
25 Deirdre N. McCloskey

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'I try to show that you don't have to be a barbarian to be a Chicago School economist.' That, in her own words, is Deirdre McCloskey's main – though she thinks 'failed' – contribution to Chicago School economics (McCloskey 2002).

Donald Nansen McCloskey (1942–) was born in Ann Arbor, Michigan and raised in Cambridge, Massachusetts. Donald changed gender in 1995, from male to female, becoming Deirdre (McCloskey 1999). She is the oldest of three children born to Helen Stueland McCloskey and the late Robert G. McCloskey. Her father, whose life was cut short by a heart attack, was in Deirdre's youth a tenured professor of government at Harvard University. He was fluent in the humanities as much as in law and social science; Joseph Schumpeter and the writer W.H. Auden were his personal friends and coffee break mates. Helen's passion was in poetry and opera. She did not deny the children the values and joys of intellectual and artistic life pursuits – 'burn always with a gem-like flame', she told Deirdre and the others. (Books were all over the McCloskey household: each child was supplied with a personal library.) Cambridge and family conspired to make Deirdre into a professor by, Deirdre figures, 'about age five' (McCloskey 2002). She read widely, but especially in history and literature. Yet like most professors, she stumbled in her early years. At age 10, for example, she understood that her father was the author of a fine new book but she was not sure if his book was *Make Way for Ducklings* or *Blueberries for Sal*; actually, the book was *American Conservatism in the Age of Enterprise*, by the other Robert McCloskey (1951).

In 1964 McCloskey earned a BA in economics from Harvard College; in 1970 she was awarded a PhD in economics from Harvard University. She was attracted to the engineering-style of inquiry she detected in the economics of John R. Meyer. If Chicago economist Frank Knight wanted mainly to know how idealized economies functioned in theory, then McCloskey wanted mainly to know how actual economies fit together, that is, by what magnitudes, in the real world. She apprenticed herself to Meyer, who was an assistant professor, and became his research assistant. Meyer was primarily a transportation economist and McCloskey first worked with his team of engineers and economists on a simulation of the Columbian transport system. Meyer then asked McCloskey to help him assemble some papers in economic history for his forthcoming book with A.H. Conrad, *The Economics of Slavery, and Other Studies in Econometric History* (Conrad and Meyer 1964). That experience proved to be fruitful – in fact, fateful. McCloskey was by temperament an analytic historian (a trait that had helped her to duck the campus Trotskyites she sympathized with). In the positivist era of economics the methodology of history seemed to McCloskey (1989) too soft, even meaningless. But in Meyer's seminal work on the economics of slavery she realized – still thinking like a positivist – that she could write history while being scientific. Soon thereafter she met Alexander Gerschenkron, the great economic historian and polyglot scholar, who at Harvard was helping to create, through his students, 'cliometrics' – the new

economic history – quantitative, theoretical, humanistic and historical, all at once, the cliometrician promised. She took a course in economic history offered by Peter Temin at MIT, joined Gerschenkron's Economic History Workshop, and the second die was cast. Gerschenkron became her dissertation advisor (it would be fatuous to say that he *supervised* the dissertation) and a durable model for McCloskey's scholarly life (see McCloskey 1992, Dawidoff 2002).

McCloskey's attractions to Gerschenkron were many. Put simply, she was attracted to his example of the belief that knowledge is One. Gerschenkron – exiled from Bolshevik Odessa and Nazi Vienna – was foremost an expert on Russian and European economic history. Yet he had published technical papers on the index number problem, publicly shamed Nabokov's translation of Pushkin's *Eugene Onegin*, allegedly advised Ted Williams on baseball, built ships for the American war effort and could read in 20 different languages. 'Like Gerschenkron', McCloskey (2002) said, 'like my father, I see knowledge as One Thing'. To McCloskey theirs is not a transcendental idea. It is the pluralistic idea that if you are going to claim to know something you are obliged to examine all the ways of knowing it – in theory, mathematics, sciences, criticism, literature, art, poetry, statistics, history, language, philosophy, rhetoric and, no less importantly, through personal experience. It was of course the road less traveled. Testing hypotheses is what the herd did. 'But like Gerschenkron', she said, 'I wanted to be an economist [and econometrician] who knew and quoted Shakespeare effortlessly'. Her dissertation, 'Economic maturity and entrepreneurial decline: British iron and steel, 1870–1913', was not yet that, but it was awarded the David A. Wells Prize for best dissertation at Harvard (Robert Solow had won the prize years before) in 1970 and was published by Harvard University Press (McCloskey 1973).

McCloskey's work on iron and steel was strong enough to land a tenure-track job at the University of Chicago, in 1968. The work and its author survived the job interview, a grueling oral exam, really, which consisted of giving a lecture on iron and steel without melting in front of Milton Friedman, George Stigler, Robert Fogel and others. She had been persuaded by Chicago-style price theory – freed finally of Trotsky – as a student back in Peter Temin's seminar. But she became an economist during her tenure as a faculty member at the University of Chicago, 1968 to 1980. At 'The Quadrangle' the ritual of eating lunch supplied a regular excuse to theorize the world of price with Friedman, Stigler, Becker, Robert Gordon, Zvi Griliches, Steven Cheung and J. Richard Zecher (a student of Karl Brunner). In the Business School cafeteria she improved in econometric method and refined her financial mind with Henri Theil, Eugene Fama, Myron Scholes and Merton Miller. And most significantly, in Fogel's Workshop she applied statistics, price theory and Gerschenkronianism to the large questions of economic history. There, with the constant criticism of Fogel and of graduate students such as Claudia Goldin, Michael Mussa and Joseph Reid, she began to rewrite the economic history of Britain.

By the mid-1970s McCloskey had published articles establishing her as the leading quantitative historian of Britain. 'Did Victorian Britain fail?' (McCloskey 1970 [2001]) looked seriously at the idea that British businessmen had failed at home – had missed plump opportunities for a larger output. 'Statistical economists and literary historians, Englishmen and foreigners, late Victorians and moderns have accepted some version of it', she said (*ibid.*, p. 3). Yet McCloskey supplied in a spare prose and muscular simula-

tion the evidence that resources available to businessmen were not elastic in supply and that ‘reallocation of them (capital abroad, for example) would have brought little or no additional growth’ (ibid., p. 16). The article – an early piece of supply-side economics – had put the burden of alternative hypotheses to the test of economic significance, resulting in a cool dismissal of J.M. Keynes and David Landes. Victorian Britain did not fail.

But ‘English open fields as behavior towards risk’ (McCloskey 1976 [2001]) is probably the finest example of an economics that examines ‘all the evidence’. The economic point was believable (though social and legal historians had scoffed at it): in twelfth- and thirteenth-century England, she argued, scattering one’s plots of land was rational insurance against human or natural disaster. Yet the richness of the historical defense, its range and gravity of evidence, its graceful perspectivalism, the apt simulations and a steady rain of modern and medieval imagery had given the paper its distinction. The work on open fields was not her final contribution to empirical economics. Her study with J. Richard Zecher on the gold standard, using the monetary approach to the balance of payments, was seminal (McCloskey and Zecher 1976 [2001]). But ‘English open fields’ had secured McCloskey’s reputation as a premier economist and historian, the learned one who, like Gerschenkron, was easy to read, difficult to imitate, and costly to refute.

McCloskey admires what she calls ‘The Good Old Chicago School’: that of Frank H. Knight, Theodore W. Schultz, Ronald H. Coase and Margaret Reid. She considers herself to be a member of the ‘second wave’ of The Good Old Chicago School (a long wave, in her reckoning, from Friedman to Griliches). A significant source of her influence on others sprang from her style of teaching in the second wave. She was the Director of Graduate Studies in Economics from 1976 to 1980 (in fact, the current description of the PhD program was written mostly by McCloskey in the late 1970s). From 1969 to 1979 she taught the course in price theory that was designed for first-year graduate students (ECON 300). The course was open to students from any discipline, and grew at peak enrollment to 120. Still, about three-fourths of all the regularly enrolled students in the Economics PhD program took her course. Her project was ‘to deVarianize economic education’. She held in highest esteem George Stigler’s *The Theory of Price* (Stigler 1966) but believed that Stigler’s book could be improved upon. McCloskey wanted to show that price theory works in the real world, that it stands up to history and criticism, and illustrated how in *The Applied Theory of Price* (McCloskey 1985).

McCloskey could not be one of Friedman’s groupies but neither could she stand to be a maverick or random Patinkin, shoved aside. She likes to be in the thick of things and yet she carries few banners besides the one that demands excellence in scholarship. These characteristics bubbled up to unrest in the late 1970s when she discovered her interest in the rhetoric of economics. Friedman was at the Hoover Institution, Fogel had moved to Harvard, and Stigler, no fan of McCloskey’s, was getting the last word on departmental issues. McCloskey was reading philosophy of science again; an interest she developed in graduate school but only casually and up to Karl Popper’s *Logic of Scientific Discovery*. She read Michael Polanyi and Paul Feyerabend. And she noticed that Stigler’s rhetoric was indefensibly couched in a 1920s positivism applied with a 1950s, McCarthy-like ethic. She began saying so, earning no one’s interest. Her friend Wayne Booth, the eminent rhetorician, had invited her to give a talk in the English Department concerning ‘the rhetoric of economics’. Though grasping for a language of economic criticism that she would soon master, McCloskey was flummoxed to find that Stigler and Becker,

Chicago's leading economists, had no good arguments for believing what they believed, and lacked the desire to acquire any. In 1980 she resigned and moved to the University of Iowa.

Iowa named McCloskey the John F. Murray Professor of Economics and Professor of History. But her project was to grow in her understanding of the rhetoric of economics, the art of economic persuasion. She spoke less and less about Victorian failure and open fields but talked daily and excitedly about Aristotle, Kenneth Burke, warrants of assent and the tragic tropes of the *t*-test. Her colleagues grew anxious. But by 1982 she had lectured around the world on her new paper, 'The rhetoric of economics', and published it in 1983 in the *Journal of Economic Literature*. An instant *cause célèbre*, 'The rhetoric of economics' was a prelude to her classic book of that name and to six additional books, scores of papers and two book series. *The rhetoric of economics* (McCloskey 1998) is a permanent contribution to Chicago School economics. It changed the conversation of economic methodology and it opened a space for heterodox economics. It shows that best-practice economics is neither positivist nor monist; that Milton Friedman is neither the high priest nor the tiny demon of positivism (and was neither in 1953 when he published the 'Essay'); it shows that poets and economists do not differ in their methodologies; that Marxist professors of English and Chicago professors of economics should read each other's works; and it shows that an improved and pluralistic rhetoric will follow the examples of Ronald Coase and John Ruskin.

Since the early 1990s McCloskey has been concerned with reforming economics. She believes that economics, including Chicago economics, has developed a phony rhetoric of quantification. Half the profession does 'blackboard economics', she says, solving theoretical problems in game theory or in recursive dynamics, yet giving no indication of its relevance to real economies. The produce of blackboard economics, she believes, should fall to its analogous share in physics and chemistry, to less than 10 percent. Significance testing has become the master trope of empirical economics. Yet she shows in many papers and a book with Stephen T. Ziliak that economists – and other scientists – do not know what significance testing is (McCloskey and Ziliak 1996, Ziliak and McCloskey 2004, 2008). Worse, show McCloskey and Ziliak, most economists do not care to measure economic significance, the magnitudes that hold economies together.

Deirdre McCloskey is now the Distinguished Professor of Economics, History and English at the University of Illinois (Chicago). In 2008 she received two honorary doctoral degrees. Recently she held a year-long visiting position as Tinbergen Distinguished Professor of Economics, Philosophy, Art and Cultural Studies at Erasmus University (Rotterdam). Her recent book *The Bourgeois Virtues* (2006) argues that bourgeois virtues – specifically, free market feminist virtues – are what's lacking in Samuelsonian economics and literature after Marx. Love comes first, she says, then utility. Putting love inside the utility function, as Becker has, creates only an ethical monster, Max U. A contribution to Chicago School economic philosophy, McCloskey's book on the bourgeois virtues will no doubt be judged against Knight's *The Ethics of Competition* (1935).

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