points that a tiny elite mattered and that profit making was not its entire motive.

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<sup>28</sup> Kelly, Ó Gráda, and Mokyr 2013, p. 1.

<sup>29</sup> Meisenzahl and Mokyr 2012, p. 447.

<sup>30</sup> Bowden, Karpovich, and Usher (it was Usher who wrote the technological history in the book) 1937, p. 311.

Yet where did such a technical elite come from, with its education and ardor and expense? In Holland and Britain and the United States it came from ordinary people freed from ancient suppressions of their hopes. Such freeing is the sole way of achieving a sufficient mass of technically literate folk, oriented not towards rare luxuries or military victories but towards the ordinary goods of peacetime for the bulk of ordinary people – iron bridges, chemical bleaching, weaving of wool cloth by machines powered by falling water. The problem in, say, France in the eighteenth century was that the engineers came from the younger sons of its large nobility, such as Napoleon, educated for military careers.<sup>31</sup> In Britain by contrast a promising lad from the working class could become a bourgeois master of new machines and of new institutions, as an engineer or an entrepreneur. Or at least he could do pretty well as a clockmaker or a spinning-machine mechanic. In Britain and its offshoots the career of the enterprising bourgeois or the skilled worker, as in Napoleon's army or Nelson's navy, was open to talent. John Harrison (1693-1776), the inventor of the marine chronometer, which solved by machine the problem of finding latitude in the wideness of the sea, against the arrogantly enforced demand by the elite that it be solved in the heavens by elite astronomy, was a rural Lincolnshire carpenter. His first clock was made of wood.<sup>32</sup> Similarly, Maudslay of the screw-making machine, two year younger than Napoleon and thirteen years younger than Nelson, began work at twelve filling cartridges at the Royal Arsenal, becoming then a blacksmith, and by age eighteen a locksmith, and more. The British working man carried the baton of a field marshal of industry in his rucksack.

Mokyr is taking as given a structure that in fact had a vibrant modern history, a history driven by the new and bizarre ethic of human equality of liberty in law and of dignity in esteem. The economic historian Karine van der Beek believes she is supporting Mokyr when she concludes with persuasive evidence that "the innovations and technological changes that were taking place in eighteenth century England increased the demand for these high quality mechanical workmen."<sup>33</sup> But her case is the opposite of Mokyr's notion, which is that what caused the betterment was the supply. The unusual ethical context, I am claiming, made the demand for the engineers and entrepreneurs grow its own supply, when ardor and opportunity made the supply worth having. The opportunities themselves arose from a new equality in law and in society, new ideas for Dutch wholesale trade or new ideas for English coal mining. The new and liberal if partial equality in Holland and Britain and especially in the United States – for all their lingering sins of pride and snobbery and slavery – allowed many of the ordinary, and extraordinary, to have a go. The having-a-go then produced in the Great Enrichment a veritable idea-explosion: for example about nitroglycerine, dynamite, gelignite, TNT, and C-4.

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<sup>31</sup> Jacob 2014, p. 148.

<sup>32</sup> Sobel 1993.

<sup>33</sup> Van der Beek 2013, p. 1.

One could argue, again, as the French economist Thomas Piketty and most economists do, that growth depends on capital accumulation – not on a new ideology and the bettering ideas that such an ideology encouraged, and certainly not on ethics supporting the ideology. Piketty, like many American High Liberals, European Marxians, and traditional conservatives, is annoyed precisely by the *ethical* pretensions of the modern CEOs. The bosses, he writes, justify their economic success by placing “primary emphasis on their personal merit and moral qualities, which they described [in surveys] using term such as rigor, patience, work, effort, and so on (but also tolerance, kindness, etc).”<sup>34</sup> As the economist Donald Boudreaux puts it, “Piketty prefers what he takes to be the more honest justifications for super-wealth offered by the elites of the novels of [the conservatives] Austen and Balzac, namely, that such wealth is required to live a comfortable lifestyle, period. No self-praise and psychologically comforting rationalizations by those early-nineteenth century squires and their ladies!”<sup>35</sup> Piketty therefore is gratified to note from a conservative-progressive height that “the heroes and heroines in the novels of Austen and Balzac would never have seen the need to compare their personal qualities to those of their servants.” To which Boudreaux replies, “Yes, well, bourgeois virtues were not in the early nineteenth century as widely celebrated and admired as they later came to be celebrated and admired. We should be pleased that today’s [very] high-salaried workers brag about their bourgeois habits and virtues, and that workers – finally! – understand that having such virtues and acting on them is dignified.”

The theory of great wealth espoused by the peasantry and proletariat and their *soi-disant* champions among the leftish clerisy is non-desert by luck or theft. The theory of great wealth espoused by the aristocracy and their champions among the rightish clerisy is desert by inheritance, itself to be justified by ancient luck or theft, an inheritance we blood-line *aristoi* of course should receive without psychologically comforting rationalizations. On the contrary, the theory of great wealth espoused by the bourgeoisie and its friends, the liberal economists such as Smith and Mill and Friedman and Boudreaux, is desert by virtue in supplying ethically, without force or fraud, what people are willing to buy.

The bourgeois virtues are doubtless exaggerated, especially by the bourgeoisie, and sometimes even by its friends. But for the rest of us the results of virtue-bragging have not been so bad. Think again of the later plays of Ibsen, the pioneering dramatist of the bourgeois life. The bank manager, Helmer, in *A Doll House* (1879) describes his clerk caught in forgery as “morally lost,” having a “moral breakdown.”<sup>36</sup> Helmer’s speech throughout the play is saturated with the ethical rhetoric we have come to call “Victorian.” It is also “bourgeois.” Helmer’s wife Nora, whose rhetoric is saturated with the same ethics, commits the very same crime. Yet she commits it in order to save her husband’s life, not as the clerk does for what is in her view amoral profit. By the

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<sup>34</sup> Piketty 2014, p. 418.

<sup>35</sup> Boudreaux 2014, personal correspondence.

<sup>36</sup> Ibsen 1879 (1965), pp. 132.

end of the play she leaves Helmer, a shocking move among the Norwegian bourgeoisie of 1879, because she realizes that he instinctively would not have exercised the loving ethics of protecting her from the consequences of a forgery committed for love, not profit. No doll's house, in the end. An ethical bourgeoisie – which is what all of Ibsen's plays after 1876 examine, as later did the plays of Arthur Miller – has complicated duties. But anyway the bourgeoisie talks about virtue all day long, admires it, and sometimes achieves it.

The original and sustaining causes of the modern world, in other words, were ethical, not material. They were the widening adoption of two mere ideas, the new and liberal economic idea of liberty for ordinary people and the new and democratic social idea of dignity for them. The two linked and preposterous ethical ideas – the single word for them is “equality” of respect and before the law, their theory being liberalism – led to a paroxysm of betterment.

The word “equality,” understand, is not to be taken in the style of some in the French Enlightenment, as equality of material outcome. The French definition is what the left and the right unreflectively use nowadays in their disputes: “You didn't build that without social help, so there's no justification for unequal incomes.” “You poor folk just aren't virtuous enough, so there's no justification for your claim of equalizing subsidies.” But the more fundamental definition of equality – praised especially in eighteenth-century Scotland after it awoke from its dogmatic slumbers – is the egalitarian opinion people have of each other, whether street porter or moral philosopher.<sup>37</sup> The moral philosopher Adam Smith, a pioneering egalitarian in this sense, described the Scottish idea as “allowing every man to pursue his own interest his own way, upon the liberal plan of equality, liberty and justice.”<sup>38</sup>

It would be a good thing, of course, if a society following the Scottish and liberal plan produced a French and Pikettyan equality of material outcome. And in fact – old news, this, though surprising to some – it largely has, by the only relevant ethical standard, that of basic human rights and basic comforts in antibiotics and housing and running water, compliments of the astonishing betterment coming from liberty and dignity for ordinary people. Forcing by state violence in an illiberal way the French style of equality of outcome, cutting down the tall poppies, envying the silly baubles of the rich, imagining that sharing income is as efficacious for helping the poor as sharing a pizza is for a nice party among friends, treating poor people as sad children to be

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<sup>37</sup> Peart and Levy 2005 and 2008. Kim Priemel of Humboldt University of Berlin suggests to me that “equity” would be a better word for the Scottish concept. But I do not want to surrender so easily an essentially contested concept such as French *égalité*, which indeed in its original bourgeois-revolutionary meaning was more Scottish than what I am calling here “French.”

<sup>38</sup> Smith 1776, Bk. IV, Chp. ix, p. 664. By the way, following for example the editors of the Oxford Shakespeare, when quoting earlier English, even so recent as Smith (by which time English spelling had pretty much settled down), I regularly modernize the spelling and punctuation. The past is a foreign country, but the foreignness should be exhibited in its strange behavior and strange ideas, not in its conventions of printing.



nudged or compelled by the mandarins of the clerisy, we have found, often has had a high cost in damaging liberty and dignity and slowing betterment. Not always, but often.

The historian of economic thought Anthony Waterman notes that as soon as the advocates for French-style equality stray from their sailing plan that inequality is simply evil they founder on a consequentialist rock (on which John Rawls in 1971 placed a lighthouse): “From the standpoint of economic efficiency, *is inequality* [by a French definition] *always a bad thing*? May it not sometimes confer social benefits against which the evils they report must be set as an offset? [Thus Rawls.] If so we should have what rejoices the heart of every [Samuelsonian] economist: an optimization problem.”<sup>39</sup> He points out that a competition for “positional goods,” such as a top standing at Harvard, a competition necessarily inegalitarian in its end-state result, can, as Smith and others of eighteenth-century liberalism claimed, benefit the whole society. To quote Smith again, it “rouses and keeps in continual motion the industry of mankind.”<sup>40</sup> In historical fact the introduction of the Scottish plan of equality in liberty and dignity, beginning with the economic liberty of the bourgeoisie, has regularly led, as in the histories of Hong Kong and Sweden and France itself, to an astounding betterment and to a real equality of end state. Even the poor have acquired automobiles and hot-and-cold water at the tap and color TVs denied in earlier times even to the rich, and have acquired political rights and social dignities denied in earlier times to everyone except a small portion of the rich.

The ideas of equality led to other social and political movements not uniformly adorable. Hannah Arendt remarked in 1951 that “equality of condition . . . is . . . among the greatest and most uncertain ventures of modern mankind.”<sup>41</sup> Alexis de Tocqueville had said much the same a century earlier. And Scottish equality has a harsh, even tragic, side. It entails equal reward for equal merit *in a marketplace in which others, by freedom of contract, can also compete*. As John Stuart Mill put it in *On Liberty*, “society admits no right, either legal or moral, in the disappointed competitors to immunity from . . . suffering [from successful competition]; and feels called on to interfere only when means of success have been employed which it is contrary to the general interest to permit—namely, fraud or treachery, and force.”<sup>42</sup> An ill-advised and under-capitalized pet store, into which the owner pours his soul, goes under. In the same neighborhood a little independent office for immediate health care opens half a block from a branch of the largest hospital chain in Chicago, and seems doomed to fail the test of voluntary trade. Although the testing of business ideas in voluntary trade is obviously necessary for betterment in the economy (as it is too by non-monetary tests

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<sup>39</sup> Waterman 2014b, Part I.

<sup>40</sup> Waterman 2014b, Part II; and Smith 1776, p. 183. Waterman also notes the dissipation of such rents causing waste. It is a balance.

<sup>41</sup> Arendt 1951 (1985), p. 54. It is unclear in the passage whether Arendt means “equality in the opinion of others,” as I do, or “equality of material outcome,” as conventional socialists do. Probably the latter.

<sup>42</sup> Mill 1859 [2001], 86-87.

for betterment in art and science and scholarship), such failures are deeply sad, if you have the slightest sympathy for human projects, or for humans. But at least the pet store, the health-treatment office, the Edsel, Woolworth's, Polaroid, and Pan American Airlines face the same democratic test by trade: Do the customers keep coming forward voluntarily?

We could all by state compulsion backed by the monopoly of violence remain in the same jobs as our ancestors, perpetually "protected" at \$3 a day. Or, with taxes taken by additional state compulsion, we could subsidize new activities without regard to a test by voluntary trade, "creating jobs" as the anti-economic rhetoric has it. Aside even from their immediate effect of lowering national income, such ever-popular plans—never mind, too, the objectionable character of the state's compulsion they require—seldom work in the long run for the welfare of the poor, or the rest of us. In view of the way a government of imperfect people actually behaves in practice, the job "protection" and job "creation" often fail to achieve their gentle, generous purpose. The protections and creations get diverted to favorites. In a society of lords or clan members or Communist Party officials or even voters restricted by inconvenient voting times and picture IDs the unequal and involuntary rewards generated by sidestepping the test of trade are seized by the privileged. The privileged are good at that.

The double ideas of liberty and dignity, summarized as Scottish equality, or political liberalism in a mid-nineteenth-century definition, mattered as causes of the Great Enrichment more than any fresh material incentives, real or fancied—they mattered more than wars or trade or empire or financial markets or accumulation or high wages or high science. The Bourgeois Revaluation led to a Bourgeois Deal. "Let me creatively destroy the old and bad ways of doing things, the scythes, ox carts, oil lamps, propeller planes, film cameras, and factories lacking high-tech robots, and I will make *you* rich."

The Bourgeois Deal became, unevenly, the ruling ideology. The Deal crowded out earlier ideologies, such as ancient royalty or medieval aristocracy or early-modern mercantilism or modern populism. The bettering society of liberalism, when true to itself, was not ruled by the great king or the barons or the bureaucrats or the mob, all of whom took their profits from zero sum. It was ruled by the betterers, coming in bulk from low-status parts of the society such as barbers and laborers and linen weavers, taking their profits from a positive sum produced by water-powered saw mills and hand-puddled wrought iron. A creatively bettering bourgeoisie then invented the steam ship and the widespread secondary school, the telephone and the internet, and enriched us all.

## §

This final volume, then, *Bourgeois Equality*, asks why such ideas about bourgeois betterment shifted so dramatically in northwestern Europe, and for a while only there. After all, "betterment" and "improvement" and especially "innovation" were long seen in Europe as violations of God's will or as unsettling heresies (the medieval sin was *curiositas*, which nowadays on the contrary we honor extravagantly), such as Galileo peering at the moons of Jupiter and arguing therefore by analogy in readable Italian

rather than in learned Latin that the earth circles the sun. Surprisingly, in northwestern Europe and later elsewhere, a betterment tested in trade – and as I’ve said in the scientific, artistic, journalistic, and political “markets,” too – came to be seen as splendid heroism, such as Henry Ford’s assembly line or Steve Jobs’ iPad. Why did Leonardo da Vinci in 1519 conceal many of his (not entirely original) engineering dreams in secret writing, yet in 1825 James Watt of steam-engine fame (and famous too for his fiercely defended anti-betterment patents) was to have a statue set up after his death in Westminster Abbey?<sup>43</sup> Why did bourgeois Shakespeare in 1610 sneer loftily at the bourgeoisie, yet gentrified Jane Austen in 1810 smiled amiably at it?

The answer to why England or why Europe, I argue here, does not lie in some thousand-year-old superiority, such as English common law, or in the deep genetic ancestry of Europeans. It lies rather in the surprising, black-swan luck of northwestern Europe’s reaction to the turmoil of the Early Modern – the coincidence in northwestern Europe of successful Reading, Reformation, Revolt, and Revolution: “the Four Rs,” if you please.<sup>44 45</sup> The dice were rolled by Gutenberg, Luther, Willem van Oranje, and Oliver Cromwell. By a lucky chance for England their payoffs were deposited in that formerly inconsequential nation in a pile late in the seventeenth century. None of the four Rs had deep English or European causes. All could have rolled the other way. They were bizarre and unpredictable. In 1400 or even in 1600 a canny observer would have bet on an industrial revolution and a great enrichment – if she could have imagined such freakish events – in technologically advanced China, or in the vigorous Ottoman Empire. Not in backward, quarrelsome Europe.

The Renaissance, by the way, much to be admired for other reasons, was not one of the democratically and economically relevant Rs. It yielded innovations, all right. But the test it applied for valuing them was aristocratic, not bourgeois. Grand though its innovations were – human dissection, perspective drawing, Palladian architecture, and the printing of edited Greek classics, among my favorites – they were not democratic betterments, and did not improve the lives of ordinary people, at any rate not for a very long time.<sup>46</sup> They had little to do with the remarkable Industrial Revolution or its astonishing follow-on, the Great Enrichment.

A result of the Four Rs of Reading, Reformation, Revolt, and Revolution was a fifth R, a crucial Revaluation of the bourgeoisie, first in Holland and then in Britain. The Revaluation was part of an R-caused, egalitarian re-appraisal of ordinary people. (Such egalitarianism was not, you see, the central teaching of an Italian Renaissance elevating an ideal, such as da Vinci’s *Vetruvian Man*, and disdaining the average, such as Garrison Keillor’s *Norwegian Bachelor Farmer*). I retail here the evidence that hierarchy – as for instance in St. Paul’s and Martin Luther’s conviction that the

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<sup>43</sup> MacLeod 1998, 2007.

<sup>44</sup> Yet Kelly and Ó Gráda 2014 seem to have put paid to one of the older claims about the sources of the turmoil, China to Europe: the Little Ice Age.

<sup>45</sup> “Black Swan” refers to Nassim Nicholas Taleb’s notion of a highly improbable, and unpredictable, event (Taleb 2007).

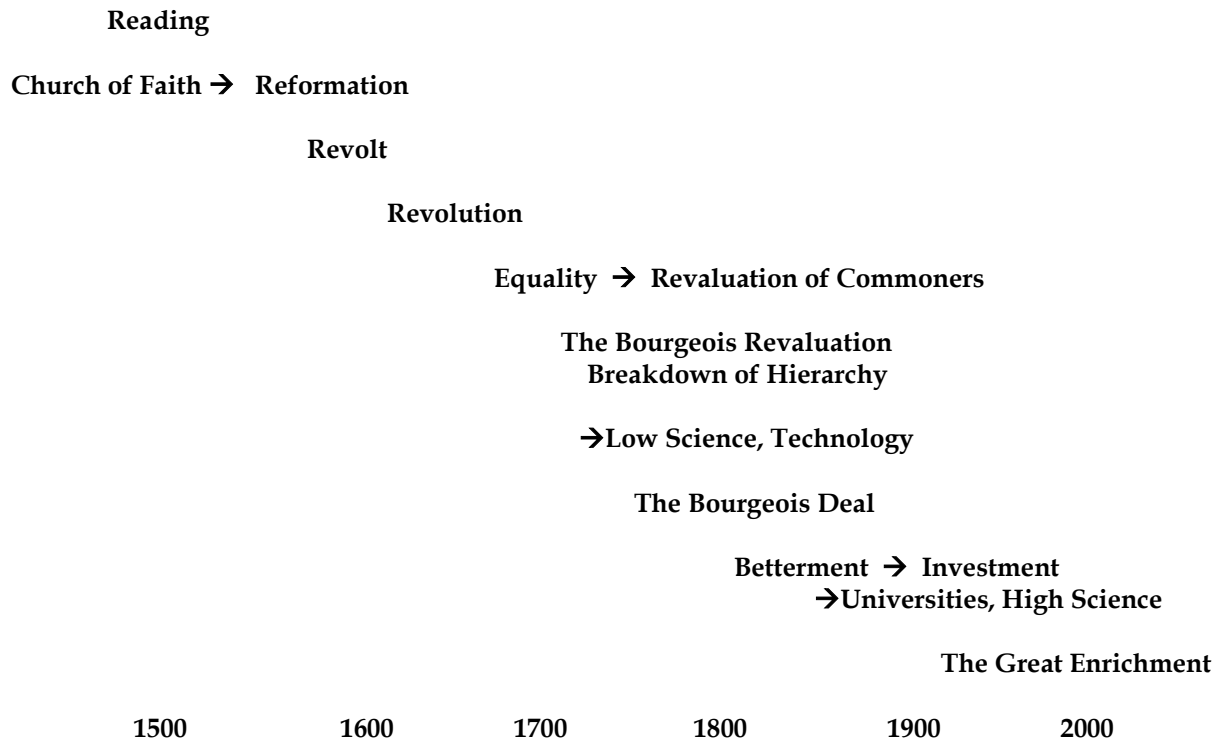
<sup>46</sup> On perspective see the astonishing book by Lepenies 2013.

authorities that exist have been instituted by God – began slowly and partially to break down.

The cause of the bourgeois betterments, that is, was an economic liberation and a sociological dignifying of, say, a barber and wig-maker of Bolton, son of a tailor, messing about with spinning machines, who died in 1792 as Sir Richard Arkwright possessed of one of the largest bourgeois fortunes in England. The Industrial Revolution and especially the Great Enrichment came from liberating the commoners from compelled service to an hereditary elite, such as the noble lord, or compelled obedience to a state functionary, such as the economic planner. And it came from according honor to the formerly despised of Bolton – or of Ōsaka, or of Lake Wobegon – commoners exercising their liberty to relocate a factory or invent airbrakes.

Long ago the economic liberation and social honoring, together, did the trick, as Figure 1 illustrates, in Holland and England, then in Austria and Japan. Now they are doing the trick with astonishing force in Taiwan and South Korea, China and India.

**Figure 1:  
The Four Rs Caused Liberal Equality,  
which Caused the Bourgeois Revaluation,  
which Caused the Great Enrichment**





## Acknowledgments

Over the twenty years of imagining and the ten years of writing the number of books in the series has varied in plan anywhere from one to six volumes. In a bad moment I was thinking of calling a proposed six-volume version a “sexology,” achieving thereby large sales through fraud and a tasteless mix of Latin and Greek. The thought did not meet the test of bourgeois virtue. I settle here for a trilogy, and modest sales, and say at its end, *laus Deo*.

And I offer *laus* also to the embarrassingly large number of people who have straightened me out on the change in the attitude in northwest Europe circa 1700 about our bourgeois life, and on the astounding consequences of the change. I will try here to offer the praise especially to those who are not acknowledged in earlier volumes (here many are acknowledged in footnotes to the text). Please write to me at [deirdre2@uic.edu](mailto:deirdre2@uic.edu) if you find that I have overlooked a conversation or correspondence I should not have. Doubtless I have, and am mortified by the thought.

The Earhart Foundation of Ann Arbor, Michigan, a noteworthy exception to the coastie modishness of its sister foundations, has long helped my work. I thank in particular there David Kennedy, Ingrid A. Gregg, and Montgomery Brown.

The faithful and insightful encouragement of Donald Boudreaux of George Mason University has been especially inspiriting. Tom Palmer of the Atlas Economic Research Foundation arranged for a Chinese translation in 2015 of *Bourgeois Dignity* and has in other ways promoted worldwide what are laughingly called my “ideas.” The Mercatus Center at George Mason, under its Director of Academic Affairs Claire Morgan, has vetted all three volumes in extremely valuable mini-conferences. The attendees know that my thoughts have, to put it charitably, evolved. The philosopher Stanley Cavell admitted, “I never get things right, or let’s rather say, see them through, the first time, causing my efforts perpetually to leave things so that they can be, and ask to be, returned to.”<sup>47</sup> That describes my own three efforts in the three conferences, at an early and inchoate stage of each volume. Those who gave me advice on how to get things right, often in more than one of the conferences, were Paul Dragos Aligica, Erik Angner, Peter Boettke, Donald Boudreaux, Richard Boyd, Jason Brennan, Art Carden, Gregory Clark, Henry Clark, Jan de Vries, Pamela Edwards, Ross Emmett, Jack Goldstone, Regina Grafe, Thomas Haskell, Robert Herritt, Margaret Jacob, Noel Johnson, Alan Levine, Leonard Liggio, Allan Megill, David Mitch, Claire Morgan, John D. Mueller, Jerry Muller, John Nye, Sandra Peart, Gary Richardson, Carlin Romano, Alan Ryan, Paul Solman, Virgil Storr, Jennifer K. Thompson, Scott Taylor, and Werner Troesken, with Joel Mokyr (my ally in the ideational turn in economic history), who was very helpful at the conferences on the other volumes and provided detailed commentary on this last.

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<sup>47</sup> Cavell 2002, p. xvii.

The economics professor and journalist Art Carden has written with me a popular version of the trilogy, *The Bourgeois Deal*. His enthusiasm and insight have been most encouraging. Some of the matter in Chapter 51 comes from a paper with my friend and long-time collaborator Arjo Klamer and in Chapters 57 and 58 from a paper with my friend and former student Santhi Hejeebu. Graham Peterson, a graduate student in the Department of Sociology at the University of Chicago, was at UIC an extraordinary undergraduate student of mine, carrying on the tiny tradition of libertarians willing to listen sympathetically to Marxians, conservatives, Samuelsonians, and other misled friends. He offered many points of criticism and extension.

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At my home at UIC my singular Department of History, especially in its Wednesday Brownbag, has been patient with my ruminations over the years. My Department of Economics at UIC has been amiable towards my mixing of the humanities with the mathematical social sciences. And my two other departments at UIC, of English and of Communication, have let me gladly learn and gladly teach the human sciences.

Joel Mokyr, as I said, and Robert Wuetherick gave me astoundingly detailed and useful comments on a late version. Tyler Cowen and Jack Goldstone made helpful suggestions at a late stage. Jonathan Feinstein and Gregory Clark participated in an illuminating electronic discussion of *Bourgeois Dignity* at Cato Unbound, a blog of the Cato Institute, as did Matt Ridley, who has been cordially encouraging in other ways as well.

By the miracle of email I have had advice from Ajit Sinha of IGIDR in Mumbai, Allan Tulchin, and Gary North. Recently Sanjeev Sabhlok, Adam Gurri, and James Pethokoukis have blogged favorably on my work, and have corresponded with me helpfully. My *vriendinnetje* Marijke Prins helped me think through the use of a locution unpopular in some circles, "the market."

I have given talks based on my evolving notions recorded in the present volume at numerous venues, for example in January meetings of the American Economic Association (2011, 2012, 2013), and in 2010: Segundo Congreso Latinoamericano de Historia Económica, Mexico City; Loyola University of Chicago; Economic History Seminar, All Souls College, Oxford; London School of Economics, Department of Economic History; The Ratio Institute, Stockholm, 2010; Stockholm School of Economics, Heckscher Lecture; Free-Market Road Show (Barbara Kolm, director); Engelsberg Seminar, Sweden; Oxford Libertarian Society, Oxford, UK; Society for Advances in Behavioral Economics meeting at San Diego State University; Beloit

College; Social Science History Association meeting in Chicago; Jepsen School of Leadership Studies, University of Richmond.

In 2011: American Sociological Association, Chicago; World Economic History Congress, Stellenbosch, South Africa; Association of Private Enterprise Education, Bahamas; Christopher Newport University; James Madison University; Pennsylvania State University; Dennison University; Escuela Superior de Administración y Dirección de Empresas, Barcelona (and other occasions: ESADE is my intellectual home in Barcelona); Middlebury College; Latin American and Caribbean Economic Association, Santiago, Chile; Centro de Estudios Públicos, Santiago; Harvard University, Program on Constitutional Government; European Economic History Association, Dublin, Ireland; Scandinavian Economic History Association, Gothenburg, Sweden; keynote European Group for Organizational Studies, 27<sup>th</sup> Colloquium, Gothenburg, Sweden; Odyssey Lecture, Political Theory Project, Brown University; Social Science Festival (S3F), Salamanca, Spain; Thematicus Veerstichting, St. Peter's Kerk, Leiden; Technical University of Munich, Germany; Audimax of the University of Halle, Germany; University of Leipzig, Germany; Technical University of Hamburg, Germany.

In 2012: James Madison College of Michigan State University; Vrij Universiteit, Amsterdam; Pennsylvania State University; Legatum Institute, London; University of Denver; College of Charleston; Copenhagen School of Business; Collegium Helveticum, Zurich; keynote address to the congress of the International Economic History Association, Stellenbosch, South Africa; History of Economic Thought Conference, Melbourne; keynote to Australian Economics Association, Victoria University, Melbourne; keynote to International Schumpeter Society conference, Brisbane; Francisco Marroquin University, Guatemala; IMCA seminar Lugano, Switzerland; Lauchlin Currie Lecture, Universidad Nacional de Colombia, Bogota; Universidad de los Andes, Bogota, Colombia; Oslo Business School conference; Annual meeting of the American Council of Learned Societies, Philadelphia; Conference at Fondazione Cini, Venice; Bocconi University, Milan; Scuola Superiore di Sant'Anna, Pisa, Italy; Heilbroner Memorial Lecture, New School, New York City; New York University; Pacific Lutheran University, Tacoma; Fourth Adam Smith Forum, Moscow, Russia.

In 2013: Ratio Institute, Stockholm; Centre for Business and Policy Studies, Stockholm; University of Victoria, Canada; Louisiana State University, Baton Rouge; Radboud University, Nijmegen, The Netherlands; Poroj (Project on Rhetoric of Inquiry), University of Iowa; Ramon Llull University, Barcelona; Universitat Autònoma de Barcelona, Spain; IE Business School, Madrid; University of North Carolina, Chapel Hill; Department of Economics, University of Missouri at Kansas City; St. Petersburg State University, Russia; Northwestern University, conference on Rhetoric and the Possible; Southern Illinois University, Department of Economics; Tocqueville Program, Indiana University; Ohio University; Annual John Boynton Lecture, Centre for Independent Studies, Sydney; Society for Heterodox Economics, University of New South Wales; Economic Society of South Australia; Crawford Lecture, Australian National University, Economic Society of Australia; University of Western Australia; Reserve Bank of New Zealand; Business School, Wellington University, New Zealand.



In 2014: Centre for Civil Society, New Delhi; University of Nebraska at Lincoln; Ohio State University; Kings College, London; Transatlantic Law Forum, Bucerius Law School, Hamburg; University Kiel, Germany; Centre for Policy Studies, Thatcher Conference, Guildhall, London; Department of Communication, University of Leeds; Mt. Pelerin Society meetings, Hong Kong; Rethinking Economics conference, New School, New York City; Istituto Bruno Levi meeting of the Mises Conference, Sestri Levante, Italy; the Institute for Advanced Sustainability Studies, Potsdam, Germany; the Wissenschaftskolleg of Berlin; Work and Human Life Cycle seminar, Humboldt University, Berlin.

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