

# Ideas, Virtues and the Bourgeois Deal: McCloskey's Rhetoric of Economics Reasserted

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## Resumo

As contribuições de Deirdre N. McCloskey para as Ciências Econômicas cobrem uma extensa lista de tópicos, incluindo estudos em História Econômica, Metodologia, Ética e Linguagem. Sua mais recente coleção de trabalhos, a *Trilogia Burguesa* (2006, 2010a e 2016a) fundamenta essa interdisciplinaridade através da união desses campos no objetivo de reavaliar a história do Mundo Moderno. Portanto, o presente artigo investiga como o interesse de McCloskey na retórica da economia impacta a sua leitura de que o Mundo Moderno ascendeu-se graças a uma mudança no discurso, também chamado de Acordo Burguês, e suas virtudes. A discussão se dará essencialmente ao redor dos argumentos presentes nas obras *The Rhetoric of Economics* (1983 e 1998a) e na *Trilogia Burguesa*, além de outros trabalhos selecionados. Acredita-se que os estudos de McCloskey sobre a *Retórica* e a importância desta como método científico têm uma influência fundamental na estrutura de pesquisa da *Trilogia*. Além disso, nosso argumento enfatiza que as Virtudes Burguesas em união à *Retórica* detêm não apenas de um senso metodológico, mas também ético, destacando o apelo de McCloskey à uma economia mais humana, liberal e burguesa.

**Palavras-Chave:** Deirdre N. McCloskey; Retórica na Economia; Ética; Liberalismo; Profissão dos Economistas; Burguesia

**Código JEL:** A13;B25;B3;B53

## Abstract

Deirdre N. McCloskey's contributions to Economics cover a wide range of topics, including studies in Economic History, Methodology, Language and Ethics. Her most recent collection of studies, the *Bourgeois Trilogy* (2006, 2010a and 2016a), substantiates this interdisciplinarity by bringing these fields together to reassess the history of the Modern World. The following paper aims to investigate how McCloskey's interest in the rhetoric of economics impacts her reading that the Modern World rose thanks to a rhetorical change, known as the Bourgeois Deal, and its virtues. The discussion will fundamentally be around the ideas expressed in *The Rhetoric of Economics* (1983 and 1998a) and in the *Bourgeois Trilogy*, besides other correlated works. We believe that her studies about the *Rhetoric* in economics and its importance for the scientific method have a fundamental influence on the research structure regarding the *Trilogy*. Even further, our argument emphasizes that the Bourgeois Virtues alongside *Rhetoric* have not only a methodological sense, but also an ethical one, highlighting McCloskey's appeal to a more humane, liberal and bourgeois economics.

**Keywords:** Deirdre N. McCloskey; Rhetoric in Economics; Ethics; Liberalism; Economics Profession; Bourgeoisie

**JEL code:** A13;B25;B3;B53

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# 1 Introduction

Deirdre Nansen McCloskey's contributions to economics cover a wide range of topics. In the 1970's, she investigated Great Britain's economic history through the lens of the Cliometric School. In the 1980's, McCloskey began her studies in the philosophy of science, promoting works in methodology and defying logical positivism in economics. As a result, her essay "The Rhetoric of Economics" was published in 1983 in the *Journal of Economic Literature* (JEL). In the following decades, McCloskey focused on the ethics in economics (or the lack thereof) as well as emphasizing the role the Bourgeois Virtues. One could argue, as we shall do, that these projects had an considerable impact in the publication of McCloskey's *Bourgeois Trilogy* (2006, 2010a and 2016a).

The so called Economics of Ideas is at the center of McCloskey's *Bourgeois Trilogy* - or the Bourgeois Era. Economic growth is an endogenous result of an economy which its profit maker agents search for new and better ideas, being free to receive the fruits of their works. The Modern World originated from liberal ideas, a social mobility phenomenon that guaranteed the ordinary people to have a go and enrich. Between the seventeenth and nineteenth centuries, the English aristocratic regime sustained by wars, tyranny and misery was substituted by a bourgeois regime and its Deal: "*Let me profit from you now and we shall all enrich afterwards*". McCloskey (2010a and 2016a) salients that persuasion in the market - or *sweet talk* - fomented liberty and dignity for people to invest in their crafts and enrich. The Great Enrichment - the greatest humankind event after agriculture's invention - was, and it is, an economic tide, but it was not brought by economic causes. Such causes like Imperialism, Property Rights or Capital Accumulation are not capable of explaining this tide change. Thus, according to McCloskey(2016a), the true reason that the Modern World rose in Great Britain - and Holland - was the liberal ideas of innovation and discovery led by the bourgeoisie and its virtues - prudence, courage, temperance, justice, hope, faith and love.

The Bourgeois Revaluation and the origins of the Modern World are inevitably connected to McCloskey's researches on economic history and methodology. From the 1980's to the present, she has argued about the importance of a scientific argument raised not only by statistical significance and utility functions, but also by instruments found in the fields of the Humanities. This methodology should be brought to light through a new and virtuous rhetoric in economics, creating a wider range of argument and persuasion that, according to McCloskey(1983), Samuelsonian formalization (*Prudence-Only*) is incapable of doing it alone. There is a fundamental need to embrace the literary aspect of our field, in a way that stories, narratives and metaphors help shape the economy of which social scientists try to make a sense.

Under this methodological and historical context, the following paper has the objective of investigating McCloskey's reading in the origins of the Modern World and its relations to the her rhetorical approach to economics, originated from "The Rhetoric of Economics"(1983 and 1998a). We also discuss the different roles that the Bourgeois virtues take on both projects. We believe that the *Bourgeois Trilogy* supports an attempt of highlighting *Rhetoric's* both methodological and ethical senses. The first one, originated in the 1980's, stands for democratic pluralism in scientific research and that economists should pay attention in the way they persuade. The second sense, extensively discussed in the *Trilogy*, is her view that economics is a bourgeois social theory. The same liberal rhetoric that created the economic tide of the Great Enrichment is the one that furnishes the real understanding of our economies. Prudential self interest in competition (Samuelson's *Foundations* and North's economic history, cheap talk) as well as cooperation and trust (Adam Smith's *Humanomics*, sweet talk) make for the conversation that agents practice in the commercial life.

Besides this introduction and the conclusion, this paper consists in three sections. First, we review McCloskey's discernment of how should a rhetoric in economics be, how economists

actually persuade and her take on the seven virtues' role in the matter. This section is a revisit to the author's main essays on the methodology of science, including the paper and book "The Rhetoric of Economics"(1983 and 1998a). In Section 3, we discuss the main arguments of the *Bourgeois Trilogy's* reading of the origins of the Modern World. We illustrate how both virtues and rhetoric were instruments of social mobility that guaranteed the Great Enrichment. Section 4 integrates both research projects of methodology and economic history. By analysing the development of her contributions to those fields, the paper deliberates how McCloskey's *Rhetoric* alongside the Bourgeois Virtues emphasize that economic thinking needs ethics as much as modern formalization. And thus, securing her appeal to a more humane, liberal and bourgeois economics.

## 2 Wordcraft Economics

In the 1980s, McCloskey published "The Rhetoric of Economics" (1983) essay in the *Journal of Economic Literature* (JEL). The ideas expressed in the work were turned into a book in 1985 with a second edition published in 1998. The main objective of the both was - and still is - to question the method behind Science, especially economics. McCloskey was concerned with the way economists practiced their rhetoric in the field.

For McCloskey (1998a), rhetoric stands for the ancient Greek notion of wordcraft or the study of argument. It's about persuasion of an audience. How do economists persuade? The importance of doing a rhetorical analysis in economics is to read one's argument with understanding, what is the argument about and why. There are two types of rhetoric: the official one which is represented by the Samuelsonian<sup>1</sup> tradition built by maximization functions under constraints and self interested representative agents; and the unofficial rhetoric which is present on the former, but economists seem to deny it. The latter is a highlighting of logic through the lens of metaphors, stories and analogies. The biggest issue that economics faces as a systematic inquiry is the narrow range of argument that Samuelsonian formalization provides.

Economics has a rhetorical character that illuminates its social aspect. Any scientific argument starts with an author establishing her *ethos*, or character. And a good one is necessary if the argument is to be persuasive. Making people believe in your theory is a matter of persuasion. And that is achieved by understanding the role of literacy in the field. Mathematical theorems and axioms create theories that can be tested in controlled experiments. Thus, economists are able to understand decision making, workers' productivity in steel industry and monopolies. McCloskey (1998a) does not deny such relevance and in fact, believes that Mathematics helped economists to better distinguish, for example, a movement of an entire curve and the one only along it. Mathematics and statistics make for very persuasive arguments, but there is a literary approach to economics that is being denied, though it is used.

One could take the Law of Demand as an example, and McCloskey (1998a) asks, how do economists and students of economics accept, almost instantaneously, the idea that if the price of a good rises, its quantity demanded falls? The *scientific* approach would be through statistical tests or fitting demand curves to statistics of a certain good and analysing them through time. The *literary* approach takes introspection into consideration - economic intuition -, business owners cutting prices to sell more of their goods, wise economists saying the Law of Demand is valid - as McCloskey (1998a, p.26) puts it "what mere latecomer would dispute their testimony?" - and analogy: if this Law is valid for movies and ice cream, why not for gasoline? Economists persuade in many forms, it doesn't mean that literacy contradicts Science.

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<sup>1</sup>See Samuelson (1948). As Boulding (1948) writes, Samuelson's *Foundations* has two great pillars: the theory of maximization and the theory of difference equations. The former is the one that will be extensively discussed through McCloskey's perspective.

Economists seem to neglect the unofficial rhetoric of the field, but their persuasion is full of figures of speech that put them closer to poets and novelists. Samuelson's *Foundations* has the mathematical formalization that helped shape modern economics, but there is also appeals to authority - like from J. M. Keynes and F. R. Knight - and appeals to analogy - transaction "friction" or money "withering away ". McCloskey (1998a) argues that figures of speech are ways of talking. It's a matter of worrying about one's audience. A scientist may tell that his concern is mainly with the facts and logic of certain behavior and that metaphors and analogies are childish arguments, but these are the instruments of making people believe in his *ethos*.

Metaphors are the greatest figure of speech used by economists. McCloskey (1998a) highlights Gary Becker's comparison of children to durable goods, like refrigerators. Kids are costly to acquire, they last for a long time and offers joy to those around them. This kind of approach is not merely ornamental, it's a literary technique to join two subjects different from one another and generate economic insight. Another example from Becker is "human capital", a unification of human skills with machinery investments that improved the fields of both labor economics and capital theory. What McCloskey wishes to point out is that these subtle aspects of literacy foments the development of economic theory with a wider range of human intuition.

A literary approach to economics concerns the unofficial rhetoric to be adopted (accepted). McCloskey (1998a) relates it to linguistics theory from Ferdinand de Saussure's "Course in General Linguistics" (1915). The bridge between the two fields is the method of study which can be either diachronic or synchronic. The first represents the historical and dynamic character of a certain variable (tracing the history of words or grammar), like time series analysis. The second mentions the static (*ahistorical*) approach - how a french speaker communicates with his countryman. Economics is well familiar with the latter, considering the tradition of the neoclassical's method of comparative statics. McCloskey (1998a) understands the static purity of her field and agrees that trying to understand economic change through solely dynamic approaches - like Marxism, the German Historical School and new and old Institutionalism have tried to - has failed multiple times. Thus, economic theory must create a narrative (or a dialogue) of how a certain economy has developed - i.e a dynamic and historical approach -, so that it is possible to treat such period statically - synchronic. Accepting a literary approach to economics means identifying the role of storytelling and the individual's motivation regarding her economic decisions.

Under this context, what is wrong with the Rhetoric of Economics? What is the deal of neglecting the literary aspect of the field? How important is to analyse economic behavior through the lens of persuasion? McCloskey appeals to the use of *sweet talk*. It's not a Methodology with capital M<sup>2</sup>. In fact, it is an anti-methodology. Neoclassical, Marxist and Austrian Methodologies don't practice the real conversation among them. As Caldwell (1994, p. xiii) summarizes her idea,

Economists (whose actual practice is not so bad) have been misled by Methodologies into thinking that by following their Methodological prescriptions they would be practicing the proper scientific method. But proper scientific method is nothing more than the disciplined, reasonable and mannerly conversation of a specific language community.

The good intellectual (economist) must practice what McCloskey understands of Jürgen Habermas' (1984) *Sprachethik*. The methodology of having one's data, the statistics and the formal models are fine as long as the scientist doesn't lie, pays attention, is open-minded and does not treat different ideas with violence. That's what good science is about. As McCloskey

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<sup>2</sup>For the controversy of methodologies with capital M or lower m, the same with t(T)ruth, see Mäki(1988), Klammer et al (1987), Caldwell's Preface of Revised Edition (1994) and Blaug(1992).

(1998a, p.168) puts it, “A rhetoric of economics exposes what most economist know anyway about the richness and complexity of economic argument but will not state openly and will not examine explicitly”. She is talking about accepting the human character of economic speech: embracing the metaphors, the analogies, transmitting an idea to an audience through a narrative, using the right authorities, politics, case study, introspection and so on.

Persuasion and wordcraft guarantee a wider range of argument in economics. It is a path of knowing the whys and hows of economic research and the making of a more humane and tolerant economist. In order for this path to be achieved, however, there was<sup>3</sup> the need to overcome the culture of Logical Positivism - or Modernism - and to understand the role of seven virtues - prudence, courage, temperance, justice, love, hope and faith - in this task.

## 2.1 The Economists’ Vices

In the 1980’s, what McCloskey (1983) was seeing as the greatest barrier for the rhetorical turnaround she proposed was Modernism, or Logical Positivism. As Caldwell (1994) reflects, this philosophical movement was originated by the so called Vienna Circle in the 1920’s. Its members were seeking for an anti-metaphysical method, through the use of logic and axioms to understand a certain problem.

Logical positivists argued that science should have an enquiry structure similar to physics. Therefore, the “logical positivist program asserted that only meaningful statements were to be permitted scientific consideration and accorded the status of knowledge claims.”(Caldwell, 1994, p.13). What it is to be understood as meaningful statements are the synthetic ones, thus, that can be verified and refuted through evidences. In order to separate these from the metaphysics, there was a need for the principle of verifiability which means that a statement is meaningful as long as it is verifiable. Verifiability implies testing and, in this matter, makes it possible to prove whether a statement is true or false. This view was the reason why logical positivism had an affection for physics at the same time it criticized the metaphysical aspect of the social sciences.

Economics embraced this method as its official rhetoric. As we have mentioned, McCloskey (1998a) thinks that it was a good idea, at first. The mathematics pioneered by Samuelson’s *Foundations* helped economists to better understand economic behaviors. Afterwards, however, it contaminated the field. Prediction and controlled experiments, observable implications and objectivity became the leading role aspects of economic understanding which narrowed the range of argument. As McCloskey (1998a, p.142) puts it,

Modernism [Logical Positivism] views science as axiomatic and mathematical, and takes the realm of science to be separate from the realm of form, value, beauty, goodness, and all things unmeasurable. (...) the modernist is antihistorical, uninterested in cultural or intellectual traditions (...)

Under this context, she has a great concern about the way economists have been measuring their research data.

There has been a misunderstanding of treating *statistic* significance and *scientific* significance as synonyms. “The numbers are necessary material. But they are not sufficient to bring the matter to a *scientific* conclusion. Only scientists can do that, because “conclusion” is a

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<sup>3</sup>By the time the second edition was published she was still unsatisfied with the way economists were dealing with logical positivism. As argued in the additional chapter, “Well, has it worked? Since the first edition in 1985, and before it the philosophically oriented paper in 1983, have economists paid attention? No. Most economists have reckoned from the title of the book that Aunt Deirdre ‘advocates’ rhetoric, as ‘against’ mathematics.” (McCloskey, 1998a, p.187). See McCloskey (2017) for the same restlessness.

human idea, not Nature's. It is a property of human minds, not of the statistics" (McCloskey, 1998a, p.112, emphasis in original). The first aims to understand relations between variables of a certain sample, through the econometric models; the second one is a wider result, creating a narrative alongside statistical outcomes.

The convenience of statistical instruments in questioning one's hypothesis has made economists lose the need for creating standards. Thus, McCloskey (1998a, p.115, emphasis in original) argues that such scenario is incapable of answering "How Big is Big?" questions, summarizing conclusions through the lens of hypothesis tests,

(...) by discussing the rhetoric of the economic issue, Tables of Student's-t do not make the choice. They are relevant only if you have already chosen, on scientific grounds, what constitutes Big and Small. (...) The argument is that the econometrics has not followed its own rhetoric of hypothesis testing.

Economists were not paying attention in their way of talking, in their audience, they remain under the light of what journals think as relevant, which is not necessarily of what economics can wholly provide. Modernism - or Logical Positivism - is not compatible with economic reasoning, it's window dressing hiding its unofficial rhetoric. As McCloskey (1998a, p.153) states, the Keynesian Revolution could never have happened if modernist philosophy was leading the method of scientific enquiry. Keynes didn't have evidences of controlled and objective experiments by the time he had published *The General Theory*.

The argument may be easily misunderstood as an attempt at disregarding mathematical formalization and statistical from economic analysis. But that should not be the point. McCloskey applied economic theory to Great Britain's economic history<sup>4</sup>. In fact, as McCloskey (1978) argues, cliometricians have been able to answer important questions like "How Large?", "How Big?", "How Long?" which reinforces her appeal for creating standards. McCloskey (1988, p.281) considered her self an orthodox economist. She has embraced quantitative analysis as any other neoclassical has,

There is nothing inconsistent in using mathematics when it seems useful, historical example when it seems useful, thought experiment when it seems useful, to argue a case. (...) I sometimes wonder if the critics of neoclassicism know what they are talking about, literally. (...) I wonder if the critics have read enough real price theory from the hands of the masters, such as Armen Alchian or Ronald Coase.

The biggest issue, as already described extensively, is what McCloskey (2002) will define as a sin in the economics profession: the excessive use of Prudence.

The virtue of Prudence represents self interest and practical wisdom<sup>5</sup>. It is also the one behind neoclassical formalization and understanding decision making under a certain constraint. This virtue, however, if used excessively, could become a vice. That's McCloskey's issue with Modernism, *Prudence-Only* economists, who only care about verifiability and rationalism, treating economic agents as such - what she defines as Mr. Max U -, neglecting the importance of a more humane understanding which rhetorical analysis can provide.

In McCloskey's "The Secret Sins of Economics" (2002), one could see that past almost twenty years from the publication of her *Rhetoric* the argument still stood, like the concern regarding statistical significance and the lack of standards in economic research. Either way, what is important to realize is the role of the Seven Virtues in the faculty of speech she has

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<sup>4</sup>See McCloskey's *Did Victorian Britain Fail?* (1970)

<sup>5</sup>All the virtues will be described in the following section.

been suggesting since the 1980's. For McCloskey (2002), if a scientist wishes to understand a certain social behavior ( $B$ ) she must embrace prudence, but also the virtues of temperance, justice, courage, love, hope and faith. As a formal way to illustrate this,

$$B = \alpha + \beta P + \delta S + \epsilon \quad (1)$$

in which  $P$  is Prudence and  $S$  represents Solidarity social and historical aspects that help substantiate the narrative of rhetorical analysis. McCloskey (1998b) points out for measurements of gender, churches attendances, newspapers read, family background, education, social class, and so on. McCloskey alerts that many investigations of  $B$  require both  $P$  and  $S$ , or else, by neglecting the latter, one's research may have biased coefficients, as  $\delta S + \epsilon$  are correlated with the former. Many examples from economic history would demonstrate such a scenario like: the profit from Jamaican slavery during the Industrial Revolution, the governance of Bengal after 1761, child labor in the nineteenth century, segregated labor markets in the South, etc.

The virtues are a way of understanding that economic theory has mathematical formalization of prices, profits and supply-demand equilibrium, but also the speech, narratives and stories. It's a matter of turning the unofficial rhetoric in economics official. In general, McCloskey (1988, p.271-272; 274-275) argues that,

(...) in other words, is that economics, dammit, is rhetorical. (...) a literary approach to economics will bring economics back into the conversation of mankind. By showing that economics works in ways that poems and novels work we show economics to be humanistic as well as scientific (...) Rhetoric is a theory of democratic pluralism, and of general education in a free society (...) The good of having economists educated to see their field from the outside will be certain improvements in the practice of economic argument. (...) Economists cannot be honest about their arguments if they cannot see what they are.

There is a classical liberal sense of adopting rhetoric as a (anti) method of systematic enquiry and overcoming Modernism. What logical positivists claimed was that the unification of science would be capable of reducing intolerance and violence in scientific - and political - arguments. They claimed that the statements could be tested as hypothesis and verified accordingly. McCloskey (1989) sees it exactly as the opposite: precisely because of its character of controlled experiments and axioms, logical positivism is the denial of human liberty.

Under this revisit of McCloskey's main ideas regarding economic methodology, we have aimed to illustrate how the virtues have a fundamental role in providing the acceptance of the unofficial rhetoric in economic research. As we shall discuss in the next section, one is able to realize how the relation of rhetoric and liberty is at the basis of McCloskey's rereading of the origins of the Modern World and the bourgeoisie's role in that context. In the 1980's, as she began her rhetorical project defying logical positivism, later on her research would use the same set of virtues to argue how a rhetorical change made the ordinary people accept liberal (bourgeois) values.

### 3 The Bourgeois Era

The *Bourgeois Trilogy* is a revaluation of the bourgeoisie. McCloskey is concerned in the way left- and right-wings intellectuals - the *clergy* - have misunderstood the values of a bourgeois. To them, this class of individuals represents greed, trickery and a ceaseless search for profit. Her view, however, is that there is an ethics in the age of commerce and that ordinary people can be virtually good in the market.

There is a reinterpretation regarding the origins of the Modern World as McCloskey(2006, 2010a and 2016a) shifts the protagonist of this event away from Capital Accumulation, Geographic Position or the role of a certain set of Institutions<sup>6</sup>. Even though countries like China, Egypt and even the Roman Empire had already practiced capital accumulation, foreign trade or secure property rights way before the eighteenth and nineteenth centuries, these countries were not pioneers in the great march of economic growth and development known as The Great Enrichment. The *Trilogy*, instead, intends to focus on ideas. Specially the liberal ones which acted in the ordinary people.

According to McCloskey( 2010a and 2016a), these countries lacked freedom of ideas. There was not a scenario in which the ordinary people could have the opportunity to mobilize society through innovation. In Holland first and Great Britain after, however, professionals like dentists, engineers and writes were capable of innovating their business, because they had liberty to do so, and more importantly, they were seen as dignified and virtuous. Considering this context, there are three pillars that demand our attention to consolidate McCloskey's point: the Bourgeois Virtues; Liberty and Dignity; the third and last, Rhetoric (The Bourgeois Deal).

### 3.1 The Virtues

The first book of the Trilogy, "The Bourgeois Virtues: Ethics for an Age of Commerce" (2006), has a central message that the individual can be good - virtuous - in Capitalism. There is an ethics in the commerce, whether when the agent is opening up a new business, innovating her craft or simply offering a service. McCloskey believes this system cannot be summarized as mere trickery and greed. The market is a mechanism in which constant innovations make it possible to buy a good for a low price and sell it for a higher one. And it was through the Bourgeois Deal, "*let me profit from you now, and we shall all enrich afterwards*", that this action became acceptable and dignified.

McCloskey(2006, 2010a and 2016a) emphasizes that, between the eighteenth and nineteenth centuries, the ordinary people realized an ethical payoff in which one could appreciate other's inventions of goods, services and methods on a spontaneous and exchangeable manner. The English aristocratic regime sustained by wars, tyranny and misery was substituted by a bourgeois persuasion. This spillover of knowledge is what in economics is called the non rivalry of ideas - extensively discussed in the theories of Economic Growth. This ethical payoff also includes the accepted condition that if there is a demand for a certain good or service, one should not see the supplier's need for profit as malefactor, but as harmonious, a path that contributes to the enrichment and development of all. It is important to observe, however, that even though the bourgeoisie was the protagonist of this environment, McCloskey (2006, p.1) does not considerate it a perfect social class, innocent from eventual economic and social setbacks,

(...) a middle class is capable of evil (...) The American bourgeoisie organized official and unofficial apartheid. It conspired against unions. It supported the excesses of nationalism (...) It claimed credit for a religious faith that had no apparent influence on its behavior.

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<sup>6</sup>There is a wide range of references regarding the role of Institutions in the origins of the Modern Economy. For an institutionalised reading closer to McCloskey's, see Joel Mokyr's *A Culture of Growth* (2016). In his book, Mokyr argues the importance of the Republic of Letters and its *cultural entrepreneurs* - such as Francis Bacon and Isaac Newton - as an institutional arrangement to foment a spillover of innovation that secured the ascension of the Modern World and the English Industrial Revolution. Besides that, to him, there was indeed a coalition between merchants, navigators and scholars in order to exchange information, test new inventions and support a free market for ideas, but that was not being propagated by all bourgeoisie at once.

As McCloskey(1994) also points out, a bourgeois is neither a saint nor a hero. She understands, however, that contrary from aristocratic speeches or pagan tales, a bourgeois life is built by persuasion and that is the most suitable way for societies to enrich and prosper. For that, it is indispensable to achieve an equilibrium among what she calls the Seven Bourgeois Virtues: Faith, Hope and Love (charity) - the *christian* virtues -, Prudence, Temperance, Courage and Justice - the *pagan* ones. The idea is that a well balanced virtuous individual is a bourgeois who innovates, tolerates and is committed with a free and dignified capitalist society. McCloskey (2006) understands virtue as an educated and stabled habit of disposition in promoting goodness and ethics should be the system which brings these virtues together.

*Justice* represents social equilibrium, the State's as well as the individual's duty. It secures equality under the Law. *Temperance* highlights the person's moderate way of dealing with the ordinary business of life, self-command. *Courage*, a well known Virtue from the ancient Greek tales, is about the strength of making important decisions - for a bourgeois, it represents the will of profiting and the welcoming of innovation. The last pagan virtue is *Prudence* that symbolizes the acquisition of knowledge, self interest and rationality, therefore, practical wisdom. The latter alongside *Temperance* might seem to the clergy of left and right wings intellectuals as mere selfishness, but McCloskey(2006) emphasises the virtuous importance of being good to the self, understanding one's desires and beliefs, and in order to achieve that, know-how wisdom and self-command are necessary.

There are also the christian virtues. The ones that keep the ordinary people closer to the transcendent<sup>7</sup>. McCloskey(1994, p.187) understands the will of a bourgeois to give back to the poor, to build a relationship of trust with her customers and to make everyone better off,

Acts of charity follow the bourgeois norm of reciprocity. (...) founding hospitals, colleges, and libraries wherever little fortunes were made, is a bourgeois notion, paying back what was taken in profit. (...) Middle-class people in the nineteenth century habitually gave a biblical tenth of their incomes to charity.

To McCloskey(2006), *Faith*, *Hope* and *Love* (charity) are indispensable if one aims to persuade like a bourgeois and his deal do. The first one stands for optimism and imagination. The second, *Faith*, represents the individual identity, her integrity. And it is through the last one, *Love* that the ordinary people practiced charity, understanding the need of the most vulnerable to catch up with society's development and prosperity.

It might seem esoteric to think about these virtues and beliefs. But McCloskey(2008) wishes to assert that Economics has not only a competitive character, leaded by the virtue of *Prudence*, but also a cooperative one. To her, besides the search for profit, which is virtuously accepted, decision making is fomented by specific relationships such as, price discrimination between a seller and a long time customer in order to maintain his clientele or an exchange of well educated persuasions dealing a car's sale. Markets and agents cooperate among themselves and values like friendship, appreciation and affection all have a role in the commerce. More importantly, these contexts demand persuasion - *sweet talk* -, not aristocratic tyranny. The set of the Seven Virtues sustains both a virtuous rhetoric in the economy and a decision making agent. Business, like McCloskey (2008, p.191) argues, "depends, that is, on the 'faculty of speech' that Adam Smith thought foundational for the economy, though his followers have ignored it. It depends on the invisible tongue as much as on the invisible hand".

This brief discussion about the virtues and their importance to the Bourgeois Deal consolidate the ethics of the bourgeoisie. McCloskey (2006) reasserts the ethical view of Aristotle and

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<sup>7</sup>It may represent a (Christian) God, but also one's Nation, meaning that not all decisions based in love, faith or hope is influenced by a certain religion. It can represent the bourgeois' will to practice goodness in the name of her country's welfare.

Adam Smith that focuses on the flourishing of the self and worshipping of the transcendent, securing a path to goodness. The virtues must be in equilibrium, though. As an example, on one hand the excess of *Hope* became a vice in Hitler's vision for a better Germany, and thus, culminating in the ascension the Nazi regime. Also, the vice of *Prudence* can foment corrupt decisions in order to take certain advantages in the market. On the other hand, McCloskey merges some virtues to highlight values like humility - temperance plus justice -, honesty - justice plus temperance in matters of speech - and entrepreneurship - prudence plus courage. Those ideals also corroborate the ethics in the Age of Commerce. The idea that the individual can be good and virtuous converts itself into the first pillar of McCloskey's Bourgeois Era.

It is interesting to point out how the virtues substantiate a (unofficial) rhetoric both in economics and in the economy. Although McCloskey (2010b, p.3) didn't realized it back in the 1980's, Austrian economics made her understand this relation, "I was still a materialist so far as entrepreneurship was concerned, and confined my study of speech ways to those in academic economics itself. Science, I understood, was about rhetoric. But the economy was Real." In the 1990's, as she reread some of Kirzner's work - and began her transition to the Austrian School<sup>8</sup> - McCloskey started to think how the power of persuasion was also in the economy itself.

### 3.2 Dignity and Liberty Protected the Bourgeoisie

The publication of the Trilogy's second volume, "Bourgeois Dignity: Why Economics Can't Explain the Modern World"(2010a) endorses McCloskey's (2010a, p.1) attempt to reevaluate the origins of the Modern Economy, "the modern world was an economic tide, but did not have economic causes.". She listed several causes that apparently could explain why the Great Enrichment started in Holland and Great Britain, between the seventeenth and nineteenth centuries. Some examples go as capital accumulation, property rights, interest rates, Imperialism, etc. McCloskey(2010a) understands these explanations as consequences of the Great Enrichment or as already established in English and Dutch societies (mere contexts). She is concerned, instead, with the spark, or trigger, that transformed those nations in a way that started to welcome innovation and discovery through the ordinary people of the bourgeoisie.

For a matter of illustration and certain relations to what was discussed in the earlier section, we'll take McCloskey's view of the role of Institutions as a possible trigger for the ascension of the Modern World. What she questions is Douglass North's (1990, p.3) definition of Institutions as "(...) the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction. In consequence, they structure incentives in human exchange, whether political, social or economic.". McCloskey (2010a) is concerned with the definition and even more with its possible explanation on why Industrial Revolution began in Great Britain around the nineteenth century. She doesn't agree with neither of the asserts, Institutions cannot be seen as subject-to-constraints that generate incentives for humans to make decisions. For her, it reminds the Prudence-only Samuelsonian vision of Economics, *Homo prudens* or Mr. Max U, as she defines it. The reason why North's definition got in economists' minds is, according to McCloskey (2010a, p.351), "They want this to be true because the idea of the institution as a constraint fits easily with their training in Samuelsonian economics."

North, McCloskey (2017) considers, has an anti humanistic account regarding the role of Institutions. By treating them as constraints, he left the field of the humanities - art, literature, poetry, philosophy, etc - aside. As further discussed, North's interpretation alongside of what

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<sup>8</sup>For the influence of Austrianism in her work, see McCloskey(2010b). Also, see McCloskey(2019, p.1) as she writes, "I can be classified as a late convert to the Austrian School, a fellow traveler. A turn to Austrianism was encouraged by intellectual and personal engagement with Karen Vaughn, Don Bourdreaux, (...) Peter Boettke himself. But I've been almost everything available in economics - a Marxist, a Keynesian, a social engineer, a Chicagoan, a property-rights enthusiast."

she defines as Samuelsonian economics (Max U) lacks - real - scientific meaning. As she notes, for example, “[r]eligion was to him, as it was to Bob, just another set of constraints on doing business, whether the business is in the market or in the temple or in the desert”, and like neoclassical economics, “consistency in ethics is not the strong suit.”(McCloskey, 2017, p.10 and 11).

This reductionist sense misses the meaning of decision making, *Homo loquens* (speaking), disregarding six of the Seven Bourgeois Virtues - love, hope, faith, courage, temperance and justice. The interpretation of the economy under *Prudence-only* tells half of the story. For example, a manager has the obligation of coordinating her business in order to make it profitable. Prudence is important for the know-how and practical wisdom of the industry. But the meaning of the decision making, of understanding shareholder’s interests, her stewardship and ethical approach to the daily business challenges, they all require the other six virtues.

Besides that, McCloskey (2010a) does not believe in North’s historical role of Institutions either. Property rights, for instance, were around the British island, Chinese and Ottoman Empire way before 1689 - a year after the Glorious Revolution -, and therefore, cannot explain the Modern World and its leap of innovation. Why didn’t it start sooner, then? Why not in somewhere else? Asks McCloskey (2010, p.338, emphasis in original), “[t]he merely *prudential* incentives to innovate were just as great in the thirteenth century as in the eighteenth.” The Institutions that mattered for economic prosperity did not change much between 1688 and 1815, in other words, they were the context.

Under this context, McCloskey(2010a) asks herself: if the reasons described above are incapable of explaining the ascension of the Modern World, what then? What did generate the so called Great Enrichment? What made people become richer and better off? She believes it was through a rhetorical change, a change in the ordinary people’s way of saying things.

The seventeenth century began an argumentative transformation in which liberty made individuals free and dignified to innovate in their respective crafts and business. For McCloskey (2010a, p.9),

It [Rhetoric] initiates a humanistic Science of the economy, “humanomics” as the economist Bart Wilson calls it. Speech, not material changes in foreign trade or domestic investment, caused proximally the nonlinearities, or (expressed in more conventional theorizing) the leaping out of the production curve, the imaginings of possible lives. We know this empirically in part because trade and investment were ancient routines, but the new dignity and liberty for ordinary people were unique to the age. What was unique was a new climate of persuasion, out there in the shops and streets and coffeehouses populated by the bourgeoisie.

In other words, the ordinary people embraced the Bourgeois Deal, a new born sweet talk persuasion of tolerance and prosperity for all. A Commercial class, but also as an intellectual group of people who joined the elite of aristocrats securing this new institutional arrangement. Not as the Northian definition puts it, but more like a collection of beliefs, sentiments and ideas that celebrate innovations.

What McCloskey(2010a) is questioning is an increase of real income per head by a factor of 16 since the 1800’s (the Great Fact). How, on average, can western civilization consume 16 times more than their ancestors? Besides the monetary earnings, there’s also life improvements. Societies have progressed in education, healthcare, civil rights, tolerance and life expectancy. The ordinary people have become well educated; vaccines and new treatments have been created to control or extinguish diseases; slavery and certain ethnic or race threats have been retracted; women fought for universal suffrage - and won it. They have gained access to the labor market, supporting gender equality. As a result of the invention of electricity and knowledge spillover

from the universities, there was also the betterment of methods in productions - innovation - that fomented new goods (drugs, clothing, flight trips) and services. All these changes that started in 1600 are up and running nowadays thanks to the Great Enrichment<sup>9</sup> and McCloskey's bourgeois reevaluation.

The *dignity* - faith and justice - motivated the innovation and *liberty* - hope and courage - the free enterprise. The bourgeoisie had then become honorable and honest. A scenario that was underpinned by a rhetorical change that protected the ordinary people willing to innovate. Therefore, McCloskey (2010a, p.25) argues that "the idea of a dignified and free bourgeoisie do ideas of the steam engine and mass marketing and democracy".

Under this context, *dignity* and *liberty* are the second pillar of McCloskey's *Bourgeois Trilogy*. McCloskey (2010a) defines the first one as the opinion that the others have on certain individuals - shopkeepers, scholars and engineers; the second illustrates the laws that constrain these individuals, though these constraints don't necessarily have a northian "rule of the game" aspect, once laws can change without public opinion and vice versa. *Dignity* is a sociological factor and *liberty* an economic one. Thus, there's an interaction between them. More incisively, it is crucial that they work together. Liberty without dignity reminds us of periods of authoritarian states like Fascist Italy or Nazi Germany. Not everyone could rejoice from the gains of innovation. In fact, some group of people were forbidden to do so. Dignity without liberty creates a scenario where free enterprise is powerless and only a certain ruling class - usually the aristocracy - can enrich. What happened between the seventeenth and nineteenth centuries was that both public opinion and laws<sup>10</sup> guaranteed the context and instruments for the bourgeoisie to create the Modern World.

### 3.2.1 Modelling the Great Enrichment

McCloskey (2010) sets a function for the national product:

$$Q = I(D, B, R) \cdot F(K, sL)$$

in which  $I$  is the Innovation function, depending on  $D$  - Dignity -, on  $B$  - liberty -, and on  $R$  which stands for rent or profit from innovation. This function multiplies a conventional neoclassical production function,  $F$ , depending on  $K$  - physical capital and land -, and on  $L$  - labor. There is also an education-and-skill coefficient that multiplies  $L$ ,  $s$ .

The Solow Model with technological change regards the  $I(\cdot)$  function as  $A$ , the Solow residual. McCloskey (2010a) highlights the former because  $D$ ,  $B$  and  $R$  are precisely what explain the Modern World. Moreover, McCloskey (2010b, p.48) writes "[o]f course, since using Robert Solow's Residual heavily in my anti-entrepreneurial work around 1970, I had realized that most of growth is about innovation, not investment." It is a Schumpeterian/Austrian<sup>11</sup> approach to understand innovation.  $I(\cdot)$  is a *nonroutine* movement of ideas, an accident that generates creative destruction and changes the way a certain good is produced or a service is provided. As a consequence, it creates new sources of profits. By routine movements, however, it means the  $F(\cdot)$  maximizations under a constraint, focusing on capital accumulation and versions of human capital. This heritage of Samuelsonian tradition helps to understand the change of tide that happened between the seventeenth and nineteenth centuries, but as

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<sup>9</sup>For McCloskey, the Great Enrichment is about any kind of innovation, be it in human capital's development, be it in new services.

<sup>10</sup>As McCloskey (2010, p.11) contradicts the Prudence-Only economists, arguing that "The society and the economy interact. (...) Laws can change without a change in opinion. Consider prohibition of alcohol and then drugs over the past ninety years. And opinion can change without a change in laws. Consider the decades-long drift toward independence among the English North American colonists."

<sup>11</sup>For a brief overview in this approach, see Kirzner (1997).

McCloskey(2010a, p.419) argues, “(...)  $I(\cdot)$  was the maker of the modern world.  $F(\cdot)$  was the coast line.  $I(\cdot)$  was the tide.”

Usually  $R$  - rent, profit - is an endogenous variable of  $F(\cdot)$  function, a routine of marginal benefit and marginal cost. But for McCloskey (2010a) it has an unintended discovery character which depends on the *ex ante* and *ex post* views of  $R$ . The former relates to how rich one could become by innovating and the latter is the consequence of the same innovation in the economy. It depends on how society reacts to one’s invention. If it dissipates quickly - i.e *ex-post* competition, the invention is easily imitated -, profits -  $R$  - are lower than one discovery that has a greater impact - thus, more difficult to replicate. Also, depending on the innovation, the marginal cost to learn may be close to zero, and then the innovator stops receiving possible profits from it - especially if it is unpatentable. Therefore, it really depends in the impact of one’s innovation in the economy. This uncertain scenario for  $R$  is the reason it is in the *nonroutine* function  $I(\cdot)$ .

The model can also be explored as a Cobb-Douglas per capita function:

$$\left(\frac{Q}{L}\right)^* = [\delta D^* + \beta B^* + \rho R^*] + [\kappa K^* + \lambda s^* + (\lambda - 1)L^*]$$

in which \* means rate of change and  $\delta, \beta, \rho, \kappa$  and  $\lambda$  are the variables elasticities. As an example to identify the relative importance of the skill variable  $s$  in the model, years of education could be an useful factor. If analysed in  $F(\cdot)$ , its effect on  $\left(\frac{Q}{L}\right)^*$  is not enough to explain the Great Enrichment, since it is not guaranteed that college graduates could contribute more to the economy than the noncollege ones. If we take that into consideration, education’s impact on the  $I(\cdot)$  variables could set a wider range of understanding the great leap of innovation and discovery. An increase in  $s$ ’ growth rate could have made skilled bourgeois admired for their inventions, increasing the rate of Dignity. Also, scholars that contributed to the development of economics could have helped people realize the gains of free enterprise, increasing the rate of liBerty. Education matters, but not only by analysing its benefits in  $F(\cdot)$ . McCloskey’s appeal to a better reading of Solow’s residual aims to highlight that  $\left(\frac{Q}{L}\right)^*$  is increased by the whole social mobility phenomenon leaded by the bourgeois ethics.  $F(\cdot)$  tells half of the story. In fact, as McCloskey (2010a, p.417) puts it, the mere increase of  $s$ ’ growth rate could be perverse, “A high percentage of the officers in Hitler’s SS had advanced degrees in the humanities. German engineers built the gas chambers.”

Variables from  $I(\cdot)$  are entangled, Dignity for innovation depends on earlier liBerty and rents:

$$D_t = g(B_{t-1}, R_{t-1})$$

McCloskey’s point is that when people realize how an increased level of liBerty generates more income they tend to be more tolerant, respecting one another, acknowledging the benefices that innovations bring to common welfare. The reverse causation is also possible, dignified people can start an argument supporting economic freedom and making people understand the betterment that sloshes to all. This demonstrates how  $B, D^{12}$  and  $R$  are unpaid externalities - after all rewards for a change in the later have been dissipated. Thus, the model suggests how people, between seventeenth and nineteenth centuries, benefited from other’s discoveries without routine costs. It’s a matter of understanding the role of  $I(\cdot)$  not as a constant  $A$  or a routine production function, but as the economic tide that illustrates the Great Enrichment. Like McCloskey (2010a, p.413) argues,

The Brooklyn Bridge was costly to build, and needed somehow to be financed, but

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<sup>12</sup>In case one wonders how could  $D$  be measured, McCloskey does not go into specifics, although she suggests the use of public surveys like those from World Value Surveys.

the social opportunity cost of people going across it was, from May 24, 1884, zero, and so charging tolls to cross and to play down the debt is from the economist's social point of view irrational. The Age of Innovation was an age of uncompensated intellectual bridge building on an immense scale.

### 3.3 Liberal Persuasion Enriched the World

This discussion leads us to the *Bourgeois Trilogy's* third and last volume, "Bourgeois Equality: How Ideas, not capital or Institutions enriched the world" (2016a). So far we have introduced the virtues that make a well balanced bourgeois. Besides that, the paper has discussed how liberty and dignity work together in order to put these virtues in practice and generate innovation. Now, McCloskey (2016a) reaffirms an unexceptional theme of her academic work: the Rhetoric. The *prima facie* idea is the change of speech - first in Holland and Great Britain, then in the rest of western societies mainly - that created a tradition of equality among the people. The book is an attempt to call attention to one of the most important pillars of Classical Liberalism: Social Equality (and thus, equality of opportunities). And that matter was achieved back in the 1800s through the Bourgeois Deal, and for McCloskey, this same deal must be reasserted today if societies want to prosper and continue to enrich. This rhetorical movement made the ordinary people accepted as free and dignified individuals, and beyond that, made social mobility possible.

Between the tenth and seventeenth centuries, the world was ruled by Aristocracies that regulated the daily business of individuals. Excesses of privileges, abundant wealth and tons of wars. The lower classes didn't have access to education, well paid jobs - actually, their income could barely pay for their subsistence -, opportunities to innovate and grow. McCloskey (2016a) argues that starting in the 1500s, with the discovery of the New World, access to literature, influences from the Renaissance and eighteenth century's Enlightenment, the ordinary people started to think about the societies they lived in.

The 4 Rs: Reading, Reformation, Revolt and Revolution were the marks of the transformation process. In that way, the middle classes became unsatisfied with Aristocracies' life style - take for example the Glorious Revolution in 1688 and the French Revolution in 1789, both bourgeois movements. The decentralization of power like the English Parliament controlling the crown's expenditures and privileges created a window of opportunity for the liberal ideas to prosper. The 4 Rs, for McCloskey (2016a, p. XXXVI) "caused liberal equality, which caused the Bourgeois Revaluation, which caused The Great Enrichment."

There is not a denial of importance regarding foreign trade, the discovery of the New World, geographic position and well settled property rights in the history of the Modern World. But all of these factors were contextual, meaning that one is able to find these movements elsewhere and in different centuries. What suddenly changed were ideas flourishing, making the Industrial Revolution ascend. A rhetorical change that protected the ordinary people to innovate and be better off. Persuasion and sweet talk in the market made people believe that enrichment is achieved by trade. It was a sudden movement and its spread took awhile to be understood. The Glorious Revolution in 1688 and the Enlightenment in the eighteenth century were important contexts to foment such phenomena, especially in Holland and Great Britain. But by the beginning of the nineteenth century, Western Europe was embracing liberal conversation. It was a matter of self interest, but also of courage, faith, solidarity and trust. The Deal made by the bourgeoisie with the rest of society needed the set of all Seven Virtues.

For McCloskey (2016a) this change was crucial to start a flourishing of world wide economic growth and democracy. Individual freedom to come and go, start a business, discuss ideas. Economic freedom to buy from and sell to other countries, ignoring mercantilism's attempts to control prices and quantities of goods. Social equality to abolish slavery - even though that took

longer to happen - and judge the individual for his values, not because of his race or ethnicity - also a current issue that twenty-first century societies face which is why McCloskey appeals on the reaffirmation of the classical liberal ideals practiced in the past 200 years. This was the rhetoric of the Bourgeois Deal, the impersonal chase for profit that generates prosperity for all; people exchanging ideas, goods and services for the sake of their self interest (prudence), but also cooperating and building relationships of trust, giving it back to the poor (love) under a well established Rule of Law (justice). As McCloskey (2016a, p.403) argues,

What did “rise” as a result was not trade itself but trade-tested betterment. The idea of equality of liberty and dignity for all humans caused, and then protected, a startling material and then spiritual progress. What was crucial in Europe and its offshoots was the new economic liberty and social dignity for the swelling bourgeois segment of commoners, encouraged after 1700 in England and especially after 1800 on a wider scale to perform massive betterments, the discovery of new ways of doing things tested by increasingly free trade.

Rhetoric is the third and final pillar of the Bourgeois Era. Though McCloskey (2010b, p.58) agrees with the Kirznerian approach to discovery as a *nonroutine* movement of ideas from entrepreneurs that furnishes economic growth, she believes that the Austrian economist’s analysis lacks language, or the importance of persuasion. Besides discovery (innovation) itself, it is important to understand the role of the entrepreneur’s *audience*, “[a]fter all, it is the cash applause of consumers that determines which innovation, or which artistic or scientific advance, continues to evolve.” Note how the relation between the persuader and her audience matters, again, both in the 1980’s *Rhetoric* and in the 2000’s-2010’s *Bourgeois Trilogy*’s economy.

The pillars work together. One shall realize how the true bourgeoisie, with its well balanced Seven Virtues, became free and dignified through the power of words. The Revaluation of the bourgeoisie aims to celebrate a social class that has been misunderstood by progressives and conservatives intellectuals. It is also meant to highlight the leading role of the bourgeois as an innovator agent, that appreciates competition as well as cooperation. It is an alternative reading that they made the Industrial Revolution possible and the ascension of the Modern World’s Great Enrichment.

## 4 Rhetoric’s Ethical Approach

The rhetoric in economics, as one can now realize, has a dual sense in McCloskey’s work. It stands for both democratic pluralism in scientific research as well as understanding the prosperity of western civilization. A rhetorical approach to economics is a matter of embracing the ethical (bourgeois) character an economy has.

How important is persuasion in the economy? There are so many job occupations that practice the bourgeois talk, or sweet talk, that as McCloskey and Klammer (1995) showed, it represented one quarter of US GDP. They are the lawyers, judges, public relations specialists, managers and supervisors. All of them being prepared to persuade, as McCloskey (2016a, p.492) argues “[i]n a free society the workers cannot be peremptorily ordered about and beaten with knotes if they do not respond. They need to be persuaded.” Sweet talk stands for the health care worker advocating her patient to take his pills, for the councilor to communicate with his audience, for the salesperson to sell a brand new car for a veteran - “first of all, thank you for your services, we the people salute you” - it’s a matter of trust. As McCloskey (2008, p. 191) points out,

Watch a negotiation for a simple house sale and you will see that it depends on dignities and feelings, roles and pretenses, a give-and-take of politeness, veiling of threats, excusing of hardheadedness because, after all, this is Business we are doing.

Markets generate virtues, not vices. McCloskey wishes people to understand that since Adam Smith the economy should be studied as a bourgeois town. The commercial life highlights both competition and cooperation among its citizens.

Modern economics, however, has been reduced to *Prudence-only* approach in decision making. For McCloskey (2016a), economists, since Samuelson, have neglected the talking, or as Akerlof (2020, p.413) puts it, “(...)the stories people are telling themselves (...)”. Recall equation (1), McCloskey (1998b) states the role of narrative of *S*, measuring gender, education, social class, newspapers read and even church attendances. As earlier illustrated, *P* is a powerful variable, but neglecting *S* can create biased coefficients. Rhetoric is what binds both together, by understanding the bourgeois character of the economy one realizes that its virtues are a source of an ethical discourse that is neither an aristocratic tyranny nor a peasant tale. The Bourgeois Deal celebrates equality in the transactions made through the power of persuasion in a free market for ideas.

Economics deals with abstract scenarios, *as if* and *all else being equal* assumptions. The role of ethics has been questioned way before McCloskey’s, as Knight (1936, p.37) puts it, “(...) what is to be said of ethics? (...) For those to whom is only a more or less ‘glorified’ economics, virtue is correspondingly reduced to an enlarged prudence.” Furthermore, in the 1930’s, Ronald Coase’s *The Nature of the Firm* (1937) furnished the kind of rhetoric in economics McCloskey(2018) is still suggesting<sup>13</sup>. McCloskey’s(1998a) take on Coase’s paper is that he highlighted the smithian *faculty of speech*. As Coase (1937, p.390-91) engages to a realistic definition of a firm, the British economist adds the role of an entrepreneur in coordinating transactions, besides the price mechanism, “[t]he cost of negotiating and concluding a separate contract for each exchange transaction which takes place on a market must also be taken into account.” Under that statement, McCloskey (1998a, p.99) understands that Coase’s transaction costs, by approaching case by case, by questioning if this scenario applies to the real world,

is in this sense precisely casuistic, looking for the stories and metaphors and facts and logics that fit the case at hand, and avoiding the unreasonable obsession with one of them alone. A style of ethical storytelling that insists that cases matter as much as principles [axioms, if and then structures of logic] is foreign to most of modern economics.

In other words, Coase (1937) was leading economics to the reality in which people speak, negotiate and trust in each other, where they practice McCloskey’s bourgeois rhetoric.

Ethics in economics is not an invitation to less mathematics or less statistics. As McCloskey (2018, p.5) points out, the issue is the kind of mathematics being learned from the Department of Mathematics, rather than from Engineering or Physics<sup>14</sup>. Young economists are being told to prove mathematical propositions instead of using them to study world issues. Thus, the lack of ethics in our field is a lack of meaning. Economics as being a social theory of decision making must take the human character and its virtues into account. The democratic pluralism

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<sup>13</sup>“I have been arguing so to economists since 1983. No effect so far. But I’m an optimist. Prediction, to take up one item in the litany of positivism, is not the essence of science.”(McCloskey, 2018, p.8)

<sup>14</sup>For McCloskey (2018), the Departments of History and Physics have been more successful in answering *How Big is Big?* questions, thus, of creating standards. If we trace McCloskey’s (1989 and 2018) take in this issue, she argues that economists have been trying to extract from Physics only the verifiability approach and forgetting to answer the former question.

that McCloskey's *Rhetoric* has suggested since the 1980's is to give mathematics, statistics and history a meaning to the commercial life that the seven bourgeois virtues provide.

McCloskey (2010a and 2016a) believes that by neglecting the bourgeoisie role as the pioneer of the modern world, economists, focusing on institutions, imperialism or capital accumulation instead, have also forgotten the ethical essence of our field. The celebration of the liberal values in the marketplace, initiated by Adam Smith, aims to show that the Samuelsonian tradition tells only half of the story.

Boulding's (1971) well known essay from the annual meeting of the American Economic Association in Detroit, 1970 questions the best approach in dealing with authors of the past. After Samuelson, who needs Adam Smith? How economics teaching is influenced by the anti historical approach as well as by the ultrahistorical one? The former represented, back then, the idea that economics was mathematics and there was no need for reading the ancients; the latter would be quite the opposite, learning what the classical economists were saying at their time, how Smith got somethings wrong and confused and then the same with Ricardo, Mill and so on, as a result Boulding (1971, p.232) alerted "[m]any students never learned anything that was right at all, and I think emerged from the course with the impression that economics was a monumental collection of errors." The author agreed to be in the midpoint between both views, understanding the importance of standing on the shoulders of giants as a direct influence on the modern economic models and their interpretation in post Samuelson economics<sup>15</sup>.

The point is that there is a relation to what Boulding (1971) calls the Principle of Extended Present - how the present may not be a single point in time but a historical gap of intellectual discussion regarding one's work - and McCloskey's appeal to Adam Smith's Humanomics. Boulding (1971, p.331) understands that as long as the intellectual evolution of a certain matter is yet undeveloped, there would be no reason to disregard the classics<sup>16</sup>, in other words, "we need both Samuelson and Smith." Moreover, if one is looking for new ideas and insights, it is hard not to operate with a longer extended present.

The attempt to bring Smith's ideas back to economic discussion, as McCloskey (2016b) argued in the *Eastern Economic Journal*, converges to this longer extended present. The way economics has ignored the fields of the humanities - like philosophy, literature - and the interdisciplinary relation to the other social sciences - anthropology and history - distanced itself from the study of human meaning. The rhetorical approach, understanding economics as a series of cooperations in the marketplace, as McCloskey (2016b, p.2, emphasis in original, quoting Smith, 1776 and 1759 (1790) emphasizes,

[t]he ordinary affair of academic economics itself, for example, as I argued in my books in the 1980s and 1990s on the rhetoric of economics. But certainly in the economy itself, as I am now realizing, and am belatedly and clumsily saying in another set of books [The Bourgeois Era].

that unites mathematics and statistics with the fields described above highlights what she is arguing on Smith's importance in understanding not only the origins of the Modern World, but also the nowadays economy,

as Adam knew already in 1762-63: "In this manner everyone is practicing oratory

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<sup>15</sup>As Boulding (1948) wrote in his review regarding Samuelson's *Foundations*, "[m]athematics is only part of the foundations of economic analysis; its other foundations lie in philosophy, in the other social sciences, and even in art and literature where that essential but nonmathematical quality of critical judgement is developed." He also argued that if economics would become a mere mathematical field, it would lose its essence of humane and empirical quality which converges to McCloskey's both methodological and historical concerns.

<sup>16</sup>Once the development is reached, economic data and statistical methodology may have the leading role in modern textbooks, being a good replacement for earlier writers.

on others through the whole of his life.” Smith’s first book,(...) *The Theory of Moral Sentiments* (...), is about how we converse in public or in the councils of our hearts on ethics. (...) he writes (1776, Bk. I, Chp. ii, para. 2): “whether this propensity [to truck and barter] be one of those original principles in human nature, of which no further account can be given; or whether, as seems more probable, it be the necessary consequence of the faculties of reason [thus Samuelsonian economics] and *speech* [thus Smithian humanomics], it belongs not to our present subject to inquire.<sup>17</sup>”

In sum, McCloskey’s long lasting contribution in economics has furnished different perspectives from the methodology of science to the history of economics as well as ethics. By analysing her work from the 1980’s to the 2010’s, and besides all the paths the research could have taken, the rhetoric in economics being literally denoted as the Greek notion of persuasion and wordcraft is the key role of generating a meaningful and storytelling analysis of decision making in the economy, even in their most technical and mathematical moods. This analysis starts by accepting the bourgeois character of economics; by embracing that economic agents stand for competition and creative destruction, but the same happens with cooperation and trustworthiness. Self interest and practical wisdom are a fundamental aspect of understanding the marketplace, but *Prudence-only* is incapable of creating the whole narrative.

The Bourgeois Deal changed public opinion, between the eighteenth and nineteenth centuries, through the liberal discourse of the seven virtues, by practicing sweet talk. For McCloskey (2016a), the Modern World is run by it. If economists want to understand the matters they are studying, it’s time to take the talking and stories of ordinary people into account.

## 5 Conclusion

The paper has reviewed many of McCloskey’s contributions to economics. We’ve discussed Great Britain’s economic history, her pioneer and controversial study regarding the rhetoric in economics. Also, the paper inevitably went through McCloskey’s take in ethics and liberal values. As earlier illustrated, all of these subfields substantiate her life’s work, consequently the *Bourgeois Trilogy*. The paper aimed to investigate the different roles that rhetoric has in McCloskey’s studies. Moreover, we aimed to illuminate how these roles, from the 1980’s to the present, highlight her appeal to Liberalism and a more humane economics.

The practice of McCloskey’s rhetoric in economics has a dual sense. First, the 1980’s methodological one in which she appeals for a democratic pluralism, of accepting the literary character of economics. By questioning logical positivism’s role in our field, she argues how short ranged the economists’ persuasion have been, how statistical significance and *prudence-only* maximizations lack meaning in the social theory that economics stands for. For that, besides prudence, there is a need to watch for the other six virtues. Second, the Bourgeois Era takes into account the same set of virtues that McCloskey described it as bourgeois. By analysing the origins of the Modern World, she states how a rhetorical change in the public opinion made the ordinary people celebrate and practice innovation. The Bourgeois Deal, “*Let me profit from you now and we shall all enrich afterwards*”, is McCloskey’s gesture in highlighting the power of words and the free market of ideas. The commercial life, in which we all participate day in and day out, is a matter of trust and cooperation. Rhetoric (wordcraft), therefore, has a role in economics, as an instrument of systematic inquiry; and also an ethical matter of paying attention in the *real* economy.

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<sup>17</sup>McCloskey argues on that inquiry “[i]n the Lectures on Jurisprudence, the editors observe about the passage in *The Wealth of Nations*, he had said “the real foundation of [the division of labor] is that principle to persuade which so much prevails in human nature” (n3 in Smith 1776, p. 25).”

The bourgeois revaluation of McCloskey's *Trilogy* is a matter of understanding the historical routes of western civilization, especially regarding an important economic tide like the Great Enrichment. Also, it is an interdisciplinary work that highlights her appeal for a more humane study of economics which make scientists more capable of sensing the economy itself. Her take on the bourgeoisie class symbolizes the struggle of reducing the science to the virtue of prudence, of seeing the economic agent as a mere self interest utility maximizer. If the modern world rose thanks to a rhetorical change in the public opinion which embraced liberal values and innovation, couldn't be the same nowadays for understanding the role of persuasion in the ordinary business of life? On paying attention to the way people are talking and the stories they are telling themselves? The practice of the so called *Humanomics* is the acceptance that there may be more about the economy than economics is truly providing, and for McCloskey this humane approach can be achieved if economists accept the narrative that the seven virtues foment.

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