

Liberalism for Italians

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with Eleonora Barbieri of the Italian magazine, *Il Giornale*,
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Why did you decide to write a trilogy about the bourgeois?

As a socialist when young I thrilled to anti-bourgeois writing. The thrill is common among young members of . . . the bourgeoisie. It is of long standing. When Balzac wrote *Le père Goriot*, in 1834, he thought it was funny to have his pathetic protagonist be a retired manufacturer of vermicelli, which as you know sounds funny in French or Italian---little worms. And so forth, down to the *Wall Street* movies. (By contrast, I just saw a brilliant movie, *Joy*, about the inventor of the easy-wringing mop, Joy Mangano, which treated entrepreneurship and invention and business with respect. It is unusual.)

As I learned much later – really, not until my 30s – more about the economy I realized that the merchant and *imprenditore* and inventor and banker are essential to how an economy works for the poorest among us. The drum-beat of often idiotic criticism of the people who make the economy work for us all began to irritate me. I wanted always to help the poor---it is why I was originally a socialist. But I gradually realized that a rich economy helps the poor much, much more than any redistribution from the bosses could.

Then early in the 1990s, age 50, I was reading on an airplane a book by John Casey called *Pagan Virtues*, and it hit me that I should write a book called *The Bourgeois Virtues: Ethics for an Age of Commerce*, a full-scale defense of “capitalism” and the bourgeoisie, aimed at people like my earlier self who believed it to be evil (even as they enjoyed the food and housing and education provided by it!). I expected the trilogy to be one book. But when in 2005 I reached 500 pages (the first book resulting came out in 2006) I was only 1/3 of the way through my outline! So I had eleven more years to study and write, and two more books, a trilogy!

What then are the virtues and the strength of the bourgeois?

The strength is its creation of the modern world, and its honoring of ordinary people. A society of aristocrats (or bureaucrats) and peasants (or watchers of game shows on RAI), is essentially uncreative. It cannot, and has not, made enough of the ordinary goods and services for a dignified life for the mass of people. It turned out – no one anticipated it in 1700, and very few in 1800 – that letting the bourgeoisie free, as in the French Declaration of the Rights of Man, or in the U.S. Constitution, enriched us all. It is the

“Bourgeois Deal”: “You allow me, a *bourgeoise*, to try out trade-tested betterment in cars and plumbing and forward markets, without protection or subsidies or regulation or licenses or socialism, and in the third act of the social drama I’ll make *you-all* [voi] rich.” And she did. We were once all living on \$3 a day (in today’s prices). Now we live on \$87 to \$127 a day, the Italian and American averages according to the so-called Penn Tables, the best estimates available.

Why do you speak of the “Great Enrichment”? How rich *are* we today? And how has it changed our lives?

The real amount of stuff we Italians or Americans enjoy, you see, has increased since 1800 by a *factor* of 30. That’s nearly 3,000 percent! Such a change can be called “great” without violating the norms of language. In previous times---the *Quattrocento*, for example, or the Song Dynasty in 12th-century China, or the glory of Greece, or the heights of Egyptian civilization – one might have seen a doubling of the real income of ordinary people, for a while (and then a drift back to the usual human condition of \$3 a day). But a doubling is only 100 percent – as against from trade-tested betterment since the year 1800 fully 3,000 percent, achieving nowadays in OECD countries \$80 to \$140 a day. And it’s even more (much more) if we take into account the better *quality* of many modern goods and services – better travel, better medicine, even better economics. A three *thousand* percent increase in goods and services available to the average person, and to the poorest among us as well, solves a lot of social problems. In 1800 most Italians were illiterate, for example. Now very few are. Life expectancy worldwide has since 1800 doubled, and especially in the past few decades. Now many people go to university. In 1800 hardly anyone did. And on and on.

Who are “we”? Aren’t there around the world still many many poor people?

Yes, there is still out of the 7 billion people on the planet a “bottom billion,” as the economist Paul Collier points out. We must help them help themselves. Charity, such as transfers from north to south in Italy, results merely in corruption and too many governmental employees. The better plan is to encourage people to adopt equality before the law and social dignity – in a word, liberalism – and let them make themselves well off.

But as Collier also points out, forty years ago the horribly poor of the world were a bottom *4 billion*, out of a lower world population, of 5 billion. The level of poverty has fallen in the last few decades like a stone. It is falling in China, since 1978, and in India, since 1991. That is, China and India adopted liberal economic principles, and let people trade and invent, and have grown spectacularly fast. Poverty is falling much less slowly in, say, Brazil and South Africa, to mention two countries I know and love and wish fervently would see the light.

Why and how have we become so rich?

We are rich because of the liberalism I mentioned, defined as equality before the law and equality of social dignity. Read again the Declaration of the Rights of Man (and Woman,

dear!). It says it. Liberalism was a new idea in the 18th century, tried out on a big scale in the 19th century, in places like Holland and Britain and the USA and then in Belgium, France, and at length in Italy. And now it can enrich the world---where it is not undermined by uncontrolled corruption and excessive regulation and full-blown socialism (namely, the condition and policies of the present-day Italian state).

What liberalism did was let ordinary people, as the British say, "have a go." They massively did, giving us the millions of trade-tested betterments we see all around us. Large plate glass. Air conditioning. Clean food. Big newspapers. If more people are inspired to innovate, of course, we get more betterments. It is why the gloomsters who say that betterment is finished are mistaken. As now-poor countries become enriched, more and more innovators will emerge from them – which is how they are going to be enriched. We in the already-rich countries will benefit from their new ideas, the way we benefited from Olivettis when Italy became relatively well off or from Toyotas when Japan did.

What then is the power of ideas, which ideas you think of and how could they be carried out from a certain period in some certain countries?

There are two levels of ideas (and it is ideas, not the investment in capital that *follows* from the ideas, that made us rich). One is the level of trade-tested betterments, such as reinforced concrete and window screens and antibiotics. Bravo. But what encourages people in the mass to have such ideas is liberalism, that equality before the law and equality of social dignity. To be sure, liberal societies are imperfectly so. The liberal society of the early 19th-century USA had, after all, millions of slaves. Women could not vote until the 20th century. Gays in northern Europe were assaulted freely by the police from the 1880s until the 1970s. And so forth. But compared with the old guilds and aristocracies and serfdoms of earlier times, liberalism was much freer, and inspired ordinary people to open a corner grocery store or invent the radio.

Why can't the usual economics explain this enrichment for you?

The usual economics, whether "Samuelsonian" (that is, conventionally bourgeois) or Marxist, supposes that capital makes us rich. It doesn't, as the disasters of foreign aid to poor countries have shown. Capital is necessary, of course. You can't have buildings without bricks and concrete. But so is oxygen in the air necessary. And night and day. And the Sun. These are not original causes in any useful sense.

Pouring more capital into a country or region does not have a "multiplier" effect. We do not need an "original accumulation of capital." Prosperity does not "trickle down" or trickle up. What we need are *ideas* for trade-tested betterment. If we have them, the capital will follow. For example, early cotton textile factories in Britain did not require much capital, and what they needed was provided by retained earnings and small loans from friends. And so what is wrong with conventional economics is that it focuses on the intermediate cause and ignores the originating cause, the human creativity released by letting masses of ordinary people to have a go. In a word, liberalism.

You wrote of the bourgeois equality: what is this equality and what does it refer to? Which are its practical basis and its theoretical fundamentals?

Another word for liberalism is *equality*, which is what I have in mind. Not the equality of result, but the equality of opportunity. Not “French” equality, as we may call it in honor of Rousseau and of Thomas Piketty, but “Scottish” equality in honor of Adam Smith and Milton Friedman. As Smith put it, what we need is “the liberal plan of equality, liberty, and justice.” Look at his words. Smith was an egalitarian. So am I. So is liberalism.

Are liberalism and the bourgeois strictly connected?

Yes. It is an old, and correct, cliché of European history that the revolutions of 1789 and then of 1848 were bourgeois. But in freeing itself, the bourgeoisie freed us all. Letting businesspeople make money is, obviously, only successful for them if *we* like their products and want to buy them at the prices the businesspeople are willing to sell them. That's what I mean by “trade-tested” (in the phrase I prefer to the misleading word “capitalism”). Trade-tested betterment made us rich.

Have they got the same enemies? Which are the worst?

Yes. The “clerisy,” as I call it, the intellectuals and artists (and journalists!) who come from *la Borghesia* but hate their fathers.

Which are the worst?

The clerisy such as Lenin and Mussolini and Hitler, the murderers of millions in the name of Revolution against the bourgeoisie, against property, against the spontaneous order of the market that made the poorest among us 30 times better off.

Why do you think they have found such a great hostility in history?

That is hard to answer. Partly it is because trade-tested betterment did not pay off *quickly*, and the utopian thinking characteristic of Christian Europe promised *instant* betterment, the Land of Cockaigne bursting in, candy growing on trees, whiskey rivers.

And why, in spite of this attacks, have they managed to prompt this great enrichment?

Because the high clerisy did not always get its way. The two worst inventions of the clerisy in the 19th century were nationalism and socialism. (If you like these perhaps you would like to try their combination, national socialism.) But the best invention of the previous, 18th, century, liberalism, was so powerful – if slow – in its effects that the clerisy's sneering at the bourgeoisie did not prevent bourgeois entrepreneurs of all sorts from succeeding. An Italy that nurtured anarchism and then communism also nurtured Fiat and Olivetti.

Do you think liberalism is still a recipe today, also for stagnating economies such as the European Union?

Yes. If we want economic growth we cannot propose, as the Italian Parliament did in July, 2016, to regulate by licensing them the cookers of pizza. Licensing, regulation and other forms of socialism "lite" are catastrophes for market-tested betterment.

And what kind of liberalism are you thinking of?

The kind that worked to enrich the poor of the world, 1800 to the present, enriching your Italian ancestors and my Irish, Norwegian, and English ancestors.

What is the bourgeois like today? Has it still got many opponents, that is, do you still find anti bourgeois attitudes in western countries?

Yes: after each crisis there arises some new version of socialism (syndicalism, environmentalism). People grow up in loving families, mostly. And so they think that a country of 80 millions can be run as though a loving family. It can't. Much better to have cooperation and competition on the enormous scale that we have in liberal economies.

Do you think in some way corruption or some arrogance contributed to bourgeois attitudes?

And not the corruption and arrogance of *Lo Stato*? They are human sins, but no more common in business than in the police force or in the Parliament.

Do you think we'll get richer (as a world)? Are you optimistic for the future? Why?

Yes, I am optimistic. The whole world will become as rich as Italy or the United States, and we will have a brilliance of world culture that will put the Renaissance in the shade – world music, world cuisine, world science, world entrepreneurship, all manner of world discovery and creativity pouring out of, for example, sub-Saharan Africa, as it is beginning to pour out of China and India.

What is humanomics and what is it useful for?

Humanomics is merely a new economics, retaining all its mathematics and its emphasis on the virtue of Prudence, with an addition of the other forms of argument (literary, philosophical) in scientific method, and the addition to the account of behavior the other human virtues expressible in a commercial society, added to the understanding of the economy: Temperance, Courage, Justice, Faith, Hope, and Love. These, with Prudence, are the seven principal virtues of the Western tradition (St. Thomas of Aquino discusses them in detail), a merger of the four pagan virtues and the three Christian or "theological" virtues. All seven, and the lesser virtues derivative from them (honesty, piety, ecc.), play a part in the economy, and need to be acknowledged and theorized and measured.

You talk with great passion of "ordinary people": what is their power for you?

I am a democrat, a Christian libertarian. I am not a "conservative," if that means looking *down* on ordinary people. I don't, or try not to. My statist friends left and right do look down, and wish to govern the poor. I wish to remove the chains on the poor.

I have read very interesting and ironic self-definitions of yourself, how would you define your positions/theories? You said you are not a conservative but a Christian libertarian

As I just said.

Is it true you turned Christian after the crossing?

Yes. By changing gender in 1995 I had brought my soul and my *persona* closer together. I realized, without fully articulating it to myself, that that I needed to go further in such unification. I became in 1998 a progressive Anglican.

In your articles there is a great sense of humor. Do you think some more of it would be useful also for the economic scientists who seems sometimes a little detached from reality?

It's not so much detached from reality as you think. But, yes, a sense of humor, unless it is at other people's expense, keeps us all from lofty arrogance.

You work in an almost totally male environment: was it difficult for you?

Not when I was a man! Now it is sometimes funny, sometimes irritating. If the conversation turns to how few women there are in economic science I sometimes remark, "Well, I did my part!" The women laugh and the men become uncomfortable!