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John Law: A Murderer Becomes the World's Richest Man

Beginnings

Dutch finance inspired John Law (1671-1729), a most improbable economist. After wasting his youth as a dandy and an impecunious gambler, Law was sentenced to hang as a convicted murderer. Within a short period, he reinvented himself as a financier, taking on the responsibility for running the economy of France, as well as much of what later became the Continental United States. In the process, he earned the reputation as richest private individual in the world. Eventually, he ended in disgrace, accused of ruining the entire French economy. In the process, Law became one of the great pioneers in economics.

Law's story begins in Scotland. Like Ireland, Scotland was an imperial backwater. Just as Holland's success discouraged serious thinking about economics, Scotland's inadequacies helped to prepare the country to become the virtual cradle of economics. Many people attribute the beginning of economics to Adam Smith, a son of Scotland, but economic writing was widespread beforehand. For example, the unfairly neglected Sir James Steuart, who had attended the same, small Burgh School, where Smith studied only a few years earlier, wrote the first comprehensive book on economics in 1767. In many ways,

Steuart's work was far deeper than Smith's Wealth of Nations, which appeared nine years later (Perelman 2000, Chapter 7).

Law's emphasis on money and banking fell outside of the main line of the later-dominant Scottish school of economic thought, but it still was of very high quality. One might not have expected such a performance from this unpromising playboy, who quickly ran through his inheritance. By 1693, at the age of 21 or 22, Law had put himself so deeply in debt that he had to sell his inheritance -- the Lauriston estate, which was held in trust for him. Rather than let the property pass outside of the family, his mother purchased it (Murphy 1997, p. 20). Not much else is known about his youth, except that a later source, a century after Law's troubles, reported hearing that Law had been an excellent tennis player (Murphy 1997, p. 17).

Other aspects of Law's life served him better as an economic theorist. Law was the son of a family of goldsmiths, at a time when goldsmiths were commonly morphing into bankers. After all, goldsmiths had to have both a secure place for storing wealth and a certain degree of financial acumen. Law had still another advantage in life. As a young student, despite his failure as a gambler, he was skilled in mathematics. He later turned his mastery of the subject toward a practical end, studying the new science of probability based on mathematicians' analysis of games of chance -- perhaps learned during his time in Holland. This new-found skill allowed him to prosper as a gambler, better able to calculate odds than his rivals.

Even earlier, Thomas Neale may have also helped Law understand the intricacies of money and finance (Carswell 1960, p. 7). Many of Neale's activities foreshadow the future course of Law's career. Neale held the position of Groom Porter for the King, a position that gave him authority to license, as well as the right to suppress gambling activities. He organized the first state lottery, intended to help the King reduce the national debt. He also had written a proposal for a land bank and was listed as having a 3000-pound subscription for another land bank.

Finally, Neale was a corrupt and inattentive Master of the Mint, where he clashed with Isaac Newton who worked under Neale, until Newton finally replaced him.

Murder Mysteries

In contrast to Law's inauspicious beginnings, another young man, Edward Beau Wilson, was the talk of the town. Although Wilson came from modest means, his extravagant lifestyle was a matter of immense curiosity. For example, William Petty's friend, John Evelyn recorded in his diary on 22 April 1694:

> A very young Gentleman named Wilson, the younger, son of one that had not above 200 pounds per Annum: lived in the Garb & Equipage of the richest Noble man in the nation for House, Furniture, Coaches & 6 horses, & other saddle horses; Table & all things accordingly .... But the Mysterie is, how this so young gentleman, a sober young person, & very inoffensive, & of good fame, did so live in so extraordinary Equipage; it not being discovered by any possible industry, by any his most intimate Friends, no, thothey had endeavoured to make him reveal it being in drink: But they could never find it out: It did not appear he either was kept by Women or Play, or Coyning, Padding; or that he had any dealing in Chymistry. But that he would sometimes say, that if he should live to never so greate an age, he had wherewith to maintain it in the same affluence. He was very young, Civil, well natured, of no greate force in Understanding, but very Indifferent parts: All which was subject of much discourse and admiration. [Evelyn 1955, p. 175]

To this day, the mystery of Wilson's finances is a matter of debate and speculation. What we do know is that on 9 April 1695, only a few days before Evelyn's diary entry, Law killed Wilson. After a three day hearing, Law was sentenced to death along with four counterfeiters, who,

had they survived their punishment, might have appreciated Law's later controversial foray into managing the French currency (Murphy 1997, p. 29).

Because the prosecution's explanation for the murder is so unconvincing, Law's motive remains the subject of debate and still more speculation. Supposedly Wilson's sister moved into the same lodgings as Law and his mistress, Mrs. Lawrence. Miss Wilson took offense at Law's immoral behavior, first complaining to the landlady and then moving elsewhere. This dispute somehow led to Law sending angry letters to Mr. Wilson and then finally to the murder (Gleeson 1999, p. 51). At no other time in his life does Law seem to have been greatly concerned about the appearance of propriety. For example, in later years, his longtime "wife" was commonly known to be married to another man.

In contrast to the vague information presented by the prosecution, three more detailed accounts appeared later. None of these three accounts can be assumed to be reliable; each seems to have its own agenda. The first appeared in The Unknown Lady's Pacquet of Letters Taken from her by a French Privateer in her Passage to Holland, published in 1707, more than a decade after the event. The material regarding the murder was appended at the end of a translation of a largely fictitious version of Mme d'Aulnoy's Memoirs of the Court of England, although d'Aulnoy never lived in England (Carnell 2008, p. 154).

The editor of this collection of found letters, Mary Delariviere Manley (1663 or 1670-1724), once described as "The foremost woman of letters of Queen Anne's England" (Anderson 1936, p. 263), was a popular writer of scandal fictions. The conceit of Manley's story was that a pirate had stolen a packet of letters, which were supposed to have been only recently recovered and readied for publication. At the time, 'found manuscripts' or letters were a popular form of literature (Carnell 2008, p. 124). Manley's work combined fanciful material along with

what may possibly have been a thinly disguised inside knowledge (see Field 2003, pp. 20ff).

The purported author of the letters was a close associate of Elizabeth Villiers, widely accepted as the favorite lover of King William III and relative of the same George Villiers, who supplied the "unicorn horn" for the Royal Society. Based on her association with the King, Ms. Villiers wielded great power at court, even arranging dismissals of those who met with her disapproval (Anon. 1802). Famed British historian, Thomas Babington Macaulay, described that relationship:

> Elizabeth Villiers ... had, when a girl, inspired William with a passion which had caused much scandal and much unhappiness in the little Court of The Hague. Her influence over him she owed not to her personal charms, -- for it tasked all the art of Kneller to make her look tolerably on canvass -- not to those talents which peculiarly belong to her sex, -- for she did not excel in playful talk, and her letters are remarkably deficient in feminine ease and grace, -- but to powers of mind which qualified her to partake the cares and guide the counsels of statesmen. (Even after William broke off the affair) he still, in difficult conjunctures, frequently applied to Elizabeth Villiers for advice and assistance. [Macaulay 1848, iv, p. 434; see also ii, p. 133]

In 1697, sometime after William had ended their close relationship, William still granted Villiers more than 150,000 acres of confiscated Irish land (Simms 1986, p. 166). William's extensive land grants to Villiers and a few of his other favorite courtiers drew a furious Parliamentary response. The heated reaction to these land grants was harsh, to say the least. In 1699, Robert Price protested "the plunder and cheats that were committed" in Ireland. In particular, he singled out King William's grant of the estate of James II to his mistress as "an act not paralleled by any of his royal predecessors" (Hayton et al. 2002. I, p. 208). This transaction was notorious enough that more than a century

and a half later it merited a mention in Karl Marx's Capital in a discussion of the expropriation of land. Quoting from a collection of letters written to the Duke of Shrewsbury, a man whom Villiers supported for Secretary of State:

> The large grant of lands in Ireland to Lady Orkney (Villiers's title), in 1695, is a public instance of the king's affection, and the lady's influence .... Lady Orkney's endearing offices are supposed to have been -- foeda labiorum ministeria. [Marx 1977, p. 884 n. 12]

Marx's modern translator also provided a translation of the Latin: "Base services performed with the lips." Unfortunately, the published version of the Shrewsbury letters omitted this delightful description (Vernon 1841).

Parliament took advantage of this environment to humiliate the King, beginning with the appointment of a committee to inquire into the legitimacy of the grants and then forcing him to accept the Act of Resumption, which cancelled all his grants, with only a few exceptions (Simms 1986, p. 166). Parliament did not take issue with the legality of the prior confiscation of Irish land, but demanded that the land be sold in order to relieve their tax burden.

The Villiers family had a long history of supplying both male and female lovers to every one of the Stuart monarchs, beginning with James I, who signed his letters to George Villiers, Duke of Buckingham, as "thank you dad and husband" and addressed himself to Buckingham as "my sweet child and wife" (Norton 1992, p. 22).

Manley's story is that Villiers was also having a torrid affair with Wilson. Her favors were the source of Wilson's new-found affluence. Villiers went to great lengths to hide her identity from Wilson to prevent her relationship with the King from being compromised. Wilson went back on his promise to respect her wish to keep her identity secret. Fearful of being exposed, Villiers employed Law to dispatch Wilson

before the King found out about her duplicity.

No evidence suggests that Manley was particularly interested in accurate reportage. Instead, she had a knack for using lurid sexual themes to win a popular readership. She was fortunate in this regard. Considerable sexual material was at hand: "London was the Mecca of sexuality, offering every conceivable lubricious variety" (McLynn 1989, p. 99).

Manley's goals were political as much as commercial. She was a devoted Tory, siding with the landed interests against the rising business/financial interests. For example, her modern editor described her best-known fiction, The New Atlantis as a "Tory-motivated expose of the supposed secret lives of rich and powerful Whig peers and politicians of the reigns of the Stuart kings and queens from Charles II to Anne I (see Andreadis 2001, pp. 91-92).

In that book, she made suggestions about homosexual alliances "between King William III and his closest male advisors, William Bentinck, Earl of Portland, who was also Villiers' estranged brother-in-law, and Arnold Joost van Keppel, first Earl of Albemarle" (Carnell 2008, p. 155). These two favorites were, with Villiers, among the largest recipients of large Irish land grants: Albemarle 100,000 acres and Portland, 150,000 (Simms 1986, p. 166).

Manley's political novels brought her to the attention of Jonathan Swift:

> Winning [Jonathan] Swift's amused but real respect for her talents, Mrs. Manley became his understrapper in writing slyly effective Tory political pamphlets in which she turned to account the skill in plausible insinuation, acquired in years of practice in fabricating prose fiction. Succeeding Swift, she served for a time as editor of the Tory political organ [Anderson 1936, p. 277]

At the time, Law had become an obscure figure, but the murder story gave her an opportunity to discredit more important people. Few

people give any credit to the accuracy of Manley's account of the duel or the detailed descriptions of the passionate embraces of Villiers and Wilson.

Manley and the Villiers Family

Despite the overwrought sensationalism of Manley's found letters, they begin as if they were directly lifted from the previously cited entry in John Evelyn's diary and another book authored by a W. Gray (1721), who purported to be an associate of Law's; however, neither of these sources had yet been published by the time Manley's story appeared. This close correspondence suggests that Manley had a good ear for popular gossip.

Although Manley may have based her version of the murder on little more than popular gossip, she may actually have had an excellent opportunity to learn about the basis of her story first hand. In 1693-4, about the time of the murder, Barbara Villiers (1641-1709), cousin to both Elizabeth and George Villiers, the Second Duke of Buckingham, who supplied the "unicorn horn" for the Royal Society, then known as the Duchess of Cleveland, took on Manley as a retainer. Because the Duchess was an inveterate gambler -- often, for large stakes, once losing 40,000 over a two-night stretch -- she thought that the younger woman would bring her luck at cards (Uglow 2009. p. 454).

Manley and the Duchess had a falling out when the Duchess accused Manley of an indiscretion with her son. In Manley's The Remaining Part of the Unknown Lady's Pacquet, she painted an unfavorable portrait of the Duchess, without going to great lengths to disguise her identity (Carnell 2008, p. 156).

Barbara was the mistress to Charles II. She was notorious for the way that she would browbeat the King and humiliate the Queen. A contemporary, Bishop Gilbert Burnet, described her effect on the King:

> One of the race of the Villers, ... the duchess of Cleveland, was his first and longest mistress, by whom he had five children. She was a woman of great beauty, but most enormously vicious and ravenous; foolish but imperious, very uneasy to the king, and always carrying on intrigues with other men, while yet she pretended she was jealous of him. His passion for her, and her strange behaviour towards him, did so disorder him, that often he was not master of himself, nor capable of minding business, which, in so critical a time, required great application: but he did then so entirely trust the earl of Clarendon, that he left all to his care, and submitted to his advices as to so many oracles. [Burnet 1823, p. 160]

In a diary entry for 1 March 1671, Petty's close friend John Evelyn described Barbara Villiers as "lady of pleasure, and curse of our nation" (Evelyn 1955, iii, p. 573).

Given that all three of the Villierses -- Buckingham and the two mistresses -- were masters at court intrigue, one might suspect that the Duchess might have provided some tidbits of information, as well as gossip, which might have inspired the letters, even if much of the factual content of her publication was suspect.

Only five years after Manley's account of the murder appeared, Manley may have had a first-hand opportunity to learn about the murder because the same Elizabeth Villiers, whom she accused, became a neighbor of Swift's. In his Letters to Stella, Swift wrote fondly about Villiers, then known by her now titled name:

> Lady Orkney, -- the late King's mistress (who lives at a fine place, five miles from hence, called Cliffden), and I, are grown mighty acquaintance. She is the wisest woman I ever saw; and Lord Treasurer made great use of her advice in the late change of affairs. [Swift 1948, p. 557]

Swift was not alone in taking cruel delight in the less than elegant appearance of the King's former mistress. Lady Mary Wortley Montagu

wrote about Villiers's appearance at the coronation of King George II in 1727:

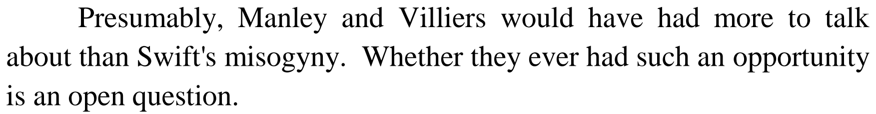
> But she that drew the greatest number of eyes, was indisputably Lady Orkney. She exposed behind a mixture of fat and wrinkles; and before, a very considerable protuberance which preceded her. Add to this the inimitable roll of her eyes, and her grey hair and 'tis impossible to imagine a more delightful spectacle. She had embellished all this with considerable magnificence, which made her look as big again as usual; and I should have thought her one of the largest things of God's making. [Montagu 1965-1967, ii, pp. 84-85]

As might be expected in light of Swift's description of Anne Petty, Swift mixed his complementary impressions of women with a nasty swipe at their appearance.

> Lady Orkney is making me a writing-table of her own contrivance, and a bed-nightgown. She is perfectly kind, like a mother. I think the devil was in it the other day, that I should talk to her of an ugly squinting cousin of hers, and the poor lady herself, you know, squints like a dragon. The other day we had a long discourse with her about love; and she told us a saying of her sister Fitz-Hardinge, which I thought excellent, that in men, desire begets love, and in women, love begets desire. [Swift 1948, pp. 569-70]

Swift also subjected Manley to a similar treatment:

> Poor Mrs. Manley, the author, is very ill of a dropsy and sore leg; the printer tells me he is afraid she cannot live long. I am heartily sorry for her; she has very generous principles for one of her sort; and a great deal of good sense and invention: she is about forty, very homely, and very fat. [Swift 1948, p. 311]



Presumably, Manley and Villiers would have had more to talk about than Swift's misogyny. Whether they ever had such an opportunity is an open question.

Blackmail

On the face of it, a second telling of the duel found in a very short biography of Law requires even less credulity than the unreliable Manley. According to this account, written after Law's efforts at running the French economy had fallen apart, the young John Law, having lost considerable money at dice, wanted to repair his finances by extorting money from Wilson. Law planned to create a dispute, which could give him an excuse to challenge Wilson to a duel. Wilson, who had proven himself to be an unwilling soldier, would be expected to desire to wriggle out of the challenge, perhaps knowing that Law had some expertise in fencing. Law colluded with a friend of Wilson's who had agreed to suggest that the latter could avoid the duel by giving Law some money. Wilson, however, realized that if Law's plan worked, others would be sure to similarly extort him. Seemingly having no choice, Wilson engaged in a duel that cost him his life.

The author, W. Gray (no first name given, although identified as a Scottish Gentleman on the cover page), claimed to have known Law in Scotland before Wilson's death, then worked for him in Paris, and was finally sent by Law to Mississippi (Gray 1721). Gray's explanation for the murder was not particularly conspiratorial and had absolutely nothing to do with sex. The author could not be charged with offering some lurid account that would capture the imagination (and presumably the pocketbooks) of the reading public. One possible exception was Gray's very dramatic and detailed description of Law's dramatic escape from prison, worthy of a modern action movie. Unfortunately, later archival evidence proved that Law's actual exit from prison was unremarkable in

that he was permitted to escape by walking out the door.

Surprisingly, Gray's biography describes no face-to-face experiences with his subject, despite their supposedly longstanding relationship. Also, the author reports that Law married his consort after the death of her husband. Yet, no such marriage occurred. Why would a close associate make such an error? When Law wrote his will in his final days, his common-law wife was chief beneficiary. Yet, Law did not even bother to name his long-time partner as Mrs. Law, but instead used her maiden name (Murphy 1997, p. 30).

One strange note in this publication begins in the first paragraph of the preface. The author attempts to put the reader at ease about concerns that "these memoirs might seem designed to aggravate the present calamities of the nation, and like Cato rather inflame than heal the wound." What Gray called calamities was a financial crisis following the bursting of speculative bubbles in the leading commercial states.

The preface suggests that Gray's account had a political purpose. His stated intention was to "show ... how the French and Dutch have been as great if not greater fools than we." Writing at a time when England was suffering from its own bursting economic bubble, with the collapse of the South Sea Company as well as Law's economic program, Gray's contribution must have been welcome to the Whigs, who shouldered much of the blame for the catastrophe. In short, Gray's work, while of questionable accuracy, may have been useful as propaganda.

The Love Letters

Gray's reference to Cato probably alludes to Cato's Letters, a publication associated with a third account of the murder. Both the genre and the motive are the same as Manley's contribu-tion -- recovered letters -- this time published as Love-Letters Between a Certain Late Nobleman and the Famous Mr. Wilson (Anon. 1723). Again, the central

theme was the desire to reconceptualize the rumors about Wilson. In this set of letters, the King's lover was not Elizabeth Villiers, but a high-ranking nobleman. The lover was left unnamed, but his identity was supposed to be obvious.

According to these letters, Wilson, Villiers, Law, and the aristocrat were engaged in an intricate dance of intrigue, bribery, and betrayal. The nobleman first hired Law to spy on his other lover, the cross-dressing Wilson, because the nobleman feared that their relationship would be exposed. Using Law for this purpose makes some sense because Wilson's sister lived in the same house as Law. Then, a series of intrigues between the nobleman, Wilson, and Villiers began, culminating in the murder.

The authenticity of these letters cannot be proven for certain and, even if they were authentic, the identity of the nobleman remains uncertain. One name bandied about as the author was the previously mentioned William Bentinck, Earl of Portland -- a favorite of William III. However, Bentinck, a Dutchman, was not fluent in English, virtually ruling out the case for his authorship. Besides, his relationship with Villiers was quite hostile, in part because he did not approve of his sister-in-law's relationship with the King (Waller 2003, p. 342). Elizabeth Villiers, in turn, resented his treatment of her sister. Since the letters had the nobleman collaborating with Villiers in a complex intrigue, Bentinck seems an even more unlikely candidate as the author.

A much better case can be made for Charles Spencer, 3rd Earl of Sunderland (1674-1722). Sunderland, who married the daughter of John Churchill, the powerful Duke of Marlborough, had the connections to gain easy access to high positions, eventually becoming First Lord of the Treasury, 1718-1721 and effectively England's Prime Minister. He was also an ancestor of the late Princess Diana, whose death almost became an obsession for the British public.

Macaulay painted an unflattering character sketch of Sunderland:

> He had no jovial generous vices. He cared little for wine or for beauty: but he desired riches with an ungovernable and insatiable desire. The passion for play [gambling] raged in him without measure, and had not been tamed by ruinous losses. [Macaulay 1848, ii, pp. 50]

Nonetheless, Sunderland had personality traits that allowed him to make up for his losses in other ways:

> In this man the political immorality of his age was personified in a most lively manner. Nature had given him a keen understanding, a restless and mischievous temper, cold heart and an abject spirit. His mind had undergone training by which all his vices had been nursed up to the rankest maturity .... Sunderland came forth from the bad school in which he had been brought up, cunning, supple, shameless, free from all prejudices, and destitute of character .... He was adroit in intrigue; and it was difficult even for shrewd and experienced men who had been amply forewarned of his perfidy to withstand the fascination of his manner, and to refuse credit to his professions of attachment. [Macaulay 1848, i, pp. 193]

A more compact entry in an early edition of The Encyclopedia Britannica noted that "Sunderland inherited his father's passion for intrigue" (Anon. 1911). One of his intrigues involved Bentinck and Elizabeth Villiers. Both Sunderland and Villiers shared an interest in undermining the King's close relationship with Bentinck and supplanting him with another Dutchman, Arnold Joost van Keppel, first Earl of Albemarle. Portland's biographer reported:

> Mrs. Betty Villiers and Sunderland, who, in the backstairs methods characteristic of such intriguers, sought to supplant Portland by Keppel's means. Gradually Keppel came to have more influence, and more favours to bestow. [Grew 1924, p. 278]

In short, the intrigues described in the letters would not be out of character for Sunderland.

The Letter's accusation that Sunderland was gay was not new. In 1721, a pseudonymous author, "Britannicus," published a pamphlet entitled The Conspirators: The Case of Cataline with a dedicatory preface to "The Right Honourable the Earl of S_d.", which accused Sunderland, then the first Lord of the Treasury, of being a sodomite.

Such publications are obviously not the best place to look for solid evidence. Indeed, the "Britannicus" pamphlet offers little factual confirmation. In addition, such an accusation, served as a "potent way of drawing a link between sexual, moral and political corruption;" however, such allegations in political debates were rare "because of a reluctance to allow public scrutiny of aristocratic libertinism" (Smith and Taylor 2009, pp. 304-305).

The author, Thomas Gordon (1692-1750), was indicted for this publication (Harvey 1994, p. 134; see also Norton 1992, p. 36). Then, two years later, the same Gordon, again anonymously, edited the Love Letters for publication two years after Gray's book.

Richard Steele, a prominent journalist, who knew Sunderland socially, also leveled an accusation of sodomy against Sunderland. But again, Steele, like Gordon, was also politically associated with Robert Walpole, Sunderland's political enemy, who replaced him as Prime Minister after his death.

In the case of the Love Letters, the editor's identity may be more relevant than the charge leveled at Sunderland. Although Thomas Gordon was a political writer for the Whigs -- Sunderland's party -- he and his much older collaborator, John Trenchard, represented the most radical (laissez-faire) wing of the party. Both were highly critical of all government, as well as the church. They unleashed a stream of diatribes against the party's corruption in their widely-read journal, Cato's Letters -- again published anonymously and later reprinted in six editions as Essays on Liberty, Civil and Religious. One needs not be surprised

that Gray, friendly to the more conventional Whigs, would want to claim Cato for his own.

In 1720, three years before the Letters appeared, the collapse of the South Sea Company, to which Gray referred, had caused serious economic turmoil. The fate of the South Sea Company enterprise paralleled Law's French operation in France. Gray was attempting to defend the Whigs by emphasizing that the consequences from England's experience were far less severe than the fallout from Law's system.

Sunderland and the people who surrounded him must have welcomed Gray's efforts. The revelations of widespread bribery and corruption associated with the South Sea Company set off public outrage, so much so that for more than a century England prohibited the chartering of corporations, then known as joint stock companies, unless they were explicitly chartered by the crown. This suspicion of corporations also carried over in the United States until the middle of the Nineteenth Century.

As the leading figure in the government, Sunderland could not escape the public outrage unscathed. Both the Radical Whigs and the Tories were already condemning Sunderland's faction of the Whigs who were in power when the bubble burst. Sunderland, who was the most powerful Parliamentarian in matters of domestic policy, was particularly vulnerable, since he had been widely accused (without any proof) of taking a payoff to facilitate the granting of special powers to the South Sea Company.

The Infamous John Ketch

Gray's previously-mentioned reference to Cato also seems to point in the direction of the work of Thomas Gordon. After all, Cato's Letters published some of the harshest critiques of the once powerful clique of Whigs, associated with Sunderland. Take the example of "A Letter from

John Ketch, Esq. Asserting His Right to the Necks of the Over-Grown Brokers (18 March)" (Ketch 1721), published in the same year as Gray's book.

The memory of the real John Ketch, long-dead executioner who bungled the hanging of Ann Green, was so deeply engrained that it became synonymous with executioners in general. For example, in January 1794, The Times reported on a petition to the Board of Alderman, from the public executioner requesting an increase in pay. The paper identified the petitioner as "Wm Brunskill (commonly called Jack Ketch)" (Duff 1999, p. 24). The Ketch in Cato's Letters made a different appeal, recommending that his art be applied to the stock manipulators of the South Sea Bubble and their enablers:

> My counsel said too, that there were some crimes of so high and malignant a nature, that, in the perpetration of them, all accessories were considered as principals; that those who held a man till he was murdered, were murderers; that those who voluntarily held a candle to others, who robbed a house, were themselves robbers; and that in committing of treason, all are traitors who have had a hand in that treason ...
>
> Thus they used false dice, and blinded men's eyes, to pick their pockets. "And surely, Mr. Ketch," says the counselor, "if he who picks a man's pocket is to be hanged, the rogues that pick the pockets of the whole country, ought to be hanged, drawn, and quartered. [Ketch 1721, pp. 93-94]

Gordon's publication of the Love Letters was still two years in the future, but by 1721, Gordon, the co-author of Cato's Letters, had already published his first attack on Sunderland's immorality, as well as in pieces, such as Ketch's screed.

Sunderland had a good reason to want to deflect the kind of anger that "John Ketch" represented. Employing a person to write in the name of "W. Gray, Scottish Gentleman," could have been a ruse to shield the author from the appearance of political motivation. In this convoluted

way, Gray's biography may point in the direction of Sunderland -- or at least the faction surrounding him.

Cato's Letters

Gordon and Trenchard's Cato's Letters are still valued by libertarians for their unwavering adherence to free market principles. For example, the conservative U.S. think tank, the influential Cato Institute, took its name from that publication. Finally, as will be discussed later, Cato's Letters also inadvertently changed the course of economic thinking in a way that nobody could have predicted.

Politicians at the time commonly employed skilled writers, such as Jonathan Swift and Daniel Defoe, to produce anonymous propaganda. Might Gordon be similarly engaged? Of course, that arrangement might pose risks because Gordon was quick to lash out at whoever might stray from his libertarian values.

Whether or not Walpole had personally employed Gordon to oversee the publication, he took care to appoint the writer to be the first commissioner of the wine licenses. Apparently, this appointment was sufficient to relieve the Prime Minister of the danger of Gordon's biting criticism. As Gordon's entry in the Dictionary of National Biography wryly noted, this new job was said to have "much diminished his patriotism."

Sunderland's death allowed his rival, Robert Walpole, to quickly take over Parliament, becoming the first person to be acknowledged as English Prime Minister. Within a few days, the government seized some of Sunderland's private papers and had some removed without giving his family an opportunity to see the contents. No doubt, one matter that interested Walpole was Sunderland's flirtation with a plot to put the son of James II on the English throne.

Such a confiscation of private material was highly unusual.

William Bromley, a former Speaker of the House for the rival Tory party, commented that this action made it seem as if Sunderland had been guilty of "the most heinous crimes" (cited in Cruickshanks 1998, p. 73). Were the Love Letters (or something like them) discovered during the seizure or were they just another partisan concoction? Did Gordon have the opportunity to access them, along with Sunderland's other private papers? One of the most detailed studies of the letters suggested that the stark difference in styles between Gordon's editorial contributions and the letters themselves lent credence to their authenticity:

> [The editor's] breathless style does not suggest that he had the skill necessary to concoct letters supposed to have been written [17 years earlier] in 1694. The letters themselves have an air of arrogance which one would associate with an aristocrat such as Sunderland, and an insinuating sycophancy one might associate with Wilson. The observations are very moral and earnest, while the letters are quite immoral and typically libertine. [Norton 1992, p. 36]

Of course, all three later accounts of the murder are questionable. Two of them possibly have some inside information about the subject. Ironically, the third -- Gray's -- which purports to have firsthand knowledge seems least likely to have access to such information, given his apparent lack of familiarity with the subject. As a taste of things to come, other writings of Gordon and Trenchard became the center of a trial, which had a major influence on the future course of economic theory.

The Absence of Skilful Politicians

The publication of the first edition of Fable of the Bees, however, produced no controversy whatever; instead, Mandeville's obscurity continued. His relatively long book was, for the most part, an extended commentary on his short poem. The bulk of the book consisted of a set of remarks. Mandeville curiously labeled each remark with a letter of the alphabet, although no remarks for the letters j, u, or z were included. Each remark elaborated on a single line of the poem.

Because the book remained obscure, Mandeville's appreciation for the economic benefits of the work of highwaymen, robbers and prostitutes did not create an immediate stir. Nor did people take issue with Mandeville's insistence that the goal of imposing virtuous behavior was both delusional and destructive. Equally unnoticed was his critique of skepticism about reason on the grounds that any appeal to reason would be futile so long as people remain unaware of the passions that drive their behavior. The public took no notice of any of these ideas.

Instead of skilful politicians following the example of Mandeville's fictional doctor, misguided efforts to directly control human behavior continued. Such policies grew out of unbounded faith and confidence on the part of sectors of society that were certain that they knew what was best and proper for the country.

Instead of faith and excessive self-confidence, the practice of Mandeville's fictional doctor would depend on careful observation. Whether treating an entire society or a single individual one requires a deep understanding of the patient's conditions. At the time, powerful organizations, the social equivalent of quack doctors Mandeville criticized, were enforcing a treatment that went against everything that Mandeville believed. Worse yet, in the absence of "skilful politicians," the government was supporting those quacks who wanted to impose their preferred standards of behavior.

The influence of the quacks who wanted to impose morality must

have seemed almost inevitable at the time. The court of Charles II, whose Protestant credentials had been in question, had been popularly associated with debauched morals. During the short, Catholic-friendly reign of James II, moral panic spread throughout the country.

In 1690, soon after William III had deposed James II, many Catholics regarded the government that replaced James II as illegitimate, considering James's son rather than his daughter, the wife of William III, as the rightful heir to the throne. A number of Jacobite plots became known, making many people fearful of the potential of a Catholic theocracy.

To make matters even tenser, many people even associated Catholicism with terrorism:

> ... given the assassinations of William the Silent of Holland in 1584 and Henry IV of France in 1610, and the 1605 Gunpowder Plot against the English King and Parliament -- Catholics were seen as king-killing zealots, their worst treasons forgiven, if not commissioned, by their murderous Pope. [McCormick 2009, p. 91]

During this moral panic, a small group organized to suppress the "bawdy houses," which they saw as breeding grounds for crime (Horne 1978, p. 1). The next year, a supportive pamphleteer wrote:

> ... the officers and inhabitants of the Tower-Hamlets, upon occasion of their majesties proclamation for the apprehending of highway-men, robbers etc. considering that common bawdy-houses were the usual nurseries and receptacles of sick evil people, resolved to use their utmost diligence and endeavors to suppress the same; and for that purpose drew up an agreement in writing. [Horne 1978, p. 1]

The society grew rapidly with the encouragement of both King William and his successor, Queen Anne. The legal system supported this

imposition of morals because private people could obtain warrants from a justice of the peace right magistrate, even when the information was unsupported. People could sue for damages, but if they lost, they were responsible for triple damages. By 1738, the society claimed more than 100,000 prosecutions for violations, such as public drinking or swearing, violation of the Sabbath, or engaging in unlawful sports or pastimes.

The Responsibility of the Skilful Politician

Mandeville opposed the moral quacks as well as dangerous medical quacks. Mandeville's medical technique was unique. According to his Treatise, doctors do not cure their patients simply by offering them some potion. Instead, his approach took the whole person into account. After long periods of interaction, his doctor would learn how to make patients want to make the life-style changes that would improve their health.

Mandeville's skilful politicians would take a similar approach. He never implied that he knew the proper regimen that would make society healthy, any more than a doctor would be able to prescribe treatment in advance for patients. Nor did he count on some talented individual rising almost magically to high office ready to enact the proper regimen. After all, successful politicians may perhaps be even more susceptible to pride than the average person (Mandeville 1723, p. 220-21).

Instead, much study is required before one can even begin to conceive of a cure because of the complexity of the needed social cures. Mandeville pointed to the gradual historical evolution of society, guessing: "This was (or at least might have been) the manner after which Savage Man was broke" (Mandeville 1723, p. 46). Still much work remained -- work that requires considerable time, perhaps even generations:

Besides, Mandeville had an evolutionary idiosyncratic conception

of a skilful politician:

> I give those Names promiscuously to All that, having studied Human Nature, have endeavour'd to civilize Men, and render them more and more tractable, either for the Ease of Governours and Magistrates, or else for the Temporal Happiness of Society in general. I think of all Inventions of this Sort are the joint Labour of Many. Human Wisdom is the Child of Time. It was not the Contrivance of one Man, nor could it have been the Business of a few Years, to establish a Notion by which a rational Creature is kept in Awe for Fear of it Self, and an Idol is set up, that shall be its own Worshiper. [Mandeville 1732b, pp. 40-41]

For Mandeville, the skilful politician must rely on experience rather than abstract theory:

> It is not Genius, so much as Experience, that helps Men to good Laws: Solon, Lycurgus, Socrates and Plato all travell'd for their Knowledge: which they communicated to others. The wisest Laws of human Invention are generally owing to the Evasions of bad Men, whose Cunning had eluded the Force of former Ordinances, that had been made with less Caution. [Mandeville 1723, ii, p. 319]

However, the development of the knowledge required to enact wise laws occurs only gradually:

> ... it is the Work of Ages to find out the true Use of the Passions, and to raise a Politician, that can make every Frailty of the Members add Strength to the whole Body, and by dexterous Management turn private Vices into publick Benefits" (Mandeville 1723, ii, p. 319).

Even so, one can at least hope for a quick cessation of the bad side effects that follow from harmful policies that attempt to force people to

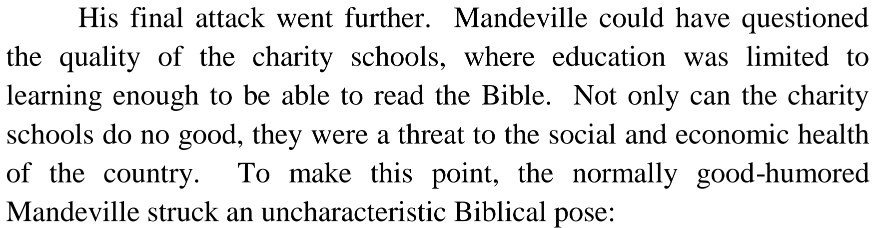
change their ways. Then, through careful experimentation, skilful politicians can eventually learn to appeal to people's passions to induce them to want to behave in a civilized fashion. Only then can society take advantage of people's full potential.

"Abundance of Hard and Dirty Labour is to be Done"

Although Mandeville's Fable of the Bees mocked the programs of the Society for the Reformation of Manners, including its suppression of bawdy houses, his book went largely unnoticed until he widened his attack in his third edition to include the Society for Promoting Christian Knowledge. This less controversial group was predominantly devoted to moral reformation by establishing and running Charity Schools to teach poor children to read the Bible (Horne 1978, pp. 2-4).

Having come from Holland, where he personally benefited from the advanced educational system, one might expect that Mandeville might have been supportive of educating the poor. Instead, Mandeville harshly attacked the charity schools on several fronts. First, he dismissed the Society's concern with virtue. In line with his earlier work, he set out to puncture the founders' moral pretenses as nothing more than an exercise in the funders' vanity. Besides, educating children will do nothing to create virtue. To make his point, Mandeville pointed to the upbringing of Sunderland and the other people responsible for the recent collapse of South Sea Bubble:

> The Year seventeen hundred and twenty has been as prolifick in deep Villainy, and remarkable for selfish Crimes and premeditated Mischief, as can be pick'd out of any Century whatever; not committed by Poor Ignorant Rogues that could neither Read nor Write, but the better sort of People as to Wealth and Education, that most of them were great Masters in Arithmetick, and liv'd in Reputation and Splendor. [Mandeville 1723, p. 276]



His final attack went further. Mandeville could have questioned the quality of the charity schools, where education was limited to learning enough to be able to read the Bible. Not only can the charity schools do no good, they were a threat to the social and economic health of the country. To make this point, the normally good-humored Mandeville struck an uncharacteristic Biblical pose:

> The whole Earth being Curs'd, and no Bread to be had but what we eat in the sweat of our Brows, vast Toil must be undergone before Man can provide himself with Necessaries for his Sustenance and bare support of his defective Nature as he is a single Creature; but infinitely more to make Life comfortable in a Civil society, where men are become taught Animals, and great Numbers of them have by mutual compact framed themselves into a Body Politick; and the more Man's Knowledge increases in this State, the greater will be the variety of Labour required to make him easy. It is impossible that a Society can long subsist, and suffer many of its Members to live in Idleness, and enjoy all the Ease and Pleasure they can invent, without having at the same time great Multitudes of People that to make good this Defect will condescend to be quite the reverse, and by use and patience inure their bodies to work for others and themselves besides. [Mandeville 1723, i, p. 286]

Mandeville's reference to a social compact is contrary to his normally individualistic perspective. Instead, here Mandeville suggests a class differentiation in which some are intended to work hard in order that others might live in idleness. While Mandeville was sympathetic about the idleness of the affluent, he condemned the charity schools for providing education that "promotes Idleness and keeps the Poor from Working, are more Accessory to the Growth of Villainy, than the want of Reading and Writing, or even the grossest Ignorance and Stupidity" (Mandeville 1723, p. 278). In effect, the charity schools were promoting vice, but not the kind of vice that met with his approval.

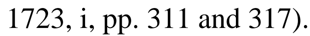
As the essay developed, Mandeville's language becomes harsher:

> ... in a free Nation where Slaves are not allow'd of, the surest Wealth consists in a Multitude of laborious Poor; for ... without them there could be no Enjoyment, and no Product of any Country could be valuable. To make the Society happy and People easy under the meanest Circumstances, it is requisite that great Numbers of them should be Ignorant as well as Poor. Knowledge both enlarges and multiplies our Desires, and the fewer things a Man wishes for, the more easily his Necessities may be supply'd. [Mandeville 1723, i, p. 287]

Obviously, the charity schools damage society by making the poor resistant to accepting their lot as beasts of burden for the rest of society. After all: "Going to School in comparison to Working is Idleness, and the longer Boys continue in this easy sort of Life, the more unfit they'll be when grown up for downright Labour, both as to Strength and Inclination." In this sense, "Reading, Writing and Arithmetick ... are very pernicious to the Poor." (Mandeville 1723, i, p. 288; see also p. 299). In short, for Mandeville, "the Bulk of the Nation ... should every where consist of Labouring Poor, that are unacquainted with every thing but their Work" (Mandeville 1723, i, p. 302).

Mandeville expanded his concerns beyond the charity schools, worrying that less impoverished children destined for "a Livelihood in Trades and Callings who learn Latin" might make them less fit for work but more "fit to make them impertinent, and often very troublesome" on the job (Mandeville 1723, i, pp. 296-97).

Given that "Abundance of hard and dirty Labour is to be done, and coarse Living is to be complied with," Mandeville seems to suggest a role for his "skilful politician": "As by discouraging Idleness with Art and Steadiness you may compel the Poor to labour without Force, so by bringing them up in Ignorance you may inure them to real Hardships without being ever sensible themselves that they are such" (Mandeville



1723, i, pp. 311 and 317).

Ironically, this essay echoes the respective grumbling of the beehives of Mandeville and Manley. In his poem, the moralists, wishing for the establishment of social virtue, are the destructive grumblers. For Manley, "the Bees teach us that Men ought to employ themselves not merely for their own Interest, but their Friends; Labour for their Country, and be Industrious for the Good and Peace of the Common-wealth." In the Essay, the grumbling that meets Mandeville's disapproval resembles Manley's denunciation of grumbling: "... murmuring Weavers must be relieved, and have fifty silly things done to humour them, tho' in the midst of their Poverty they insult their Betters" (Mandeville 1733, i, p. 312).

The emphasis of Mandeville's psychology also changes in this work. Mandeville typically portrayed passions as creating an economic good even though they might violate conventional morality, or, in the case of gin, threaten public health. In the case of the charity schools, passions become disruptive. Workers' passions might make them choose less demanding work or even challenge the class structure of society. Mandeville introduces other passions that frame his analysis of the struggles between rich and poor by noting the "love of Dominion and that usurping Temper all Mankind are born with" (Mandeville 1723, i, p. 281).

Like Petty before him, Mandeville suggested the usefulness of teaching skills that might help to make children more productive in the future. However, Mandeville did nothing to convince the reader that his proposal was nothing more than an aside to soften the harshness of the work as a whole. Mandeville's apparent disrespect for children of the working class was not unique by any means. For example, John Locke, often portrayed as a philosopher of liberty, went well beyond Mandeville, calling for the commencement of work at the ripe age of three (Cranston 1957, p. 425).

Although the Essay differs markedly from his earlier writings,

Mandeville still adopts his familiar defense. After writing something he knows many of his readers will find offensive, he explains why any questioning of his good intentions would be misguided:

> I would not be thought Cruel, and am well assured if I know any thing of myself, that I abhor Inhumanity; but to be compassionate to excess where Reason forbids it, and the general Interest of the Society requires steadiness of Thought and Resolution, is an unpardonable Weakness. [Mandeville 1723, i, p. 310]

Mandeville harkening back to Petty's recommendations in his Advice of WP (Petty 1647), advocated "learning which is more immediately useful to Society" (Mandeville 1723, i, p. 295). However, unlike Petty, he was unclear about who would provide such training.

Mandeville's educational perspective was by no means unusually cruel. For example, his mockery of the widespread teaching of Latin (Mandeville 1723, i, pp. 296-97) was anticipated, not only by Petty, but by John Locke, who asked:

> Can there be any thing more ridiculous, than that a father should waste his own money, and his son's time, in setting him to learn the Roman language, when, at the same time, he designs him for a trade, wherein he, having no use of Latin, fails not to forget that little which he brought from school. [Locke 1690, p. 153]

Although the educational ideas in the Essay may not have been original, his perspective on the proper working-class throws Mandeville's reputation as a proponent of laissez-faire into question. Yes, the Essay is consistent with much of Mandeville's other writings: misguided (generally powerful) people try to behave (or make others behave) morally resulting in undesirable outcomes. Instead, society will prosper where people are free to do what they want. However, the laissez-faire freedom, which he advocates for the comfortable depends upon

unrelenting work and poverty for the great masses of society.

However, self-interested behavior by the poor would be an economic disaster. Without some sort of control, self-interested poor people would avoid the hard labor required to keep society functioning. Given the absence of slavery, "skilful politicians" have to find ways to maintain the structure of society by ensuring that necessity required the poor to acquiesce in enduring hardship. The brothels of Amsterdam offered an interesting example in which the sailors behave voluntarily in a way that effectively enslaved them. The Essay seems to be suggesting the importance of the exclusion of education for the poor. Presumably, other, perhaps harsher, means would be needed.

From this perspective, Mandeville seems to be no more than a conventional thinker caught up in the prejudices of his time. This part of the essay is indistinguishable from the mercantilist literature, which calls for the extraction of maximum effort on the part of the poor. One is reminded of Petty's reference to "the vile and brutish part of mankind" who might "abuse" society with their leisure without the necessity for long hours of hard work.

Nonetheless, throughout his writings, Mandeville's approach is consistent in one respect: whatever promotes economic activity should be welcome, regardless of conventional standards of behavior. In this respect, laissez-faire for the comfortable and discipline for the disadvantaged seem consistent. Perhaps, the appropriate label for Mandeville would be "laissez-faire disciplinarian."

One might wish that Mandeville's grim prescriptions for managing the poor might have been satire directed at the outrageous inequalities of his day. If so, this "satire" seems to be at odds with his light-hearted style elsewhere, with the single exception of his earlier-cited, anticipatory protestation: "I would not be thought Cruel, and am well assured if I know anything of myself, that I abhor Inhumanity ..."

In a sense, Mandeville's negative response to charity schools was consistent with the rest of his work. Mandeville saw prostitution, and

even the crimes of robbers, as a means of stimulating commerce. Charity schools had no commercial dimension. Adam Smith suggested a similar distinction in dismissing the work of clergymen (as well as buffoons and opera singers) as unproductive labor on the grounds that their efforts produce nothing of commercial value (Smith 1789, II.iii.3, p. 331) -- a comment that many colleges in the United States found offensive. In contrast, because prostitutes do stimulate economic activity they contribute to prosperity.

Mandeville and the West Middlesex Grand Jury

A series of political coincidences pointed the West Middlesex grand jury to the then-obscure Bernard Mandeville. The controversial installation of the George I, a German prince, as England's King had raised the intensity of both political and religious questions. For example, opposition to George's rule set off Bishop Atterbury's inept plot. In addition, John Trenchard of Cato's Letters recent denunciation of the charity schools had offended the Grand Jury, especially because he accused the schools of teaching children to oppose awarding the crown to George I (Speck 1977-78, p. 366).

Attacking Trenchard risked creating the impression that the grand jury supported the charity schools' alleged political indoctrination. That risk loomed larger because Thomas Gordon, Trenchard's junior associate, had accused one of the grand jurors, Lockwood, who was nonetheless elected sheriff, of having raised large sums for a rival to George I, the Pretender to the throne of England (Mitchell 2003, p. 303).

Such charges of Jacobite sympathies were very serious. The jurors were especially vulnerable because they were creatures of the king's discretion, chosen by the Sheriff, who was, in turn, politically appointed by the crown. The grand jurors had reason to welcome an opportunity to remove any doubts about their loyalties in their treatment

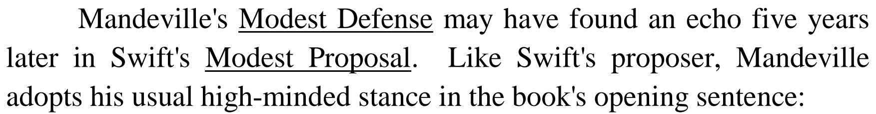
of Trenchard.

Mandeville's inclusion in the proceedings was a convenient afterthought in this process. His newly published Essay on Charity Schools had caught the attention of the Society for the Reformation of Manners, which encouraged the West Middlesex grand jury in 1723 to denounce it. The Essay was an obvious godsend for the grand jury. By including Mandeville in its charge, the grand jury could avoid giving any appearance of political partisanship and instead adopt the position as a high-minded defender of all religious morality.

Unwilling to accept Mandeville's own pretended credentials as a moralist, the grand jury charged that Mandeville's book was intended "to run down Religion and Virtue as prejudicial to Society, and detrimental to the State; and to recommend Luxury, Avarice, Pride, and all kind of Vices, as being necessary to Publick Welfare, and not tending to the Destruction of the Constitution" (Mandeville 1723, i, p. 385).

Mandeville and Prostitution

No "skilful politicians" came to Mandeville's defense after the grand jury condemned the book; nor did he need them to do so. Mandeville jumped into the fray with enthusiasm, quickly denouncing the grand jury's charges with his biting sarcasm. He quickly followed that attack in 1724 with what may have been his most confrontational publication, provocatively titled A Modest Defense of Public Stews or, An Essay upon Whoring published under the name of an equally provocative pseudonym, Phil Porney (Mandeville 1724). Another printing of the book (perhaps provocatively) attributed the book to Col. Harry Mordaunt. Irwin Primer noted: "At the time, the most famous person bearing this surname was undoubtedly [Davenant's friend] Charles Mordaunt, third Earl of Peterborough and first Earl of Monmouth" (Mandeville 1724, n., p. 109).



Mandeville's Modest Defense may have found an echo five years later in Swift's Modest Proposal. Like Swift's proposer, Mandeville adopts his usual high-minded stance in the book's opening sentence:

> There is nothing more idle, or shows a greater Affectation of Wit, than the modem Custom of treating the most grave Subjects with Burlesque and Ridicule. The present Subject of Whoring, was I dispos'd, would furnish me sufficiently in this kind, and might possibly, if so handled, excite Mirth in those who are only capable of such low Impressions. But, as the chief Design of this Treatise is to promote the general Welfare and Happiness of Mankind, I hope to be excus'd, if I make no further attempts to please than with that Design. [Mandeville 1724, p. 55]

Mandeville could have taken a libertarian position, defending prostitution as nothing more than a legitimate transaction between two consulting adults. Alternatively, he could have returned to his earlier discussion in the Fable that contended that prostitution served a useful purpose by promoting economic activity.

Instead, he assumed the pose of a moralist. He insisted that prostitution represented a sort of bulwark against even more immoral behavior. No matter what sort of legal or religious restrictions on sexuality might exist, men have drives that need to be satisfied. Better that the object of these drives be prostitutes than innocent young girls or married women. The prostitutes themselves will suffer the consequences of their profession, but, for Mandeville, that is a small price to pay for the protection of the virtue of the rest of the female population. Mandeville explained to his readers:

> Observe the Policy of a Modern Butcher, persecuted with a Swarm of Carnivorous Flies; when all his Engines and Fly-Flaps have proved ineffectual to defend his Stall against the Greedy Assiduity of those Carnal Insects, he very Judiciously cuts off a Fragment already blown, which serves

> to hang up for a Cure; and thus, by Sacrificing a Small Part, already Tainted; he wisely secures the Safety of the Rest. [Mandeville 1724, p. 158]

Mandeville's modern and extremely erudite editor, Irwin Primer, noted that the early sexologist Havelock Ellis regarded this work as a pioneering document in human sexuality (Primer 2006, p. 7). In addition, Ellis found a very similar analysis in the works of St. Thomas Aquinas and St. Augustine, both of whom compared prostitution to a sewer that carried away foul matter (Primer 2006, pp. 44-45).

Such theological references might ease the shift from the subject of prostitution back to economics.