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Bernard Mandeville's influence on Adam Smith's *Wealth of Nations*

When Smith writes about Mandeville, he openly criticizes him. In *The Theory of Moral Sentiments* there is a whole paragraph devoted to the comment, which takes the shape of a critic, of Mandeville's "licentious system"¹. When Smith writes about Mandeville, he just mentions his moral thought, from which he keeps a well visible distance. But it would be unfair towards Mandeville's thought, to reduce it to just his satire on human virtues, as Mandeville himself writes in his last defense, the short essay *A Letter to Dion*, a 1732 response to George Berkeley's *Alciphron*²: "my Book contained several Essays on Politicks; [that] the greatest part of it was a Philosophical Disquisition into the Force of the Passions, and the Nature of Society"³. No philosopher of the eighteen century wanted really to give open credit to Mandeville's ideas, no one openly discusses some of his thoughts about politics or economics, even though they were perfectly inscribed in the philosophical debate of the time, even though they were valuable and extremely modern. Mandeville's reflections on passions, on their power against human rationality, on the role and power of rationality itself, led to relevant conclusions for the social, political and economic sciences, but we have to wait for the twentieth century before these ideas gain attention and are properly valued.

In this paper, I do not pretend to claim that Mandeville is a "forerunner" of Smith, nor even that he fundamentally influenced his thought. I will just

¹ See A. SMITH, *The Theory of Moral Sentiments*, ed. by D.D. Raphael and A.L. Macfie, Oxford, Clarendon Press, 1976, Part VII, Sec. II, Ch. IV, § 13, pp. 308-313.

² G. BERKELEY, *Alciphron or: The Minute Philosopher. A Defence of the Christian Religion against the So-Called Free-Thinkers*, in *The Works of George Berkeley Bishop of Cloyne*, ed. by T.E. Jessop, T. Nelson and sons, London, 1950, vol. III.

³ B. MANDEVILLE, *A Letter to Dion*, in *Private Vices, Publick Benefits? The Contemporary Reception of Bernard Mandeville*, ed. by J.M. Stafford, Solihull, Ismeron, 1997, p. 603.

discuss some ideas found in the *Wealth on Nations* and show that Mandeville had also discussed them, sometimes drawing similar conclusions, sometimes not, but that his account and contribution to these issues is never acknowledged and declared. In the *Wealth of Nations*, neither Mandeville nor any of his works are cited, but there are several passages where we can notice "Mandevillian arguments", and passages that seem to be comments to Mandeville's thought. This makes clear that, at least, Smith had well in mind Mandeville's ideas, not just the provocative and satiric ones, but even the more "serious", that along with politics, concern also economics, and that shared some of them. The aim of this paper is, therefore, just to give proper recognition to Mandeville's reflections.

We can try to guess why Mandeville is not directly mentioned in the *Wealth of Nations*. One possible answer could be that it was, as a rule, not very wise to show a consensus to the ideas of the *Man-devil*, even if they were not ideas concerning morals. Mandeville was not properly considered a "philosopher", moreover he had strong enemies in the Academic world (one name above all, Francis Hutcheson). Recalling Mandeville without criticizing him, was maybe not advisable, especially for a University Professor, as Adam Smith was.

Even though one declared and evident divergence between Mandeville and Smith concerns morals, it has to be noticed that Smith's ideas about benevolence in the field of economics are not so distant from Mandeville's. This could be ascribed to the fact that *The Theory of Moral Sentiments* and the *Wealth of Nations* deal with different subjects and are anyway quite distant. This claim alone would raise an almost infinite debate, since there are recent (and less recent) interpreters of Smith who state that even his concepts of self-love and self-interest have a close bound to his moral ideals, and that morals and economics are, according to him, two connected fields⁴. I personally embrace the opposite interpretation, which simply states that, according to Smith, economics is not the right field of application of human benevolence, and that the *TMS* and the *WN* are to be read separately.

Mandeville's thoughts about the relation between self-interest and human economic activities is clearly stated and leaves not so much room for interpretation. There are several passages throughout his works where the Dutch doctor confutes any possible claim that economic activities are moved by benevolence: one is, for instance, the passage of the chimney sweeper, whose mother sacrifices all her goods to make her son learn this profession.

⁴ The most remarkable recent holder of this position is A. SEN in *On Ethics and Economics*. Many scholars have afterwards adopted his position.

In order to prove this argument, Cleomenes, Mandeville's *alter ego* in the volume II of *The Fable of the Bees*, says ironically that the woman makes all these sacrifices in order “to assist in preventing the several Mischiefs that are often occasion'd by great Quantities of Soot disregarded; and, free from Selfishness, sacrifices her only Son to the most wretched Employment for the Publick Welfare”⁵. More clearly, Mandeville asserts also that “To expect, that others should serve us for nothing, is unreasonable; therefore all Commerce, that Men can have together, must be a continual bartering of one thing for another”⁶, and in *A Letter to Dion* (1732), he states that “Hypocrites [...] might persuade the World [...] that they fed on Trouts and Turbots, Quails and Ortolans, and the most expensive Dishes, not to please their dainty Palates or their Vanity, but to maintain the Fishmonger”⁷.

The well-known passages that in the *Wealth of Nations* on the relation between commerce and self-interest, attests a general correspondence to this kind of view, provided that Smith's discourse about self-interest is applied only to economic activities, and is not as pervasive as it is for Mandeville. Smith says that:

It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow-citizens.⁸

With respect to moral issues, Smith criticizes Mandeville extensively; nonetheless he also seems to acknowledge that economics and morals have to be kept aside, since they are two separate fields. Just before the famous passage above-cited, Smith had said that:

But man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favour, and show them that it is for their own advantage to do for him what he requires of them. Whoever offers to another a bargain of any kind, proposes to do this. Give me that which I want, and you shall have this which you want, is the meaning of every such offer; and it is in this manner

⁵ B. MANDEVILLE, *The Fable of the Bees*, 2 vols, ed. by F.B. Kaye, Oxford, Clarendon Press, 1924, *Fable II* (1st Dialogue), p. 30.

⁶ MANDEVILLE, *The Fable II*, p. 349.

⁷ MANDEVILLE, *A Letter to Dion*, p. 586.

⁸ A. SMITH, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed. and with an Introd. by E. Cannan, London, Methuen, 1961 (1st ed. 1904); Book I, Ch. II (*Of the Principle which gives occasion to the Division of Labour*), p. 18 (vol. I). Edwin Cannan, in his famous introduction to the *Wealth of Nation* (pp. LIII-LIV), observes that it almost certainly was the reading of Mandeville to call Smith's attention to the importance of self-interest in every commercial activity.

that we obtain from one another the far greater part of those good offices which we stand in need of.⁹

The relationship between human economic activities and self-interest is not hidden by the Scot, but this, it must be noticed, is not to be considered a proof of human wickedness: the fact that he keeps apart morals from economics does not mean that he adopts a view about human nature similar to Mandeville's.

There are other interesting passages that allow us to read, through the lines of the *Wealth of Nations*, some Mandevillian imprints.

A first interesting argument that we find in Mandeville's economic thought, is the idea of the division of labor, which we meet especially in *The Fable's* volume II, but also in some previous works. As it is typical of Mandeville, there is not a systematic or precise elaboration of a theory, but just some clues, from which we can try to rebuild his thought.

In *The Fable's* first volume, Remark P (1714), Mandeville asks "how many different Trades, and what a variety of Skill and Tools must be employed to have the most ordinary Cloth?"¹⁰, showing a good insight of the different abilities required for manufacturing even a very simple and of-everyday-use product. In the *Inquiry into the Nature of Society* (1723) there are again reflections on the amount of arts and crafts which concur in the production of a manufacture:

What a Bustle is there to be made in several Parts of the World, before a fine Scarlet or crimson Cloth can be produced, what Multiplicity of Trades and Artificers must be employ'd! Not only [...] Wool-combers, Spinners, the Weaver, the Cloth-worker [...] but others that are more remote and might seem foreign to it; as the Millwright, the Pewterer and the Chymist, which yet are all necessary as well as a great Number of other Handicrafts to have the Tools, Utensils and other Implements belonging to the Trades already named¹¹ [...]

The greater the Variety of Trades and Manufactures [...] and the more they are divided in many Branches.¹²

There are indeed conflicting opinions among scholars¹³, about whether considering Mandeville an "inspirer" of Smith in reference to the division of labor¹⁴. F.B. Kaye, the well-known editor of 1924's Oxford edition of

⁹ SMITH, *Wealth of Nations*, pp. 17-18.

¹⁰ MANDEVILLE, *Fable 1* (Remark P), p. 169.

¹¹ MANDEVILLE, *Nature of Society*, in *The Fable*, p. 356.

¹² MANDEVILLE, *Nature of Society*, p. 367.

¹³ The idea that Mandeville somehow influenced Smith is generally accepted by scholars. See, for instance, A.L. MACFIE, *The Individual in Society. Papers on Adam Smith*, London, George Allen & Unwin Ltd., 1967, p. 115.

¹⁴ Scholars show, here, different opinions. There are interpretations such as F.A. VON HAYEK, *Individualism and Economic Order*, Chicago, The University of Chicago Press, 1948; L. COLLETTI,

The Fable of the Bees, claims that Mandeville is one of Smith's main sources about this idea (even though, Kaye says, not the unique one), and that the very expression "division of labor" was used, before Smith, just by Mandeville¹⁵. Some similarities between Mandeville and Smith on this topic are, however, quite clear, even though I would be careful of talking about an "influence". I would say, instead, that at least Smith had quite well in mind what Mandeville had stated about the division of labor. There is a passage, in the *Wealth of Nations*, where we cannot help but remember the analogous Mandevillian passage cited above: "The woollen coat, for example, which covers the day-labourer, as coarse and rough as it may appear, is the produce of the joint labour of a great multitude of workmen. The shepherd, the sorter of the wool, the wool-comber or carder, the dyer, the scribbler, the spinner, the weaver, the fuller, the dresser, with many others, must all join their different arts in order to complete even this homely production"¹⁶. Even Karl Marx, in a footnote in the chapter of *Capital* where he deals with the division of labour, says that the mentioned passage is "almost copied word for word from the *Remarks* of B. de Mandeville"¹⁷.

In the *Fable's* second volume, the remarks which directly recall the usefulness of the division of labour are more frequent and more explicit. Cleomenes, Mandeville's *alter ego* in this work, says to his interlocutor Horace that "yet it is certain, that this Task would be impracticable, if it was not divided and subdivided into a great Variety of different Labours; and it is as certain, that none of these Labours require any other, than working Men of ordinary Capacities"¹⁸. This is the passage where Mandeville expresses most clearly the benefits and even the necessity of dividing labour in many different tasks. It is well known, though, that Mandeville did not go any farther in developing this theory, and did not describe, specifically, the advantages arising from the division of labour, and the maximization of profit that it actually produces. Smith's analysis is totally on another level, since there are whole

Mandeville, Rousseau e Smith, in *Ideologia e società*, Roma-Bari, Laterza, 1975; D. TARANTO, *Abilità del politico e meccanismo economico*. Saggio sulla Favola delle Api, Napoli, Edizioni Scientifiche Italiane, 1982; together with the most famous F.B. KAYE'S one, in his introduction to *The Fable*, who explicitly talk about a theory of the division of labour in Mandeville. On the other hand, there are scholars who are more cautious, such as L. DUMONT, *From Mandeville to Marx. The Genesis and Triumph of Economic Ideology*, Chicago and London, The University of Chicago Press, 1977, p. 69, who states that Mandeville reflects on "how vast a chain of workers exercising different skills contributes to a given product or a machine, such as man-of-war, or it is set to work by a single intemperate consumer, such as a drunkard", but does not think that this can be called a real theory of the division of labour.

¹⁵ See KAYE, Introd. to *The Fable*, p. CXXXIV.

¹⁶ SMITH, *Wealth of Nations*, Book I, Ch. I, vol. I, p. 15.

¹⁷ "Der berühmte Passus [...] ist ziemlich wörtlich kopiert aus B. de Mandevilles *Remarks* zu seiner 'Fable of the Bees'", (K.H. MARX, *Das Kapital. Kritik der politischen Ökonomie*, in *Werke*, vol. XXIII, Berlin, Dietz Verlag, 1964, p. 375n).

¹⁸ MANDEVILLE, *Fable II* (3rd dialogue), p. 142.

chapters devoted to the proportional increase of productivity in those manufactures where workers subdivide their tasks in an assembly-line, whose result is exponentially higher than the one that could be obtained if every single worker should execute every step of the workmanship of a product¹⁹.

Another point where a Mandevillian imprint can be noticed, is the issue of salaries. Smith does not agree with the traditional mercantilist argument²⁰ that a nation is richer, the more people who work with low wages it has. Smith's position represents a definitive abandonment of the link with the mercantilist tradition, which had been instead characteristic of Mandeville. In this case, as well, there is a quite clear reference to Mandeville, which is here a critique of his idea that, in order to prevent labourers becoming idle and lazy, the salaries should be kept low. Let us read what Smith says in this passage from Book I, Chapter 8th, of the *Wealth of Nations*, whose title is of *the Wages of Labour*:

The wages of labour are the encouragement of industry, which, like every other human quality, improves in proportion to the encouragement it receives. A plentiful subsistence increases the bodily strength of the labourer, and the comfortable hope of bettering his condition, and of ending his days perhaps in ease and plenty, animates him to exert that strength to the utmost. Where wages are high, accordingly, we shall always find the workmen more active, diligent, and expeditious than where they are low [...].Some workmen, indeed, when they can earn in four days what will maintain them through the week, will be idle the other three. This, however, is by no means the case with the greater part. Workmen, on the contrary, when they are liberally paid by the piece, are very apt to overwork themselves, and to ruin their health and constitution in a few years.²¹

This passage sounds like an “answer” to Mandeville's words of *The Fable's* Remark Q, where he says that “Every Body knows that there is a vast number of Journey-men Weavers [...] who, if by four Days Labour in a Week they can maintain themselves, will hardly be persuaded to work the fifth. [...] What reason have we to think that they would ever work, unless they were oblig'd to it by immediate Necessity?”²². The Scottish philosopher shows a different view of labourers, whom he considers to be human beings with the same passions of all others belonging to higher classes, and the same cannot be said of Mandeville, who claims instead: “the Welfare of all Societies [...]

¹⁹ Very famous, to this purpose, the passage about the pin factory, see SMITH, *Wealth of Nations, Of the Division of Labour*, Book I, Ch. I.

²⁰ See J.A.W. GUNN, *Mandeville: Poverty, Luxury, and the Whig Theory of Government*, in *Beyond Liberty and Property. The Process of Self-Recognition in Eighteenth-Century Political Thought*, Kingston and Montreal, McGill-Queen's University Press, 1983, p. 99.

²¹ SMITH, *Wealth of Nations*, Book I, Ch. VIII, vol. I, p. 91.

²² MANDEVILLE, *Fable 1* (Remark Q), p. 192.

requires that it should be perform'd by such of their Members as in the first Place are sturdy and robust and never used to Ease or Idleness, and in the second, soon contented as to the necessaries of Life; such as are glad to take up with the coarsest Manufacture in every thing they wear, and in their Diet have no other aim than to feed their Bodies when their Stomachs prompt them to eat"²³.

Smith deals again with the mercantilist paradox that the condition for being a wealthy nation is to possess plenty of poor labourers, when he briefly expresses his opinion about Charity Schools – a subject to which Mandeville devoted a whole essay. Smith does not see any advantage in keeping a great part of the population in an ignorant and uncultivated state. While talking about Charity Schools, Smith criticizes just the arguable choice of teaching subjects such as Latin, and proposes instead to give a more practical education, which could be much more useful to help finding a job: he promotes the teaching of geometry and mechanics²⁴. It is well-known that Mandeville's adoption of the mercantilistic paradox went along with a sharp critique to charity schools. Education in general was discouraged by him. In his *Essay on Charity-schools* we read in fact: "To make the Society happy and People easy under the meanest Circumstances, it is requisite that great Numbers of them should be Ignorant as well as Poor. Knowledge both enlarges and multiplies our Desires, and the fewer things a Man wishes for, the more easily his Necessities may be supply'd"²⁵.

Despite these last subjects, where we acknowledge a good distance between Mandeville and Smith, it is worth mentioning one thing, which represents maybe the most significant convergence point between the two philosophers, that is, the idea that there is a sort of spontaneous harmonization of private interests, which concur in the general welfare; a spontaneous order that arises without human intentionality (and, therefore, rationality) directs it with its will.

This argument, in Smith's thought, is normally known as "the invisible hand argument", and it has raised a huge debate among scholars: in the *Wealth of Nations* we read just once the term "invisible hand", and it shows up just three times in the whole work of Adam Smith, and on this ground there are many scholars who claim that this concept is massively overplayed by commentators. Quite remarkable is the position, held by many scholars, that, if literally taken, the idea of an invisible hand, as something "not visible" to anyone, but yet visible just to one, the theorist, indeed presupposes a

²³ MANDEVILLE, *An Essay on Charity and Charity-Schools*, in *Fable 1*, pp. 286-287.

²⁴ SMITH, *Wealth of Nations*, Book V, Ch. I, Article II, vol. II, p. 306.

²⁵ MANDEVILLE, *An Essay on Charity and Charity-Schools*, *The Fable*, pp. 287-288.

sort of claimed superior cunning from his side, and this does not reflect, in general, Smith's attitude²⁶.

Yet, it has to be remarked that spontaneous order does not mean "order outside the rules". Even Mandeville underlines over and over again that in order to reach an equilibrium, in order to produce those public benefits that arise from private vices, there is indeed the need of rules, laws. And this is also an idea that we find in Smith: "invisible hand" never means absence of rules; good norms and good institutions are always necessary, and advocated throughout the *Wealth of Nations*.

Nonetheless, what I find important is the idea of an outcome which is not directly the result of a human design, which was not intended from the beginning. This tradition of thought, which I find more convincing, has on its side scholars such F.A. von Hayek (*The Constitution of Liberty*), Nozick (*Anarchy, State and Utopia*) and many others who followed their paths.

In Bernard Mandeville's thought, the idea of a spontaneous harmonization of private interests follows the reflection on human passions. The relationship between passions and the rapid growth of commercial activities – whose realization does not need to be directed, since it comes spontaneously from human desires – is one of the arguments with which Mandeville concludes his *Search into the Nature of Society*, where he claims that:

It is the sensual Courtier that sets no Limits to his Luxury; the Fickle Strumpet that invents new Fashions every Week; the haughty Dutchess that in Equipage, Entertainments, and all her Behaviour would imitate a Princess; the profuse Rake and lavish Heir, that scatter about their Money without Wit or Judgment, buy every thing they see, and either destroy or give it away the next Day, the Covetous and perjur'd Villain that squeez'd an immense Treasure from the Tears of Widows and Orphans, and left the Prodigals the Money to spend [...] in other words, such is the calamitous Condition of Human Affairs that we stand in need of the Plagues and Monsters I named to have all the Variety of Labour perform'd, which the Skill of Men is capable of inventing in order to procure an honest Livelihood to the vast Multitudes of working poor, that are required to make a large Society.²⁷

Human selfish passions happen to be, according to Mandeville, the engine of every economic activity. He does not openly formulate a theory of how spontaneously the "public benefits" arise from "private vices", but it is worth highlighting that he does not think that leaving human beings free to satisfy their passions could be harmful at all. Mandeville claims, in fact, that human beings end up regulating their more destructive impulses and desires,

²⁶ See on this purpose E. ROTHSCHILD, *Adam Smith and the Invisible Hand*, "The American Economic Review", 84, 2, 1994, pp. 319-322.

²⁷ MANDEVILLE, *Nature of Society in The Fable*, p. 355.

acknowledging in their own moderation a superior – and always selfish – interest. Within commercial transactions, which often require reciprocal trust and honesty, what brings the greedy tradesman to be honest, is not virtue, but the desire of keeping his commercial activities. Using Edwin Cannan's words in his introductory essay to the *Wealth of Nations*, “The trader deals so often that he finds honesty is the best policy”²⁸, and this is also a Mandevillian idea. According to the Dutch philosopher, greed is naturally restraint without the need of intervention, since, with Mandeville's words, “the great Taskmasters, Necessity, Avarice, Envy, and Ambition, each in the Class that belongs to him, keep the Members of the Society to their labour, and make them all submit, most of them chearfully, to the Drudgery of their Station”²⁹. Passions such as avarice, envy and greed provoke, instead of a state of dangerous competition, forms of regulation which resemble an order.

Smith somehow follows Mandeville when he states:

A revolution of the greatest importance to the public happiness was in this manner brought about by two different orders of people who had not the least intention to serve the public. To gratify the most childish vanity was the sole motive of the great proprietors. The merchants and artificers, much less ridiculous, acted merely from a view to their own interest, and in pursuit of their own pedlar principle of turning a penny wherever a penny was to be got. Neither of them had either knowledge or foresight of that great revolution which the folly of the one, and the industry of the other, was gradually bringing about.³⁰

According to this passage, it is human passions (here, a “childish vanity”) and self-interest what brought about a great revolution, and, most remarkably, with “the least intention to serve the public”.

Smith emphasizes particularly the argument that the pursuit of self-interest does not require any kind of management (but again, as it has been with Mandeville, no direct intervention does not mean no rules), in order to become beneficial, and says that:

The natural effort of every individual to better his own condition, when suffered to exert itself with freedom and security is so powerful a principle that it is alone, and without any assistance, not only capable of carrying on the society to wealth and prosperity, but of surmounting a hundred impertinent obstructions with which the folly of human laws too often incumbers its operations; though the effect of these obstructions is always more or less either to encroach upon its freedom, or to diminish its security.³¹

²⁸ CANNAN, *Introduct.*, p. XXXIII.

²⁹ MANDEVILLE, *A Search into the Nature of Society*, in *The Fable*, p. 366.

³⁰ SMITH, *Wealth of Nations*, Book III, Ch. IV, pp. 447-448.

³¹ SMITH, *Wealth of Nations*, Book IV, Ch. V, vol. II, pp. 49-50 (vol. II).

This idea underlines the fact that market processes seem to acquire an equilibrium, an order, which is not the direct product of intentionality. The refusal of reason conceived as determining principle, arises from the observation of length and gradualness of all processes which concern human life, including economic processes, which tend to adjust spontaneously. Even the very results of the division of labour were unknown to people, when they first started to divide their work in different tasks, and just a small part of the benefits it produced was deliberately sought. Smith in fact has stated that: "This division of labour, from which so many advantages are derived, is not originally the effect of any human wisdom, which foresees and intends that general opulence to which it gives occasion. It is the necessary, though very slow and gradual consequence of a certain propensity in human nature"³².

This, again, is an idea which we meet also in Mandeville, who has affirmed that "It is very difficult to judge what things, of which we never had any experience, would produce, if they were to be. [...] Human understanding is too shallow to foresee the result of what is subject to many variations. A man may be well vers'd in state affairs, have wit, penetration, a perfect knowledge of the world, and every thing requisite to make a compleat politician, and yet not be able to make any tollerable guesses of what will ensue from a thing which is new, and he can get no insight into, either from history, or his own experience"³³.

³² SMITH, *Wealth of Nations*, Book I, Ch. II, vol. I, p. 17.

³³ MANDEVILLE, *Free Thoughts on Religion, the Church and National Happiness*, ed. by B. Fabian and I. Primer, New York, Georg Olms Verlag, 1987, vol. V, pp. 345-346.