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Market Report	Yr Ago	4 Wks Ago	1/8/10
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.	\$83.00	\$78.63	\$84.27
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	111.30	103.69	110.10
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	98.12	95.55	96.07
Choice Boxed Beef, 600-750 lb. Carcass.	144.50	136.09	140.23
Western Corn Belt Base Hog Price Carcass, Negotiated.	56.71	63.63	65.15
Feeder Pigs, National Direct 50 lbs, FOB.	69.87	*	*
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean.	58.50	67.25	70.56
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct.	97.25	90.62	*
National Carcass Lamb Cutout, FOB.	255.91	244.88	242.93
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Imperial, bu.	5.15	4.17	4.19
Corn, No. 2, Yellow Omaha, bu.	3.53	3.67	3.59
Soybeans, No. 1, Yellow Omaha, bu.	9.24	10.18	9.63
Grain Sorghum, No. 2, Yellow Dorchester, cwt.	5.11	6.05	5.95
Oats, No. 2, Heavy Minneapolis, MN, bu.	2.16	2.54	2.47
<u>Feed</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	185.00	*	135.00
Alfalfa, Large Rounds, Good Platte Valley, ton.	87.50	87.50	87.50
Grass Hay, Large Rounds, Premium Nebraska, ton.	77.50	*	*
Dried Distillers Grains, 10% Moisture, Nebraska Average.	146.00	115.00	107.50
Wet Distillers Grains, 65-70% Moisture, Nebraska Average.	50.87	40.00	43.75
*No Market			

A recent book (*The Bourgeois Virtues: Ethics for an Age of Commerce*, D. N. McCloskey), raises the matter of the role of the virtues in business and economic choice, arguing that capitalism can indeed, be virtuous or at least better than the alternative(s). This argument is especially timely in light of the apparent excesses on Wall Street and in some banking/financial institutions. Excessive greed and often the lack of business ethics contributed in substantive ways to the financial crisis and near economic meltdown we have been experiencing. As McCloskey, (2006, pp. 1-2) argues (in setting the stage for the complex argument made in this 616-page book!): “The book ... is directed toward you who are suspicious of the phrase ‘bourgeois virtues,’ pretty sure that it is a contradiction in terms. And the book is directed, with less optimism about changing their minds, toward you who think the phrase is worse: a lie. ‘Bourgeois virtues’ is neither. The claim here is that modern capitalism does not need to be offset to be good. Capitalism can on the contrary be virtuous. In a fallen world bourgeois life is not perfect. But it’s better than any available alternative. American capitalism needs to be inspired, moralized, completed. Two and a half cheers for the Midwestern bourgeoisie (middle-class, small business owners.... yet)... Many a businessman is an ethical shell or worse. Even the virtues of the bourgeoisie, ... do not lead straight to heaven.”

McCloskey’s book goes on to make the very cogent point that this is not about prudence (know-how, rationality) only, seeking only self-interest as represented in maximum profit. It is also not only about what this maximum profit can buy in terms of satisfaction, the latter measured in the economic notion of maximum utility (“max-U” as McCloskey refers to it). Rather (p. 304), this is about a self-interest conditioned by the other virtues of temperance (individual balance, restraint), courage (autonomy, daring), justice (social balance, honesty), hope (imagination,



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optimism), faith (integrity, loyalty), and, yes, even love (connection, friendship, affection). It is not about unbridled greed, but rather about self-discipline in the pursuit of profit and the satisfaction it can buy... seeing that max U also is a virtue, but only if integrated with the self-discipline represented in the other virtues. It is about the expression of the moral sentiments through walking-in-the-shoes-of-others (empathy-sympathy) as Adam Smith taught, and a lesson ignored in many circles, especially in the time leading to the financial crisis starting in 2008 and the continuing set of economic problems.

McCloskey argues that Adam Smith, the first to really write down the main tenets of a good capitalism, understood that we cannot run a family, a business, an industry, a community, and a democracy and capitalist economy more generally, on prudence and profit alone, although much of the framing in economics and business misperceives this important idea to this day. The bottom-line is that a person is not supposed to be absent in these frames and theories. Perhaps too many, including especially most academic economists, work the magician's hat which does not contain a living theory of the moral sentiments (p. 195).

For a couple of centuries, at least, starting especially in the middle-1800s (the author suggests the turning point was in 1848), we have been inclined to focus on prudence in business and industry, in an amoral world, i.e., leaving the ethical and moral questions to other domains. Yet other virtues such as faith are at work, as when we find ourselves contributing to public radio, or conserving water in a drought even when no inspector will spot a defection. Faith is about who we are as an individual, a business community. Once faith is instilled, it is a feeling, a complaining conscience, which Adam Smith called the Impartial Spectator. Integrated with love, faith emerges as loyalty and commitment. Courage too is at work, but not by itself, leading as it could to mere expressions of animal passions. Courage plus prudence gives enterprise. Temperance is reflected in the management of self, while justice is revealed in the management of our shared interest, in industry, community and society; together they produce humility. Courage and temperance together are emotion controlling, giving control over the deeper biological/animal based passions. Prudence and justice, together, provide the basis for calculation, while faith and hope are more qualitatively verbal. Justice, faith and courage together give honesty. And perhaps most importantly, while all of the virtues are complementary, they are not commensurable. We cannot measure their achievement in one common unit like profit or utility. Our real existence includes incommensurability, and the dilemma of choosing between X or Y, without a common unit of comparison. At best we can narrow it down to a complex tradeoff, where both arise at the same time, in a jointly shared, non-separable set of two outcomes, that emerging from the pursuit of our internalized self-interest

along with the pursuit of our also internalized, shared other-interest.

As we read through the book, we see empirical example after example (many of them referring to Midwestern U.S. virtues), of how more than "prudence-only" as represented in the notion of "max U" drives individual economic behavior in successful businesses. McCloskey makes it clear that capitalism, generally, cannot be successful without virtues going beyond prudence-only. As an aside, the dual interest frame and the metaeconomics approach (see <http://metaeconomics.unl.edu>) handles the phenomenon of several virtues quite easily, wrapping all but prudence-only into the notion of the other (shared)-interest, i.e., a bourgeois blend and integration of the other virtues, one necessary for the other to flourish, each conditioning the prudence-only based self-interest. To include the shared other-interest is not to abandon economics and the importance of self-interest; rather, as Amartya Sen has noted, such a recognition of something beyond self-interest simply calls for "remedial expansions of the set of variables and influences that find room in economic analysis" (p. 410); also, as he claims "Normal economic transactions would break down if self-interest played no substantial part at all in our choices" (p. 419).

It seems quite appropriate to conclude this brief review with Bertrand Russell's words: "It has been said that man is a rational animal. All my life I have been searching for evidence, which could support this." We now know that such evidence will never surface; economic choices are far more complex and intriguing than that associated with the pursuit of only a prudent and rational self-interest, narrowly defined. This is especially relevant to the task of building a more viable and resilient economic system, moving beyond the largely prudence-only driven approaches of the last two to three decades. The other virtues need to play a more substantive role.

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McCloskey, D. N. *The Bourgeois Virtues: Ethics for an Age of Commerce*. Chicago, IL: The University of Chicago Press, 2006, 616 pp.