

peace where struggles are more economic than military,” he observes, “it will still have to deal with those parts of the world run by young, ambitious, unconstrained men,” such as, say, a future Saddam Hussein armed with nuclear weapons. That doesn’t mean that men must rule the world, Fukuyama adds. “Masculine

policies will still be required, though not necessarily masculine leaders.” Tough female leaders like former British prime minister Margaret Thatcher, rather than more stereotypically feminine ones like Gro Harlem Brundtland, the former prime minister of Norway, may be the wave of the future.

ECONOMICS, LABOR & BUSINESS

Virtue in the Marketplace

“Bourgeois Virtue and the History of P and S” by Deirdre N. McCloskey, in *The Journal of Economic History* (June 1998), Dept. of Economics, Northwestern Univ., 2003 Sheridan Rd., Evanston, Ill. 60208–2600.

A Marxist might say that since the mid-19th century, the cultural superstructure of the industrialized West has contradicted the material base. Ever since the rise of capitalism, the businessman has been scorned, held up by novelists, intellectuals, and the enlightened in general as a greedy, manipulative miscreant, a thief, a scoundrel, a Philistine, a fool, a Babbitt.

As a result of all this abuse, the phrase *bourgeois virtue* has come to seem an oxymoron, even to economists. Ever since Jeremy Bentham propounded his theory of utilitarianism in the late 18th century, they have insisted that virtue is beside the point, which is prudent calculation. McCloskey, an economist at the University of Iowa, contends that prudence alone does not suffice to explain economic behavior or history. “We need a discourse of the bourgeois virtues: integrity, honesty, trustworthiness, enterprise, humor, respect, modesty, consideration, responsibility, prudence, thrift, affection, self-possession.”

Some economic behavior depends on such virtues, McCloskey points out. Commercial undertakings, for instance, cannot succeed without trust. “What is remarkable about modern economic life . . . is the extension of such trust to comparative strangers. . . . If foreign trade was to expand in the 18th century it needed a large expansion of what might be

called commercial speech—the trading of reputations and market information, the persuading of Mr. Jones in the far off Chesapeake to undertake a certain novelty in tobacco supplied that would be advantageous to his partner in Glasgow. In other words, commerce depended on virtues of conversation, the keeping of promises, speech acts.” McCloskey calculates that about a fourth of national income in wealthy countries today is earned from “persuasion”—not just advertising, but sales talk, sweet talk, and even veiled threats by lawyers, executives, administrators, teachers, and others.

But if business depends on culture, McCloskey suggests, so, too, does culture depend on business. “Who we are depends on what we do, our ethics depend on our business. Commerce is a teacher of ethics. The growth of the market promotes virtue, sometimes.” The market spreads habits of cooperation. The experience of uncertainty in trade encourages skepticism about dogmatic certitude. The bourgeois standard of reciprocity leads to philanthropy.

“Capitalism,” McCloskey argues, “needs encouragement, being the hope for the poor of the world and being in any case the practice of what we were and who we are. . . . We encourage it by taking seriously the bourgeois virtues.”

How Inflation Whipped Us

“Arthur Burns and Inflation” by Robert L. Hetzel, in *Economic Quarterly* (Winter 1998), Federal Reserve Bank of Richmond, P.O. Box 27622, Richmond, Va. 23261.

During the early 1970s, Federal Reserve Board chairman Arthur Burns was the very symbol of opposition to inflation. But the

approach he favored to fight it boomeranged, writes Hetzel, vice president of the Federal Reserve Bank of Richmond, and that failure