

## Chapter 24

### Commercial Republicanism

Robert S. Taylor

*In proposing to treat the advocates of commercial republicanism as a conscious collectivity, I run the risk of asserting what cannot be proved for the sake of emphasizing what tends to be neglected.*

— Ralph Lerner (1979, 3n1)

Much has been written about commercial republicanism in the past half-century, including analyses of individual commercial republicans (e.g., Adam Smith and Immanuel Kant) as well as discussions of national traditions of the same (e.g., in America, Britain, France, the Netherlands, and Italy). As Lerner suggests, though, asserting that the commercial republicans are a “conscious collectivity” is risky. There is little evidence that commercial republicanism constitutes a tradition, even in the weakest sense of that term: those purportedly working within it seldom “tip their hats” to their supposed predecessors, much less explicitly build upon their prior work or recognize themselves as operating within an established lineage of thinkers and/or thought. Maybe as a consequence of this, one finds few *definitions* of “commercial republicanism” in this literature. The term is used frequently, but also loosely, in a seeming attempt to project intellectual-historical coherence on a would-be canon of uncertain outline and content.

As Lerner also says, however, retrospectively constructing such a tradition (if not asserting the existence of a “conscious collectivity”) might be worthwhile “for the sake of emphasizing what tends to be neglected,” and the few good definitions of commercial

republicanism in the literature hint at what may be neglected in its absence. Sandrine Bergès, for example, states that commercial republicanism is “the view that a republic is not only compatible with a commercial society, but that it will thrive best if free commerce is allowed, both internally and externally” (2018, 434). In a more expansive vein, Eric MacGilvray affirms that commercial republicans “were still concerned with the control of arbitrary power and the cultivation of virtue, and they saw commerce—insofar as it could be relied on to generate wealth, tame social conflicts, and dissolve traditional relationships of dependence—as a tool for pursuing those ends” (2011, 113). The idea that commercial society might advance the republican ends of non-domination and civic virtue will surprise many students of the republican tradition. This same tradition, after all, embraces both Machiavelli, who recommends we “keep the citizens poor” (*Discourses*, III.16), and Rousseau, who regarded the “hustle and bustle of commerce” as a prelude to slavery (*Social Contract*, III.15). Republicanism has commonly been skeptical of, if not downright hostile to, commerce, so the claim that commercial society can serve republican ends is at the very least counterintuitive. Nevertheless, innumerable thinkers throughout Western history have—in many different times, places, and ways—advanced precisely this claim. *This* is the fact that “tends to be neglected,” and by examining the various historical arguments for the instrumental value of commercial society in constraining arbitrary power and cultivating good citizens, we can recover, if not a tradition, then perhaps a *mode* of republican thinking about trade.

Following the path blazed by Bergès and MacGilvray, I will begin with a detailed definition of commercial republicanism, paying special attention to its two component terms. I will then turn to the *five* kinds of arguments historically offered for why

commercial society advances republican ends: to wit, Instantiation, Internal Check-and-Balance, External Check-and-Balance, Cultivating Virtue, and Sublimating Vice. I will conclude by briefly considering commercial republicanism's prospects as a continuing research program.

## 1. Defining Commercial Republicanism

Before offering a detailed definition of commercial republicanism, I should first discuss its constituent terms: commercial (society) and republicanism. Given the subject of this *Handbook*, I will be brief in defining the second term, directing the reader to the remainder of the volume for more detail. Frank Lovett and Philip Pettit succinctly describe republicanism's "three main ideas" as follows:

First and most important is the conception of a *free person* as one who does not live under the arbitrary will or domination of others. Second is the associated conception of a *free state* as one that attempts to promote the freedom of its citizens without itself coming to dominate them. And third is the conception of *good citizenship* as consisting in a vigilant commitment to preserving the state in its distinctive role as an undominating protector against domination. (2009, 12, emphasis added)

As Pettit explains elsewhere, one agent dominates or possesses arbitrary power over another when s/he has "the capacity to interfere with impunity and at will in certain choices

that the other is in a position to make” (1996, 578). Free states, invigilated by good citizens, attempt to minimize such domination (whatever its source) and thereby maximize republican freedom.

Turning now to commercial society, we can trace the concept (and the term itself) at least as far back as Smith’s *Wealth of Nations*:

When the division of labor has been once thoroughly established, it is but a very small part of a man’s wants which the produce of his own labor can supply. He supplies the far greater part of them by exchanging that surplus part of the produce of his own labor, which is over and above his own consumption, for such parts of the produce of other men’s labor as he has occasion for. Every man thus lives by exchanging, or becomes in some measure a merchant, and the society itself grows to be what is properly called a commercial society. (I.iv.1)<sup>1</sup>

As Brandon Turner notes, Smith went on to discuss the various institutional preconditions for such a society to flourish, including but not limited to “robust property rights, a rigorous application of the rule of law, relatively broad freedom of movement for economic actors (especially laborers), and expanding domestic and international markets” (2015, 601). Other preconditions include a monetary system, antimonopoly measures, subsidized education for the poor, and more generally “erecting and maintaining those publick

---

<sup>1</sup> For comparisons with a related passage in Smith’s *Theory of Moral Sentiments*, see Hont (2015, 8–10; 2005, 161–162).

institutions and those publick works, which, though they may be in the highest degree advantageous to a great society, are, however, of such a nature, that the profit could never repay the expence to any individual or small number of individuals” (*Wealth*, I.iv, I.x.c.27, I.xi.p.10, V.i.c.1, V.i.f.55). These diverse measures facilitate trade, encourage a more extensive division of labor, and diffuse the benefits of commercial society more widely, and to the extent that they are present in any given commercial society, we may call that society *properly-structured*.

With these understandings of its components in hand, and with the Bergès and MacGilvray definitions as models, we can now move on to a complete definition of commercial republicanism: *the idea that a properly-structured commercial society can serve the republican end of minimizing the domination of citizens by states (imperium) and of citizens by other citizens (dominium)* (Pettit 1997, 150). As I shall discuss below, there are at least five kinds of arguments historically offered for how commercial society so understood advances the republican ideal of non-domination: first, by simply realizing non-dominating relationships in the marketplace itself (Instantiation); second, by encouraging the growth of a wide middle class that can offer a counterweight to other, dominating classes (Internal Check-and-Balance); third, by increasing the wealth and power of republics vis-à-vis other, dominating states in the international arena (External Check-and-Balance); fourth, by helpfully nurturing bourgeois-civic virtues in republican citizens (Cultivating Virtue); and finally, by transforming dangerous passions into more readily regulable, even socially beneficial material interests (Sublimating Vice).

## 2. Instantiation

One way a properly-structured commercial society can further the republican ideal of non-domination is simply by realizing non-dominating relationships, purged of arbitrary power, in the marketplace itself. So long as market participants—whether they are buyers or sellers of products, services, labor, or capital—have many options in selecting trading partners and can consequently walk away from abusive and/or exploitative economic relationships, their market interactions will be free of domination. That is, the effective ability to pick and choose among a variety of potential partners and to exit relationships and re-enter the marketplace if and when those relationships prove unsatisfactory is the best way to protect participants from arbitrary power. Smith himself pointed out that “each tradesman or artificer derives his subsistence from the employment, not of one, but of a hundred or a thousand different customers. Though in some measure obliged to them all, therefore, he is not absolutely dependent upon any one of them” (*Wealth*, III.iv.12). He contrasts such independence with the “servile dependency upon their superiors” experienced by the tenants and servants of the landed nobility, a vestige of feudal domination (*Wealth*, III.iv.4–6).

As Smith realized, though, non-dominating market relationships can easily be undermined by the “monopolizing spirit of merchants and manufacturers” as well as employers (*Wealth*, I.viii.12–13, IV.iii.c.9). By combining into formal corporations or informal cartels, they can limit the ability of customers and employees to choose among their trading partners and exit bad economic relationships. Smith rails against these forms of economic power and the legal privileges that often make them possible. He famously

points out that “people of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the publick, or in some contrivance to raise prices .... Though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies; much less to render them necessary” (*Wealth*, I.x.c.27). He later goes on to say that “the proposal of any new law or regulation of commerce which comes from [merchants and master manufacturers], ought always to be listened to with great precaution, and ought never to be adopted till after having been long and carefully examined, not only with the most scrupulous, but with the most suspicious attention” (*Wealth*, I.xi.p.10). He is similarly suspicious of, even hostile to, the legal privileges of guilds and legal demands for long apprenticeships as conditions of employment: as Smith acidly remarks, “to judge whether [a worker] is fit to be employed, may surely be trusted to the discretion of the employers whose interest it so much concerns. The affected anxiety of the lawgiver lest they should employ an improper person, is evidently as impertinent as it is oppressive” (*Wealth*, I.x.c.12).<sup>2</sup>

Smith was far from alone in his belief in the importance of personal independence and in the role that a properly-structured commercial society could play in supporting it. Gregory Claeys, for example, finds similar sentiments in John Thelwall (1764–1834), the foremost republican writer in Britain after Tom Paine’s flight to France in 1792 and the

---

<sup>2</sup> Modern examples of such labor-market restrictions include the proliferation of occupational-licensing laws and state enforcement of non-compete clauses in labor contracts. For further discussion of Smith’s views on these and related matters, see Anderson (2016, 166–168), Elazar (2021, 4–8), and MacGilvray (2011, 108–111).

author of *The Rights of Nature Against the Usurpations of Establishments* (1796). Claeys describes Thelwall's convictions as follows:

Athenian republicanism [according to Thelwall] had sprung from a “generous and magnanimous virtue” that a commercial nation might also possess, and that was thus derived less from abstemious poverty than from limiting the dependency of its citizens. Such independence, he stressed, resulted only when individuals reaped “the profits of their individual exertions,” and where true freedom of trade lowered prices to the point where only “a living profit” was attainable .... Where [civil and political liberty] flourished in earlier republics, like ancient Greece, this had occurred only because commerce had increased the independence of all ....” (1994, 265)

Alexis de Tocqueville argued similarly: “commerce renders men independent of each other, gives them a lofty notion of their personal importance, leads them to seek to conduct their own affairs, and teaches how to conduct them well; it therefore prepares men for freedom ...” (2007, 555).

Of the five kinds of commercial-republican arguments, Instantiation is the only one to have received substantial attention from contemporary republicans. Philip Pettit, for example, contends that “Adam Smith was more faithful to classical republicanism, and inherently more persuasive [than Rousseau], in insisting that far from threatening republican freedom, the market could reduce dependency and domination. For example, in



a well-functioning labor market ... no one would depend on any particular master and so no one would be at the mercy of a master: he or she could move on to employment elsewhere in the event of suffering arbitrary interference” (2006, 142). He spells out his meaning here more clearly elsewhere: “short of great differences in bargaining power [e.g., in a monopoly], this [free-market] arrangement does not mean that anyone is exposed to the possibility of arbitrary interference by any other or any group of others. One seller may be able to interfere with another by undercutting the other’s price, but the second should be free, above the level of the competitive price, to undercut that price in turn; thus there is no question of permanent exposure to interference by another” (1997, 205). The connection to Adam Smith is clear and explicit in these passages: both writers recognize that a well-structured commercial society, where markets have been made competitive by checking monopoly/monopsony power, can realize independence and non-domination for its participants by facilitating exit from abusive and exploitative economic relationships (*dominium*).

Frank Lovett argues in a similar vein, but takes it even further than Pettit. Like Pettit (and Smith), he notes that “in a perfectly free market ... there would theoretically be no dependency, for all entries and exits would presumably be costless .... Since at least some degree of dependency is a necessary condition of domination, in a perfectly free market there would be none” (2010, 53). He recognizes, of course, that such a market is a regulative ideal, difficult if not impossible to achieve in practice, though we can adopt measures that will help us *approach* it if not (fully) attain it, e.g., “public provision of unemployment benefits...[restricting] collusive practices such as blacklisting [workers] ... opening employment opportunities for women” (2010, 54). Each of these policies would

substantially reduce the cost of exiting economic or marital relationships, restricting the ability of abusive parties within them to dominate vulnerable others. Lovett considers the most important of these policies to be an unconditional basic income, which would help vulnerable people meet their basic needs (and thereby feel secure enough to exit abusive relationships) without subjecting them to the “bureaucratic discretion” (*imperium*) that means-tested welfare programs inevitably involve (2010, 196–200; also see Pettit 2007). With such exit-boosting laws in place, “OSHA-style workplace regulations and minimum-wage requirements might become unnecessary,” yielding the republican social ideal of “a free market together with an unconditional basic income” (2010, 198n13, 200).

The contemporary republican author who has most unreservedly embraced this social ideal is Robert Taylor. He argues that the best way to protect citizens from the arbitrary power of abusive spouses, tyrannical bosses, and corrupt politicians is simply an *effective* right to exit: by promoting open and competitive markets and providing the information and financial resources necessary to enable exit, we can empower citizens’ voices and offer them an escape from abuse and exploitation. The precise form that such enhanced competition and resourced exit takes depends upon the sphere in question: if the domestic sphere, then no-fault divorce, enhanced job opportunities and training for non-working spouses, etc., in order to make marital markets freer and more competitive; if the economic sphere, then employment at will, antitrust law, an unconditional basic income, relocation vouchers, etc., in order to level the playing field between capitalists and workers in labor markets; if the political sphere, then free movement across political sub-units and fiscal federalism to force local and state governments to heed the signals of residential and locational markets and end their inefficient and corrupt practices (2017, chs. 2–4). We have

by this point come rather a long way from the more modest, product-market-focused claims of Smith, but a red thread still connects all these instances of Instantiation: the effective ability to pick and choose among a variety of potential partners and to exit relationships and re-enter the marketplace if and when those relationships prove unsatisfactory is the best way to protect participants from arbitrary power and realize their freedom as non-domination.

### 3. Internal Check-and-Balance

Another way that properly-structured commercial society can advance republican freedom is by encouraging economic prosperity and the development of a broad middle class that can offer a counterweight to other, dominating classes (e.g., nobility and clergy: *dominium*) as well as to the state apparatus itself (e.g., leaders and administrators: *imperium*); by doing so, domination may be prevented or at least curtailed. This argument can be traced at least as far back as Florentine civic humanists of the 15<sup>th</sup> and early 16<sup>th</sup> centuries. As Mark Jurdjevic has argued, “Florentine humanists believed that commerce and the private pursuit of wealth made possible the survival and integrity of the republic. Florentine republicanism ...was the ideology of an ascendant merchant elite” (2001, 723). This link between commerce and republicanism was forged in the aftermath of a political struggle in which “the mercantile sector of the medieval Florentine commune overcame the power of the feudal territorial lords .... Eligibility for political participation thus became dependent on actual, rather than theoretical, economic or professional participation in any of the trades and businesses governed by the guilds. [This] threatened many members of aristocratic

families, who had no experience in trade and banking, even though they nominally belonged to the appropriate guilds” (2001, 732). Republican freedom emerged, in short, because a flourishing commercial society produced a merchant class powerful enough to check the feudal domination of aristocrats (*dominium*).

At this early stage in the argument’s evolution, however, the confrontation between classes was an exclusive affair, pitting mercantile elites against landed gentry. In later writers it becomes far more inclusive, in terms of both its subject and object. For example, Steve Pincus, in his wide-ranging discussion of the English Commonwealthsmen of the 17<sup>th</sup> century, quotes the anonymous author of *The Grand Concernments of England* (1659), who expresses a view apparently common among Commonwealth defenders: “Trade is the very life and spirits of a common-wealth.... Break the neck of trade, and you break the heart of a common-wealth, and make it fit to be ridden by every tyrant and usurper” (Pincus 1998, 718–719). Here the subject is implicitly extended to an entire people, and the object explicitly extended to arbitrary rulers of whatever source, noble or not (*imperium*).

A more explicit extension of the subject to an entire people can be found in the works of the Abbé Sieyès (1748–1836), a major innovating ideologist of the French Revolution. Istvan Hont describes Sieyès’s views on representation as follows:

For Sieyès the representative market reinforced the representative state. The division of labor constituted a society by representation because it replaced self-sufficiency with a reciprocity of transactions, making all members of society rely on their representatives in other trades and professions to satisfy their needs and wants. The market, as a horizontal bond of utilitarian

representation, could complement and reinforce the vertical mode of political representation .... Sieyès ... used his notion of market representation as a battering ram against the hierarchical system of ranks that characterized the *ancien régime*. Those who did not labor [e.g., the “non-working aristocracy”] were excluded from the nation. (Hont 2005, 133–134, 476)

Sieyès’s theory of representation had real political effects: his pamphlet *What Is the Third Estate?* (1789) was highly influential, catalyzing the transformation of the Estates-General into a National Assembly and thus diminishing the political power of the clergy (First Estate) and nobility (Second Estate). By dramatically extending the subject of the confrontation with domineering feudal classes from a merchant elite to the full peasantry and bourgeoisie, Sieyès demonstrates how a prosperous commercial society can empower productive classes both economically and politically to counter unproductive classes in the name of republican freedom.<sup>3</sup>

In the aftermath of the French Revolution, Benjamin Constant built on Sieyès’s argument, shifting the focus to capital flight and its politically salutary effects. As MacGilvray describes it:

---

<sup>3</sup> Hont makes related observations regarding Adam Smith’s stadial theory of history:

Once Europe had again reached the Athenian level of commercial civilization and urbanization, it could have the rule of law. This was, of course, civil liberty. The point to note, however, is that for Smith, even ancient liberty is civil liberty—the judicial protection of the individual from his fellows, from their actions and judgments. In this scheme, political liberty implied protection of the rights of the individual from the encroachments of the mighty and the powerful [*dominium*], who could use the state to pursue their interest [*imperium*]. (2015, 81–82)

First, the substitution of mobile for immobile forms of property “makes the action of arbitrary power easier to elude,” because property “becomes, in virtue of this change, almost impossible to seize.” Second, the reliance on credit in commercial relationships “places authority itself in a position of dependence,” because “to obtain the favours of wealth one must serve it.” “Credit did not have the same influence among the ancients,” he concludes, because “their governments were stronger than individuals, while in our time individuals are stronger than political power.” (2011, 95)

Again, economic development in a commercial society places an ascendant capitalist class in the position to repel the depredations of arbitrary political power, thereby curtailing *imperium*.

Internal Check-and-Balance has not received a lot of attention in contemporary republican writing, though Bergès correctly points out that some neorepublicans “value the market...because it promotes independence via private property and therefore diminishes the power of the richer classes to dominate the poorer ones” (2018, 435; see e.g. Pettit 2006, 147). This lack of attention is perhaps unsurprising, however, given that historically dominating classes like the clergy and nobility have been eliminated or at least had their powers severely curtailed. Moreover, new dominating classes that have emerged (e.g., monopoly capitalists) have more frequently used their economic influence to *harness* arbitrary political power rather than curtail it, e.g., through regulatory capture (see Laffont and Tirole 1991; Levine and Forrence 1990; and Stigler 1975).

Having said this, there are at least two reasons for contemporary republicans to continue to explore Internal Check-and-Balance. First, modernization theory in comparative politics, launched by Seymour Martin Lipset among others, suggests that economic development and the associated growth of a sizable middle class promote democratization (1959, 83, 102; 1981, 51, 460, 467). This conclusion has been refined (Przeworski et al 2000) and reinforced (Epstein et al 2006) over time but never definitively overturned. Thus, there is considerable empirical evidence for a claim that is intimately related to Internal Check-and-Balance, and that alone would suggest that further attention is warranted. Second, instances abound of middle-class homeowners and business owners using the court system to successfully challenge and limit the arbitrary power of regulatory agencies (*imperium*), which is precisely what Internal Check-and-Balance envisions. In *Nollan v. California Coastal Commission* (483 U.S. 825 [1987]), for example, the U.S. Supreme Court found the CCC's decision to permit plaintiffs to replace a tiny bungalow on their beachfront lot with a larger house *only* if the plaintiffs allowed the public access to their beach to constitute a regulatory taking; the CCC, in other words, could not constitutionally use its regulatory powers to force plaintiffs to contribute to a public good unrelated to their permit unless it compensated them for it. Such court decisions have begun to place bounds on the excesses of the administrative state, which is (or should be) a republican *desideratum*.<sup>4</sup>

---

<sup>4</sup> For further examples, see the [Institute for Justice](#)'s work on court cases concerning economic liberty (e.g., restrictive occupational-licensing laws) and private property (e.g., civil-forfeiture laws).

#### 4. External Check-and-Balance

The commercial-republican argument of the last section focused on the effects of economic development and prosperity on the internal balance of classes; this section's focuses instead on the *external* balance of power among *states*. Properly-structured commercial societies, by encouraging economic prosperity and the growth of national wealth and power, can provide a counterweight to other states internationally, who might otherwise dominate republican governments or even absorb them. This argument can also be traced at least as far back as Florentine civic humanists of the 15<sup>th</sup> and early 16<sup>th</sup> centuries. For example, Jurdjevic notes that the architect and polymath Leon Battista Alberti (1404–1472) “reminds his audience that in every emergency and time of need one can see how much the strong republic relies on the wealth of private citizens. The republic depends on its great merchants to pay the mercenaries who defend with their blood the liberty and dignity of the republic” (2001, 734).

Similar sentiments can again be found in English Commonwealthsmen of the 17<sup>th</sup> century; Pincus quotes several of them to this effect. Slingsby Bethel, for instance, argues that “from trade, there doth not only arise riches to the subjects, rendering a nation considerable, but also increase of revenue, and therein power and strength to the sovereign...for every nation is more or less considerable, according to the proportion it hath of trade” (Pincus 1998, 717; also see MacGilvray 2011, 99). Richard Hawkings puts it even more pithily: “nothing is more certain, than that arms are the strength of the nation, money the maintainer of them” (Pincus 1998, 718). Finally, Benjamin Worsley warns that “if...we desire to be long free from the yoke of foreign dominion, and enjoy that liberty,



which we have so dearly purchased, it concerns us seriously to inquire into all the ways...whereby trade and navigation may be increased and multiplied to the utmost” (Pincus 1998, 721).

In the following century, Kant resurrects this theme in his historical writings. In his famous essay “Idea for a Universal History with a Cosmopolitan Purpose” (1784), Kant maintains that

civil liberties may hardly be encroached upon without negative effects in all industries, primarily in trade, which would also lead to a decrease in the powers of the state in its external relations. But these liberties gradually increase. If one prevents the private citizen from pursuing his own welfare in any way that he sees fit, as long as this pursuit is consistent with the freedom of others, one hinders the vitality of the entire enterprise and thereby diminishes the powers of the whole. (1996, 13–14 [8:27-8])

A little over a year later, in “Conjectural Beginning of Human History,” he drives home this point again, arguing that “the threat of war is also today the only thing that moderates despotism: since wealth is required for a state to be a power, yet without freedom there is no industriousness that can produce wealth” (1996, 34 [8:120]). Adam Smith—who may have influenced Kant by way of Kant’s student, colleague, and friend Christian Kraus, who introduced Smith’s ideas into Germany—also writes on this theme in *The Wealth of Nations*: “in modern war the great expence of fire-arms gives an evident advantage to the nation which can best afford that expence; and consequently, to an opulent and civilized,

over a poor and barbarous nation” (*Wealth*, V.i.a.44; see Kuehn 2001, xiii, 323–324; MacGilvray 2011, 100–101).

Roughly contemporaneously, Alexander Hamilton is making this argument in an American political context. In January of 1790, Hamilton is charged by the House of Representatives to write a report on how “to render the United States independent of other nations for essential, especially military supplies.” In response, Hamilton releases in December 1791 his renowned *Report on the Subject of Manufactures*, in which he proposed higher tariffs on manufactured goods, bounties for certain industries, and government assistance for emigrant manufacturers. The tariff increases that he proposed were quite small—usually a doubling of tariffs on certain manufactured products from 5 to 10%—and their revenues were earmarked for the bounties and assistance to emigrants; he was skeptical of high tariffs, believing “they tend to render other classes of the community tributary in an improper degree to the manufacturing classes to whom they give a premature monopoly of the market” (*Federalist* #35). His justification for his policy package is consistent with both his charge from the House and External Check-and-Balance: he argues that because these policies “shall tend to second and aid this spirit [of manufacturing], they will serve to promote essentially the industry, the wealth, the strength, the independence, and the substantial prosperity of the country” (see Irwin 2004, 800, 802–804, 809, 813–815).

External Check-and-Balance has received scant attention from contemporary republicans. On the one hand, this is rather astonishing due to its importance in the history of republicanism, as we have just seen. On the other hand, contemporary republicans might simply believe that it has little modern-day relevance, insofar as they are aware of it at all.

This would be a terrible mistake, however, as the following example will demonstrate. In *Gorbachev: His Life and Times*, William Taubman—who carried out extensive interviews with Gorbachev, his family, and his aides for this biography—credibly shows that “Gorbachev feared [that] if the arms race continued, especially if Reagan’s Strategic Defense Initiative [SDI], known as Star Wars, extended it into space, the USSR would lose the battle, along with any chance to mobilize resources for a domestic renaissance.... He feared the Americans actually wanted Moscow to match SDI, hoping that the task would prove technologically impossible while crippling the Soviet economy” (263, 295). This is direct evidence for the logic of External Check-and-Balance: the enormous wealth and technological prowess of the American republic so unnerved the leader of an expansionist totalitarian state that he worked obsessively to include SDI in arms-control negotiations, knowing that the USSR simply could not keep up economically or technically with a prosperous commercial society. This lesson should be kept in mind as liberal-democratic countries around the world respond to the rise of an increasingly aggressive and authoritarian Chinese Communist Party, whose state-capitalist and export-oriented economic policies have put them in a far better position than the Soviets to challenge the free world both commercially and militarily.

## 5. Cultivating Virtue

As noted earlier, Lovett and Pettit refer to “good citizenship” as republicanism’s third main idea: citizens of good character working to limit the state to “its distinctive role as an undominating protector against domination” (2009, 12). A properly-structured commercial

society, by fostering the development of calm, calculating bourgeois virtues (e.g., prudence, patience, and self-control), can help build such good character, which is essential for the survival and flourishing of republican government. For example, one of the greatest threats to republican governance is the demagogue, who exploits the fears and passions of the masses to gain political power and achieve dominance. Demagoguery maintains democratic form by way of a plebiscitary politics but destroys its essence, which is deliberation and compromise. Bourgeois virtues, if possessed by most of the *demos*, can deny the demagogue his foothold: citizens who customarily consider the long-term consequences of their decisions, act only with caution and forethought, and keep their own impulsive desires in check are less likely to be moved by his bullying rhetoric.

Elite virtue is no less important, of course, if for no other reason than because demagogues are often frustrated members of the elite. Revisiting 15<sup>th</sup>-century Florence one final time, we find civic humanist Antonio Loschi—here as a character in a fictional dialogue entitled *De Avaritia* by the papal secretary and Florentine chancellor Poggio Bracciolini—defending the social usefulness of avarice. Jurdjevic describes his argument: “because the avaricious acquisition of wealth requires wisdom and prudence...avaricious men are doubly useful to the republic—because of their wealth, and because, when employed by the state, their practical experience benefits the common good” (2001, 737). First Loschi anticipates Alberti by noting that merchant wealth is itself useful to the republic (presumably because it can be used to hire mercenaries—see previous section) but then goes on to note a secondary benefit, that such merchants acquire “wisdom and prudence” in pursuit of wealth, virtues that can potentially be put to use in public offices of the republic.

Returning to the wider effects of commerce on civil society, the so-called *doux-commerce* (gentle commerce) thesis was most famously advanced by Montesquieu in *The Spirit of the Laws*: “commerce cures destructive prejudices, and it is an almost general rule that everywhere there are gentle mores, there is commerce and that everywhere there is commerce, there are gentle mores.... It polishes and softens barbarous mores, as we see every day” (338 [XX, 1]). Montesquieu is more explicit about the nature of these “gentle mores” earlier in the text:

When democracy is founded on commerce, it may very well happen that individuals have great wealth, yet that the mores are not corrupted. This is because the spirit of commerce brings with it the spirit of frugality, economy, moderation, work, wisdom, tranquility, order, and rule. Thus, as long as this spirit continues to exist, the wealth it produces has no bad effect.  
(48 [V, 6]; also see 387–390 [XXI, 20])

Passages like this are central to Albert Hirschman’s *The Passions and The Interests* and his later work as well, where he traces their influence over time on writers including Condorcet (“manners have become more gentle...through the influence of the spirit of commerce and industry, those enemies of the violence and turmoil that make wealth flee....”) and Paine (commerce “is a pacific system, operating to cordialise mankind, by rendering nations, as well as individuals, useful to each other....”) (1982, 1465; also see Hirschman 1977, 60–61, 70–81; and MacGilvray 2011, 104–105).

As the Condorcet and Paine quotations make clear, Montesquieu also made the broader but closely related claim that “the natural effect of commerce is to lead to peace” (338 [XX, 2]). Gentle mores render nations less belligerent and more prone to mutually beneficial trade and cooperation, which bring with them a mutual dependence that makes war more costly.<sup>5</sup> This claim is eventually echoed by Kant in *Perpetual Peace*: by way of trade “various peoples...were first brought...into understanding, community, and peaceful relations with one another, even with the most distant.... The *spirit of commerce*...cannot coexist with war and...sooner or later takes hold of every nation” (PP 333, 336–337 [8:364, 368]). War inevitably brings domination in its wake, with states dominating other states *and* their own citizens (e.g., by suspension of civil liberties, military conscription, etc.); consequently, what Paine called the “pacific system” of commerce serves republican ends.

Again, Cultivating Virtue has gotten little attention from contemporary republican theorists (as opposed to historians of republican thought like Jurdjevic and MacGilvray), though a number of non-republican writers continue to explore the relationship between commerce and virtue. Most notably, Deirdre McCloskey explicitly revives the *doux-commerce* thesis, arguing that commercial society can help cultivate all seven of the traditional virtues: faith, hope, love, courage, prudence, temperance, and justice (2006, 30–31, 304). She does not continue, however, to show how these virtues might support

---

<sup>5</sup> On the empirical evidence for this “commercial-peace” hypothesis, see Erik Gartzke (2007), among others. For more on the canonical relationship between commerce and peace (e.g., in Constant’s writings), see MacGilvray (2011, 95–96).

specifically republican institutions.<sup>6</sup> Contemporary republicans, of course, might be as inherently skeptical of *doux commerce* as numerous other thinkers: as Hirschman remarks, “the term was duly ridiculed by Marx who...recounts some of the more violent episodes in the history of European commercial expansion and then exclaims sarcastically: ‘Das ist der *doux commerce*!’” (1977, 62) Still, some of the democracy-enhancing effects of modernization (see the Internal Check-and-Balance section) may best be explained by the bourgeois virtues of an ascendant middle class: as Lipset argues, “a large middle class plays a mitigating role in moderating conflict since it is able to reward moderate and democratic parties and penalize extremist groups” (1959, 83). The strong possibility that the bourgeoisie’s political prudence can stabilize republics under certain conditions is perhaps reason enough to continue studying this venerable commercial-republican argument.

## 6. Sublimating Vice

The final commercial-republican argument is intimately connected with the preceding one: properly-structured commercial society, by sublimating dangerous passions (e.g., for power, victory, and glory) into material interests that are then regulated for the public good, can rechannel vices that would otherwise threaten republics towards harmless, even socially beneficial outlets. We can see this kind of reasoning at work in the writings of

---

<sup>6</sup> McCloskey does briefly engage with Quentin Skinner, though merely to agree with him that “there is a path between MacIntyre’s communitarianism and Ayn Rand’s individualism” that involves “placing duties ahead of rights” (2006, 500). For another contemporary writer who praises the cultural virtues of commercial society, see Tyler Cowen (2000).

Johan (1620–1660) and Pieter de la Court (1618–1685), innovating ideologists of the 17<sup>th</sup>-century Dutch Republic. One of their foremost interpreters, Arthur Weststeijn, describes the denizens of their ideal commercial republic as follows:

These merchant citizens, who actively participate in the defence and the decision-making of the polity, harness the defining human passion of self-love towards honourable ambition. Contrary to the corrupting mores of a monarchical court, the disciplinary framework of a true civil society enables such a sincere pursuit of self-interest in connection to the common good ....

This intrinsic connection between republicanism and trade applies not only to the individual level of citizenship, but also to the general level of the commercial commonwealth at large. (2012, 204)

Their fellow Dutchman Bernard Mandeville echoes this sentiment in his *Fable of the Bees* (1714): “whoever will civilize men, and establish them in a body politick, must be thoroughly acquainted with all the passions and appetites, strengths and weaknesses of their frame, and understand how to turn their greatest frailties to the advantage of the publick” (1714, 194).

The top chronicler of this commercial-republican argument, Hirschman, traces its origin to roughly the same time period, viz. to a 1704 technical book on commerce by Samuel Ricard entitled *Traité général du commerce*: “through commerce the moral and physical passions are superseded by interest.... It affects the feelings of men so strongly that it makes him who was proud and haughty suddenly turn supple, bending and



serviceable” (1982, 1465). This psychological process (which Hirschman compared to “the Freudian concept of sublimation”) that transforms passions into interests is possible because “one set of passions, hitherto known variously as greed, avarice, or love of lucre, could be usefully employed to oppose and bridle such other passions as ambition, lust for power, or sexual lust.... Interest was seen to partake in the better nature of each [motive]: as the passion of self-love upgraded and contained by reason, and as reason given direction and force by that passion” (1977, 17, 41, 43). Such a transmutation of the traditional vice of avarice into calm, calculating material interest helps us understand how Samuel Johnson could casually remark to James Boswell that “there are few ways in which a man can be more innocently employed than in getting money” (1977, 58).

Sublimating Vice reappears over the succeeding centuries in diverse guises. Tocqueville’s *Democracy in America* depicts an American public, says Lerner, whose “tastes and feelings were intense but well channeled.... Trade and navigation and colonization were with the Americans a surrogate for war” (17). Lerner concludes his essay by arguing that “commerce commended itself to [the founding fathers of commercial republicanism] because it promised a cure for destructive prejudices and irrational enthusiasms, many of them clerically inspired. Commerce was an engine that would assault and level the remaining outposts of pride in all its forms....” (21) Hirschman concludes *The Passions and The Interests* with likely the most vivid recasting of Sublimating Vice in the modern era, from John Maynard Keynes’s seminal *General Theory* (1936):

Dangerous human proclivities can be canalized into comparatively harmless channels by the existence of opportunity for money-making and private

wealth, which, if they cannot be satisfied in this way, may find their outlet in cruelty, the reckless pursuit of personal power and authority, and other forms of self-aggrandizement. It is better that a man should tyrannize over his bank balance than over his fellow-citizens; and whilst the former is sometimes denounced as being but a means to the latter, sometimes at least it is an alternative. (1936, 374)

Though we have had frequent (and recent) experience in democratic countries of wealthy citizens bankrolling their own or others' political demagoguery in "the reckless pursuit of personal power and authority," we should not be too quick to dismiss Keynes's "sometimes." Counterfactuals of this sort are difficult to assess; nonetheless, the 20<sup>th</sup>-century regimes that most successfully purged private wealth from their societies were uniformly noteworthy for their cruelty and violence...and for the way they monopolized and harnessed both talent and ambition.<sup>7</sup> Contemporary republican theorists have given no attention to this concluding commercial-republican argument, but in light of Keynes's recapitulation, maybe they should.

---

<sup>7</sup> Consider the assessment of Walter Scheidel in his magisterial text *The Great Leveler*:

Over the course of about sixty years, from 1917 into the late 1970s...communist revolutionary regimes successfully forced down inequality through expropriation, redistribution, collectivization, and price-setting. The actual amount of violence expended in the implementation of these measures varied hugely between cases, with Russia, China, and Cambodia on one end of the spectrum and Cuba and Nicaragua on the other. Yet it would go too far to consider violence merely incidental to forcible leveling: even though it would in principle have been possible for Lenin, Stalin, and Mao to achieve their goals with more limited loss of life, sweeping expropriations crucially depended on the application of at least some violence and a credible threat of escalation. (2017, 231)

## 7. Conclusion: Commercial Republicanism as a Research Program

In the conclusion of *The Invention of Market Freedom*, MacGilvray says that “the question for contemporary republicans, as for the commercial republicans of the 18<sup>th</sup> century, is not whether markets are incompatible with republican freedom, but rather what kind of justification for markets a commitment to republican freedom can yield” (196). Now that we have finished surveying these five historical republican justifications for commercial society, we are better placed to answer his question, albeit tentatively and prospectively, on behalf of contemporary republicans. I have listed and discussed these five justifications in what I roughly take to be an order of declining plausibility, which appears consistent with the amount of attention they have received from neorepublicans, at least so far. At the most-plausible-and-attention-receiving top of the list, Instantiation continues to be heavily discussed and debated by contemporary republican theorists, and refinement continues apace. Much work remains to be done, of course, especially regarding its constitutional, legal, and policy implications. To give but one example: do enhanced competition and resourced exit suffice to secure republican freedom in labor markets, as Taylor suggests, or must the state in addition act as an employer of last resort, as Alan Thomas contends (2021)? These kinds of questions are topical and vitally important, so contemporary republicans would be well advised to keep looking for answers to them.

The twin Check-and-Balance justifications, though also plausible, have received much less attention, which strikes me as a missed scholarly opportunity. Their most promising contemporary applications center on the problems of *imperium*: middle-class political and legal resistance to the excesses of the administrative state in advanced industrial

democracies (Internal) and opposition by those democracies to authoritarian and totalitarian regimes (e.g., the Chinese communist state), which are the greatest threats to republican liberty internationally (External). Enterprising young republican scholars should take note of these lacunae in the academic literature. As for the last two justifications, *Cultivating Virtue and Sublimating Vice*, I am tempted to suggest that we just draw a decent veil over them. Suffice it to say that, whatever contributions that commercial society may make to the moral and/or prudential character of its participants, civic education both formal and informal will continue to play the predominant role in cultivating good republican citizenship.

Lovett and Pettit have said that republicanism is “a research program, not a comprehensive blueprint or ideology”; relatedly, they have emphasized that “questions [of republican policy] must be resolved, not as a matter of abstract principle, but on the basis of empirical study” (2009, 21, 26). These points strongly suggest that republicanism will be, and should be, internally pluralistic: even if republicans share the same normative and theoretical assumptions, they will arrive at rather different policy conclusions due to their divergent assessments of the nature and extent of private domination, the efficacy of state responses to such domination, and the possibility of keeping the state and its agents regulated by genuinely public purposes as state power grows—assessments all made under Rawlsian “burdens of judgment” (1993, 54–58). Consequently, a distinctively commercial form of republicanism has a role to play in the larger republican research program and as a research program in its own right. Democratic and constitutional responses to domination have received the lion’s share of scholarly attention thus far. Commercial republicanism

shifts our focus to economic responses instead, which have been understudied and, as this chapter has hopefully demonstrated, are richly deserving of further intellectual exploration.

### About the Author

Robert S. Taylor is Professor of Political Science at the University of California, Davis. He has written many articles on Kant, Mill, Rawls, autonomy, self-ownership, and commercial republicanism as well as two books: *Reconstructing Rawls: The Kantian Foundations of Justice as Fairness* (Pennsylvania State University Press, 2011) and *Exit Left: Markets and Mobility in Republican Thought* (Oxford University Press, 2017).

### References

- Anderson, Elizabeth. 2016. "Adam Smith on Equality." In *Adam Smith: His Life, Thought, and Legacy*, ed. Ryan Patrick Hanley. Princeton: Princeton University Press. pp. 157–172.
- Bergès, Sandrine. 2018. "What's it got to do with the price of bread? Condorcet and Grouchy on freedom and unreasonable laws in commerce." *European Journal of Political Theory* 17(4): 432–48.
- Claeys, Gregory. 1994. "The Origins of the Rights of Labor: Republicanism, Commerce, and the Construction of Modern Social Theory in Britain, 1796–1805." *Journal of Modern History* 66(2): 249–290.
- Cowen, Tyler. 2000. *In Praise of Commercial Culture*. Cambridge, MA: Harvard University Press.

- Elazar, Yiftah. 2021. "Adam Smith and the Idea of Free Government." *Intellectual History Review* (online first): 1–17.
- Epstein, David, Robert Bates, Jack Goldstone, Ida Kristensen, and Sharyn O'Halloran. 2006. "Democratic Transitions." *American Journal of Political Science* 50(3): 551–569.
- Gartzke, Erik. 2007. "The Capitalist Peace." *American Journal of Political Science* 51(1): 166–191.
- Hamilton, Alexander, James Madison, and John Jay. 2012. *The Federalist*, ed. Terence Ball. Cambridge: Cambridge University Press.
- Hirschman, Albert. 1977. *The Passions and the Interests: Political Arguments for Capitalism before Its Triumph*. Princeton: Princeton University Press.
- Hirschman, Albert. 1982. "Rival Interpretations of Market Society: Civilizing, Destructive, or Feeble?" *Journal of Economic Literature* 20(4): 1463–1484.
- Hont, Istvan. 2005. *Jealousy of Trade: International Competition and the Nation State in Historical Perspective*. Cambridge, MA: Harvard University Press.
- Hont, Istvan. 2015. *Politics in Commercial Society: Jean-Jacques Rousseau and Adam Smith*. Cambridge, MA: Harvard University Press.
- Irwin, Douglas. 2004. "The Aftermath of Hamilton's 'Report on Manufactures.'" *Journal of Economic History* 64(3): 800–821.
- Jurdjevic, Mark. 2001. "Virtue, Commerce, and the Enduring Florentine Republican Moment: Reintegrating Italy into the Atlantic Republican Debate." *Journal of the History of Ideas* 62(4): 721–743.

- Kant, Immanuel. 1996. *Practical Philosophy*, trans. and ed. Mary Gregor. Cambridge: Cambridge University Press.
- Kant, Immanuel. 2006. *Toward Perpetual Peace and Other Writings on Politics, Peace, and History*, ed. Pauline Kleingeld. New Haven: Yale University Press.
- Keynes, John Maynard. 1936. *The General Theory of Employment, Interest and Money*. London: Macmillan.
- Kuehn, Manfred. 2001. *Kant: A Biography*. New York: Cambridge University Press.
- Laffont, Jean-Jacques, and Jean Tirole. 1991. "The Politics of Government Decision-Making: A Theory of Regulatory Capture." *Quarterly Journal of Economics* 106(4): 1089–1127.
- Lerner, Ralph. 1979. "Commerce and Character: The Anglo-American as New-Model Man." *The William and Mary Quarterly* 36(1): 3–26.
- Levine, Michael, and Jennifer Forrence. 1990. "Regulatory Capture, Public Interest, and the Public Agenda: Toward a Synthesis." *Journal of Law, Economics, & Organization* 6(Special Issue): 167–198.
- Lipset, Seymour Martin. 1959. "Some Social Requisites of Democracy: Economic Development and Political Legitimacy." *American Political Science Review* 53(1): 69–105.
- Lipset, Seymour Martin. 1981. *Political Man: The Social Bases of Politics*. Baltimore: Johns Hopkins University Press.
- Lovett, Frank. 2010. *A General Theory of Domination and Justice*. Oxford: Oxford University Press.

- Lovett, Frank, and Philip Pettit. 2009. "Neorepublicanism: A Normative and Institutional Research Program." *Annual Review of Political Science* 12: 11–29.
- MacGilvray, Eric. 2011. *The Invention of Market Freedom*. New York: Cambridge University Press.
- Machiavelli, Niccolo. 2009. *Discourses on Livy*, trans. Julia Conaway Bondanella and Peter Bondanella. Oxford: Oxford University Press.
- Mandeville, Bernard. 1714. *The Fable of the Bees*. London.
- McCloskey, Deirdre. 2006. *The Bourgeois Virtues: Ethics for an Age of Commerce*. Chicago: University of Chicago Press.
- Montesquieu, Charles de Secondat, baron de. 1989. *The Spirit of the Laws*, trans. and ed. Anne Cohler, Basia Miller, and Harold Stone. Cambridge: Cambridge University Press.
- Nollan v. California Coastal Commission*, 483 U.S. 825 (1987).
- Pettit, Philip. 1996. "Freedom as Antipower." *Ethics* 106(3): 576–604.
- Pettit, Philip. 1997. *Republicanism: A Theory of Freedom and Government*. New York: Oxford University Press.
- Pettit, Philip. 2006. "Freedom in the Market." *Politics, Philosophy, and Economics* 5(2): 131–149.
- Pettit, Philip. 2007. "A Republican Right to Basic Income?" *Basic Income Studies* 2(2): 1–8.
- Pincus, Steve. 1998. "Neither Machiavellian Moment nor Possessive Individualism: Commercial Society and the Defenders of the English Commonwealth." *American Historical Review* 103(3): 705–736.



- Przeworski, Adam, Michael Alvarez, Jose Antonio Cheibub, and Fernando Limongi. 2000. *Democracy and Development: Political Institutions and Well-Being in the World, 1950–1990*. New York: Cambridge University Press.
- Rawls, John. 1993. *Political Liberalism*. New York: Columbia University Press.
- Rousseau, Jean-Jacques. 1997. *The Social Contract and Other Later Political Writings*, trans. and ed. Victor Gourevitch. Cambridge: Cambridge University Press.
- Scheidel, Walter. 2017. *The Great Leveler: Violence and the History of Inequality from the Stone Age to the Twenty-First Century*. Princeton: Princeton University Press.
- Smith, Adam. 1981. *An Inquiry Into the Nature and Causes of the Wealth of Nations*, eds. R. H. Campbell and A. S. Skinner. Indianapolis: Liberty Classics.
- Stigler, George. 1975. *The Citizen and the State: Essays on Regulation*. Chicago: University of Chicago Press.
- Taubman, William. 2018. *Gorbachev: His Life and Times*. New York: W. W. Norton and Company.
- Taylor, Robert. 2017. *Exit Left: Markets and Mobility in Republican Thought*. Oxford: Oxford University Press.
- Thomas, Alan. 2021. “Market socialism, labour market domination, and the state as employer of last resort.” *Review of Social Economy* (online first): 1–26.
- Tocqueville, Alexis. 2007. *Democracy in America*, ed. Isaac Kramnick. New York: W. W. Norton and Company.
- Turner, Brandon. 2015. “Commercial Society.” In *The Encyclopedia of Political Thought*, ed. Michael Gibbons. Malden, MA: Wiley Blackwell. pp. 601–603.

Weststeijn, Arthur. 2012. *Commercial Republicanism in the Dutch Golden Age: The Political Thought of Johan and Pieter de la Court*. Boston: Brill.