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“Rich and Free, Thanks to the Bourgeoisie”

Preface to the Polish edition of

*Bourgeois Dignity: Why Economics Can't Explain the Modern World*

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I am delighted to have a Polish edition of volume two of the trilogy on the Bourgeois Era (the first volume, *The Bourgeois Virtues*, appeared in 2006, this second volume in 2010, and the third finally came out – *Chwalmy Pana!* – in 2016, *Bourgeois Equality*. I am a great admirer of Polish culture and history. After all, I come from Chicago, the second largest Polish city in the world! Arcadius Kahan, an anti-Fascist fighter in the War, was my esteemed colleague in Economics at the University of Chicago, and Jaroslaw Pelenski in History at the University of Iowa. Because of them I served on PhD thesis committees relevant to Polish history, such as that of Janusz Duzinkiewicz. (I learned from Janusz, who became a friend, that the Polish spelling “sz” is “sh” and “cz” is “ch”!) My father’s great friend was Adam Ulam, the political scientist at Harvard, who was the younger brother of Stanislaw Ulam the mathematician. Stanislaw’s autobiography gives a vivid picture of student life in Lwów in the 1930s. I know therefore a tiny bit of Polish history, and know its painful descent from the largest tolerant society in the world in the 1500s – Erasmus said, *Polonia est mia* – to the *potop szwedzki* in the 1600s and the partition in the late 1700s by its loving neighbors Prussia and Russia, and its rocky road thereafter.

My longest trip to Poland was a fortnight in August 1988, in the week before the communist government agreed finally to negotiate with Solidarity. We went to Warsaw and to Cracow, from which I took a sober side trip to Auschwitz. The exchange rate was insane, and so in Cracow we got a splendid dinner, with an excellent wine and the singing of patriotic songs, for about \$4 a person. The air was heavy with revolution. People made jokes about communism directly to government officials, such as the classic joke that ends with “There’s worse news. The government is out of bullets!” The people were no longer afraid.

The next time I visited was only for a few days twenty years later. I was stunned by how much better off the country was. In 1988 I had seen a man carrying home rolls of toilet paper on a broomstick, the bad toilet paper of socialism being a rarity at the controlled price. By the 2000s, Poland was a normal country, with a market economy, and plenty of pretty good toilet paper at prices set by voluntary supply and demand.

The present book asks why such a Great Enrichment happened and whether it is good, from the beginnings in the Netherlands in the 1500s, through the British industrial revolution, and the amazing economic progress after 1800, spreading now even to China and India. The answer is not one or all of the usual explanations, such as Marxist exploitation or Smithian accumulation of capital. The answer is the vigor of our new “bourgeois” and commercial societies, in which people open businesses and earn profits and buy goods and services beneficially without being pushed around by governments. By contrast, a hierarchy of free people over slaves, or *szlachta* over peasants, or men over women, had stifled human ingenuity for millennia.

I have been thinking about this full-scale defense of what is usually called “capitalism” since the early 1990s. I have come to think, not incidentally, that we give up the word “capitalism.” It misleads its friends and its foes into thinking that piling brick on brick, or money bag on money bag, is the essence of our present enrichment. Not so. Accumulating capital is necessary, of course, but so is oxygen in the air and the arrow of time. And humans have always accumulated, always had markets, always in a sense been “capitalists.” You are a capitalist when you search for a bargain in buying an automobile. Something quite different from mere profit seeking or capital accumulation happened in France and Italy and Poland in the past hundred years.

Poland has come from an income expressed in present-day prices of \$3 a day per person in 1800 to over \$100 a day now. How? Here’s how: by adopting, and inventing, new ideas, such as the steam engine, the modern university, reinforced concrete, vacuum cleaners, containerization in shipping, the internet, and, to speak of Polish inventions, the kerosene lamp, the bullet-proof vest, the mine detector, and, long ago, religious tolerance. Implementing some of the ideas required masses of capital, such as the railway. Some didn’t, such as dropped ceilings in buildings. But anyway the capital was not the cause of the enrichment. The idea was. Pouring capital into an economy without ideas results in masses of stupid dams and pointless factories. Look at Ghana. Look at pre-1989 Poland. Pouring ideas, if they pass the test of profit in voluntary exchange, finds the capital readily enough, and then enriches us all. Look at China and India, Spain and Poland.

Why, then, did the bettering ideas explode after 1800? The answer in a word is liberty, and the breakdown of hierarchy, hierarchy being the opposite of liberty. It turned out that letting people as the British expression puts it “have a go” was immensely encouraging. People opened shops when and where other people were willing to pay, instead of where the local lord or the local government or the local guild of shops ordered. They could try out new machines without being attacked by ignorant luddites or central governmental thigs. They could trade locally or internationally with whom they wished. The result of such exchange-tested betterment was that rise of per person income from \$3 to \$100 a day. Big houses. Big, well-nourished people. Big schools and universities.

Why, in the titles of the books, the word “bourgeois”? Because the urban middle class was the class that found the betterments. “City air makes one free,” as the German expression goes. It is still true. The bourgeoisie, when it was not able to employ the government to protect itself from competition, was not, as Marxism claims, the ultimate villain of the story. It was the ultimate hero. It made us rich and free. Still.

When telephoning back from Iowa in the early 1990s to the secretary at the Institute for Advanced Studies at Princeton (the “Einstein Institute”) to give her the title of a talk I was going to present there, “Bourgeois Virtues,” she laughed, and said, “That’s a contradiction in terms, isn’t it?!” Her little witticism pretty much sums up what I have been writing against now for a quarter of a century.

The European bourgeoisie has hated itself for a long time. It needs some psychological therapy, for the good of the poorest among us. I’m willing to provide it. No extra charge.