

DEIRDRE McCLOSKEY'S THE BOURGEOIS VIRTUES: ETHICS FOR AN AGE OF COMMERCE

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In the Economic Viewpoints section we welcome extended reviews of important works on economics and political economy. Deirdre McCloskey's The Bourgeois Virtues is one of the most ambitious and important works published in classical liberal political economy for at least half a century.

Deirdre McCloskey has written what must be acclaimed as the most ambitious book in political economy published in over half a century (perhaps a full century). It is not only ambitious, but it is absolutely brilliant. I was awestruck in reading this work and everyone who shares my intellectual commitment to classical liberal political economy must, I would argue, not only possess this book for their library, but must also actually read it, think seriously about it, and react to it. It provides the best argument for classical liberalism written in generations. Only Mises's *Human Action* (1949) and Hayek's *The Constitution of Liberty* (1960) aspire to have the same breadth and scope as works written by economists of a classical liberal persuasion (though those works are far less explicitly historically informed in their arguments and certainly were not self-consciously written in a manner to engage their critics on the left with any success, unlike McCloskey's work).

Perhaps the best description of *The Bourgeois Virtues* is that McCloskey's book would be the book that Adam Smith would have produced had he decided to combine both *The Theory of Moral Sentiments* and *The Wealth of Nations*. Squeeze both books into one, and add in a command of history that is unprecedented in works of modern political economy, and you get something approximating *The Bourgeois Virtues*. That description doesn't quite do the book justice either, but it comes close. The debates among the intellectual class over 'das Adam Smith problem' fade away, and an understanding of the philosophy, politics, economics, history of ideas, and history of practice, of our human experience with the capitalist way of life emerges. I have my quibbles with the book, but I want to stress my ultimate judgment of the greatness of McCloskey's

The Bourgeois Virtues as clearly and as forcefully as I can.

Alternative reviews will emphasise the length of the work (it is long – and getting longer as there are three additional volumes to complete the set), the chatty language (yes, the book is written in a casual rhetorical manner that defies the tedious boredom associated with most academic texts), and the 'loose and baggy' style of argument (and yes, McCloskey embraces a sort of post-modernist philosophical turn in inquiry that permeates this text, but not an 'anything goes' mentality that most critics of post-modernism believe the position to entail). But what the different reviewers miss (I confess I have only seen two – one in the *New York Times* and another in the *Times Literary Supplement*) is the ambition, intellectual sweep and ultimately the importance of the argument offered in *The Bourgeois Virtues*.

McCloskey's book is long because she is wrestling with a demon that has haunted Western intellectual culture for close to 200 years. This is a demon that has distorted philosophical argument and historical understanding on both the left and right of the political-economic spectrum and thus must be defeated. The exorcism of a 200-plus-year demon takes time.

McCloskey's book is 'chatty' because she wants her book to be readable across all the intellectual disciplines and among all members of the 'clerisy' – from philosophers to preachers, from new left activists to newspaper editors, from ecological warriors to her fellow economists. How can you find a language to communicate across such a wide span of those who read and think about capitalism and the modern market economy? Well, write the book in plain language and write in a way that engages readers and doesn't bore them. McCloskey, among

all those currently practising economics, has this skill to write sensible economics in plain language.

And finally, McCloskey's style of argument is 'baggy' because the subject matter of the ethical foundations of commercial activity, and how commerce can re-enforce and refine that ethical behaviour, does not lend itself to the analytical philosophical approach of definition and deduction. As McCloskey puts it at the beginning of her book: 'We can't do with philosophical definition a job that needs to be done with factual inquiry. Better stay baggy' (p. 3). Later in the book (pp. 359–360), McCloskey argues that living an ethical life is a pragmatic endeavour full of tensions, contradictions and balancing acts. Logical consistency may be a professor's criterion, but it is not a reasonable standard for assessing the ethical dilemmas that are all too common in our varied experiences of living a meaningful life. She is trying to understand those dilemmas and those varied experiences as they manifest themselves in our commercial interactions.

McCloskey's work is one of a comparative historical narrative on capitalism. As she says: 'The claim here is that modern capitalism does not need to be offset to be good. Capitalism can on the contrary be virtuous. In a fallen world the bourgeois life is not perfect. But it's better than any available alternative' (p. 1). The next 508 pages of text provide the reader with a variety of good reasons (arguments and evidence) to believe this comparative claim of McCloskey. We are treated to historical comparisons over time to defeat claims about the ethical superiority of the way of life of our ancestors, and empirical comparisons of the ethical environment between political-economic environments in the twentieth century. All of this comparative historical narrative is directed at addressing the claims made by the critics of market economies over the past 200 years.

The critique of the market way of life, McCloskey argues, emerged from German Romanticism, while the defence of the market society belongs in the tradition of the Scottish Enlightenment. Unfortunately, in her quest to bring sound economic reasoning and a thorough historical rendering of our economic past to make sense of the ethical dimension of capitalist existence, McCloskey cannot find many allies amongst her professional brethren in economics. Those who sit in the seat of Adam Smith are actually quite small in number in the economics profession today – though it must be admitted that things are getting better on this front rather than worse.

Instead of finding allies in her fellow Chicago economists, McCloskey has to hark back to an economics of the classical period that treated economic actors as if they were also human actors embedded as they are in families and communities, and then update the classical model with what we have learned about choice on the margin, exchange

relations, and institutional analysis over the past century of professionalisation of economics. This puts McCloskey in the strange position of intellectual brokering between various heterodox schools in economics, neoclassical economics and classical political economy. She has to kill the excesses of utility maximisation, but not lose all that has been learned (sometimes in spite of our utility maximisation models) with modern economics. Truck, barter and exchange for the sake of profit are very much a major part of McCloskey's narrative. In the process, she gives us 'good reasons' to believe why this sort of human activity should not be judged as depraved. Countries, she argues, where dealing rather than stealing dominate, have been able to experience unimagined material progress while those that allowed stealing to dominate social interactions have lagged behind in poverty. Capitalism produces longer and richer lives and it can (and has) produced political freedom and artistic creativity. The anti-bourgeois produced the nightmares of Stalin and Mao.

McCloskey is not content to let the case for capitalism rest on material progress alone. The case is very clear that capitalism does a better job of producing output and satisfying a variety of consumer demands. But McCloskey wants to address our spiritual state of affairs. The King James Bible put this dilemma as follows: 'For what is a man profited, if he shall gain the whole world, and lose his own soul'. Material progress is one thing, but spiritual growth is quite another.

McCloskey goes to great pains to argue, and to provide evidence, that not only do we live longer and richer lives because of capitalism – ones that are filled with a variety of goods and services that would have been undreamed of by our ancestors – but we also live ones that are more abundantly filled with a sense of love for our neighbour, largely free from day-to-day threats of violence from others in our communities, and imbued with the sacred in the form of a variety of religious experiences. Capitalism doesn't impoverish our souls, McCloskey insists, it improves them.

It does so because behaviour within a market society reflects a balancing act of the seven virtues: hope, faith, love, justice, courage, temperance and prudence. Economics went wrong as a discipline by pursuing a 'prudence-only' approach to understanding social order. But as a multitude of evidence from economic history shows, prudence alone does not explain how businessmen actually interact with one another and their customers. Honesty, the keeping of promises and building a reputation for high-quality products are the way to success in the free-market system: not cheating, renegeing on your word and producing shoddy products. The possession of the reputation for good character and integrity are perhaps the most important assets any businessman may have

(see pp. 349–350). The extent of solidarity in markets is completely missed in the prudence-only paradigm of utility maximisation neoclassical economics.

The *doux commerce* thesis, associated with Voltaire and Montesquieu, is restated and updated by McCloskey with great effect. As McCloskey argues:

‘In other words, it’s not the case that market capitalism requires or generates loveless people. More like the contrary. Markets and even the much-maligned corporations encourage friendships wider and deeper than the atomism of a full-blown socialist regime or the claustrophobic, murderous atmosphere of a “traditional” village. Modern capitalist life is love-saturated. Olden life was not loving; communitarian life was not; and actually existing socialist life decidedly was not. No one dependent on a distant god such as Gosplan or Tradition can feel safe. Paradoxically, a market linked so obviously to our individual projects makes us safer and more loving [p. 138].’

When McCloskey argues that it is the spread of market exchange that led to the development of benevolent bonds between men (e.g. p. 157), she is repeating and updating an argument that is at the core of the social theory of Mises and Hayek. Hayek often reminded his readers that the Greek term *catallaxy*, which he used to discuss the market order, also had the meaning of bringing a stranger into friendship. And Mises devoted a chapter of *Human Action* to the foundation of human solidarity in the division of labour. As Mises (1949, p. 144) put it:

‘Within the frame of social cooperation there can emerge between members of society feelings of sympathy and friendship and a sense of belonging together. These feelings are the source of man’s most delightful and most sublime experiences. They are the most precious adornment of life; they lift the animal species man to the heights of a really human existence. However, they are not, as some have asserted, the agents that have brought about social relations. They are fruits of social cooperation.’

As McCloskey argues (again in comparative historical terms) in the times governed by the ancient virtues of honour and warrior courage, we make friends in order to protect ourselves from assault, while in a regime of bourgeois virtues we put trust in strangers and bring them into the extended order of the division of labour from which we benefit. Trust and friendship are both the foundation of the

market economy, and the by-product of the expansion of the market economy. It is a wonderful virtuous cycle. Nobody has stated this thesis as clearly and as historically informed as McCloskey has in *The Bourgeois Virtues*.

Private property and unfettered exchange do not produce heaven on earth, but ‘for allocating scarce goods and especially for making more of them, well . . . it is the worst system, except for all those others that have been tried from time to time’ (p. 480). And its ethical effects, she argues, are by no means bad either. Profits don’t kill caring. Possession doesn’t eliminate solidarity. Economic competition produces social co-operation, and it is the mystery of social co-operation under the division of labour that sparked the intellectual attention of David Hume and Adam Smith, of J. B. Say and Frederic Bastiat, of Ludwig von Mises and F. A. Hayek. And it is obvious that Deirdre McCloskey cares passionately about this argument, and wants to use all of her considerable talents as an economist, historian and writer to communicate to the ‘clerisy’ on left and right the civilised (and civilising) experience of the capitalist life.

The Bourgeois Virtues: Ethics for an Age of Commerce is an absolutely brilliant effort. It is long, it is chatty and it is baggy. But McCloskey is also tackling two centuries of critique and self-loathing, she is talking across the entire spectrum of disciplines in the humanities and social sciences, and she is tackling an interactionist thesis between values and their re-enforcement that our modern language of proof and statistical significance is simply unable to adequately address. No, McCloskey is just following Aristotle and believes that methodology must match the subject-matter. In the process, she has produced the most ambitious work in political economy in at least a generation. This is a work of greatness. And I, for one, cannot wait for the other three volumes to be published so I can read them with as much profit as I have read the first volume.

References

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