



Deirdre McCloskey (1942–)

By Lynne Kiesling

Economists are not generally known as iconoclasts. Ask most people to imagine an economist and they envision a nerdy white man in a blue suit talking about interest rates. Deirdre McCloskey breaks that stereotype in several dimensions, describing herself as a “literary, quantitative, postmodern, free-market, progressive-Episcopalian, ex-Marxist, Midwestern woman from Boston who was once a man. Not ‘conservative’! I’m a Christian classical liberal.” Born in 1942 as Donald, the son of a professor, McCloskey famously undertook gender reassignment at age 56, writing a beautiful and eloquent memoir about her decision and the process (McCloskey, 1999) and staking

out a professional path to make economics more humane (McCloskey, 2020). Through academic positions at the University of Chicago, University of Iowa, University of Illinois at Chicago, and Erasmus University in the Netherlands, and an exhausting travel schedule to speak to any and all audiences curious about her ideas, McCloskey has worked tirelessly to create and communicate a human and classically liberal economics that is rooted in economic logic and draws on history, philosophy, literature, and art, among other areas of inquiry. She is perhaps the only person to hold tenured positions in economics, history, and English departments simultaneously, and to put scholars and students in those disciplines in literal and figurative conversation with each other.

McCloskey attended graduate school at Harvard University, studying with the economic historian Alexander Gerschenkron. Her dissertation explored a central question in British economic history—did late-19th century Britain experience economic and entrepreneurial decline? Britain was the first country to experience industrialization, and its causes and consequences have been debated vigorously. McCloskey (1970) combined economic logic and price theory, analysis of data, and historical methods of gathering information from qualitative sources into a rich examination of the iron and steel industry. Scholars have considered that industry as one of the backbones of the Victorian British economy and it is often seen as a primary culprit in Britain's economic decline. However, McCloskey found no evidence of entrepreneurial decline, but rather determined that Britain attained industrial maturity earlier, while countries seen as economic powerhouses in the late 19th century (e.g., the United States and Germany) started to industrialize later and were thus growing faster at the time. Her work on the “Did Victorian Britain fail?” question, along with work from other economic historians in the 1970s and 1980s, enhanced our understanding of the dynamics of changing productivity and economic growth over time, contributing also to work in development economics and international economics. One later outgrowth of this early research was the three-volume *Economic History of Britain Since 1700*, co-edited by McCloskey and Roderick Floud (1994).

McCloskey's early work in economic history focused on applying economic logic and analysis to a wide range of questions in British economic history. One area in which her work was influential was in open-field farming

as practiced in medieval England. In open-field farming, individual farmers farmed scattered strips across different large fields in a community-based multi-field system, with crop rotation across the fields to allow nutrient regeneration and to break pest cycles. In several different articles, McCloskey (1975a, 1975b, 1976) argued that scattered strip farming enabled farmers to manage the tradeoffs between economies of scale that came about from using teams of oxen to plow whole fields and the risks associated with small, enclosed plots that were common in medieval communities. Land quality and location varied, even within villages, so while farming over scattered, unconnected strips of land might seem inefficient to a modern observer, it reduced the medieval farmers' exposure to the risk of crop losses from pest damage, poor growing conditions, flooding, or other natural events. Enclosure would have denied farmers the ability to insure themselves against such losses. One important feature of this research, and indeed of all of McCloskey's work, is her unrelenting application of economic logic, particularly the economic logic that asks "compared to what?" In analyzing scattered strip farming as a form of insurance, McCloskey acknowledges that that particular farming practice is expensive—a farmer's strip of land is susceptible to contagion from neighbouring farmers who may not control their weeds and pests, and it requires that a farmer move among a number of strips over several acres—but an analysis of the alternative forms of insurance that were available at the time finds that all of the alternatives were costlier. McCloskey engaged with several other scholars on this exploration of farming practices, creating a lively and informative body of research that contributed to ongoing investigations into the efficiency of English agriculture and that continues to be relevant.

McCloskey also pioneered a modern focus on the rhetoric of economics (McCloskey, 1983; 1998). Economists are more than analysts; they are also persuaders. While that is true of any field of inquiry, McCloskey was unique in constructing a framework of classical rhetoric and applying it to economic inquiry to examine how economists persuade, and how effective they are at doing so.

Persuasion takes different forms and relies on different methods, ranging from (for example) mathematical proofs to appeals to morality. By presenting a rhetorical framework and analyzing the rhetoric of some of the

most important economists, McCloskey demonstrated that economists use mathematics and statistics in combination with stories and narration to relay their findings. In this body of work, she provided a powerful evaluation of the modern economic method, criticizing much of it as scientism. Scientism is the belief that empirical science provides the best form of human learning and knowledge, or that all knowledge can be reduced to knowledge that is observable and measurable. Scientism as a critique was developed primarily in the 20th century by F.A. Hayek and Karl Popper in their assessments of logical positivism; Hayek in particular disapproved of scientism for the way it uncritically applied the methods successfully used in one branch of science to other branches of science. McCloskey was similarly critical of the economic method, arguing that economists overemphasize the mathematical and statistical methods of understanding a given problem but overlook the importance of metaphor, narrative, stories, and other non-quantitative forms of rhetoric.

Two important strands of work followed from the rhetoric of economics. The first was a short and engaging book, *Economical Writing* (2019), which provides 35 straightforward rules to improve writing—not just in economics, but in other areas as well. Clear and concise prose is an essential component of persuasion, and no numerical table or colorful graph is a substitute for effective prose. In this volume McCloskey makes clear her dictum that “writing is thinking,” and that the process of articulating your analysis in clear and concise prose is the process of thinking through your argument. Whether it’s “avoid using synonyms to achieve elegant variation” or “revise, revise, revise,” the principles laid out in *Economical Writing* will improve your writing (and therefore your thinking) as well as being an entertaining read.

The second strand is a critique of the excessive reliance on statistics and statistical significance in economic research (and other fields) (McCloskey and Ziliak, 2010). The vast majority of empirical papers in economics rely on statistical tests to infer the validity of a hypothesis. But statistical significance—which exists when an estimated parameter is statistically significantly different from zero at a particular threshold of confidence—is different from economic significance. Economic significance depends on the relative magnitude of the effect. For example, suppose you have data to test the hypothesis that a more stringent environmental regulation increases gasoline prices, and the estimated

effect is statistically significantly different from zero, but only amounts to a 0.5 percent increase in prices. Is half of a percent large or small? “Statistically significant” and “important” are not the same thing. Again, the right question to ask is “compared to what?” McCloskey has been making this argument since the mid-1980s, and in economics research her insistence on asking that question has had the effect of changing the way authors report empirical results. The research convention has evolved to reporting magnitudes of estimated effects and to contextualizing those magnitudes, to provide answers to the “compared to what?” question.

In both of these strands of work on economics methodology, McCloskey has been joined by her long-time collaborator and former graduate student Stephen Ziliak.

More recently, McCloskey’s work has returned to fundamental economic history, but in a much larger intellectual framework. The process of industrialization in Europe, starting in Britain and the Netherlands, upended the millennia-long history of humans living in circumstances that we would now consider to be full of hardship, misery, and impoverishment. Industrialization began creating unprecedented material prosperity. The “great fact” to be explained is that today’s living standards are, on average, 3000 percent higher than they were 300 years ago. McCloskey calls this monumental transformation the “Great Enrichment,” and in her *Bourgeois* trilogy (2006, 2010, 2016), she sets out to understand the emergence of bourgeois civilization. Her approach incorporates economics, but is not restricted to it. Nor is her inquiry restricted to an analysis of material prosperity. She integrates sociology, literature, and philosophy with economics and history to argue that ideas changed in the 17th century in ways that made bourgeois culture acceptable and honourable in ways it had not been before. Ethical frameworks matter for production and innovation of the kinds that can yield prosperity gains on this order of magnitude. Making honest, hard work honourable is the linchpin of McCloskey’s explanation.

McCloskey thus starts the trilogy with *Bourgeois Virtues: Ethics for an Age of Commerce* (2006), grounding the emergent processes of prosperity in a virtue-ethics framework. Scorn for both the bourgeoisie and markets has been commonplace in human history, and McCloskey argues that this

misplaced scorn emerges from a failure to appreciate the extent to which markets and exchange have moral as well as material value. In *Bourgeois Dignity: Why Economics Can't Explain the Modern World* (2010), she investigates the many other causal factors that have been offered as explanations for the Great Enrichment—geography, institutions, capital, culture, foreign trade, colonialism, slavery—and argues that even in combination they are not sufficient to account for the 300-fold improvement in living standards that we have experienced. Again in this book McCloskey applies fundamental “compared to what?” economic logic, even while rejecting monocausal economic arguments. Invoking Adam Smith’s language, the wealth of nations increased due not (I would say not solely, but here she and I may have a gentle disagreement) to these economic factors, but due to ideas, rhetoric, and their evolving into a recognition of the inherent dignity of free enterprise. In the final volume, *Bourgeois Equality: How Ideas, Not Capital or Institutions, Enriched the World* (2016), she expands this argument and emphasizes the liberal egalitarian implications of the spread of bourgeois ideas. The belief spread that ordinary people have equal liberty and inherent dignity, and should be free to “have a go” and try out new ideas. This freedom to choose, to experiment, and to innovate is morally proper and, over time, materially fruitful for individuals and for the societies composed of them. Without an ethical framework that honours hard work and industrious creativity, the Great Enrichment could not have happened. These three volumes make for an entertaining and engaging read, and reflect a magisterial breadth and depth of scholarship. Recently, McCloskey and Art Carden collaborated on a one-volume distillation of the themes and arguments in the Bourgeois trilogy: *Leave Me Alone and I'll Make You Rich: How the Bourgeois Deal Enriched the World* (2020).

As an economist, Deirdre McCloskey is an analytical researcher posing hypotheses and interrogating them with data, a constructive critic of methodology, and a grand theorist drawing on multiple intellectual fields. F.A. Hayek famously observed that “nobody can be a great economist who is only an economist—and I am even tempted to add that the economist who is only an economist is likely to become a nuisance if not a positive danger.” Deirdre McCloskey is an exemplar of what Hayek surely had in mind as a great economist. With hyper-specialization turning so many economists today into potential “positive

dangers,” perhaps the example McCloskey sets will persuade enough young economists to take a broader, more humanistic view of their discipline to allow economics once again to deserve the moniker “queen of the social sciences.”

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