

Vittorio Hösle: Ethics and Economics, or How Much Egoism Does Modern Capitalism Need? Machiavelli's, Mandeville's, and Malthus' s New Insight and Its Challenge.

Clearly, the actual economic crisis has many causes, most of which are institutional: Experts have individuated overspending of private consumers, a speculative bubble in the real estate market, insufficient capital requirements for banks, formation of oligopolies in the banking sector due to lack of anti-trust legislation, capital flows no longer controllable by the traditional national states, limited liability for managers, and engagement in activities that were too risky due to bonuses that were based on short-term instead of long-term profits as contributing factors. But on all these issues the scholars here present are incomparably more competent than a mere ethicist like me could ever be. Still, a philosophical perspective can be useful, for, after all, institutions mirror agreements on values, and they can only survive because there are people acting within them. Every human action, however, is driven not only by interests, which are shaped by the institutional arrangements in the background, and the desire for recognition, but also by values. Values can be analyzed in a double way: either from the outside, as by psychologists and sociologists, or from the inside, as by ethicists. The former speak in the third, the latter in the first person on what is right; the former describe, the latter prescribe values. Yet even ethicists have to be aware of the fact that both values and ethical theories have changed over time, and therefore every ethicist is well advised to have a theory of why a plurality of ethical theories has developed over time. One might call it a philosophy of history of ethics. What I want to offer in the following reflections is, first, a contribution to such a philosophy of history of ethics: I shall explain some of the changes in the basic ethical concepts that have brought forth modernity. For there is little doubt that the nature not only of moral sensibilities, but also of ethical concepts has become quite different in modernity from what it was in antiquity and the Middle Ages. Modern capitalism thrives on these changes, and we can neither understand its spirit nor that of its critics if we do not understand their different ethical starting-points. Much of the resentment against capitalism that can be found today in traditional societies has to do with the perception that it changes deeply rooted beliefs about values even more than with the economic disadvantages that it inflicts on some strata of the population. The former success of Marxism can hardly be attributed to Marx's limited economic insights, which to a large degree were already outdated, when at the least the two last volumes of *Das Kapital* were published posthumously, owing to the rise of neoclassic economy and its new answer to the value problem. It was Marx's outrage at what he perceived as the hypocrisy of bourgeois mores that proved attractive and compensated for the weakness of his economy theory, and there is little doubt that any economic crisis of the magnitude that we have witnessed in the last years will elicit some form of moral indignation, whose nature it is important to understand. For this purpose, I will focus on the most provocative justification of capitalism ever offered, that by Bernard de Mandeville. My choice is not only motivated by the fact that two economic theorists as diverse as Marx<sup>1</sup> and Hayek<sup>2</sup> sincerely admired this intellectual, who wrote in a time in which economy was still part of philosophy and ethics, a link severed only in the 19th century. It seems to me that the unleashing of neoliberalism in the last decades was — not exclusively, but partially — accompanied by the re-emergence of a Mandevillian spirit. On the basis of this historical

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<sup>1</sup> Karl Marx/Friedrich Engels, *Werke, Bd. 23: Das Kapital. Kritik der politischen Ökonomie*, Erster Band, Berlin 1962, 643: "Mandeville, ein ehrlicher Mann und heller Kopf". On p. 375, Marx points to his influence on Adam Smith.

<sup>2</sup> Friedrich August Hayek, *Law, Legislation and Liberty*, Vol. 1, Chicago: University of Chicago Press, 1973, 20, 22, 29. Mandeville and Hume are praised as the discoverers of phenomena due to human actions, but not to human design.

analysis, I will then try to offer some reflections on why capitalism cannot rest on egoism alone.

## I.

The historian of ethics is well advised to insert the moral justification of modern capitalism into a broader context. For not only does modern capitalism presuppose the rise of the modern state; also the moral arguments that helped liberate capitalism in the 18<sup>th</sup> century were for the first time anticipated in the context of justification of the modern state. It is a fortuitous and amusing coincidence that the names of three of the most radical modern innovators on moral questions begin all with "Ma"; this permits us to speak jokingly of the moral revolution caused by the tree Mas. I have in mind Niccolò Machiavelli (1469-1527), Bernard de Mandeville (1670-1733), and Thomas Robert Malthus (1766-1834). But what is common to these three people, beside the alliteration of their names? After all, none of them was a professional ethicist, they wrote on different topics (politics, economy, and demography), and they belong to diverse ages and nations: Their lifespans stretch from the fifteenth to the nineteenth centuries, and they come from different countries, namely Italy, the Netherlands, and the United Kingdom (even if Mandeville emigrated from the Netherlands to England after having completed his study of medicine and wrote mostly in English). Still, it is not difficult to recognize that they vary the same basic ethical insight, and that this insight is something new compared to both ancient and medieval ethics. It characterizes the predicament of modernity in both Catholic and Protestant countries, even if it took longer to apply the new principle to the most intimate realm of reproduction than to economy. Politics was the first sphere, because here the principle has an obvious evidence (Machiavelli did teach only political theorists, hardly the princes themselves new lessons) and because the view of the politician it endorses is more in tune with the traditional appreciation of royal behavior; ambition was regarded by the pre-modern tradition as less problematic than greed or lust. But what is this disquieting new insight? Our three authors agree in recognizing that some sort of behavior that was regarded as virtuous and for which they partly continue to have, partly at least pretend to have a nostalgic sympathy, leads to negative consequences, while the opposite behavior, which partly the tradition, partly they themselves condemn as vicious, can be beneficial to society at large. This is linked to the modern discovery that human behavior may well have unintended consequences, consequences that not only the social theorist, but also the ethicist is well advised to study. Since intentionality is the essence of spirit, those human forces that determine our behavior in a blind, irreflexive way become particularly important for the study of man, and thus the seventeenth and eighteenth century excel in theories of passions, which, many authors teach, can only be checked by countervailing passions, not by practical reason alone, which is deemed increasingly powerless. Albert Hirschman has masterfully analyzed the development of these theories and the transformation of the concept of passion into the concept of interest.<sup>3</sup> By subjecting the passions to some long-term end, interest made human behavior calculable and predictable and thus less dangerous.

If I return to this history, I do it with a specific interest in the nature of their *ethical* argument. Their discoveries were intellectually exciting, but probably emotionally painful to all three authors, although Machiavelli and particularly Mandeville hide their unease behind cynicism. But it would be wrong to overlook their moral seriousness: They

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<sup>3</sup> Albert Hirschman, *The Passions and the Interests. Political Arguments for Capitalism before Its Triumph*, Princeton: Princeton University Press, 1977.

do not simply invite humans to engage in behavior that most people still regarded as repulsive, because this will increase their individual profit; no, their argument transcends the personal interests and is oriented towards the common good. That makes their stance an ethical one, despite the sarcasm they occasionally show, and distinguishes them from ancient immoralists, such as Thrasymachus in Plato's *Politeia* or Callicles in his *Gorgias*, whose position cannot, and does not want to, be universalized. Let us look at the basic moral idea in the three most popular works of our authors.

Machiavelli's exhaustive political philosophy is laid out in the *Discorsi sopra la prima deca di Tito Livio*, but his most widely read book is the short treatise *Il principe*. I cannot discuss here how Machiavelli's defense of principalities is compatible with the staunch republicanism, which he lays out in his main work and which makes him one of the most democratic authors in the history of political thought between the Romans and the 18<sup>th</sup> century. Suffice it to remark that Machiavelli seems to believe that only in certain historical epochs, namely when nations have been corrupted to their core, princes become inevitable and are then to be accepted as the minor evil.<sup>4</sup> But I have to ignore this here, as well as his classification of the various types of principalities. What is of interest is his deliberate inversion of the tradition of the mirrors of princes, particularly in chapters 15-18 of his book. This genre, already to be found in classical antiquity in authors such as Xenophon and Seneca, enjoyed great popularity in the Middle Ages: Here the mirrors were often written by monks, such as Smaragdus de Saint-Mihiel's *Via regia* of 813 or Aquinas' *De regimine principum*; shortly after Machiavelli, in 1516, Erasmus still wrote his *Institutio principis Christiani* for King Charles of Spain, the later emperor. While these mirrors taught the princes Christian virtues, the disturbing originality of Machiavelli's book consists in the message that the good prince at least should not have all of these virtues. On the contrary, he should display some characterial features that the Christian tradition had sharply condemned, and he should do so not only in order to preserve himself, but also in order to foster the interest of his own polity. For only strong states can warrant the thriving of their people by warding off the danger that civil unrest and attacks from other countries represent; in order to achieve this end, the prince is permitted, even obliged to develop habits that the tradition declared vicious. It is necessary for a prince, who wants to maintain his position, to learn to be able not to be good, Machiavelli writes (15.1).<sup>5</sup> "Good" here can hardly mean "behaving according to duty"; for the necessity about which Machiavelli writes is not a hypothetical one. He does not say "if you want to maintain power, you will have to behave in a way that is immoral", suggesting that the latter is inadmissible and that therefore one should give up the quest for power. The whole thrust of the book, and the reflections anterior to this passage, which criticize the mere imagination of polities that have nothing to do with the bleak reality of human nature, point in the opposite direction: Machiavelli thinks that an intelligent power holder is entitled, even morally obliged to dispense with goodness — the necessity he speaks of has a deontic flavor. And this entails, under the pain of self-contradiction, that "goodness" does not mean "right behavior" but a behavior only so called, because it manifests itself in kindness and benevolence, which, however, are not always morally recommendable. This becomes clear at the end of the chapter, where Machiavelli states that it would be a wonderful thing if in a prince all the virtues commonly so called could be united; but since this is impossible, the prince should always avoid the reputation of having those vices that would endanger his position. He should also avoid the other vices, if possible; only when impossible,

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<sup>4</sup> For a comprehensive interpretation of Machiavelli's political and historical thought, see Gennaro Sasso, *Niccolò Machiavelli*, 2 vols., Bologna: Il Mulino, 1992.

<sup>5</sup> "Onde è necessario a uno principe, volendosi mantenere, imparare a potere essere non buono". I quote the book according to: Niccolò Machiavelli, *Il Principe*, Milano: Rizzoli, 1986, 147.

i.e., when incompatible with the preservation of power, he should accept them. This probably<sup>6</sup> shows that Machiavelli recognizes that those vices have a negative intrinsic value; however, their positive consequences for the preservation of power outweigh that value. And thus he ends the chapter with the words: "One will find something that will look like virtue, but, if followed, will lead to his ruin, and something else that will look like vice, but, if followed, will lead to his security and prosperity."<sup>7</sup>

Traditional virtues are thus demoted to the realm of merely apparent values, if they are detrimental to self-preservation. This seems to be a merely egoistic criterium for defining true virtue, but Machiavelli soon shows that what he has in mind is the interest of the people. Among the traditional virtues he demotes are liberality, clemency, and faithfulness, of which the second enjoyed a particular prestige in Christianity. His arguments against a prince who is a spendthrift and thus will soon be obliged to raise money from his subjects, are quite easy to follow and more a challenge of courtly values, particularly of what ethicists from Aristotle onward praised under the title of *megaloprepeia* (munificence) than of the legitimate moral ideas of the emerging bourgeois world, which Machiavelli subreptitiously proposes to Lorenzo de' Medici, the prince to whom he dedicates his book. More disturbing is his defense of "crudeltà", even if it is misleading to translate the term as "cruelty", for today the English and the Italian terms seem to imply a pleasure in inflicting pain on other people, while Machiavelli has in mind only toughness against those who challenge the prince's power. But also here the decisive argument is that Cesare Borgia through his toughness was able to pacify the Romagna, while Florence in 1501, desiring to avoid the reputation of being tough, refused to deal energetically with civil unrest in Pistoia, which led to much more bloodshed.<sup>8</sup> What Machiavelli rejects is in any case the inconsistency of praising, on the one hand, the military discipline which Hannibal upheld, while, on the other hand, condemning the severity without which such discipline would quickly evaporate.<sup>9</sup> Machiavelli's attack against the virtues of the traditional mirrors of princes does thus not lack all moral substance. He measures the moral value of a policy by its utility for the prince's own polity, transcending the prince, but not his polity. A universalistic ethics is alien to him; therefore, he can defend munificence, as long as it is at the expense of conquered nations.<sup>10</sup> Machiavelli furthermore does not claim that the person who engages in tough behavior is always motivated by the right motive; the prince may well be driven only by his own desire for power, to which in fact he himself appeals, while broaching his novel topic to the addressee of his treatise. But Machiavelli will have regarded himself as morally justified to appeal to the power instinct of a prince, if by doing so he was to bring about positive consequences, such as the liberation of Italy from foreign rule pleaded for at the end.

I hope the foregoing reflections make it clear why Machiavelli is important not only in the history of political theory, but also of ethics proper. Perhaps we could say that since Machiavelli, ethicists have become aware of the scary possibility that the canon of virtues, both of the ancient and of the Christian tradition, is not necessarily consistent.<sup>11</sup> Even if we cherish the intrinsic value of all these virtues, we have to reckon with the possibility that

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<sup>6</sup>I say "probably," because Machiavelli might have in mind the utility of their mere appearance to the people, of which he speaks later (18.4: "parendo di averle, sono utili" (157)).

<sup>7</sup>"si troverà qualche cosa che parrà virtù, e seguendola sarebbe la ruina sua, e qualcuna altra che parrà vizio, e seguendola ne riesce la securtà e il bene essere suo.: (148)

<sup>8</sup>17.1 (151 f.); cf. *Discorsi* III 27.

<sup>9</sup>17.4 (154).

<sup>10</sup>16.3 (150).

<sup>11</sup>This is the rational core of Isaiah Berlin, "The Originality of Machiavelli," *Against the Current*, London: The Hogarth Press, 1979, 25-79, even if he wants to defend the more far-reaching and untenable claim that all ethical systems are inconsistent.

they may have negative consequences that contradict the purposes that other virtues, perhaps even these virtues themselves, want to reach. We thus face the dilemma that intrinsically attractive behavior may be deleterious, while repulsive behavior, even behavior motivated by abhorrent motives, may be socially far more useful. It would be worthwhile to show how this new insights soon pervades also the greatest literature of the time, even of an author like Shakespeare who share the demonization of Machiavelli peculiar to the Elizabethan age. His king Henry VI is a pious and profoundly good person, but as king a disaster; his weakness causes civil war, for which he has the moral dignity to feel responsible.<sup>12</sup> His father Henry V, on the other hand, is a morally complex character, but the toughness with which he hangs his old fellow Bardolph who has pillaged a French church<sup>13</sup> maintains discipline in the troupe and would have been hailed by Machiavelli as truly virtuous. Similarly, Cervantes's Don Quixote is driven by noble motives, yet, at least at the beginning of his story, the real consequences of his actions are very harmful, as poor Andrés has to experience (I 4). But in the process of writing his novel, Cervantes altered his original purpose, for at the end of the first part, Don Quixote proves to be an extraordinarily beneficial person; still, it is only a strange series of seemingly fortuitous, perhaps providential events that makes the hidalgo able to be more than a good person, namely, to cause good consequences in the world.

Real life is something else, and therefore the 17<sup>th</sup> and 18<sup>th</sup> centuries defend a new ethos that is quite different from that of medieval monks and knights. People understood quickly that the changes in the value system brought about by capitalism were in tension with traditional Christian virtues. Symptomatic in the first years of the eighteenth century are reflections by Pierre Bayle<sup>14</sup> as well as the following remark in Jonathan Swift's masterful satire *An Argument to Prove that the Abolishing of Christianity in England May, as Things Now Stand, Be Attended with Some Inconveniences, and Perhaps not Produce Those Many Good Effects Proposed Thereby* of 1708. This work limits itself to the defense of nominal Christianity, since real Christianity is incompatible with the spirit of the new time: "To offer at the restoring of that [sc. real Christianity], would indeed be a wild project: it would be ... to break the entire frame and constitution of things; to ruin trade, extinguish arts and sciences, with the professors of them; in short, to turn our courts, exchanges, and shops into deserts..."<sup>15</sup> Swift continues a tradition of Christian criticism of modernity, which achieved a certain peak in the Jansenist movement, and in fact, Mandeville, the most radical defender of capitalism in the early 18<sup>th</sup> century, draws upon Jansenist sensibilities when he develops his own anthropology and ethics.<sup>16</sup> Therefore, some of his earlier interpreters<sup>17</sup> have taken his profession of moral rigorism seriously, even if a careful reading makes it very likely that his pious remarks, for example at the end of *An Enquiry into the Origin of Moral Virtue*,

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<sup>12</sup> Henry VI/3, 2.5., v. 1 ff.

<sup>13</sup> Henry V, 3.6, v. 100 ff.

<sup>14</sup> *Reponse aux questions d'un provincial*, Troisième partie, Ch. XXVI ff., in: Pierre Bayle, *Oeuvres diverses III*, Hildesheim: Olms, 1966, 972 ff. The *Reponse* was published from 1704 to 1707. Mandeville studied in Rotterdam, where Bayle taught, who clearly influenced him; "but we do not know whether they met" (E.D. James, "Faith, Sincerity and Morality: Mandeville and Bayle," in: *Mandeville Studies*, ed. by Irwin Primer, The Hague: Martinus Nijhoff, 1975, 43-65, 44).

<sup>15</sup> Jonathan Swift, *Abolishing Christianity and Other Essays*, San Francisco: Manic D Press, 2006, 30.

<sup>16</sup> See Jennifer Herdt, *Putting on Virtue. The Legacy of the Splendid Vices*, Chicago/London: University of Chicago Press, 2008, 268. This excellent book discusses Mandeville immediately after the Jansenist Pierre Nicole and La Rochefoucauld, for "paradoxically, the Jansenist critique of false worldly virtue could contribute to the marginalization of Christian charity and to a forthright concentration on human nature and its social expression."

<sup>17</sup> In his commented bibliography, Hector Monro, *The Ambivalence of Bernard Mandeville*, Oxford: Clarendon, 1975, 274-278 mentions several such works, e.g., Lafcadio Hearn, *Some strange English literary figures of the eighteenth and nineteenth centuries*, Tokyo: Hokuseido 1927. Monro's own interpretation renders justice to Mandeville's multifaceted personality.

are only a screen of a more cynical attitude.<sup>18</sup> But it is the cynicism of a man frustrated by humankind; Mandeville lowers man to the level of animals, because he seems to be outraged at human cruelty towards animals (I 173 ff.). While the Jansenists declared it a moral duty to return to the austerity of the original Christians, Mandeville only gestures at this position in order to have more freedom to outline his own vision of man. When he writes that nothing renders a person more glorious than voluntary poverty, cheerfully accepted, one feels that there are some relics of sincere fascination for such a behavior, but Mandeville, first, does not think that it occurs very often even among Christian clergy, and, second, he has the suspicion that it may be more motivated by obstinate vanity than by greatness of soul (I 157). Like the Jansenists, Mandeville sees modern society driven by egoistic drives. However, and this is the fundamental difference, he is willing to pay this moral price, since he regards this as necessary for economic success. What he does not tolerate is the moral hypocrisy that wants to have the cake and eat it, enjoy economic progress and pretend that it is still inspired by Christian values. Mandeville remains indebted to the Jansenists because he rejects the alternative view, defended by Anthony Cooper, Third Earl of Shaftesbury, that our nature is constituted by both selfish and altruistic affections, which somehow harmonize with each other. This position is classically formulated in the Augustan age by Alexander Pope in the last two verses of the Third Epistle in the *Essay on Man*: "Thus God and Nature link'd the gen'ral frame,/ and bade Self-love and Social be the same." In fact, the second part of Mandeville's book consists of six dialogues, the main interlocutors of which, Horatio and Cleomenes, are inspired by Shaftesbury and Mandeville respectively (II 20); it ends with the refutation of Shaftesbury, who "labour'd hard to unite two Contraries that can never be reconcil'd together, Innocence of Manners and worldly Greatness" (II 357). According to Mandeville, humans are driven by passions; but while also Hume would agree with this viewpoint, Mandeville furthermore insists that these passions are basically selfish (I 200), all the rest is deception, in the best of cases self-deception. But we can still be happy with such a world, for the unleashing of human greed must favor economic and social progress.

Mandeville's most famous work is built around 200 doggerel couplets, published in 1705 under the title *The Grumbling Hive: or, Knaves turn'd Honest*. In 1714, the text was reissued, together with twenty lengthy *Remarks* in prose and *An Enquiry into the Origin of Moral Virtue*, under the comprehensive title *The Fable of the Bees: or, Private Vices, Publick Benefits*. The work continued to be expanded, till it received a second volume with the dialogues aforementioned in 1729. From 1724 onward, it was attacked by theologians and ethicists and became even presented as a public nuisance by the Grand Jury of Middlesex; in France, it was ordered to be burned by the hangman.<sup>19</sup> In 1732, an anonymous poet wrote about Mandeville: "And if GOD-MAN Vice to abolish came,/ Who Vice commends, MAN-DEVIL be his name."<sup>20</sup> Indeed this Man-devil, like Machiavelli, commends what the tradition had rejected as vice; and again not simply because this is in the interest of the individual, but, on the contrary, because these private vices generate public benefits. The bees prosper, because they are vicious: "THUS every Part was full of Vice,/ Yet the whole Mass a Paradise." (I 24) The poem shows that the worst possible would occur if the knaves turned honest and reduced their needs to the level ascribed to the golden age. In such a case, prices of land and houses would immediately fall, and economic activities would shrink, for content is "the Bane of Industry" (I 34). Such a new hive would not be able to withstand repeated attacks

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<sup>18</sup> This has been proven by F.B. Kaye in his masterful introduction to: Bernard Mandeville, *The Fable of the Bees: or, Private Vices, Publick Benefits*, 2 vols., Oxford: Clarendon, 1924, I xvii-cxlvii. I quote according to this edition.

<sup>19</sup> Kaye, op.cit., I cxvii.

<sup>20</sup> *The Character of the Times delineated ...Design'd for the Use of those who... are convinc'd, by Sad Experience, that Private Vices are Publick and Real Mischiefs*, London: J. Wilford, 1732, 10.

by stronger enemies, and thus it would have to withdraw from the world: "They flew into a hollow Tree,/ Blest with Content and Honesty." (I 35) If anyone wants to avoid this result, he is well advised to accept the vices of luxury and pride, and even of fraud, since that creates jobs for lawyers ("nothing less can thrive,/ Than Lawyers in an honest Hive", I 28). Therefore, "The Moral" at the end teaches: "Fraud, Luxury and Pride must live,/ While we the Benefits receive." (I 36) In the *Remarks*, Mandeville gives concrete examples: Without drunkenness, wine-merchants would have less profits, and without burglars, smiths would suffer heavy losses (85 f.). Prodigal heirs do a service to the economy by creating jobs, and poverty is needed to motivate people to work (I 193 f.). Whoever defends frugality "shews himself a better Man than he is a Politician" (I 104; cf. 125 ff.). Mandeville rejects the idea that only luxury goods are morally problematic, since according to him all goods, or none, are luxury goods. "People may go to Church together, and be all of one Mind as much as they please, I am apt to believe that when they pray for their daily Bread, the Bishop includes several things in that Petition which the Sexton does not think on." (I 108)

As Machiavelli dislikes the inconsistency of praising military discipline, but rejecting the toughness that warrants it, so Mandeville exhorts his reader to choose between a good and honest and a great and wealthy society (I 223). Whoever wants to render his subjects rich, must know that he cannot have them virtuous. This does not mean that the wise politician should simply allow all passions to unfold; his task consists in regulating them in such a way that they are turned to a good end. "Whoever would civilize Men, and establish them into a Body Politick, must be thoroughly acquainted with all the Passions and Appetites, Strength and Weaknesses of their Frame, and understand how to turn their greatest Frailties to the advantage of the Publick." (I 208) Mandeville does not deny that the vices have to be directed in order to become beneficial: "So Vice is beneficial found,/ When it's by Justice lopt and bound." (I 37) As is well known, Mandeville has several economic insights that contributed to the collapse of mercantilism: He understood, for example, that "the Fruits of the Earth, and the Labour of the People...are a more certain, a more inexhaustible and a more real Treasure than the Gold of *Brazil*" (I 197 f.), that the hoarding of money within a country will not help it, and that strengthening exports without allowing for corresponding imports cannot work (I 108 ff., 251). In general, the thrust of his economic philosophy is to increase economic freedom, which will regulate itself.<sup>21</sup> Even if Adam Smith disliked him, Mandeville anticipates his belief in the invisible hand and is relieved that the economy does not have to appeal to virtues in order to work: "For unhappy is the People, and their Constitution will be ever precarious, whose Welfare must depend upon the Virtues and Consciences of Ministers and Politicians." (I 190)

Nevertheless, Mandeville is completely aware of the fact that trade can only function, if there is an "Administration of Justice, wisely contriv'd, and strictly executed" (I 116). He recognizes that, when "Offices of the greatest Trust are bought and sold; the Ministers that should serve the Publick, both great and small, corrupted, and the Countries every Moment in danger of being betray'd to the highest Bidders", such a situation cannot work: "These are indeed terrible things." (I 115) But it is politics, not economics, that represents the real danger (I 117). Of course, this account leaves the question open of whence justice in politics comes from. How is it possible that some people restrain from the satisfaction of their immediate interest and do not betray their duty to the highest bidder, provided they do not run a serious risk of being punished? Mandeville tries to give a genealogical account of the evolution of our moral ideas, which anticipates many ideas of Vico and Nietzsche. At the beginning, he teaches, there is a division between two classes of people, one satisfying all

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<sup>21</sup>Robert B. Ekelund and Robert F. Hebert, *A History of Economic Theory and Method*, New York: McGraw-Hill, 1975, 42 f. praise him as "philosophical harbinger of liberalism".

passions, the other aiming at self-control and thus empowering itself to rule over the other. The experience that the other persons' immediate satisfaction of their drives could be quite a nuisance to oneself leads to giving the name of virtue "to every Performance, by which Man, contrary to the impulse of Nature, should endeavor the Benefit of others, or the Conquest of his own Passions, out of a Rational Ambition of being good" (I 48 f.). In order to stabilize this disposition, society brings forth a system of honors and flatters those who manage to develop virtue: "Moral Virtues are the Political Offspring which Flattery begot upon Pride." (I 51) Pride is socially useful, for it is what motivates selfish misers to leave their estates to charitable institutions (I 264 f.). But if Mandeville takes himself enormous pride in examining oneself as one ought to (I 84) and unmasking the pretended virtues, does he not contribute to the collapse of this result of social evolution? When he calls honor "a Chimera without Truth or Being, an Invention of Moralists and Politicians" (I 198), does he not invite people to get rid of it? He himself mentions with a certain melancholy sympathy Don Quixote, who still felt more obliged than entitled by his concept of honor (I 199). But are those who now understand honor as nothing more than the refusal to suffer any affront, i.e., any legitimate criticism, not closer to Mandeville's wisdom than the *hidalgo*?

I mentioned at the beginning that the same type of argument that we find in Machiavelli and Mandeville can be traced also in Malthus. There is one important difference, however. Malthus, who was an Anglican minister, in the first edition of *An Essay on the Principle of Population* of 1798 does not explicitly favor any change in the traditional canon of virtues, as Machiavelli and Mandeville do. His point is merely descriptive, but, like them, he describes an alternative between virtuous behavior that leads to misery and vicious behavior that avoids it. His main idea, as is well known, is directed against the optimistic philosophy of history endorsed by Nicolas de Caritat marquis de Condorcet and William Godwin, who, in view of the enormous scientific progress of the seventeenth and eighteenth centuries and the French Revolution respectively, saw humankind on its way towards an irresistible progress. Malthus, on the other hand, insists that all the increase in economic productivity will be counteracted by demographic growth, which occurs in geometrical ratio, while food increase can, as he erroneously assumed, happen only in arithmetic ratio. But I am not interested here in the details of his argument, which can be disconnected from this last assumption. According to Malthus, there are two checks to population growth: a preventive and a positive one. The first consists in limiting the number of births, e.g., by renouncing or delaying marriage. Malthus insists that this is inevitably connected to vice, by which he must mean extramarital sexual activities including prostitution and a limitation of births by various means: "The effects, indeed, of these restraints upon marriage are but too conspicuous in the consequent vices that are produced in almost every part of the world, vices that are continually involving both sexes in inextricable unhappiness."<sup>22</sup> These vices could only be avoided by early marriages and the willingness to have as many children as can be born. Yet, the consequences of this behavior are deleterious, for inevitably the other, the positive check will operate: "I believe it has been very generally remarked by those who have attended to bills of mortality that of the number of children who die annually, much too great a proportion belongs to those who may be supposed unable to give their offspring proper food and attention." (93) Malthus, I repeat, does not at all explicitly endorse what he calls "vice", as later Malthusians will do; but in 1798, he thinks that humanity will inevitably oscillate between the poles of "misery and vice" (103). Only in the second edition of 1803, does he

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<sup>22</sup> Thomas Robert Malthus, *An Essay on the Principle of Population and A Summary View of the Principle of Population*, Harmondsworth: Penguin, 1986, 92.



introduce a third check, moral restraint, which seems to be his solution to the dilemma described: postponement of marriage and reduced sexual activities within the family. However, in one point Malthus already in 1798 challenges traditional Christian teaching. As Mandeville had done in his scathing criticism of Christian charity in *An Essay on Charity and Charity-schools* (I 253 ff.), Malthus, who would soon become professor of history and political economy, rejects Pitt's poor laws. He recognizes that they "were undoubtedly instituted for the most benevolent purpose, but there is great reason to think that they have not succeeded in their intention" (100). Malthus, on the one hand, is afraid that they destroy the sense of independence and responsibility, on the other hand, he fears that they only increase the problem they are supported to heal, by encouraging the poor to reproduce: "It possesses in a high degree the great and radical defect of all systems of the kind, that of tending to increase population without increasing the means for its support, and thus to depress the condition of those that are not supported by parishes, and, consequently, to create more poor." (101)

Machiavelli, Mandeville, and Malthus have contributed to the decline of our moral respect for certain traditional virtues, and thus of behavior inspired by them, by pointing out the negative consequences that can attend clemency in the political realm, temperance and charity in the sphere of economy, and the desire to have a large family on the demographic level. By obliging us to look at the negative consequences of virtues the intrinsic positive value of which is not really denied by them, *they have rendered our moral evaluation more complex and difficult, for we have to weigh the intrinsic and the extrinsic value of certain attitudes against each other*, and there is no algorithm for doing so. At the same time, they would not have been so successful, if they had not offered an enormous relief to the shapers of modernity: *By pointing likewise to the positive consequences of behavior that was disapproved by the tradition, they have decreased the moral pressure on humankind, for they suggest that these vices may well be allowed to flourish, since they will prove beneficial in the end*. This is of particular relevance in the case of the economic realm. We may disapprove of greed, but if there are good reasons to believe that under certain conditions unleashing it may prove more effective in overcoming poverty than any realistic alternative, we should not worry too much about it. If we accept the pessimistic Augustinian view of human nature, a view appropriated and deepened by both Protestantism and Jansenism, there is indeed relief in the insight that economy is partly a self-regulatory system and that therefore appeal to goodness is not necessary. "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," Adam Smith famously wrote,<sup>23</sup> herein agreeing with Mandeville. The doctrine of the invisible hand, which Smith also shares with his forerunner, renders it also less necessary to believe in the integrity and wisdom of politicians, which mercantilism had to presuppose.<sup>24</sup> Some theorists could even think that the transformation of private vices into public benefits is a sign of divine providence, and while Mandeville hardly means this statement seriously (I 57), his contemporary Vico clearly does.<sup>25</sup>

Still, Mandeville's pessimistic view was soon rejected by mainstream economy. I have already mentioned that Shaftesbury defends a very different anthropology according to

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<sup>23</sup> Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nation*, ed. by C.J. Bullock, New York: P.F. Collier 1909, 20.

<sup>24</sup> David Hume, as an economist no less original than as a philosopher and a historian and the crucial intermediate figure between Mandeville and Smith, impressively demonstrates in *Of the Balance of Trade* how an equilibrium will be achieved much better without any state interventions. Paul A. Samuelson/William D. Nordhaus, *Economics*, New York: McGraw-Hill, 13th ed. 1989, 943 write: "His argument is as important today as then for understanding how trade flows get balanced."

<sup>25</sup> Giambattista Vico, *La scienza nuova*, Milano: Rizzoli, 1977, 176 f. (the seventh *degnità*).

which there are both selfish and sociable instincts. This theory is further developed, in varying forms, by both David Hume and his friend Adam Smith, who was a professor of moral philosophy and first wrote *The Theory of Moral Sentiments* before he authored *The Wealth of Nations*. I shall look shortly at their criticism of Mandeville. In his essay *Of the Refinement in the Arts* (originally called *Of Luxury*) of 1752, David Hume has addressed in a classical way the question that vexed many of the theorists of the 18<sup>th</sup> century, namely, whether the increasing wealth of modern societies is in itself good or bad. He begins by recognizing, similarly to Mandeville, that "LUXURY is a word of uncertain signification."<sup>26</sup> He then proceeds by declaring that the gratification of a sense is not of itself a vice; furthermore it has positive consequences: The desire for refined pleasures helps people to overcome indolence, which is never an agreeable state; progress in the mechanical arts stimulates the liberal arts; men become more sociable; brutal excesses are mitigated by refined pleasures; states become stronger; economic progress favours the formation of a middle class and thus political liberty. However, Hume recognizes that the gratification of a sense can become a vice, if it occurs at the expense of some other virtue, such as liberality or charity. Hume adamantly rejects the position that only vices can achieve the good economic results that both of them favor. Certainly, the desire for luxury may motivate people to work more; and their demand may then create jobs for the poor. But if a person liberates himself from this desire and still works the same amount, he may well spend his money "in the education of his children, in the support of his friends, and in relieving the poor ... that labour, which, at present, is employed only in producing a slender gratification to one man, would relieve the necessitous, and bestow satisfaction on hundreds." (279) A world in which all these positive consequences could be achieved without any vice is logically possible. Yet Hume agrees that, given other human vices such as sloth, the removal of the desire for luxury goods may have negative consequences. He insists on a holistic approach: "You must only take care to remove all the vices. If you remove part, you may render the matter worse. Let us, therefore, rest contented with asserting, that two opposite vices in a state may be more advantageous than either of them alone; but let us never pronounce vice in itself advantageous." (279 f.) Hume then attacks an author, not mentioned by name (even if the footnote refers to *The Fable of the Bees*), for claiming that moral distinctions are only inventions of politicians, while at the same time averring that vice is advantageous to the public. For something of this nature could hardly be a vice. Mandeville might object to Hume that something, whose *unintended* consequence is good, may well be bad; but Hume might retort that at least the politician who, after reading Mandeville, Hume, or Smith, understands these consequences can no longer regard them as unintended. Mandeville might then answer that this does not yet prove that the politician's *motive is* to achieve these good consequences. In practice, however, Hume and Mandeville are not that far from each other, for Hume agrees that a humanity without vices is not a *political* possibility. Still, he insists on the *philosophical* relevance of his criticism.

Seven years after Hume, Smith addresses Mandeville in the last part of his *Theory of Moral Sentiments* and points to two main weaknesses of the theory: He shows that "self-love may frequently be a virtuous motive of action"<sup>27</sup> and that in any case the desire to render oneself the proper object of honor cannot be called "vanity"; he furthermore rejects Mandeville's premise that any indulgence in any passion is vicious. Smith recognizes that out of this rigoristic position arose a system, "which, though perhaps it never gave occasion to more vice than what would have been without it, at least taught that vice,

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<sup>26</sup> David Hume, *Essays Moral, Political, and Literary*, ed. by E.F. Miller, Indianapolis: Liberty Classics 1987, 268.

<sup>27</sup> Adam Smith, *The Theory of Moral Sentiments*, Indianapolis: Liberty, 1976, 488.

which arose from other causes, to appear with more effrontery, and to avow the corruption of its motives with a profligate audaciousness which had never been heard of before" (494). Smith is right that Mandeville's justification gave the human desire for profit, which the earlier tradition had regarded with suspicion, if not contempt, the possibility of expressing itself with an effrontery unheard before. Mandeville's cynicism, however, still rests on a rigorist ethics of Jansenist provenience. Even if he sees selfishness at the bottom of all things, he thinks it is in dire need of justification via its consequences. A much greater effrontery can be expected after such a background has evaporated and the search for virtue has been replaced by an increasingly individualistic concept of rights. Then the argument that the market is the best tool for achieving certain objectively good ends, such as a rational allocation of scarce commodities, yields to the idea that, independent of the results, the free choice of economic activities is the ultimate end to which everything else must be subservient.

## II.

Any ethical analysis of capitalism is hopelessly naive, which does not recognize that this system uses, in a way unknown before, mechanisms not intended by, but still inherent in, human actions. The moralist protest that is unfamiliar with these mechanisms rightly meets with scorn from the side of economists whose main purpose is to study them, a study that has become increasingly more demanding due to a mathematization that only partly mirrors mathematical operations of economic actors — partly it describes processes that occur, as the processes in nature, without their agents being aware of the mathematical logic that determines them. Still, economic theory does not simply mirror economic reality; it impacts it, since intelligent economic actors try to learn from it. This is one of the reasons why several successful economic policies cannot be used over the same amount of time as engineering procedures, but are far more short-lived. The economic agents may react against them and thus render them obsolete, since they describe a reality with agents not yet aware of them. The crisis of Keynesianism had to do with the fact that, after some decades, people developed rational (not simply adaptive) expectations and anticipated in their demand for higher wages the inflation that was part of the Keynesian solution; this, however, led to both unemployment and inflation.<sup>28</sup>

On the other hand, an intelligent moral criticism of economic behavior remains possible and necessary. Even if in the course of the nineteenth century the social sciences, including economics, detached themselves from ethics and became valuefree,<sup>29</sup> every human action remains subject to a moral judgment. Clearly, the development and deliberate fostering of the triad of modern science, technology, and capitalism<sup>30</sup> with its incentives on investments has led to a historically unparalleled economic growth and to absolute wealth for a huge number of people (without necessarily diminishing relative poverty, which, however, is a far lesser moral problem). Furthermore, capitalism is not simply an economic system based on private property, market mechanisms, and the universalized desire to maximize profits by intelligent investments; capitalism is expression of a certain mindset. It not only creates wealth; it has changed the value system of society as profoundly as few other events in history. Some of these changes are morally noble: Capitalism is based on a new appreciation of work

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<sup>28</sup> I refer to Thomas Sargent and Neil Wallace's famous policy ineffectiveness proposition.

<sup>29</sup> On this process, see Vittorio Hösle, "Zur Philosophie der Geschichte der Sozialwissenschaften," reprinted in: Vittorio Hösle, *Die Philosophie und die Wissenschaften*, München: C.H. Beck, 1999, 125-165 and 230-233.

<sup>30</sup> Arnold Gehlen has called this the "Superstruktur" of modernity (*Die Seele im technischen Zeitalter*, Hamburg: Rowohlt, 1957, 11 ff. ).

and discipline and on the idea that people have to *deserve* their wealth by *earning it*.<sup>31</sup> It takes the human desire for freedom and for upward mobility very seriously, but at the same time ties these desires to the necessity of work. In an ideal capitalist system, in which the role of luck and of inheritance would be dramatically reduced, a person could become rich only by satisfying other persons' needs. Even if this new mobility may well lead to enormous disparities, the system is more egalitarian than earlier social forms, and it gives the consumer incomparably more power than any planned economy does, even one that is democratically legitimized, for in a market economy the consumer can contribute by her purchase, the equivalent of a vote, to determining what will be produced. By creating a global economy, capitalism furthermore creates an interdependence that makes going to war less rational (which is not sufficient to exclude it). Still, there are three decisive moral limits of capitalism.

First, let us assume that there would indeed exist an absolute convergence of self-interest and public welfare. A decisive distinction in ethics is that between what is objectively right, a state of affairs that is desirable for moral reasons, and what is subjectively moral, the intention that aims at this state of affairs for the reason that it is objectively right. It is doubtless true that a subjectively moral intention must aim at what is objectively right.<sup>32</sup> But it may not be successful, owing to ignorance, without forfeiting the Claim to be subjectively moral, and certainly also the inversion holds: Objectively right results may be brought about by persons who are not subjectively moral i.e., not committed to a perspective that transcends their self-interest. The difference between the objectively right and the subjectively moral is thus ineludible. Now the idea that lies at the basis of capitalism makes it more difficult to find out whether an action is subjectively moral; for its enormous success rests exactly in creating a system in which the pursuit of one's own interests leads to public benefits. Therefore, successful economic activities may be motivated as well by greed as by a sincere concern for the welfare of others. Since it is not moral to subject one's fellow human beings to groundless suspicions and since, without further information, both accounts are possible, it is not permissible to say that the person with economic success must be motivated only or primarily by selfish regards. Even less it is acceptable to criticize the political actors that allow the unfolding of capitalism, if they have good reasons to believe that this is the most efficient way of achieving universal wealth, at least as long as they themselves do not benefit from their own economic policies. Still, for the honor of human nature it is important that people's curiosity regarding our ultimate motives be satisfied, and thus it is a blessing in disguise that that harmony exists only partially. For even if the market leads to an equilibrium between supply and demand, it satisfies only the needs of those that have purchasing power, and there are quite a lot of person without it, not all of whom are responsible for this situation through their own decisions. While it is a reasonable moral decision not to encourage sloth, starving children cannot be reproached for that, and even persons who did not have access to an education that enabled them to acquire the capacities necessary in order to survive in a complex market society are hardly responsible for that. Intelligent charitable activities are always possible, and they are not only important because they address problems that the market cannot solve, but also because they uphold a behavior which is more likely to be an expression of the subjectively moral.<sup>33</sup> Even if Mandeville is right that some of this behavior may be

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<sup>31</sup> The following anecdote in Plutarch's *Life of Lycurgus* (24.3) manifests the opposite attitude of a traditional society: While at Athens, a Spartan heard of a citizen who had been fined for living an idle life and he was stunned that someone "was condemned for living like a freeman. So much beneath them did they esteem the frivolous devotion of time and attention to the mechanical arts and to money-making." (Plutarch, *The Lives of the Noble Grecians and Romans*, translated by J. Dryden, revised by A.H. Clough, New York: Modern Library, s.d., 68). The attitude lasted much longer; think only of William Dorrit in Charles Dickens's *Little Dorrit*.

<sup>32</sup> See Thomas Aquinas, *Summa theologiae* I/II, q.18 a,2 and Vittorio Hösle, *Morals and Politics*, Notre Dame: University of Notre Dame Press, 2004, 95 ff.

<sup>33</sup> I do not deny that charitable work, too, is subject to the economic imperative of rational allocation of scarce

motivated by vanity, it is a sophism to regard all human behavior as selfish only because it inevitably must be motivated by something within the subject herself. There are differences between our motives, and the willingness to achieve something good even if one does not profit from it is not the same thing as aiming solely at one's own interest. A world without generous charitable work would be poorer on the subjectively moral level, even if it could achieve the same, or a greater, amount of the objectively right. (In fact, such foundations constitute a third sector between the private and the public, which, due to competition, often works more efficiently than the public one, even if sharing its commitment to something that transcends the private interest.) Those successful entrepreneurs who invest their profits in non-profit foundations dedicated to moral ends deserve more moral respect than those who don't.<sup>34</sup>

Second, let us move from the subjectively moral to the objectively right level. The person who becomes rich in a legal way in a market economy has the merit of satisfying the needs of persons with purchasing power. This is, whatever its motive, something *prima facie* objectively good. I add "*prima facie*," for the concrete value of this act depends strongly on the nature of the needs satisfied (and perhaps created) by the supplier. Certain needs are essential to our survival or our flourishing as moral and intellectual beings. But there are other needs whose satisfaction does not make us better or happier beings, and there are even needs whose fulfillment harms either us or other people. The success of modern economic theory consists in its capacity to develop a general concept of factual preference ordering that is able to explain the prices, and no doubt this procedure is legitimate. Nevertheless, reducing values to the factual prices is unacceptable, tempting as it is on the basis of a radical empiricism, since prices are empirical facts, while the ontological status of values that are not reducible to factual preference orderings is more dubious.<sup>35</sup> Still, "knowing the value of nothing and the price of everything"<sup>36</sup> is the mark of vulgarity. There are good moral reasons to value the various needs differently, and thus also the economic activities that satisfy them. No doubt, the moral entrepreneur, too, must survive on the market, and thus he must address needs that exist or can easily be elicited. But his moral dignity depends on him being able to find an intersection between what he regards as moral needs and what are merely factual needs. But not only are not all needs respectable; satisfying them may directly harm the buyer, even if he craves for them. Heroin would be an obvious example, but there is a far larger gray zone — think of tobacco. Even if one does not have to agree that harming oneself is morally permissible, there is little doubt that harming others is worse. But many economic activities rely on externalizing costs, that is, passing on damages to others. The ecological crisis is one of the results of such externalizing — we pass damages on to those who cannot defend themselves against them, either persons in less developed countries or future generations. Future generations are particularly weak, because they do lack both purchasing power and suffrage; thus, they play hardly any role in the two main institutions of modernity, market and democracy. Clearly, it is one of the main tasks of a just legal and economic policy to develop a set of rules that renders the externalization of costs more

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resources; but it differs from the normal economic behavior by being not primarily motivated by self-interest.

<sup>34</sup> Andrew Carnegie's *The Gospel of Wealth* (New York: The Century, 1901) remains a classical example of this commitment. "This, then, is held to be the duty of the man of wealth: To set an example of modest, unostentatious living, shunning display or extravagance; to provide moderately for the legitimate wants of those dependent upon him; and, after doing so, to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer, and strictly bound as a matter of duty to administer in the manner which, in his judgment, is best calculated to produce the most beneficial results for the community" (15).

<sup>35</sup> Thus Thomas Hobbes writes: "The *Value*, or WORTH of a man, is as of all other things, his Price; ... and therefore is not absolute; but a thing dependant on the need and judgment of another. ... And as in other things, so in men, not the seller, but the buyer determines the Price." (*Leviathan*, London/Harmondsworth: Penguin, 1987, 151 f.)

<sup>36</sup> Kenneth E. Boulding, "The Basis of Value Judgements in Economics," in: *Human Values and Economic Policy*, ed. by S. Hook, New York: New York University Press, 1967, 55-72, 67.

difficult, partly by redefining the contribution of nature to national wealth and raising the prices for natural resources, partly by extending liability, partly by empowering future generations. It can hardly be expected from a moral entrepreneur that he renounces the externalization of costs, when this would lead to his failure on the market due to the fact that his competitors do not join him. But he certainly may be expected to give up activities that would only increase his profits without being necessary for his survival. Particularly, he should lobby for, not against those legal reforms that would render the externalization of costs more difficult.

But not only may capitalism sometimes be an expression of motives that are not subjectively moral; not only may it accelerate processes that are objectively wrong, such as the externalization of costs; the mindset of capitalism, utterly unleashed, may, thirdly, develop a tendency of being even self-destructive. Why? Capitalism's healthy mistrust against persons who want to benefit from the work of others without working themselves can lead to a general skepticism against charities and to the ideology that maximizing one's own profit is the main purpose and the sole duty of life. If this mindset spreads, capitalism itself is endangered. For as already Mandeville understands, capitalism can only unfold if the administration of justice is not for sale to the highest bidder. Something analogous holds also for the activities of the central bank and the economic policies of the government in general. For every incentive to work will disappear if the poorer person in a litigation must fear that the judge will assign the produce of his work to the richer party, if the owner of a saving account has reason to believe that the central bank will accept an inflation that will deprive him of his modest savings while helping speculators, or if the dynamic entrepreneur with the superior product will be ignored by the minister who has been bribed by a less efficient competitor. Capitalism presupposes far more trust than pre-capitalist systems (after all, it lives from people entrusting their savings not to their stockings, but to banks), and the evaporation of social trust must in the long run corrode its capacity to function.

Of course most countries have laws against corruption, but if the judges who have to apply these laws are themselves corrupt or if a government succeeds in limiting the applicability of these laws, corruption will almost inevitably spread. Needless to say, this will poison not only the political, but also the economic process. Still, this process may take one generation, and from the point of view of pure rational egoism, for some agents, particularly if they are elderly, it may well be recommendable to pursue such a strategy: There is no guaranteed harmony between rational interest and moral duty. Probably the persons who engage in corruption will calm their conscience by saying that they do nothing more than extend the basic principle of economic rationality to the political realm. While the number of countries in which such shameless corruption reigns is not too big, a less direct way of changing the laws is almost ubiquitous: lobbying in parliaments. No doubt, in a democracy economic actors must be able to propose reasonable changes to their legislators; but the changes proposed are not always in the public interest, and the strength of character necessary to reject them may well become rarer in a society which values profits more than anything else. If furthermore the opinion has become dominant that there are no objective criteria for just economic policies, one should not be too surprised if politicians engage in activities that are likely to enhance their own interest, be it directly economic or connected to their desire of maintaining, perhaps expanding their political power. Daniel Bell has spoken of the cultural contradictions of capitalism, having mainly in mind the contrast between the drive for optimization and economization on one hand and the modernist revolt that longs for pre-modern forms of expression on the other.<sup>37</sup> But the conflict between the unleashing of the desire for profit in order to promote growth and the necessity of maintaining a political class that understands itself as the guardian of the market independently of its own economic

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<sup>37</sup> Danil Bell, *The Cultural Contradictions of Capitalism*, New York: Basic Books, 1976, 84.

interest is even more dangerous. Probably the value system of early modern elites, inspired as it was by self-respect, desire for honor, an admiration for virtuous behavior, and religious awareness, was necessary to bring forth a functioning capitalism,<sup>38</sup> and it is not clear to me whether capitalism can keep going if these moral presuppositions end. If Mandeville the moral philosopher triumphs, Mandeville the economist's defense of capitalism will collapse.

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<sup>38</sup> I cannot discuss here the old Weberian question how important Protestant ethics was for the rise of capitalism. The contribution of the Jesuits was considerable, too — but in any case, they were both religious justifications before Mandeville could propose his secular solution.