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The Great Enrichment:

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A Humanistic and Social Scientific Account

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Deirdre Nansen McCloskey¹

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Abstract

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Abstract: The scientific problem is explaining modern economic growth is its astonishing magnitude – anywhere from a 3,000 to a 10,000 percent increase in real income, a “Great Enrichment.” Investment, reallocation, property rights, exploitation cannot explain it. Only the bettering of betterment can, the stunning increase in new ideas, such as the screw propeller on ships or the ball bearing in machines, the modern university for the masses and careers open to talent. Why, then, the new and trade-tested ideas? Because liberty to have a go, as the English say, and a dignity to the wigmakers and telegraph operators having the go made the mass of people bold. Equal liberty and dignity for ordinary people is called “liberalism,” and it was new to Europe in the eighteenth century, against old hierarchies. Why the liberalism? It was not deep European superiorities, but the accidents of the Four R’s of (German) Reformation, (Dutch) Revolt, (American and French) Revolution, and (Scottish and Scandinavian) Reading. It could have gone the other way, leaving, say, China to have the Great Enrichment, much later. Europe, and then the world, was lucky after 1900. Now China and India have adopted liberalism (in the Chinese case only in the economy), and are catching up.

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Keywords: economic growth, growth theory, Great Enrichment, liberalism, liberty, dignity, humanities
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From 1800 to the present the average person on the planet has been enriched in real

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terms by a factor of ten, or some 900 percent. In the ever-rising share of places from Belgium to Botswana, and now in China and India, that have agreed to the Bourgeois Deal – ‘Let me earn profits from creative destruction in the first act, and by the third act I will make all of *you* rich’ – the factor is thirty in conventional terms and, if allowing for improved quality of goods and

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¹ THIS IS REPEATED AT THE END OF THE PAPER? Deirdre Nansen McCloskey is professor emerita of economics, history, English, and communication at the University of Illinois at Chicago. The essay is taken in part from the third volume of her trilogy, *The Bourgeois Era, Bourgeois Equality: How Ideas, Not Capital or Institutions, Enriched the Worlds* (University of Chicago Press, 2016). She thanks David Mitch for his characteristically penetrating comments on a version delivered to the San Francisco meetings of the American Economic Association in 2016; and Anne E. C. McCants for her characteristically generous encouragement.

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services, such as in improved glass and autos, or improved medicine and higher education, a factor of one hundred. That is, the reward from allowing ordinary people to have a go, the rise at first in northwestern Europe and then worldwide of economic liberty and social dignity, eroding ancient hierarchy and evading modern regulation, has been anything from, to speak precisely about a very imprecise estimate, 2,900 to 9,900 percent. Previous 'efflorescences', as the historical sociologist Jack Goldstone calls them, such as the glory of Greece or the boom of Song China, and indeed the Industrial Revolution of the eighteenth century in Britain, resulted perhaps in doublings or triplings of real income per person – 100 or 200 percent, as against fully 2,900 percent since 1800, and much higher if the better quality of glass and lighting and medicine and the rest is taken into account. The French classicist Alain Bresson agrees with the British classicist Ian Morris, using the size of houses, in putting the Greek factor of increase from 750 BCE to 350 BCE at 5 or 6.² Bresson himself doubts it is quite so high. But even if it were, admirable as such an efflorescence would be, it is 400 or 500 percent in four centuries beside 2,900 or 9,900 percent in two.

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What needs to be explained in a modern social science history, that is, is not the Industrial Revolution(s) but the Great Enrichment, one or two orders of magnitude larger than any previous change in human history. If we are going to be seriously quantitative and scientific and social and economic we need to stop obsessing about, say, whether Europe experienced a doubling or a tripling of real income before 1800, or about this or that expansion of trade in iron or coal, and take seriously the lesson of comparative history that Europe was *not* special until 1700 or so. We need to explain the largest social and economic change since the invention of agriculture, which is not the Industrial Revolution (not to mention lesser efflorescences) but the Great Enrichment.

In explaining it, I argue, it will not do to focus on capital accumulation or hierarchical exploitation, on trade expansion or class struggle (McCloskey, 2006, 2010 and 2016). This is for two sorts of reasons, one historical and the other economic. (I do not expect you to agree instantly with any of these. I list some of them here only as place-holders, and invite you to examine the three thick volumes marshalling the quantitative and humanistic evidence. Here I mean only to signal the issues involved.) Historically speaking, neither accumulation nor

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² Bresson 2016 (2007, 2008), p. 205.

exploitation nor trade or struggle is unique to the early modern world. Medieval peasants in Europe saved more, in view of their miserable yield-seed ratios, than did any eighteenth-century bourgeois (McCloskey, 2007). Slave societies such as those of the classical Mediterranean could in peaceful times see a doubling of real income per person, but no explosion of ingenuity such as overcame northwestern Europe after 1800. The largest sea trade until very late was across the Indian Ocean, not the Atlantic, with no signs of a Great Enrichment among its participants. Unionism and worker-friendly regulation came after the Great Enrichment, not before. Thus world history.

Economically speaking, capital accumulation runs out of steam (literally) in a few decades. As John Maynard Keynes wrote in 1936 (p. 16), the savings rate in the absence of innovation will deprive 'capital of its scarcity-value within one or two generations'. Taking by exploitation from slaves or workers results merely in more such fruitless capital accumulation, if it does, and is anyway is unable to explain a great enrichment for even the exploited in the magnitude observed, absent an unexplained and massive innovation. The gains from trade are good to have, but Harberger triangles show that they are small when put on the scale of a 9,900 percent enrichment, or even 2,900. Government regulation works by reducing the gains from trade-tested betterment, and unions work mainly by shifting income from one part of the working class to another, as from sick people and apartment renters to doctors and plumber. Thus modern economics.

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What then?

This: a novel liberty and dignity for ordinary people, among them the innovating bourgeoisie, gave masses of ordinary people, such as the chandler's apprentice Benjamin Franklin, or the boy telegrapher Thomas Edison, an opportunity to have a go, testing their ideas in trade. Neither capital nor institutions, which were secondary and dependent, initiated our riches. It was the idea of human equality that did it. Egalitarian economic and social ideas, not in the first instance steam engines and universities, made the modern world.

'One history of Western politics', writes the political philosopher Mika LaVaque-Manty (2006, pp. 715-716), citing Charles Taylor and Peter Berger (he could have cited most European

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writers on the matter from Locke and Voltaire and Wollstonecraft through Tocqueville and Arendt and Rawls), 'has it that under modernity, equal dignity has replaced positional honor as the ground on which individuals' political status rests':

Now, the story goes, the dignity which I have by virtue of nothing more than my humanity gives me both standing as a citizen vis-à-vis the state and a claim to respect from others. Earlier, my political status would have depended, first, on who I was (more respect for the well-born, less for the lower orders) and also on how well I acquitted myself as that sort of person. In rough outline, the story is correct. (LaVaque-Manty, 2006, pp. 715-716)

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Article 3 of the Italian Constitution adopted in 1948 (and later much revised, but not in this article) is typical: 'All the citizens have equal social dignity and are equal before the law, without distinctions of sex, of race, of language, of religion, of political opinion, of personal and social position.'³

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'But', LaVaque-Manty continues, 'there are important complications to it'. One important complication is that Europeans used their older and existing values to argue for new ones. Humans do. LaVaque-Manty (2006, p. 716) observes that 'aristocratic social practices and values themselves get used to ground and shape modernity' - he argues that the strange egalitarianism of early modern dueling by *non*-aristocrats was a case in point. Likewise a wholesale merchant in Ibsen's *Pillars of Society* (1877, p. 30) clinches a deal by reference to his (noble) Viking ancestors: 'It's settled, Bernick! A Norseman's word stands firm as a rock, you know that!' An American businessman will use the myth of the cowboy for similar assurances. Likewise Christian social practices and values got used to ground and shape modernity, such as the amplification of Abrahamic individualism before God, then the social gospel and Catholic social teaching, then socialism out of religious doctrines of charity, and then environmentalism out of religious doctrines of stewardship. And European intellectual practices and values - in the medieval universities (imitated from the Arab world) and in the royal societies of the seventeenth century, and again in the Humboldtian modern university, all founded on

³ Compare the only slightly less sweeping language in 1789 of the (first) French Declaration of the Rights of Man and of the Citizen, art. 1: 'Men are born and remain free and equal in rights. Social distinctions may be founded only upon the general good.'

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principles of intellectual hierarchy – get used later to raise the dignity of any arguer. Witness the blogosphere.

The for-a-while uniquely European ideas of individual liberty for all free men – and at length, startlingly (and to the continuing distress of some conservatives) for slaves and women and young people and sexual minorities and handicapped people and immigrants – was generalized from much older bourgeois liberties granted town by town. Tom Paine wrote in *The Age of Reason*, ‘Give to every other human being every right that you claim for yourself – that is my doctrine’. Such was not the doctrine of many other people when Paine articulated it in 1794. Now it is universal, at any rate in declaration. It is the universality that inspires ordinary people, bringing a mass of folk to trade-tested betterments of their own devising. Though Douglass North, Barry Weingast, and John Wallis, in their *Violence and Social Orders* (2009), are attached to what they regard as materialist explanations for it, they are wise to interpret the transition from what they call ‘limited access’ to ‘open access’ societies as a shift from personal power for the Duke of Norfolk to impersonal power for Tom, Dick, and Harriet. Think of the Magna Carta for all barons and charters for all citizens of a city, and finally ‘all men are created equal’.

The doctrinal change might have happened earlier, and in other parts of the world. But it didn’t. In their modestly subtitled book (*A Conceptual Framework for Interpreting Recorded Human History*) North, Wallis, and Weingast (2009, p. 26) treat in detail only England, France, and the USA, which obscures the ubiquity of what they call ‘doorstep conditions’ – the rule of law applied even to elites, perpetually lived institutions, and consolidation of the state’s monopoly of violence. Such conditions characterize scores of societies, from ancient Israel to the Roman Republic, Song China, and Tokugawa Japan, none of which experienced a Great Enrichment.⁴ It is a doorstep through which only northwest Europe walked, suggesting strongly that there is something besides the doorstep involved: namely, the door itself opened, a change in ethical ideals to political and social liberalism. The Athenian state in the age of Pericles was imagined to be perpetually lived, and its empire had surely exhibited its monopoly

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⁴ I disagree, that is, with their claim that ‘the first societies to reach the doorstep conditions were Britain, France, the Dutch, and the United States’ (p. 166). None of their evidence comes from societies such as China or Japan or the Ottoman Empire that might test their claim. Nor for that matter do they study seriously the Dutch case.

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of (naval) violence. Justice was given to all, except perhaps those troublesome slaves, women, allies, and foreigners. Pericles in his Funeral Oration said of Athens, 'we are called a democracy, for the administration is in the hands of the many and not of the few... [T]here exists equal justice to all [free male citizens] and alike in their private disputes... Neither is poverty an obstacle, but a [free] man may benefit his country whatever the obscurity of his condition.'⁵ Democracy is equality before the law and further, as Pericles and Alexis de Tocqueville and I would add, equality of *dignity*, such as Tocqueville noted in the lack of deference to social superiors in 1830s America. At the other end of the history of doorsteps, Alfred Reckendrees (2015) has pointed out that, if it was not an *perpetual* open access order, just such conditions characterized Weimar Germany, which failed, as he argues, for lack of ethics. So did Athenian democracy when, as Thucydides put it, ethical 'words [such as justice] lost their meaning', and as Tocqueville worried about in the rule of mobs, now revived in anti-immigrant populism (see White, 1984, citing Thucydides, bk. 3, 3.82-[4]).

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I argued in the article that for a brief period of time Weimar was an Open Access Order, In the CPE article I sent to you I also referred to you suggesting ethifs (fn. 21, 22 in the 2015 article I sent to you)

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In a recent history with a wider scope than England, France, and the USA, the volume's editor Larry Neal (2014, p. 2) nonetheless offers a similar neo-institutionalist definition of 'capitalism' as (1) private property rights, (2) contracts enforceable by third parties, (3) markets with responsive prices, and (4) supportive governments. He does not appear to realize that the first three conditions have applied to almost every human society. They can be found in pre-Columbian Mayan marketplaces and Aboriginal trade gatherings, in the Icelandic Althing in the tenth century CE and the leader of Israel ('judges') in the twelfth century BCE. 'Capitalism' in this sense did not 'rise'. The fourth condition, 'supportive governments' is precisely the doctrinal change to *laissez faire* and social dignity unique to northwestern Europe. What did 'rise' as a result of liberty and dignity was not trade itself but trade-tested *betterment*, once the mass of people could have a go. The idea of equality of liberty and dignity for all humans, though imperfectly realized and a continuing project down to the present, caused and then protected a startling material and then spiritual progress. What was crucial in Europe and its offshoots was the new economic liberty and social dignity for the swelling bourgeois segment of commoners, encouraged after 1700 in England and especially after 1800 on a wider scale to perform massive betterments, the discovery of new ways tested by increasingly freed trade.

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⁵ Thucydides bk. 1, translated at University of Minnesota Human Rights Library (<http://www1.umn.edu/humanrts/education/thucydides.html>).

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The second element, universal dignity – the social honoring of all people – was necessary in the long run, to encourage people to enter new trades and to protect their economic liberty to do so. The testing counter-case is European Jewry down to 1945, gradually liberated to have a go in Holland in the seventeenth century and Britain in the eighteenth century and Germany and the rest later. Legally speaking, from Ireland to the Austrian Empire by 1900 any Jew could enter any profession, take up any innovative idea. But in many parts of Europe he was never granted the other, sociological half of the encouragement to betterment, the dignity that protects the liberty. ‘Society, confronted with political, economic, and legal equality for Jews’, wrote Hannah Arendt (1985, pp. 56, 62), ‘made it quite clear that none of its classes was prepared to grant them social equality. ... Social pariahs the Jews did become wherever they had ceased to be political and civil outcasts’. True, Benjamin Disraeli became prime minister of the United Kingdom in 1868, Lewis Wormeer Harris was elected Lord Mayor of Dublin in 1876, and Louis Brandeis became an associate justice of the U.S. Supreme Court in 1916. Yet in Germany after 1933 few gentile doctors or professors resisted the expulsion of Jews from their ranks. The Jews were undignified. In much of Christendom – with partial exceptions in the United States and the United Kingdom, and in Denmark and Bulgaria – they were political and social outcasts.

Liberty and dignity for all commoners, to be sure, was a double-sided political and social ideal, and did not work without flaw. History has many cunning passages, contrived corridors. The liberty of the bourgeoisie to venture was matched by the liberty of the workers, when they got the vote, to adopt growth-killing regulations, with a socialist clerisy cheering them on. And the dignity of workers was overmatched by an arrogance among successful entrepreneurs and wealthy rentiers, with a fascist clerisy cheering them on. Such are the usual tensions of liberal democracy. And such are the often mischievous dogmas of the clerisy.

But for the first time, thank God – and thank the English Levellers and then Locke in the seventeenth century, and Voltaire and Smith and Franklin and Paine and Wollstonecraft among other of the advanced thinkers in the eighteenth century – the ordinary people, the commoners, both workers and bosses, began to be released from the ancient notion of hierarchy, the naturalization of the noble gentleman’s rule over *hoi polloi*. Aristotle had said that most people

were born to be slaves. 'From the hour of their birth, some are marked out for subjection, others for rule' (1968, Bk 1, 1254a). Bishop (and Saint) Isidore of Seville said in the early seventh century that 'to those unsuitable for liberty, [God] has mercifully accorded servitude' (Moynahan, 2002, p. 541). So it had been from the first times of settled agriculture and the ownership of land. Inherited wealth was long thought blameless compared with wealth earned by work, about which suspicion hung.⁶ Consider South Asia with its ancient castes, the hardest workers at the bottom. And further east consider the Confucian tradition (if not in every detail the ideas of Kung the Teacher himself), which stressed the Five Relationships of ruler to subject, father to son, husband to wife, elder brother to younger, and – the only one of the five without hierarchy – friend to friend. The analogy of the king as father of the nation, and therefore 'naturally' superior, ruled political thought in the West (and the East and North and South) right through Thomas Hobbes. King Charles I of England, of whom Hobbes approved, was articulating nothing but a universal and ancient notion when he declared in his speech from the scaffold in 1649 that 'a King and a Subject are plain different things'.⁷

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But the analogy of natural fathers to natural kings and aristocracies commenced about then, gradually, to seem to some of the bolder thinkers less obvious. The Leveller Richard Rumbold on his own scaffold in 1685 declared, 'I am sure there was no man born marked of God above another; for none comes into the world with a saddle on his back, neither any booted and spurred to ride him' (quoted in Brailsford, 1961, p. 624). Few in the crowd gathered to mock him would have agreed. A century later, many would have. By 1985 virtually everyone did. True, outpourings of egalitarian sentiment, such as that by Jesus of Nazareth around 30 CE ('Inasmuch as ye have done it unto one of the least of these my brethren, ye have done it unto me'), had shaken all agricultural societies from time to time. But from the seventeenth century onward the shaking became continuous, and then down to the present a rolling earthquake of equality for all humans.

⁶ David Friedman made the point in a blog reacting to *Bourgeois Dignity*, July 15, 2013, <http://davidfriedman.blogspot.com>.

⁷ Charles's speech is given at Project Canterbury ('Printed by Peter Cole, at the sign of the Printing-Press in Cornhil, near the Royal Exchange'), <http://anglicanhistory.org/charles/charles1.html>. In the document the year is given as 1648, because in the Julian calendar the year did not begin until March. So it is a Julian date in a New Style year.

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In the nineteenth century in Europe (if not yet in Bollywood) the ancient comic plot of young lovers amusingly fooling the Old Man, or being tragically stymied by him, died out, because human capital embodied in and owned by young people replaced in economic dominance the landed capital owned by the old. Even patriarchy, therefore, the kingliness of fathers, began to tremble, until nowadays most American and Scandinavian children defy their fathers with impunity. Four verses before the verse in Leviticus routinely hauled out to damn homosexuals, their putative author Moses commands that 'every one that curseth his father or his mother shall surely be put to death' (20:9). The verse would condemn most OECD teenagers to stoning, along with the homosexuals and those who mix wool cloth with linen or fail to take a ceremonial bath after their periods.

In its long, laborious development, the loony notion of dignity for anyone coming into the world without a saddle on his back was taken up by radical Anabaptists and Quakers, abolitionists and spiritualists, revolutionaries and suffragettes, and American drag queens battling the police at Stonewall. By now in free countries the burden of proof has shifted decisively onto conservatives and Party hacks and Catholic bishops and country-club Colonel Blimps and anti-1960s reactionaries to defend hierarchy, the generous loyalty to rank and sex, as a thing lovely and in accord with Natural Law.

The Rumboldian idea of coming into the world without a saddle on one's back had expressed, too, a notion struggling for legitimacy, of a contract between king and people. As Rumbold put it in his speech: 'the king having, as I conceive, power enough to make him great; the people also as much property as to make them happy; they being, as it were, contracted to one another' (quoted in MacCulloch, 2004, p. 174). Note the 'as it were, contracted', a bourgeois deal akin to Abram's land deal with the Lord, a rhetoric of 'covenant' popular among Protestants after Zwingli. The terms of such a monarchical deal became a routine trope in the seventeenth century, as in Hobbes and Locke, and then still more routinely in the eighteenth century. Louis XIV declared that he was tied to his subjects 'only by an exchange of reciprocal obligations. The deference... we receive... [is] but payment for the justice [the subjects] expect to receive' (quoted in Taylor, 2007, p. 178). And Frederick the Great claimed to view himself as governed by a similar deal with his subjects, calling himself merely 'the first servant of the state' (though not refraining from exercising autocracy when he felt like it).

Even in autocratic France and Prussia (if not in Russia), that is, the sovereign had to honor property rights. It is not true that private property and the rule of law was born in 1688. In the Putney Debates in 1647 Richard Overton had declared that 'by natural birth all men are equally and alike born to like propriety [that is, equal rights to acquire and hold property], liberty and freedom'. The deal by which the people as a group had as much property as to make them 'happy' (a new concern in the late seventeenth century, at any rate compared with medieval notions of aristocratic dignity and clerical holiness) was thought crucial among a handful of such progressives and then by more and more Europeans from the eighteenth century on. In the first French *Declaration of the Rights of Man and of the Citizen* in 1789 the last article (number 17), speaks of property in notably warm terms: 'property is an inviolable and sacred right'. Article 2 in the *Declaration* had placed property among four rights, 'natural and imprescriptable': 'liberty, property, security, and resistance to oppression'.

An article in the Universal Declaration of Human Rights adopted by the United Nations in 1948 (by God's little joke also numbered 17) declares (though with rather less warmth in a socialist-leaning age), '(1) Everyone has the right to own property alone as well as in association with others; and (2) No one shall be arbitrarily deprived of his property'. Article 42 in the new Italian Constitution, in force in the same year, is still less warm:

Private property is recognized and guaranteed by the law, which prescribes the ways it is acquired, enjoyed and its limitations so as to ensure its social function and make it accessible to all. In the cases provided for by the law and with provisions for compensation, private property may be expropriated for reasons of general interest.

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The socialist tilt toward 'social function', 'accessibility] to all', and a 'general interest' that could justify expropriation continued for a while down the twentieth century. In 1986 the Labor prime minister of Australia, Bob Hawke, proposed for his country a Bill of Rights. It made no mention of the right to property (Blainey, 2009, p. 272).

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In the twentieth century the rhetorical presumption of life, liberty, and the pursuit of happiness for all was often echoed even in the rhetoric of its most determined enemies (as in 'the Democratic Peoples' Republic of North Korea' and other communist or fascist countries). The collectivist counter-deal by which such régimes actually worked, born with Rousseau, was

that the General Will would be discerned by the Party or the Führer. No need for private property, then. We in government will take care of all that, thanks.

Democratic pluralism was doubled-sided. Progressive redistributions, under the theories of Rousseau and Proudhon that property is anyway theft, could kill betterment. Consider Argentina, joined recently by Venezuela. Such cases bring to mind the American journalist H. L. Mencken's grim witticism in 1916 that democracy is 'the theory that the common people know what they want and deserve to get it, good and hard'. He also said, 'Democracy is the art and science of running the circus from the monkey cage' (1949, p. 622). Yet on the other side of the balance, a populist commitment to modest redistribution – though understand that most benefits, such as free higher education, go to the voting middle class, just as minimum wages protect middle-class trade unionists, and are paid in substantial part to the children of the middle class working at the local bar – saved social-democratic countries from the chaos of revolution. Think of postwar Germany, or for that matter the American New Deal.

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What came under question in the world 1517 to 1848 and beyond, slowly, on account of the religious radicals of the sixteenth century and then the political radicals of the seventeenth and eighteenth centuries and then the abolitionist and black and feminist and gay and untouchable radicals of the nineteenth and twentieth centuries, was illiberty and indignity, the one political, the other social. The questioning had, I claim, dramatic consequences in encouraging trade-tested betterment. The English Levellers of the 1640s, who were not modern property-hating socialists, had demanded free trade. They were in this, by the standards of the time, terrifying innovators, as in manhood suffrage and annual parliaments.

What made us free and rich was the questioning of the notion that 'a liberty' was a special privilege accorded to a guildsman of the town or to a nobleman of the robe, and the supporting notion that the only 'dignity' was privilege inherited from such men and their charter-granting feudal lords, or graciously sub-granted by them to you, their humble servant in the Great Chain of Being. Philip the Good, duke of the Burgundian Netherlands, forced in 1438 the proud city of Bruges to accede to his rising power. His tyranny took the form of taking away its special 'privileges'. His granddaughter, Mary, Duchess of Burgundy, though, was

⁸ As, among others, Sheri Berman (2006) has argued.

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forced to sign the *Groot Privilege*, the bourgeois Magna Carta of the Low Countries, giving such liberties back to all of the cities. Equality before the law.

It was not only dukes and duchesses who took, or granted, privileges denied to most people. Hierarchy was reworked by the bourgeoisie itself into commercial forms, even in the first northern home of bourgeois glory. A famous radical poem of Holland in the 1930s, written on a slow news day by Jan Gresshof (he was fired for printing the poem in the newspaper he edited), speaks of the conservative wing of his colleagues of the bourgeois clerisy, '*de dominee, de dokter, de notaris*', the minister, the doctor, the lawyer-notary, who together strolled complacently on Arnhem's town square of an evening. 'There is nothing left on earth for them to learn, / They are perfect and complete, / Old liberals [in the European sense], distrustful and healthy'.⁹ The hierarchy to be broken down was not only of dukes and duchesses, kings and knights, but of the members of the bourgeoisie itself remade as pseudo-neo-kings and -knights, when they could get away with it. Thus a trophy wife in Florida clinging to the arm of her rich husband declared to the TV cameras, on the subject of poor people, 'We don't bother with losers'. Thus the Medici started as doctors by way of routinely learned skills (as their name implies), then became bankers by entrepreneurship, and then grand dukes by violence, and at last kept their dukedom by the settled hierarchy of inheritance and the legitimate monopoly of violence.

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The economic historian Joel Mokyr has noted that the Dutch became in the eighteenth century conservative and 'played third fiddle in the Industrial Revolution', from which he concludes that there must be something amiss in McCloskey's emphasis on the new ideology of bourgeois liberty and dignity (personal communication, 2014). After all, the Dutch had them both, early. But I just said that the bourgeoisie is capable of reversing its betterment by making itself into an honorable hierarchy, which is what the Dutch regents did. And Mokyr is adopting the mistaken convention that the Dutch in the eighteenth century 'failed'. They did not. Like Londoners, and according to comparative advantage, they gave up some of their own industrial projects in favor of becoming bankers and routine merchants. I am claiming only that the new ideology came to Britain from Holland, which remains true whether or not the Dutch did much

⁹ Reprinted and translated in Horst 1996, p. 142. The poem was called *Liefdesverklaring*, or 'Love-Declaration'.

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with it later. In their earlier, Golden Age the Dutch certainly did a lot of bettering with the ideology. I agree that Dutch society later froze up, ruled by *de dominee, de dokter, de notaris*. But national borders do not always compute. If we are to blame the Dutch in the eighteenth century for conservatism we will also have to blame the Southern English, who also turned to specializing in mere trading and financing, giving up their industrial might, clipping coupons in the funds and sitting in great houses surrounded by parkland, and like the Dutch adhering to distinctions of rank that were less important in the industrial north of England or in the industrial south of Belgium.

And Mokyr's inertial lemma – that once initiated, a social change must be permanent or else it did not exist in the first place – raises graver problems for his own emphasis on the new science as the initiating event than for mine on a new appreciation for bourgeois liberty and dignity, which then encouraged science. After all, the Dutch in the seventeenth century had invented the telescope and the microscope among numerous other scientific devices, such as the pendulum in clocks. Why did not inertia propel them, if science does it, into the Industrial Revolution and the Great Enrichment? The Dutch case argues better for bourgeois dignity, which has sustained Holland ever since as one of the richest countries in the world, but argues poorly for science, in which it faltered.

The ethical and rhetorical change that around 1700 began to break the ancient restraints on betterment, whether from the old knights or the new monopolists, was liberating and it was enlightened and it was liberal in the Scottish sense of putting first an equal liberty for people, not an equal outcome. 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. (Yeats 1928 (1992), p. 260).

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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

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roots. John Mueller, a political scientist and historian at Ohio State University, argues that war, like slavery or the subordination of women, has become slowly less respectable in the past few centuries (2011, p. 1). Important habits of the heart and of the lip do change. In the seventeenth century a master could routinely beat his servant. Not now. Such changes are not *always* caused by interest or by considerations of efficiency or by the logic of class conflict. The Bourgeois Revaluation had also legal, political, personal, gender, religious, philosophical, historical, linguistic, journalistic, literary, artistic, and accidental causes.

The economist Deepak Lal, relying on the legal historian Harold Berman and echoing an old opinion of Henry Adams, sees a big change in the eleventh century, in Gregory VII's assertion of church supremacy (Lal, 1998; summarized in Lal, 2006, pp. 5, 155). Perhaps. The trouble with such earlier and broader origins is that modernity came from Holland and England, not, for example, from thoroughly Protestant Sweden or East Prussia (except in Kant), or from thoroughly church-supremacist Spain or Naples (except in Vico). 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 historical finding that until the eighteenth century places like China, say, did not look markedly less rich or even, in many respects, less free than Europe (Needham, 1954–2008; Pomeranz, 2000; and others). 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 long Dutch Revolt and the longer civil war between French Catholics and Huguenots, and the English Revolutions of the seventeenth century. The economically relevant change in attitude that resulted 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 a heroic or holy life. It was, in one of the philosopher Charles Taylor's labels for it, 'the sanctification of ordinary life' (1989, p. 23; 2007, p. 179).

Margaret Jacob, the historian of technology and of the Radical Enlightenment (her coinage), argues that the 1680s was the hinge. The Anglo-Dutch reaction to absolutism was the 'catalyst for what we call Enlightenment' (Jacob, 2001). Enlightenment comes, she is saying, from the reaction to Catholic absolutism in England under late Charles II and his brother James II, and in France under Louis XIV with the Revocation of the Edict of Nantes and his secret

negotiations with Charles and James. Jack Goldstone observes that in England in the 1680s even the common law was under attack. In other words, it was the politics, not the economics that started the Industrial Enlightenment. After all, absolutist and Catholic France and anti-absolutist and Protestant England were *both* mercantilist. And the Dutch, French, and English, not to speak of the Portuguese and Spanish, had long been imperialists. What changed were political and social ideas, mainly, not economic interests.

The common set of ideas in the Enlightenment were ethical and political. For example, it came to be said (if by no means always done) that one must settle matters by making open arguments, not by applying political force. The 'new' meta-idea is Erasmian humanism and the ancient tradition of rhetoric. The Reformation finally evolved in an Erasmian direction, though only after a quite a lot of killing in the name of 'whose reign it is, his religion holds'. And out of the Radical Reformation's idea of non-hierarchical church governance advanced thinking became even democratic, after more killing. The ideas were Western European, from Scotland to Poland. Without such ideas the modern world might possibly have happened in Europe, after a while, but in a different way – a centralized, French version, perhaps. It would not have worked so well economically (though the food would have been better).

The old bourgeoisie and the aristocracy had said that they disdained the dishonor of merely economic trade and betterment. The Medici bank lasted only about a century because its later governors were more interested in hobnobbing with the aristocracy than in making sensible loans to merchants (Parks, 2005, p. 180). The scholastic intellectuals, for all their admirable rhetorical seriousness, did not get their hands dirty in experimentation, with rare exceptions such as Roger Bacon. It was sixteenth-century Dutch and English merchants, following on their earlier merchant cousins in the Mediterranean, who developed the notion of an experimental and observing life (Harkness, 2008). Enlightenment was a change in the attitude toward such ordinary life. The rare honor of kings and dukes and bishops was to be devalued. And such honor was to be extended to merchant bankers of London and to American experimenters with electricity. The comparative devaluation of courts and politics followed, slowly.

The debate by the middle of the eighteenth century, the political theorist and intellectual historian John Danford (2006) notes, was 'whether a free society is possible if commercial

activities flourish' (p. 319). The admired models on the anti-commercial side of the debate, as J. G. A. Pocock and others have shown, were Republican Rome and especially, of all places, Greek Sparta. The commerce favored by Athens or Carthage or now Britain would introduce 'luxury and voluptuousness', in Lord Kames's conventional phrase, as the debate reached its climax, which would 'eradicate patriotism', and extinguish at least ancient freedom, the freedom to participate. As the Spartans vanquished Athens, so too some more vigorous nation would rise up and vanquish Britain, or at any rate stop a 'progress so flourishing ... when patriotism is the ruling passion of every member'.¹⁰ One hears such arguments still, in nostalgic praise in the United States for the Greatest Generation (lynching, and income in today's dollars, circa 1945, \$33 a head) as against the diminished glory of our latter days (civil rights, and income, circa 2016, \$130 a head). The nationalist, sacrificial, anti-luxury, classical republican view with its Spartan ideal persists in in the American pages of the *Nation* and the *National Review*, with European parallels.

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On the contrary, said Hume, in reply to arguments such as Kames's, commerce is good for us. Georgian mercantilism and overseas imperialism in aid of the political, he said, was *not* good for us. Hume opposed, writes Danford (2006, p. 324), 'the primacy of the political'. 'In this denigration of political life. Hume [is] thoroughly modern and [seems] to agree in important respects with [the individualism of] Hobbes and Locke'. Hobbes, Danford argues, believed that the tranquility notably lacking in the Europe of his time could best be achieved 'if the political order [is] understood as merely a means to security and prosperity rather than virtue (or salvation or empire)' (p. 331). 'This amounts', Danford notes, 'to an enormous demotion of politics, now to be seen as merely instrumental' (p. xxx), as against seeing it as an arena for the exercise of the highest virtues of a tiny group of The Best. We nowadays can't easily see how novel such a demotion was, since we now suppose without a sense of its historical oddness that to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed. Politics has stopped being exclusively the plaything of the aristocracy.

Hume spoke of the 'opposition between the greatness of the state and the happiness of the subjects' (1987, 'Of Commerce'). In an earlier time Machiavelli could easily adopt the

¹⁰ The quotation from Lord Kames (1774) is Danford's.

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greatness of the Prince as the purpose of a polity, at any rate when he was angling for a job with the Medici. The purpose of Sparta was not the 'happiness' of the Spartan women, helots, allies, or even in any material sense the Spartanate itself. The entire point of Henry VIII's England was Henry's glory as by the Grace of God, King of England, France and Ireland, Defender of the Faith and of the Church of England and in Earth Supreme Head. What was original about Hobbes is that he adopts the premise, in Danford's (2006, p. 332) words, that 'all legitimate [note the word] governments are trying to do precisely the same things: to provide security and tranquility so that individuals can pursue their own private ends'. Danford argues that 'perhaps it would be better to describe the change as the devaluation of politics and the political rather than the elevation of trade' (p. 330). To devalue royal or aristocratic values is to leave the bourgeoisie in charge. Romantic people attached on the right to king and country and on the left to revolution sneered at the Enlightenment (see Palmer 2014). What was unique about the Enlightenment was precisely the elevation of ordinary peaceful people in ordinary peaceful life, an elevation of trade over the monopoly of violence.

§

The Swedish political scientist Erik Ringmar's answer to the question Why was Europe first? begins from the simple and true triad of points that all change involves an initial reflection (namely, that change is possible), an entrepreneurial moment (putting the change into practice), and 'pluralism' or 'toleration' (I would call the toleration the ideology of the Bourgeois Era, namely, the Bourgeois Revaluation, some way of counteracting the annoyance with which the naturally conservative majority of humans will view any moving of their cheese). 'Contemporary Britain, the United States or Japan', Ringmar (2007, p. 31) writes, 'are not modern because they contain individuals who are uniquely reflective, entrepreneurial or tolerant'. That's correct: the psychological hypothesis one finds in Weber or in the psychologist David McClelland or in 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 nine or ten percent rates of growth per year per person, or from the Hindu rate of growth and the License Raj in India after independence to growth rates per person since 1991 over six percent. Why would psychology change so quickly? And now could a rise of an entrepreneurial spirit from, say, five percent of the population to ten

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percent, which could have also characterized earlier efflorescences such as fifth-century Athens, cause after 1800 a uniquely Great Enrichment of a factor of thirty?

But then unhappily Ringmar contends in Douglass-North style, 'A modern society is a society in which change happens automatically and effortlessly because it is institutionalized' (2007, p. 32). The trouble with the claim of 'institutions' is, as Ringmar himself noted earlier in another connection, that 'it begs the question of the origin' (2007, p. 24).¹¹ It also begs the question of enforcement, which depends on ethics and opinion absent from the neo-institutional tale. 'The joker in the pack', writes the economic historian Eric Jones (2010) in speaking of the decline of guild restrictions in England, 'was the national shift in elite opinion, which the courts partly shared':

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. (p. 102-103)

Ringmar (2007) devotes 150 lucid and learned and literate pages to exploring the origins of European science, humanism, newspapers, universities, academies, theater, novels, corporations, property rights, insurance, Dutch finance, diversity, states, politeness, civil rights, political parties, and economics. But he is a true comparativist (he taught for some years in China) - this in sharp contrast to some of the other Northians, and especially the good, much missed Douglass North himself. So Ringmar does not suppose that the European facts speak for themselves. In the following 100 pages he takes back much of the implicit claim that Europe was anciently special, whether 'institutionalized' or not, by going through for China the same triad of reflection, entrepreneurship, and pluralism/toleration, and finding them pretty good. 'The Chinese were at least as intrepid [in the seas] as the Europeans'; 'The [Chinese] imperial state constituted next to no threat to the property rights of merchants and investors'; 'already by 400 BCE China produced as much cast iron as Europe would in 1750'; Confucianism was 'a

¹¹ 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 used to mean 'suggests the question'.

wonderfully flexible doctrine'; 'China was far more thoroughly commercialized'; European 'salons and coffee shops [were] ... in some ways strikingly Chinese' (Ringmar, 2007, pp. 250, 254, 274, 279, 280–282). He knows, as the Northians appear not to, that China had banks and canals and large firms and private property many centuries before the Northian date for the acquisition of such modernities in England, the end of the seventeenth century. (So too on many counts did England itself, for that matter.)

The economist and historian Sheilagh Ogilvie (2007) criticizes the neo-institutionalists and their claims that efficiency ruled, arguing on the contrary for a 'conflictual' point of view, in which power is taken seriously:

Efficiency theorists do sometimes mention that institutions evoke conflict. But they seldom incorporate conflict into their explanations. Instead, conflict remains an incidental by-product of institutions portrayed as primarily existing to enhance efficiency... Although serfdom [for example] was profoundly ineffective at increasing the size of the economic pie, it was highly effective at distributing large slices to overlords, with fiscal and military side-benefits to rulers and economic privileges for serf elites. (p. 662–663)

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The same can be said for the new political and social ideas that at length broke down an ideology that had been highly effective at justifying in ethical terms the distribution of large slices to overlords.

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Why, then, a change in a system so profitable for the elite? Ringmar (2007, pp. 72, 178, 286) gets it right when he speaks of public opinion, which was a late and contingent development in Europe, and to which he recurs frequently. The oldest newspaper still publishing in Europe is a Swedish one of 1645, *Post- och Inrikes Tidningar* (Foreign and Domestic Times), and the first daily one in England dates to 1702. Benjamin Franklin's older brother James quickly imitated in Boston in 1721 the idea of a newspaper and became, with the active help of adolescent Ben, a thorn in the side of the authorities. That is, the institutions that mattered the most were not the 'incentives' beloved of the economists, such as patents (which have been shown to be insignificant, and anyway have been universal, as state-granted monopolies, from the first formation of states) or property rights (which were established in China and India and the Ottoman Empire, often much earlier than in Europe; and after all the

Roman law was clear on property). The important 'institutions' were ideas, words, rhetoric, ideology. And these did change on the eve of the Great Enrichment. What changed circa 1700 was a climate of persuasion, which led promptly to the amazing reflection, entrepreneurship, and pluralism called the modern world.

It is not always true, as Ringmar (2007, p. 37) claims at one point, that 'institutions are best explained in terms of the path through which they developed'. He contradicts himself on the page previous and there speaks truth: often 'the institutions develop first and the needs come only later'. It is not the case for example that the origins of English betterment, if not of individualism, are usefully traced to early medieval times. It is not the case that, say, English common law was essential for modernity. The historian David Le Bris (2013) has shown that within France before the Revolution the French north *was* a common-law area, while the south was a civil-law area, but with little or no discernible differences in economic outcome during the next century. Places without such law, further, promptly developed alternatives, when the ideology turned, as it often did turn suddenly, in favor of betterment.

Why England? English rhetoric changed in favor of trade-tested progress. To illustrate the change in one of its aspects, it came out of the irritating successes of the Dutch. The successes of the Dutch Republic were startling to Europe. The Navigation Acts and the three Anglo-Dutch Wars by which in the middle of the seventeenth century England attempted in mercantilist, trade-is-war fashion to appropriate some Dutch success to itself were the beginning of a larger English project of emulating the burghers of Delft and Leiden. 'The evidence for this widespread envy of Dutch enterprise', wrote the historian Paul Kennedy in 1976, 'is overwhelming' (p. 59). Likewise the historian Matthew Kadane (2008) recently accounted for the English shift toward bourgeois virtues by 'various interactions with the Dutch'. The English at the time put it in doggerel: 'Make war with Dutchmen, peace with Spain / Then we shall have money and trade again'. Yet it was not in fact warring against the Dutch that made England rich. Wars are expensive, and the Dutch *admirals* Tromp and De Ruyter were no pushovers. It was imitating them that did the trick. Ideas.

Thomas Sprat, in his *History of the Royal Society* of 1667, early in the project by some Englishmen of becoming Dutch, attacked such envy and interaction and imitation. He viewed it as commendable that 'the merchants of England live honorably in foreign parts' but 'those of

Holland meanly, minding their gain alone'. Shameful. 'Ours... [have] in their behavior very much the gentility of the families from which so many of them are descended [note the sending of younger sons into trade]. The others when they are abroad show that they are only a race of plain citizens', disgraceful cits. Perhaps it was, Sprat notes with annoyance, 'one of the reasons they can so easily undersell us' (1667/1958, p. 88). Possibly. John Dryden in 1672 took up Sprat's complaint in similar words. In his play *Amboyna; or, The Cruelties of the Dutch to the English Merchants* the English merchant Beaumont addresses the Dutch: 'For frugality in trading, we confess we cannot compare with you; for our merchants live like noblemen: your gentlemen, if you have any, live like boers' (Dryden, 1672, 2.1.391-393). Yet Josiah Child (1668/1698, arguing against guild regulation of cloth, admired the Dutch on non-aristocratic, prudential grounds: 'if we intend to have the trade of the world we must imitate the Dutch' (pp. 148, 68). Better boers we.¹²

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Ideas, not capital or institutions, made the modern world.

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¹² The Swedish historian Erik Thomson has shown that the English were not the only Europeans startled by the economic success of the United Provinces and ready, with some reluctance, to imitate them (Thomson 2005).

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