MAKING THE BOURGEOIS DEAL

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1 Introduction to the Symposium

What lies behind the unprecedented rise in living standards in Western Europe and North America of the past 250 years? Beginning in northwestern Europe, yet seeing its benefits extend to East Asia, South Asia and other parts of the world, what Deirdre McCloskey dubs the “Great Enrichment” has been the subject of substantial economic inquiry. Bourgeois Equality: How Ideas, Not Capital or Institutions, Enriched the World (2016) presents her case that the surge in per-capita incomes is due to a “Bourgeois Revaluation.” Through a persuasive change in ideas (largely, though not entirely, conveyed rhetorically) that sprung from Western Europe in the 17th and 18th centuries, commercial enterprise that had once been disparaged in literature, art, and the pulpit becomes accepted and even in some quarters celebrated. McCloskey claims that at the core of this revaluation is the affirmation of the dignity of the entrepreneur, innovation, and freedom for enterprise.

Bourgeois Equality offers not only an understanding of the unprecedented economic growth associated with the Industrial Revolution, but also an argument for the emergence of a fairly pervasive repute given to market-based arrangements. She writes: “the change, the Bourgeois Revaluation was the coming of a business-respecting civilization, an acceptance of the Bourgeois Deal” (2016, p. 641). What is the Bourgeois Deal? Give a common person liberty and dignity to engage in voluntary trade, and rising living standards across society will result, particularly benefiting the poor.

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The task of this essay is to connect McCloskey’s case for the making of the Bourgeois Deal to the broader context of her scholarship, identify key themes in Bourgeois Equality, and briefly describe some of its assertions addressed by the participants in the symposium. I close by considering how the foundations of the acceptance of the Bourgeois Deal are shaped by historic Christian thinking about market exchange and economic gain.

2 Rhetorical and Ethical Change Driving the Great Enrichment

McCloskey’s argument in Bourgeois Equality develops a continuous theme in her research, stressing the power of persuasive ideas in shaping both economic life and the discipline of economics itself. A few examples from the stream of her scholarship illustrate her emphasis on the potency and pervasiveness of the rhetorical elements of economics. In The Rhetoric of Economics she affirms that metaphor and story are “the two possibilities of thought.” She explores the rhetoric of economics and its persuasive powers, particularly the use of economic figures of speech. Economic models are metaphors (1994). Indeed, they are nonornamental metaphors, pregnant with meaning (1998, p. 42). The economic rhetoric of the most widely accepted economic stories, associated with Samuelson, Becker, Coase and others, employs at the appropriate points ethos, pathos, style, poetics, and inventio (the finding of arguments) (1990, pp. 56–69; 1998). McCloskey’s focus on economic rhetoric is in part reflected in her identification with the “Ideational School” of economic history. Mokyr’s volume A Culture of Growth (2016) also represents this approach, although his emphasis on the significance of the Scientific Revolution for explaining the Industrial Revolution is not shared by McCloskey (2016, pp. 501–502).

Bourgeois Equality has as its thesis that economic rhetoric plays a critical role in fostering the widespread acceptance of bourgeois dignity and liberty in early modern Europe. The persuasive talk accomplishing this acceptance, the rhetoric of “trade-tested betterment,” is found to be at the core of the Great Enrichment. McCloskey affirms that a bourgeois ideology requires persuasive talk, that is, “the means of [unforced] persuasion” (2010, p. 451, n.1). She depicts the persuasive features of market exchange as the “sweet talk” needed to persuade the other party to the benefits of the trade. Markets generate opportunities for mutual
gain. These opportunities are discovered through bourgeois activity, i.e., entrepreneurship, for McCloskey finds that entrepreneurship “requires deals and sweet talk and discovery at every juncture” (2016, p. 646).

Rhetorical and ethical change buttressing the generalized tolerance of the commercial life is the basis for the comparative riches gained by many people in the modern world. Bourgeois Equality completes her recent research efforts aimed at demonstrating this claim, a triad of volumes employing McCloskey’s distinctive style of argument that appeals to historical and literary evidence alike. In The Bourgeois Virtues: Ethics for an Age of Commerce (2006), McCloskey describes how the seven classical Christian virtues challenge the narrow utility-maximizing perspective of modern economics. Markets both depend upon the classical virtues and foster them as well. Bourgeois Dignity: Why Economics Can’t Explain the Modern World (2010) is aimed at demonstrating that material explanations falter in explaining the dramatic gain in productivity, first in England and then on the Western European continent and in North America, of the past two centuries. Rather than speaking about the rise of capitalism is this era, she is inclined to refer to the spread of market-based innovation (since “capitalism” carries with it too much misunderstanding). Drawing on economic history, she demonstrates the importance of changing ideas about innovation, that is, “innovation backed by ideology” (2010, p. xiii), in spurring economic growth in the Western world. Bourgeois Equality concludes the trilogy with an explanation of the critical social revaluation of bourgeois commerce flowing from a transformation of attitudes towards trade and economic gain. Its essence consists of a widespread recognition of the dignity and liberty of those engaged in trade. This meant that northwestern European societies came to articulate the benefits of trade in the form of “talk and ideas about the sources of wealth, about positive-sum as against zero-sum economic games, about progress and invention, about the sweet talk supporting them, and above all about what sort of calling in an occupation is admirable” (McCloskey 2016, p. 503). To achieve the sustained enrichment of economic welfare required that the bourgeois ideology was “adopted by whole societies, not just the bourgeoisie itself” (McCloskey 2016, p. 640).

McCloskey describes how a new economy of betterment (2016, p. 21) becomes established in Western Europe. It begins in seventeenth-century Holland and eighteenth-century England, and ultimately is dispersed to much of the rest of the world. This Great Enrichment is produced
ultimately by a change of ideas, not material circumstances, capital accumulation, or institutions. Instead of describing this phenomenon exclusively in terms of a capital-accumulation driven Industrial Revolution, she stresses that it is the Great Enrichment that is the “most amazing fact” of the past two hundred years (McCloskey 2016, p. 99). Previous “industrial revolutions” had not produced the tremendous enrichment we experience in the modern world. What is most unusual is the phenomenon that “we humans now produce and consume seventy—7 × 10—times more goods and services worldwide than in 1800” (2016, p. 7).

In accounting for the source of this unique surge in human betterment, McCloskey considers and eliminates appeals to “imperialistic venturing, a rise of the savings rate, an enforcement of property rights, a quickening of the capitalist spirit, an original accumulation of capital, a higher birth rate of the gifted people, a rise of manufacturing as compared with commercial activity . . .” (2016, p. 505). As one specific illustration of her argument, McCloskey spurns the notion of a unique rise in the number of innovators in the late eighteenth century “quickened by the capitalist spirit,” for “the number of people disposed by nature to enact betterments did not leap up after 1800.” That is, there was “no Weberian rise in the percentage of improvers . . . [rather] there was a sharp rise in the society’s receptiveness to improvers” (McCloskey 2016, p. 472). She concedes a minor role to material factors such as increasing returns to scale and gains from trade, but is strongly resistant to any case solely reliant on institutional change. For example, McCloskey claims the widespread recognition in law of property rights is necessary but not sufficient for the Great Enrichment. Boettke and Candela rightly summarize McCloskey’s contention in their essay: For her, it is not incentives or institutions that explain this phenomenon; rather it is ideas. While Boettke and Candela find ideas to be the “spark” igniting the Great Enrichment from a combustible combination that also includes incentives and institutions, for McCloskey, as is evident in her response essay, such a metaphor is inapt and misleading.

With respect to the key role of ideas, it should be noted that McCloskey’s story points to European conceptions of hierarchy as a significant obstacle to human betterment. Merchants, entrepreneurs, and common workers, those who make up the bourgeoisie, were down the scale of social status and thereby faced obstacles to upward economic mobility in medieval Europe. Without a Bourgeois Revaluation of their contribu-
tions, the Great Enrichment would not have been realized. Responding to an example of the hostility toward market enterprise expressed in English literature in the first part of the seventeenth century, McCloskey claims that

if dignity was not accorded to market transactions and to the betterments that the bourgeoisie brings forward to the test of profit, and if the liberty to trade and to invent were scorned, and if liberty to compete were not the market test of anyone’s betterment then the modern world would have ended in 1621. (2016, p. 301)

Why then the Bourgeois Revaluation that avoids such an outcome? McCloskey captures the central driving features of the great change in an alliterative expression: the four Rs of reformation, revolt, revolution, and reading, which fruitfully coincide in northwestern Europe in the 16th and 17th centuries. Robert Whaples’s essay offers an evaluation of the explanatory power of the four Rs. Here I simply note that McCloskey declares that an interaction among these four Rs fostered the dignity of traders and freedom to engage in enterprise for ordinary Europeans. Consider for example the interplay of democratic “revolution” and Protestant encouragement of “reading,” which McCloskey locates in seventeenth century Western Europe. She affirms “the northern, literate Protestant nations on the North Sea were instances of democracy” (2016, p. 336). Thus Holland, “the first large bourgeois society in Northern Europe” (2016, p. 337) revolts against royalty. With its “kingless towns,” the Dutch extend the rhetoric of liberty to legitimize “the virtuous and republican bourgeoisie”; Holland, in fact, becomes a “nation of traders” (McCloskey, p. 336).

McCloskey presents Adam Smith as the exemplar of the Bourgeois Revaluation, an economist who expounded the bourgeois virtues. Prior to Smith, changing attitudes toward commerce begin to be reflected in thinking about “honesty” across Western Europe. McCloskey highlights a shift “from ‘honest’ meaning ‘in being, honorable, high-status’ to ‘in behavior, truth-telling, as is a contract’” (2016, p. 243). In Smith’s *Theory of Moral Sentiments* (1759), honesty is described in the latter manner. McCloskey depicts Smith as both a virtue ethicist and rhetorical theorist. His persuasive case for a market economy offered the first systematic case for “trade-tested betterment.” She finds that as a moral philosopher, Smith “recognized the desirability of developing an ethic of prudence
and justice and temperance for a commercial age beyond the me-first of mercantilism” (McCloskey 2016, p. 182). Paul Oslington’s essay addresses McCloskey’s case for Smith as a virtue ethicist.

The ideas of “human equality of liberty in law and of dignity and esteem” (2016, p. xxix) do not arise quickly or readily. Antibourgeois advocates remain vocal in their hostility to the market during the Great Enrichment that followed the Industrial Revolution. Those who stand in opposition are the clerisy, made up of “artists, intellectuals, journalists, professionals, and bureaucrats.” One is reminded of Schumpeter’s (1942) similar depiction of intellectual parasites who benefit from modern capitalism yet seek to undermine it. Yet for McCloskey the clerisy’s origins extend back to the nineteenth century, when “the clerisy began to declare that ordinary people are misled in trading, and so require expert protection and supervision” (2016, p. 609). Their efforts at persuading society for the need to regulate trade extensively do not prevail in Holland and England until the twentieth century.

As trade flourishes, first in Holland and England, and then innovations are generated and disseminated, particularly in 18th-century England, McCloskey finds it evident that bourgeois values have been more widely adopted. They undergird in these places, and later in much of the rest of Western Europe, the acceptance of the bourgeois deal. Common people are increasingly being given liberty and dignity to engage in voluntary trade, and living standards rise over the course of the 18th and 19th centuries. For Christian economists, it will be beneficial to consider some of the theological reflection that helped shape the striking of the Bourgeois Deal.

3 Christian Thought on Exchange and Profits: Moral Parameters for the Acceptance of the Bourgeois Deal

McCloskey speaks to the contribution of the Protestant Reformation to the Bourgeois Revaluation in several places in her trilogy. Luther and Calvin expound the worthiness of labor in a Christian calling as they elaborate on the priesthood of each believer. McCloskey in turn emphasizes the greater dignity in the Dutch Republic and England afforded to the ordinary merchant and entrepreneur. She particularly finds significance in the concept of the believer as priest. In church governance, heirs of the Reformation such as the Puritans, Quakers, and Anabap-
tists replaced bishops with unordained ministers. In Europe and later in North America, by analogy these same groups emphasized an equal place for the common businessperson. Their independence and dignity as economic (and eventually political) participants would be inevitably recognized, for “it was a small step in logic, if not immediately in practice, from the priesthood of all believers to the citizenship of all indwellers and the entrepreneurship of all commoners” (2016, p. 371).

At the same time, McCloskey expresses her doubts about the validity of Max Weber’s (1905) thesis connecting the influence of the Protestant Reformation to the flourishing of Western European enterprise. As have other scholars, she points to the economic success of Catholic entrepreneurs across both Northern and Southern Europe. Yet she acknowledges that at a basic level Weber was right to emphasize the spiritual causes behind the material enrichment of market-oriented societies:

Weber was correct, I have affirmed, however, that cultures and societies and economies require an animating spirit, a Geist, an earnest rhetoric of the transcendent, and that such rhetoric matters to economic performance. (p. 508, emphasis in original)

In explaining the reasons behind the acceptance of the Bourgeois Deal, my sense is that the development of a “rhetoric of the transcendent” in Christian thinking on economic matters is worthy of further exploration. For example, P.J. Hill’s essay rightly emphasizes the significance of the Christian contribution to the concept of human equality. He describes the dissemination of the biblical concept of humans being made in the image of God underlying the recognition of human dignity. One might also proceed in a parallel fashion to inquire into the ways in which Christian thinking contribute to acceptance of the legitimacy of voluntary exchange and the dignity of those engaged in enterprise?

An examination of the history of Christian thinking on exchange identifies significant suspicion of the merchant’s activities and its funding through loans during the Patristic and early Scholastic era. In the fourth century, the Nicaean Council declared a broad ban on usury. Over the next thousand years, church councils and medieval theologians at times associate trade with greed, an illicit pursuit of gain. Yet these are doubts seasoned by a qualified affirmation of trade that may sometimes be overlooked. Augustine, the most influential Patristic source for both Luther
and Calvin, chastises merchants for deception in trading, but is explicit in proclaiming that the sin is with the trader and not in the practice of trading (Schaff, 1887, pp. 320–321).

Further movement toward acceptance of gains from trade arises alongside the Commercial Revolution in southern Europe in the 13th and 14th centuries. A dynamic interplay is exhibited between changing ideas about the merchant/trade/profits and institutional developments like the bill of exchange and double-entry bookkeeping. This interchange adds to the momentum for an accredited social place to be ceded to the trader and entrepreneur.

In this economic context the central figure in Scholastic thought, Thomas Aquinas, employs his distinctive method in fashioning an ethics for the mercantile life, as McCloskey observes (2016, p. 451). Her argument for the way in which “some Christians [such as the Scholastics] anticipated a respected bourgeoisie” (McCloskey 2016, p. 450) can be expanded further. Aquinas raises the question of the legitimacy of someone engaging in the regular occupation of business (negotiando) that inherently involves economic gain. He finds improvements in the product or the bearing of risk in transport as a “lawful” basis for moderate profits. Such profits are legitimate in serving a “necessary or even virtuous end, and thus trading becomes lawful. Thus, for instance, a man may intend the moderate gain which he seeks to acquire by trading for the upkeep of his household, or for the assistance of the needy” (Aquinas, 1365, II-II, Q78, A2).

As the great Schoolman of the Church, Thomas’s position on the justice of exchange and profits, couched by caveats regarding usury, greed, and taking advantage of those in an economically weak position, wields great influence in Scholastic thinking. Manuals of advice for pastors taking confession, canonical application of Roman law principles, sermons interpreting Jesus’s teaching on wealth and poverty, and more systematic theological literature account for the hedges around legitimate exchange (Halteman and Noell, 2012, pp. 37–51). Since “commerce is morally hazardous,” a Christian engaged in trade must tread carefully. There are temptations to sin that must be avoided, such as “to cheat on weights and measures, to hide defects in his wares, to swear falsely about their qualities” (Langholm, 1992, p. 573). By the thirteenth century, such warnings were being framed by Scholastic writers so as to not deter trade. Rather they were offered to ensure that just trades, guided by just prices, would
be commonly practiced. In his seminal study, Langholm (1992) recognizes the turn in attitude incrementally taking place among the medieval theologians:

The negative aspects of commerce came gradually to be outweighed by its positive aspects. If property is to be divided, exchange of property is necessary, and society cannot function without professional merchants. No man alone, and few cities and regions, are self-sufficient. Many things are needed. Supply and demand vary. It is impossible for everybody to seek out what they need, perhaps over long distances. This social function must be left to professionals, and they must be sufficiently rewarded for their services. (1992, p. 574)

This rudimentary recognition of the benefits of specialization is accompanied by an acknowledgement of the mutual gains from trade which prefigure the notion of “trade-tested betterment.” Exchanges characterized by the absence of deceit, fraud, and coercion produce gains that accord with economic justice. For example, Giles of Lessines, the Dominican student of Aquinas, states that “the surplus which derives from a just exchange or sale, does not possess the vice of inequality” (Langholm 1992, p. 576). Scholastic authors such as San Antonino of Florence and San Bernardino of Sienna employ a very similar framework with respect to the equity of exchange and economic gain when employed for the common good in their formulation of a just price and just wage doctrine. Their approach to Christian ethical reasoning as applied to the marketplace shapes the manner in which Luther and Calvin address these same questions. The Reformers’ teaching places weight on economic participants as responsible moral agents (Noell 2001). Loving one’s neighbor in the marketplace involves recognizing the dignity of each participant and the legitimacy of economic gain while accounting for the economically disadvantaged. In the nineteenth century, Catholic social thought draws on some elements of this tradition of Christian thinking; similarly Nancy Fox’s essay expresses challenges to McCloskey’s work from the line of Catholic social teaching. Certainly there remains more research to be done on how these moral parameters shape the ongoing acceptance of the Bourgeois Deal. McCloskey’s work helpfully points us in the direction of further studies of how trade is a “field of moral obligation” (2016, p. 557).
In the following essays the cogency of the arguments and quality of the evidence of *Bourgeois Equality* is evaluated. Each of the pieces expresses admiration for McCloskey’s work, yet they also differ, in some cases sharply, in their particular critiques of it. In the final essay, McCloskey responds to these challenges. I offer my thanks to each of the participants. I particularly wish to express to Deirdre McCloskey my appreciation for a very stimulating and valuable contribution to our understanding of the nuances of the Great Enrichment.

**References**


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