

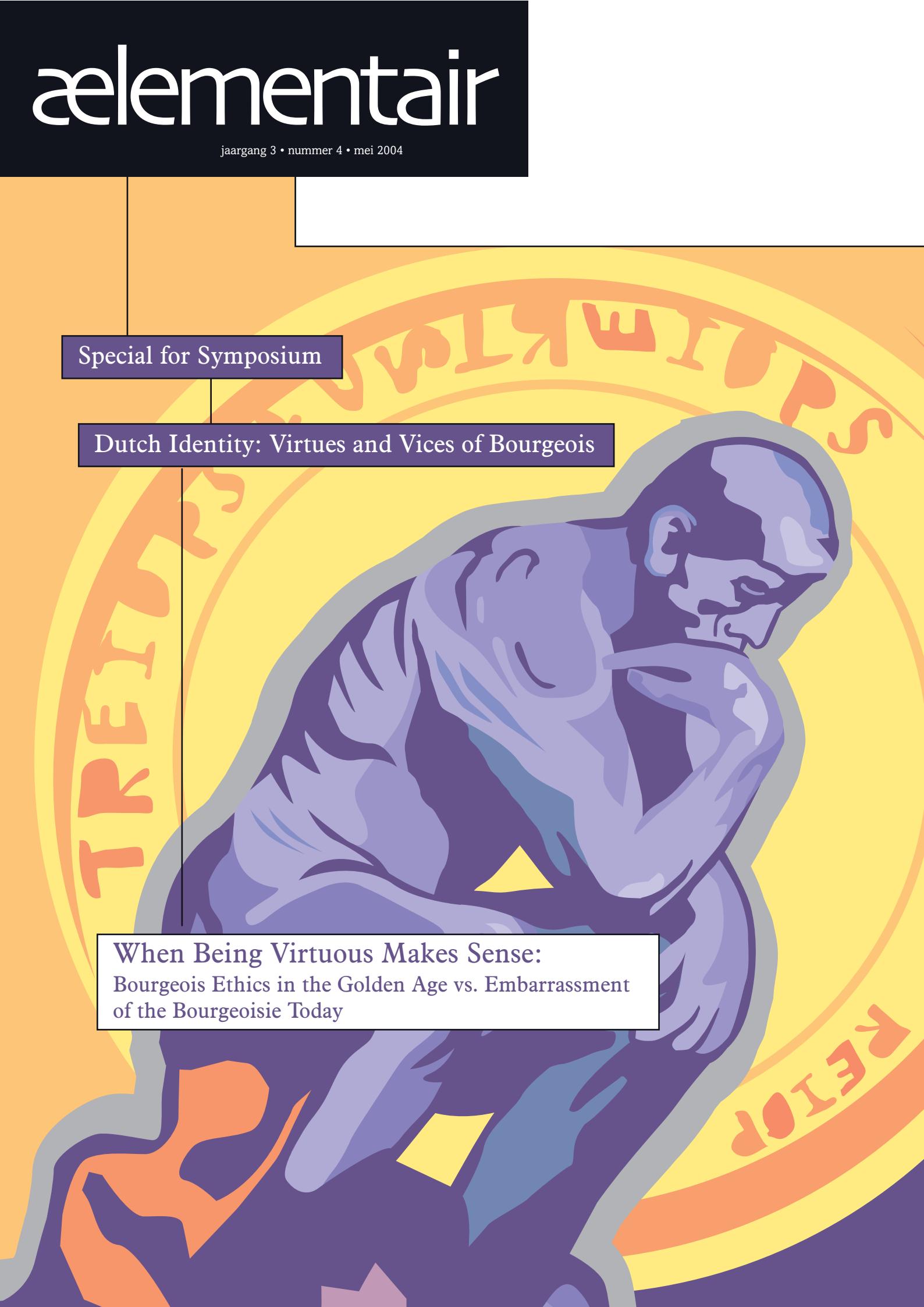
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Special for Symposium

Dutch Identity: Virtues and Vices of Bourgeois

When Being Virtuous Makes Sense:
Bourgeois Ethics in the Golden Age vs. Embarrassment
of the Bourgeoisie Today



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Have you ever thought of virtues? Temperance, Courage, Justice, Hope, and Love, just to name a few. And, have you ever thought that they could have anything to do with economics? Economists have long ago separated the moral philosophy (ethics) and the science of choice (economics) from each other. They have supposed that economic transactions – producing goods, exchanging them in the market, and eventually consuming them – are entirely independent from the human condition.

Deirdre McCloskey, a famous Chicago economist and historian, is now facing the issue in her forthcoming book: capitalism would turn into a disaster if we were to follow economists and put all our faith and hope on Prudence Alone. It can only be rescued if we are able to think capitalism in the light of “Bourgeois Virtues,” as she calls them. True, the name “bourgeoisie” has got a bad connotation in contemporary Holland. The situation is not so different in many other industrial societies. But it was the virtuous attitude of Dutch merchants in the 17th century that made Holland prosperous. Before reaching any conclusions we do better entering into the discussion with McCloskey and recover the language of virtues that will enable us to assess the moral conditions of modern economic societies.

Economic activity is not only a function of people’s capacity of calculation and (ac-)counting. There are many non-economic factors, too, that determine the efficiency of economic performance. Capitalism, that is, the entirety of all the aspects of today’s economic and social doings and makings, is not only the sum of economic reasons. It is also the sum of features that render economic activity

possible. It is not just Prudence and Greed, that is about the “P variables of price, pleasure, payment, pocketbook, purpose, planning, property, profit, in a word, the Profane.” It is also “Love and Courage, Justice and Temperance, Faith and Hope, that is, social Solidarity, the S variable of speech, semiotics, society, sympathy, service, sentiment, sharing, soul, spirit, stories, shame, in a word, the Sacred. As the historian of religion Mircea Eliade put it, ‘sacred and profane are two modes of being in the world’.” This is how the economic historian and Chicago economist Deirdre McCloskey puts the issue in the first volume of her forthcoming quartet, *The Bourgeois Virtues: Ethics for an Age of Capitalism* (McCloskey, 2004, p. 34).

McCloskey addresses the moral suspicion that haunts capitalism today. Both progressive and conservative thinkers have criticized its so-called inner workings and consequences. “If on the left,” McCloskey says, “they believe that capitalism and profit are evil, that the Western soul has been corrupted by markets and materialism, and that the enrichment of the West depends on stealing from the Third World, or the poor, or the Third-World poor. If on the right they believe that capitalism and profit are good for business but have nothing to do with virtues or ethics, that the poor should shut up and settle for what they get, and that we certainly don’t need a preacherly ethic for a commercial society” (McCloskey, 2004, p. iii-iv). In response to these critics McCloskey stresses the bourgeois qualities of capitalism. She points at “bourgeois virtues” other than Prudence Alone, such as Faith and Temperance, stressing the possibility of being virtuous as well as commercial. In

her book she praises the bourgeois virtues of the Dutch merchants and sets them as example for others to follow. If only the Dutch were more bourgeois today, she implies, it would do them good. Is she right? Aren't the critics justified in believing that the focus on Greed and Profit demoralizes contemporary society and will the emphasis on bourgeois virtues only further this demoralization?

Holland, the first bourgeois nation, is where one finds the balance of virtues that is called for in order to recover today's tragic uncultured and demoralised condition. "When, let's say, Prudence or Hope are unbalanced by the other virtues, they produce sin; when any virtue is alone and unbalanced, it is one of the characteristically human vices," says McCloskey (McCloskey, 2004, p. 53). She therefore aims beyond the material achievement alone. "Capitalism," she says, "does not need to be offset to be good. Capitalism needs to be inspirited, moralized, completed. Two-and-a-half cheers for the bourgeoisie" (McCloskey, 2004, p. 3).

The Making of Capitalism Requires a Balancing of Virtues

Would it be correct to talk about the watery depths of a culture? If there were at least one single case that such an inquiry is meaningful, it would be the Dutch case. As Simon Schama tells the story in his *The Embarrassment of Riches: An Interpretation of Dutch Culture in the Golden Age*, it is the moral geography of Low Lands in which Dutch identity had crystallized itself. The primal Dutch experience, Schama writes, is the fight against the rising waters. He writes:

And these "patients," [those who were sent to the drowning cell at Amsterdam House of Correction], once recovered, were meant to recognize the peculiar sort of moral geography that would certify them as Dutch. To be wet was to be captive, idle and poor. To be dry was to be free, industrious and comfortable. This was the lesson of the drowning cell (Schama, 1997, p. 24).

(...) It is sometimes forgotten by the political historians that the war for national independence took place at the same time as a particular fierce in the struggle against sea (Schama, 1997, p. 37).

(...) Right or wrong, the parallelism of the defence against the "tyrant" sea, with the defense against the "tyrant" Spain, was not just a matter of simultaneity. In the minds of those who fought this battle on two fronts, they were causally connected (Schama, 1997, p. 42).

(...) It is not too much to say that, for all his technical concerns with the details of dike building and maintenance, Vierlingh, [a considerable landowner and human thinker of the age], sets out a humanist philosophy of hydraulics (Schama, 1997, p. 42).

(...) It was an axiom of Dutch that what the flood gave, the flood could take away. So their fear of drowning in destitution and terror was exactly counterbalanced by their fear of drowning in luxury and sin (Schama, 1997, p. 47).

Simon Schama thinks that the Dutch battle against water has determined the moral pattern and institutions of Dutch society; from secularisation to hoogheemraadschappen (the governing councils of each of the waterstaat region), from tax collecting to crime punishment, from humanist philosophy to the defense against the Spanish tyranny. It has created the political culture, economic structure and ethical pattern of the economic activity. McCloskey, too, acknowledges this point. She says, referring to Schama's astonishing book:

Flooding of water figures therefore repeatedly in worries about an over-flood of riches. To be deprived by riches of the necessity to work was bad, not good, because these were bourgeois people. The Netherlanders' "fear of drowning in destitution and terror [from water] was exactly counterbalanced by their fear of drowning in luxury and sin [from wealth] (McCloskey, 2004, p. 24).

This is one of the reasons, Schama and McCloskey reckon, why Dutch society was so sensitive about a balancing of the virtues. This is not to say, of course, that the moral effort was especially Dutch. But de Nederlanders were nevertheless the first bourgeois society in the North-Western Europe, an early instance, and therefore a privileged reference and historical case study. In a sense, this balance of virtues is what forms the background of Dutch culture. The background is what makes the difference in the foreground. The implication is that the moral situation of Dutch society was a condition for the performance of the Dutch economy for ages.

By taking this perspective McCloskey revives the project in which Adam Smith was engaged. Smith was first of all a moral philosopher. And yes, he argued in the *Wealth of Nations* that commercial society requires its people to appeal to the self-love of the butcher, baker and brewer and not to their pity and he suggested that an invisible hand would coordinate all efforts that are motivated by self-interest. Yet, when read in the light of his earlier *Theory of Moral Sentiments*, his moral vision of contemporary life becomes apparent. The virtues of empathy, generosity and beneficence remain in force even though they are less of a guidance for every day transactions in a commercial society in which we are in need of the offices of many, but are not in the position to appeal to the friendship and love of all. Just like Smith, McCloskey wants to have a whole picture of human beings with the entire range of virtues that makes us human. The Dutch society of the 17th century draws her attention as it shows commercial society in the making. The Dutch merchants had discovered the rewards of bourgeois virtues and, being Calvinists at that, had to negotiate the balance with the other virtues. She implies that economists would do better to look beyond the calculations and take into account the moral conditions of economic life, just as Adam Smith attempted to do. "One can't be an advocate in a

commercial society," says McCloskey, "without being easy with a pen or speech" (McCloskey, 2004, p. 19).

So far so good. But nowadays bourgeois has a negative connotation. Is McCloskey right then? Will the bourgeois values continue to dominate Dutch life? Did these virtues inform, for example, the Dutch stance towards the Iraq war: no active support but no opposition either? In the meantime the Dutch continue to be excellent traders who exploit any opportunity for trade that presents itself. In this light, their generosity in terms of social welfare and development aid appears to be the consequence of the same embarrassment of riches that Simon Schama observes in the Dutch Golden Age.

Remoralising the Content of Economics

McCloskey is now preparing a master-work in four volumes. There is so much to say about the moral dimensions of economic life. Most economists who have been brought up with the distinction between positive and normative economics will shudder at the thought. The idea of individuals in pursuit of maximal utility and profit along with the instrument of the price mechanism has sufficed. It freed them from the responsibility of thinking of the moral aspects of human behaviour. This is thinking of Prudence Alone, as McCloskey points out. It has made economic thinking open for the charge of being a-moral and one-dimensional. And it has alienated all those who, rightly so, wanted a recognition of other virtues like Hope, Faith and Love in economic life. With their dogmatic focus on Prudence Alone economists left every space for their critics to focus dogmatically on those other virtues. Nationalism became a form of secularised Faith and socialism of secularised Hope. All systems based on one singular virtue have turned to disaster. Capitalism would turn into a disaster if we were to follow economists and put all our faith and hope on Prudence Alone. It can only be rescued if we are able to think

capitalism in the light of the seven classical virtues: Prudence, Temperance, Courage, Justice, Faith, Hope and Love.

The work is to flesh out the seven virtues, to show what they stand for, how they were thought through the ages and what their role was in the making of modern society. McCloskey needs her skills as an economic historian, philosopher and rhetorician to pull this heroic effort off. She may set new standards for a humanistic economics.

In these few pages we will not be able to do justice to her work. It will take time and the involvement of economists and other social scientists as well as philosophers and historians to determine whether her moral approach will settle and will alter the conversations about economics and capitalism. We see a connection with cultural economics in which the economy is viewed as the part of life that is about the realisation of values, in which culture is viewed as having values and in which humans are seeking the realisation of economic, social and cultural values (see Klamer, 2003). We see in her approach the foreboding of a return of Aristotelian thinking in economics where the purpose is not so much to determine the instruments that further economic growth but rather to reflect on the ways of life that further the good life and the good society. Whether this thinking necessarily produces an apology of capitalism remains to be seen. Maybe we will end up realizing that capitalism cannot thrive without communism (as in family life) and socialism (as in social welfare states and in democratised organisations). Before reaching any conclusions we do better entering into the discussion with McCloskey and recover the language of virtues that will enable us to assess the moral conditions of modern economic societies. ☐

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Note

1. The symposium on Deirdre McCloskey's work was held on May 6th, 2004 at Erasmus University Rotterdam, entitled "Dutch Identity: Virtues and Vices of Bourgeois Society." Among the speakers were Wiep van Bunge, Robert von Friedeburg, Ronald van Raak, Dorothee Strukenbook and Micheal Zeeman. The volume of the proceedings is now under preparation. For more information, you can contact with Altuğ Yalçıntaş at a.yalcintas@chello.nl