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# BOURGEOIS VIRTUES

*The Aristocrat, the Ascetic, the Peasant, and the Bourgeoisie*



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## INTRODUCTION

The Time Magazine Person of the Year 2011 was The Protester. Crowds took to the streets in the Arab world, displayed their indignation in Spain, booed leaders in Moscow, opposed austerity in Athens, and occupied Wall Street. But what were they against, and what did they demand?

The landscape of popular protest is divided into several streams. The Arab Spring appears to be a bourgeois revolution. It was initiated by the death of a fruit dealer harassed by the police state, asking only for freedom and dignity for his trade. The Indignados turned against the workers' aristocracy that stifles labor markets and deprives youth of a future. In Russia, state-sponsored crony capitalism met the ridicule of the crowds. The Greeks rioted against creditors refusing to keep lending. The Occupy Wall Street movement raged against the capitalist machine that no longer delivers middle-class prosperity.

Capitalism emerged triumphant in the post-Soviet world. It seemed invincible in its ability to solve problems, foster global cooperation, and profitably employ the technologies of the information age. Newly-found economic freedom propelled growth and lifted millions from poverty in China, India, and elsewhere. But in September 2008, Nemesis caught up with hubris. The financial crash not only destroyed inflated asset values, but confidence in a free market as well. Because the market had failed, the argument went, the State should step in and regain control of the unfettered animal spirits ruining the economy. But only a few years later, the sovereign debt crisis has made it painfully clear that the State is also failing miserably.

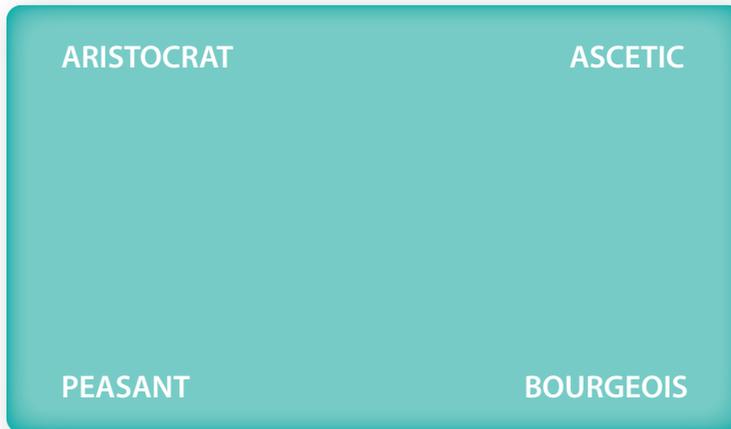
Some want to borrow and stimulate even more. Others call for austerity, spending cuts, and deleveraging. Almost everybody agrees that the Western world should innovate its way out of the crisis, if only creativity could be applied without destruction. There are calls for new morals, virtues, and values.<sup>1</sup> But what could they be?

The purpose of this pamphlet is to discuss the basic alternatives competing in the current moral landscape. They are driven by four political mentalities or dispositions, each based on different sets of virtues and values. They correspond to the classes of the pre-capitalist

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1. See, for example, Akerlof and Shiller (2010), Stiglitz et.al (2010), Sachs (2011); Guzman and D'Antonio (2011),

feudal order. They are the aristocrat's entrenched entitlements, the ascetic's austere stagnation, the peasant's populist fatalism, and those of the bourgeoisie: progress driven by prudence, entrepreneurship, and innovation; in other words, free-market capitalism. This pamphlet outlines Professor Deirdre McCloskey's studies of bourgeois virtues and dignity, and their role in shaping the modern world.



*Figure 1: The Political Mentalities*

Several years ago, McCloskey had made a commitment to speak at a conference on contemporary political thought. A secretary called to ask for the exact topic of the speech. The professor said she would speak about Bourgeois Virtues. The secretary paused – startled, it seemed, and then – laughed. “Bourgeois virtues” sounded like a joke, or a contradiction in terms. At this very moment, McCloskey decided to embark on a long intellectual journey to explore the history, philosophy, and economic consequences of bourgeois virtues. It has so far produced two thick volumes, *The Bourgeois Virtues: Ethics for an Age of Commerce* (2006) and *Bourgeois Dignity: Why Economics Can't Explain the Modern World* (2010), both published by The University of Chicago Press.

In a long process emerging in the Northwest of Europe in the 17th century, the bourgeoisie broke through the resistance of entitled aristocrats and economic ascetics who viewed trade and com-

merce as undignified. It led to the Industrial Revolution that provided the peasants and proletarians opportunities for economic betterment. It prompted the civilizing process that led to decline of violence, the emergence of civilized manners, and a kinder, gentler society. Nevertheless, as a social system of free exchange, and a moral system of ideas, capitalism has been opposed since the beginning by new variants of the old mentalities. The perceived lack of bourgeois virtue is grudgingly tolerated as long as it delivers for others to spend. As economic progress in the West inevitably faces a period of modest growth, burdened as it is with debt, ageing, and loss of competitiveness, the traditional anti-capitalist rhetoric is bound to get more vociferous.

McCloskey's central thesis is that capitalism is founded on the ideas of the Enlightenment: freedom, reason, universal human rights, and progress; and the virtues of the bourgeois: prudence, courage, faith, and hope. Freedom and dignity naturally lead to entrepreneurship and innovation. Liberty is an economic factor, dignity a sociological one. Liberty concerns the laws that constrain, and the taxes that bleed the entrepreneur. Dignity concerns the opinion that others have of him. In the pre-industrial world, legal and moral codes prevented the bourgeoisie from developing new goods and more efficient ways to produce, or from finding opportunities to buy low and sell high. Industry and commerce were perceived as undignified and sinful. A change in rhetoric, first among the learned, then in the popular opinion, led to the belief that bourgeois work was worthy of respect. In due course, the barriers of economic freedom were removed. Free and dignified entrepreneurs employed the methods of science, created technologies, and opened markets. In 1978, when Deng Xiao Ping declared that to get rich is glorious, and in 1990, when Manmohan Singh liberated entrepreneurs from bureaucratic red tape, China and India repeated the bourgeois formula for growth.

The Western quest for post-crisis values begets the question: which sets of virtues and values should gain freedom and be afforded dignity? The path dependence of history can't be ignored. This is not a neo-conservative call back to basics, but a conversation about what modern bourgeois virtues might be.

The discussion is organized as follows. First, the concept of the bourgeoisie, and their virtues and achievements, are explained. Second, the rhetoric of the anti-bourgeois opposition and its historical roots are explored. Finally, the current moral landscape and the con-



## THE BOURGEOISIE MADE THE MODERN WORLD

“Bourgeois” has become a loathsome word. McCloskey insists it needs to be recovered and taken back from its enemies, to be kept and honoured, in the same way that insults such as “Protestant”, “Quaker”, and “Tory” have been.

The noun “bourgeois” has its root in the word “burg”, which means “fortification” or “castle”, and originally referred to city dwellers or townspeople. The same root gives us the word “burglar”, a thief preying on a city. As an adjective, “bourgeois” referred to the habits, attitudes, values, ethics, mentalities, and social organization of the artisans, merchants, and scholars who congregated in a city to ply their trades and pursue their dreams.

Sociologically, the bourgeoisie is distinct from the “middle class”, a statistical category depicting those positioned between the rich and the poor. They obviously overlap, but essentially bourgeois means a businesslike set of attitudes held by a city dweller practicing a honoured profession, owning a business, or functioning as a manager in

someone else's enterprise, including government and non-profit organizations. Such people could be found in any town in the ancient world, while they did not necessarily dominate.

Traditionally the bourgeoisie has been divided into three groups. The first group, the Grand or Haute Bourgeoisie are the owners of capital and bosses of large enterprises. By the seventeenth century two thousand such bourgeois regents ran the Dutch republic. The second group is the educated bourgeoisie, also called the Bildungsbürgertum: the priests, lawyers, teachers, and intellectuals; more recently, this has come to include the chattering classes and the creative class. The third group is the Petite Bourgeoisie, the lower-middle class, typically the owner of a corner grocery store, or a lower-middle manager.

The bourgeoisie shares with the proletariat a respect for work, and with the aristocracy, a respect for property.

The bourgeoisie is a working class. It is not selling raw labor to be guided by others, as it can bring more to the market than a couple of hands. The bourgeoisie sell performance and accomplished outcomes. Bourgeois work is dealing, managing, and advising. It is verbal work, the speaking of ideas, the calculating of amounts. It entails dealing with strangers and the nurturing of ties with a large set of customers and business partners. Therefore, the bourgeoisie has, historically, been the harbinger of curiosity, acceptance, trust, and its outer sign, respectability. Distinct from the laboring classes, the bourgeoisie is, or strives to be, master of their own fate. Even when the proletariat's work is heroic, he is still a hired hand. The bourgeois dream is to be one's own boss, working harder than when bossed by somebody.

Bourgeois property is different from that of both the aristocracy and the peasant. It is neither the easy inheritance claimed by the aristocrat, nor the over-used commons<sup>2</sup> claimed by the peasant. It is not a given, bound-up zero-sum lump as these are, but capital employed to create value. Bourgeois property, particularly human and social capital, is remade in every generation. Equality of opportunity, property, and honourable verbal and intellectual work are the hallmarks of the bourgeoisie.

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2. As an economic term, "the commons" refers to a resource, such as a pasture or a fishing ground, that is utilized by many, but owned by nobody. The "tragedy of the commons" depicts a situation where users, lacking restraining rules, over-exploit the commons and destroy it.

## THE BOURGEOISIE IS VIRTUOUS

Business is consistent with ethical behavior. People want to be virtuous in business, as elsewhere in life. A bourgeois person faces a particular set of ethical problems: how to be a counsellor, yet self-prudent; salesman, while other-loving; a boss in charge, but just; a bureaucrat, yet courageous; a scientist, yet faithful. The bourgeois virtues are those of the middle road: a balancing act between extremities.

Ethics is the system of virtues. The words “ethical” and “moral” are used interchangeably. The former comes from Greek and leans toward character and education, while the latter has a Latin root, and emphasizes custom and rule.

A “virtue”, McCloskey writes, is a habit of the heart, a stable disposition; a durable, educated characteristic of someone to exercise her will to be good. A virtue is something about which you can coherently say you should practice: be courageous and prudent; have faith and hope. Virtues are acts of will, while characteristics such as beauty are not. You cannot sensibly say “You should be beautiful” but you can expect somebody to be neat, clean, and well groomed.

Virtues are guides to individual behavior, not merely a matter of observable action. We would not call a mother virtuous if she felt no emotion in carrying out her duties toward her children, or a businessperson ethical if they followed the law simply out of fear of jail time. Virtue is a feeling that builds up over time rather than a decision on the spot: an enduring moral sentiment.

While virtues are essentially individual dispositions supported by social norms, values are guidelines to social arrangements about rights and responsibilities. Freedom, equality, and justice are conceptions of how the social world works and how it should be organized. Thus the idea of freedom requires a belief in human beings as capable of agency, more or less rational and justified choices among alternative courses of action. Freedom has little meaning if humans are perceived as preprogrammed reactors to their environment. Equality cannot be meaningfully discussed without mentioning rights and responsibilities, and how one succeeds or fails in executing them.

The opposite of virtue is vice. Greed is a vice, alluded to in the Ten Commandments: the wish for something that others possess. As such, it is allied with resentment and envy. But there is a non-sinful wish for more: ambition. Greed is sin, but ambition is virtue. Greed does not create wealth. Barring luck and crime, only satisfying the needs

of others may create wealth. The community must protect itself, not from ambition, but from crimes committed in the pursuit of greed. We are all subject to envy, covetousness, and greed. The purpose of religion and morality is to limit these corrosive influences on the mind and the soul. The purpose of law is to control the destructive actions which may result from following these urges.

A criminal act, as opposed to the merely distasteful or immoral, must be clearly delineated, or else there can be no justice. Thus, there is a fine line between the moral world and the juridical realm. Moralism is an attempt to push the line, to bring in the cops, the courts and the powers of state to criminalize and punish vices that should be of no social concern, such as sexual preferences, the denial of supernatural entities, or rewards from risk taking.<sup>3</sup>

Moral conduct has an upside and a downside. Virtue commands respect; vice is met with contempt. In all ages and societies, certain types of virtuous behavior are afforded dignity. The respected person will find that calls will be returned and doors will be opened. Business is refused from those perceived to be lacking in virtue. We cannot know, and neither is it our business to know, what is in another person's heart. We can judge the results of his actions and reward them, should they meet our needs. Hence the social power and value of dignity.

### There are Seven Classical Virtues and Vices

Over the course of history, virtues have been listed and classified in many ways. McCloskey sticks to the classical seven. They are both powerful and parsimonious. Everything needed for humans to flourish is included. Combined in the right way, the seven virtues can produce the twenty-four character strengths listed by the Positive Psychology Handbook.<sup>4</sup> The magnificent seven are the following:

1. Faith means identity, integrity, loyalty, and being true to oneself. With courage and justice, it becomes honesty.
2. Hope is optimism and imagination, the forward-looking virtue of the entrepreneur who seeks a difficult but attainable future.

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3. The relationship between moral and moralism has been discussed by Mamet (2011)

4. These are, as listed in Peterson and Seligman (2004): curiosity, creativity, open mindedness, love of learning, perspectives, bravery, persistence, integrity, vitality, love, kindness, social intelligence, citizenship, fairness, leadership, forgiveness & mercy, humility, self-regulation, appreciation of beauty and excellence, gratitude, hope, humor, and spirituality.

3. Love means connection, friendship, affection, and appreciation, including the doctor's love of healing, the engineer's affection for machines, and the researcher's passion for the advancement of science.
4. Justice is social balance, logical coherence, and rule-following; it is essentially the opposite of arbitrariness.
5. Courage means autonomy, daring, endurance, and steadfastness when facing obstacles and opposition.
6. Temperance is individual balance, restraint, chastity, sobriety, humility, and navigation between extremities.
7. Prudence means practical know-how, street-smart contextual rationality, appropriate self-interest, and the foresight to adjust means to reach ends. It involves putting long-term effectiveness ahead of short-term efficiency. Prudence is the grammar of virtues.

The opposites of the seven virtues are the seven deadly sins: lust, gluttony, avarice (greed), anger, envy, sloth (laziness), and pride.

The seven virtues describe the ethical tradition of the West, and greatly overlap other ethical systems, such as Confucianism, Talmudic Judaism, or American Shamanism. Virtues do not necessarily need metaphysical anchors, but such supports have often been helpful. When the sinful rejoice and the wicked run away with the prize, the virtuous could find comfort in the idea that all scores will be settled on Judgment Day. When the idea of final justice in another world evaporates, the question arises: does virtue pay, even in this world? In this respect, virtues and the dignity attached to them lose their religious underpinnings and become social and political matters.

### Stand-Alone Virtues Turn into Vices

Virtues make a coherent system, but a person needs to have this or that virtue on special occasions. In the daily dealings of a business, prudence is called for. When facing an investment decision, hope and courage kicks in. Different combinations of virtues get different emphasis in different times, places, and circumstances for different groups in society.

Any virtue, alone and driven to the extreme, turns into a vice. Absorbing the love of a child without the virtue of justice, for example, makes the child a mere source of satisfaction to the parent. Temper-

ance turns into bigotry, calling for the moral police to flog sinners. Faith becomes gullibility. Prudence produces a calculating miser. Most virtues are virtuous only in the context of and in combination with other virtues.

The primary bourgeois virtue is prudence. McCloskey likens it to the ancient Greek concept of *phronesis*, translated as “good judgement” or “practical wisdom”. Prudence may be based on theoretical insights, but is not academic knowledge. It is the dispositions by which we judge what is to be done and what is not to be done in daily life. A prudent person does the due diligence, crosses the t’s and dots the i’s. A person notably lacking in prudence is, we say, a loose cannon.

Prudence includes, but can’t be reduced to, mere self-interest. Knowing how to take care of oneself is a virtue. The love or justice moving us to help others is a vice, not a virtue, when unallied with prudence. The Good Samaritan who ignorantly (if unintentionally) kills the person he is trying to help should be held properly responsible; as should the do-gooders who pursue charity without concern for the real outcomes of their actions.

In bourgeois life, prudence is accompanied by the other virtues. It takes faith and hope to spot an opportunity or figure out an invention, but prudence and courage are the virtues that make them into innovations and sustainable businesses.<sup>5</sup> In an egalitarian society of contracts, honour has been replaced by honesty, the courage, justice and faith to be reliable in making a deal. But, as McCloskey discusses at length, the feminine virtues of love, faith, and hope are very much present in bourgeois life, beyond the prudence-only straw man of calculating, speculative greed.

The left believes capitalism is a matter of pure prudence, understood as ruthless self-interest, and therefore an ethical catastrophe. Proponents of crony capitalism on the “greed-is-good” far right believe this is the very reason why capitalism is an economic triumph. Neither view, McCloskey argues, accounts for bourgeois life as a whole. Capitalism is not a matter of only prudence. It has not followed such an ideology; this is not how it actually works. Property is not theft, yet neither is property everything there is. Ruthless self-

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5. Innovation is here defined as something new (an invention), that can be repeated and mastered (i.e. not a stroke of luck or single happenstance), and that benefits both the innovator and the user.

interest is not the life of the capitalist, and neither is every capitalist ethical. Bourgeois life has not in practice excluded the other virtues. In fact, it has often nourished them.

McCloskey argues that bourgeois work is not void of emotions and feelings, or social networks and relationships. Market capitalism does not require or produce loveless people. Markets and corporations encourage friendships wider and deeper than the isolation of a full-blown socialist regime or the claustrophobic atmosphere of a traditional village. No one dependent on a distant god such as Gosplan or long-standing tradition can feel safe. A market linked to our individual projects makes us safer and more loving. A capitalist business partnership is more like a marriage than a temporary contract. The partners do not attempt to specify every duty of every party during a relationship. Very few humans can be only prudent. Contracting is relational, incomplete, and utterly social. Business deals are built on trust, respect, compromise, and mutual adjustment. There is good reason why commitment and trust are the buzzwords of modern management. Civilized commercial society brings the necessary conditions for democracy, the capacity for self-governance, and liberty.

The enduring legacy of the bourgeoisie and the Enlightenment is the idea of progress. The world is not constructed by divine providence, allotting everybody a given place in the great chain of being, and neither is it built through the mechanical causality of responding automata. Society is a human endeavour. In pursuing happiness, all human beings have equal, natural rights. They are endowed with reason: the ability to comprehend, formalize, and communicate the rational order of nature. Observation and the scientific method, rather than authority, are the sources of knowledge. The world can be made a better place by liberated people and their dignified pursuit of economic betterment.<sup>6</sup>

## A PROSPEROUS WORLD BECOMES GENTLE

Every generation tends to believe it stands at the most dramatic fork in the road of history. In hindsight, however, there are only a few really big game changers. The Industrial Revolution is one of them. For the common man, it was a turning point from a life on two or three dollars a day (in today's dollars) to a world where even the poorest

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6. Israel (2010)

members of society consumed at least eight times that amount. It needs to be emphasized that the Industrial Revolution was not about percentages, but about multiples. The average person in the modern West consumes anything between eight and forty-five times more than her ancestors. The exact figure doesn't really matter. Nothing else in human history, not the Neolithic Revolution and the origin of agriculture, nor the glory of ancient Greece or the grandeur of old Rome, has come even close.

### **The Industrial Revolution Increased Wealth by Multiples**

The Industrial Revolution is a set of events and developments that profoundly changed the world. Its roots can be traced to the late Middle Ages and the Renaissance. It started slowly and haltingly in the Low Countries in western Europe in the seventeenth century with the emergence of Dutch merchant cities. It spread to Britain, and had already made substantial progress by the time of its first systematic description in Adam Smith's *The Wealth of Nations* in 1776. By the year 1800, it had improved the conditions of workers in Britain, and caused rapid population growth. By the latter half of the 19th century, improvement was clearly visible in the daily life of the average citizen. A century later, the Western world was an affluent, middle-class, consumer society.

The Industrial Revolution proceeded in several overlapping stages, each producing profound innovations. At the beginning came a new way to organize work. The original state of production was self-sufficiency. Each household produced all it consumed. But when everybody does everything, nothing gets done very well. Division of labor and specialization are the first steps towards higher productivity and prosperity. Division of labor begets specialization. When similar tasks and situations keep coming one's way, the human mind recognizes patterns, figures out best practices, and makes them into standard operating procedures to be transferred by masters to apprentices and journeymen. Early industrialization amplified these principles manifold. Tasks were divided into smaller increments and organized into processes, or series of repeatable steps, which were compounded into manufacturing. The concentration of productive operations enabled the use of the energy from water wheels and steam. The origin of the Industrial Revolution was organizational innovation that did not require access to abundant capital.

As technology improved, entrepreneurs did require capital investments. Mechanical innovations proliferated, spurred by advances in mathematics and natural sciences. As the ingenuity of man and the forces of production were set free, new innovations followed one another, from iron to steel, from steam to internal combustion, from electricity to electronics, from chemistry to biology and nanotechnology. Each new advance has brought forth new products and services, created new industries, and disrupted the old. At each stage of development, the logic of production, consumption, and finance have collided in various ways, giving rise to euphoria and reckless optimism punctuated by periods of catastrophe, panic, and depression. The growth pains of capitalism have come in waves of crisis.<sup>7</sup>

### **Bourgeois Dignity Explains the Industrial Revolution**

In *Bourgeois Dignity*, McCloskey set out to explain the causes of the Industrial Revolution. Her claim is that its momentous changes were set in motion by a change in thought and rhetoric that allowed a new dignity within, acceptance of, and respect and admiration for the bourgeoisie, its work, and its values. First, however, McCloskey puts conventional explanations under scrutiny.

The theory of imperialism and its recent variants, such as dependency theory, make the easy argument that Western wealth is the result of plunder and exploitation. White men simply stole and brought the booty home, exploited slave labor and the urban poor, and all the rest just happened. Historical evidence, however, refutes this self-loathing morality play. Plunder and exploitation has never been the source of sustainable wealth creation. Ancient empires exploited slave labor, but nowhere could they improve the average standard of living. The Spaniards and the Portuguese emptied South America of precious metals, only to create inflation, stagnation, and centuries of poverty at home. The slave trade around the Indian Ocean was more voluminous and lasted longer than that across the Atlantic, with no industrial development as a consequence. As David Landes explains in *The Wealth and Poverty of Nations*,<sup>8</sup> imperialist exploitation contributed a bit to the primary accumulation of capital in Great Britain, but it didn't matter

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7. For a discussion of the long techno-economic waves, see Perez (2003)

8. Landes (1998)

so much, since the start of the Industrial Revolution was based on a new organization of labor and financed itself through retained earnings. Without the slave trade and imperialism, industrialization might have been delayed by a decade or two.

Science and technology are definitely necessary ingredients in progress. The Enlightenment view of nature as governed by real principles that could be discovered, replaced magic with science. Many scholars have wondered why the scientific prowess of ancient Greece, China, India and the Arab world did not lead to their own industrial revolutions. As noted by Joseph Needham,<sup>9</sup> name any Western invention before the 20<sup>th</sup> century, and there will be a Chinese precedent. But why did Chinese science not produce technology, and why did their extant technology not build commercial goods for the masses, but merely toys and trinkets for their rulers?

Contemporary emphasis on the economics of energy has obviously sought to apply its thinking to the recent past. Easy access to energy, particularly the abundant coalfields of the British Isles, was definitely a factor. But other people have lived for millennia on top of abundant oilfields. Where did the idea to start drilling come from?

The trade-based theories of economic development emphasize the importance of trading places and routes, long-distance sea voyages, and the import and export of commodities and ideas. Again, McCloskey shows that such arrangements have been part of human endeavour since ancient times. The greed for gold and profit from far-away lands did not emerge at the onset of the Industrial Revolution. It has always been there.

Finally, the connection between religiously-motivated thrift and economic growth has been made popular by Max Weber. The Protestant work ethic was coupled with the spirit of capitalism. The early Protestants saw economic success as a sign of God's grace, and daily work as service. Available data, however, does not support dividing the world into capitalist Protestants and non-capitalist Catholics, a fact that led Max Weber himself to abandon his own model. Thrift and hard work were, and still are, essential for economic progress. Raw effort, however, does not suffice as an explanation for the exponential growth brought forth by the Industrial Revolution.

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9. A short version of Joseph Needham's *Science and Civilization in China* is Temple (2007).

Yes, it can be claimed that imperialism, science, technology, energy, trade, thrift, and many other explanations have been necessary. Take away any of them, and the Industrial Revolution would not have happened, it would have been delayed, or run a different course. None of them alone, however, was sufficient as a cause. These necessary conditions have existed in various combinations in many societies at different times. Nowhere did they amount to much in terms of sustainable progress.

McCloskey's chief argument is that a new way of thinking was developing: the ideas, innovations, and achievements of the bourgeoisie started to command respect and achieve a level of dignity in society. A greater willingness to view commercial society, not as a sink of corruption but as a wholly legitimate sphere of sociability, was emerging. Suffocating regulations on industry and restrictions to trade were removed, spheres of economic freedom enlarged, and creative destruction allowed.

An entrepreneur encouraged by dignity and enabled by liberty, notices opportunity and takes it. Society improves if the opportunity is an actual advancement in how things are provided, rather than a rent-seeking<sup>10</sup> opportunity for legalized theft and taxation. Yet the elite had always scorned such activities. The aristocrats and warriors lived by the dignified collection of rents or taxes imposed on the lower classes. Now in the bourgeois north-west, pursuing a career in trade and industry began to be seen as dignified as joining the military or becoming a man of the church. The inventor became an acknowledged benefactor of the world. Bourgeois virtues and their newly-found dignity acted as the precondition for all the necessary conditions.

McCloskey claims that the new period of historically unique economic growth depended on ideas, books, and letters more than on economics. This is the exact opposite of Marx's claim that ideological and rhetorical changes always reflect material conditions. The idea of the free and dignified bourgeoisie led to the invention of the steam engine, the mass market, and democracy. Given the liberty to venture, a material economy followed.

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10. As an economic term, "rent-seeking" refers to the pursuit of economic gain through an established position, such as a monopoly, exclusive licenses, or controlling a trade route for the collection of tariffs. It is distinct from "profit-seeking", or the pursuit of economic gain in a competitive market.

In summary, there were two leading ideas: that the people were given the liberty to hope, and that an honest economic life should give dignity and honour to ordinary people. Capitalism as an economic system came about when the merchant and the entrepreneur were finally given social acceptance, and protection from the predation of the aristocracy and the state.

### Commerce Created a Kinder, Gentler World

Commerce not only produced wealth, but it was also the primary mechanism of the civilizing process,<sup>11</sup> turning men from beasts into civilized beings. During the bourgeois era, homicide rates fell dramatically. As Europe became more urban, cosmopolitan, commercial, industrialized, and secular, it became safer and safer.<sup>12</sup>

The civilizing process was driven by two mutually reinforcing mechanisms. The expansion of state power into larger units reduced the number of small fiefdoms. Local warlords had fewer possibilities to engage in continuous warfare. Gentle commerce provided incentives to move from plunder to trade. In 1704, the economist Samuel Richard wrote:<sup>13</sup>

*Commerce attaches people to another through mutual utility. Through commerce, man learns to deliberate, to be honest, to acquire manners, to be prudent and reserved in both talk and action. Sensing the necessity to be wise and honest in order to succeed, he flees vice, or at least his demeanour exhibits decency and seriousness so as not to arouse any adverse judgement on the part of present and future acquaintances.*

With the rise of the bourgeoisie, the world slowly turned from violence and conquest to a world running on trade, contracts and agreements. Trading requires respect for, and understanding of, the other party. As the sphere of commerce expands, first from village markets to local towns, then from cities to long-distance trade spanning continents, sellers need to increase their efforts to understand buyer preferences. Successful selling requires empathy, or the ability to see the world through the eyes of another person. Commercial exchange wears down prejudice.

In an economy based on land, if someone wants to improve his

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11. Elias (2000).

12. Pinker (2011) Chapter Two: The Pacification Process

13. Quoted in Pinker (2011), p 76.

standard of living, his primary option is to capture the neighbouring lot. Competition for land is a zero-sum game.<sup>14</sup> One player's gain equals the other's loss. The zero-sum nature of the pre-bourgeois era was reinforced by a religious ideology hostile to technological innovation that might eke out more wealth from available physical resources. Commercial law prohibited innovation in tools and techniques, underselling below a fixed price, working late by artificial light, or advertising wares. This is the medieval, but still-familiar recipe for a zero-sum game that leaves predation as the only way to increase wealth.

In a positive-sum game, parties have choices that can improve the lot of both at the same time. Human cooperation and the social emotions that support it, sympathy, trust, gratitude, and guilt, allow people to flourish in positive-sum games. Free markets put a premium on empathy. They also change the incentives for violence. If you're trading with someone, your partner becomes more valuable to you alive than dead. To take advantage of positive-sum games, people had to exercise prudence, plan for the future, control their impulses, take other people's perspectives into account, and exercise the social and cognitive skills needed to prosper in social networks. A culture of honour – the readiness to take revenge – gave way to a culture of dignity, marked by a readiness to control one's emotions.

Trading is risk taking. Thieves, crooks, and opportunists cheat on their commitments. Risks can be reduced by defining moral communities and outward signs of respectability. For the bourgeoisie, there were two signals of membership in their community of shared values: proper manners in dress and speech, and the presentation of arguments by referring to a universal logic.

The Enlightenment view of what it means to be civilized is the refinement of manners, which encourages a more sympathetic appreciation of other human beings. Politeness appears as people polish each other's interactions: they rub off corners and rough sides by amicable social collision. Over time, they learn the need to treat others with respect, or civility, and show due regard for their interests as well as their own. The bourgeois revolution supported and amplified the Enlightenment view of universal human rights and civil liberties. Its

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14. For a discussion on positive- and zero-sum games in human development, see Ridley (2010), and Wright (2000).

proponents worked to abolish slavery, torture, public executions, and discrimination in both race and gender. The kinder, gentler world, as we know it today, was a bourgeois creation.

### The Workers Were the Winners

Most of the early industrial entrepreneurs died penniless. The great winner of the Industrial Revolution was the working man. Life expectancy, sanitation, educational opportunities, social mobility, and choice improved like nowhere else in world history. However, it took several decades before the average incomes of the laboring masses started to show significant and visible improvement. The United States is the only major Western country where the working man could see the riches of capitalism a long time before being told that his fortunes may be the result of exploitation.

The conditions of labor in urban manufacturing centres gave rise to radical, utopian movements that acquired a life of their own. The new ideologies were based on direct observation in the close vicinity of the libraries and pubs frequented by intellectuals. Marx never visited a factory.<sup>15</sup> Neither did Dickens and other chroniclers of the miseries of the slums venture to the countryside, from where the rural poor escaped to employment at the “Satanic Mills” in the cities. This is the origin of the misconception held by Marx, and many of his current followers, that capitalism created and caused poverty. Charles Dickens’ depiction of the industrial slums on one hand, and Jane Austen’s pastoral idyll of the countryside on the other, also created a misleading view of the early years of the Industrial Revolution. It is not based on historical facts, as they were not available at the time. The historical truth is that the life of the poor in the British countryside, as elsewhere and in more recent times, was in many ways worse and desperately lacking hope, compared to the possibilities opened up by urban labor for wages.<sup>16</sup>

Any attempt to understand the mechanisms of economic development were for a long time mired with serious limitations<sup>17</sup>. The Iron Law of Wages held that there is a given and limited demand

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15. Nasar (2011) provides some interesting detail in both the thoughts and lives of major economists.

16. Clark (2010)

17. Nasar (2011)

for labor, from which inevitably follows a race to the bottom. The logical conclusion was that there was no way for the laboring classes to change their conditions other than a radical and revolutionary change in the system.

This pessimistic view of industry was effectively punctured by Alfred Marshall. The Cambridge economist of humble origins had visited factories and roamed the countryside. Marshall was the first to formalize the concept of productivity, the idea that more can be had for less by innovations in how work is organized and capital employed. The gains of productivity were trickling down to the workers, who increasingly became consumers and creators of demand. The improvement of their lot did not require a revolution. The definitive battle between capitalism and socialism was fought during the European revolutionary year 1848. What has happened since, including the Bolshevik coup in 1917, is no more than a footnote in the longer view of economic and political history. The upheavals of 1848 created a new confidence among the bourgeoisie, that they might be able to manage a capitalist society through labor contracts and social welfare provisions. Capitalist energies were liberated like never before. For the bourgeoisie, the latter half of the 19<sup>th</sup> century and the beginning of the 20<sup>th</sup> was an era of optimism and innovation known as *belle époque*, the beautiful era.



## THE OPPOSITION MADE "BOURGEOIS" AN INSULT

Given the achievements of the bourgeoisie in creating a better world, it is an enigma how the Western world turned to bite the hand that fed it – and it still does. Rival intellectual forces, such as Romanticism, declinism, and totalitarianism from both the left and the right have contested bourgeois virtues and Enlightenment values. The bourgeois world has been able to beat back the opposition chiefly by its supreme ability to deliver wealth and well-being. But its very success has also created the seeds of its own destruction. While uncontested in the market of goods, the bourgeoisie has become weak in the market of ideas.

## THE ARISTOCRACY SAW THE END OF ITS WORLD AS THE END OF THE WORLD

The Industrial Revolution, the Enlightenment, the new freedom, and the concept of universal human rights unleashed social forces that spun out of control in the French Revolution. The kinder, gentler world was crushed under revolutionary fervour. After the Napoleonic

military adventures, the old order returned to power. Something, however, was inevitably gone. To the continental intellectuals of the mid-nineteenth century, the reign of terror and the guillotine were what the Holocaust was a hundred years later. A new Great Narrative was needed to explain the world to those who felt they were living in a world without meaning or control.

Karl Marx provided one such narrative. In his attempt to explain the industrial economy, he got most of it wrong. Alfred Marshall, Friedrich von Hayek, Joseph Schumpeter, John Maynard Keynes, and others have presented better models of how capitalist economies work. None of these, however, have had the allure and staying power of Marx. The reason is rather simple: Marx did not only provide a piece of analysis, but a path to salvation. His Great Narrative copies archetypal oriental mythology, widely known through centuries of Christian teaching. In the beginning, there was Paradise, man in his original state: cooperative, true, and good. Then the serpent entered in the shape of private property, subjugation, and sin. The world degenerated into a valley of sorrow and struggle. However, a messiah would emerge, bringing a new consciousness and with force, take the world through the final battle, to a future where the original state would be restored. The vision brought hope, faith, and meaning, as well as ample opportunities for political operators to justify their claims to power over other men. The same themes also found resonance in a most unexpected place.

The big loser in the Industrial Revolution was the aristocracy. While economic progress made some of the bourgeoisie rich, and the laboring masses were significantly better off, the landed gentry living on the proceedings of inherited wealth gradually lost position, respect, and confidence. Many of that class quickly abandoned the role of the leisurely gentleman and put their skills to the service of bourgeois enterprise. Others tried to cling to their positions. When it appeared increasingly pointless, they theorized how the end of their world was the end of the whole world. A broad intellectual movement emerged from the ivory towers of continental Europe. Occasionally touching base with revolutionary labor, it can broadly be described as Romanticism, declinism, nationalism, and totalitarianism. The bourgeois values of the Enlightenment got articulated antitheses: Romanticism against reason, decline against progress, race and nation against universal human rights, and the strong state against free markets.

Arthur Herman<sup>18</sup> identifies Arthur de Gobineau as the first to articulate this new vision. As an impoverished Count, Gobineau enjoyed presenting himself as the last survivor of an ancient Norman noble family. In the 1830s, he set out to make his mark as a writer on the bohemian circuit in Paris. The bohemians nurtured contempt for modern society and its new ruling class of merchants, bankers, and industrialists. Those newly rich people seemed incapable of any divine emotion or appreciation of the arts. Charles Baudelaire, one of the leading bohemians, viewed his own society as the stupidest in the history of civilization. Commerce, he stated, is by its very essence, satanic. There were, in this view, but three groups worthy of respect and dignity: the priest, the warrior, and the poet. To know, to kill, to create! The writer's cultural role was to shock the bourgeoisie. The artist, like the aristocrat, stood above and apart from petty bourgeois aspirations. The world of economic progress, innovations, machines, popular democracy, and the intermixing of classes was viewed with growing distaste. Christianity, as the religion of slaves and racial mixing, was to blame for the presupposed decadence and decline. German Romanticism positioned itself against the Scottish and liberal idea of leaving people alone in their marketplace to fashion a varied culture.

Gobineau thought there was a direct link between his aristocratic blood and his alienation from society. He was different, the chosen one. He looked elsewhere for inspiration: to the Orient with supposedly high spiritual values, and to an assumed glorious past with vitality and honour, from which the industrial world had departed and declined. Thus emerged the myth of the Aryan race, the carrier of the virtues of a bygone, pre-bourgeois Europe of courage, power, vitality, and authenticity. The virtue of the Aryans was both their birthright and their legacy to their descendants, the struggling aristocracy, the *Übermensch*, the Teutons, and finally, the Nazis.

The declinist view found its philosophers in Friedrich Nietzsche, Oswald Spengler, Arnold Toynbee, and many contemporary prophets of doom. The narrative of the decline of the West was articulated in fiction, such as Dr Jekyll and Mr Hyde depicting the savage in our midst, and Frankenstein's monster showing science and technology spinning out of control. Such images linger on in modern environ-

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18. Herman (1997)

mental pop-declinism and dystopias, such as those portrayed in *Blade Runner* and *The Terminator*. Salvation is back to nature, the soil, and the blood.

Looming decline was the omnipresent fear among the intellectuals of the 19<sup>th</sup> century. Degeneration of the race was assumed to create disorder, poverty, crime, alcoholism, moral perversion, and political violence. Eugenics emerged as a political program with broad support. Racial hygiene became a matter of public health. It was felt that the powers of a post-liberal state should be mobilized to save the civilization regardless of all costs. The aristocracy, turned into Romantic bohemians, embraced the powers of the State. Modern welfare states are direct descendants of this trend.

Enlightened man had equipped himself with science and engineering as an expression of his basic harmony with nature, understood as natural law. Technology and industry were considered to be reasonable expressions of progress. Machines enabled humans to create infinite wealth through capital productivity, without the need for conquest or exploitation. All that changed with the Romantic's rejection of nature as a lawful and rational order. In Romanticism's new view of man as a part of an irrational nature, technology was now an entirely mechanical process, devoid of any human value or spiritual upliftment. Reason was replaced by feelings, and trade with conquest.

What the bourgeoisie saw as civilization's most prized achievements – polished manners, respectability, prudence, and thrift – were now viewed as something sinister and decadent, lacking authenticity and vitality. The aristocratic view of the decline of the West turned into an attack on the bourgeoisie.

## THE ANTI-BOURGEOIS COME FROM BOTH SIDES

The attack on Enlightenment values and bourgeois virtues proceeded in two major streams: the Marxian socialist left and the Romantic nationalistic right.

The chief argument of the left was, and still is, that a market economy left to its own logic will not be efficient in creating wealth, and certainly not happiness. A planned economy will do much better. The second, supporting argument is that free markets will lead to rising inequality between the haves and the have-nots.

When the Soviet Union was at the height of its powers, the efficiency argument carried some plausibility. After Soviet collapse, the

history of this view came to a definitive end. The inequality argument can assume some credibility, as long as equality is depicted in relative terms and within nations. Virtually nowhere in the Western world has any group become poorer in absolute terms. Political passions can arise only based on the fact that some people manage to get wealthier faster than others.<sup>19</sup>

The anti-bourgeois argument of the Romantic right has managed to shake off its historical association with totalitarianism and has found support in large groups of the educated. The fear of racial decline has been pushed off the boundaries of political correctness. Environment and climate have taken its place. The Romantic anti-bourgeois stream is alive and well in images of rationalist maximizers, greedy speculators, and an unauthentic bourgeois culture.

To the Romantics, the bourgeois represented rational calculations, the economic man, who knew the price of everything, but the value of nothing. In reality, the economic man is a theoretical construct. It doesn't exist in nature, and it is not a norm. Neoclassical economics emerged as an attempt to apply the research methods of the natural sciences and the tools of mathematical analysis to the economic world. It assumes utility-maximizing rationality simply because one can be rational only in one, or a very few ways, while one can be irrational in infinite ways. The modelling tools available to Leon Walras and other founders of this school were simply not up to the task of accounting for the vagaries of empirically observable human behavior.<sup>20</sup> As such tools have recently become available, behavioral economics<sup>21</sup> has been able to build models based on humans as inherently cooperative. The economic man exists chiefly in the laboratory of the mind. It was not the economist who let it out and allowed it to run wild in the anti-bourgeois imagination.

The radical Romantic thinks the bourgeoisie brought speculation and greed to the world of the altruistic and the innocent. Obviously, creating wealth through industry and trade requires different mental faculties than seeking rent from inherited property. Only with a steady stream of revenues from land holdings or state support can one assume

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19. Milanovich (2011)

20. Beinhocker (2007) neatly summarizes the thinking revolution in economics.

21. For an introduction to behavioral economics, see Bowles and Gintis (2011).

the nonchalant view that money doesn't mean a thing, and render the alert, opportunity-spotting entrepreneur a cheap seeker of easy money.

There is no denying that excessive risk taking driven by greedy expectations of oversized bonuses have motivated many of the deals that opened black holes in the balance sheets of banks and national treasuries. To a bourgeois mind, handing out executive bonuses even when a company loses money is abhorrent.

Speculation has always been part of the human endeavor. It means gain from a fluctuation in prices of a commodity that does not change in shape, grow, or acquire new functions. All trade is speculation. The farmer brings a sack of potatoes to the market square in the speculative hope that it can be sold for a higher price there than at the edge of the field. Anybody who buys an apartment hoping it will appreciate in value engages in speculation.

The disdain for speculation arises from a materialistic mindset that sees changes in shapes and molecular structures as the only sources of increased value. Human preferences and judgements play no role. As in the Middle Ages, the authorities should set a just price for everything.

Speculation is an essential part of industrial and commercial capitalism. It is, however, restricted by the fact that commodities have a fundamental value-in-use. It provides a benchmark to what the exchange value possibly can be. Financial capitalism does not have this restriction, as a financial instrument has no value-in-use. It is bought only at the expectation of a change in price. Therefore, financial capitalism occasionally runs wild with speculative lunacy, creating bubbles of paper wealth that regularly burst in a fever of predictable panic.<sup>22</sup> Applying McCloskey's framework, it can be asked: why has speculative greed become, if not really dignified, at least accepted, and why have the institutional restraints on financial capitalism been loosened?

To the Romantic mind, the bourgeoisie destroyed traditional culture and authenticity. The bourgeois world is seen to be full of facades, posturing, cheap thrills, shallow emotions, and fleeting acquaintances. Capitalism is assumed to destroy traditional communities, making everyone a one-dimensional man, devoid of deeper relations and densely textured meaning.

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22. Reinhart and Rogoff (2009)

McCloskey gives the boot to a professor Selznick, one of the prominent proponents of this view. It is amusing enough to be quoted at length.<sup>23</sup>

*Selznick, writing in the tradition of Marx, Tönnies, Weber, and Durkheim, claims, without evidence, that there has been a movement away from densely textured structures of meaning, that social life is thinned and diminished. Modernity weakens culture and fragments experience...*

*We are asked to believe that a graduate student in Professor Selznick's law and sociology courses at Berkeley, the descendant of, say, Chinese peasants, has access to a less densely structured texture of meaning, a thinner, less love-filled life, than his ancestors. The student reads, lets say, English perfectly and French and German very well, and can understand little spoken Cantonese. He is married and has a three-year old daughter – whose feet, by the way, he would not think of binding. He needs only to complete his Ph.D. dissertation to take up a satisfying career of teaching and research. He has fellow graduate students he will keep as beloved friends for a long life. He stays in touch with his college classmates, and with some of his friends from the neighbourhood where he grew up.*

*In what feature exactly, one might ask Professor Selznick, is the graduate student able to enjoy less texture, structure, concreteness in his expressions and relations than his male ancestors? One of them was his immigrant great-great-grandfather working as a coolie on railway construction in Nevada. He died in a tunnel collapse at age thirty-one. His father lived in a village in southeast China. He could not read a single character, and left the village once only, feet first, when he died at age forty-four.*

*On the face of it, the graduate student has more textures, structured, concrete life, and a more uniform, flexible, and abstract one than these men. He has wider experience, a life twice or three times as long, more friends, longer-living relatives, more interesting work, and access to the world's best in spiritual experiences – advanced Buddhist thought, for example, or the piano sonatas of Beethoven.*

*True, he can't go back to the ignorance of his ancestors.*

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23. McCloskey (2006), p.138

The premise among anti-capitalists is that we have lost a good world worth keeping through the market economy. But evidence has been assembled by generations of social historians against the German Romantic idea of a Black Forest homeland of noble peasantry. The *gemeinschaft* of olden times was defective. The murder rate in villages in thirteenth century England was higher than comparable places now. Dryden's noble savage never existed. Recent studies in social history<sup>24</sup> confirm the Hobbesian view that for the majority of people, pre-capitalist life was, indeed short, nasty, and brutish.

### THE ENEMY FROM WITHIN

Where the bourgeoisie has been free and dignified, it has demonstrated its power to create wealth and a civil society. The evidence has been strong enough to push the opposition on both the left and the right into the margins. However, bourgeois virtues require a delicate balance that can easily be toppled. Dignity is not an entitlement; the bourgeoisie needs to earn it, not only in the world of commerce, but also in the world of morals. The enemy can also come from within.

The capitalist market economy created an affluent society. In America after the Second World War (and later in Europe), for the first time in world history, a large majority of the population was relieved from the daily worry of biological survival. Affluence means the proliferation of choice. The poor have very little choice, as basic needs come first, and the cheapest solution must always be the one chosen. But choices have consequences, even in societies that commit an abundance of resources to shield people from both the vagaries of the market and the follies of their own choices.

Avner Offer<sup>25</sup> and Francis Fukuyama<sup>26</sup> have aptly illustrated how the new mass opulence had a profound impact on social relationships. Traditional values, rooted in the necessity of survival through thrift, family, and local networks were abandoned, as they were no longer needed as insurance against misfortune. Citizens of the affluent society were, as Robert Putnam put it, “bowling alone”, and benching

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24. For reviews of the literature, see Morris (2010), Fukuyama (2011), Pinker (2011)

25. Offer (2007)

26. Fukuyama (2000)

themselves in front of the television.<sup>27</sup> As families and social networks disintegrated, the State stepped in. When young men abandoned their children, social services assumed the role of the father. This could be done, because the means could be found. During the post-War boom years, tax revenue kept increasing faster than GNP, burning holes in the pockets of politicians. Social entitlements and programs could be used to attract voters, who eagerly embraced the idea that somebody else had both the responsibility and the means to take care of their lives.

Secularization took away the heavenly prize of virtue and the hellish punishment of vice. An opulent society can afford to be merciful in cutting the connection between choice and outcomes, effectively killing the idea that virtue pays. Bourgeois virtues turn into class-based assets. The suburban middle class maintains traditional virtues, and benefits from them on the career paths of the information society, while the urban poor live along different codes that do not carry much equity beyond street-corner society.

Virtues were off-loaded from individual responsibility to state-supported mechanisms of the welfare society. This is the result of two broad intellectual streams: behaviorism and wellfarism.

Psychological behaviorism is not to be confused with the recent upsurge in behavioral economics, behavioral medicine, or behavioral operations management. Classical behaviorism arose from Pavlov's famous experiments with salivating dogs, and the conditioned reflex as a core explanation of human behavior. The pursuit of virtue has no meaning, if behavior is seen as a simple reaction to rewards and punishment, leaving no choice, objectives, or agency to the individual.

John Rawls is to the welfare society what Adam Smith is to capitalism. In his *A Theory of Justice*,<sup>28</sup> Rawls sets out to develop a system of justice as fairness, a construction of society that automatically leads to justice without virtue or agency. The idea of well-being depicts people as pots into which pleasure is dumped. Consequently, society can be seen as a mechanical system. Its levers and pulleys can be arranged by a political or technocratic elite to produce whatever

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27. Putnam (2001)

28. Rawls (1971). For a critique of Rawls, see Sen 2009.

outcomes are sought. Virtue, or whatever remains of it, is a characteristic of the construct. It is just or unjust, equal or unequal, fair or unfair, regardless of the behavior of individuals – thus the common notion that everything is caused by “the system”.

While the connection between virtue and outcomes has weakened, it has not disappeared. It has become painfully obvious, even in the most prosperous and egalitarian societies in Scandinavia, that the poor are always amongst us, and that humans do not live on bread alone. State paternalism can't protect citizens from obesity, abuse, and depression. With a growing underclass and proliferating middle-class anxieties, positive psychology<sup>29</sup> and other streams of thought<sup>30</sup> find virtues to be essential for human flourishing and agency.

Virtues are not single-item issues. Bourgeois virtues need to find a new balance. McCloskey's ideas can be used to clarify contemporary social mentalities and political positions.

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29. Seligman (2011)

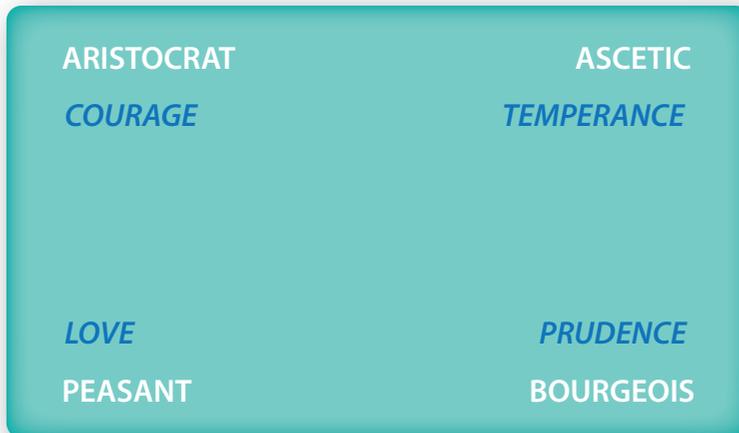
30. Fogel (2001).



## POLITICAL MENTALITIES STRUGGLE FOR DIGNITY

There are numerous ways to classify streams of political thought. The classical right-left dimension builds on the conceptions of state intervention versus free market. The conservative-reformist axis is about preserving the past versus looking for something new.

McCloskey provides a different way of classifying political thought and action based on the seven virtues and combinations thereof. These combine into mentalities, or more precisely, visions, dispositions, and world views that produce predictable interpretations, opinions, and political programs. Mentalities compete for dignity in the moral universe. The contemporary political landscape is inhabited by the aristocrat, the ascetic, the peasant, and the bourgeoisie.



*Figure 2: The Political Mentalities and Their Leading Virtues*

### THE ARISTOCRAT FEELS ENTITLED

The foremost virtue of the aristocrat is courage, shown most in war and other kinds of physical competition, like tournaments. Since kings were often without money, heroic service on the fields of battle used to be rewarded by property. As generations passed, the aristocracy covered its tracks and erased its history. Inheritance turned into entitlement, shrouded in mythologies of sacred bloodlines, blue blood, and God-given status. The aristocracy is the ultimate rent-seeker. Landed wealth produced a revenue stream without the owners having to get involved in labor, production or trade. With this came a disdain for the ordinary business life: the aristocrat came to believe the illusion that touching money would make a gentleman undignified.

The aristocratic snobbishness about urban production was present in the ancient world. Toil was for slaves and women, trade for ill-bred shopkeepers. Free men of landed wealth, the boys from Athens and Sparta, Rugby and Eton were to do great things. The virtues of courage, justice, and temperance were made to seem anti-bourgeois.

In the modern world, and particularly so in the New World, the traditional aristocracy as a political or cultural force is next to extinct. But the aristocratic mentality lives on, and takes new forms. In the feudal world, war proved an opportunity to meteoric rise through extraordinary acts of bravery. In the modern world, politics and the

media are the only arenas where this is still possible. Charisma and wit on a televised talk show is the modern equivalent of taking an enemy fort; bringing home a landslide on election night is like plundering a galleon loaded with bullion. Political estates can be created by extraordinary acts. When politics get enmeshed with the upper ranks of bureaucracy, selectively recruited from top universities, a state aristocracy is created.

An aristocratic position is inherited, or perceived as building on inherent capabilities that give the right to rule. The aristocratic mentality is fascinated by the idea of being special in disguise, like a diamond in the rough. Herein lies the motivation behind fairy tales: the Cinderellas, ugly ducklings, and changelings. Stories about the anointed ones, such as Harry Potter, or Neo of The Matrix movie trilogy, thrill the wannabe aristocratic mind.

In the modern world of intellectual capital, the aristocratic mentality is visible as disdain for work and trade. Many writers, artists, and celebrities behave like aristocrats seeking rent from imaginary intellectual superiority. Like Charlie Chaplin in *Modern Times*, they seek refuge from the ordinary through bravery in the world of letters and images. While some succeed, many are left by the wayside. As Malcolm Gladwell<sup>31</sup> has noted, natural talent has never been enough. Even Mozart needed the ten thousand hours of practice. The attraction of the high prize of joining the elite in arts or sports creates tournament labor markets. The peak, a top Formula One driver, celebrated writer, designer, artist, or even tenured professor, is high but narrow. The base is constantly swelled by an endless stream of apprentices willing to work for almost nothing just to get a chance to enter the game. Inevitably, many fail to get anywhere, especially in such markets where winner takes all. Those left by the wayside tend to nurture a feeling that the world is not fair. A rigged system, not lack of talent or effort, has left them in the cold. The failed aristocrat is left embittered and resentful; now, as in the 19<sup>th</sup> century, easy prey for de-clinist, racist, and totalitarian visions.

Like blue blood, ethnic membership can't be taken away. White supremacy and racism go naturally with the aristocratic mentality. It is present in the desperate defences of hard-won positioning in face of competition from emerging economies and immigrants.

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31. Gladwell (2009)

We can't compete on low wages, the argument goes; we are entitled to the high-paying, high-skilled jobs. Sure, nobody wants to compete with low pay. Markets distribute wage premiums to those who earn them. The workers' aristocracy seeks to erect trade barriers; lift the drawbridge and protect the insiders with first-in-last-out rules. The young, the immigrants, and the outsiders are all thrown in the moat.

The aristocracy has always sought to protect its dwindling fortunes by taking on debt to preserve a lifestyle assumed to be their birth-right. Aristocratically-minded politicians and electorates fail to adjust to reality even when debts keep piling up. The sovereign debt crisis is a crisis of a failing aristocratic mentality.

*The central precept of the aristocratic mentality is entitlement. You have the right and deserve the dignity, not because you earned them, but because you are somebody or you belong somewhere.*

## THE ASCETIC KNOWS WHAT'S RIGHT AND GOOD FOR YOU

The primary virtue of the ascetic is temperance. While the aristocrat shows off superhuman prowess in tournaments, the ascetic gains respect and power over men by a proven ability to suppress human desires. Ordinary folks look with astonishment and awe at the saint on top of a pole and the flagellants beating their backs to a bloody pulp. The monastic cell, the training hall, or the marathon track becomes the arena in which to prove one's worth. The ability to restrain desires and easy comforts is proof of contact with the divine, or a superior insight into the workings of the universe. The ascetic becomes a priest, a philosopher, or a Brahmin. As they have proven to be masters of self-control, and conquered the vices, they are by default virtuous, anointed to rule over lesser souls. While the aristocrat rules with the sword, the ascetic rules with the word. When the ascetic allies with the aristocrat, totalitarian control of mind and body ensues.

In the modern world, status can be gained through exceptional tastes. Those who can pretend they find pleasure in abstract art, have the muscle to sit through atonal music performances, and wade through a post-modern novel with no storyline, the modern equivalents of the hair shirt and the prayer wheel, are surely called to greater things. The ascetic knows better, is holier-than-thou, because he has seen the light and found true meaning.

The modern ascetic mentality, however, does not rest upon mere personal sacrifice. It can be made collective. Self-immolation appears in the use of the plural tense “we”. “We” are greedy, “we” need to stop consuming, “we” do not care about the needy, “we” exploit the poor... Hiding among the “we” there is no need for personal sacrifice. The frugal lifestyle proposed as the solution to looming ecological disasters is not personally imminent until everybody equally embraces it, or is forced to do so. And then, obviously, some are bound to be more equal than others. The epitome of the corrupted ascetic is the Green party politician driving an SUV.

The modern ascetic is the do-gooder one-upping the selfish masses, the petty bureaucrat harassing entrepreneurs, the scientist predicting catastrophes, the politician claiming authority to manage happiness, and the social worker knowing exactly what constitutes a good life.

*The central precept of the ascetic mind is sacrifice. Repent, ye sinners, the end is near! I have seen the light. Follow me and do as I say!*

## THE PEASANT ASKS TO BE PITIED

The primary peasant virtue is love, like Christianity as the religion of slaves.

The peasant, as McCloskey uses the term, depicts the proletariat, the coolies and the workers who have only their labor to sell. In a stratified society where aristocrats effectively block social mobility and priests preach submission, the peasant succumbs to his fate. Thus, the peasant is not to be confused with the freeholding farmers and yeomen of the Nordic societies and the American frontier. The peasant is formed by centuries of slave societies and feudal rule. As the peasant has little means of rising in a world where ambition is crushed, strategies for survival and dignity take shape under oppression. The Peasant needs to show submission, not to raise the ire of his master. The Peasant gets it better by begging for mercy, by being humble and pitiful, never showing off any gains or rejoicing in betterments. Effort, ingenuity, and improved productivity are not rewarded, as all profits go to the masters. With fixed rewards, the peasant makes as little effort as he can get away with. Shirking (limiting effort) is a rational response when virtue does not pay. The peasant has no incentive to improve or innovate.

The peasant owns little, if any capital. His labor is directed by oth-

ers: he is told what to do. The peasant has little sense of property rights and the care of capital assets. He exploits the commons, and grabs what he can without responsibility or remorse, because the big decisions are made somewhere far above his pay grade. The system is constructed somewhere else, and their masters are responsible for it.

Members of peasant-based religious movements, like the Evangelicals emerging in the postbellum American South, are beggars for mercy. God is the master, the arbiter of graces that needs to be manipulated with feigned humility and submission. Thus the Peasant prays with Janis Joplin:

*Oh Lord, won't you buy me a Mercedes Benz ?  
My friends all drive Porsches, I must make amends.  
Worked hard all my lifetime, no help from my friends,  
So Lord, won't you buy me a Mercedes Benz ?*

In the modern West, the toiling peasant has all but disappeared, along with the domestic servant. Machines do the heavy lifting. Even mundane work, such as the care of invalids and the elderly, requires educationally earned qualifications. The Industrial Revolution mightily improved the material position of the peasant. In Nordic welfare societies, even the weakest members of society, those living on welfare, if one includes all the social and medical services they are entitled to, belong to the wealthiest ten per cent of humanity.<sup>32</sup>

The rise of the affluent society and the information economy diminished the traditional working class. Bourgeois virtues attracted those with capabilities. Equality of opportunity propelled children of humble origins into the ranks of the petite and educated bourgeoisie, the holders of skills and intellectual capital. As the working class became increasingly bourgeois, the inevitability of peasant fate was shaken.

But the peasant mentality did not disappear. It migrated to the outskirts of society, to be held by a new underclass: those incapable of taking the bourgeois road to the mainstream through education or entrepreneurship. While the bourgeois revolution diminished the ranks of the idle rich, the welfare society has created a new underclass of the idle poor. While the peasant mentality throughout history has been formed by backbreaking toil, the new lumpenproletari-

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32. Milanovich (2011)

at does not work. Industrial work requires some skills, advancement through study is hard, and unions tightly protect the remaining well-paid industrial jobs from outsiders. Hard work at unrewarding tasks, such as cleaning hotel rooms, does not offer much more income than welfare handouts. Such tasks, contrary to manufacturing labor, can't be exported, but need to be performed locally. Consequently, they are increasingly taken over by immigrants, people who can compare their current situation to a even worse recent past, have the ambition to get ahead, and see simple jobs, any jobs, as a stepping stone to the mainstream.

Traditionally, peasants have rioted and slaves rebelled without ideological objectives. The modern peasant mentality is expressed as populism, a political movement that rejects explicit ideology and claims the superiority of common sense. The left-wing populist peasant wants more handouts from the masters. The populist peasant of the right doesn't want to share the wealth-creating capabilities of the national bourgeoisie with strangers. Both rage against the machine that is not producing as expected.

*The central precepts of the peasant mentality are pity, redistribution, fatalism in the face of the system, and irresponsible exploitation of the commons.*

## THE BOURGEOISIE CREATES VALUE

Prudence alleviated with the soft virtues drives the bourgeois mentality. Through innovations in trade and industry, the bourgeois seeks to control his fate and establish prosperity: find opportunities to buy low and sell high! Prudently listen to the market to get into the heads of the buyers and respond to their needs. Conduct experiments, learn from mistakes, and discard what doesn't work.

The bourgeois mentality differs from the others principally in how it creates value. For the others, value creation is shrouded in mystery behind a veil of ignorance. Revenues flow by a divine, traditional, or enforced order to the aristocrat. Economic value just somehow appears. Market prices and speculation are abhorrent to the ascetic. To the peasant, industry and commerce are of less interest than distribution of the spoils.

Value as an economic business term should not be confused with values, such as freedom, justice, and equality. An industrialist creates the potential of value by building a product, such as an automobile.

However, just building things does not yet create value, if nobody buys. Value in an economic exchange appears in a trade as the difference between what you give and what you get. As a seller, you ask for a price that covers your costs and leaves a profit. The price you actually get, less the lowest possible price that still would have made a trade, is the seller's surplus. As a buyer, your surplus value is the difference between what you actually pay and the perceived utility or benefit of the purchase. Value is thus the difference between what you get and what you give, between benefit and sacrifice. Value-in-exchange can neatly be expressed as money. The real value-in-use, however, is mostly incalculable, as the ultimate value is created in consumption. Businesses serve society by making goods and services available. Innovations are new combinations that carry more value than their parts. Productivity is to achieve more with less. The bourgeois gets what it deserves by enabling customer value-in-use to be created by customers.

Prudence in business calls for sensitivity about value, both in exchange and in use, both now and in the future. The bourgeois need to calculate and control the cost of production, estimate demand, and assure a proper balance between price and utility value-in-use. To the ascetic with an ecological mission, this seems like petty local optimization. However, bourgeois entrepreneurs have always understood the importance of long-term customer relations. They have, without much trouble, embraced system thinking, devised ways to recycle valuable materials, and constructed cradle-to-cradle logistics chains, and optimized within ever-growing system boundaries. With a little help from regulators, negative externalities can have a price and be prudently included in the calculations.

With creation comes destruction. Very few innovations are devoid of context to the extent that their success would hurt nobody. To cite three examples: the automobile replaced the horse, antibiotics made many traditional healers jobless, and the PC drove the typewriter industry into the ground. Most innovations replace something. Lacking vision and hope, the aristocrat mentality resists change and, clings to the old. The ascetic, always wary of developments that could undermine their authority, are sceptical of everything new. Both aristocrats and ascetics approve of innovations only if they do not destroy anything.

While most of the world has become, or is furiously becoming middle class, the bourgeois mentality is thinly represented and not

well articulated. The aristocrats and ascetics, allegedly representing the peasant, dominate the chattering classes. The bourgeoisie has lost its confidence and its well-articulated voice. It still has an exit, as industries move to the East, where bourgeois virtues flourish. At a recent summit, the Chinese premier declared he had studied Adam Smith, not only *The Wealth of Nations*, but the *Theory of Moral Sentiments*; his French counterpart called for a return to Marx.<sup>33</sup>

*The central precepts of the bourgeois mentality are innovation, accumulation of material and intellectual capital, agency, and a perception that man should get what he deserves through the appreciation given by others.*

### THE MENTALITIES COMBINE AND CORRUPT

The four mentalities are ideal types. As such, they rarely appear in pure form. Various combinations of them dominate the landscape. Mentalities can corrupt each other. Indeed, the worst problems occur when the bourgeois gets into an alliance with the aristocracy of state power.

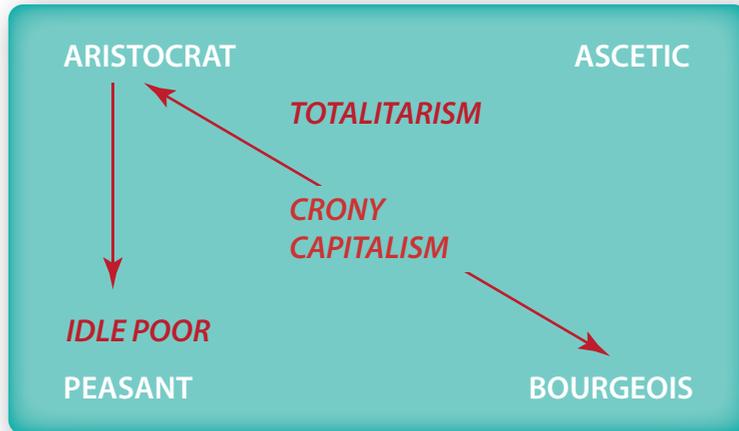


Figure 3: *The Corrupting Influence of the Aristocrat*

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33. Rachman (2011)

## The Aristocrat Corrupts the Bourgeoisie into Crony Capitalism

The bourgeoisie is, and has always been, susceptible to the lure of the aristocracy. A successful entrepreneur may mimic the habits of the aristocrat, desperately trying to shed the nouveaux rich label that draws attention to humble origins. When possible, the bourgeoisie welcomes monopoly as an entitlement.

When the bourgeoisie acquires an aristocratic mentality, achievement turns into entitlement, monopolies replace free competition, and cronies are allocated positions, bonuses, and stock options without merit. Crony capitalism has two key features: business activity loses any relation to, and often clashes with, the wider public interest; and business merit is separated from business reward.<sup>34</sup> Decency, modesty and respect are disregarded, and quick returns come to dominate long-established norms of fair dealing and just rewards. When a bank, or any business, claims it is too big to fail, it exposes the aristocratic mentality, the modern equivalent of a position in society allowed by divine right. When executive pay loses all reasonable connections to profitable growth, new aristocratic entitlements are espoused. When risk takers claim the profits, but roll over losses as a burden for the taxpayer, the aristocratic mentality has invaded the state and its economic policies.

When the bourgeoisie turns into an aristocracy, the bourgeois virtues are lost, and with them go dignity, and the new class has to retreat into walled communities. The anti-capitalist sentiments of the Occupy Wall Street movement are a rage against crony capitalism.

## The Aristocrat Corrupts the Peasant into the Idle Poor

The peasant is at the mercy of the master. Handouts, rather than their own efforts, determine the peasant's position in life. In a welfare society, individual masters are replaced by an impersonal system. The connection between effort and reward that was never strong anyway weakens still further. Since the system is obviously opulent, the peasant feels entitled to the spoils. Thus the peasant, turned into an aristocrat, claims that the money can be found: the wealth of the rich proves it is there. Taxation is the new commons that the peasant tragically exploits.

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34. Norman (2011)

As the aristocrat mentality trickles down to the peasant, the classical negative rights, such as freedom from violence and tyranny, are overshadowed by positive rights, that is, entitlement to basic upkeep and innumerable forms of assistance to cope with the burden of ordinary life. Disappointment with entitlements leads to resentment, a lingering feeling of injustice. If the society would be “just” – whatever that means – everybody, except the richest one per cent, would be better off.

### The Aristocrat Corrupts the Ascetic to Become a Tyrant

Originally, the ascetic was a man of letters rather than deeds. An ascetic could turn to bourgeois enterprise by establishing charities that do not turn a profit, while prudently avoiding losses. Saving the world one child at a time, however, is tedious to the aspiring ascetic. The state gives easier access to the levers of power. Ascetics can get hold of them by lending their power over the ignorant masses to the service of the state aristocracy. The wrath of divine beings, the inevitable course of history, the forces of nature, or the rampancy of killer viruses can stir electorates, and prompt politicians to make funds available to the ascetic’s pursuit of power and dignity. Occasionally an ascetic, a Trotsky, or a Pol Pot may take over the aristocratic powers entirely.

### The Peasant Corrupts the Ascetic into a Do-Gooder

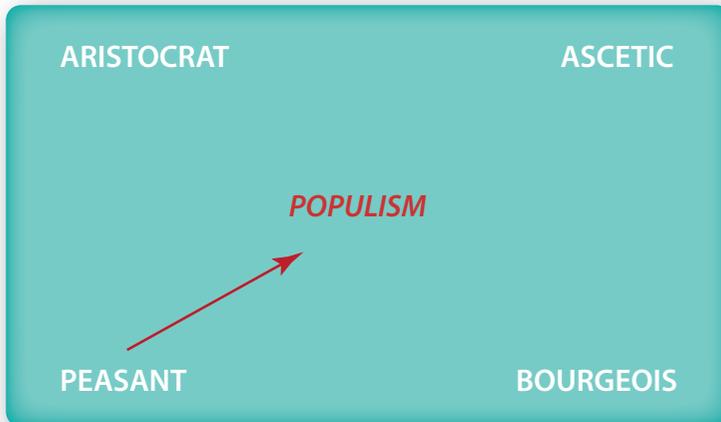


Figure 4: The Peasant Mentality Leads to Populism

In welfare societies, the peasant found new friends. A growing administration manages the idle poor. As the bourgeois society became increasingly kind and gentle, slums turned into eyesores. The definition of normality got narrower. Street crime and domestic violence have taken over the role of labor unrest as the bourgeois nightmare. Equality of opportunity has not succeeded in creating an enlightened society. The task of managing the remaining peasants was left to the administration. Much of it has adopted the peasant mentality.<sup>35</sup> Well-meaning ascetics identify with the underclass. Welfare politicians see themselves as Romantic revolutionaries for the poor. The peasant mentality gets a voice and a smattering of articulated theory. Tax revenue equals the commons that are there to be exploited, with no sense of the responsibility that goes with ownership. The public purse is owned by nobody in particular, but controlled by political masters that need to be pleased. The peasant asks to be pitied; therefore, all economic achievements in real terms are downplayed or ignored. Only the relative distribution of income and wealth counts, as it always shows the misery of the peasant. Society must believe that as the rich get richer, the poor get poorer, and be damned any evidence to the contrary. Welfare recipients can't gratefully count their blessings, and never admit any betterment, nor compare their position favourably to those of previous generations or similar people in poor countries. The peasant mentality can't accept the idea of progress. This pleases the ascetic, to whom The End Is Always Nigh. For the peasant in public service, there is no such thing as productivity. Why should there be, as the political masters reap every gain and distribute it elsewhere. The worse the outcome, the more resources can be claimed. Public services managed by the peasant mentality never improve.

The peasant mentality drives populism. It is based on the popular fallacies of political thought,<sup>36</sup> which state that everything is always getting worse, international trade is a zero-sum game, and there is a given set of jobs and opportunities that should not be stolen by immigrants.

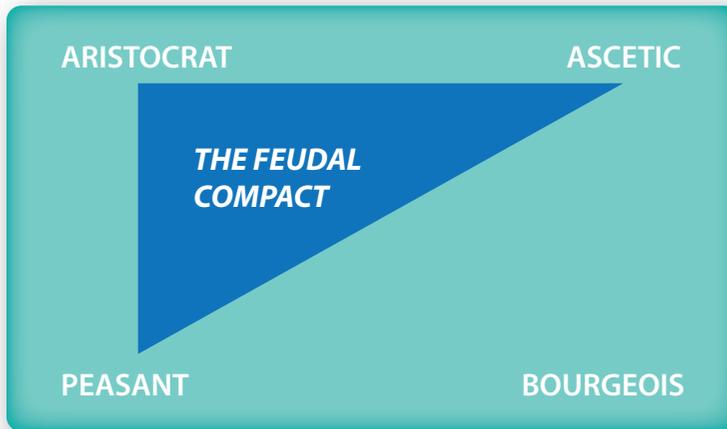
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35. Dalrymple (2010) gives many examples.

36. Caplan (2008)

## THE BOURGEOIS IS UP AGAINST THE REST

In the modern political landscape of the struggle for dignity, the bourgeoisie is pitted against the rest. The dividing line is prudence, here the conception that value needs to be painstakingly created, that consumption needs to be preceded by production, that innovation can't be implemented without pain, that the appreciation of others in a free market should determine who deserves what.



*Figure 5: The Bourgeoisie Against the Feudal Compact*

Politically the bourgeoisie is represented by classical liberalism and market conservatism. Its opponents on the right are the new aristocracy of neo-liberal crony capitalists drawing shame on the bourgeois enterprise. On the left, there are the resentful aristocrats demanding entitlements, the ascetics peddling decline, and the pitiful peasants asking for the right to exploit the commons.

The opposition gets the upper hand, if it can depict the bourgeoisie as driven by simple self-interest, thereby not deserving of dignity in society.

## SUMMARY AND DISCUSSION

Capitalism is virtuous. The bourgeoisie, when given dignity and freedom, is the dynamic growth engine of the world. When allowed, it creates not only material wealth, but also a kinder, gentler society. It could say: “I did it in the West, and continue to do so in the East and South.” State totalitarianism as a challenge to the bourgeois world disappeared with the Soviet Union.

Bourgeois values have thrived and gained acceptance due to capitalism’s ability to deliver. But the bourgeois mentality is a fragile structure. It has been opposed, resented, and persecuted by what has been the mainstream in most of human history: a combination of the aristocrat, ascetic, and peasant. An historical happenstance in the northwest allowed it to flourish and show what it can accomplish. The Industrial Revolution was started by the freedom and dignity of the bourgeoisie. It slowly gained force through the 17th, century reaching full throttle in the late 19th century, and scaling new heights in the post-war affluent society. The age of innovation produced technological marvels, such as the automobile, electricity, and pharmaceuticals, and mass industries to produce them. Social expectations were based on the assumptions of continuous growth, continuous betterment from generation to generation, ever-expanding scientific frontiers, and spheres of global solidarity. The affluent society became the norm. As the memories of the pre-bourgeois past fade, wealth is taken for granted, in a similar vein to how the violent origins of aristocratic dignity were shrouded in myth and legend. With no conception of how value is created, the ascetic, supported by the peasant, is there to tax, restrict, and redistribute. Burdened by an increased regulatory load, the bourgeoisie finds it increasingly difficult to deliver growth. Its enemies make it weak, and then turn its weakness against it.

The oil crises of the 1970s were the first reminders that the affluent society was not only a creation of the bourgeois virtues assisted by the pro-growth state, but also a result of abundant low-hanging fruit. As Tyler Coven has argued, most of it has been picked.

The first easy picks were the demographic dividend. As the post-war baby boomers reached adulthood, nativity was falling dramatically due to the introduction of easy contraceptives and changing

family values. The elderly, stressed by the Depression and the subsequent Second World War kept dying as before. For a few decades, there was an abundance of labor with little burden of care for the young and the old. Now, the European dividend has turned into a demographic gridlock with an ever-increasing welfare burden and fewer babies to grow into the taxpayers that are supposed to shoulder the current debts.

Second, enlarged educational opportunities mobilized human resources like never before. As children of humble origins could attend higher education in large numbers, the average skill level of the labor force was increased manifold. Now the educational reserves are fully deployed. Education faces the law of diminishing returns.

Third, the era of innovation produced generic technology in mass commodities such as cars and home appliances that changed daily lives, in addition to ample industrial, well-paying jobs. Now, the pace of innovation has slowed and changed character. The Internet and social media do not create mass-producing industries with millions of jobs. While new means of communication create value and even happiness, they do not generate much revenue and employment.

Fourth, fossil fuels and raw materials were cheap and abundant. Now energy, whether fossil or renewable, is bound to get more expensive.

Finally, due to the Cold War gridlock, the West had a virtual monopoly on capitalist technologies and institutions. The rest of the world did not compete in commercial markets. Now, with the collapse of communism and the spread of globalization, the West has lost its birthright to the wealth-creating virtues, technologies, and organizations of capitalism. The East now picks the fruits of favourable demographics, educational opportunities, and technology transfer.

While the bourgeois revolution created the institutions, means, and technologies, the affluent society fed on low-hanging fruit. New scientific discoveries will surely lead to novel technologies, as globalization connects brainpower as never before. But in the near future, nothing dramatic is to be expected. With looming austerity, growth is bound to slow down. The middle class is shrinking, not because of the greedy “one percent”, but because of changes in the real economy. But continuous growth is perceived as normal: the entitlement and the benchmark against which everything is evaluated. If capitalism can’t deliver when the fruit is no longer hanging low, will the opposition go

for the jugular and bleed dry the foundations of progress?

In the West, the modern bourgeois hero, represented by poster boy Steve Jobs, is much in demand. Innovation is seen as the solution to decline. Money is allocated, basic research is promoted, and science parks are established, driven by the hope that this nook and that cranny will become the next Silicon Something. However, sustainable, wealth-creating innovations are not only a matter of science-based invention, but of allowing creative destruction to clear room for the new. Where lacking prudence, courage and hope, governments yield to protecting aristocratic monopolies, supporting ascetic declinism, and encouraging peasant populism. If the innovator is appreciated only as a beast of burden pulling the wagon of the endless needs of the welfare society, where is the dignity? If bourgeois dignity was crucial in lifting the world out of its ancient misery, would not a similar, albeit not identical, dignity be required now?

To promote bourgeois virtues Version 2.0 is a formidable task, as the gravediggers of Version 1.0 are alive and well, much of the low-hanging fruit is gone, and austerity looms as the New Normal. What of the old virtues is eternal and reusable, and what needs to be discharged, developed, invented, and renamed?

First, the bourgeois virtues and the associated vision of the Enlightenment need to be restated and made widely available. Progress is not exploitation. If material resources constrain material growth, the bourgeois mind can turn to other growth venues, such as content, green technologies, and higher productivity. Reason is not cold and lacking emotion. Evidence, rather than the prejudices of political correctness, should guide public debate.

Second, the ideological garbage that arose in the nineteenth century as an antithesis to the bourgeois Enlightenment, namely totalitarianism, declinism, Romanticism, and racism, need to be exposed for what they are. Its intellectual heirs must be confronted, not allowing them to erase their history and cover their tracks.

Third, the moral foundations of capitalism, the connection between ethics and economics, need to be developed. The bourgeois opinion needs to confront crony capitalism, the corrosive influence of the entitlement mentality on business. Markets need to be free, with competition deciding who deserves what.

Finally, the Enlightenment and the Industrial Revolution were built on advances in science. Later, much of behavioral science turned

against reason and freedom, lending its stature to the mechanical world-view supporting the totalitarian state. However, many of the intellectual tools required for a new Enlightenment have already emerged in various fields. Their implications need to be articulated and developed.

Advances in computational methods have made it possible to refine the mechanism of the invisible hand as cooperative reciprocal games. Behavioral economics can today deal with moral sentiments in ways not possible when the foundations of the neoclassical synthesis were laid. The soulless economic man, with his rational expectations, needs to be confined in his shrinking laboratory. Cooperative plus-sum games are the proper intellectual framework for bourgeois life. Anthropological research into the origins of man has found a social being, capable of solving problems that help societies evolve in increasingly complex arrangements of cooperation, just as David Hume wrote at the height of the Enlightenment, without having the science to prove it .

Empirical studies in economic history have unravelled the myths surrounding the Industrial Revolution and put the Dickensian horror stories into their proper context, showing the rural poverty from which the proletariat sought refuge. Modern development economics has unravelled many of the misguided theories of the escape from poverty . The recipe, dignity for the economic pursuits of the common man, is as valid in modern Africa as it was in 17th century Britain.

Positive psychology and behavioral medicine have debunked the vulgar freudomarxian vision supporting the victim mentality of the modern peasant. Theories of complexity and emergence support the importance of agency: the bourgeois vision of prudence, hope, faith, and courage.

Current megatrends in behavioral sciences and economic practice are preparing ground for a new coming of the bourgeois virtues and their dignity.

The Protester moves the world with ideas and words. Keep talking!

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