

Front matter and Exordium of
*Bourgeois Equality:
How Betterment Became Ethical, 1600-1848,
and Then Suspect*

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1. *The Bourgeois Virtues: Ethics for an Age of Commerce* (2006)
2. *Bourgeois Dignity: Why Economics Can't Explain the Modern World* (2010)
3. *Bourgeois Equality: How Betterment Became Virtuous, 1600-1848, and Then Suspect* (~2015)

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Exordium

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

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

- (1.) in the first volume, *The Bourgeois Virtues: Ethics for an Age of Commerce* (2006), that contrary to the conviction of the clerisy after 1848 the bourgeoisie – the middle class of traders, inventors, and managers – is on the whole pretty good;
- (2.) in the second, *Bourgeois Dignity: Why Economics Can't Explain the Modern World* (2010), that the modern world was made not by the usual material causes, such as coal or thrift or exports or imperialism or property rights or even science, but by technical and institutional ideas among a newly dignified bourgeoisie;
- (3.) and here in the third volume, *Bourgeois Equality: How Betterment Became Ethical, 1600-1848, and Then Suspect*, that the novel virtues and the bettering ideas of the bourgeoisie came from liberty and dignity for commoners – which in turn came not from some longstanding superiority of Europeans but from certain accidents of an egalitarian strain in their politics 1517-1789. The bourgeoisie, even if it be no part of its intention, will continue to enrich the poorest among us, everywhere.

The upshot since 1800 has been a gigantic improvement of the poorest, such as your ancestors and mine, and a promise now being fulfilled of the same worldwide – the Great Enrichment. These are not uncontroversial claims. But I ask you to open your mind to rethinking our economics and our economic history.

Before we get to work, though, let me tell you what the whole project argues and how each of the books answers the others.

* * *

The trilogy chronicles, explains, and defends what made us rich, the system usually but misleadingly called modern “capitalism.” The system we have had since 1800 should rather be called “market-tested technological and institutional betterment at the frenetic pace of the past two centuries.” Or “astonishing progress, especially since 1848, with ample if uneven provision tested by voluntary exchange.” Or “fantastically successful liberalism in the old European sense applied to markets and politics, and to art and science.” Many humans now are stunningly better off than their ancestors were in 1800. The rest of humanity will soon be.

The first controversial point here about our economic history is that the enriched world cannot be explained by the accumulation of capital – as to the contrary economists have argued from Adam Smith through Karl Marx to Thomas Piketty, and as the very name “capitalism” implies. Our riches were not made by piling brick upon brick, bachelor’s degree upon bachelor’s degree, bank balance upon bank balance, but

by piling idea upon idea. The bricks, BAs, and bank balances were of course necessary. Oxygen is necessary for a fire. But it would be unenlightening to explain the Chicago Fire of October 8-10, 1871 by the presence of oxygen in the earth's atmosphere. Better: the city's wooden buildings, a strong wind from the southwest, a long dry spell, and Mrs. O'Leary's cow. The modern world can't be explained, I show in the second volume, *Bourgeois Dignity*, by routine brick-piling, such as world trade, English banking, the British savings rate, the Atlantic slave trade, the exploitation of workers in satanic mills, or the original accumulation of capital in European cities, whether of physical or of human capital. Such routines are too common in world history and too feeble in oomph to explain the ten- or thirty- or one hundred-fold enrichment per person unique to the past two centuries.

I try to show here, in the third volume, that better ideas in technology and institutions, not capital accumulation, did the trick. The ideas were released by a new liberty and dignity, expressed as the human "equality" of the title—an ideology otherwise known as "liberalism." It was not caused by "capitalism," which is ancient and ubiquitous—quite unlike liberalism, which was in 1776 a startling novelty. The Great Enrichment, 1800 to the present, the most surprising secular event in history, is explained instead by bettering ideas, sprung from liberalism. Some centuries before, the technological ideas had started to be borrowed massively by Europe from China and other economies to the east and south—pasta, for example, or the silk worm, or the blast furnace. But from the seventeenth century onwards, and especially after 1800, the political and social ideas of liberalism and their own technological payoffs were shockingly extended in Holland and Britain and Belgium and above all in the United States, and then elsewhere. The economic historian Joel Mokyr chronicles for example the improvements in communication and in the welcoming of novelties that made for a free-wheeling Republic of Letters after 1600.¹ After 1800 the outcome of such rhetorical developments was a technological explosion, improving radically on Europe's teachers. The Great Enrichment is not to be explained by material matters of race, class, gender, power, climate, culture, religion, genetics, geography, institutions, or nationality. On the contrary, it was the fresh ideas of liberalism, a whole new system of encouragement to betterment, a partial erosion of the hierarchy fixed anciently in the Great Chain of Being, that led to our voting rights and our automobiles, our primary schooling and our plumbing.

Since capital accumulation is easily supplied in response to truly bettering ideas, and is not therefore the initiating cause, the fraught C-word "capitalism," does not make many appearances here. The dishonored B-word, "bourgeois," though, appears all over the place, in the titles for example of all three volumes. ("Bourgeois" is in fact the oldest English adjective to be applied to the precise middle class I am talking about, used in English from the early eighteenth century, well before "middle class" became popular.)

¹ Mokyr forthcoming, . Mokyr's name, which will come up frequently, is pronounced "moh-KEER."

One purpose of the trilogy, and especially of the suitably named first volume, *The Bourgeois Virtues*, is to revalue the people of the bourgeoisie – the entrepreneur and the merchant, the inventor of carbon-fiber materials and the contractor remodeling your bathroom, the improver of automobiles in Toyota City and the supplier of spices in New Delhi. Then the second volume and this third one turn to the economic history, to show in detail that the technical and institutional ideas the bourgeoisie imagined and built and sold arose in the eighteenth century out of a new liberty and a new dignity for ordinary people. Especially they arose among the middling sort of the towns, with liberal ideas that paid off during the nineteenth century. In the historical lottery the idea of an equalizing liberty and dignity was the winning ticket, and the bourgeoisie held it.

Yet after 1848 a virulent aversion to the bourgeoisie infected the mass of artists, journalists, professionals, bureaucrats, and intellectuals, the “clerisy” as it was called in 1818 by Coleridge. The Germans called it the *Clerisei* or later the *Bildungsbürgertum*, the cultivated and reading as against the commercial and bettering bourgeoisie. In the eighteenth century the members of the clerisy such as Voltaire and Tom Paine had courageously advocated our liberties. But in the 1830s and 1840s a much enlarged clerisy, mostly the sons of bourgeois fathers, commenced sneering at the liberties the fathers exercised so vigorously in the market and the factory. On the right the clerisy under the influence of Romance looked back with nostalgia to an imagined medieval time without markets, in which stasis and hierarchy ruled. Later, under the influence of an imagined science, the right seized on social Darwinism and eugenics to devalue the liberty and dignity of ordinary people, and to elevate the nation’s mission above the individual, recommending for example compulsory sterilization and the cleansing power of war. On the left, meanwhile, the clerisy, likewise influenced by Romance, and then by historical materialism, developed the illiberal idea that ideas do not matter. What matters to progress, they declared, is the unstoppable tide of history, aided (they declared further, contradicting themselves) by protests or strikes or even violent revolutions directed at the thieving bourgeoisie, movements to be led of course by the clerisy. Later, in European socialism and American progressivism, the left proposed to defeat bourgeois monopoly of markets by gathering under regulation or central planning or ownership of the means of production all the monopolies into one big monopoly of violence called the state.

Yet the commercial bourgeoisie so despised by the clerisy left and right made the Great Enrichment and the modern world. The Enrichment gigantically improved our lives, showing that both social Darwinism and economic Marxism were mistaken. The genetically inferior races and classes and ethnicities proved not to be so. The exploited proletariat was not immiserized but enriched. In the excitement of the materialist, but erroneous, discoveries in the nineteenth century – social Darwinism, scientific racism, historical materialism, geographic determinism, cynicism about the force of ideas – much of the clerisy had mislaid its earlier commitment to a free and dignified common people. It had set aside the main, and correct, social discovery of the nineteenth century – that common people if left alone and honored are immensely creative.

New ideas from the bourgeoisie – and behind them the new and encouraging ideas *about* the bourgeoisie – did it. The trilogy of *The Bourgeois Era* defends such an “ideational” hypothesis against a materialism long dominant. That first volume, whose subtitle gives away the theme, *Ethics for an Age of Commerce*, asks, Can a life in business be ethical? Can it be governed by virtues that include of course a businesslike prudence but are not restricted to it? In executive summary: Yes. Prudence is the virtue of profit, planning, know-how, *savoir faire*, common sense, efficiency. It’s good to have. We teach it to our dogs and children. “Look both ways when you cross the street.” “Study the balance sheet.” “Provide, provide.” But ethics in business goes beyond the virtue of prudence, and should. Actual businesspeople, being people, exhibit on their best days also love and justice and courage, hope and faith and temperance. The bourgeoisie does not consist entirely of the idiotically prudence-driven characters in a Dilbert comic strip.

The Bourgeois Virtues repudiates, in other words, the economist’s obsession with prudence only, isolated from the other virtues. The philosophers and theologians note that a virtue narrowed down and isolated becomes a vice. Since the 1930s an army of Samuelsonian economists has undertaken to narrow down and isolate our lives to what it is pleased to call rationality.² (An embattled counter-squad of economic thinkers from Friedrich Hayek and Kenneth Boulding to Robert Heilbroner, Albert Hirschman, Elinor Ostrom, and Vernon Smith has posited merely a mild tendency to enter at the smell of net benefit, leaving space for the practice of other virtues, including love and justice and courage.) Yet genuine rationality among humans, as noted recently by social psychologists such as Jonathan Haidt, and by the rest of us since the Epic of Gilgamesh, is not prudence only.³ A few economists are beginning to try out a “humanomics” that invites full humans back in. The trilogy exhibits a killer app of such an integration of quantity and quality, science and humanities – a tested economic-historical theory of how we became rich in body and soul. The theory, admittedly, is wholly unoriginal, being merely the economic and historical realization of eighteenth-century liberal thought. But that is the reality mislaid after 1848.

And the first, ethical volume repudiates, too, the *anti*-economist’s obsession with the *vice* of a prudence-only isolated from the other virtues, the vice we call greed. Greed is not good. But neither does it especially characterize the bettering world of the modern bourgeoisie, whether in a small business or in a corporate giant. Greed is ancient and human – greed for gold, glory, power, position, sex. When Karsten Bernick

² Samuelsonian” describes modern economists of the so-called “mainstream” – modeling exclusively with constrained maximization, Max U. It is a term of affection, not dismissal, and is historically more accurate than, say, “neoclassical.” (which would include for example Austrian economists who do not think much of Max-U modeling). Samuelsonian economics was invented in the 1940s and 1950s by the brilliant and amiable Paul Anthony Samuelson (1915-2009), long my mother’s mixed doubles tennis partner, with his equally brilliant and equally amiable brother in law, Kenneth Arrow (1921-), long a friendly colleague of mine. They are, by the way, joint uncles of the crown prince of Samuelsonian economics, Lawrence Summers.

³ Cite Haidt and Vernon Smith and Bart Wilson

in Ibsen's first bourgeois drama, *Pillars of Society* (1872), comes to his ethical senses in Act 4, he declares, "Even if I haven't always gone after profit [contradicting the simplest version of greed in the economist's theory], nonetheless I'm aware now that a hunger and craving after power, status, and influence has been the driving force behind most of my actions."⁴ Yes, all that, and sex, too, since the caves, which is, in the absence of balancing justice and love and temperance, the vice of greed.

Market-tested betterment since 1800 came in part from prudence and profit. The success of the experiment in honoring prudence did then raise the prestige of the executive virtue. But the betterment came also from hope, justice, courage, love, faith, and temperance, raising the prestige of commercial versions of these, too. Corporations such as Merck, UPS, Walt Disney, and Lockheed-Martin had by early 2014, out of a sense of commercial justice and not merely out of prudential calculation, stopped giving money to the anti-gay Boy Scouts of America. Likewise, Shell Oil and Campbell Soup allowed in their health-care plans for gender-reassignment surgery. Some few others of the *Fortune* 500 have not been slow to provide opportunities for women and minorities. And in the way that business has sometimes been ahead of government in ethical seriousness, so have the small businesses sometimes been ahead of the big ones. That is, a businessperson in the modern world, contrary to the materialist views of Marxist and Samuelsonian economists, is not ordinarily a Mr. Max U, maximizing utility, a sociopathic manipulator of the vending machines called "other people." The businessperson walks with others, talks with them, entangled for good or ill in their stories and their metaphors. What news on the Rialto?

* * *

The trilogy's second volume, which again gives away the punch-line in the subtitle, *Why Economics Can't Explain the Modern World*, examined in detail the capital-accumulation or exploitation or other materialist stories of the British Industrial Revolution, and showed their quantitative lack of oomph. They can't explain the Revolution of the eighteenth century, and especially they can't explain the Great Enrichment of the nineteenth. The book showed by the method of residues that bettering ideas, not mainly material interests, drove the modern world.

The British Industrial Revolution was a glorious start. All credit is due. Yet such idea-rich revolutions had happened occasionally before, as in fifth-century Athens or twelfth-century Song China or fifteenth-century Italy.⁵ The exception this one last time was the follow-on, the explosive Great Enrichment of ordinary people. Why? The causes were not, to mention some of the usual suggestions, coal, thrift, science, transport, high male wages, low female-and-child wages, surplus value, human capital, geography, institutions, infrastructure, nationalism, the quickening of commerce, the late medieval run-up, the First Divergence, the Black Death, the original accumulation

⁴ Ibsen 1877 (1965), p. 112.

⁵ For example, a brave attempt is Edwards 2013 and 2014, though one can criticize his methods. More grounded is Deng 2013.

of capital, eugenic materialism, high science, or property rights. Such causes had been fairly routine in a dozen of the leading organized societies from ancient Egypt and China down to Tokugawa Japan and the Ottoman Empire. Routine cannot account for the strangest secular event in human history, beginning as bourgeois dignity in Holland after 1600, gathering up its tools for betterment in England after 1700, bursting on northwestern Europe after 1800, and then the world.

Not routines. Take the routine of property rights, emphasized for example by Daron Acemoglu and James Robinson in *Why Nations Fail* (2012). The trouble is that most societies enforce property rights. Cities in Mesopotamian two millennia before the common era did so in detail, as did ancient Israel, the Viking lands, T'ang China. For that matter, before the big agricultural states the hunter-gatherers or the animal-herders, First-Nation beaver hunters and Aboriginal plant gatherers and Sami reindeer followers, also enforced an institution of property, when it mattered. If they didn't their societies dissolved into a war of all against all.⁶

What then, one naturally asks, was the special ingredient that made routine enforcement of property rights or routine building of canals or routine access to the sea or routine mining of coal so very non-routinely fruitful in the Great Enrichment? In a word, the second volume concluded, as *The Bourgeois Virtues* had argued, and now here *Bourgeois Equality* shows in other ways, it was ethics. An institution – or a canal or a ship or a coal mine – works well not merely because of the official rules of the game beloved of economists, the “incentives.” It works, if it does, also because of the good ethics of its participants, intrinsic motivations powerfully reinforced by the ethical opinion people have of each other.⁷ The Blessed Adam Smith called such matters of internalized ethics the “impartial spectator.” A society can craft an official rule against cheating in business. That's good, and is even necessary to discourage the simplest game-theoretic defections, and to generate “Schelling points” around which businesses can gather. But if the rule is enforced with a nudge and a wink among people who ignore simple honesty or who sneer at the very language of ethics, as in a corrupt Chicago during the 1890s or in a corrupt Shanghai during the 2010s, it won't work as well as it might. In the extreme it will be a wholly dead letter, such as the Soviet Constitution.

The crux, in other words, is not black-letter constitutions but how the constitutions came about ethically and how they are sustained ethically.⁸ When a society or its elite earnestly wants them to work, they usually do, pretty much regardless of imperfections in the incentives, especially if the imperfections fall within the usual range of human error. The political scientists Elinor and Vincent Ostrom showed repeatedly that what look from the point of view of the bare incentives to be hopeless cases of free riding, such as the overexploitation of the Los Angeles aquifer,

6 Barendt and Barendt 1964, pp. 302-305. Cite property right lit/

7 A discussion of the matter by Don Boudreaux, John Nye, Joel Mokyr, and me, in which I concede some ground to the neo-institutionalists, is Hart and Richmond, eds. 2014.

8 The point comes from Bart Wilson.

can often be solved by talk among serious-minded, ethical people.⁹ Ethics undergirds laws, marriages, friendships, children's games, business deals, constitutions, institutions – a point which political theorists from Machiavelli and Hobbes through James Buchanan and Martha Nussbaum have tended to overlook.¹⁰

The working of the U.S. constitution, for example, has always rested on such ethical grounding. Its occasional crises have arisen from deep disagreements about ethics, such as the ethics of abolition as against the ethics of property. In January 2001 during the disputed vote for the presidency the Democratic candidate Al Gore, who had won the popular vote but not the electoral college, which was hung in Florida, conceded defeat when the conservative majority on the Supreme Court spoke. So far the institution reached. The rule of the game is: the Court gets the last word. But suppose Gore had *not* conceded? It was not automatic that he would, or written down somewhere in a self-interpreting text, or even explicable wholly by the incentives facing Gore, at any rate of the sort an economist would calculate. Gore's wanting the good of his country came out of his ethics. And so did the acceptance of the outcome by the Democrats, with more or less good grace.

The working of any institution depends on ethics beyond incentives. Rules and incentives and opportunity costs are helpfully explicit. But of course they can be corrupted at any level from board room to shop floor. For serious results the people of any institution, such as a hotel or a university, need to be to some degree seriously ethical from top to bottom, which is why economic development at a high level is difficult. The participants in an institution needn't be saints. Quite corrupt economies, such as Britain's in 1715 or Greece in 2015, can nonetheless performed reasonably well by the standards of their times. But to fulfill their promise they need to be sufficiently attentive to the impartial spectator, a sufficiency that can be quantified. The participants from CEO to hotel maid need to be a little proud of their work, and willing to try to do it pretty well. You can measure it. When you find it bad you can fire the bad person, or jail him. Yet if a substantial minority of the people available for hiring lack the right kind of impartial spectator in the breast, you are stuck with a badly functioning economy, such as Russia has had early and late. Ethical convictions are foundational.

The trilogy, in other words, argues against the prudence-only obsessions of the economists and of their enemies. Within economics it argues against the factually dubious assertion from the political right that technological betterment comes automatically from private property.¹¹ And it argues against the logically dubious assertion from the political left that the betterment comes automatically from high wages.¹² There was little that was automatic, material, or predictable about the

9 cite

10 Cite Nussbaum paper.

11 Cite North and Acemoglu and Robinson.

12 Allen 2009. Against his logic and evidence see Humphries 2011, Hudson 2010, Kelly, Mokyr, and Ó'Grada 2013, and McCloskey 2010, pp. nnn-nnn.

releasing of human creativity from ancient trammels. All praise, then, to a betterment tested in the market, permitted by new social and political ideas.

* * *

We're back, you see, to the first volume and the bourgeois virtues. The modern world was made by a slow-motion revolution in ethical convictions about commercial virtues and vices, in particular by an entirely new level of toleration for market-tested betterment. The toleration was advocated first by the clerisy, which for a century before 1848 admired economic liberty and bourgeois dignity, and was willing to pledge its life, fortune, and sacred honor in aid of the project. After 1848 in places like the United States and France and Japan the bulk of ordinary people came slowly to agree. By then, however, as I said, much of the avant garde of the clerisy worldwide had turned decisively against the bourgeoisie, on the road to twentieth-century fascism and communism. But in the luckier countries, such as Sweden or Australia, the bourgeoisie was for the first time judged by many people to be mainly honest, and even was in fact mainly honest. By 1900, and more so by 2000, the Bourgeois Revaluation had made most people in quite a few countries very rich, and pretty good.

One could argue, as Joel Mokyr does, that what mattered for betterment was the change in outlook among a technical elite of doctors, chemists, technicians, instrument makers.¹³ A paper he wrote recently with Cormac Ó Gráda and Morgan Kelly in 2013 puts it this way: "what counted above all was [Britain's] highly skilled mechanics and engineers, who may not have been a large proportion of the labor force."¹⁴ If one is speaking of the proximate cause, surely he's right. Mokyr's heroes are "the top 3-5 percent of the labor force in terms of skills: engineers, mechanics, millwrights, chemists, clock- and instrument makers, skilled carpenters and metal workers, wheelwrights, and similar workmen."¹⁵ One could hardly have new machines for the manufacturing in bulk of, say, screws without some man like Henry Maudslay (1771-1831) already educated in making machines.

But where did such a technical elite come from, with its education and ardor and expense? In Holland and Britain and the United States it came from ordinary people – which is the only way to achieve a sufficient mass of technically literate folk, oriented not towards rare luxuries or military victories but towards the ordinary goods of peacetime for ordinary people – iron bridges, chemical bleaching, power weaving of wool cloth. The problem in, say, France in the eighteenth century was that the engineers came from the younger sons of its large nobility, such as Napoleon, educated for military careers.¹⁶ In Britain by contrast a promising lad from the working class could become a bourgeois master of new machines and of new institutions, as an engineer or an entrepreneur. Or at least he could do pretty well as a clockmaker or

13 Cite Joel.

14 Kelly, Ó Gráda, and Mokyr 2013, p. 1.

15 Meisenzahl and Mokyr 2012, p. 447.

16 Jacob 2014, pp. .

spinning-machine mechanic. In Britain and its offshoots the bourgeois-or-skilled-worker career, like Napoleon's army or Nelson's navy, was open to talent. John Harrison (1693-1776), the inventor of the marine chronometer, which solved by machine in the wideness of the sea the problem of latitude, against the arrogantly enforced preference of the elite that it be solved by elite astronomy, was a rural Lincolnshire carpenter. His first clock was made of wood.¹⁷ Similarly, Maudslay of the screw-making machine, two year younger than Napoleon and thirteen years younger than Nelson, began work at twelve filling cartridges at the Royal Arsenal, becoming then a blacksmith, and by age eighteen a locksmith, and more.

Mokyr is taking as given a structure that in fact had a vibrant modern history, a history driven by the new and bizarre ethic of human equality of liberty in law and of dignity in esteem. The economic historian Karine van der Beek believes she is supporting Mokyr when she concludes with persuasive evidence that "the innovations and technological changes that were taking place in eighteenth century England increased the demand for these high quality mechanical workmen."¹⁸ But that is the opposite of Mokyr's notion that what caused betterment was the supply. The unusual context, I am claiming, made the demand for engineers and entrepreneurs grow its own supply, when opportunities made the supply worth having. The context was a new equality in law and in society. The new equality appearing in Holland and Britain and especially in the United States, for all its persisting faults of snobbery and even slavery, allowed many of the ordinary, and extraordinary, to have a go.¹⁹ The having-a-go then produced in the Great Enrichment of the nineteenth century a veritable idea-explosion – an explosion of ideas for example about nitroglycerine, dynamite, gelignite, TNT, and C-4.

One could argue, again, as the French economist Thomas Piketty does, that growth depends on capital accumulation – not on a new ideology and the bettering ideas that such an ideology encouraged, and certainly not on an ethics supporting the ideology. Piketty, like many Marxists, High Liberals, and conservatives, is annoyed precisely by the ethical pretension of the modern CEOs. The bosses, he writes, justify their economic success by placing "primary emphasis on their personal merit and moral qualities, which they described [in surveys] using term such as rigor, patience, work, effort, and so on (but also tolerance, kindness, etc.)."²⁰ As the economist Donald Boudreaux puts it, "Piketty prefers what he takes to be the more honest justifications for super-wealth offered by the elites of the novels of [the conservatives] Austen and Balzac, namely, that such wealth is required to live a comfortable lifestyle, period. No self-praise and psychologically comforting rationalizations by those early-nineteenth century squires and their ladies!"²¹ Piketty therefore sneers from a conservative-

17 Sobel 1993.

18 Van der Beek 2013, p. 1.

19 The "having a go" is a British idiom, used in this application by the economic historian Peter Mathias. CITE

20 Piketty 2014, p. 418

21 Boudreaux 2014, personal correspondence.

progressive height that “the heroes and heroines in the novels of Austen and Balzac would never have seen the need to compare their personal qualities to those of their servants.” To which Boudreaux replies, “Yes, well, bourgeois virtues were not in the early nineteenth century as widely celebrated and admired as they later came to be celebrated and admired. We should be pleased that today's high-salaried workers brag about their bourgeois habits and virtues, and that such [exceedingly high-paid] workers – finally! – understand that having such virtues and acting on them is dignified.”

The theory of great wealth espoused by the peasants and proletariat and their *soi-disant* champions among the leftish clerisy is non-desert by luck or theft, the wretches. The theory by the aristocracy and their champions among the right clerisy is desert by inheritance, itself to be justified by ancient luck or theft, an inheritance we *aristoi* of course should receive without comforting rationalizations. The theory of great wealth by the bourgeoisie, by contrast, is desert by virtues in supplying what people are willing to pay for. Bourgeois virtue is doubtless exaggerated. But for the rest of us the results of virtue-bragging have not been so bad. Think again of the later plays of Ibsen, that pioneering dramatist of the bourgeois life. The bank manager, Helmer, in *A Doll House* (1879) describes a clerk caught in forgery as “morally lost,” having a “moral breakdown.”²² Helmer’s wife Nora commits the very same crime, but she commits it in order to save her husband, not as the clerk does for amoral profit. By the end of the play, though, she leaves Helmer, a shocking move among the Norwegian bourgeoisie of 1879, because he instinctively would not have exercised the loving morality of protecting her from the consequences of a forgery committed for love, not for profit. An ethical bourgeoisie – which is what all of Ibsen’s plays after 1871 explore, as did later the plays of Arthur Miller – has complicated duties.

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

The word “equality,” understand, is not to be taken in the style of some in the French Enlightenment, as equality of material outcome. The French definition is the one that the left and the right assume unreflectively in their disputes: “You didn’t build that without social help, so there’s no justification for unequal incomes”; “You poor people just don’t work hard enough, so there’s no justification for your claim of equalizing subsidies.”

The more fundamental definition of equality, praised in Scotland after it awoke from its dogmatic slumbers, is the egalitarian opinion people have of each other, whether street porters or economic philosophers.²³ Adam Smith, a pioneering

22 Ibsen 1879, pp. 132.

23 Cite Sandy and David

egalitarian in this sense, described the Scottish idea as “allowing every man to pursue his own interest his own way, upon the liberal plan of equality, liberty and justice.”²⁴ It would be a good thing, of course, if a free and rich society produced along the way a French and Pikettyan equality. It largely has, by the only ethically relevant standard, of basic human rights and basic comforts in antibiotics and housing and running water, compliments of the liberal and Scottish plan.

Forcing in an illiberal way the French style of equality of outcome, cutting down the tall poppies, treating people as sad children to be engineered by the experts of the clerisy, we have found, has often had a high cost in damaging liberty and slowing betterment. Not always, but often. On the other hand, introducing the Scottish style of equality of liberty and dignity, as in Hong Kong and Norway and France itself, has regularly led to an astounding betterment and to a real equality of outcome – with even the poor acquiring automobiles and plumbing denied in earlier times even to the rich, and acquiring political rights and social dignity denied in earlier times to everyone except the rich.

The ideas of equality led to other social and political movements not uniformly adorable. As Hannah Arendt remarked in 1951, “equality of condition . . . is . . . among the greatest and most uncertain ventures of modern mankind.”²⁵ Alexis de Tocqueville had said much the same a century before. And Scottish equality has a harsh, even tragic, side. It entails equal reward for equal merit *in the market*. An ill-advised and under-capitalized pet store, into which the owner poured his soul, goes under. A little independent office for immediate health care opens half a block from a branch of one of largest hospitals in Chicago, and seems doomed to fail the market test. However necessary is the market testing of ideas for betterment, if you have the slightest sympathy for human projects, or for humans, the failures are deeply sad. But at least the pet store, the health-treatment office, the Edsel, Woolworth’s, Polaroid, and Pan Am Airlines face the same democratic market test: Do the customers keep coming forward voluntarily? We could all by state compulsion remain in the same jobs perpetually. “protected.” Or with taxes taken by state compulsion we could subsidize new jobs without regard to a market test, “creating jobs” as the anti-economic rhetoric has it. But neither plan – setting aside the anyway objectionable character of the state’s compulsion – is good in the long run for the welfare of the poor, or the rest of us. And the way a government of imperfect people actually works out, job “protection” and job “creation” often fail to achieve their generous purposes. The protections and creations get diverted to favorites. Often enough in a society of lords or clan members or Communist Party officials or even voters restricted by inconvenient voting times the unequal and involuntary rewards generated by sidestepping the market test are in fact seized by the privileged.

24 Smith 1776, Bk. IV, Chp. ix, p. 664.

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

The double ideas of liberty and dignity, summarized as Scottish “equality,” or political “liberalism” in a mid-nineteenth-century definition, mattered as causes of the Great Enrichment more than any fresh material incentives, real or fancied – more than wars or trade or empire or financial markets or high wages or high science. The Bourgeois Revaluation led to a Bourgeois Deal. “Let me creatively destroy the old and bad ways of doing things, the scythes, ox carts, and factories without robots, and I will make you-all rich.” The Bourgeois Deal became, unevenly, the ruling ideology.

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

The Australian historian of economic thought Elena Douglas has persuaded me to question, in describing the release of creativity, the fashionable word “innovation.” Her point is that “improvement” or “betterment,” the words I eventually settled on, focus more sharply on the actual help to ordinary humans of new ideas, as against their sheer novelty. Novelty is easy. Let us have unprofitable but compelled and corn-absorbing ethanol for our gasoline pumps. Actual help is not. Let us have improved but bureaucracy-blocked computers for air traffic control. Joel Mokyr, again, who is among the handful of my colleagues in economic history favoring the ideational approach, such as the historian Margaret Jacob and the sociologist Jack Goldstone (with some groundbreaking non-academics such as Jane Jacobs, Michael Novak, George Gilder, and Matt Ridley), makes the same point in speaking of the turn to usefulness in what he calls the Industrial Enlightenment. Yet Mokyr would agree that “usefulness,” too, needs a market test, and that sheer innovation without the test is worse than useless – backyard blast furnaces, say.²⁶

* * *

This final volume, then, *Bourgeois Equality*, asks why such ideas about bourgeois betterment shifted so dramatically in northwestern Europe, and for a while only there. “Betterment” and “improvement” and especially “innovation” were long seen in Europe as unsettling heresies, such as Galileo arguing in readable Italian rather than in learned Latin that the earth circles the sun. Yet gradually in northwestern Europe, and later elsewhere, a betterment tested in the market came to be seen as splendid commercial heroism, such as Henry Ford’s assembly line or Steve Jobs’ iPad. Why did Leonardo da Vinci conceal his (not entirely original) engineering dreams in secret writing, yet James Watt of steam-engine fame (and famous too for his fiercely defended anti-betterment patents) was to have a statue set up after his death in Westminster

²⁶ cite Joel.

Abbey?²⁷ Why did bourgeois Shakespeare in 1610 sneer loftily at the bourgeoisie, yet gentrified Jane Austen in 1810 smiled amiably at it?

The answer to why England or why Europe, I argue here, does not lie in some thousand-year-old superiority, such as English common law, or in the deep genetic ancestry of Europeans. It lies rather in the surprising, black-swan luck of northwestern Europe's reaction to the turmoil of the Early Modern – the Europe-specific coincidence of successful Reading, Reformation, Revolt, and Revolution: "the Four Rs," if you please. The dice were rolled by Gutenberg, Luther, Willem van Oranje, and Oliver Cromwell. By a lucky chance for Britain their payoffs were deposited in a pile late the seventeenth century in that formerly inconsequential island. None of the four Rs had deep British or European causes.²⁸ None could have been anticipated. All could have rolled the other way. In 1400 or even in 1600 a canny observer would have bet on an industrial revolution and a great enrichment – if she could have imagined such bizarre events – in technologically advanced China, or in the vigorous Ottoman Empire, not in backward Europe.

The Renaissance, by the way, which is much to be admired for other reasons, was not one of the democratically and economically relevant Rs. It yielded innovations, to be sure. But the test it applied for valuing them was aristocratic, not bourgeois. Grand though its innovations were – perspective drawing, human dissection, Palladian architecture, and the printing of edited Greek classics, among my favorites – they were not democratic betterments, and did not improve the lives of ordinary people, at any rate not for a very long time.²⁹ They had little to do with the surprising Industrial Revolution or its astonishing follow-on, the Great Enrichment.

A result of the Four Rs of Reading, Reformation, Revolt, and Revolution was a fifth R, a crucial Revaluation of the bourgeoisie, first in Holland and then in Britain. It was part of an R-caused, egalitarian re-appraisal of ordinary people. (Such egalitarianism was not, you see, the central teaching of an Italian Renaissance elevating the ideal, such as da Vinci's Vitruvian Man, and disdaining the ordinary, such as Garrison Keillor's Norwegian Bachelor Farmer). I retail here the evidence that hierarchy – as for instance in St. Paul's and Martin Luther's belief that the authorities that exist have been instituted by God – began slowly to break down.

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

²⁷ cite

²⁸ "Black Swan" refers to Nassim Nicholas Taleb's notion of an unpredictable event (Taleb DDDD).

²⁹ On perspective see the astonishing book by Lepenies DDDD.

despised of Bolton — or of Ōsaka, or of Lake Wobegon — commoners exercising their liberty to relocate a factory or invent airbrakes.

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

Figure 1:

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

[lines of causation to be added)

