

Preface

I reach here finally the last volume of a trilogy, *The Bourgeois Era*.

The trilogy defends what is usually called “modern capitalism.” But the system we have had since 1800 would better be called “market-tested improvement at the loony pace of the past two centuries.” The modern and stunningly enriched world cannot be explained by *capital* accumulation – as to the contrary the very word “capitalism” implies. The Great Enrichment, the most surprising secular event in human history, is explained instead by new ideas. Ideas for improvement, not capital accumulation, led the way. The modern world cannot be explained, that is, by routine sources of profit and capital accumulation, such as the Atlantic trade, or banking, or the savings rate, or elite exploitation of the workers, or the original accumulation of capital, or the slave trade, or imperialism.

The fraught word “capitalism,” therefore, will not make many appearances here. The dishonored B word, “bourgeois,” though, will appear all over the place – for example in the titles of all three volumes. The point is to revalue the middle class, the middling sort, the entrepreneur and the merchant, the inventor of carbon-fiber materials and the local contractor remodeling your bathroom, the improver of automobiles in Japan and the supplier of spices in New Delhi. The bourgeoisie, though despised after 1848 by the artists and intellectuals, led the Great Enrichment, improving the lives of poor and rich together with such ideas as the electric motor or the land-grant university. The technical and institutional ideas were made possible by a new liberty and dignity for commoners, among them the middling sort. The idea’s the ticket, and the bourgeoisie held it.

The three volumes defend such an “ideational” hypothesis against a materialism long dominant. The first volume, *The Bourgeois Virtues* (2006), asked if a life in business can be ethical, that is, driven by virtues including prudence but not confined to prudence. It replied (to provide the executive summary), Yes. The ideas of ethics in business can go beyond – and *have* gone beyond, and *should* go beyond – the sole virtue of prudence, profit, efficiency, know-how. Actual businesspeople, being people, can range over justice and love and courage, temperance and faith and hope. They can, they have, they should.

The book argues against the economist’s obsession with Prudence Only, isolated from the other virtues. And it argues, too, against the *anti*-economist’s obsession with the *vice* of Prudence Only, isolated from the other virtues, the vice known as Greed. Greed is not good. But neither does it especially characterize the modern world. In historical fact, market-tested innovation and supply have fostered many virtues other than prudence. Against the materialist views of Marxist and Samuelsonian economists, the businessperson in the modern world is *not* ordinarily a sociopathic manipulator of the vending machines called “other people.” The businessperson walks with them, talks with them, entangled in their stories and their metaphors. What news on the Rialto?

The second volume, *Bourgeois Dignity* (2010), examined in detail the capital-accumulation myth of the Industrial Revolution. It showed by the method of residues that ideas for improvement drove the eighteenth-century Revolution, resulting in a veritable explosion of ideas in the Great Enrichment – the ideas for example of dynamite and nitroglycerine. Some of the conventional “explanations” for the modern world were in fact consequences rather than originating causes of economic growth – such as metallurgy or the graduating of 31 percent of adults from university. And the book shows that the originating causes, to mention some of the usual suspects, were *not* coal, thrift, science, transport, surplus value, human capital, the slave trade, geography, property rights, institutions, the Atlantic trade, imperialism, the Protestant ethic, the quickening of commerce, eugenic materialism, or the original accumulation of capital. Such alleged material “causes” were mostly routine in all organized societies from ancient Egypt and China to Tokugawa Japan and the Ottoman Empire, and therefore could not drive the strangest secular event in human history, happening in Holland and England after 1600. All successful societies, for example, have enforced property rights – Mesopotamia two millennia before the common era, ancient Israel, the Vikings lands, Song China, Genghis Khan’s Mongolia all did. For that matter, hunter-gatherers have the institution of property, too. And an institution works successfully or unsuccessfully according to the ethics of its subjects, not according to the official rules of the game. You can have a rule against cheating in business, but if it is enforced with a nudge and a wink among people who don’t value honesty in the first place, it won’t work. It will be a dead letter like the Soviet Constitution. We’re back to the first volume and the bourgeois virtues. A change in ethical judgments on virtues and vices made the modern world, in particular a revaluation of how good or bad is market-tested innovation and supply.

The original and sustaining causes of the modern world were not material. They were, surprisingly, ideas, the new economic idea of liberty for ordinary people and the new social idea of dignity for them. The two linked and preposterous ideas set off the explosion of improvement. They mattered more than any new material incentive, real or imagined: not wars or banking or trade or empire or high wages. In the eighteenth century new liberty and new dignity were for the first time accorded to commoners, among them the bourgeoisie. The outcome was that the emboldened bourgeoisie invented the steam ship and the widespread secondary school, the telephone and the internet.

That is, *Bourgeois Dignity* challenges again the Prudence-Only obsession of the economists. It denies the illogical assertion on the political left of economics that high wages lead to technological improvement or the factually dubious assertion on the political right that such improvement arises automatically from property rights. All praise, then, to bourgeois improvement and supply tested by the market, caused by an unprecedented change in economic and social ideas.

(The Australian historian of economic thought Elena Douglas, by the way, persuaded me to speak throughout of market-tested *improvement* rather than market-tested *innovation*, the point being that “improvement” focuses more sharply on the

actual usefulness of the change, as against its sheer novelty. Novelty is easy, but actual improvement is not. The economic historian Joel Mokyr, who is among the handful of my colleagues in economic history practicing the new ideational approach, imparts a similar accent in speaking of the turn to *usefulness* in what he calls the Industrial Enlightenment – though Mokyr would agree that “usefulness,” too, needs a market test, and that sheer innovation without the test [backyard blast furnaces, for example] is worse than useless.¹⁾

This final volume now asks, and sees its way to answering, why such ideas about improvement changed so dramatically in northwestern Europe – and for a while only there. “Improvement” and especially “innovation,” was long seen as unsettling heresy, like Galileo arguing in readable Italian rather than in learned Latin that the earth circling the sun. But then gradually in northwestern Europe and later elsewhere an improvement came to be seen as commercial heroism, like Steve Jobs’ iPad. Why did Leonardo da Vinci conceal his (not altogether original) engineering dreams in secret writing, yet James Watt of steam-engine fame (and a ferocious monopolist of his patent rights) was to have a statue set up after his death in Westminster Abbey? Why did bourgeois Shakespeare sneer at the bourgeoisie, yet gentrified Jane Austen amiably tolerated 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 the genetic inheritance of people with low melanin in their skin. It lies rather in the surprising, black-swan accidents of northwestern Europe’s reaction to the climatic crisis of the Early Modern – the accidents in Western Europe of successful Reformation, Revolt, Revolution, and Reading, “the Four Rs” if you please.² (Note that the Renaissance, admirable though it was, is not one of the Rs). The consequence was a fifth R, a Revaluation of the bourgeoisie, coming from a new, egalitarian view of ordinary people (which was *not* the teaching of the Renaissance). The driver of improvements was an economic liberation and a sociological dignifying of the local barber messing about with spinning machines. The Great Enrichment came from liberating commoners from compelled service to a member of an hereditary elite, such as the local noble lord, or compelled obedience to a state functionary, such as the local economic planner; and it came from according honor to such commoners exercising their liberty to relocate a factory or invent airbrakes.

Economic liberation and social honoring, together, did the trick long ago in Holland and England. They are now doing so with astonishing force in China and India. And soon the world.

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A note on method. This volume, like the other two, attempts a scientific study. For example, here and in *Bourgeois Dignity*, and only less so in *The Bourgeois Virtues*, the question asked is How Big. It is the central question in physical sciences and much of

¹ cite Joel. His last name, which will come up frequently, is pronounced “moh-KEER.”

² “Black Swan” refers to Nassim Nicholas Taleb’s notion of an unpredictable event (Taleb DDDD).

social sciences. (Not that the central question in the humanities – What *sort* is this or that? – is *unscientific*. You need to know the sort we as humans are interested in before you count, and therefore a humanistic step of human meaning precedes every job of quantification. The humanities are an exploration of *kinds*, the physical and much of the social sciences an exploration of *amounts*.)

Admittedly, the present book is not studded with existence theorems or tests of statistical significance, which is the Method cobbled together in the 1950s that most of my fellow economists believe is the very definition of Scientific. (I have surveyed at length in a half dozen books from 1984 to 2008 the frailties of the received economic Method, frailties by now I am saddened to report tipping into lunacy.)

The word “science” is used here in the sense in English before the mid-nineteenth century, which is still the sense in all other languages from German to Japanese, from *Wissenschaft* to *kagaku* – namely, “systematic inquiry, as against unsupported opinion.” An Italian mother praising her eight-year old boy doing well in school will call him *mio scienzato*. It does not mean in the modern English sense “my little male scientist” but “my little male excellently systematic student.” *Die Geisteswissenschaften*, “spirit sciences,” is the normal German word for what American English speakers call “the humanities,” and British English speakers call “arts” – anyway, not modern English “science.” Sense 5b, the *Oxford English Dictionary* notes, is in “modern use, often treated as synonymous with ‘Natural and Physical Science’.” The first use the *OED* gives is 1867. Then it further notes of sense 5b: “This is now the dominant sense in ordinary use.” Yet the French speak of *les sciences humaines*, in which they include philosophy. And likewise with the science-word worldwide, as it once was among English speakers themselves.

Furthermore, the “Natural and Physical Science” that an English speaker using sense 5b seems to have in mind is never, say, ecology or geology, or indeed plasma physics or materials science, not to speak of mere engineering. It is the physics of rolling balls down planes such as the speaker learned in high school. Such an *imitatio* is what the word “science” has come to mean in English – and, I repeat, *only* in English. (Not that the people who believe they are imitating physics, such as the mostly English-speaking economists, actually know how physics works as a science. The economists believe, for example, that theorists in physics do not read the physical equivalent of the *Journal of Economic History*; and they believe that in physics, too, the axiom-and-proof style of thinking they learned in the Department of Mathematics is prestigious. The economists need to look into the technical and teaching and popular works of an actual physicist – Richard Feynman, say.)

The point of using the word “science” here as most of the world does is that “facts” and “reasonings” are not to be limited to naïve imitations of high-school physics. Systematic inquiry (*Wissenschaft*, *scienza*, *science*, *wetenschap*, *kagaku*, *vijñāna*, *bilim*) can in economics and history be social-science quantitative, as in the statistics of income, or applied mathematical, as in the logic of diminishing returns. I have used all of these heavily since my youth, and use them here again. But the inquiry can also be humanistic-qualitative, as in testing the spirit of an age by its plays and films and

poems and novels, and its ways of using language, methods I added after 1980 by way of the study of Greek rhetoric. If used systematically, all of them are “scientific.”

I try to be a scientist – that is, I try to be a systematic student of the world as it is, not of worlds whose type and existence are to be debated (such worlds *are* the proper study of philosophy, mathematics, and theology, fields I admire and have even written some in and about³). In my own scientific writings you can find plenty of equations and calculations that look a little bit like the physics you learned in high school. Here, too, if you are an economist and can spot them behind the prose. $Q = I(D, B, R) \cdot F(K, sL)$. But I do not believe it is a wise scientific policy to *limit* economic or historical thinking to this or that Method.

And I even express political opinions here – another deviation from the deluded rhetoric of the Empiricist Monologue. Since the late 1970s I have been repeatedly struck by the pretense to Objectivity among my beloved right-wing colleagues in economics and of my beloved left-wing colleagues in history and English. It might be better to be candid about the politics. (My own politics nowadays, in case you care, is bleeding-heart libertarianism. Long ago it was left/pacifist anarchism and then soft Marxism and then left Democratic and then moderate Chicago-School.) The candor is better, perhaps, than a pretense of having attained an unattainable View From Nowhere.

Yet I have tried in all my work from 1968 to the present to keep the politics tethered to relevant scientific facts and reasonings, the better to shift the discussion to matters we can agree on, or at least disagree on without venom. It affords some prospect of resolving the disagreements down the scientific road.⁴ A few of the facts and reasonings here are my own discoveries. Many more are discoveries by other economists and historians and students of literature, for example that Harberger triangles are small, or that an astounding Great Enrichment happened after 1800, or that the novel was bourgeois. Such scientific facts and reasonings are well known among our academic crowd, but not so well known outside.

In short, I advocate, with Bart Wilson of Chapman University, and with earlier economists such as Albert Hirschman, Kenneth Boulding, and Frank Knight, back to the Blessed Adam Smith, a “science of humanomics,” that is, an economics that uses mathematics and statistics and experiments, but uses, too, the illuminating parts of film, song, fiction, history, biography, linguistics, philosophy, theology, and literary study. As the economic historian T. S. Ashton put it in 1947, we will make more progress in science if we walk on both our legs, quantitative *and* qualitative, behavior *and* meaning, numbers *and* words – instead of insisting, out of a long-exploded philosophical dogma, on hopping along on one.⁵

³ Cite items backing up the claim

⁴ cite blog

⁵ Ashton 1946 (1971), p. 177.