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Talk changes things: The implications of McCloskey's *Bourgeois Dignity* for historical inquiry

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ABSTRACT

In *The Bourgeois Dignity*, Deidre McCloskey asserts that although there were many reasons that have been posited for the rise of the bourgeois class and the tremendous increase in the world's standard of living that occurred during the Industrial Revolution, including the enlightenment and the Protestant ethic, something else was required. For her, that something else was a change in the esteem that was afforded to the bourgeois, to capitalists and to capitalism. The talk changed and a change in the talk was what ultimately changed things. In this article, we briefly explore and defend McCloskey's (2010) claim that a change in talk was at the root of the Industrial Revolution. Further, contrary to much of the literature on the relationship between discourse and social change which tends to focus on discourse as an artifact rather than a driver of change, we argue using examples from outside of economics and economic history that a change in talk not only tends to accompany but often precedes dramatic social transformation.

1. Introduction

Economics has always been concerned with the nature and causes of economic growth and development. Smith (1904, xliii), for instance, has famously argued that "little else is requisite to carry a state to the highest degree of opulence from the lowest barbarism but peace, easy taxes, and a tolerable administration of justice; all the rest being brought about by the natural course of things." When the scope of the market and the division of labor expands, when governments clearly define and protect private property, and when taxes are kept low, nations are apt to grow wealthy. Several studies have confirmed Smith's thesis that economic growth is associated with the existence of certain institutions, especially private property and the rule of law (see, for instance, Barro, 1997).

Although there is a great deal of consensus that private property and the rule of law are essential to economic growth, economists have also begun highlighting the importance of non-economic factors. Knack and Keefer (1997) as well as Zak and Knack (2001), for instance, have found that there is a positive relationship between trust and economic growth. Likewise, Tabellini (2008) has argued that the diffusion of generalized morality is positively associated with economic growth. Williamson (2009), Williamson et al. (2012) as well as Williamson et al. (2010), similarly, demonstrated that low levels of trust and respect can impair economic performance. And, Guido et al. (2006) has argued that beliefs and values can shape economic outcomes. Many of these studies have shied away from discussing the mechanism through which trust and other "cultural factors" affect economic performance. Those that do tend to emphasize how these factors lower transaction costs and so facilitate trade.

In *Bourgeois Dignity*, McCloskey (2010) has similarly explored the relationship between economic growth and both formal institutions and cultural factors. According to McCloskey (2010), the dramatic economic growth during the Industrial Revolution occurred because, for the first time in human history, the bourgeoisie were given both liberty and dignity. Although scholars have highlighted several factors in order to explain the rise of the bourgeois class and the tremendous increase in the world's standard of living that occurred during the Industrial Revolution, for McCloskey (2010), something else was required. That something else was a change in the esteem that was afforded to the bourgeoisie, to capitalists and to capitalism. Specifically, talk (about the bourgeoisie) changed, first in Holland and Great Britain, and that change in talk ultimately changed those nations' economic trajectories.

In this article, we briefly explore and defend McCloskey's (2010) claim that a change in talk was at the root of the Industrial Revolution. Further, contrary to much of the literature on the relationship between discourse and social change which tends to focus on discourse as an artifact rather than a driver of change, we argue using examples from outside of economics and economic history that a change in talk not only tends to accompany and often precedes

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dramatic social transformation. Although much of the reaction to McCloskey's *Bourgeois Dignity* has focused on its contribution to our understanding of the Industrial Revolution and, moreover, the institutional and cultural prerequisites for economic growth, it is our contention that McCloskey's project should also be seen as contributing to our understanding of how discourse can both reflect and affect social and economic revolutions. The approach adopted by McCloskey in *Bourgeois Dignity*, thus, has implications for historical inquiry.

2. Talk and the Industrial Revolution

McCloskey's (2010: 42–47) *Bourgeois Dignity* is the second of six planned volumes known collectively as *The Bourgeois Era*. In the first volume, *The Bourgeois Virtues: Ethics for an Age of Commerce* (2006), she argued that a bourgeois life could be ethical. In fact, McCloskey argued, capitalism actually promotes virtuousness. In particular, it promotes the virtues of prudence, temperance, justice, courage, faith, hope and love. As Storr (2009: 289) argued elsewhere, "the market is a moral space. The virtuous succeed in the market and the market makes actors virtuous. As such, the market is a moral training ground where participants are encouraged to love one another, to have faith, to be of good courage, to hope for a brighter tomorrow, to follow just rules of conduct, and to exercise restraint and to be prudent. . . . the market does not corrupt our souls, it improves them."

In *Bourgeois Dignity*, McCloskey (2010) examines and critiques the dominant explanations for the emergence of the modern world. Until 1800, almost all of the world's population (with very few exceptions) lived off of $3 a day. The last two hundred years has seen at least a tenfold increase in average daily income, much larger in some countries. Although the modern world represents a dramatic economic transformation from how things were for centuries, McCloskey (2010) insists that traditional economic explanations (e.g. an extension of trade, slavery or imperialism) cannot make sense of this change. As McCloskey (2010: 6) argues, "economics . . . can't explain the rise in the whole world (absolute) advantage from $3 to $30 a day . . . economics can't explain the onset or the continuation, in the magnitude as against the details of the pattern, of the uniquely modern."

McCloskey (2010: 139), for instance, has criticized the notion that the modern world can be explained by thrift and capital accumulation. As she points out, thrift (i.e. spending less than one earns) is not a distinguishing feature of the modern world. In fact, thrift has been practiced by the average person everywhere on earth during every era. As such, it cannot explain the dramatic shift in incomes that occurred in Europe and the United States in the 18th and 19th centuries. Moreover, the birthplaces of the Industrial Revolution were not places where savings rates were excessively high. As McCloskey (2010: 131) writes, "there is no aggregate increase in thrifty savings to explain the modern world. Thrifty savings is not peculiar to the Age of Innovation. Thrift and prudence did not increase in the childhood of modernity. Actual saving stood high before modern times, and did not change much at the time of modern innovation." Any change in thriftiness connected with the Industrial Revolution was a consequence not a cause of the investment opportunities that characterize the modern would.

McCloskey has, similarly, dismissed arguments that point to geography, or the emergence of better institutions, or an expansion of the scope of the market, or any of a dozen other explanations that economists offer for the Industrial Revolution. Instead, McCloskey's central thesis in the *Bourgeois Dignity* is that the Industrial Revolution required that the bourgeoisie *both* be given the liberty to innovate and held in esteem for doing so. And, this shift was precipitated and protected by a change in talk. As McCloskey (2010: 24) explains, "the key economic event of early modern times is instead a Revaluation of bourgeois behavior, an increased if sometimes embarrassed acceptance by others and by themselves of the bourgeois' virtues . . . In Holland first, and then in the English-speaking lands and then elsewhere, attitudes changed." And, "the historically unique economic growth on the order of a factor of ten or sixteen or higher, and its political and spiritual correlates, depended on ideas more than on economics. The idea of a dignified and free bourgeoisie led to the ideas of the steam engine and mass marketing and democracy" (McCloskey, 2010: 25).

So, the dramatic growth in incomes that occurred in the 17th, 18th and 19th centuries in Western Europe and the United States depended on those countries having both an institutional environment that facilitated innovation and the prevalence of attitudes which encouraged innovation. To be sure, both the Dutch and the English had the proper systems in place to facilitate innovation long before the Industrial Revolution. Respect for private property and the rule of law existed in Holland and in Britain at least since the 1600s (McCloskey, 2010: 329). As such, it was not a change in institutions that was the proximate cause of the Industrial Revolution but a change that could be seen in the way the Dutch and the British came to regard business dealings. Although they were relatively backwards with regards to technology, they began to admire the bourgeois and respect their efforts and achievements. Sometime in the 1600s, a new rhetoric emerged in Holland. As McCloskey (2010: 356) writes, the Dutch "do not rigorously assault the dignities and the liberties of the bourgeoisie." A similar change occurred in Britain around the early 1700s.

Although a change in the dignity afforded to the bourgeoisie was the proximate cause of the Industrial Revolution, it would not have occurred if the right institutions had not existed in Holland and Britain. The bourgeois also needed liberty. She needed to be able to freely innovate and to prosper from her innovations. Indeed, as McCloskey (2010: 102) highlights, there have been places where the bourgeois was held in esteem but that lacked the institutional prerequisites to make the Industrial Revolution possible (e.g. China and the Ottoman Empire).

Admiration for the bourgeoisie, then, was not enough (by itself) to generate the Industrial Revolution but it was essential to emergence of the modern world. In *Bourgeois Revaluation*, McCloskey (forthcoming) traces in detail how the change in attitudes was reflected and protected by a change in rhetoric. In *Bourgeois Dignity*, however, McCloskey (2010: 386) introduces the notion that "free innovation led by the bourgeoisie became . . . respectable in people's words."[1] Merchants, for instance, came to be described as gentlemen, a term once reserved for the aristocrat. Similarly, "honest" came to mean upright rather than of high social rank. "The initiating changes" of the Industrial Revolution, McCloskey (2010: 403) summarizes, "were sociological and rhetorical – that is to say, they were about habits of the lip, what people thought and said about each other."

Admittedly, it is unclear exactly what role rhetoric plays in McCloskey's analysis of the Industrial Revolution. Although she consistently describes the change in attitudes toward the bourgeoisie as a change in rhetoric, she alternately treats that change in rhetoric as both a leading and lagging indicator of the change in attitudes that she describes as being necessary for the dramatic economic growth which characterized the Industrial Revolution. This raises a number of questions. Is the change in rhetoric that she focuses on, however, reflecting a (more fundamental) change

[1] Others have documented similar changes in rhetoric surrounding the modern world but have not focused on it as the cause of the Industrial Revolution. See, for example, Smail (1987).