The Great Enrichment

Came and Comes from Ethics and Rhetoric

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Many people said before 1991 that India would never develop economically, that Hindu culture was hopelessly otherworldly and would always be hostile to market-tested improvement. True, some wise heads, such as the professor of English literature Nirad Chaudhuri, demurred. In 1959 Chaudhuri pointed out that Christian England was actually *less* profit-oriented in its prayer for daily bread than was the daily Hindu prayer to Durga, the Mother Goddess: "give me longevity, fame, good fortune, O Goddess, give me sons, wealth, and all things desirable."[1] But most social scientists saw only vicious circles of poverty. Over the forty years after Independence such a rhetoric of a Gandhi-cum-London-School-of-Economics socialism held the "Hindu rate of growth" to 3.2 percent per year, implying a miserable 1 percent a year per capita.

1 Chaudhuri 1959, p. 178; see also his Chapter V, "Money and the Englishman." Chaudhuri was a professor English literature who made his first trip to England after the War.

Nehru wrote with satisfaction in 1962 that "the West also brings an antidote to the evils of cut-throat civilization—the principle of socialism. . . . This is not so unlike the old Brahmin idea of service."[2] Splendid.

But at last the anti-market rhetoric from the European 1930s and "the old Brahmin idea of service" faded. A capitalist, innovating rhetoric took root in India, partially upending the "License Raj." Nimish Adhia has shown that the leading Bollywood films changed their heroes from the 1950s to the 1980s from bureaucrats to businesspeople, and their villains from factory owners to policemen, in parallel with a similar shift in the ratio of praise for market-tested improvement and supply in the editorial pages of *The Times of India*. And so the place commenced, especially after the economist Manmohan Singh began in 1991 to guide economic policy, multiplying the production of goods and services at rates shockingly higher than in the days of five-year plans and corrupt regulation and socialist governments led by students of Harold Laski. Did the change from hatred to admiration of market-tested improvement and supply make possible the Singh Reforms after 1991? Without some change in ideology Singh would not in a democracy have been able to liberalize the Indian economy. By 2008 Indian national income was growing at fully 7 percent a year per head (7.6 in 2005 and 2006). Birth rates fell, as they do when people get better off.

At 7.0 percent per year compounded the very worst of Indian poverty will disappear in a generation of twenty years, because income per head will have increased

2 Quoted in Lal 2006, p. 166. One is reminded of the old and vulgar joke by the farmer: "When I hear the word 'service' I wonder who getting screwed."

then by a factor of 3.9. (Thus the Rule of 72: the years to double anything are 72 divided by its percentage growth rate.) In his projections for the year 2030 the leading student of such matters, the late Angus Maddison, came to the same conclusion.[3] Indian income, he reckoned, will be well over the level of income per head at purchasing power parity of Mexico in 2003 —not heaven on earth, Lord knows, but a lot better than the Indian real income per head of $2,160 on the same basis in 2003.[4]

After 1991 and Singh much of the culture didn't change, and probably won't change much in future. Economic growth does not need to make people European. Unlike the British, Indians in 2030 will probably still give offerings to Lakshmi and the son of Gauri, as they did in 1947 and 1991. Unlike the Germans, they will still play cricket, rather well. So it's not deep "culture." It's sociology, rhetoric, ethics, how people *talk* about each other.

In 1960 we didn't think it was possible. The old imperialist vision of China and India as always and anciently horribly overrun with $1-a-day starvelings is a recent back projection (with consequences during the 1960s and 1970s in the eugenic excesses of the family-limitation movement and of the Chinese single-child policy[5]). For most of history a dense population, as in the lower Yangtze Valley or the lower Rhine, signaled that a place was doing comparatively well in aggregate—though sometimes not so wonderfully well for Jack or Jill at the bottom of the ruck. Around 1600 at the height of the Mughal Empire, for example, the Ganges Plain of India was rich, maybe world-

3 Maddison 2007, p. 174.
4 Maddison 2007, p. 382 for Mexico and India in 2003.
5 Connelly 2008, Chp 4.

beating per capita, or Europe-equaling, though in most eras its people one by one were $3-or-$1-a-day poor, like all the other commoners on the planet.

But note the old number. Economic historians have discovered that until a couple of centuries ago the ordinary folk of Europe and Africa and Asia and the rest were about equally poor, stuck from the caves to 1800 at an average $1 to $7 a day, notionally $3, pretty much regardless of where they lived. Our ancestors on average never approached the astonishing $33 worldwide average of today, and did not come remotely close to the dumbfounding $100 a day or higher that two billion or so of humankind now enjoys, and more and more every year. The change since 1800 is well labeled "The Great Enrichment."

"But in the good old days we were equal." No, we were not, not since the invention of agriculture, after which the stationary bandits called priests and aristocrats took command. And the equality that we ordinary peasants had was one of utter, terrified misery, walking through a pond with water up to our chins. It was an equality of the *two* St. Elizabeth's Day Floods in the Netherlands, of 1404 and 1421, in which whole villages disappeared overnight under the avenging sea, or of the Bengal Famine of 1943 in which a million-and-a-half equal souls died.

"But we were happy." Well. It was a "happiness" of constant terror, of disease at all ages, of dead children, of violent hierarchy, of women enslaved and silenced, of *sati,* of five-percent literacy. And anyway the main point of a human life is not happiness of a cat-like sort, relishing a fish dinner on a sunny window sill—nice though

such pleasures are to have from time to time.[6] An income of $3 a day affords no scope for the exercise of vital powers along lines of excellence, a flourishing human life. Isaiah Berlin defined "negative freedom" as "the number of paths down which a man can walk, whether or not he chooses to do so."[7] Though Mark Twain noted that a man who *won't* read has no advantage over a man who *can't*, at least the literate one has an alternative path available if he ever wakes up to take it. At $3 in a traditional or totalitarian society the number of paths are two only, conformity or brigandage. You would not want $3 a day, even if everyone around you had the same. When people can vote with their feet to escape it, they do. Every North Korean who can, does. The Nigerian men selling handbags on the streets of Venice (*Vu cumprà*? "Wanna buy?") have done so most courageously.

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Not all of the uplifting to $33 a day worldwide, compared with $3 a day worldwide in 1800, is accounted for by the astounding recent success of China and India. Yet China's success since 1978 (from the $1 a day resulting from late Mao) and India's since 1991 (from similar wretchedness not alleviated by late Gandhi and early Nehru) do constitute a powerful anti-anti-globalization-and-Friedmanite-liberalism argument. In 2013 for example the new Premier of China, Li Keqiang, no political liberal, hinted that if a new 11-square-mile free trade zone in Shanghai worked as well

6 McCloskey DDDD, *New Republic* piece.
7 Berlin 1999, p. 59.

as we maket liberals think it will the idea would be extended to other places.[8] If the three other BRICS—Brazil, Russia, and South Africa—would adopt the liberal ideas applied with such enthusiasm by India and China they, too, would experience China's and India's transformative rates of real per capita income growth, ranging from 5 to 10 percent per year. Such rates triple or quadruple real income per head in a generation. (Alas, Brazil, Russia, and South Africa so far have stiuck with pre-Friedman ideas such as Argentinian self-sufficiency and German labor laws and a misunderstanding of Korea's export-led growth, and therefore drag along at well below 3 percent per year—at which a mere doubling of real income takes a quarter of a century. Such is the force of ideas, in this case mistaken ones.)

Free markets, that is, have not been bad for the poor of the world. The sole reliable good for the poor, on the contrary, has been the liberating and the honoring of market-tested improvement and supply. Private charity and public works, socialism and central planning, by contrast, have often made people worse off. Yet economic growth since 1800 has almost always made them better off, by enormous factors of increase. The enrichment of the poor, that is, has not come from charity or planning or protection or regulation or trade unions, all of which, despite their undoubted first-act popularity among our good friends on the left, merely redistribute a constant or a shrunken pie. The mere arithmetic shows why. If all profits in the American economy were forthwith handed over to the workers, the workers (including some amazingly

8 "China Experiments with Free Trade Zone." *Chicago Tribune*, section 2, p. 6, Oct 1, 2013. That the news was buried on the last page of the business section shows how routine the liberalization of China and India has become.

highly paid "workers," such as sports and singing stars and big-company CEOs) would be 20 percent or so better off, right now. One time only. The 20 percent is to be compared with a rise in real wages 1800 to the present by a *factor* of 10 or 30 or (allowing for improved quality of goods) 100, which is to say 900 or 2,900 or 9,900 percent. If we want to make the non-bosses or the poor better off by a significant amount, 9,900 percent beats 20 percent every time. At 5 percent per year market-tested improvement and supply goes beyond the one-time 20 percent in a scant four years, and then cumulates to a quadrupling.

My claim is that the old, *anti*-bourgeois view—the exceptions in Europe, and doubtless elsewhere such as Osaka in Japan in small doses, came early among the Italians and Catalans, and then the Bavarians such as the Fuggers of Augsburg, and the Hanseatic League and above all the Dutch—dominated the public rhetoric of Scotland and England until the late seventeenth century, that of France until the middle of the eighteenth, and of Germany until the early nineteenth, of most of Japan until the late nineteenth, of China and India until the late twentieth. The anti-bourgeois view is ancient, and in some circles it lasts even into the Bourgeois Era. We find echoes of it down to the present, in environmentalist hostility towards market solutions to CO_2 problems (a hostility now sdopted, startlingly, by American Republicans and Australian Liberals, who first proposed the carbon tax), or in populist and left academic cries to bring down the CEOs and the World Trade Organization, or in the unselfcritical hatred among progressives of Wal-Mart bringing low prices and pretty good jobs to the poor.

The poor worldwide have got richer. Even in the already-advanced countries in recent decades, further, and contrary to widespread claims, there has been no complete stagnation of real incomes for ordinary folk. Real income even in rich countries has risen, if income is correctly measured to include working conditions, years of education, better health care, retirement years, and above all the rising quality of goods.

The Great Enrichment came, I say, from a unique unleashing of human creativity in a novel liberty and dignity for ordinary people— in northwestern Europe from the sixteenth century on, the liberating and honoring of market-tested improvement and supply. Karl Popper called the market-oriented novelty of the modern world the "open society," and the politico-economic theorists Douglass North, John Wallis, and Barry Weingast call it the "open-access" society.[9] The *ORDO* liberals of pre- and post-War Germany called it "a competitive order" or a "social market economy" (which, however, they believed required a highly active government to keep it from descending into cartels, as indeed it did once in Germany).[10] A society open to conversation and open to entry yields a creativity that disturbes the rules of the game designed by the elites and the monopolies, rules favoring the already rich. The open economy creates numerous *nouveaux riches*¸ yet they themselves are soon competed against by still newer rich, to the benefit in the third act of us all. Such openness after 1800 made the economies that adopted it startlingly more productive, affording twice, three time, ten times, a hundred times more goods and services, and to the poorest.

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9 I am indebted to Marlies Mueller for reminding me of Popper's usage.

10 See the lucid treatment in Wagner 1994. The capitalization and italicization of *ORDO* refers to the title of a yearbook published from 1948 by the Freiburg [Germany] School of economists recommending *Ordnungpolitik*, "order policy."

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A point of terminology reveals what was in fact unique about the economic world after 1800, now spreading to China and India.

Even more than "bourgeois" the word "capitalism" acquired its prominence from Marx and his followers. (It is often remarked correctly that Marx himself does not in *Das Kapital* use the word *Kapitalismus*. But he does use *kapitalische(n)* freely, so let's not quibble.) The word has led people astray. It should be replaced with the non-snappy but accurate "market-tested improvement and supply," or if you want a single word "improvement," understood as frenetic after 1800.

God won't tell us how to employ words. If we must use "capitalism," I propose, if God doesn't mind, that we agree to use the word to mean simply "markets, very widespread in Africa and Latin America in 1800 CE, but not by any means unknown in China and Mesopotamia in 1800 BCE, and dating back, truth be known, to 100,000 BCE in Mother Africa." (That, incidentally, is the way Max Weber and Fernand Braudel used the word in all their work.) "*Modern* capitalism" would then distinguish the strangely innovative and historically unique form that a market society at last took—the frenetically adopted technical and organizational *improvements* peculiar to the past couple of centuries, not the anciently routine markets, or the old class relations evident even in ancient Greece, or the accumulation of capital, which after all happened in the Old Stone Age, too, or the big size of business or the detailed division of labor, which happened in ancient China as much as in ancient Rome.

My proposed substitute for "*modern* capitalism"—"market-tested improvement at the frenetic post-1800 pace, and routine supply also governed by profit"—I admit does rather slant the case, though not in a way that violates the scientific evidence. An increase in the per person ability from 1800 to the present to make goods and services valued in real terms up to a factor of 100 can certainly be called an "improvement" and "frenetic" without violating the norms of language. In any case, "market-tested improvement and supply" slants the case less than does the word "capitalism" as it is commonly understood. "Capitalism" insists on the erroneous conviction of the early economists (including my present hero Smith and my former hero Marx) that piling brick on brick is what made us rich. (If you still believe that capital *accumulation* is the master spring of the modern world, I invite you to study *Bourgeois Dignity* [2010], especially Chapters 14-19; and William Easterly's book *The Elusive Quest for Growth* [2001], which shows that "capital fundamentalism" was the chief error of post-War aid to poor countries.) The great Marxist sociologist Immanuel Wallerstein, for example, was perhaps being a trifle careless when he wrote in 1983 that "the word capitalism is derived from capital. It would be legitimate therefore to presume that capital is a key element in capitalism."[11] No, it would not. What we now in retrospect *say* about the modern world does not *by virtue of the very saying* make it true. That we insist on ruminating on something called "capital" does not imply that its accumulation was in fact unique to modernity. It does not make true the Master's words: "Accumulate,

11 Wallerstein 1983, p. 13. So: since the word astrology is derived from the Latin for star it would be legitimate to presume that stars are a key element in human fate.

accumulate! That [in the opinion of the classical economists whom Marx was attacking, but agreeing with them on the centrality of capital and its 'endless' accumulation] is Moses and the prophets."[12]

Accumulated capital, after all, depreciates. Therefore a long-term accumulation, the piling up of capital over centuries, doesn't happen. With rare outliers of durability such as Roman roads or the Great Wall or the treeless environment caused by the fire-stick of the Aborigines, most physical investment in houses and machines and drained fields require frequent renewal, or else they fall victim to entropy: they fall apart, quickly. This is what is erroneous about the late Charles Tilly's thinking, which accorded great importance to accumulations happening in this or that town centuries ago. After all, a Milanese or Amsterdamer building made in 1600 or 1800 is gone by now—unless it has been repaired and restored since then over and over. Anyone who has replaced the roof of her house knows that a house is a continuing accumulation, not to be acquired unmodified from centuries ago. "Lay up not for yourself treasures upon earth, where moth and rust do corrupt," said Jesus. St. Augustine was eloquent on the point: "All things pass away, fly away, and vanish like smoke; and woe to those who love such things!"[13]

What does *not* vanish like smoke is knowledge, or the tacit knowledge transmitted in practice, practice, or the bookable knowledge of the formula for aspirin or the procedure for appeal to habeas corpus transmitted in libraries. Well, not always.

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12 Marx 1867, Chp. 24, Section 3.
13 Augustine, Tractate 7 (John 1:34-51)

Jared Diamond notes the forgetting of the bow-and-arrow among the aboriginal settlers of Australia.[14] And, amazingly, the formerly Roman Britons lost their knowledge of the potter's wheel after the legions withdrew.[15] The baths at Bath during Roman times were stoked with coal, the use of which the formerly Roman Britons then promptly forgot.

But *only* knowledge has even a chance of accumulating permanently, as a few economists, such as my student Paul Romer, have realized at last, after economists had tried and tried to make the routine accumulation of capital instead of the mysterious ways of human creativity into the hero of modernity. (But then Romer turns it back into routine capital accumulation that would arise in any large city, from Ur to Constantinople—but didn't. Oh, Paul.)

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Not so long ago both India and China, in which nearly four out of every ten humans live, were thought hopeless. That's what we were taught in the 1960s as eager young students of economics. Massive capital investment by the West and North in the East and South, we were taught, might alleviate a little the (pretty hopeless) condition of the Hindus and Confucians, but almost everyone in intellectual authority thought that real change would be a matter of centuries, not a few generations.

At the Milan meetings of the International Economic History Association in September 1994 I asked the brilliant Uruguayan economic historian, Luis Bértola—later

14 Diamond DATE, PAGE;
15 Gilmour 2011, citing Brian Ward-Perkins, *The Fall of Rome* (2006).

a beloved colleague at Gothenburg University—how long he thought it would take his country to catch up to the North. "Two centuries," he gloomily replied, infected by the "new growth theory" of the economists. A theory, it seems, can drive even a superb scientist to distraction. Such theoretical distraction is contradicted by most of the historical evidence, from Germany in the nineteenth century to Taiwan in the twentieth, namely, that a country honoring and liberating its bourgeoisie can achieve a modern standard of living for even its very poor in a couple of generations. Three at most.

True, as the economic historians Stanley Engerman and the late Kenneth Sokoloff argued in 2012, the Caribbean and Latin America—and the places in the United States where slavery or peonage was profitable—got societies in which the liberty and dignity for common people was systematically denied, leaving such societies lagging behind the North even now. Imagine, for example, a United States without the North. It would have been a nation of the slave power, in which slave owners worked to keep the poor in their place. The Southerners tried, then and later; they and other hardy Republicans are still trying to deny poor people the vote.

But despite Bértola's understandable vexation with its long-run consequences, such deeply embedded inegalitarianism also can change, and rapidly. The cases of change confirm by contraries the emphasis on northwest European liberty and dignity for ordinary people after 1600. Hierarchy at least between market and government changed in China after 1978, and it changed sufficiently in (of all caste-obsessed places) India. By 2017 the once-hopeless China will no longer be eligible for World Bank loans, because it will have entered, on average across its unequal breadth, the "high income

group," at about a third of the present level of U.S. income.[16] India leads the world in computer services, and will lead in medical tourism and perhaps even in chains of The Best Exotic Marigold Hotels.

The uplifting of the Great Enrichment to more than ten or thirty or even one hundred times the world's pre-1800 level gives every sign of spreading in the next fifty years to the rest of humanity. Our cousins the poor will inherit the earth. For almost all of us recently it's been getting better and better, and doing so in more and more places. Within a couple of generations almost all the world's poor will have lifted themselves up, building a house for Mr. Biswas. What can stop it is wrapping progress tightly in environmental green tape ,or in the older red-colored tape of regulation, or more directly, by commencing shooting ourselves in the feet, and in the heads—the way the wise and genetically special and instrumentally rational and so very modern-minded and disenchanted Europeans did in August 1914, dragging the rest of us into the mad quarrel.

Indignantly opposing such optimism about the economic and cultural possibilities for our grandchildren have been Seven Old Pessimisms, and now an Eighth New One. The old pessimism of 1848 said that the poor were fated by Malthusian logic to stay poor. The pessimism of 1916 said that only Europeans were genetically capable of getting out of $3-a-day poverty. That of 1933 said that anyway the getting out was finished because the Final Crisis of Capitalism was at hand. That of 1945 said that improvement was finished and that stagnation was at hand, with excess savings bound

16 Huenemann 2012..

to drag down income. That of 1968 said that anyway when we got out of the (non-Final) Crisis and found that stagnation didn't happen we fell into a consumerism corrupting of our souls.[17] The pessimism of 1980, anticipated by J. A. Hobson and Rosa Luxemburg long before, said that anyway the consumerism in the core countries, though it had apparently *not* corrupted or immiserized the proletariat there, depended on an army of exploited people in the Southern Periphery and on their demands for *dhotis*. And the not-so-old pessimism of the 1990s—articulated about Britain as early as the 1890s in the face of the "German [Commercial] Invasion"—said that Old Europe and the (dis)United States were doomed to fall down the league table, and Lo, all our pomp of yesterday/ Is one with Nineveh and Tyre.

The Seven Old Pessimisms, still dusted off for blog posts and newspaper editorials from both left and right, and built into most alert minds as obvious truths, immune to factual amendment, and justifying if challenged a hot indignation unaccompanied by scientific evidence, have proven mistaken. None of them had much evidence in its favor, 1800 to the present. Yet the Pessimisms are wildly popular, flat-earth versions of economic history. Most people, for example, take Charles *Dickens*, of all people, as a scientific historian of the Industrial Revolution (about which our dear Charles knew very little). If slightly more aware they seize on *The Communist Manifesto* of 1848, which for all its exhilaration consists largely of historical and economic error.

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17 Shils 1957, p. 490: the ex-Marxists "criticize the aesthetic qualities of a society which has realized so much of what socialists once claimed was of central importance, which has, in other words, overcome poverty and long arduous labor." Shils, Edward. 1957. "Dream and Nightmares: Reflections on the Criticism of Mass Culture."
Shils, *Sewanee Review*, Vol. 65, No. 4 (Oct. - Dec., 1957), pp. 587-608.

Similarly, wise chatter among historians since the Greeks and Gibbon concerning the rise and fall of empires is taken nowadays as the Very Voice of History. Recent versions of The Voice ignore or deny the transformative character of the Great Enrichment, and declare that "like Rome" we are doomed to decline. Spooky fears about China as Numero Uno haunt the West (as a couple of decades ago fears about Japan did: hmm; any racial prejudice lurking here? Surely not.) Yet such movement up and down the league tables do not detract a cent from the Enrichment. They never have: no leading country since 1800 except perhaps Argentina has actually fallen in income. Modern economic growth is not about Seventh-Pessimism rankings, and was not caused by national power to do violence. It is about an irreversible arrival of the poor at $33 a head and then $80 and then $120 a head, out of their own efforts made productive by accepting the Bourgeois Deal, letting the middle class innovate for the long-run good of us all.

The New and Eighth Pessimism of our own times—that environmental decay is irreversible (the Eighth is accompanied usually by a revival of the First, that limited resources make population growth impoverishing)—will probably prove mistaken, too. In the 1960s and 1970s the environmentalists told us that Lake Erie was dead, passed on, bereft of life, metabolic processes finished, an ex-lake. They said that its decline from pollution had become irreversible. Now people swim in it.

The revival of the First Pessimism in this connection is well illustrated by the strange career of the biologist Paul Ehrlich (b. 1932). In 1968 on the first page of *The Population Bomb* he declared that "The battle to feed all of humanity is over."

> In the 1970s and 1980s hundreds of millions of people will starve to death. . . At this late date nothing can prevent a substantial increase in the world death rate. . . . Nothing could be more misleading to our children than our present affluent society. They will inherits a totally different world. . . . . We are today involved in the events leading to famine and ecocatastrophe.[18]

None of Ehrlich's predictions has proven correct even approximately. India is now a net exporter of grain. The world death rate from the 1960s to the 2000s declined by a third. Birth rates worldwide are falling. Great amounts are being spent now on ecological protection, with encouraging success. Sharply more people than in 1968 live in affluent societies. Population growth has yielded sharply *rising* per capita income.

Yet nearly half a century after making some of the worst scientific predictions of his generation—outdoing in this respect even the proud physicists missing dark matter and the proud economists missing the Great Recession—people still heed what Ehrlich says. It is a remarkable performance, worth bottling and selling. Ehrlich has been saying since the 1960s the same thing, over and over: the sky is falling, the sky is falling. Such is our delight in pessimistic tales that we are still listening, thrilled to be In The Know.

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18 Ehrlich 1969, p. xi.

True, in the nineteenth century and most of the twentieth century places like China and India experienced relative to the West a "Great Divergence."[19] Until 1492, and in many ways until 1800, as Joseph Needham showed, China was the most technologically advanced country in the world, contrary to the eurocentric notion that the West was ever ingenious. Most of the best technology, such as blast furnaces, were Chinese inventions (or in this particular case of large-scale production of iron, also West African). Anesthesia is among the few dozen or so most important European inventions of the nineteenth century—but the Chinese were doing operations with anesthesia by drug and acupuncture more than two thousand years earlier.[20] Hundreds of years before the West the Chinese invented and used locks on canals, the canals themselves being gigantically longer until the nineteenth century than any in Europe. It is probably merely a lack of scholarly effort in Joseph Needham's style that leaves the impression that South Asia was *not* ahead of the West c. 1700. After all, South Asians (as before them Meso-Americans) invented place value in counting, and crucible steel. And the Arabs further west added their own inventions, such as the university, dazzling the primitive Franks. But after 1700 the West caught up smartly to best practice elsewhere, and streaked ahead.[21]

The Divergence is puzzling, probably explained by the comparative slowness with which improvements in northwestern Europe piled up at first, and certainly

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19 Pomeranz cite

20 G. D. Lu and Joseph Needham (2002). "Acupuncture and Major Surgery." Celestial lancets: a history and rationale of acupuncture and moxa." London: RoutledgeCurzon. pp. 218–30, cited in Wikipedia "History of General Anesthesia."

21 Cite Needham.

afterwards by the traditionalist and elitist and socialist obstruction of market tests in many places. But now the Divergence is over, or can be over in a couple of generations—if, that is, people will adopt the liberty and dignity that produces market-tested improvements, such as the liberty to open a new convenience store or the dignity accorded engineers inventing a new digital camera. Allowing people under law to decide for themselves, and honoring in society their decisions and outcomes, underlies also routine supply, such as running a clothing store with diligence or drilling for oil with intelligence. Look at, say, Singapore (which, alas, does *not* have a political democracy), once Asian-poor, whose income per head is now higher than that of the United States. Or look at Taiwan and South Korea (by now thankfully fully democratic; the efficacy of the earlier state intervention in the economy in the two have been exaggerated in many leftish accounts).

Yet the economists the learned Robert Gordon and the even more learned Tyler Cowen have argued recently that countries like the United States on the frontier of improvement are in for a slowdown.[22] Maybe. They would both acknowledge, of course, that so too have many other learned economists predicted in the past couple of centuries, to find their predictions falsified once again by the Great Enrichment. The classical economists of the early nineteenth century, of whom Marx was an example, expected landlords to engorge the national product. (Marx illogically supposed that wages would fall and yet profits would fall, too, and yet Capital would engorge the national product, and yet improvement of technique would occur.) But as the historian

22 Cite both

and essayist Thomas Babington Macaulay wrote in 1830, "On what principle is it that, when we see nothing but improvement behind us, we are to expect nothing but deterioration before us?"[23] He wrote further: "If we were to prophesy that in the year 1930 a population of fifty million, better fed, clad, and lodged than the English of our time, will cover these islands, that Sussex and Huntingdonshire will be wealthier than the wealthiest parts of the West Riding of Yorkshire now are, that machines constructed on principles yet undiscovered will be in every house, many people would think us insane."[24] Later in the nineteenth century and especially in the socialist-tending days of the mid-twentieth century it was usual to deprecate such optimism, and to characterize Macaulay in particular as hopelessly "Whiggish" and bourgeois and progress-minded and pro-improvement. He certainly was all that, a bourgeois to the core. Yet Whiggish and bourgeois and progress-minded and vulgarly pro-improvement though he was, he was in his prediction exactly right, even as to British population in 1930. (If one includes the recently separated Republic of Ireland, he was off by less than 2 percent.)

And Gordon and Cowen would not deny that we have before us fifty or a hundred years in which the now-*poor* countries such as South Africa and Brazil and Haiti and Bangladesh will catch up to what is in the rich countries after all a stunningly successful level of average income.[25] Nowadays, with China and India taking up 37 percent of world population, and income per head in these two pretty-good-free-market and therefore quickly-catching-up places growing at 5 to 12 percent per head per year,

23 Macaulay 1830, pp. 186, 187.
24 Macaulay 1830: I, ii, p. 185.
25 Gordon 2012.

the average income per head in the world (all the economists agree) is rising faster than ever before in history.[26] Use your recent mastery of the Rule of 72. At 7 percent per year a real income will double in 72 divided by 7 years, or a little over 10 years; at 12 percent it will double in 6 years (because, class, 72 divided by 12 is 6 exactly). Even at the modest 4 percent per year that the World Bank (implausibly) reckons China may experience out to 2030 the result will be a populace twice as rich.[27] China and India during their decades-long socialist experiments in the 1950s and 1960s and 1970s were so badly managed that there was a great deal of ground to make up merely by letting people open shops and factories where and when they wanted to. Certainly no genetics implies that Chinese or Indians should do worse than Europeans permanently. No imaginable limit to world growth is therefore close at hand, and by "close" I mean "in your lifetime, or even that of your grandchildren."

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Why northwestern Europe? It was not racial or eugenic, a hardy tradition of scientific racism after 1870 to the contrary (scientific racism revived nowadays by some economists and evolutionary psychologists exhibiting a dismaying insensitivity to the history of eugenics).[28] Nor was it English common law, or European individualism, or the traditions of the Germanic tribes in the Black Forest, as Romantic Europeans have

26 Population shares from Maddison 2007, p. 378.
27 Wall Street Journal, Oct 7, 2013, p. A14.
28 Clark 2007. Cite book on eugenics.

been claiming now for two centuries.[29] That much is obvious, if the obviousness were not plain from the recent explosive economic successes of highly non-European and non-Germanic places such as India and China, and before them of Korea and Japan, and for a long time the economic successes of *overseas* versions of all kinds of ethnic groups, from Jews in North Africa to Parsees in England to Old Believers in Sydney.

Yet it is still an open question, a mystery, why China, for example, did not originate modern economic growth on the scale of the Great Enrichment—which, by now you know I claim is one of the chief outcomes of a bourgeois civilization. China had enormous cities and millions of merchants and security of property and a gigantic free trade area when bourgeois northern Europeans were still hiding out in clusters of a very few thousand behind their tiny city walls, raising barriers to trade in all directions. Internal barriers to trade in China there were, but centrally and uniformly imposed, and nothing like the chaos of local tariffs in Europe.[30] China had village schools, and by early-modern standards had high rates of literacy and of numeracy. Until the fall of the Ming (1644), it had "undoubtedly had the highest level of literacy in the world."[31] Chinese junks gigantically larger than anything the Europeans could build until the coming of iron hulls in the nineteenth century were making occasional trips to the east coast of Africa before the Portuguese managed by a much shorter route to get there in their own pathetic caravels. Yet, as the Chinese did not, the Portuguese persisted in sailing, at least for a long while, naming for example the south-east African province of

29 ***Landes remarks along these lines, perhaps in text.

30 Mote 1999, p. 362, on the Southern Song—but, he notes, only beginning then.

31 Mote 1999, pp.373, 775.

KwaZulu-*Natal*, far around the Cape of Good Hope, for the festival of Christ's Nativity of 1497 on which they first got there, and inspiring other Europeans to a scramble for empire and trade. "We must sail," sang Luis Camões, the Portuguese Virgil, in 1572. Gnaeus Pompey's ancient declaration that *Navigare necesse est; vivere non est necesse* (sailing is necessary; living is not) was adopted all over Europe, in Bremen and Rotterdam. And so they did, sail. No one else did, at least not with the loony passion of the Europeans. And especially the technologically brilliant Chinese did not sail, except for their vigorous commerce with the Indian Ocean and Japan. If they had done so at a European level, North and South America would now be speaking a version of Cantonese.

Perhaps the problem was precisely China's unity, as against the scramble of Europe at the time, Genoa against Venice, Portugal against Spain, England against Holland. The Ming and the Moghul empires were rhetorically unified, the way any large, one-boss organization, such as a modern university, thinks it is. A "memorandum culture," such as Confucian China (or rather more paradoxically the modern university), has no space for rational discussion, because the monarch does not *have* to pay attention.[32] Consider your local dean or provost, immune to reason in an institution allegedly devoted to reason. "Rational discussion is likely to flourish most," Barrington Moore has noted, "where it is least needed: where political [and religious] passions are minimal" (which would not describe the modern university).[33]

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32 Barrington Moore 1998, pp. 148, 151. For an instance in China, Mote 1999, p. 335 on the career of the philosopher Chen Liang (1143-1194) in the Southern Song.

33 Moore 1998, p. 156.

The historical sociologist Jack Goldstone has noted that:

> China and India had great concentrations of capital in the hands of merchants; both had substantial accomplishments in science and technology; both had extensive markets. Eighteenth-century China and Japan had agricultural productivity and standards of living equal or greater than that of contemporary European nations. . . . Government regulation and interference in the economy was modest in Asia, for the simple reason that most economic activity took place in free markets run by merchants and local communities, and was beyond the reach of the limited government bureaucracies of advanced organic societies to regulate in detail. Cultural conservatism did keep economic activities in these societies on familiar paths, but those paths allowed of considerable incremental innovation and long-term economic growth.[34]

Well, they allowed *Smithian* "long-term economic growth" — but nothing like the explosion of the Great Enrichment. And that is the puzzle.

Yet "institutions" do not solve it.

The ingenious Swedish historian Erik Ringmar's answer to the question Why Europe starts from the simple and true triad of points that all change involves an initial reflection (namely, a reflection that change is possible, no easy step), an entrepreneurial moment (putting the imagined change into practice), and "pluralism" or "toleration" (I would call it a part of the ideology of the Bourgeois Era: some way of counteracting the

34 ***Jack Goldstone (draft of "The Problem of the `Early Modern' World."

push-back that the naturally conservative majority of humans will give to moving their cheese).

"The argument," though, "requires one more component before it is complete," writes Ringmar, and unhappily he then imparts a Northian twist to the history: the additional component, he claims, is "institutions." "Contemporary Britain, the United States or Japan are *not* modern because they contain individuals who are uniquely reflective, entrepreneurial or tolerant" (p. 31). True: the psychological hypothesis one finds in Weber or the psychologist David McClelland or the historian David Landes does not stand up to the evidence, as for example the success of the overseas Chinese, or indeed the astonishingly quick turn from Maoist starvation in mainland China to 9 or 10 percent rates of growth per year per head, or from the Hindu rate of growth and the license Raj in India after Independence to growth rates per head since 1991 over 6 percent. Why would *psychology* change so quickly?

Unhappily Ringmar contends in Northian style, "A modern society is a society in which change happens automatically and effortlessly because it is institutionalized" (p. 32). One is reminded of Mae West's old witticism: "I approve of the institution of marriage. But I'm not ready for an institution." The trouble with the claim of "institutions" is, as Ringmar had noted earlier in another connection, that "it begs the question of the origin."[35] It also begs the question of enforcement. "The joker in the

35 p. 24; Ringmar's remarkable literacy in an English not his native tongue, by the way, shows in his accurate use of the phrase "begs the question," which is widely and ignorantly used instead to mean "suggests the question.".

pack," writes Eric Jones in speaking of the decline of guild restrictions in England, "was the national shift in elite opinion, which the courts partly share."

> The judges often declined to support the restrictiveness that the guilds sought to impose. . . . As early as the start of seventeenth century, towns had been losing cases they took to court with the aim of compelling new arrivals to join their craft guilds. . . . A key case concerned Newbury and Ipswich in 1616. The ruling in this instance became a common law precedent, to the effect that "foreigners," men from outside a borough, could not be compelled to enrol and freemen.[36]

It was an ideological change, first in Holland and then in British North America and in Scotland, not an ideologically unsupported change in institutions, that made the modern world.

#

There grew up in Britain during the early eighteenth century a group of interests which had by then a stake in free markets, and all the more so eighty years later in the expanding free trade area of the United States. Article I, section 10 of the Constitution declares that "no state shall, without the consent of the Congress, lay any imposts or duties on imports or exports." When the new rhetoric gave license for new businesses, the businesses could enrich enough people to create their own vested interests for opposing a mercantilist plan for local greatness through monopoly. If the blue laws now enforced in the state of Indiana were relaxed, the grocery stores would in a while

36 Jones 2010, pp. 102-103.

form an interest group preventing the re-imposition of the law about *cold*-beer sales that has so far artificially favored liquor stores. In the past few centuries such new interests have bred toleration for creative destruction, and for unpredictable lives, and for most people having much more than their grandparents. It is unlikely therefore that India will return to over-regulation and protectionism even after Manmohan Singh has left the scene, or that any future government of China will reverse the market-tested reforms. As North, Wallis, and Weingast put it recently, "Creative economic destruction produces a constantly shifting distribution of economic interests, making it difficult for political officials to solidify their advantage through rent-creation."[37]

The running of markets and exchange in *towns*, and therefore what I am calling the strictly bourgeois life—not merely its hunter-gatherer anticipations—is of course not ancient, because towns date from settled agriculture. What is now Oman at the eastern tip of Arabia was by 2500 BCE a middleman between the Indus Valley civilization hundreds of miles to the east in what is now Pakistan and the Sumerian civilization hundreds of miles northwest up the Persian Gulf in what is now Iraq.[38] Monica Smith notes of India in the Early Historic Period (the first few centuries BCE and CE), that despite feeble states "archaeological and historical documentation indicates a thriving trade in a variety of goods," supported by such non-state activities as merchant guilds forming "guild armies" to protect trade and pilgrims (compare the hanse towns of late medieval Europe with their fleets for suppressing piracy).[39] Her town of Kaudinyapura

37 North, Wallis, and Weingast, p. 25.
38 Lawler 2002.
39 Smith 1999, p. 121.

in central India, for example, with about 700 souls, consumed sandstone (for grinding pestles), mica (to make pottery shine), and rice, none of which were available locally: merchants brought them from at least 50 miles away. As Adam Smith said, "when the division of labor has been once thoroughly established. . . . every man thus lives by exchanging, or becomes in some measure a merchant, and the society itself grows to be what is properly a commercial society."[40] The point is that "commercial society" with its bourgeois specialists in commerce is by no means a late "stage" in human history. It comes with towns, and is anticipated anyway by trade even without towns.

#

What changed in Europe, and then the world, was not the material conditions of society, or "commercialization," or a new security of property, but the *rhetoric* of trade and production and improvement—that is, the way influential people talked about earning a living, such as Defoe, Voltaire, Montesquieu, Hume, Turgot, Franklin, Smith, Paine, Wilkes, Condorcet, Pitt, Sieyes, Napoleon, Godwin, Humboldt, Wollstonecraft, Bastiat, Martineau, Mill, Manzoni, Macaulay, Peel, and Emerson. And then almost everyone commenced talking this way, with the exception of an initially tiny group of anti-bourgeois clerisy gathering strength after 1848, such as Carlyle, List, Carey, Flaubert, Ruskin, Marx, and Thoreau. The bourgeois talk was challenged mainly by appeal to traditional values, aristocratic or religious, developing into theorized nationalism, racism, socialism, eugenics, and environmentalism.

40 ***Smith 1776, Bk. 1, Chp. 4, para. 1, p. NNN.

The change, the Bourgeois Revaluation, was the coming of a business-respecting civilization, accepting of the Bourgeois Deal: "You let me, a bourgeoise, make market-tested improvements, and in the third act of the drama I will make all of *you* richer." Much of the elite, and then also much of the non-elite of northwestern Europe and its offshoots, came to accept or even admire, in a word, the bourgeois values of exchange and improvement. Or at least it did not attempt to block them, and even sometimes honored them on a scale never before seen. Especially it did so in the new United States. Then likewise the elites and then the common people in more of the world, and now, startlingly, in China and India and Brazil, undertook to respect or at least not to utterly despise and overtax the bourgeoisie. Not everyone did, even in the United States, and there's the rub, and the promise.

The Industrial Revolution and the modern world, in other words, did not arise in the first instance from a quickening of the capitalist spirit or the Scientific Revolution or an original accumulation of capital or an exploitation of the periphery or imperialistic exploitation or a rise in the savings rate or a better enforcement of property rights or a higher birth-rate of the profit-making class or a manufacturing activity taking over from commercial activity, or from any other of the mainly materialist machinery beloved of economists and calculators left and right. The machines weren't necessary. There were substitutes for each of them, as Alexander Gerschenkron argued long ago.[41]

Surprisingly, what seem at first the most malleable of things—words, metaphors, narratives, ethics, and ideology—were the most necessary. In the First Industrial

41 ***Cite Gerschenkron.

Revolution there were no substitutes for bourgeois talk. Followership after the first revolution has been another matter, and can omit the talk, at least for a while. With techniques borrowed from bourgeois societies a Stalin could suppress bourgeois talk and yet make a lot of steel. In 1700, however, the absence of the new dignity for merchants and inventors in Britain would have led to the crushing of enterprise, as it had always been crushed before. Governments would have stopped improvement to protect the vested interests, as they always had done. Gifted people would have opted for careers as soldiers or priests or courtiers, as always. The hobby of systematic (it was called "scientific") inquiry that swept Britain in the early eighteenth century would have remained in the parlor, and never transitioned to the mill. In France and Italy that is what happened, and would have gone on happening without the stimulus of the British example, and behind the British the Dutch.

The talk mattered, whether or not the talk had exactly its intended effect. In the late eighteenth-century a male and female public that eagerly read Hannah More and William Cowper created middle class values in hymns and novels and books of instruction, "an expanding literate public seeking not only diversion but instruction."[42] Similarly, the Abbé Sieyes' essay of 1789, *What is the Third Estate?* had a lasting impact on French politics. In *A Rhetoric of Bourgeois Revolution* the historian William Sewell argues that "the literary devices that characterized Sieyes's rhetoric of social revolution quickly became standard elements in a revolutionary rhetorical lexicon. His language,

42 Davidoff and Hall 1987, p. 162.

it seems fair to say, had . . . enduring and powerful effects on French political culture."[43] As Tocqueville famously put it in 1856, "Our men of letters did not merely impart their revolutionary ideas to the French nation; they also shaped the national temperament and outlook on life. In the long process of molding men's minds to their ideal pattern their task was all the easier since the French had had no training in the field of politics, and thus they had a clear field."[44] Even in the North-American British colonies from Vermont to Georgia and in the new nation made out of them—which were places with a good deal of local experience in the field of politics—the *rhetoric* of the American Declaration of Independence, or the Gettysburg Address, or the Four Freedoms speech, or the I Have a Dream speech, had lasting enduring and powerful effects in molding people's minds.[45] The word's the thing.

Modernity did not arise from the deep psycho-social changes that Max Weber posited in 1904-05. Weber's evidence was of course the talk of people: after all, talk is the natural sort of evidence for such an issue. But he believed he was getting deeper, into the core of their psycho-social being. Yet it was not a Protestant ethic or a change in acquisitive desires or a rise of national feeling or an "industrious revolution" or a new experimental attitude or any other change in people's deep behavior as individuals that initiated the new life of market-tested improvement. These were not trivial, and were surely the flourishing branches of a new bourgeois civilization. They were branches, however, not the root. People have always been proud and hard-working

43 Sewell 1994, p. 198.
44 Tocqueville 1856 (1858; trans. 1955), p. 146-147. I owe this citation to Clifford Deaton.
45 ***Cite Gary Wills on Gettysburg.

and acquisitive and curious, when circumstances warranted it. From the beginning, for example, greed has been a sin, and prudent self-interest a virtue. There's nothing Early-Modern about them. As for the pride of nationalism, Italian cities in the thirteenth century, or for that matter Italian parishes anywhere until yesterday, evinced a local "nationalism"—the Italians still call the local version *campanilismo*, from *campanile*, the church bell tower from which the neighborhood takes its daily rhythms—that would do proud a patriotic Frenchman of 1914. And as for the Scientific Revolution, it paid off late, very late. Without a new dignity for the bourgeois engineers and entrepreneurs its tiny payoffs in the eighteenth and nineteenth centuries would have been disdained, and the much later and then larger payoffs postponed forever.

Yet Weber was correct that cultures and societies and economies require an animating spirit, a *Geist,* an earnest rhetoric of the transcendent, and that such rhetoric matters to economic performance.[46] (Weber's word *Geist,* by the way, is less incense-smelling in German than its English translation of "spirit." *Geisteswissenschaften,* for example, literally in English a very spooky sounding "spirit sciences," is the normal German word for what American academics call the "humanities," the British "arts.") The *Geist* of improvement, though, is not deep. It is superficial, located in the way people talk.

Such a rhetoric can be changed. For example the conservatives in the United States during the 1980s and 1990s attacked the maternal metaphor of the New Deal and

46 Virgil Storr 1962 makes this point in the context of the economy of Barbados.

the Great Society, replacing it with a paternal metaphor of discipline.[47] In China the talk (and admittedly also the police action) of the Communist Party down to 1978 stopped all good economic improvement in favor of back-yard blast furnaces and gigantic collective farms. Afterwards the regime gradually allowed improvement, and now China buzzes with talk of this or that opportunity to turn a *yuan.* So does India now, with the appropriate change in currency and ultimate goals. Sometimes, as around the North Sea 1517 to 1719, the rhetoric can change even after it has been frozen for millennia in aristocratic and then also in Christian frames of anti-bourgeois talk. Rhetoric-as-cause lacks Romantic profundity. But for all that it is more encouraging, less racist, less nationalistic, less deterministic.

Consider twentieth century history in the anglosphere. Look at how quickly under McKinley, then Teddy Roosevelt, and then Woodrow Wilson, a previously isolationist United States came to carry a big stick in the world, to the disgust of libertarian critics like H. L. Mencken and latterly Robert Higgs.[48] Look at how quickly the rhetoric of working-class politics changed in Britain between the elections of 1918 and 1922, crushing the great Liberal Party. Look at how quickly the rhetoric of free speech changed in the United States after 1919, through the dissenting opinions of Holmes and Brandeis.[49] Look at how legal prohibitions in Britain directed at advertisements for jobs or housing saying "Europeans only," which had been commonplace in the 1960s, changed the conversation. (As late as 1991 such rhetoric

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47 Lakoff DDDD***; 2008.
48 cite Higgs
49 Whitney v. California, 274 U.S. 357 (1927).

was still allowed in Germany: a pub in Frankfurt had a notice on the door, *Kein Zutritt für Hunde und Türken:* "No entry for dogs and Turks."[50]) Look at how quickly American apartheid changed under the pressure of the Freedom Riders and the Voting Rights Act. Racist talk and racist behavior, of course, didn't vanish overnight in any of these countries. But the racist talk could no longer claim the dignity of law and custom, and the behavior itself was on the run. Witness Barack Obama. Look, again, at how quickly employment for married women became routine. Simone de Beauvoir, Betty Friedan, and other carriers of feminism mattered.[51] Look at how quickly in Australia under Bob Hawke and Paul Keating in the 1980s the protectionist "Federation Settlement" dating from the early 1900s was dropped. Look at how quickly under New Labour the nationalizing Clause IV of the British Labour Party fell out of favor. Tony Blair and his rhetoric of realism mattered. One can reasonably assert some material causes for parts of all these, surely. But rhetoric mattered, too, and was subject to startlingly rapid change.

The historian the late David Landes asserted in 1999 that "if we learn anything from the history of economic development, it is that culture makes all the difference. (Here Max Weber was right on.)"[52] That seems to be mistaken, if "culture" here means, as Landes does intend it to mean, historically deep national characteristics. We learn instead that superficial *rhetoric* makes all the difference, re-figured in each generation. That's a much more cheerful conclusion than that the fault that we are underlings is in

50 Ardagh 1991, p. 297.
51 McCloskey 2001.
52 ***Landes cite 1998 or 1999?

our ancient race or class or nationality, not in our present speech. As the economists William Baumol, Robert Litan, and Carl Schramm put it in 2007, "There are too many examples of countries turning their economies around in a relatively short period of time, a generation or less [Korea, Singapore, Thailand, Ireland, Spain]. . . . These successes cannot be squared with the culture-is-everything view."[53] The same could be said of countries turning their politics around in a short period of time, with little change in deep culture: after World War II, a defeated Germany, an enriched Taiwan, at length a Franco-less Spain, then a Russia-freed Ukraine. Culture is not much to the point, it would seem—unless, indeed, "culture" is understood as "the rhetoric people presently find persuasive." In which case, yes, right on.

The argument here is that, contrary to a notion of essences derived from a Romantic theory of personality—and contrary to the other side of the Romantic coin, a notion of pre-known preferences derived from a utilitarian theory of decision-without-rhetorical-reflection—what we do is to some large degree determined by how we talk to others and to ourselves. That is to say, it is a matter of public ethics, such as the new acceptance of the Bourgeois Deal, or the honoring of a free press, or an egalitarian ethos of letting ordinary people have a go. As Bernard Manin put it, "The free individual is not one who already knows absolutely what he wants, but one who has incomplete preferences and is trying by means of interior deliberation and dialogue with others to determine precisely what he does want."[54] Manin points out that *avant les lettres,* in

53 Baumol, Litan, and Schramm 2007, p. 122.
54 Manin 1985(1987).

1755, Rousseau mixed the Romantic and the utilitarian hostilities to such a democratic rhetoric into a nasty and influential concoction, which precisely denied deliberation and rhetoric.[55] Just vote, or discern without voting the General Will.

The ethical and rhetorical change that around 1700 began to break the ancient restraints on improvement, whether restraints from the old knights or the new monopolists, was liberating and it was Enlightened and it was liberal in the sense of putting equal liberty first. And it was successful. As one of its more charming conservative enemies put it:

> Locke sank into a swoon;
>
> The Garden died;
>
> God took the spinning-jenny
>
> Out of his side.[56]

The German Reformation, the Dutch Revolt, the English and American and French Revolutions bred a new cheekiness among the commoners, unique for a while to northwestern Europe. (The Renaissance, seen usually as a birth of individuality, is not one of the founding Rs: it was anti-bourgeois, anti-commoner, a celebration of the glittering lives of Federigo da Montefeltro of Urbino or Cosimo de' Medici of Florence. No wonder the formerly bourgeois northern Italians fell in deep love with aristocracy and military uniforms and the staging of deadly and then comical duels.) To the three Rs of Reformation, Revolt, and Revolution was then added a fourth, a *R*evaluation of a bourgeoisie newly prevented from exercising ancient monopolies and therefore forced

55 Manin 1085 (1987), p. 364
56 Yeats, "Fragments" (1928), in, p. 211).

by the market test of profit to improve. The liberty and dignity accorded to improvers stimulated also the age of exploration and the scientific revolution and the Scottish Enlightenment, and what we are here concerned with, the greatest of these, the Industrial Revolution and its outcome, the Great Enrichment.

It is merely a materialist-economistic prejudice to insist that such a rhetorical change from aristocratic-religious values to bourgeois values *must* have had economic or biological roots. The political scientist and historian John Mueller argues that war, like slavery or the subordination of women, has become slowly less respectable in the past few centuries (Mueller 2003). Habits of the heart and of the lip change. In the seventeenth century a master could routinely beat his apprentice. Now he will go to jail for doing it. Such changes are not *always* caused by interest or by the logic of class conflict. The Bourgeois Revaluation had also, legal, political, personal, social, class, gender, religious, philosophical, historical, linguistic, journalistic, literary, artistic, accidental roots. The philosopher Charles Taylor attributes the rhetorical change to the Reformation, which is true in its Radical forms, Anabaptist and Jansenist and Quaker. The economist Deepak Lal, relying on the legal historian Harold Berman, and paralleling an old opinion of Henry Adams, sees the change in the eleventh century, in Gregory VII's assertion of Church supremacy.[57] Perhaps. The trouble with such earlier and broader origins is that modernity came from Holland and England, not for example from thoroughly Protestant (if not Radical) Sweden or East Prussia (except Kant), or

57 Lal 1998; summarized in Lal 2006, pp. 5, 155.

from thoroughly Church-supremacist Spain or Naples (except Vico). As scene, yes, certainly; as action, no.

It is better to locate the widespread taking up of the politically relevant attitudes later in European history, around 1700. Such a dating fits better with the new historical finding that until the eighteenth century places like China, say, did not look all that less rich or even in many respects less free than Europe.[58] In Europe the scene was set by the affirmations of ordinary life, and ordinary death, in the upheavals of the Reformation of the sixteenth century, the Dutch Revolt and the French Huguenots/Jansenists, and the two English Revolutions of the seventeenth century. The *economically* relevant change in attitude occurred in the seventeenth and early eighteenth centuries with the novel ruminations around the North Sea—embodied literally in the novel as against the romance—affirming as the transcendent *telos* of an economy an ordinary instead of an heroic or holy life. It was, Taylor remarks, "the sanctification of ordinary life.[59]

The old bourgeoisie and the aristocracy claimed to flee from the dishonor of improvement and trade. Even the late-scholastic intellectuals, for all their admirable rhetorical seriousness, did not get their hands dirty. It was sixteenth-century-century Dutch and English merchants, with their ink-stained hands, who developed the notion of an experimental and observing life. The honor of kings and dukes and bishops was to be devalued. The devaluation of courts and politics followed, slowly.

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58 Pomeranz DDDD***, ***and others.
59 Taylor 1989, p. 23; Taylor 2007, p. 179.

What followed at length in India and elsewhere was acceptance of the Bourgeois Deal, and the market-tested improvement and supply characteristic of an enriching modern world. Long may it triumph, for the good of the wretched of the earth.

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