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## Unintended Consequences – Chosen Aspects: Adam Smith vs Bernard Mandeville\*

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The philosophers of the Scottish Enlightenment have frequently included social phenomena and the problem of emergence of institutions in the scope of their philosophical interests. However, the idea of unintended consequences that keeps appearing in their considerations was not their invention; it was also present in the thought of their predecessors.

In the following paper, I will focus on the chosen aspects of the role of unintended consequences in Adam Smith's considerations, including one of the best known notions connected to that issue in context of Smith's thought: the invisible hand that is strongly associated with Smith's philosophy and economy. However, I believe that in Smith's philosophical considerations the idea of unintended consequences does not limit to those few instances where he mentions the invisible hand. As Craig Smith has noted in his paper, "Regardless of whether you think the metaphor of the invisible hand is appropriate, it is clear that the phenomenon of unintended order lies at the heart of Smith's thought and is characteristic of the social thought of almost all of his contemporaries".<sup>1</sup> I would like to treat this remark as a starting point. It needs to be mentioned that Adam Smith, like many fellow Scottish philosophers, was aware that human reasoning and the capability of planning ahead has

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<sup>1</sup> C. Smith, "The Scottish Enlightenment. Unintended Consequences and the Science of Man". *The Journal of Scottish Philosophy* 2009, vol. 7 (1), p. 10.

its limitations, the outcomes of people's actions can be surprising and the way in which we construct social institutions is far from conscious planning, but is rather an effect of individual's decisions that interact.<sup>2</sup>

Since presenting the influence of Smith's predecessors on his way of understanding of unintended consequences would be a task that goes far beyond the topic of this paper, I have chosen a much narrower field: apart from analyzing chosen aspects of the role of unintended consequences in Smith's philosophy, I intend to point out some similarities and discrepancies between Adam Smith's (1723–1790) and Bernard Mandeville's (1670–1733) views on that matter. Both of the above mentioned philosophers noticed the role of unexpected outcomes of human actions, especially in the long-term perspective.

Unintended consequences play an important role in the thought of numerous thinkers of the Scottish Enlightenment; "The Scots' understanding of the complexity of social life pays central attention to the idea that the interaction of individuals pursuing disparate ends produces social level consequences that formed no part of their intentions".<sup>3</sup> Philosophical considerations concerning the society and regarding human beings as social creatures are quite characteristic features of the thought of philosophers such as Ferguson, Hutcheson, Hume or Smith.<sup>4</sup> They have studied the issues of moral philosophy, social philosophy, and the creation of institutions while being aware that explanatory powers of human reasoning and ability to foresee the consequences are limited. Such

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<sup>2</sup> All these convictions are characteristic for the theories of spontaneous order: they assume that institutions are not results of rational planning and actions aiming directly at creating them, but rather an effect of collective outcomes of individuals acting basing on their own convictions. Institutions that emerge in such a way affect people who are involved in them and evolve. Social world is regarded as a complex phenomenon that cannot be fully controlled by people whose ability to reason is limited, therefore they need to be basing on local knowledge. Such elements can be found in the view of spontaneous order presented by e.g. Friedrich August von Hayek (compare to e.g.: N. Barry, "Z tradycji teorii ładu samorzutnego". In *Filozofia wolnego rynku*. Kraków: Wydawnictwo Znak, 1994, p. 39; M. Kuniński, "Wstęp. Z chaosu ładu. O samorzutnym powstawaniu porządku społecznego". In *Filozofia wolnego rynku*, op. cit., pp. 4–11. The notion of invisible hand as well as the idea of unintended consequences present in Adam Smith's philosophy contributed to the development of spontaneous order theories, as well to creation of the "hidden-hand explanations" and "invisible hand explanations" (N. Barry, "Z tradycji teorii ładu samorzutnego", op. cit., p. 20; D.L. Hull, "What's wrong with Invisible-Hand Explanations?". *Philosophy of Science* 1997, Vol. 64; R. Nozick, "Invisible-Hand Explanations". *The American Economic Review* 1994, Vol. 84 (2); E. Ullmann-Margalit, "Invisible-Hand Explanations". *Synthese* 1978, Vol. 39 (2).

<sup>3</sup> C. Smith, "The Scottish Enlightenment. Unintended Consequences and the Science of Man. *The Journal of Scottish Philosophy* 2009, vol. 7 (1), p. 11.

<sup>4</sup> Ch.J. Berry, *Social Theory of the Scottish Enlightenment*. Edinburgh: Edinburgh University Press, 1997, pp. 40–48.

an approach can be found obviously in the thought of philosophers who preceded Scottish philosophers of the eighteenth century. While looking for their inspirations, one cannot miss the fact that “Mandeville [...] looms large in the background of the Scottish Enlightenment with many of the leading thinkers following Hutcheson in attacking his ‘splentic’ system [...] However, the refusal to accept Mandeville’s account of vice and virtue is combined, in the case of Hume, Smith, and Ferguson, with a realisation that his depiction of social interaction was in many respects accurate”.<sup>5</sup> Their criticism of the potentially dangerous consequences of moral considerations present in Mandeville’s *Fable of the Bees* has not excluded the influence on the theories of these very thinkers, including the idea of the division of labour and the role of unintended consequences.

Doubtlessly, Adam Smith was familiar with Mandeville’s works: he criticized his thought in the *Theory of Moral Sentiments*. He perceived Mandeville’s points as pure sophistry and suggested that Mandeville’s main mistake was to regard all the passions as morally wrong. This was due to this philosopher’s rigid approach towards morality – he proposed a very strict understanding of what can be regarded as moral, though he neglected to propose a proper definition of vice itself. However, it can be noticed that Mandeville treated as vice or an egoistic action anything that was not purely disinterested. What is more, everything that was reaching beyond the most basic human needs, Mandeville concerned to be rather a luxury. According to Smith, the author of the *Fable of the Bees* aims to prove that without vice the society would not be able to develop and that there is no real virtue: every instance that seems to be virtuous is, in fact, a trickery. I believe that the critique of Mandeville’s ideas in the *Theory of Moral Sentiments* cannot be regarded as fully objective. The author himself uses some extent of sophistry to underline the weaknesses of the opponent. At the same time, he notices that “Such is the system of Dr. Mandeville. which once made so much noise in the world, and which, though, perhaps, it never gave occasion to more vice than what would have been without it, at least taught that vice, 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 [...] how destructive so ever this system may appear, it could never have imposed upon so great a number of persons, nor have occasioned so general an alarm among those who are the friends of better principles, had it not in some respects ordered upon the truth”.<sup>6</sup>

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<sup>5</sup> C. Smith, *The Scottish Enlightenment*, op. cit., p. 11.

<sup>6</sup> A. Smith, *The Theory of Moral Sentiments*. Indianapolis: Liberty Fund, 1982, p. 313.

The subtitle of Bernard Mandeville's well-known *Fable of the Bees: private vices, public benefits*<sup>7</sup> might itself be the best known illustration of the author noticing the crucial role of the unintended consequences. I will not be summarizing the theory presented in the book at full length, as it is quite known among the scholars. I will only point out that unexpected outcomes of human actions and the opinion that states' economy is developing thanks to the needs of imperfect people is present as early as in *The Grumbling Hive* – the short poem written in 1705 that became the first part of the *Fable...* The author later defended that view in his other texts included in the *Fable of the Bees*, as well in the comments as in the dialogues. At the same time, he was criticizing the idea that human beings are by nature benevolent, e.g. he argued for his views by putting to an extreme the consequences of the Social System as presented by A. A. C. Shaftersbury and suggesting that most of the critics are, in fact, unfamiliar with the *Fable...*<sup>8</sup>

According to Mandeville, a society that would live in a strictly virtuous way would not prosper, as these are the love of luxury and the want to fulfil individuals' egoistic needs – the way Mandeville understood them (we need to mind that, for Mandeville, actions coming from egoistic, natural impulses do not have a moral character) – in fact are an important factor in the progress of societies. He describes the stagnation of a society where nobody pursues any goods that would reach beyond the most basic needs, yet "In arguing his thesis of 'Private Vices Public Benefits', Mandeville does not adopt a utilitarian criterion for the content of virtuous behaviour on the part of the individual. His ethic are not only rigoristic, but also ascetic".<sup>9</sup> Such a rigid approach results in assuming very limited needs of the members of a virtuous society, which would decrease production and trade, at the same time affecting employment. In societies whose members do not live such a virtuous life, usually each person acts intentionally to ameliorate his or her own condition or gain more and more praise. The unintended result is, in fact, the rapid growth of state's economy due to the production of goods – including the luxury ones – and the need of having people working in production, trade, and services as well as cooperating in diverse areas. Yet, that does not mean Mandeville praises total anarchy: already in the *Grumbling Hive*, he underlines the importance of institutions and regulations that make it pos-

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<sup>7</sup> B. Mandeville, *The Fable of the Bees or Private Vices, Publick Benefits*. Indianapolis: Liberty Fund, 1988, vol. 1, p. 1.

<sup>8</sup> B. Mandeville, *The Fable of the Bees*, op. cit.: *First Dialogue*, vol. 2, pp. 29–61; *Remark T*, vol. 1, pp. 225–237.

<sup>9</sup> J.C. Maxwell, "Ethics and Politics in Mandeville". *Philosophy* 1951, Vol. 26 (98), p. 243.

sible to turn peoples' vices into societies' benefits, as he states himself in *The Moral*:

„So Vice is beneficial found,  
When it's by Justice lopt and bound;  
Nay, where the People would be great,  
As necessary to the State...“.<sup>10</sup>

According to Friedrich August von Hayek Bernard Mandeville has not limited himself to stating that people's vices can be useful for the society. Hayek regards Mandeville's theory as one expressions of the spontaneous growth theories.<sup>11</sup> Individual wants and actions, though may not aim at the good of the whole, serve the ends of the society through widely understood institutions. Moreover, Mandeville's "general thesis is that the development of social institutions and the growth of knowledge in the arts and sciences have been the result of a very gradual process, and that this improvement has occurred almost entirely without benefit of planning and design".<sup>12</sup> Yet, it needs to be said that Mandeville also states that good deeds may have negative unintended consequences: for example, out of pity, a judge may give an unjust sentence. The author of the *Fable of the Bees* notices that the consequences of actions we undertake can frequently differ from what was assumed when planning and criticized the ultimate belief in the power of a human mind. It is based on the way he perceived human beings: as imperfect and far from being omnipotent and omniscient, "He clearly prided himself on this understanding of human nature more than on anything else. That we do not know why we do what we do, and that the consequences of our decisions are often very different from what we imagine them to be, are the two foundations of that satire on the conceits of a rationalist age which was his initial aim".<sup>13</sup> The *Grumbling Hive* is deeply involved in such a way of thinking.

It needs to be underlined that one of the greatest Mandeville's contributions is his work on the idea of the division of labour. He considered it to be a crucial aspect of the development of societies. The greater the needs, the more intense the economic exchange and production, and, in consequence, the higher employment and faster economic growth of the society. Ascetic lifestyle would lead to limitation of the production and

<sup>10</sup> B. Mandeville, *Fable of the Bees*, op. cit., vol. 1, p. 37.

<sup>11</sup> A.F. von Hayek, *New Studies in Philosophy, Politics, Economics and the history of Ideas*. Chicago: The University of Chicago Press, 1978, pp. 252–253.

<sup>12</sup> A.F. Chalk, "Mandeville's Fable of the Bees: A Reappraisal". *Southern Economic Journal* 1966, Vol. 33 (1), p. 3.

<sup>13</sup> A.F. von Hayek, *New Studies in Philosophy, Politics, Economics and the history of Ideas*, op. cit., p. 250.

exchange, smaller interdependence of people and limitation of growth. The key role is played by the wealthy who employ others and, moreover, frequently being vain, feel the need to be praised and admired, so they tend to fund charitable enterprises in order to look good in the eyes of others and this way feel better, at the same time serving the society. Bernard Mandeville also notices another outcome of the division of labour: cooperation of people who are not directly linked: producing an item may require mutual effort of people from all over the world. This was also one of the ideas that clearly inspired Adam Smith.<sup>14</sup> Yet, Mandeville does not leave everything to spontaneous processes. He believes in the need of institutions and provides an account of the government's responsibilities;<sup>15</sup> his economy is also a hybrid of liberalism and mercantilism.<sup>16</sup>

Adam Smith in *An Inquiry into the Nature and Causes of the Wealth of Nations* also clearly suggests that free-market economy favours economical growth, especially that, in his opinion, no legislator, no *man of system* as he calls him,<sup>17</sup> is able to have enough knowledge to make decisions concerning each and every activity, whereas individuals acting on local market may have a much better local knowledge on what is needed and what can be sold with profit. Despite that fact, he mentions that it is not possible to have a full freedom of trade<sup>18</sup> and is clearly in favour of governmental interventions in certain areas. Legal boundaries and a certain level of control aims to protect people from the greatest dangers and to create equal conditions and certainty of the rules.

While describing why individuals strive to achieve success, Smith notices that it is natural for us to care about ourselves and the well-being of our families (whereas he condemns greed), we wish to have a comfortable life and to be praised. Wealth is also one of the keys to social respect and power. Though all of those are extensively described in the *Theory of Moral Sentiments*, they also are a basis for the vision of a human being assumed in the *Wealth of Nations*. So, similarly to Mandeville (though not identically), according to Smith, people act to ameliorate their situation, thus promoting economic growth. In this context, frequently the invisible hand is mentioned in literature, as this idea seems to be treated as characteristic for Adam Smith's thought. In his philosophy, unintended consequences play a substantial role; however, he does not limit himself to describing the deeds motivated by self-interest that have positive out-

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<sup>14</sup> *Ibidem*, p. 258.

<sup>15</sup> A.F. Chalk, *Mandeville's Fable of the Bees*, op. cit., pp. 9–11.

<sup>16</sup> *Ibidem*, p. 16.

<sup>17</sup> A. Smith, *The Theory of Moral Sentiments*, op. cit., pp. 233–234.

<sup>18</sup> A. Smith, *An Inquiry into the Nature and Causes of Wealth of Nations*. Indianapolis: Liberty Fund, 1981, vol. I, p. 471.

comes. Just as Mandeville, he notices that good intentions may result in negative consequences. He also mentions a wide range of motivations that a person may have. The philosopher is also aware of the limitations of a human mind that is usually unable to foresee with any acceptable level of certainty the long-term consequences of given actions, especially that numerous individuals interact in a complicated environment that is also undergoing changes and outcomes of such interactions influence the results.

When discussing the notion of the invisible hand, it needs to be reminded that Adam Smith used the term only three times in all of his writings: for the first time it has appeared in *The Principles which lead and direct Philosophical Enquiries; illustrated by the History of Astronomy*,<sup>19</sup> referring to irregularities and phenomena in nature that are out of the ordinary that frequently were attributed to the gods' interventions. In the paper, I will not be discussing its interpretation and possible differences in comparison to the other instances of the invisible hand in Smith's works.

The second and third usages of the notion of the invisible hand are to be found, accordingly, in *The Theory of Moral Sentiments*<sup>20</sup> and *An Inquiry into the Nature and Causes of the Wealth of Nations*.<sup>21</sup> In the *Theory of Moral Sentiments*, Adam Smith provides an argument that might resemble Mandeville's: the wealthy act egoistically, willing to live a comfortable life, choosing things that seem to be the best and the most pleasant. However, it would be impossible for them to consume everything. Moreover, craving for luxury goods and fulfilling their needs, the wealthy create workplaces. This, though without any intention of the wealthy who usually are simply motivated by their self-interest, benefits the whole society and increases the economic growth. At the same time, it requires cooperation and development of trade. As D. D. Raphael has phrased it, "...in the *Moral Sentiments* passage the unintended consequence is the distribution of means to happiness".<sup>22</sup>

In the *Wealth of Nations* the philosopher states that people tend to invest in a way that seems for them to be the most profitable. They seek their own gain; however, unwillingly, their enterprises may contribute to the well-being of the society more than actions of people who actually intend to do something good and charitable for the others. It is quite a clear example of unintended consequences of individuals' deeds. In

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<sup>19</sup> A. Smith, "The Principles which lead and direct Philosophical Enquiries; illustrated by the History of Astronomy". In Adam Smith, *Essays on Philosophical Subjects*. Indianapolis: Liberty Fund, 1982, pp. 49–50.

<sup>20</sup> A. Smith, *The Theory of Moral Sentiments*, op. cit., p. 184.

<sup>21</sup> A. Smith, *An Inquiry into the Nature and Causes of Wealth of Nations*, op. cit., vol. I, p. 471.

<sup>22</sup> D.D. Raphael, *The Impartial Spectator. Adam Smith's Moral Philosophy*. Oxford: Clarendon Press, 2009, p. 90.

this case, positive outcomes for the society can be reached, though actors are, in fact, motivated mostly by the perspective of gain.

Yet, it needs to be underlined, that Adam Smith does not state that the self-interested actions will always bring more good than the charitable deeds. What is more, the Scottish philosopher was quite critical when it comes to the affluent and basing social respect on the wealth – and his attitude became more and more critical with subsequent editions of the *Theory of Moral Sentiments*. Smith, unlike Mandeville, thinks that a fair pay is a very important factor and that the government should focus not on limiting the earnings of the poor (which was postulated by the author of the *Fable of the Bees*), but on protecting the weaker and on trying to provide the poor with opportunities (e.g. he has written very favourably of providing education for every child, as benefiting not only the children, but also the state). One of his arguments was that the progress makes the poor better off and considered it to be a very positive unintended outcome of actions of the wealthy.

The invisible hand, though the notion was used so little by Smith himself, can be understood in a wide variety of ways. The aim of this paper is neither to provide a thorough account of the philosophical background and history of the notion, nor to present a full catalogue of its interpretations. William Grampp has presented such an overview, providing a list of ten main understandings.<sup>23</sup> In my opinion, it would be possible to provide additional ones. Since numerous scholars have discussed and commented the importance, role, and meaning of the invisible hand and, moreover, the notion itself has been used, explained and sometimes misused; therefore, its full analysis would require an extensive study itself that would not only list the possible understandings, but also explain them, show their strengths and weaknesses, and place them within the framework of Smith's philosophy and modern debate. Due to that fact, I will limit myself to providing only a short summary of possible understandings, basing mostly on the catalogue of meanings prepared by Grampp in his very interesting paper, enriching it by additional interpretations that have not been included by the scholar.

First of the interpretations listed by Grampp are connected to the predominantly economical understanding of the term: the invisible hand is frequently understood simply as a price regulation mechanism. Some of the scholars identify it with the free competition or even perfect competition – the main flaw of such an understanding is the fact that, according to Smith, a perfect freedom of trade will never be applied. Yet, the invisible hand can also be understood as the benefits that come from the trade or even as the goals and ultimate causes of all the actions

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<sup>23</sup> W.D. Grampp, "What did Smith Mean by the Invisible Hand". *Journal of Political Economy* 2000, vol. 108 (3), pp. 444–450.

undertaken on the market. I believe that it can be noticed that all of these explanations focus on the working of the market, especially trade exchange whose outcomes tend to be beneficial for the society. It can also be seen as a coordinator of individual, independent, choices made on the market – explaining the unforeseen outcomes of particular decisions.

From the philosophical point of view, more substantial are the explanations that reach beyond the area of the trade exchange. For example, the invisible hand can be interpreted as the process of gaining knowledge and skills that can be useful in market activities. Another interesting interpretation is the perception of the invisible hand as the force that, at the end, contributes to the security of the nation. It can also be regarded as a metaphor of a social order where independent individuals serve the well-being of the whole society, making the coordination of cooperation possible. It is quite similar to an interpretation that is more Mandevillian in its spirit: owing to the invisible hand, people act in a way that would maximize their benefits, especially in the area of trade and production, while the outcome is a harmonious, developing society. Another interesting view is to consider the invisible hand as a name for the search of the optimal application of energy which, at the very end, benefits both the actor and the society.<sup>24</sup>

However, Grampp<sup>25</sup> points out the role of the circumstances, proposing to interpret the invisible hand as self-interested people who are acting to fulfil their own goals under given circumstances, allowing individual transactions to benefit the society; however, minding that the individual benefit may not be the same thing as the well-being of all, the general framework needs to be provided and protected by the government in order to benefit the group.

Jonathan B. Wight has shed a different light on the subject.<sup>26</sup> He proposes to understand the invisible hand as an instinct guiding human nature thanks to which the individuals pursue the goals of nature and, this way, their actions might, but do not have to, benefit the society, provided an institutional framework is secured.

Many more interpretations can be found: listing them here would not benefit the aim of this paper, though I would like to mention that some go beyond the main framework that can be noticed above. Some of the scholars interpret the invisible hand as Providence or the hand

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<sup>24</sup> J.R. Otteson, *Adam Smith*. New York, London: Bloomsbury, 2013, pp. 99–100.

<sup>25</sup> W.D. Grampp, “What did Smith Mean by the Invisible Hand”, op. cit., pp. 451, 460.

<sup>26</sup> J.B. Wight, “The Treatment of Smith’s Invisible Hand”. *The Journal of Economic Education* 2007, vol. 38 (3), pp. 341–349.

of God.<sup>27</sup> According to Emma Rothschild<sup>28</sup>, the notion of the invisible hand itself is not, in fact, important to Smith's philosophy – it is rather an "...ironic but useful joke".<sup>29</sup>

Most of these understandings refer to the market area, as did the two usages that can be found in Adam Smith's works. However, I believe that what is important in this analysis is the idea lying behind the invisible hand and not the notion itself. I consider it to be one of the instances of unintended consequences of the individual actions present in Smith's thought. It cannot be denied that sometimes, though not always, actions motivated by the want to reach the economic gain, benefit the whole society. Yet, it would be too much to say that we should pursue only our egoistic goals to achieve the well-being of the society – Adam Smith would not agree with such a view. Similarly to Mandeville's works, there can be noticed unintended consequences of the individuals' actions. Moreover, in Smith's thought, they sometimes benefit the society without the actors having such an intention – it is one of the examples of the fact that our individual decisions and deeds have unforeseen outcomes. I agree with Christopher Berry who states that "...though the phrase 'invisible hand' might be rare, the phenomenon it captures is not".<sup>30</sup> Yet, I would add that it would be more adequate to regard the notion of the invisible hand just as an example of unintended consequences present in Smith's philosophy than to identify the two notions.

While concerning the issue of unintended consequences in Adam Smith's philosophy, it needs to be remembered that Adam Smith regarded human beings as complex creatures who have numerous goals to achieve and are led to action by various emotions. He considers caring for one's own life and well-being as natural, but he also underlines the role of the need to be praised and, moreover, to be praiseworthy. Wishes to do something good for others or to distinguish oneself, as well as to avoid too much work or achieve financial success are only few of the reasons for which we may act. Smith never provided a full account of a human nature, what is more, in his philosophy, such an account cannot be provided.<sup>31</sup> Yet, it can be seen that he never regarded people as driven

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<sup>27</sup> P. Harrison, "Adam Smith and the History of the Invisible Hand". *Journal of the History of Ideas* 2011, vol. 72 (1), p. 45.

<sup>28</sup> E. Rothschild, "Adam Smith and the Invisible Hand". *The American Economic Review* 1994, vol. 84 (2), p. 319; E. Rothschild, *Economic Sentiments. Adam Smith, Condorcet, and the Enlightenment*. Cambridge: Harvard University Press, 2001, pp. 116–117, 136.

<sup>29</sup> E. Rothschild, "Adam Smith and the Invisible Hand", op. cit., p. 319.

<sup>30</sup> Ch.J. Berry, *Social Theory of the Scottish Enlightenment*, op. cit., p. 46

<sup>31</sup> P.B. Mehta, "Self-Interest and Other Interests". In K. Haakonssen (ed.), *The Cambridge Companion to Adam Smith*. New York: Cambridge University Press, 2006, pp. 247–248.

by just one motivator and has assumed certain features that are common to the people.<sup>32</sup> As these are the individuals who make decisions, acting and causing the unintended consequences, it is very important to notice that, due to the complexity of human motivations and behaviour, it is extremely difficult to foresee other peoples' behaviour and long-term results.

The presence of unintended consequences in Smith's writings does not limit itself to the sphere of economic exchange. In Adam Smith's philosophy, unintended consequences play also a crucial role in the process of modifying moral and social norms and institutions – the way in which I understand Smith's view on those issues assume that these changes are the outcomes of individual decisions. The author of the *Theory of Moral Sentiments* bases our ability to judge our own and other peoples' behaviour, as well as learning moral norms, on sympathy and imagination. Those faculties allow us to place ourselves in the shoes of another person and imagine how one should act in such a situation or how would we, if we were an observer, judge a given behaviour under certain circumstances. We learn from other members of the society what kinds of behaviour are acceptable, praised, or blamed.<sup>33</sup> We derive what kind of behaviour is proper, based on observations and reflections. In my opinion, individuals' decisions on how to act and how to judge the actions of others, and our own, are observed by others. This way, I believe, in a long term-perspective, our deeds and communicated assessments of given behaviours influence the existing social norms and practices, although it is not our intention to change the ethical rules while undertaking an action itself.

In my interpretation, also the changes undergone by fashion can be understood in terms of unintended consequences. Fashion,<sup>34</sup> according to the Scottish philosopher, does influence our opinions of what is beautiful and admired (though it is not the most important factor): however, I believe, in Smith's philosophy, the fashion itself is to some extent an effect of social processes. A question to what extent customs and moral

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<sup>32</sup> J.R. Otteson, *Adam Smith's Marketplace of Life*. Cambridge: Cambridge University Press, 2002, pp. 84–90; J.R. Otteson, *Adam Smith*. New York, London: Bloomsbury, 2013, pp. 93–96.

<sup>33</sup> Adam Smith's moral thought is a very complex issue. It would be impossible to provide a systematic account in such a short paper, there is an extensive literature of the subject available, e.g.: D.D. Raphael, *The Impartial Spectator*, op. cit.; Ch.L. Griswold, *Adam Smith and the Virtues of Enlightenment*. Cambridge: Cambridge University Press, 2012; T.D. Campbell, *Adam Smith's Science of Morals*. New York: Routledge, 2012 and many others.

<sup>34</sup> Smith's considerations concerning beauty and fashion can be predominantly found in Adam Smith, *The Theory of Moral Sentiments*. Indianapolis: Liberty Fund, 1982, pp. 194–200.

norms are the subjects of change and if they have any absolute basis is another issue in analyzing Smith's thought; definitely, the changes are not as fast and far-reaching as in case of fashion. Such a view can be contrasted with Maxwell's interpretation of Mandeville's ethics, according to whom morality is no more certain than fashion.<sup>35</sup>

According to Smith, what we consider to be fashionable changes: much faster than customs, practices, institutions, and norms. These are the extraordinary artists, the daring ones and the wealthy ones who tend to introduce new styles in fashion. The wealthy need to distinguish themselves from the rest of the society; therefore, they buy things that are out of ordinary and that are expensive. Yet, people who are not that prominent admire the wealthy and tend to mimic the way they dress, have similar furniture, gardens, and other goods, they admire the art that is loved by the affluent. When a given trend (to use a modern word) becomes too popular, the wealthy need to pursue something new and expensive in order to distinguish themselves and prove their social position. Their choices and behaviour, though unintentionally, influence not only the fashion and the society, but also the market, creating demand for certain goods.

Even in *The Principles which lead and direct Philosophical Enquiries; illustrated by the History of Astronomy* an example of unintended consequences in action can be found: according to Adam Smith, scientific theories are created to soothe their imagination, explain to what does not match the habitual experience and their origins can be found in a reaction to an impulse: surprise or other feelings<sup>36</sup>. The philosopher has not applied strictly the criterion of the truth as the one that distinguishes a good theory, he has rather mentioned simplicity, coherence, and ability to explain the processes. Though he praises Isaac Newton and underlines the role of his scientific discoveries, he never assumes that Newton's theory was showing the final truths. This way the individual's need to explain something unexplained and soothe the imagination again leads to a result positive for the whole society: scientific progress. Also language develops basing on human needs: the necessity to communicate. It evolves in interactions between the individuals who learn it in the society and communicate, introducing new words and, frequently unintentionally, changing grammatical structures. What is more, the existence of language is one of the conditions for sciences to develop.

Technical progress is not only an effect of the scientific discoveries. Adam Smith, unlike Bernard Mandeville, who opposed the idea of in-

<sup>35</sup> J.C. Maxwell, *Ethics and Politics in Mandeville*, op. cit., p. 245.

<sup>36</sup> A. Smith, "The Principles which lead and direct Philosophical Enquiries; illustrated by the History of Astronomy". In A. Smith, *Essays on Philosophical Subjects*, op. cit., pp. 34-43.

novations made by theoreticians<sup>37</sup>, notices that also the philosophers (or as we would call them today – scientists) are able to come up with innovations by theoretical thinking. However, two remarks need to be made here. Firstly, the fact that philosophers can devote themselves to theoretical work is also one of the outcomes of the division of labour and amelioration of the economy – an unintended outcome. Secondly, Smith's views on scientific theories emphasise the role of imagination, so innovations cannot be treated as sole outcomes of laziness and division of labour.

Yet, technical progress can be, to some extent, discussed as one of the unintended positive outcomes of the tendency to put as little effort as possible in order to achieve the goal and succeed as well as of the need to better off one's condition. It can be considered, both in Smith's as well as in Mandeville's thought, as one of the effects of the division of labour. As Smith notices, most of the innovative ameliorations of the machines come from the people who operate on them and, first of all, focus on doing just that one thing, and, moreover, try to find an easier way to perform the same work.<sup>38</sup>

Bernard Mandeville also discusses the question of the progress in knowledge; he, as Smith does, connects it to the division of labour, indicating that as a factor that facilitates discovery and transmits social knowledge. However, he focuses on the cumulative aspect of knowledge, underlining that innovations are made on the basis of the previous generations discoveries; here, the role of writing and education seems to be crucial in transmitting and preserving knowledge<sup>39</sup> (though, unlike Smith, Mandeville was against educating the poor).<sup>40</sup> He underlines the role of the functionality of the theories and notices that that progress in the areas of technology, or even language, starts at the point when one wants to meet the needs, "The natural condition of man in the world meant that he was forced to invent such things as clothes and houses. Fulfilling man's natural wants, however, did not soothe his needy condition because his wants and appetites are multiplied as his knowledge increases".<sup>41</sup> Scientific progress cannot be considered as the result of a rational plan, rather as something that co-evolved with other institutions and aspects of the society and the development of the society, knowl-

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<sup>37</sup> R. Prendergast, "Knowledge, innovation and emulation in the evolutionary thought of Bernard Mandeville". *Cambridge Journal of Economics* 2014 (38), pp. 95–96.

<sup>38</sup> A. Smith, *An Inquiry into the Nature and Causes of Wealth of Nations*, op. cit., vol. I, pp. 19–20.

<sup>39</sup> R. Prendergast, "Knowledge, innovation and emulation in the evolutionary thought of Bernard Mandeville", op. cit., pp. 92, 100.

<sup>40</sup> A.F. Chalk, "Mandeville's Fable of the Bees", op. cit., p. 13.

<sup>41</sup> R. Prendergast, "Knowledge, innovation and emulation in the evolutionary thought of Bernard Mandeville", op. cit., p. 98.

edge, and art is regarded by Mandeville as a result of a gradual, unplanned process.<sup>42</sup>

To conclude, I would like to underline that, in my opinion, the idea of unintended consequences plays a vital role in both Smith's and Mandeville's works. However, it needs to be noticed that the authors vary in their views and cannot be treated as stating the very same thing. They both noticed the role of the division of labour, unexpected actions' outcomes and the fact that they may result in innovations and improvements. Mandeville's *Grumbling Hive* can serve as a skilful illustration of such a way of thinking.

However, the invisible hand is frequently mentioned when it comes to Adam Smith's thought. I agree with Emma Rothschild that the notion itself is not that important when it comes to analyzing Adam Smith's philosophy. I believe that what is important is to notice that it can serve as one of the examples for general outcomes of individual decisions that may have unexpected results in evolutionary processes. Adam Smith's philosophy, however complex it is, keeps basing on the idea of unintended consequences, frequently where the philosopher does not state that directly. Obviously, it needs to be remembered, that there is also the other, very important, side of this process, i.e. it is the whole that influences the individual (yet in this case it is difficult to talk about intentions or lack of them and to treat the society as a kind of the independent being that reaches beyond the collective of individuals).

Unintended consequences can be traced in various aspects of Smith's and Mandeville's philosophy. They can also serve as an excuse to compare the philosophers' views. Focusing on those aspects allows noticing that Adam Smith's thought was, in fact, influenced by the ideas present already in Mandeville; yet, even when it comes to analyzing only that aspect of their writings – numerous differences are to be seen, underlining the originality of both of the philosophers.

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<sup>42</sup> A.F. Chalk, "Mandeville's Fable of the Bees: A Reappraisal". *Southern Economic Journal* 1966, vol. 33 (1), p.3; R. Prendergast, "Knowledge, innovation and emulation in the evolutionary thought of Bernard Mandeville", op. cit., p. 103.

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## Summary

### Unintended Consequences – Chosen Aspects: Adam Smith vs Bernard Mandeville

The paper focuses on the chosen aspects of the role of unintended consequences in Adam Smith's thought, including the issue of the invisible hand. However, without limiting his philosophical considerations the idea of unintended consequences the few instances where he mentions the invisible hand. Individuals when making decisions and undertaking actions are causing the unintended consequences, therefore due to the complexity of human motivations and behaviour it is extremely difficult to foresee other peoples' behaviour and long-term results. This way unintended consequences play a crucial role in the process of modifying moral and social norms and institutions, in market exchange and development of the societies. Moreover some similarities and discrepancies between Adam Smith's and Bernard Mandeville's views on unintended consequences are pointed out. Mandeville notices that the consequences of actions we undertake can frequently differ from what was assumed when planning and criticized the ultimate belief in the power of a human mind.

## Keywords

Adam Smith, Bernard Mandeville, unintended consequences, invisible hand