Deirdre McCloskey is promising six volumes of her theological defence of capitalism. *Bourgeois Dignity* is volume 2. I reviewed volume 1, *The Bourgeois Virtues*, previously for *Faith and Economics* (vol. 50, 2007). Despite the thickness of the volumes, I have to say I am looking forward to each as it comes out over the next few years, and do not regret undertaking to review the whole series.

*Bourgeois Dignity* is a very different book as compared to *The Bourgeois Virtues*, and deals with economic history where McCloskey made her name with rigorous and iconoclastic quantitative studies. Perhaps for this reason it flows more easily than the previous volume, which dealt with some of the ethical and theological arguments against capitalism, clearing the ground for McCloskey’s positive arguments in subsequent volumes. She tells us that it is addressed particularly to the materialist economist, whereas her left “clerisy” friends were the primary audience for *The Bourgeois Virtues*. The book reads very well and I almost take seriously her suggestion that it could be bought as a Christmas present for friends and relatives, whether they be materialist economists or not.

After a brief discussion of its place in McCloskey’s project, the book assesses most of the plausible stories of the rise of the modern world. She argues that many of the existing stories do not work well. While they may be coherent and fit some of the facts, they fail when confronted with a broad range of facts about modern economic growth. Modern growth has been spectacular in a way that is difficult for us who have lived all our lives with its results to appreciate fully. We need a theory with considerable oomph, as McCloskey says. She argues that modern economic growth was not due to thrift—capital accumulation is necessary but not the driver of modern growth. Not even human capital is the cause of modern growth, or at least not till very late in the story. It was not Protestantism, because the particular Calvinist sects that Weber identified were not the only ones who prospered (I will consider her argument about this in more detail below). It was not geography, or natural resources, or climate. It was not trade, because the gains from trade are small compared to the effect they were supposed to cause, and the timing was wrong. It was not even the slave trade, repulsive though this was, nor colonialism nor imperialism nor other
varieties of exploitation, again because the timing does not work. And now we get to some theories that McCloskey examines particularly closely.

What she calls eugenic materialism (referring primarily to Clark, 2007, *A Farewell to Alms: A Brief Economic History of the World*) is rejected as a fragile argument that depends too heavily on assumptions about selection, inheritance, and rates of population increase. I feel here the calm empiricist McCloskey of many of the previous chapters gives way a little to another McCloskey who seems to have a moral stake in this theory being wrong.

The same is true of the following chapters which deal with institutional theories of the rise of the modern world (primarily those of Douglass North, 2005, and his collaborators). The empirical case against the argument that a unique set of institutions (especially property rights) caused growth in the West is mixed with a particularly pointed few pages of excoriation of the methods of the economists pushing this argument. McCloskey herself was a Chicago-style economist before she discovered Richard Rorty, Wayne Booth, and eventually moderate Episcopalianism, and perhaps there is something of the well-known phenomenon of converts rejecting their pagan past here. But her arguments are strong, too.

McCloskey’s own account of the rise of the West is then developed—it is about innovation, and a rhetoric which protected it. The appeal is not to science but to the ability to use science. Her argument about a rhetoric which protected innovators is novel, and she deploys it to particularly good effect in explaining why China, which generated so many innovations, was not able to sustain modern growth. Innovation and growth were a threat to those who ruled China, and the combination of political repression and rhetorical poverty killed China’s otherwise promising start. McCloskey’s argument has something in common with political fragmentation explanations of the rise of the West, but she emphasizes the rhetorical dimensions of the survival of innovation. If there is perhaps one message of this part of the book it is that ideas and talk matter, against fundamentalist Marxists and Chicago economists whose training hustles them past such illusions to search for material explanations. One thing McCloskey has learned as an economist from her encounter with Richard Rorty and Wayne Booth is that how we talk about things matters greatly.

This is an impressive book, making a powerful cumulative argument. I can think of no more readable comprehensive discussion of various theories of the rise of the West. I wish I had access to something like this when I became interested as a young Christian in Sydney about the vast differences in wealth between different societies.

Nevertheless there are a few places where I felt uncomfortable about
the argument. One is the discussion of Protestantism, mainly in chapter 16, though comments about the religious dimensions of economics are scattered throughout the book. McCloskey, like many others, finds fault with the argument Max Weber famously made in his brief polemical work *The Protestant Ethic and the Spirit of Capitalism* (Weber 1976 [1905]). My discomfort is that while it is easy to poke holes in Weber’s argument, it is not the only existing, let alone the only possible, argument about the influence of religion on economic development. If religious rhetoric was the most powerful rhetoric in the period when modern growth began, then surely it had an important part to play in protecting innovation. She is probably right that the anxiety about one’s salvation and the consequent asceticism of Weber’s Calvinist sects was not a crucial factor in accumulation, and in any case as she argues accumulation was not the crucial driver. But what if the Protestant emphasis on individuals reading the Bible for themselves, and protection of new interpretations of the Bible which undercut existing religious and political interests, generated a rhetoric that protected other sorts of innovators, even economic innovators? Peter Harrison (2007) has made an argument along these lines for the growth of early modern science. And Sasha Becker and Ludger Woessmann (2009) have already shown the connection between reading and centers of modern growth. It may not also just be Protestants who were reading the Bible in new ways; we must remember that Roman Catholic reading was changing under the influence of Erasmus and others in this crucial period. Innovation seems also to have been protected in the Catholic monasteries. Were innovations in church government, which McCloskey briefly alludes to at the end of chapter 16, part of the story? One of the tragedies of the debate over Weber’s theory is that it has become a sectarian squabble between Protestants and Catholics. We need to broaden the discussion here, and I wish McCloskey had more to say on the topic than the rather brief and superficial discussion in her chapter 16. Perhaps we will get this in later volumes, where she has hinted there will be a more extensive treatment of theological issues.

Another discomfort was the absence of Schumpeter’s (1934) theory of economic development from the story, though Schumpeter is mentioned a few times for other reasons. McCloskey’s story about the political and rhetorical nurturing of innovators seems to connect with Schumpeter’s story about the crucial role of the entrepreneur and the allowance of creative destruction. I would be interested in how she sees her story in comparison to that of the great Austrian horseman, lover, and economist. I actually like hers better.

Finally, while McCloskey discusses the role of the welfare state and
other mechanisms for sharing the benefits of innovation (for instance, in chapters 9 and 46), I cannot help thinking that this was a necessary condition for the flourishing of the rhetorics of innovation. The saying is true that man (and woman) does not live by bread alone, but it is also true that the starving cannot eat ideology. In my country (Australia) growth in the first part of the twentieth century was underpinned by a set of tariff and wage-setting policies which no one thought efficient, but which played a vital role in spreading the wealth from innovative agriculture and mining to the rest of the population. I think America is in deep trouble now partly because of the withering of the mechanisms which spread the benefits of its incredibly dynamic society to all who are willing to participate. The book ends in chapter 46 on an optimistic note (ignoring the less than satisfactory discussion of environmental issues in chapter 44) about the capacity of our societies to continue to sustain innovation, and about the capacity of economics to come to grips with what McCloskey has argued are the crucial factors for economic development. She is hopeful that “a new, more idea oriented economics” is possible by paying attention to the literary texts as well as to computer simulations, to philosophy and theology as well as to statistics. She acknowledges that this will require some changes in professional training, and professional incentives to engage with scholars in other disciplines. But she is a hopeful person, and if miracles like modern economic growth can happen perhaps her hope for the future of our societies and the economics profession within these societies is justified.

References


