

McCloskey on Why Europe Was First

This is an excerpt from an article by Deirdre McCloskey where she discusses my book *Why Europe Was First*.

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The Swedish political scientist Erik Ringmar's answer to the question Why was Europe first? begins from the simple and true triad of points that all change involves an initial reflection (namely, that change is possible), an entrepreneurial moment (putting the change into practice) and 'pluralism' or 'toleration' (I would call the toleration the ideology of the Bourgeois Era, namely, the Bourgeois Revaluation, some way of counteracting the annoyance with which the naturally conservative majority of humans will view any moving of their cheese). 'Contemporary Britain, the United States or Japan', Ringmar ([2007](#) Ringmar, E. (2007). *Why Europe was first: Social change and economic growth in Europe and East Asia 1500–2050*. London: Anthem. [[Google Scholar](#)], p. 31) writes, 'are not modern because they contain individuals who are uniquely reflective, entrepreneurial or tolerant'. That's correct: the psychological hypothesis one finds in Weber or in the psychologist David McClelland or in the historian David Landes does not stand up to the evidence, as for example the success of the overseas Chinese, or indeed the astonishingly quick turn from Maoist starvation in mainland China to 9 or 10% rates of growth per year per person, or from the Hindu rate of growth and the License Raj in India after independence to growth rates per person since 1991 over 6%. Why would psychology change so quickly? And now could a rise of an

entrepreneurial spirit from, say, 5% of the population to 10%, which could have also characterised earlier efflorescences such as fifth century Athens, cause after 1800 a uniquely Great Enrichment of a factor of 30?

But then unhappily Ringmar contends in Douglass-North style, 'A modern society is a society in which change happens automatically and effortlessly because it is institutionalized' (2007 Ringmar, E. (2007). *Why Europe was first: Social change and economic growth in Europe and East Asia 1500–2050*. London: Anthem. [\[Google Scholar\]](#), p. 32). The trouble with the claim of 'institutions' is, as Ringmar himself noted earlier in another connection, that 'it begs the question of the origin' (2007 Ringmar, E. (2007). *Why Europe was first: Social change and economic growth in Europe and East Asia 1500–2050*. London: Anthem. [\[Google Scholar\]](#), p. 24).⁹ Ringmar's remarkable literacy in an English not his native tongue, by the way, shows in his accurate use of the phrase 'begs the question', which is widely used to mean 'suggests the question'.[View all notes](#) It also begs the question of enforcement, which depends on ethics and opinion absent from the neo-institutional tale. 'The joker in the pack', writes the economic historian Jones (2010 Jones, E. L. (2010). *Locating the industrial revolution: Inducement and response*. London: World Scientific. [\[Google Scholar\]](#)) in speaking of the decline of guild restrictions in England, 'was the national shift in elite opinion, which the courts partly shared':

The judges often declined to support the restrictiveness that the guilds sought to impose ... As early as the start of seventeenth century, towns had been losing cases they took to court with the aim of compelling new arrivals to join their craft guilds ... A key case concerned Newbury and Ipswich in 1616. The ruling in this instance became a common law precedent, to the effect that 'foreigners', men from outside a borough, could not be compelled to enrol. (p. 102–103)

Ringmar ([2007](#) Ringmar, E. (2007). *Why Europe was first: Social change and economic growth in Europe and East Asia 1500–2050*. London: Anthem. [[Google Scholar](#)]) devotes 150 lucid and learned and literate pages to exploring the origins of European science, humanism, newspapers, universities, academies, theatre, novels, corporations, property rights, insurance, Dutch finance, diversity, states, politeness, civil rights, political parties and economics. But he is a true comparativist (he taught for some years in China) – this in sharp contrast to some of the other Northians, and especially the good, much missed Douglass North himself. So Ringmar does not suppose that the European facts speak for themselves. In the following 100 pages, he takes back much of the implicit claim that Europe was anciently special, whether ‘institutionalized’ or not, by going through for China the same triad of reflection, entrepreneurship and pluralism/toleration, and finding them pretty good. ‘The Chinese were at least as intrepid [in the seas] as the Europeans’; ‘The [Chinese] imperial state constituted next to no threat to the property rights of merchants and investors’; ‘already by 400 BCE China produced as much cast iron as Europe would in 1750’; Confucianism was ‘a wonderfully flexible doctrine’; ‘China was far more thoroughly commercialized’; European ‘salons and coffee shops [were] ... in some ways strikingly Chinese’ (Ringmar, [2007](#) Ringmar, E. (2007). *Why Europe was first: Social change and economic growth in Europe and East Asia 1500–2050*. London: Anthem. [[Google Scholar](#)], pp. 250, 254, 274, 279, 280–282). He knows, as the Northians appear not to, that China had banks and canals and large firms and private property many centuries before the Northian date for the acquisition of such modernities in England, the end of the seventeenth century. (So too on many counts did England itself, for that matter.)

The economist and historian Ogilvie ([2007](#) Ogilvie, S. (2007). ‘Whatever is, is right’? Economic institutions in pre-industrial Europe. *Economic History Review*, 60, 649–684. doi:

10.1111/j.1468-0289.2007.00408.x[CrossRef], [Web of Science®], [Google Scholar]) criticizes the neo-institutionalists and their claims that efficiency ruled, arguing on the contrary for a 'conflictual' point of view, in which power is taken seriously:

Efficiency theorists do sometimes mention that institutions evoke conflict. But they seldom incorporate conflict into their explanations. Instead, conflict remains an incidental by-product of institutions portrayed as primarily existing to enhance efficiency ... Although serfdom [for example] was profoundly ineffective at increasing the size of the economic pie, it was highly effective at distributing large slices to overlords, with fiscal and military side-benefits to rulers and economic privileges for serf elites. (pp. 662–663)

The same can be said for the new political and social ideas that at length broke down an ideology that had been highly effective at justifying in ethical terms the distribution of large slices to overlords.

Why, then, a change in a system so profitable for the elite? Ringmar (2007 Ringmar, E. (2007). *Why Europe was first: Social change and economic growth in Europe and East Asia 1500–2050*. London: Anthem. [Google Scholar], pp. 72, 178, 286) gets it right when he speaks of public opinion, which was a late and contingent development in Europe, and to which he recurs frequently. The oldest newspaper still publishing in Europe is a Swedish one of 1645, *Post- och Inrikes Tidningar* (Foreign and Domestic Times), and the first daily one in England dates to 1702. Benjamin Franklin's older brother James quickly imitated in Boston in 1721 the idea of a newspaper and became, with the active help of adolescent Ben, a thorn in the side of the authorities. That is, the institutions that mattered the most were not the 'incentives' beloved of the economists, such as patents (which have been shown to be insignificant, and anyway have been universal, as state-granted monopolies, from the first formation of states) or property rights (which were

established in China and India and the Ottoman Empire, often much earlier than in Europe; and after all the Roman law was clear on property). The important 'institutions' were ideas, words, rhetoric and ideology. And these did change on the eve of the Great Enrichment. What changed circa 1700 was a climate of persuasion, which led promptly to the amazing reflection, entrepreneurship and pluralism called the modern world.

It is not always true, as Ringmar ([2007](#) Ringmar, E. (2007). *Why Europe was first: Social change and economic growth in Europe and East Asia 1500–2050*. London: Anthem. [[Google Scholar](#)], p. 37) claims at one point that 'institutions are best explained in terms of the path through which they developed'. He contradicts himself on the page previous and there speaks truth: often 'the institutions develop first and the needs come only later'. It is not the case for example that the origins of English betterment, if not of individualism, are usefully traced to early medieval times. It is not the case that, say, English common law was essential for modernity. The historian David Le Bris ([2013](#) Le Bris, D. (2013). *Customary versus civil law within Old Regime France*. Unpublished paper, KEDGE Business School. Retrieved from http://mpira.ub.uni-muenchen.de/52123/1/MPRA_paper_52123.pdf) has shown that within France before the Revolution the French north was a common-law area, while the south was a civil-law area, but with little or no discernible differences in economic outcome during the next century. Places without such law, further, promptly developed alternatives, when the ideology turned, as it often did turn suddenly, in favour of betterment.

Why England? English rhetoric changed in favour of trade-tested progress. To illustrate the change in one of its aspects, it came out of the irritating successes of the Dutch. The successes of the Dutch Republic were startling to Europe. The Navigation Acts and the three Anglo-Dutch Wars by which in the middle of the seventeenth century England attempted in

mercantilist, trade-is-war fashion to appropriate some Dutch success to itself were the beginning of a larger English project of emulating the burghers of Delft and Leiden. 'The evidence for this widespread envy of Dutch enterprise', wrote the historian Paul Kennedy ([1976](#) Kennedy, P. M. (1976). *The rise and fall of British naval mastery*. New York: Scribner's. [\[Google Scholar\]](#)), 'is overwhelming' (p. 59). Similarly, the historian Kadane ([2008](#) Kadane, M. (2008). *Success and self-loathing in the life of an eighteenth-century entrepreneur*. In M. C. Jacob & C. Secretan (Eds.), *The self-perception of early modern capitalists* (pp. 253–271). New York: Palgrave Macmillan. [\[CrossRef\]](#), [\[Google Scholar\]](#)) recently accounted for the English shift toward bourgeois virtues by 'various interactions with the Dutch'. The English at the time put it in doggerel: 'Make war with Dutchmen, peace with Spain / Then we shall have money and trade again'. Yet it was not in fact warring against the Dutch that made England rich. Wars are expensive, and the Dutch *admiraals* Tromp and De Ruyter were no pushovers. It was imitating them that did the trick. It was ideas.

Thomas Sprat, in his *History of the Royal Society* of 1667, early in the project by some Englishmen of becoming Dutch, attacked such envy and interaction and imitation. He viewed it as commendable that 'the merchants of England live honourably in foreign parts' but 'those of Holland meanly, minding their gain alone'. Shameful. 'Ours ... [have] in their behavior very much the gentility of the families from which so many of them are descended [note the sending of younger sons into trade]. The others when they are abroad show that they are only a race of plain citizens', disgraceful cits. Perhaps it was, Sprat notes with annoyance, 'one of the reasons they can so easily undersell us' ([1958](#) Sprat, T. (1958). *The history of the Royal Society*. J. Cope, & H. Jones (Eds.). St. Louis: Washington University Studies (original work published in 1667). [\[Google Scholar\]](#), p. 88). Possibly. John Dryden in 1672 took up Sprat's complaint in similar words. In his play *Amboyna; or,*

The Cruelties of the Dutch to the English Merchants the English merchant Beaumont addresses the Dutch: 'For frugality in trading, we confess we cannot compare with you; for our merchants live like noblemen: your gentlemen, if you have any, live like boers' (Dryden [1994](#) Dryden, J. (1994). *The works of John Dryden: Vol. 12*. In V. A. Dearing (Ed.). Berkeley, CA: University of California Press. (original work published in 1672). [\[Google Scholar\]](#), 2.1.391–393). Yet Josiah Child (1668/1698, arguing against guild regulation of cloth, admired the Dutch on non-aristocratic, prudential grounds: 'if we intend to have the trade of the world we must imitate the Dutch' (pp. 148, 68). Better boers we.¹⁰ The Swedish historian Erik Thomson has shown that the English were not the only Europeans startled by the economic success of the United Provinces and ready, with some reluctance, to imitate them (Thomson, [2005](#) Thomson, E. (2005). Swedish variations on Dutch commercial institutions, 1605–1655. *Scandinavian Studies*, 77, 331–346. [\[Web of Science ®\]](#), [\[Google Scholar\]](#)). [View all notes](#)

Ideas, not capital or institutions, made the modern world.

The complete article is here;
<http://www.tandfonline.com/ludwig.lub.lu.se/doi/10.1080/03585522.2016.1152744>.