





philosophy that depends on the power of rhetoric rather than coercion, and on ethics, free speech, and facts in order to thrive.

The last 200 years have witnessed a 100-fold leap in well-being. Deirdre McCloskey argues that most people today are stunningly better off than their forbearers were in 1800, and that the rest of humanity will soon be. A purely materialist, incentivist view of economic change does not explain this leap. We have now the third in McCloskey's three-volume opus about how bourgeois values transformed Europe. Volume 3 nails the case for that transfiguration, telling us how aristocratic virtues of hierarchy were replaced by bourgeois virtues (more precisely, by attitudes toward virtues) that made it possible for ordinary folk with novel ideas to change the way people, farmed, manufactured, traveled, ruled themselves, and fought. It is a dramatic story, and joins a dramatic debate opened up by Thomas Piketty in his best-selling *Capital in the 21st Century*. McCloskey insists that economists are far too preoccupied by capital and saving, arguing against the position (of Piketty and most others) that capital induces a tendency to get more, that money reproduces itself, that riches are created from riches. Not so, our intrepid McCloskey shows. Bill Gates and Steve Jobs, among the biggest wealth accumulators in our era, didn't get rich through the magic of compound interest on capital. They got rich through intellectual property, creating billions of dollars from virtually nothing. Capital was no more important an ingredient to the original Apple or Microsoft than cookies or cucumbers. The debate is between those who think riches are created from riches versus those who, with McCloskey, think riches are created from rags, between those who see profits as a generous return on capital, or profits coming from innovation that ultimately benefits us all.

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The *Defenders of Liberty* presents a history of economic liberalism from the Renaissance to the present. It chronicles the tradition of thought that sees human nature as social yet self-interested, methodological individualism as its key analytical tool, and property rights as foundational to a civilised society. In the development of this way of thinking, it considers the contributions of many key thinkers including Niccolò Machiavelli, Thomas Hobbes, John Locke, Richard Cantillon, A.J.R. Turgot, David Hume, Adam Smith, Nassau William Senior, Richard Cobden, Herbert Spencer, Jean-Baptiste Say, Carl Menger, William Stanley Jevons, Gaetano Mosca, Eugen Böhm-Bawerk, Vilfredo Pareto, Phillip Wicksteed, Edwin Cannan, Ludwig von Mises, Lionel Robbins, F.A. Hayek, W.H. Hutt, Milton Friedman, George Stigler, Murray N. Rothbard, James M. Buchanan, and Thomas Sowell. The book contends that liberalism needs to be grounded in realism, and that it has been derailed whenever economists have deviated from an explicitly realist understanding of human nature, individualism and property rights. It argues that the cause of liberalism was compromised by errors in economic reasoning by such major figures as David Ricardo, John Stuart Mill, Alfred Marshall, A.C. Pigou, and John Maynard









