

**Deirdre McCloskey's interview with  
Chilean university journal *Santiago***

Questions by Patricio Tapia

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1.- You recently completed a trilogy about of the virtue, dignity and worth of the often maligned bourgeoisie. How the middle class not only became respectable but catalyzed the western wealth?

It was not the middle class alone, but all the commoners, the ordinary people ruled by the aristocracy and the priests. Among them the bourgeoisie have led, of course, as even Marx and Engels emphasized in *The Communist Manifesto*. But after 1800 or so the mass of ordinary people were allowed in some countries for the first time to try out inventions, both mechanical (such as the steam engine) and institutional (such as the modern research university). If they succeeded many poor people became bourgeois. The trying out was allowed by liberalism, the new doctrine in the 18<sup>th</sup> century that Adam Smith called "the obvious and simple system of natural liberty." Starting in Holland and then in England and Scotland and the English colonies in North America, a "bourgeoisie revaluation" made dignified what merchants and manufacturers and inventors did. Letting masses of people try out their ideas for betterments caused an unprecedented Great Enrichment. Real income per head each day in the world rose from \$2 in 1800, expressed in 2016 prices, to \$33 now – the income for example of present-day Brazil. In Chile it is greater, and in places with an even longer history of liberalism, such as Britain and the United States, it is over \$100.

2.- You argue that are bourgeois values, rather than material circumstances, made that "great enrichment" of humanity. Do you think that ideas are the driving force of history?

Yes. In a way, it's obvious. After all, you can't have copper mining or air conditioning without someone *thinking* about the possibilities. My point is that accumulation of capital, or the existence of good institutions, or imposition of exploitation, which are the main alternatives to ideas, are ubiquitous (China in 1500 had them all, for example). And they were and are intermediate, *caused* by good ideas for investment, say. Lacking ideas, they all run of steam, so to speak. They are not transformative by themselves. By using economics you can show that their economic force is not great enough to explain the 3,000% increase in the goods and services available to the average Japanese or French person from 1800 to the present. What is great enough to explain the Great Enrichment is the new respect for betterment.

3.- Why the number of books in the series of Bourgeois Era has varied in plan: in the first you talked of four volumes; in the second you talked of six volumes...

Because I learned – a lot – along the way, and had to keep changing my mind. I did not know what I know now in, say, 1994 when I wrote the very first essay on the subject. The 22 years since then were not just a matter of writing down what I knew in 1994! And I finally decided that although a trilogy might be considered somewhat self-indulgent, a tetralogy, not to speak of a hexology, is an abomination!

4.- In *The Bourgeois Virtues* you repudiate a kind of economist's obsession with prudence only. Are necessary the other virtues?

Yes. Real economic actors are real people, who have in their own crazy combinations all the principal virtues – and the corresponding vices – prudence, yes, but also justice, temperance, courage, faith, hope, and love, and all the particular virtues that can be constructed from combinations of such elements into molecules of, say, honesty, or integrity, or promptitude. The economist's model since Paul Samuelson (my mother's mixed-doubles tennis partner, by the way), and long before him Jeremy Bentham, has been that *only* prudence is needed. Wrong! Entrepreneurship, for example, is a mix of courage and hope with prudence.

5.- Among the alleged bourgeois "vices" is hypocrisy, especially sexual. Did you feel that with your sex change?

I'm not sure what you mean. If you mean that as a man I felt false to myself, no, that's not how it felt. When I was a man I was one, and liked it all right. I was captain of my high-school (American) football team, for example. It's merely that I knew, and came to know especially sharply at ages 11 and then at age 53, that I wanted the other. It's like being a lawyer but wanting, really, to be a politician. You can be quite happy at lawyering, but still know that the other would be better for you if you could magically attain it. By the way, do not call it a "sex" change. Gender crossing has nothing to do with whom you love, or how. It has to do with who you are. It's not about sexual pleasure.

6.- As an historian and economist, do you think that, in any way, your sex change had any impact on your work?

I would be the last person to know whether it prevented others from offering me some glorious job or honor. But to my surprise I found that I could go on being a professor. I expected to lose my career (though not my marriage family – yet they have not spoken to me since 1995). It did affect my view of the economic world. I stopped thinking that economics had to be always about the boyish game of Samuelsonianism, and that it could also involve in important ways faith (or identity), temperance, love, justice, and

the rest. My joke is that I do not know if such a mature insight came from getting older and wise. . . or becoming a woman!

7.- In *The Bourgeois Virtues* you said: "I advocate laissez-faire, and dream of literally one-third to one-fifth of the government we now have". This goes something further a defense of free-market. Is part of "libertarianism"?

Much of what governments do could be better done by private firms (airports, fire protection, roads) or amounts to transferring money from poor people to rich people (agricultural subsidies and protection, free higher education). Governments should be largely local, not national, so that voters understand vividly that there is no free lunch. Nobody in a small village thinks that everyone can be taxed to provide subsidies to everybody (the formula for disaster in Argentina since Peron). We could do better with much smaller government, especially in countries with corrupt governments – which covers roughly 90 percent of the population of the world.

8.- Did Milton Friedman importance in your libertarian ideas?

Yes. I taught for 12 years, 1968 to 1980, at the University of Chicago. Milton spent a good deal of time at the Hoover Institute at Stanford, but when he would come back he was a presence. For example, in 1977 or so he prevented the Department from making an arrangement with the Shah of Iran to educate PhD students for Iranian universities. He said, "We can't make a deal with a blood-soaked dictator!" We are all shamed, and gave up the idea.

9.- Friedman's disrepute is related with his involvement with the Pinochet regime in Chile. But in a note of *Bourgeois Dignity* you said that he never (after his wartime service) advised any governments or accepted money from them, including Pinochet and refused honorary degrees from Chilean state universities...

Yes, that's right. Our agreement at Chicago was made with the Catholic universities in Brazil and Chile, before the countries became dictatorship. Milton spoke to Pinochet once, for 45 minutes, advising him to restrain inflation. But he said identical things, in longer meetings, to the Communist Chinese government. Nobody on the left objected! By the way, I myself probably taught as many of the Chicago Boys as Milton did, in the introductory graduate microeconomics course I taught for ten years. Neither Milton nor I nor Arnold Harberger taught our students to round up leftists in soccer stadiums and shoot them.

10.- Libertarians are often accused of giving little importance to equality. How do you see equality?

As unimportant! What is important is poverty, not equality. If you solve poverty by having rapid economic growth, the result is in fact that equality of basic consumption

such as having a roof over your head and enough to eat is increased. It has been, from 1800 to 1900 or even 1950 to the present. For more details read on the internet [my long review of Piketty's book](#). We can fix poverty. We can't easily achieve equality, without running the chances of the poor to become prosperous. Look at Venezuela, and contrast it with Chile. Which do we want, a tyranny (which is the only way to achieve full equality), which ends in poverty for all, as in Cuba or North Korea, or a free society and prosperity?

11.- What is wrong with "statistical significance" that you say it has become the central and standard error of many sciences?

Last spring the American Statistical Association issued a report saying in essence that it is silly to think that numbers contain within themselves a judgment on their importance, or significance. I've been saying this for 30 years. But Kenneth Arrow (to instance a Nobel economist) said it in 1957, Friedman many times, and the very inventor of the so-called *t*-test, William Sealy Gosset, 90 years ago.

12.- Can you, with statistics, show what you want?

No, though non-statisticians say it all the time. It's childish to think that numbers, or words, are infinitely flexible, and we can go on having any opinion we want without regard to the facts. When Trump says that Obama was not born in the United States, he can't unsay it. When statistics say that Chilean national income per head has grown dramatically since 1990, it has.

13.- Arguing in favor of capitalism with multiplication of per capita income, Is not misuse of statistics?

Of course not. Per capita real income is a pretty good measure of the possibilities that the average or median or poor person has. It doesn't measure happiness, but it does tell you that Chileans who in 1970 could not buy an auto now can.

14.- In the aftermath of the great financial crisis in 2008 some people see the decline of the West and the end of capitalism. You don't think so...

My good friends on the left have said that every downturn was the Last Crisis of Capitalism. . . ever since the downturn of 1857. We have had 40 recessions since the 1790s, and six or so of them have been as bad as 2008, among which the Great Depression was much, much worse. Yet in every case the income of poor people has been higher after the recovery *than at the previous peak*. Every time. It doesn't sound like a decline to me. I've been writing against the "decline" idea since I was 24 years old – that's fifty years! If China and India, or Chile and Botswana, do well, the "older" countries such as Britain or France are not made worse off. They are made better off, by trading with the now richer countries. Trade and growth is not a world-zero-sum game.

15.- Economists are often seen as always doing a cost-benefit analysis. In *Crossing* you have detailed the high cost of change of sex. What are the benefits?

No, you are mistaken. Gender crossing, whether male to female or female to male, is not expensive. It costs only about as much as an inexpensive new car. When I see new cars on the street I am inclined to wonder, "Why didn't all these people change gender? Oh, wait, Deirdre. They don't *want* to change gender!" There are no "benefits." Deciding on one's gender is not a matter of cost and benefit. It's not in fact like buying a car. It's a matter of identity.