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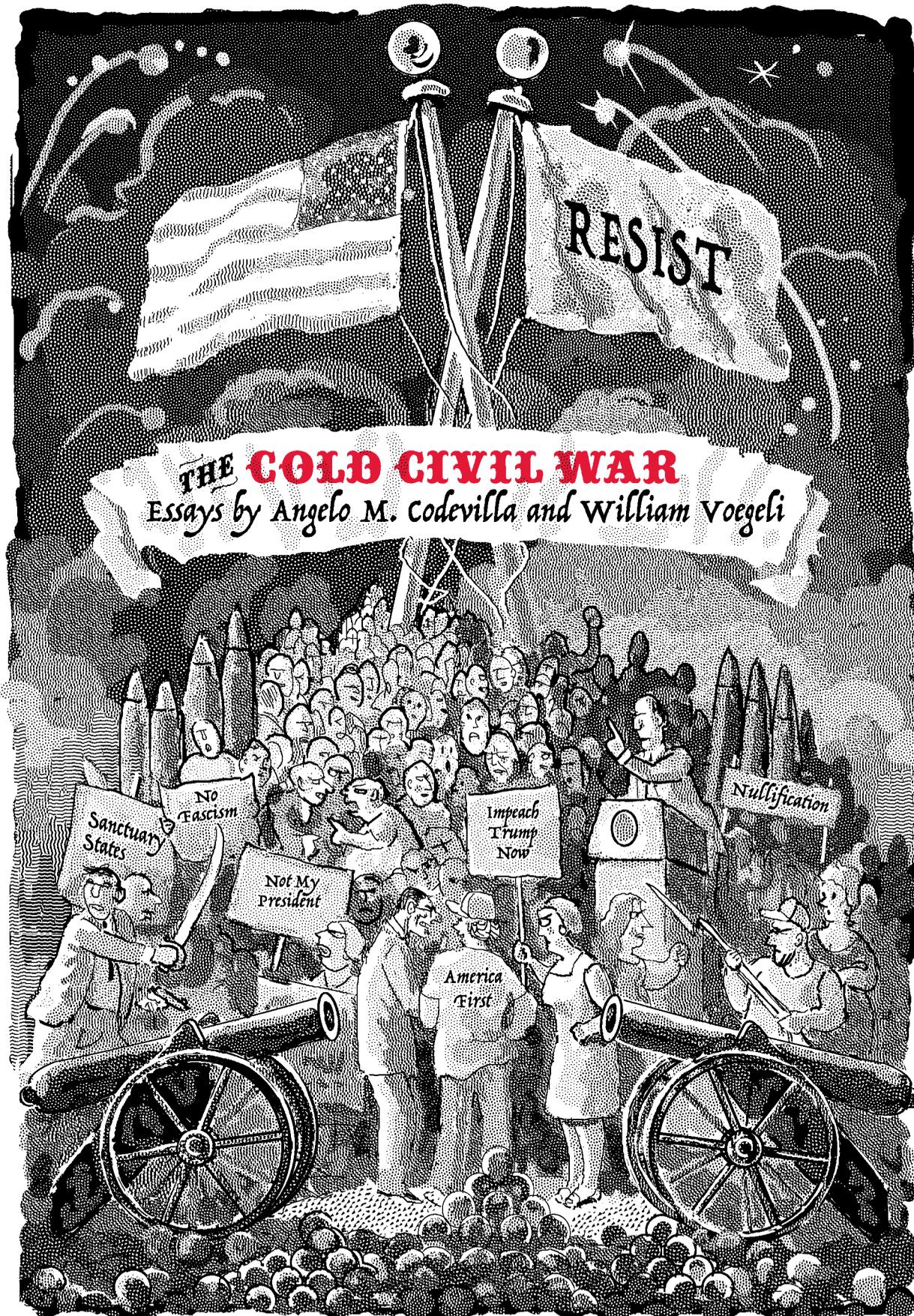
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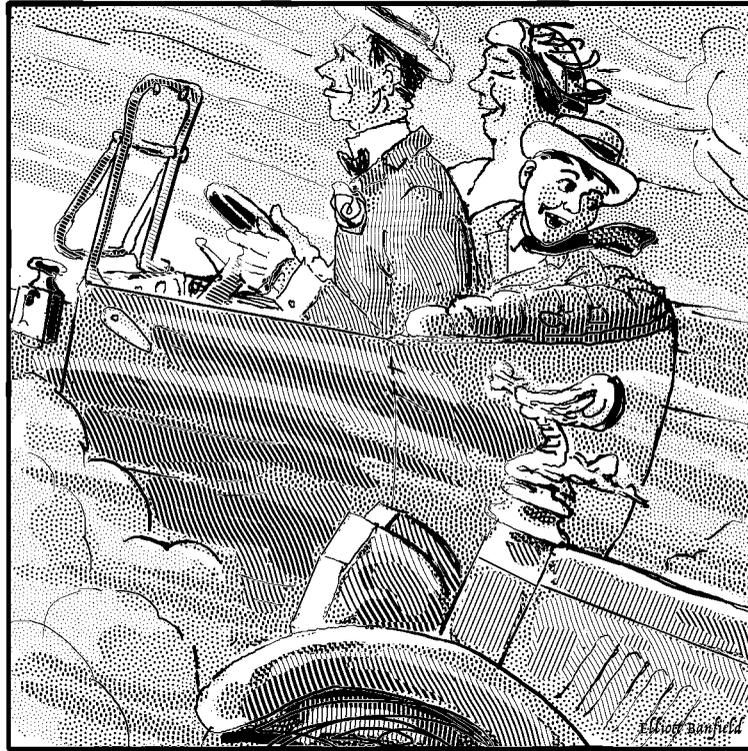
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Book Review by Peter McNamara

## THE GREAT ENRICHMENT

*Bourgeois Equality: How Ideas, Not Capital or Institutions, Enriched the World*, by Deirdre N. McCloskey.  
University of Chicago Press, 768 pages, \$45



Drawing based on Norman Rockwell's cover for the *Saturday Evening Post*, July 31, 1920

**D**EIRDRE MCCLOSKEY IS PROFESSOR OF Economics and History and English and Communications at the University of Illinois at Chicago. All four disciplines play significant roles in her new book, *Bourgeois Equality*, just as they did in her trilogy's earlier installments, *The Bourgeois Virtues* (2006) and *Bourgeois Dignity* (2010). Only someone with McCloskey's unusual background could conceive of and attempt such a project. Together, the three books argue for the primacy of ideas in driving the world's enrichment over the past 200 years, and provide a stinging rebuke to capitalism's critics.

McCloskey has little time for the kind of angst about inequality that made Thomas Piketty's *Capital in the Twenty-First Century* (2013) a bestseller. Both *Bourgeois Equality* and *Capital in the Twenty-First Century* are massive 700-page books driven by one central unifying concept—but beyond these features they could not be more different. Piketty's book is filled with tables and charts, with just a sprinkling of passages from literature illustrating inequality's moral evils. *Bourgeois Equality*, in contrast, offers few charts and tables but a wealth of liter-

ary analysis. And the books' arguments are diametrically opposed. The organizing thought of *Capital in the Twenty-First Century* is that  $r > g$ , where  $r$  is the rate of return on capital and  $g$  is the economic growth rate. Because  $r$  almost always exceeds  $g$ , owners of capital acquire an ever greater share of the world's wealth. Rentiers, capitalists, and the inheritors of wealth simply have it made. Piketty advocates massively higher income taxes and a global—and therefore non-avoidable—wealth tax to reduce inequality. The latter proposal is, of course, utterly quixotic. McCloskey doubts the explanatory value of  $r > g$  and believes Piketty wrong on both empirical and ethical grounds to obsess about inequality. The real ethical issue, she argues, is poverty; with respect to it, there is great cause for optimism and reason to celebrate capitalism.

**U**NDERSTANDING THE “GREAT ENRICHMENT” is McCloskey's overriding concern throughout her trilogy. For most of history, humans have survived on roughly \$3 a day—enough for subsistence living. In good times that amount might double or

triple, but one bad harvest or natural disaster could plunge a community back into abject poverty. Around 200 years ago things began rapidly to change; today the average American lives on about \$130 a day. Europe, Canada, Australia, and parts of South America and Asia have experienced similar increases. What explains this truly staggering development? After all, earlier societies engaged in commerce-friendly practices like establishing markets, pursuing international trade, and securing property rights, too. Yet this extraordinary growth—this Great Enrichment—only occurred after 1800.

For McCloskey, the Great Enrichment cannot be reduced to material causes, but resulted from new ideas or, more precisely, a change in “rhetoric.” Her earlier *Bourgeois Dignity* presented a systematic refutation of competing economic—and mostly materialist—theories for the Great Enrichment, including capital accumulation, the establishment of the kinds of institutions that protect property rights and make for stable politics, as well as related demographic, geographic, and cultural explanations. She also dispatched two competing



ideas-based theories, one arguing that nationalism decisively shaped Western economies, the other that the rise of a new science (and scientific elite) was the driving force behind the Great Enrichment.

**M**CCLOSKEY DOES NOT DENY THAT science, property rights, liberal and representative institutions, Western values, and a fragmented geography all played some role in the Great Enrichment. Her thesis is that none can explain the *rapidity* of the change. China was technologically advanced far beyond Europe in the early 15th century, yet Europe surpassed it in the blink of an eye and, for a while, became its master. Europe could do so only after undergoing a cultural shift, reflected in a change in rhetoric and a corresponding re-evaluation of values. For almost all human history almost all societies have harbored a prejudice against commerce and commercial success. Where tolerated, commerce was circumscribed. But something began to change in the 17th century: first in the Dutch Republic, and later in Great Britain, a new attitude emerged towards “betterment.” From being despised, betterment came to be honored—and then became the rage. McCloskey is vague on the reasons for this change, or why intellectuals initially embraced the shift before quickly rejecting it. The Reformation, which gave spiritual and ecclesiastical power to individuals, played a role. The Dutch Republic’s rise also seems crucial. But in McCloskey’s telling the lines of causality are unclear. The modern world is an accident rather than a project planned by intellectual or political elites. The “Bourgeois Re-evaluation” was simply, somehow, in the air.

McCloskey details the new openness to the bourgeoisie and its virtues by commenting at length on the literature and (occasionally) the painting and music of the time. Most economists might have a hard time accepting this “data” as scientific evidence, but the sheer volume of materials McCloskey analyzes is

impressive. Ben Franklin, Jane Austen, Daniel Defoe, Joseph Addison and Richard Steele, Adam Smith, Samuel Johnson (“No man but a blockhead ever wrote except for money”), and many others appear in McCloskey’s commentaries, which are always interesting and mostly spot on. She shows that the bourgeois virtues go beyond mere financial and personal prudence, encompassing the social virtues Franklin epitomized. She agrees with Smith, David Hume, and Montesquieu that commerce cultivates a certain set of virtues, consisting of highly modified Aristotelian virtues spliced together with the Christian virtues of faith, hope, and love. The “Bourgeois Deal” undergirding the Great Enrichment is truly an economic *and* moral winner.

**M**CCLOSKEY IS CERTAIN THAT OUR unparalleled and ongoing enrichment outweighs concerns about inequality. Like Smith before her, she believes she is the true champion of the poor. McCloskey is a self-described “bleeding heart libertarian” whose quasi-Rawlsian logic tolerates inequality so long as the poor are made better off. In China and India tens of millions of people have, in the past few decades, begun to rise economically in a way that previously seemed impossible. In contrast, Piketty and his fellow members of the intellectual and artistic “Clerisy” (a term McCloskey takes from Samuel Taylor Coleridge) make the same misguided criticisms of capitalism that the Clerisy always makes. These criticisms lead to bad economic policies—and sometimes even massive human tragedies, like Mao’s Great Leap Forward.

McCloskey has trouble understanding the origins of the Clerisy’s animus, and their persistence and even popularity over time. Her thoughts are reminiscent of Joseph Schumpeter’s bracing and ironic *Capitalism, Socialism, and Democracy* (1942). Capitalism sows the seeds of its own destruction—but those seeds are a disgruntled intellectual class rather than an immiserated proletariat. Similarly,

she observes that “the cultural superstructure since 1848 has contradicted the material base.” Capitalism regularly produces and supports its cultural enemies—enemies deserving of ridicule. “No intellectual since 1890 has been ashamed to be wholly ignorant about the economy or economics,” she notes. Nevertheless, the Clerisy remains dominant. Why is this? McCloskey might underestimate the depth and seriousness of some opponents of capitalism and the modern world. One 18th-century author she does not discuss is Jonathan Swift, who lampooned Britain—and its hopes of progress—in the name of an older understanding of virtue. Many, including those who know something about economics, appreciate his humor and harbor some of his reservations about the modern world.

**P**OLITICS DOES NOT FIGURE PROMINENTLY in *Bourgeois Equality*, and when it does it is almost always as something that has gotten in the Great Enrichment’s way. Politics distorts the free and locally informed allocation of resources and, as a result, slows down economic growth. Deirdre McCloskey’s moral and economic outlook is apolitical. Political passions and concerns get short shrift. Her economics reflects her overly optimistic cosmopolitanism. There is something admirable in this, embodying as it does the modern world’s humanitarian and liberal hopes. But it neglects the fact that these hopes have only been realized within nation-states. Economic inequality in Western democracies has political dimensions; it cannot simply be reduced to questions of purchasing power relative to previous generations. And the primary duty of the nation-state is to its own citizens, not to the world. Both concerns necessarily complicate our economic calculations.

*Peter McNamara is associate professor of political science at Utah State University, and the author of Political Economy and Statesmanship: Smith, Hamilton and the Foundation of the Commercial Republic (Northern Illinois Press).*

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