1. Introduction

Spinoza did not write a treatise on money, trade, mercantile empire, or the stock-market. Nor did he pen an essay on economic management of the state or the household – the latter being the traditional topic for works on Ὀικονομικά. Spinoza’s views on these matters must be inferred, often obliquely, from his texts (Noordman 2016; Wagener 1994a).

Spinoza was born in a merchant family, which can be glimpsed at E2p40S2. But his letters shows remarkably little interest in commercial activities. In fact, Ep. 50, 2 June 1674, to Jarig Jelles (a former merchant) closes with a dismissive account of the misleading sales practices of shopkeepers (iv/241).

As his correspondence with Boyle, mediated by Oldenburgh shows, Spinoza’s interest and expertise in chymistry and alchemy is well attested. Even in the seventeenth century this generally
involved interest in the transmutation of metals from base ones into gold (Newman 2006). Another letter to Jelles (Ep. 40, 25 March 1667) and to Schuller (Ep. 72, 18 November 1675) show familiarity over the then contemporary debates and experiments in transmutation. Spinoza attended some of these experiments, but his ultimate stance is quite skeptical (Nierenstein 1932).

None of this is surprising from an author, who in his self-presentation, rejects the pursuit of recognition and wealth [*honore ac divitiis*] (TIE 1.2; V6). The latter is rejected, in part, because it is uncertain and risky (TIE 1.8; V10; Vergaray 2019) and, in part, because it is never fulfilling. Pain is always lurking around the corner.

Spinoza’s more fundamental criticism – and this puts him at odds with many of the other early moderns (Wootton 2018) – is that the open-ended pursuit of wealth is a species of madness (E4p44S). This is so even though the many do not treat such pursuit as diseased. In the *Ethics*, he calls such open-ended, immoderate acquisitiveness of riches, avarice (E3, definition of the affects, 47; E3p39S; E4p70S. E4p70S shows Spinoza is aware that conventional morality also treats avarice as something suspicious. This is echoed at 5p10S, where even the impoverished avaricious unceasingly declaim against the pursuit of riches.) Even so, despite the Stoic and ascetic features to his life and thought, as is well known, Spinoza did not reject moderate desire for the conveniences of life (E4p45c2s).

With that in mind, I focus on Spinoza’s intervention in the debate over luxury – a topic central to early modern debates over the new economy. Spinoza’s position has received scant scholarly attention. I argue that Spinoza’s diagnosis of the problem of luxury and corruption is are important to his political philosophy. And that his attempt to resolve it anticipates key features to the strains of economics known as constitutional political economy and public choice theory. In particular in institutional design one should not just be alert to the incentive structure of the institutions in shaping behavior, but also in the ways these incentives attract people one ought to keep out (or wish to attract).

2. Spinoza and the Political Problem of Luxury

Since the ancient world, Roman authors – canonically Sallust, Cicero, and Livy – described the fall of the Roman Republic in terms of corruption of character in terms of ‘*ambitio, avaritia, luxuria, and libido*’ (Levick 1982, p. 52; Berry 1989: 599). In the early modern period, the debate over the political dangers of luxury was re-opened (Berry 1994; Pocock 1975; they both ignore Spinoza). The eighteenth-century debate over the role of luxury in modern political economy (Hont 2005), which drew in all the major thinkers of the century, was centered on the opposing views articulated by Fénelon in the *Adventures of Telemachus* (first published in 1699; Hanley 2020) and Mandeville in the *Fable of the Bees* (1714); Spinoza’s influence on Mandeville has been explored in Den Uyl 1987; Wagener 1994a, 1994b).

Unsurprisingly, this debate also raged earlier in commercial republics of Venice and Holland. So, for example, in 1632, a famous Dutch intellectual, steeped in humanist learning, Barlaeus invented the idea of a ‘wise merchant’ [*Mercator sapiens*] at the founding of the ‘Athenaeum Illustre’ (the predecessor of the University of Amsterdam). He characterized such a merchant as follows: “that those, who have so far followed Mercury, will by now be called candidates for
Wisdom; plain but with elegance; striving for money but without detriment for a better motivation, which is science and virtue” (Weststeijn 2011, p. 185) Barlaeus clearly rejects the pursuit of “immoderate riches” (Weststeijn 2011, p. 186).

In fact, while anticipating Adam Smith’s and Mill’s harm principle (Schliesser 2017, p. 175), Barlaeus claims, “Wisdom does not contemn the wealthy but embraces them, under one condition: that they are rich without harm to others, magnificent without luxury, liberal without ostentation, weighty without pedantry, religious without superstition” (Weststeijn 2011, p. 186; on Spinoza’s harm principle, see TTP ch. XVI (iii/191)). We find a similar, albeit more proto-Weberian, stance in the De La Courts, who embrace the pursuit of wealth (and national greatness), but from “thrift and frugality” not love of luxury or ambition (Weststeijn 2011, pp. 192–193). Spinoza’s views echo Barlaeus and the De La Courts.

Spinoza addresses the question of luxury and corruption throughout his works. So, for example, Christ’s teachings in the gospels are apt for those living in a corrupt republic, where the rule of law is neglected [qui vivebant in republica corrupta & ubi Justitia prorsus negligencebatur (TTP ch. VII, iii103)]. Another key passage is from TTP, Chapter V:

Scripture itself also establishes that ceremonies contribute nothing to blessedness, but only concern the temporal prosperity of the state [imperii temporaneam foelicitatem]. For it promises nothing in return for ceremonies except the comforts of the body and its promised delights [corporis commoda, et delicias promittit], and promises blessedness only in return for following the universal divine law. For in the five books commonly attributed to Moses nothing else is promised (as we have said above) than this temporal prosperity [foelicitas], i.e. honors or reputation, victories, wealth [divitiae], delights and health (TTP V.6; (iii/70); throughout, I have used Curley’s translations of Spinoza 1985 and Spinoza 2016 with modest changes).

Lurking in the quoted passage is the controversy over the identity of the author of the Hebrew Bible. But here I focus on Spinoza's analysis. Not unlike Al-Farabi, Spinoza treats religion in what we would call ‘sociological,’ that is, functional terms. In particular, he ascribes a this-worldly-end to the elaborate rituals of the Hebrew Bible. In particular, religion supports the prosperity, to use Hobbes' phrase, the ‘commodious living’ within the state (Baier 1987). As Spinoza puts it a few lines below: “the whole law of Moses, was concerned with nothing but the Hebrew state, and consequently, with nothing but corporeal advantages" (TTP V.31; this is repeated throughout Chapter V).

Of course, part of Spinoza’s point is a critical one: the rituals contribute nothing to blessedness, which is the only authentic or true form of happiness. And while the Old Testament does teach true religion, it is not located in the Hebraic ceremonies, which, and here Spinoza is explicitly siding with the New Testament (TTP V.14), are dispensable once the Jewish state collapses: “there is no doubt that after their state was dissolved the Jews were no more bound by the law of Moses” (TTP V.15).
Now, Spinoza's account is sociological in another sense. For Spinoza inserts his account into what we may call a stadial theory of history. Such stadial accounts were popular due to the works of Grotius and Pufendorf (Buckle 1991). For Spinoza contextualizes even historicizes (III74) the period in which the Jews accept the Covenant with God and receive their ceremonies as follows: “they were quite incapable of establishing legislation wisely and keeping the sovereignty in their own hands, as a body. Almost all of them were coursened in their dispositions [rudis fere ingenii] and weakened by wretched bondage” (TTP V.27; (iii/75); this recalls Thomas More's analysis of Moses’ penal law in Part I of Utopia). The underlying idea is that after a period of slavery, the Jews were mentally incapable of wise self-government.

From a political perspective, the significance of this passage is (and this looks forward to Montesquieu) that Spinoza thinks a constitution must fit the material and social circumstances of a people. Rituals are, in part, a means toward cultivating better dispositions in order to secure the survival even the flourishing of the polity. Let us grant Spinoza this reading of the Hebrew Bible.

Here I am interested in the connection between the Hebraic religion and their economic prosperity. Spinoza explains this connection in a celebrated passage that has, naturally, attracted attention from those with an interest in egalitarianism and debt jubilees (Lord 2016; Topolski 2016):

There was something else very unyielding in this state, which must have been the most important factor to prevent its citizens from thinking of defection or wanting to desert their country: the principle of advantage [or interest; ratio utilitatis], the mainstay and life of all human actions. That force was exceptionally strong in this state. Nowhere did the citizens possess their property with a greater right than did the subjects of this state, who, with the leader, had an equal share of the lands and fields. Each one was the eternal lord of his own share [suae partis aeternus dominus erat]. If poverty compelled anyone to sell his estate or field, it had to be restored to him once again when the jubilee year came. They instituted other similar practices, so that no one could be alienated from his real property.

(TTP XVII.84–85 (iii/215–216))

Spinoza introduces the claim in this passage as a contrast to opinion [opinione], and the implication is that the mechanism he is describing is a part of solid [solidissimum] knowledge. And the reason for this is that it is ground in an enduring feature of human nature that exerts a powerful pull over us, our pursuit of interest [ratio utilitatis]. Spinoza's phrase here is striking because reason of public utility [ratio Publicae Utilitatis] was supposed to govern the state's dealing (this went back to the middle ages, Post 1961; Foucault et al. 2008, lecture 1). This notion of public utility, as public interest, was re-interpreted in the eighteenth century (e.g. in Hume, Beccarria, and Adam Smith). But here Spinoza ascribes a notion of interest to the individuals as the most powerful human motive (Buchanan 1962; Kliemt 2005), and, when properly constrained, thereby, secure a public flourishing.
In TTP XVII.84–85 he describes an approach to secure property rights, where land remained inalienably within a family, that is, something akin to a system of entails. And these lots, in turn, are equal, just as the division of tribes had been equal. Such a system is understood to be unstable. For in addition to the jubilee, multiple (unnamed) other institutions are required to prevent property from accumulating permanently in some and to prevent others from losing their family possessions. This presupposes excellent and durable record keeping. Lurking just below the surface of Spinoza’s account of the original set up of the Hebrew state, are claims about the role of debt, the effects of bad harvests, and prudent/imprudent and lucky/unlucky behavior in human affairs.

This setup created a fundamental equality centered on perpetual land ownership. Obviously, the fact that a jubilee was necessary meant that one could go through life without enjoying its fruits. But one could live in hope that one, or one’s offspring, would return to it. And because the religion preaches charity to the poor, “nowhere could poverty be more bearable” (XVII.87).

Another key feature is that such a system would promote long-term investment in one’s family land because one could assume that one’s family or descendants would reap the rewards. This created an attachment to land and fatherland, which prospered. Presumably, this prosperity was also due to impartial rule of law (see, e.g. TTP ch. XVI ii191 and iii196). Spinoza makes clear that credit markets rely on judgments of character and impartial rule of law (uncorrupted by religious sectarianism) (TTP ch. XX iii/246).

This naturally raises the question why this the original constitution, the best form of theocracy (TTP ch. XVII; iii206 and iii208), was not enduring. Lord (2016) suggests that Spinoza thinks the system was undermined when inequality was allowed to enter in, first by the institution of the Levites, a parasitic elite class living off taxes and donation, and then, ultimately, by the institution of a king (see also Melamed 2013, pp. 186–188). But this is not the whole story. (Spinoza is explicit that the Levites could have been accommodated in this order (TTP XVII.102).)

In particular, Spinoza suggests that luxury is if not the source of corruption (see also TTP IX; iii/137), then a hallmark of its impending arrival:

And that’s what happened, as everyone knows. That’s why there were great changes, and a great license to do anything, and luxury, and negligence [magnaque ad omnia licentia, luxus et socordia], with everything going from bad to worse, until, having often been subjugated, they completely broke away from the divine law, and wanted a mortal king.

(TTP XVII.106 (iii/219))

It’s true that Spinoza does not mention luxury [luxus] very much in the context of the first Hebrew state. But he also attributes the decline of the Canaanites (TTP III.49 (iii/55)) and Tartars (TTP III.56 (iii/57)) to the embrace of luxury. And Spinoza presents it as the general source of decline (TTP XVII.14 (iii/203)). In the latter context it is clear he has the Roman Republic in mind
(see especially iii/204), and so we are very much in the ambit of the republican concern with the corrupting effects of luxury.

In fact, the significance of corruption had been introduced in the preface of the TTP.

I’ve often wondered that men who boast that they profess the Christian religion – i.e. love, gladness, peace, restraint, and good faith toward all – would contend so unfairly against one another, and indulge daily in the bitterest hatred toward one another, so that each man’s faith is known more easily from his hatred and contentiousness than from his love, gladness, etc…. What’s the cause of this evil? Doubtless that religion has commonly consisted in regarding the ministries of the Church as positions conferring status, its offices as sources of income, and its clergy as deserving the highest honor. For as soon as this abuse began in the Church, the worst men immediately acquired a great desire to administer the sacred offices; the love of propagating divine religion degenerated into sordid greed and ambition; and the temple itself became a Theater, where one hears, not learned ecclesiastics, but orators, each possessed by a longing, not to teach the people, but to carry them away with admiration for himself, to censure publicly those who disagree, and to teach only those new and unfamiliar doctrines which the common people most wonder at. This had to lead to great dissension, envy, and hatred, whose violence no passage of time could lessen.

(TTP, preface 14–15)

The quoted passage is the start of a curious aside within the preface of the TTP. The main point of the aside is the conclusion that the existing church has lost its way; nothing [nihl] remains of the religion; it is an empty shell with some adornment [externum cultum] (Praefatio, iii8).

My present interest is in Spinoza's diagnosis and explanation of a church that has become an empty shell. For, this is not just a story of decline. It is a story of corruption from within, with a potentially good resource wasted [abusus], with a clear institutional cause. Spinoza is explicit on the first cause: that (for the common people [vulgo religioni]) church office has highest status [summo honore] and is a source of material benefits [beneficia].

As an aside, Spinoza's conceptual point is clear, but Spinoza's wording is ambiguous between two historical possibilities: (1) allowing an uncorrupted early church that got corrupted by a norm/institutional change (which I describe below) or (2) that the people's church has always been corrupt, once institutionalized, because their shepherds always gain status and other benefits.

Spinoza's argument assumes that once incentives shift toward status and income, different kinds of people will want to become church leaders. For there is a clear shift from people motivated by love of preaching the gospel [amor divinae religionis propagandae] to sordid people who are vain (eager for attention), avaricious, and demagogues [sordidam avaritiam, et ambitionem] (that ambitio is coupled with demagoguery is most clear from E3p29S.) So, when the incentive structure
changes, the labor pool for pastoral care jobs is changed, and the kinds of people that rise to the top within the church is utterly transformed if not corrupted.

It is important that Spinoza does not think that the pastors are corrupted by and in their jobs. (This is clearly Adam Smith's view later.) He thinks, rather, that people with excessive longings \( \text{ingens libido} \) will become attracted to careers in the church. I do not want to put too much emphasis on Spinoza's use of 'libido' (which, as we have seen, is commonly treated with suspicion in republican concerns over luxury), but it is clear he thinks that once such people enter the church a species of love is displaced and it becomes infused with a fetishized energy where spectacle and sensuality reign.

Now, at this stage I backtrack to Spinoza's fascinating claim that in his time all lead the same kind of life \( \text{vita eadem omnibus est} \). Long before Sombart and Marcuse (Foucault et al. 2008, pp. 113 and 117), Spinoza diagnoses a flattening of human kind such that within modernity the differences among people become very narrow and track shallow exterior features, opinions, and religious practices. Spinoza's polemical point, anticipating Swift, is that people kill each other over trivial differences egged on by bad people that exploit religion to malicious self-interested ends.

Because in Chapter III of the TTP, Spinoza explicitly rejects the possibility of a diversity of human origins and such (at the level of physical anthropology) as a dream or fantasy, I infer that for him ancient human diversity was due to radically different practices (at, say, the level of cultural anthropology). Either way, there is a common but rather thin human nature (James 2010).

Yet, more than, say, Hobbes or Adam Smith, Spinoza is willing to distinguish among human kind. So, he clearly thinks there is a rather steep cognitive hierarchy among men (with about 3 percent of folk being outstanding in leadership qualities) (TP 8.2; “hardly three [in a hundred] are found that excel in skill and counsel.” and he notoriously thinks women are subordinate to men even in potential (TP 11.4; James 2010). And, here, in the preface to the TTP, Spinoza clearly distinguishes between humans oriented toward love of spreading the gospel and the more vicious kind of humans with excessive libido.

To be sure, in each case, it is possible to construct a Spinozistic narrative that looks at social causes, at nurture, to explain revealed human differences. But it is notable Spinoza does not do so himself. So, while Spinoza clearly rejects Aristotle's claim that there are natural slaves, the natural reading of Spinoza is that while there is a thin, rather passionate human nature that is governed by unchanging laws, within that nature human diversity reigns. The political legislator must keep this in mind.

For Spinoza the mechanism of corruption of the church is a shift in incentives that attract the wrong sort of people motivated by status and possessiveness of material goods; once such people are in charge, they displace those motivated by love and gift-giving, and the very institution is transformed into one in which office holding takes on a complex transactional character where the church becomes a source of material benefit. It has lost its original mission and can easily destabilize society.
This diagnosis also suggests a solution: to ensure that remuneration and benefits of church offices are controlled. To do so, and to prevent other dangers, the church should be put under state control (TTP ch. XIX; Spinoza does not explore the possibility of leaving church remuneration and retention of its own leaders to the church itself). When in *Wealth of Nations*, Adam Smith goes over the same material, he rejects the Hobbesian-Spinozist-Humean solution and calls attention to the Presbyterians of Switzerland and Scotland on this very point (Schliesser 2017: 191–192). Of course, Spinoza’s solution pushes the problem back one level: how to prevent the corruption of state authorities, or a corrupted republic [*Republica...corrupta*] (TTP ch. XX (iii/242ff)). Somewhat surprising, this question is not addressed in the TTP.

For now, what I have shown is that according to Spinoza, in institutional design one should not just be alert to the incentive structure of the institutions in shaping behavior, but also in the ways these incentives attract people one ought to keep out (or wish to attract).

So, to sum up: once one pays attention to it, in Spinoza there is a traditional republican suspicion of luxury as a source of political corruption and decay. In addition to the anti-clerical argument, Spinoza argues that the property arrangements of the Hebrew State were fundamentally unstable not just because people could be (temporarily) indebted, impoverished, and enslaved, but also, and more importantly, because it created the conditions of accumulation and the sort of prosperity that leads to ruin. So, while much of the TTP is naturally read as an attack on the pretensions of theology and dangerous fanaticism, there is a clear warning to the merchants of Holland (cf. Melamed 2013, p. 189); too much luxury will be corrupting.

At the end of the TTP, Spinoza seems to suggest that it is pointless to use the law to prevent the effects of inter alia, evils like avarice and luxury (ch. XX (iii/243)). Spinoza here anticipates his criticism of sumptuary laws (TP 10.5). These evils are tolerated by the magistrate because they cannot be prevented. (Mandeville makes this point by referring to the Amsterdam practice of tolerating prostitution (Nacol 2015, p. 68). But that leaves the reader wondering if anything can, if not prevent, at least mitigate political decline once luxury has developed. Spinoza takes up that question in the *Political Treatise*, which presents the best kind of constitutions of three kinds of states (monarchy, aristocracy, and democracy) in order to make these durable. Spinoza would not expect to make any state eternal (E2p31 and E2p31c).

3. Spinoza’s Mechanism Design

In this section, I illustrate Spinoza’s interest in mechanism design. And then I show how this sheds light on how he tackles the problem of corruption.

At the end of TTP (ch. XX), Spinoza leaves the reader with the possibility of a republic being corrupted, and with it also the arts and faith [*bonae deinde artes, & fides corrumpuntur*] (iii247). In the previous section I had noted that Spinoza does not really tackle the underlying problem in the TTP. In the context of describing aristocracies in PT, Spinoza asserts that
Spinoza assumes that a true cultivation of dispositions will generate excellence in the sciences and technology (or technical arts \([\textit{scientiae et artes}]\)); see also TTP ch. XV (iii187). He denies that publicly funded universities produce such excellence. Because regardless of what their purported aims are, the true aim of public universities is to mold talents into the assumed or perceived needs of public authority. Anticipating Mill’s concerns, Spinoza worries public education generates a species of conformity, and is incompatible with true excellence.

A key hidden assumption is that diverse talents must be cultivated in a variety of ways such that sciences and crafts/technology can flourish. (Spinoza is elitist about the intellectually gifted) (PT 8.2 (III/324) (Vb136)). As he puts it in the TTP ch.XI, true teachers have their own way of teaching \([\textit{singularem docendi methodum habent}]\) (ii/157). And through direct and indirect censorship (i.e. a curriculum, etc.) public universities prevent this variety from being developed. It is, perhaps, no surprise Spinoza rejected a chair at Heidelberg. Even in free Holland, universities were controlled by local governments (Van Bunge 2009).

Given the diversity of human character and given the diversity of excellence in the sciences and technology, what is needed according to Spinoza is unlimited freedom to would-be educators to teach what they wish constrained by their budgets and reputation.

Spinoza does not consider an option to reform higher education: the creation and advocacy of something like academic freedom. While the term is a bit anachronistic, it is not much a stretch for the advocate of freedom of philosophizing/scientific thought (which is the explicit thesis of the Theological Political Treatise – a text he refers back to regularly in the Political Treatise); there is no doubt that the nature and extent of academic freedom was debated in various controversies at Leiden University in his lifetime (some of them having to do with the status of Cartesianism). But given everything else he says about the way incentives and human nature interact to generate conditions of corruption in the Political Treatise, he must have thought this decidedly unpromising (perhaps especially in an aristocracy (since the paragraph is tucked away in a chapter on the best aristocracy)).

Another option would be for universities independent of government (and religious) control in the manner of some ancient academies and future private universities. But it is crucial, I think, that Spinoza does not advocate for the establishment of a single private university to create such freedom. Rather his emphasis is on educators and many would-be educators (\textit{\textit{unicuique}}). We are invited to think of Plato and Aristotle and their academies with fee-paying students attracted by their reputation. And it is quite clear that Spinoza thinks that in a heterogeneous
population of fee-paying students, it is the interaction of payment and reputation of teachers that will produce the excellence in the sciences and technologies conducive to the flourishing of a free republic.

Let me turn to the central argument of Political Treatise. And this argument, which can be traced back to Isaiah 32:17, relies on the thought that political disorder is evidence of political corruption and injustice (TP Ch 5.2 (III/295) (Vb62)). And so an enduring and stable state is the consequence of works. One way such state remains stable is through the design of mechanisms that either make corruption unrewarding or raise its costs or make it likely that there is an interest in uncovering it.

So, for example, in an ideal monarchy, the king is advised by a great rotating council of elders (TP 6.15–16; the rotation itself is shortened to two years to prevent corruption (TP 7.13)), which, in addition to its other duties, oversees the law-courts and focuses on procedural impartiality. As Spinoza puts it, “For administering justice another Council must be formed, composed entirely of Jurists. Their duty is to decide lawsuits and punish criminals, but to do this in such a way that all their decisions are approved by the deputies of the great Council, who must decide whether due process has been observed and the decision made without favoritism” (TP 6.26; III/304). That Spinoza is worried about bribery is made clear by the next sentence: “if a losing party is able to show that one of the judges was corrupted by a gift from his opponent, or has any other common reason for friendship toward his opponent (or for hatred toward the complainant)…” (TP 626; III/304).

Obviously, this makes it necessary for the great Council to be, as it were, bribe-proof itself. Spinoza has three mechanisms to ensure this: first, the great Council is very large and, second, rotating (so that bribery becomes expensive), and third, it requires minimum thresholds to come to any decision. Spinoza himself makes the connection with preventing bribery at TP 7.9:

No doubt no one will ever consider trying to corrupt this Council with gifts. For if he drew one or two Counselors to his side, from such a large number of men, that would not do him any good. As we’ve said, an opinion which does not receive at least a hundred votes is null and void. (III/311)

Spinoza is not relying on the goodness of human nature here. What he has done is to raise the cost of bribery. This is also the intention behind increasing the number of judges (TP 7.21 (III/316)). This mechanism can only work if the very rich are not so rich as to afford effortlessly such bribery. And, in fact, Spinoza explicitly embraces such qualified limitarianism in his ideal monarchy:

The fields, and all the land, and if possible, the houses too, should be public property [publici iuris sint], i.e. subject to the control of the one who has the Right of the Commonwealth [ius civitatis habet]. He should lease them for an annual rent [annuo pretio] to the citizens, or to the city residents and farmers. In time of peace everyone should be free, or exempt, from any taxation [exactione]. One part of the rent the King receives should be dedicated to the fortification of the Commonwealth; the other, to his personal use. For in time of peace it’s necessary
There is no private property in land and real estate in a well ordered monarchy. Instead citizens lease it annually from the government. Before I discuss the effects of this on income and wealth (and war and peace), it is worth noting the significance of the tax. This is, simultaneously, the main source of income for the government which pays, thereby, for public works, especially public defense and spying, and the king's expenses. This suggests that the king has no royal estates either (Noordman 2016, p. 17). In addition, this also entails that the government does not raise any tolls, excise taxes, or tariffs (all familiar to Spinoza's readers).

The predictable effect and its function are clear: the governors' interests are aligned with the people's interest. For, income from taxes can grow only in two ways: first, by population growth. Spinoza is explicit that “means should be devised for more easily increasing the number of citizens, and producing a large confluence of men” (6.32; Spinoza anticipates here Locke's “art of government,” and he echoes ideas by the de la Court brothers; (Wagener 1994b, p. 413)). In addition, to the fact that a growing citizenry can pay more tax (at least on homes), in times of war it is useful to have a larger army, in times of war, and to have a class of non-citizens who pay a fee “for their exemption from service” or are required to perform “some forced labor.”

Second, taxes can grow if land-values and property values grow. I am assuming that the annual renewal of the leases means that there are regular re-evaluations of the assessment. This requires, a professional class of land surveyors which had grown in significance in early modern England and the Dutch provinces.

A predictable side-effect of annual leases is that too much long-term investment in the productive capacity of land is prevented which required the longer leases pioneered in fifteenth- and sixteenth-century England (Wood 2002). This is not a bug in Spinoza's design, but a feature. For, in explicitly referring back to the quoted passage, Spinoza suggests that “everyone would have to work at a trade, or lend money to their fellow citizens. So they would have to engage in business dealings which are either entangled with one another nor require the same means to succeed. Thus the majority of this council will generally be of one and the same mind concerning their common affairs and the arts of peace. As we said in §4, everyone defends the cause of another just so far as he believes that in this way he makes his own situation more stable” (TP 7.8; (III/311) Vb103). Because Spinoza assumes that citizens are self-interested (and have relatively few opportunities to gain glory/renown), and, in virtue of lack of property in land and real estate, citizens will be encouraged to become part of a trading nation domestically and (due to the lack of tariffs) internationally.

This nudging toward the trades and commerce is reinforced by the fact that banking is limited to domestic banking. That is to say, excess capital accumulation can neither be invested in land and property nor be loaned out abroad, so this leaves it to be used as capital for domestic investment in

(TP 6.12 (III/300) (Vb76))
trades, commerce, and manufacture. So, while there is some room for accumulation in gold and silver (and jewelry/plate), major landholdings are prevented. And the way Spinoza conceives of trade, this involves mutual gain (even mutual assistance) 2.15; 3:12; 7.8 (see also, especially, TTP 5.18 (iii/73)).

The intended political effect is clear (and explicit): to prevent the rise of a powerful nobility, and to maintain significant wealth equality so that there will be a near equal “risk in war” [par propemodum periculum est] (7.8; (III/311); this, and other remarks (TP 3.15–16) clearly anticipates Kant’s treatment in Perpetual Peace). With a lack of property in land and real estate, this will not just maintain rough equality, but people’s interests and their representatives in the council of state will be pretty much identical (7.8; III/311). While thrifty people still can grow somewhat wealthy, they will be doing so in virtue of providing each other with their needs. As the population will keep growing, it is clear that this is supposed to engender a virtuous cycle of moderate and egalitarian growth. So, when theorizing the best form of monarchy, Spinoza is clearly a qualified limitarian (Kramm and Robeyns 2020).

That thriftiness is a virtue is also clear from Spinoza’s (Machiavellian) argument against mercenaries. This involves the dangers emanating from the sociological effect of generating a class of men who lack a proper work ethic and need not be thrifty: “these will be men who know only the arts of war, men who in peace are corrupted by extravagant living, because they have too much leisure” (TP 7.22; III/317).

In Spinoza’s monarchy, where the citizens live by trade, and have no landed property and real estate to fall back on, and are not paid for soldiering, they will lack war-spiritedness [animus gerendi bellum]. In fact, “war will always cause them fear of losing their possessions and liberty, it is to be added, that war requires fresh expenditure, which they must meet, and also that their own children and relatives, though intent on their domestic cares, will be forced to turn their attention to war and go a-soldiering, whence they will never bring back anything but unpaid-for scars” (7.7; III/310–311).

What we may call the laboring class [quotidiano opere vitam] gets stipends for wartime soldiering, but, by implication, the capitalists (and domestic bankers) or entrepreneurs do not (6.31; III/305). This suggests that Spinoza thinks that ultimately a monarchic state will be divided modestly, by those who live on wages and those who live by credit, trade, or enterprise.

Similar mechanisms to combat corruption are prevalent in his proposed aristocracies (8.24; 8.35; 8.38; 9.9–10; 10.4.) What all these mechanism have in common is the attempt not to reform human nature, or to turn people into the wise, but rather to make human nature serve the common good: “I conclude, then, that those common vices of peace which we’re speaking about here should never be prohibited directly, but only indirectly, by laying down foundations of the state which will result, not in most people being eager to live wisely – that’s impossible – but in their being guided by affects more advantageous to the Republic.” (TP 10.6; III/355–356; Vb212). So, greed will end up serving that what is honorable, which, if the institutions are properly designed, will serve the common good.

4. Conclusion
Spinoza’s arguments were not wholly original, explicitly drawing on Machiavelli and the De La Courts, but they are not without enduring interest. The kind of institutional design, based on a sober picture of passionate human nature, that Spinoza practices to “remedy” corruption is more familiar from the writings of Hume and Madison. (On the connection between Machiavelli, Hume and Spinoza, see Hirschman 1977, pp. 23–24, who calls attention to Bacon as an anticipation of Spinoza. See also Kant’s use of the device of a “nation of devils” in *Perpetual Peace*.) To what degree these historical figures would have been familiar with the argument of the *Political Treatise* is best left for another occasion.

The analysis I have given here of Spinoza is not wholly original. In the first appendix to *The Calculus of Consent*, James Buchanan, who won the Nobel prize for Economics in 1986, calls admiring attention to Spinoza’s *Political Treatise* as an anticipation of his own work with Gordon Tullock (Buchanan 1962; see also Kliemt 2005, but Kliemt draws on the TTP primarily). This work is now known as constitutional political economy and public choice theory. In the appendix, Buchanan denies being directly influenced by Spinoza.

Buchanan does repeatedly credit the great Swedish economist, Knut Wicksell, with decisive influence on him. As it happens, in a (1917) review of the revised, second Swedish translation of Mill's *On Liberty*, Wicksell shows familiarity with Spinoza’s political works (Wicksell 1999, p. 238). So, it cannot be ruled out altogether that Spinoza influenced these developments more directly.

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**References**


