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Dirk Shelley
Lake Forest College

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THE FABLE OF THE BEES

An investigation of its relationship to the development of economic thought
by
Dirk Shelley

Throughout history bees have been considered as hard working, industrious, and productive. Our speech is filled with such phrases as “busy as a bee” and “be a do bee” which show our association of bees with labor. Bees naturally fall into categories of workers and drones which, like humans, comprise the majority of the population. Mandeville uses the story of the bees to convey his ideas and economic theories. By comparing the beehive to the England of his day, Mandeville can lash out at the follies of his countrymen without directly accusing anyone.

Bernard de Mandeville in his poem, “The Grumbling Hive,” describes a corrupt yet flourishing beehive. He shows how the economic quality of life in the beehive is dependent on the vices and “least desirable qualities” of its inhabitants. In “The Fable of the Bees,” Mandeville shows how the prosperity of the rising capitalistic economy of the eighteenth century was also dependent on the crime, corruption, laziness, luxury, and other vices inherent to England in the 1770’s.

By closely examining Mandeville’s poem we can see how his thoughts were influenced by the mercantilists, bullionists, and physiocrats of his day. In addition, we can see how Mandeville synthesized these ideas to form five major premises which would influence and greatly contribute to the development of the economic theories of Bentham, North, Hume, and ultimately Adam Smith.

Traditionally, satirists have been involved in the condemnation of
vice and the ridicule of human folly. Mandeville, however, not only condemned England for its pride and hypocrisy, he also felt that the current attitudes and beliefs were the principal follies of the time. If the fable would have been written in the traditional way, we would expect the corrupt bees to somehow be punished for their vices. "The Grumbling Hive" however, is a satirical fable and Mandeville doesn't even consider letting the bees pay for their sins. Instead, he divinely bestows honesty upon the hive, and in so doing, destroys the flourishing economy that was balanced on the corruption and laziness of the bees. This concept is diametrically opposed to the idea that honesty and hard work by the individual will benefit the entire economy. This idea had existed from the beginning of civilization.

Mandeville explained later that the satire was written:

to expose the unreasonableness of folly of those, that desirous of being an opulent and flourishing people, and wonderfully greedy after all the benefits they can receive as such, are yet always murmuring at and exclaiming against those vices and inconveniences, that from the beginning of the world to this present day, have been inseparable from all Kingdoms and States that were fam’d for strength, riches, and politeness at the same time.\(^1\)

His sense of the contradictions in society provides the poem with its central theme of "Private Vices and Public Benefits" and Mandeville with a basis upon which to build his economic theories. Of the characteristics of the hive, luxury and fraud seem the primary vices or weaknesses. These two vices form the basis for Mandeville's theory of consumption. He feels that luxury and the pride that goes with it is the driving force behind competition and provides a majority of the goods produced in a nation. Mandeville strongly defends his position in favor of luxury by addressing nine out of his twenty-four remarks and a significant portion of the poem to the advantages of luxury. His concept identifies luxury as conforming to the national interests and he also feels that frugality is "an idle dreaming virtue that employs no
hands and is therefore very useless in a trading country.” (Harth p.21)

His theory is a contradiction of the popular beliefs and attitudes of his time. In fact, Mandeville uses these popular theories which condemn luxury, as the support for his defense of luxury. The ancient civilizations to the England of his time had always abhorred luxury and wealth because it detracted from the benefit of society. Moral philosophers had continuously attributed the fall of great civilizations to the growth of luxury. (Harth p.21) Even the religious position on luxury had stressed the importance of abstinence and self-denial as a way of becoming more like Christ. Mandeville sees these abstinences as being destructive to society. Sparta and other great Roman cities, he argued, had fallen from the frugality that was supposed to have made those countries great. These countries, while feared in battle, made sacrifices that made their lives devoid of comfort, “but certainly there never was a nation whose greatness was more empty than theirs; the splendor they lived in was inferior to that of a theatre, and the only thing that they could be proud of, was that they enjoyed nothing.” (Harth p.254)

Mandeville’s contemporaries and the bullionists were strongly opposed to luxury for other more important reasons. They felt that luxury not only corrupted the individual, but did not effectively utilize the country’s resources. The reigning theory of the period denounced luxury goods because they encouraged and perpetuated the people’s desire for more luxuries. These extravagances, by definition, are not available to everyone, and their scarcity contributes to higher prices for these goods. Most of the luxuries, they argued, were imported, which caused a great deal of money to be exported in order to acquire these conveniences. The mercantilists and bullionists were concerned that the desire for these goods would cause the import of luxuries to increase until the imports of the country were greater than the exports. This negative balance of trade would then decrease the amount of money in the country and ultimately decrease the wealth of the nation.

Mandeville saw these theories as contradictory to what he actually observed. The accumulation of wealth, through rapidly expanding production and commerce, was promoting the growth of luxury. This
dition—the popular denouncement of luxury and its importance to the economic condition—can be seen in lines 411-416: “’T’enjoy the World’s Conveniences,/ be famed in War, yet live in Ease/ Without great Vices, is a vain/ Eutopia seated in the Brain./ Fraud, Luxury and Pride must live/ Whilst we the Benefits receive.” (Harth p.76)

While Mandeville agrees that this luxury is not really a desirable quality, he feels that it is essential to the well-being of the economy—"Hunger’s a dreadful Plague, no doubt,/ Yet who digests or thrives without? . . . As Hunger is to make ’em eat,/ Bare vertue can’t make Nations live/ in Splendour:’ ” (Harth p.76)

Mandeville’s position of luxury as being inevitable and necessary for trade and money circulation is strongly supported by Voltaire and Montesquieu. Melon, a French economist-philosopher, also owed Mandeville a great deal. His ideas concerning luxury paralleled Mandeville quite closely. He agrees that the costs of luxury to the individual are outweighed by the benefits that the country receives. Melon also believed that luxury goods are essential for prosperous free trade, and without it, the circulation of money would decline. Melon not only substantiates Mandeville’s economic theories but also points out the existing conflict between frugality and the quest for wealth.

Mandeville’s theory of luxury and consumption forms the basis for his other theories. His ideas of trade, government regulation and utilitarianism are all related to his theory of luxury. The paradox of private vices and public benefits is also dependent on the concept of luxury. These interdependencies will be seen in the remaining sections of the paper.

Mandeville’s two theories of free-trade and laissez-faire can be discussed together since they each build upon the other. He extends the bullionist’s and mercantilist’s view of foreign trade protectionism, yet feels the internal economics of the country should be left to the powers of the open market.

Mercantilist trade theory relied on a favorable balance of trade. Great Britain, they argued, should export more goods than it imports from that same country. By having greater exports than imports the
other country would have to make up the difference through gold or silver. They thought that gold and silver were the best forms of national wealth, and they were willing to give up some freedom of trade in order to maintain this favorable balance. Government regulations to insure net exports first found support from the bullionists. They favored restrictions of luxury goods ("it encouraged a taste for costly delicacies which shunned the simplicity of domestic manufacturers in favor of exotic products from foreign lands.") (Harth p.22) because it could threaten the balance of trade if the demand for foreign goods would continue to increase. The bullionists also wanted the government to regulate the amount of foreign trade dealings in order to keep a favorable balance of trade. Furthermore, the export of bullion was to be prohibited.

The mercantilists developed this idea into a more sophisticated theory. In addition to regulating commerce, they wanted the government to levy heavy duties on imports to make domestic goods more attractive to domestic consumers. Exports would carry lighter duties to allow the domestic goods to be able to compete (even if other countries imposed tariffs) in the foreign markets. Most mercantilists thought that the optimal condition would have England exporting as much as possible, while importing nothing.

Mandeville agreed that the government should have a hand in the regulation of trade, but for different reasons. The basis for their theory is erroneous, he argued. If exports continuously exceed imports and the difference is paid in coin, soon the foreign countries could not afford to import goods. Mandeville explained this idea when he wrote in the Remarks in defense of the poem, (Remark L) "we know that we could not continue long to purchase the goods of other nations if they would not take our manufactures in payment for them; and why should we judge otherwise of other nations?" (Harth p.139) So Mandeville considers trade an important responsibility of the government, but he takes this idea into consideration: “They’ll keep a watchful eye over the balance of trade in general, and never suffer that all the foreign commodities together that are imported in one year, shall exceed in value what of their own growth or manufacture is in the same exported to others.” (Harth p.141) If this theory is followed, “...no nation can ever be impoverished by foreign luxury.” (Kaye p. cxxxix)
The influence of Mandeville’s theories can be seen in many economists’ work. Living during Mandeville’s time, North published his “Discourses upon Trade” in which he advocated free trade. Free trade, North argued, had the ability to expand if all countries participated openly. This idea of an economic world free of trade protectionism is seen in the poem, lines 35-38, “Whilst other Millions were employ’d./ To see their Handy-works destroy’d;/ They furnish’d half the Universe;/ Yet had more Work than Laborers.” (Harth p.64)

The result would be a strengthening of all countries from the expansion of production and the ability to acquire more goods through trade. North felt that everyone would benefit from free trade.

Hume’s “internal demonstration effect” is also an extension of Mandeville’s theory of free trade. He thought that when people saw others consuming luxuries, it would cause a desire for the importation of that luxury. Hume was not against this because he felt that it would force the domestic producers to become more competitive. Lines 158-160 show how the luxury created a desire for trade: “They were th’ Esteem of Foreigners,/ And lavish of their Wealth and Lives,/ The Balance (sic) of all other Hives.” (Harth p.68)

Finally, Smith synthesized Mandeville’s thoughts into the Wealth of Nations. He realized, as Mandeville had, that free, unregulated trade was in the best interests of everyone. His theory carried Mandeville’s ideas further. While Mandeville knew that one-way trade could not provide continuous benefits to any country, Smith figured out the reasoning behind the theory. Wealth, Smith said, was not gold or coin, but the actual goods and conveniences of the country. Smith was in favor of free trade since it would greatly increase the number of goods in the country.

While Mandeville strongly urged the government to intervene in the regulation of foreign trade, he felt that the internal economic affairs of a country should not be regulated. This theory, now known as “laissez-faire,” had not been significantly developed before Mandeville’s time. The physiocrats thought that the “rule of nature” should govern the people not the government. Mandeville saw this “rule of nature” as being the unregulated individual, seeking his own interests, who, when combined with the rest of the self-interest
seeking people, will benefit the entire community. In the Sixth Dialogue, Mandeville explains how this mixture of interests should benefit the entire economy.

In the compound of all nations, the different degrees of men ought to bear a certain proportion to each other, as to numbers, in order to render the whole a well-proportioned mixture. And this as due proportion is the result and natural consequence of the difference there is in the qualifications of man, and the vicissitudes that happen among them, so it is never better attained to, or preserv'd, than when nobody meddles with it. Hence, we may learn, how the short-sighted wisdom, of perhaps well-meaning people, may rob us of a felicity, that would flow spontaneously from the nature of every large society, if none were to divert or interrupt the stream. (Kaye p. cxl)

This means that if the government does not interfere with the workings of the open market, man, being naturally selfish, will interact with others to the advantage of society. “This advantage,” Mandeville explains, “is not the effect of premeditated effort, but is the automatic reaction of man in society.” (Kaye p. cxl) The physiocrats’ “rule of nature” was rationalized by Mandeville and then the theory was applied as the underlying reason for the rejection of government intervention.

The theory of laissez-faire had been formulated with such attention to detail that it remained virtually unchanged even when Adam Smith wrote it down in the Wealth of Nations in 1776. North was the first to begin a systematization of self-interest. He supports Mandeville’s paradox of private vices and public benefits when he formulated his theory of self-interest. A more important figure in the development of the theory of laissez-faire and self-interest was Hume. Hume discovered that over time people could change their society and they would always change for the better. By following their self-interest, he claimed, they could change their economy and strengthen it.
Hume’s and Mandeville’s theories both influenced Smith’s “harmony of interests” theory. Smith’s concept of the “invisible hand” in which everyone in his pursuit of riches will cause all of the needs of society to be supplied, is drawn heavily from Mandeville. Even some of Smith’s examples are taken straight from the Fable.

Another major concept, utilitarianism, is formed from Mandeville’s theories of luxury, self-interests and free trade. His paradox of private vices and public benefits provided a basis from which the utilitarian movement would grow. His theory that vice is actually beneficial to society causes those vices to actually become virtues and in so doing, he creates a contradiction—vices cannot be virtues. Throughout the poem and the accompanying remarks he shows that the vices of luxury, pride, and fraud are actually in the best interests of society. By attacking the accepted morals of the day, he makes the people re-evaluate their beliefs of good and bad.

In addition to the paradox, Mandeville forces his readers to accept a utilitarian position through his theory of moral nihilism. Mandeville tries to prove to the reader that morals cannot be universal—that no rule or form of conduct can be applied in all situations. Mandeville explains in the *Search into the Nature of Society*, “in morals, there is no greater certainty.” (Kaye p. 330)

By combining these two concepts, Mandeville received a great deal of criticism. But the extent of the criticism reveals that people were actually thinking about the paradox and its implications—which was exactly what Mandeville had wanted.

Mandeville’s development of utilitarianism was very important to the future of the utilitarianism movement. Hume saw that the good of society was only obtained if the idea of policy benefited the economy at that time. His interpretation of Mandeville supported the utilitarian theory that there are no “constant morals.” Bentham, an important utilitarian, hypothesized that the individual exists in society only so that the greatest benefits to society are obtained. In other words, the individual exists only for the good of the nation. The implication of this is that the individual’s benefit is secondary to the benefit of the country. But Bentham interprets this theory differently than his predecessors. Bentham feels the concept of utilitarianism (while very similar to Mandeville’s) justifies government intervention
because of a lack of harmony of interests. The government should interfere to provide equity by harmonizing the interests of the individual and the nation. Mandeville's utilitarian theory was also defended by Godwin and later by Mill. Mandeville's final contribution to economic theory was his concept of the division of labor. William Petty was probably the first economist to conceptualize a division of labor. He theorized that certain countries, and therefore certain people, have a comparative advantage in production. This advantage results from the country having better resources, better production methods, or having certain skills which make production more efficient.

Mandeville's theory of the division of labor is firmly rooted in Petty's idea of comparative advantage. In Remark P he explains that many people, from the farmer, spinner, weaver, to the seamstress are employed in the production of even simple products such as cloth, "and yet what a number of people, how many different trades, and what a variety of skill and tools must be employed to have the most ordinary Yorkshire cloth." (Harth p. 169) Mandeville's true contribution to the theory came a few years later when he wrote in the Search into the Nature of Society, "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 labor performed, which the skill of man is capable of inventing... and it is folly to imagine that great and wealthy nations can subsist and be at once powerful and polite without." (Kaye p. 355-356) Mandeville is arguing that in order for a country to be competitive, it must make use of all of the specialization that is inherent in the country. When each person contributes what he does best, the product is more uniform and the costs of production are reduced since efficiency has increased.

Adam Smith is usually credited with the development of the division of labor theory. But Smith is deeply indebted to Mandeville. We know that Smith was familiar with Mandeville's work because a major portion of the Theory of Moral Sentiments was devoted to analyzing the Fable. In fact, Smith's famous example of the division of labor in the production of the coat is almost exactly the same as the examples in Remark P and in the Search into the Nature of Society.
Dugald Steward, in his *Collected Works*, gives the credit for Smith’s “division of labor” theory to Mandeville whom he felt had developed the theory nearly 70 years earlier.3 After examining Mandeville’s theories of luxury, free trade, laissez-faire, division of labor, and utilitarianism, we begin to realize the significance of his theories and ideas. Mandeville wrote during a period of rapid economic expansion which had made the current economic theories inadequate. He synthesized the current economic theories and supplemented them with the ideas that he derived from observations of the economy. His theories bridged the gap between the protectionistic policies of the mercantilists in the 1500 and 1600’s, and the classical school of economic thought which started with Adam Smith’s *Wealth of Nations* in 1776. The ideas, however, did more than bridge the gap. They contributed to the economic theories of Adam Smith whose theories became the basis of many economists’ theories and ultimately became the basis for our current economic thought.

Since the “bees” are still present in society today, (our capitalistic economy is full of the vices described in the Fable) we might do well by following some of Mandeville’s ideas and policies even though they were formulated nearly 300 years ago.
ENDNOTES


BIBLIOGRAPHY