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Paolo Silvestri, Benoît Walraevens

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Liberty, Political Economy and Good Government in Adam Smith¹

Paolo Silvestri² and Benoit Walraevens³

Abstract

What does Adam Smith mean by ‘good government’? How is it related to his political economy and system of natural liberty? No extensive or specific treatment of these hermeneutical issues has been given in Smith’s scholarship. Answering these questions is fundamental to having a new interpretation of the various links between the legal, political, ethical and economic aspects of Smith’s view of social order. The great theme of good government, which runs through the whole history of Western political-legal thought, if read in relation to the system of natural liberty, provides a different understanding of the thought of Smith on ‘Political Economy’ as the “science of legislator” and the new art of good government. Our reconstruction of Smith’s view of good government aims to cast light on and give a new significance to his unfinished project of a new science of society.

Key words: Adam Smith, Good Government, Liberty, Political Economy, Legislator

JEL classifications: B12, B31

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² Paolo Silvestri, Department of Law, University of Catania. Contacts: paolo.silvestri@unict.it. ORCID: orcid.org/0000-0001-9864-213X.

³ Benoit Walraevens, Université de Caen-Normandie, CREM, UMR CNRS 6211, Caen, France.

1. Introduction⁴

The problem of good government is an essential *topos* of political and legal philosophy.

Good government and bad government [is] an antithesis that runs through the whole history of political thought, one of the great themes, if not the greatest, of political reflection of all time. [It is an] essential problem [because] one could say, without fear of exaggeration, that there is no great work of political theory that has not attempted to respond to the question: ‘how should we distinguish good government from bad government?’ (Bobbio 1983: 236).

Also, the *topos* of good government often has the characteristics of a *mythos*, especially since “it is difficult, if not impossible, to identify the paternity thereof” (Taranto 2000: 93-94). Like a myth, in fact, from the dawn of time, it has never ceased to feed the speculation of a great number of thinkers both before and after Smith. In addition, like a myth, good government was understood, renewed, and described in a different way every time, continuously varying the meaning and significance thereof: from the mythical good government (*eunomia*) of the wise legislators of Solon and Lycurgus to Luigi Einaudi’s (1954) *Il buongoverno*, until the contemporary, technocratic, and elusive notion of ‘governance’.⁵

‘Good government’ persistently recurs in Smith’s works. The statement “commerce and manufactures gradually introduced order and good government, and with them, the liberty and security of individuals ...” recurs, *as a refrain*, three times in Book III of the *WN*, which is, notoriously, a central juncture of the *WN*. Moreover, this book is considered as the oldest part of the *WN*, with a distinctly “polished” style (Skinner 1975). In fact, in it, some of the earlier reflections of the *LJ* were incorporated and further developed.

But what does Smith mean by “good government”? How, when, and why does it appear in his works? How is this concept related to his Political Economy and “system of natural liberty”? No extensive or specific treatment of these hermeneutical issues has been given. We believe that finding possible solutions to these issues may foreshadow multiple implications as much as in Smith’s scholarship as in the history of economic and legal-political thought.

⁴ For the citations of the works of Adam Smith we will use the system of abbreviations adopted in: Adam Smith, *The Glasgow Edition of the Works and Correspondence of Adam Smith*, Clarendon Press, Oxford 1976-1980:

LJ(A): *Lectures on Jurisprudence* [1978(1762-63)]

LJ(B): *Lectures on Jurisprudence* [1978(1766)]

TMS: *The Theory of Moral Sentiments* [1976(1759-1790)]

WN: *An Inquiry into the Nature and Causes of The Wealth of Nations* [1976(1776)]

ED: *Early Draft of part of the Wealth of Nations*, in *LJ*: 562-581, 1978

EPS: *Essays on Philosophical Subjects* [1980(1795)].

⁵ Among the authors who have variously thematized (or even just recalled) the problem of good government, there are very different, if not antithetical, thinkers: from the mythical good government (*eunomia*) of the wise legislators Solon and Lycurgus, passing through Plato, Aristotle, Polybius, Cicero, Machiavelli, Milton, Sidney, Neville, Bolingbroke, Lord Acton, Muratori, the Italian illuminists, Montesquieu, Jefferson, Washington, Smith, Rousseau, J.S. Mill, up to Cattaneo, Mosca, Ernesto Rossi and Einaudi. On these last Italian thinkers see Silvestri (2011) and, on Einaudi in particular, Silvestri (2008 and 2012) and the essays collected in Heritier, Silvestri (2012).

For Rasmussen (2017: 162), Smith's statement about the link between commerce, liberty and good government is not only the "climatic claim" of Book III, but "the single most important passage in the *Wealth of Nations*" because it is the key to his defence of commercial society (Rasmussen 2006: 639). However, Rasmussen (as well as other scholars) provides an interpretation of "good government" limited to only one of its possible meanings, namely "*rule of law*" (2017: 163, 164). In truth, the complex and multifaceted idea of good government also recurs at other crucial points in Smith's works, where he resorts to other similar and related concepts such as "regular government", "well-governed states" or "bad government", or when he addresses his "political economy" discourse to the wise statesman or legislator, who must be "directed, not by the clamorous importunity of partial interests, but by an extensive view of the general good", where 'good government' is meant here both as *government for the common good* and as *art of governing well*.

In this connection, it is striking that no entry was dedicated to 'good government' in the analytical index of the *WN*, in the essential and accurate *Glasgow Edition*. Above all, the question regarding the meaning of good government in the work of Smith seems not to have been raised until now, not even in the most acute readings of his view of Politics and Jurisprudence (See Winch 1978, Haakonssen 1981, Skinner 1996, Fleischacker 2004, Smith 2006, Hont 2009, 2015, Sagar 2018). Donald Winch, for example, while moving from a republican perspective and having noted (Winch 1978) the presence of the theme of *mixed government* in the work of Adam Smith, fails to establish (even in an article that explicitly mentions the "good government" in the title (Winch 1983)) a link between mixed government and the good government of Book III of the *WN*. Fleischacker (2004: 242-246) discusses "well-designed institutions" in Smith but without referring to the idea of good government. Nor does Hill (2016), though she provides an excellent summary of scholarship on Smith's political theory.

Because of this gap in Smith's studies, we will first try to identify the way in which Smith re-uses and renews the concept. He seems to wish to assert a peculiar, updated use of the ideal of good government, as if it were a genuine (re)discovery, made possible, as he himself recognises, via Hume, but, in many respects, going beyond Hume himself. Smith offers both an historical and a theoretical account of good government, linking it the rise of commercial societies and to the new science of 'political economy' as the new "science of legislator", creating what we might call a 'political economy of good government', thus fulfilling the role of epochal juncture.

Also, in the light of our reconstruction of Smith's idea of good government, we think that a statement like "Smith had no political theory. [He] never expressed an opinion concerning the problem of forms of state, of political systems, and the relations between social system and form of government" (Neumann 1957: 258) seems completely wrong.

Last but not least, we believe that our reconstruction might help to better understand why Smith never finished his *Lectures on Jurisprudence* and the connected project of a new science of social order. This should also provide suggestions for further historiographic revisions.

Below we list the four main claims (henceforth 'C') we have drawn from our reconstruction and analysis of the theme of good government in Smith's works, which we will explain throughout the paper.

We will try to show that, in Smith's thought, the idea of good government:

C1) *emerges and develops* in the course of the reflection that will lead him from the *LJ* to the *WN* and against the background of the fruits of the *TMS* regarding the “mediating” function of the middling ranks in society and in the public sphere. In turn, the reflections developed in the *WN* will have a significant influence on the subsequent rewritings of the *TMS*;

C2) has a *synthetic character*, in the sense that it seems to hold the different aspects – moral, legal, political, economic – of his thought together;

C3) from the moment of its emergence, becomes, for Smith, both a *descriptive* and *prescriptive idea* for the social order;

C4) is strictly connected to both his idea of Political Economy as “the science of Legislator” and the *ideal* and *perfect* system of liberty, equality and justice.

The paper is organized as follows.

In Section 2 we provide an introductory framework to clarify the several notions of ‘good government’ in the Western tradition which will guide our analysis: from the general and common meaning of good government – good polity or good constitution – to the more specific ones – rule of law, government for the common good, and art of governing well. Then we will briefly introduce the main innovations introduced by Smith’s good government in this tradition.

In the next two Sections 3 and 4 we try to show how our reading of the theme of good government in Smith can also be analytically understood by resorting to a twofold level of analysis that we might call, respectively, the ‘historical circumstances’ of good government and the ‘epistemic conditions’ of good government.⁶ Section 3 deals with the ‘emergence’ of the theme of good government in a twofold sense. On the one hand, we highlight Smith’s reconstruction of the *historical circumstances* – that is legal-economic-political-sociological circumstances – that led to the emergence of good government. On the other, we show the ‘emergence’ and evolution of the theme of good government in Smith’s works. Section 4 focuses on the *epistemic conditions* of good government, i.e., the role attributed by Smith to the knowledge of both Political Economy as the Science of Legislator and Natural Jurisprudence.

However, it is important to note right now how these two layers of analysis are intertwined. Smith’s (good and wise) legislator is one who should know (epistemic condition) the historical (legal-economic-political-sociological) circumstances of the society he governs in order to keep it in dynamic equilibrium. In fact, such dynamic equilibrium is constantly unbalanced by constant economic progress, division of labor, power relations between social classes and factions, new laws, education, public opinion, etc. In a nutshell: social order amounts to dynamic equilibrium of social orders, that is, keeping the ‘constitution’ or polity – and therefore the social orders embodied in a mixed government – in dynamic equilibrium.

We conclude by providing the main implications that can be derived from our reconstruction of Smith’s idea of good government in order to suggest possible historiographic revisions of some significant issues of Smith’s thought.

⁶ We thank one of the referees for helping us to restructure our argumentation around this important distinction.

2. Meanings of ‘good government’: an introductory framework

Since ‘good government’ is a key concept of Western philosophical, political and legal thought, it is important to first specify its meanings as they have been elaborated and inherited from the classics (sec. 2.1). Then we will briefly introduce the main innovations introduced by Smith’s good government in this tradition, to help the reader to better follow our reconstruction, in the following sections (sec. 2.2).

The following outline summarizes the various meanings of good government in the Western tradition and the role played by Smith in changing the third specific meaning of good government through his reflection on political economy as the (new) “science of legislator”.

Meanings of “good government”

General meaning:
good ‘polity’ or good ‘constitution’: ideal type of political community organized for the pursuit of the common good

Specific/historical meanings:

<ol style="list-style-type: none">1. Rule of Law (or Government of law) Vs Rule of man2. Government for the common good Vs government for the private good (tyrant, faction, etc.)3. Art of ‘governing well’ the <i>res publica</i><ul style="list-style-type: none">• ‘<i>Oikonomia</i>’, ‘polity’, ‘police’, ‘policy’, ‘political economy’	}	Mixed ‘Constitution’ or Mixed ‘Government’: Between the ‘One’ and the ‘Many’
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2.1. The good government in the Western tradition

The most general and common meaning of ‘good government’ is ‘good’ (or ‘best’) ‘constitution’ or ‘good polity’, i.e., the ‘ideal’ type of political community organized for the pursuit of the common good. In this regard, it is important to make a terminological clarification to avoid possible confusion. Since the time of the famous formalization provided by Aristotle, the search for good ‘government’ is the search for the best ‘constitution’. ‘Constitution’ classically means the ‘body politic’ or ‘social structure’, which is the reason why ‘mixed government’ classically stands for ‘mixed constitution’ as the ideal model of ‘good polity’ or ‘best constitution’, that is between the ‘one’ and the ‘many’.⁷

The general and common meaning of good government as good polity encompasses, at the same time, a structure and an ideal, or a *telos*, a being and an ought-to-be. Insofar as it supposes an ‘ideal’, which inevitably witnesses a deviation from the ‘real’, it implies a ‘just’ and ‘attentive’ government in pursuit of the ideal common good.

⁷ See Bobbio (2004: 417). For a detailed reconstruction of the mixed constitution as “ideal government” from the antiquity to the Middle Ages, see Blythe (2014).

As for the three more specific meanings in which the notion of good government has historically been variously declined, the typological analysis elaborated by Bobbio is particularly useful.

The first meaning of good government can be summarised in the formula: *government of laws or rule of law* (M1), as opposed to the rule of man, an idea which was most common in Smith's time and in the common law tradition more generally.⁸

The second meaning is *government for the common good* (M2), as opposed to the government for the private good, whether of a tyrant or side or faction (Bobbio 1983: 237; see also Bobbio 1991).

Bobbio, following Aristotle's famous systemization in his *Politics*, had noted that the two interpretations are connected to each other because "the government of laws is good if the laws are good, and the good laws are the ones that aim at the common good". On the other hand, "the best, safest way, which the governing party has to pursue the common good" is that of "making good laws itself" (Bobbio 1983: 238) or of following laws that establish "general principles", which, as such, do "not contain the emotional element" that "every human soul", and therefore any governor too, "necessarily has" (Aristotle, *Politics*, 1286a).

The connections between the first two meanings of good government, underlining the problem of the good governing party or wise legislator, bring us to a third meaning of good government: the *art of governing well or administering public affairs* (or the *res publica*) (M3).

2.2. Smith's good government within and beyond the western tradition

Considering the debt of the Western tradition to the systematization of the theme of good government provided by Aristotle in his *Politics*, it seems important to us to highlight both the similarities and, more importantly, the differences between Aristotle and Smith. In this regard, and for the purposes of our reconstruction, we will not need at all to discuss Aristotle's foundational understanding of 'the political'. Also, these differences will be further highlighted through a comparison between Smith and some modern thinkers closer to him in time. This will help to better understand how Smith reinterprets and renews this great theme within his (historical) reconstruction of the rise of commercial societies and his theorization of the new science of the statesman or legislator, that is political economy.

As for the similarities, it is, first of all, known that Aristotle was one of the sources of inspiration of Smith's ethics, and especially for his concept of propriety, as he acknowledges it (*TMS*, VII.ii.1.12).⁹ Secondly, the idea that the middling ranks incarnate the *aurea mediocritas* is to be traced to Aristotle. In his *Politics* (1266 a-b – 1267 b), he had not only recognised the need for a balanced distribution of property, but had

⁸ The idea that the government of England is a government of laws (and not a government of men) could be traced back at least to the Middle Ages (Mc Ilwain 1940). In this regard, however, we can recall how Neville, in *Plato redivivus: or a dialogue concerning government* [1681], used as synonyms the expressions "Common Law", "constitution of the government of England", "Good government of England", and "law of nature" (cit. from Matteucci 1976: 95).

⁹ See Hanley (2006), Broadie (2010), Bizziou (2016).

connected this theme with the search for the “best constitution”, configuring it in the horizon of the “*mesotes*”. Also, and above all, as we will see then in more detail, consider Smith’s attention to the “common people” of the middling ranks – the incarnation of the virtue of *prudence* –, his attention to the problem of factions (see in particular *TMS*, III.iii.25, III.iii.33, III.iii.36-7, III.iii.43, VI.iii.12), the way in which the middling rank is the necessary “balance” of the social structure, and his references to the figure of Solon, the wise *Legislator*.¹⁰ Last but not least, consider that Smith, like Aristotle, conceives of the search for the “best constitution” in the sense that ‘best’ stands for a normative ideal that should also be tendentially ‘sharable’ by the majority of citizens, and, above all ‘practicable’, e.g., by a good legislator, like Solon, capable of governing through a continuous process of mutual adjustment between the ideal and the real. (see sec. 4.2 and 4.3). In Aristotle’s view ((1988) *Politics*, 1288b – 1295b: 157-159), since virtue is *mesotes*, and since it is necessary that the average life should be the best of that *mesotes* that each person can achieve, then “the best form of political association is one where power is vested in the middle class, and, secondly that good government is attainable in those cities where there is a large middle class [...] enough to be stronger than either of them [the one and the many] singly [...] [It] will prevent either of opposing extremes from becoming dominant”.

There are, nevertheless, significant differences between Aristotle and Smith.

First of all, and importantly, Smith’s notion of individual liberty is modern, and in his reconstruction of the effects of commerce on “liberty” and on the emergence of good government he feels the need to specify that he is talking about “our present sense of the word Freedom” (III.iii.5, p. 400, see also sec. 3). This, in our view, has several implications. He did not have an organicist conception of society that was assumed in the reflections on good government from Aristotle till Middle Ages. It also explains why in Smith the concept of ‘public utility’, ‘public happiness’ or ‘general good’ in relation to the concept of good government is much more recurrent than the concept of ‘common good’.¹¹ Also, in this regard, it is essential to specify, in order to avoid misunderstandings, that ‘good’ is conceived by Smith not so much positively – as *summum bonum* – but as the absence of the misuse of power and of the dominion of one *side* or *faction*, both over the social whole and in government action. And this view of the im-partiality of government is consistent with Smith’s negative conception of justice.

Secondly, the middle class as the *historical-sociological reference* of the Aristotelian *mesotes* is, of course, different from Smith’s middling ranks and their potential inclination to *mediocritas*.

Moreover, we will see how, in the work of Smith, the first two meanings of good government will end up being blended together via the thematization and revival of the ideal of *mixed government* or *mixed constitution* in book III of the *WN* (see sec. 3). Bolingbroke and Montesquieu, both well known to Smith, played a key role in

¹⁰ One can, furthermore, remember that Montesquieu (1989, book V, Chs III-VI), coming to terms with the problem of commercial development, had already renewed the classical republican theory, insisting, like Aristotle, on the importance of the middle class for the existence of democracy.

¹¹ To be clear, to our knowledge Smith uses “common good” only once (*LJA*, v.127: 321), but he uses “public utility” (*LJA*, ii.91: 104), “public good” (*LJA*, ii.90-1: 104), “general welfare of the society” (*WN*, Introduction and plan of the work, 8: 11), “public welfare” (*WN*, I.x.c.63: 159) “public happiness” (*WN*, III.iv.17: 422) and “good of the publick” (*LJA*, v. 126: 320).

reformulating the ideal of mixed government, that is, overcoming its organicistic conception developed from antiquity until the Middle Ages (Matteucci 1976: 117). Also, the idea that the British constitution was a mixed constitution was a popular theme of Eighteenth-Century political thought, and rather shared by Scottish Enlightenment thinkers (Smith 2010). It is nevertheless true that the mixed constitution in Smith takes on a much more general meaning through his analysis of the historical emergence of the role of middling ranks. In this regard, Smith explicitly acknowledges his debt to Hume, but in many respects he also goes beyond Hume (see sec. 3).¹²

Precisely with reference to the Smithian passages about “order and good government” in book III of the *WN*, Forbes had written that

Smith’s conception of the end of government is the same as Hume’s: justice, the protection of property from the ‘injustice’ of those who would invade it, the liberty and security of individual under the rule of law. In so far as Smith was interested in a more political sort of freedom than that of the ‘natural system of liberty’, it was mainly freedom in the sense of law and order. (Forbes 1975: 186)

While this statement is indubitable, Smith’s possible debt to Hume should not be over-emphasized, at least for two reasons. First, because the idea that the government of England is a “government of laws not of men” (Hume, 1963a: 89-97) could be traced back at least to the Middle Ages (Mc Ilwain 1940). Secondly, because Forbes’s statement is not able to account for the main difference between Hume and Smith, namely Smith’s more specific and wider reflection on good government as well as his project to write a treatise on natural jurisprudence.

Last but not least, at the apex of his reconstruction of the historical emergence of the mixed government, Smith emphasizes how it is a government for the common good by introducing the related notion of “*regular government*”. Such a notion was likely taken from his master Hutcheson who, approaching the classic theme of different forms of *polity* (“constitution” or “government”) states the following definition beforehand: “there are different forms of polity: of which some are wisely adapted to the interest of society, and are thence to be called regular; other are ill contrived for this purpose, and are irregular” (Hutcheson 1755: 240).

As mentioned above, the connections between the first two meanings of good government naturally leads us to the third specific meaning of good government: the *art of governing well or administering public affairs*. And among the thinkers closest in time to Smith, it is perhaps Bolingbroke who provided one of the definitions that best explicates and summarizes the intertwining of the three meanings of good government:

By constitution we mean [...] that assemblage of laws, institutions, and customs, derived from certain fixed principles of reason, directed to certain fixed objects of public good, that compose the general system, according to which the community hath agreed to be governed. [And we call] good government [the one in which] the whole administration of public affairs is wisely pursued, and with a strict conformity to the principles and objects of the constitution. (Bolingbroke, 1841 [1733-34], II: 88).

This ‘art of governing well’ was also already implicit in the common meaning of good government as good polity. Nevertheless, it is important to emphasize that the meaning of this ‘art’ acquires a particular twist in that epochal shift owing to the emergence of modern “political economy”, characterised by fractures and continuities

¹² On the possible influence of republicanism on Smith see Winch (1978, 1991).

with the ancient *oikonomia*.¹³ This significant shift in the meaning of good government, for which Smith played a key role, can only be fully grasped in that historical context in which very complex concepts, sometimes used as synonyms, meet and overlap in a peculiar conjuncture of diachrony and synchrony: *oikonomia*, *polity*, *police*, *policy*, and *political œconomy*.¹⁴

It is not possible here to fully develop the economic inflection that the regulatory criterion of *good* government assumes precisely in those years. Suffice it to mention that Smith himself, in the *LJ*, correctly recalls the French derivation of the term ‘Police’,¹⁵ and that when addressing the problems of ‘Police’ in the *WN* he will adopt the term ‘good government’ (see sec. 4.1). Again, it can be noted that the economic inflection of good government is already evident in Bolingbroke’s *Letters on the Spirit of Patriotism: On The Idea of a Patriot King*:

the ends of good government [are] *private security, public tranquility, wealth, power, and fame* [...]. The result of what has been said in general, that the *wealth and power* of all nations depending so much on their trade and commerce; [...] A *good government*, and therefore the government of a Patriot King, will be directed constantly to make the most of every advantage that nature has given, or art can procure, toward the improvement of trade and commerce. And *this is one of the principal criterions by which we are to judge, whether governors are in the true interest of the people or not.* (Bolingbroke 1775 [1738]: 171, 178-179, italics added)

In turn, note the analogy between this passage and the famous Smithian statement that “the great object of the political œconomy of every country, is to increase the riches and power of that country” (*WN*: 372) (it is also noteworthy that Smith had in his library annotated versions of Bolingbroke’s *Spirit of Patriotism* and *Dissertation upon Parties* as well as an edition in 5 volumes of Bolingbroke’s works, published in 1754 (Mizuta 2000)).

It is in this historical context that Smith’s political economy was destined to fulfil the role of epochal juncture and change the meaning of good government forever.

Among the scholars who have captured this momentous shift due to the emergence of the market and its *knowledge*, the political economy, it is worth mentioning Michel Foucault:

the market determines that good government is no longer simply government that functions according to justice [and] is no longer quite simply one that is just. The market now means that to be good government, government has to function according to truth. In this history and formation of a new art of government, political economy does not therefore owe its privileged role to the fact that it will dictate a good type of conduct to government. Political economy was important, even in its theoretical formulation, inasmuch as

¹³ Cf. Brunner (1970), Frigo (1985).

¹⁴ On the relationship between these concepts, see Porta (1988). On the specific meanings of *oikonomia*, *polity*, *police*, *policy*, and *political œconomy* in Smith’s thought see Aspromourgos (2009, ch. 5: 203ff).

¹⁵ Three quotes that we take from the *Oxford English Dictionary* are very significant. Under the entry ‘Police’, after due references to the meanings of ‘Policy’ and ‘Polity’ (constitution), the dictionary mentions the French derivation of the term, and in the chronology of citations (which we report without altering the format of the dictionary notation, but adding only the quotation marks to the quoted sentence) we find: “**1732** SWIFT *Exam. Abuses Dublin* Wks. 1761 III. 219 ‘Nothing is held more commendable in all great cities... than what the French call the *police*; by which word is ment the *government* thereof’. **1768** ERSKINE *Inst. Laws of Scotl.* (1773) II. 714 ‘Offences against the law enacted for the *police or good government* of a country, are truly crimes against the state’. **1769** BLAKSTONE *Comm.* IV. Xiii. 162 ‘By the *public police and œconomy*, I mean the due regulation and domestic order of the Kingdom” (italics added).

(and only inasmuch as, but this is clearly a great deal) it pointed out to government where it had to go to find the principle of truth of its own governmental practice. [...] from being a site of jurisdiction, which it remained up to the start of the eighteenth century, the market [...] is becoming what I will call a site of veridiction. The market must tell the truth (*dire le vrai*); it must tell the truth in relation to governmental practice. Henceforth, and merely secondarily, it is its role of veridiction that will command, dictate, and prescribe the jurisdictional mechanisms, or absence of such mechanisms, on which [the market] must be articulated. (Foucault 2008: 32)

3. The emergence of good government in Smith's works

In this section we study the 'circumstances' of good government and try to explain how (where, and why) the issue of good government emerged and developed in Smith's works, focusing here mainly on the first two specific meanings of good government: government of laws (M1) and government for the common good (M2). We highlight both Smith's 'historical' reconstruction of the (legal-economic-political-sociological) circumstances that led to the emergence of good government as well as the 'emergence' and evolution of the theme of good government in his works, from the *LJ* to the *WN* via the *TMS*. Finally, we try to show why the theme of mixed government, when reconceptualized in the *WN*, takes on the characters of a more general conception of good government capable of holding together its first two meanings. Also, Smith's later reflections in *TMS* show how he had intuited the possibility of a new *good polity* based on solid middling ranks.

3.1. Hints at government of law and mixed government in the Lectures on Jurisprudence

Smith's earliest hints of the theme of good government can be traced in his analyses of the common law and the legal-political institutions of England. In reconstructing the emergence of the liberties of the English people, Smith intertwined the idea of government of law and mixed government.

As we noted, the fact that the first meaning of good government as *government of laws* is present in Smith's reflection could seem obvious, since the idea of the rule of law is rooted in the common law tradition. Suffice here to remember that in the *LJ*, in the part relating to *Public Jurisprudence*, and right where Smith confronts institutional themes treated in Book III of the *WN*, the liberties that the English have conquered thanks to the institutions and customs of the Common Law are historically re-traced (*LJ(B)*, 61-75; *LJ(A)*, IV.167-V.45).

Along these lines, it is worth noting that in the *LJ(B)*, and though referring specifically to the English government, Smith makes a crucial reference to *mixed government*: "here is a happy mixture of all the different forms of government properly restrained and a perfect security to liberty and property" (*LJ(B)*, 63: 421-2). But why exactly did Smith praise (British) mixed government? Certainly because it takes the best of the two main forms of government – monarchies (including aristocracies) and republics (including democracies) (*LJ(B)*, 19: 404) – thus being between the 'one' and the 'many'. It allies the two principles of "allegiance" or "obedience" to the government: the principle

of “authority”, which prevails in the former, with the principle of “common or general interest”, or principle of “utility”, which prevails in the latter (*LJ(A)*, v.120: 318; vi.132, 322; see also *LJ(B)*, 14: 402).¹⁶ And these principles are endorsed by different kinds of people and characters or, in Smith’s words, they “affect people of different casts.” (*LJ(A)*, v.125: 320)¹⁷

Smith then adds that “there are still some other security to liberty”, dependent on additional “established custom”, like the lifetime appointment of judges that makes them independent of the king, the possibility that the *House of Commons* can subject the king’s ministers to *impeachment*, *Habeas Corpus*, and the institution of the *Courts of Justice* (*LJ(B)*, 64: 422; *LJ(A)*, v.5-8: 271-3). More generally, Smith provides a conjectural history of the emergence and development of “regular” government and its different powers with the progress of society, the growth of economic activities and the rise of modern liberty. For him, “the security and independency of each individual”, supported by the magistrates, “can not be attained without a *regular* government” (*LJ(A)*, v.121: 318, italics added) which was unmet in the first ages of society, and he significantly adds that “a judge is *now* [...] the source of our liberty, our independence, and our security” (*LJ(A)*, v.109: 313, our italics) because “the magistrate” (which appeared before laws) should act “in the character of an impartial spectator” (*LJ(A)*, ii.90: 104). For avoiding or limiting the arbitrariness and partiality of his decisions, the legislative power was instituted (*LJ(A)*, v.112: 314-5), judges having now “little power [...] in explaining, altering, or extending or correcting the meaning of the laws” (*LJ(A)*, v.15: 275). Together with the separation and independence of powers, the presence of counter-powers and the frequency of elections (*LJ(A)*, v.5-11: 271-4), *the impartial administration of justice* is responsible for the prevalence of liberty (i.e the security and independence of individuals) in Great Britain, and constitutes the main source of its prosperity, as he will underline in the *WN* (V.i.b.25, p. 722-3, on which see below p. xxx).

In any case, the expression ‘good government’ is lacking in *LJ*, although the idea is sketched through the interweaving of the idea of mixed government and the rule of law, and Smith’s analysis is limited to the legal-political institutions of England only.

3.2. *Book III of the Wealth of Nations: The locus classicus of the theme of commerce, good government and liberty*

Some scholars have rightly maintained that Book III of the *WN* is the “*locus classicus* of the theme of commerce and liberty” (Forbes 1975: 193), or that the *WN* “can be accurately, if not very fully, described as an extended treatise on the reciprocal relationship between commerce and liberty” (Winch 1978: 70).¹⁸ But it is noteworthy

¹⁶ In this regard, see Hont (2009) who provides a convincing reading of the issue of legitimacy in terms of “authority” and “utility” in Smith’s political thought (we will come back to this in the conclusion).

¹⁷ The principle of utility is naturally favoured by “the bustling, spirited, active folks, who can’t brook oppression and are constantly endeavouring to advance themselves”, while the principle of authority is more naturally followed by “the calm, contented folks of no great spirit and abundant fortunes which they want to enjoy at their ease, and don’t want to be disturbed nor to disturb others.” (*ibid.*; see also *LJ(B)*, 14: 402)

¹⁸ But see also Hont (2005: 453–88).

that, in that Book, Smith keeps repeating: “commerce and manufactures gradually introduced order and good government, and with them, the liberty and security of individuals ...”, almost as though it were a refrain designed to mark the rhythm and emphasise meaning and destination of a process. In our view, good government might be seen as the *regulating criterion* that oriented Smith’s historical reconstruction of the relationship between commerce and liberty. Therefore, a better way to define Book III would be: “the *locus classicus* of the theme of commerce, good government and liberty.” A more thorough exploration of this *locus* is, therefore, needed.

3.2.1. *The historical emergence of middling ranks and mixed government*

The main object of Book III, entitled *Of the Different Progress of Opulence in Different Nations* is the “the great commerce of every *civilised* society”, namely “that carried on between the inhabitants of the town and those of the country” (*WN*, III.i.1: 376, italics added). One of Smith’s primary concern is to explain the role of *institutions*,¹⁹ i.e., in what way they contribute to or delay the progress of *opulence*. This concern is all the more urgent, since, proceeding from the perspective of the four-stages theory, it consists in understanding how and why the institutions make a qualitative-quantitative leap possible in transitioning from the agricultural stage to the commercial stage, in such a way that the latter positively retroacts on the former. “As subsistence is, in the nature of things, prior to conveniency and luxury”, the development of agriculture (and of the countryside) should precede that of manufacturing and commerce (and of cities). Therefore, the problem is to understand how and why, in all modern European states, this natural order of things has been “entirely inverted” (*WN*, III.i.9: 380).

In this regard, Smith retraces the history of Europe through a learned weaving of economic, social, legal, and political factors. In particular, he tries to grasp both the existing connections between the distribution (and concentration) of property (especially land property) and the relationships of power and equilibrium between different social classes, and the way in which the relationship between property and power is reflected at the institutional, legal, and political level.

Smith notes that “how servile soever may have been originally the condition of the inhabitants of the towns”, thanks to the protection and privileges conceded by princes and king, “they arrived at *liberty and independency* much earlier than the occupiers of land in the country” (*WN*, III.iii.3: 399, italics added). Free towns, corporations, and citizens’ institutions – with their own magistrates, a form of self-government, and a defence militia – were born through these concessions and privileges.

The emergence of these institutions, and of those that Smith calls “independent republics”, was the *unintentional* result of the evolution of the *equilibriums* and of the power relationships connecting the king, lords, and townspeople. For reasons of opportunism and self-interest, the king and townspeople aligned against the lords, thus favouring the emergence of modern parliaments (*WN*, III.iii.8: 402).

The concession of privileges and the development of the cities arose from here. Although only the Italian and Swiss republics reached full independence, nonetheless, the

¹⁹ Perri & Pesciarelli (1976).

cities of France and England became so important that “the sovereign could impose no tax upon them [...] without their own consent” (*WN*, III.iii.11: 404). In this way, the “burghers” slowly installed themselves in the assembly of the general states, and, since they were generally more favourable to royal power, it seems that their deputies were sometimes used by the king “as a *counterbalance* in those assemblies to the authority of the great lords. Hence the origin of the representation of burghs in the states-general of all the great monarchies in Europe” (*ibid.*).

Order and *good government*, and along with them the liberty and security of individuals, were, in this manner, established in cities at a time when the occupiers of land in the country were exposed to every sort of violence. But men in this defenceless state naturally content themselves with their necessary subsistence, because to acquire more might only tempt the injustice of their oppressors. On the contrary, when they are secure of enjoying the fruits of their industry, they naturally exert it to better their condition, and to acquire not only the necessaries, but the conveniences and elegancies of life. (*WN*, III.iii.12: 405, italics added)

In turn, the development and richness of the commercial and manufacturing cities contributed to the progress of the countryside in several ways. Among them, the emergence of good government and liberty is “the least observed”, but “by far the most important of all”:

Commerce and manufactures gradually introduced order and *good government*, and with them, the liberty and security of individuals, among the inhabitants of the country, who had before lived almost in a continual state of war with their neighbours and of servile dependency upon their superiors. This, though it has been the least observed, is by far the most important of all their effects. Mr. Hume is the only writer who, so far as I know, has hitherto taken notice of it.²⁰ (*WN*, III.iv.4: 412, italics added).

What had Hume grasped that was so important? In *Of Commerce*, and especially in *On refinement in the arts*, picking up the famous *doux commerce* thesis²¹ – Hume pushes further. The development of commerce and, with it, the emergence of the middling ranks, interrupts the process of *polarisation* of society into two classes – the landlords and the renters – that continuously feeds the tyranny of the former and the servitude of the latter.

Where luxury nourishes commerce and industry, the peasant, by a proper cultivation of the land become rich and *independent*; while the tradesman and merchants acquire a share of the property, and draw authority and consideration to that *middling rank of man, who are the best and firmest basis of public liberty* (Hume 1963c: 284, italics added).²²

If the novelty of Hume, compared to the other Scottish philosophers, consisted in giving a “*political meaning*” (Winch 1978: 101) to the *middling ranks*,²³ in turn, *the*

²⁰ The editors of the *Glasgow Edition* of the *WN* recalled that the theme of the relationship between commerce and liberty was almost a *topos* of the political literature of the time, and can be found in thinkers very ‘close’ to Smith: Steuart, Ferguson, Kames, Millar, Robertson. The editors therefore believed that “Smith’s citation of Hume alone, along the writers above mentioned may itself be a reflection of the age of this part of his work, and of the fact that Hume was the first author known to Smith to have commented on the subjects of this chapter”; *WN*: 412n. We believe, however, that Smith may have had good reasons for limiting his debt to Hume alone, as we shall try to show.

²¹ For a reconstruction of the *doux commerce* theory, see Hirschmann (1977: 56 ff).

²² To this consideration Hume adds: “the lower house is the support of our popular government; [...] It owed its chief influence and consideration to the increase of commerce, which threw such a balance of property into the hands of the Commons” (*idem*: 284). See also Hume (1963b) and, for the middling rank as the ideal and moral fulcrum of society, Hume (1963c). On the balance of power depending on the distribution of property, and on the ideal of mixed government configured in such a way that the middling rank acts as the pivot of the balance, see also Hume (1786, vol. I: 699-704).

²³ See also Hont (2005: 2).

novelty of Smith lies in the fact that he “*constructs a whole model of society*” around the *middling ranks* (Pesciarelli 1988: 177n, italics added) (sec. 3.3). We would go further. Smith takes Hume’s considerations to a higher level of abstraction and synthesis.

Through the emergence of the middling ranks, Smith sees not just the ideal of mixed government and of a renewed government of laws, as Hume did,²⁴ but also the emergence of a good polity. Such a good polity is *not only the product of a spontaneous order but is something to pursue through the legislator’s sound and prudent management* (sec. 4.2 and 4.3). Before exploring these points, it will now be useful to return to Smith’s reconstruction.

3.2.2. *On the causes of good government: market and liberty as independence*

Paying particular attention, again, to the balancing of different powers and social classes, Smith seems to wish to further specify the causes of good government.

[Although the introduction of feudal law tends to strengthen] the authority of the king, and to weaken that of the great proprietors, it could not do either sufficiently for establishing order and *good government* among the inhabitants of the country, because it could not alter sufficiently that state of property and manners from which the disorders arose. (*WN*, III.iv.9: 417)

It was only through the silent and imperceptible work of commerce and manufacturing that the violence of feudal institutions could be limited and, thus, one could escape from this situation. Commerce and manufacturing, in fact, by introducing luxury, pushed the lords and barons to embark on increasingly lavish expenses, until they had to get rid of their tenants and retainers: “for the gratification of the most childish, the meanest, and the most sordid of all vanities, they gradually bartered their whole power and authority” (*WN*, III.iv.10: 419).

This also allows us to explain what, for Smith, is one of the main virtues of the market, i.e., to make greater liberty, as independence, possible thanks to the fragmentation of power. With the development of commerce and the corresponding expansion of markets and, as a result, the increase in the division of labour, the number of people who can call themselves free, in so far as they are independent, increases. (*WN*, III.iv.12: 420)

The tenants having in this manner become independent, and the retainers being dismissed, the great proprietors were no longer capable of interrupting the regular execution of justice or of disturbing the peace of the country. [...] Having sold their birthright, [...] for trinkets and baubles, [...] they became as insignificant as any substantial burgher or tradesman in a city. A *regular government* was established in the country as well as in the city, nobody having sufficient power to disturb its operations in the one any more than in the other. (*WN*, III.iv.15: 421, italics added)

The emergence and the establishment of a “regular government” was not only the *unintentional* result of the diverse behaviours of landowners on the one hand, and merchant and artificers on the other, but also and above all a “*revolution of the greatest importance to the public happiness*” (*WN*, III.iv.17: 422, italics added).

We must now pay special attention to the meaning to be given to this epilogue, which marks an important moment of synthesis of Smith’s reasoning.

²⁴ On this see Forbes (1975) and Winch (1978).

First, mixed government, which Smith referred to in the previous analysis, is now further qualified here as “regular government” and, moreover, he underlines that its emergence is “a revolution of the greatest importance for the *public happiness*”. The concept of “regular government” could be a further take on the reflections developed in the *LJ* on the intertwining of rule of law and mixed government (see sec. XXX). However, the fact that Smith emphasizes its revolutionary importance for public happiness, in the sense that *it tends to comply with the general interest*, generalizes its meaning by thus associating it with an idea of good government as government for the common good. In this sense we believe that Smith is also taking over the meaning of good government from his master Hutcheson (see Section 2.2.).

We therefore believe that in this epilogue Smith is not only configuring, but also ‘prefiguring’ (that is, in view of his further analysis in book IV and V of *WN* (see sec. XXX) an ideal model of society. This is because the ideal of mixed government/regular government is able to hold together the first two meanings of good government. Indeed, since the concentration of property is limited, and along with it the (economic and political) power of landowners, *the mixed government is also a government of laws, not of men*. In other words, it is not only the chances for interference with the “regular execution of justice” that are reduced, but, through the balancing and control of different powers, *the attempts by these powers to place themselves above the law which are limited too*.

That mixed government/regular government is an ‘ideal’ can also be deduced, by difference, from the above-mentioned remark that Smith makes in his *LJ* about its “happy mixture of all the different forms of government properly restrained” and about how it guarantees “a perfect security to liberty and property” (*LJ(B)*, 63: 421-2). Here, the reference was only to the concrete form of English government. In Book III of the *WN*, by contrast, we are facing a level of abstraction and synthesis that is, undoubtedly, greater, for several reasons. Firstly, because Smith, broadening his historical and geographical vision, associates the Italian and Swiss republics on the one hand, and the French and English representative forms of government on the other hand. Secondly, because economic, social, legal, and political-institutional factors are held together in his analysis. Thirdly, because the “regular government” no longer (or not only) alludes to a historical and concrete form of government especially since it is present “in the country as well as in the city”. Finally, because the reference to “regular government”, placed in the epilogue on purpose, underlines its *teleological* aspect, namely its conformity with the interests of society.

If our reconstruction and interpretation are correct, they should also explain why ‘good government’ appear explicitly only in the *WN* and not in the *LJ*. This is presumably because Smith could rediscover the ancient ideal of good government only after having passed through the moral and social reflection of the *TMS* and the legal, political, and economic one of the *LJ*. The Scottish philosopher had confronted the theme of commerce at different points in his *LJ*, without, in any case, giving them that organic synthesis present in Book III of the *WN*, and without a direct link with the emergence-expansion of the middling ranks.

We must therefore now turn our gaze to Smith’s reflection in *TMS*.

3.3. *Middling ranks and mediocritas in The Theory of Moral Sentiments*

It seems that the truly catalysing moment of Smith's speculation is that in which *the central role of the middling ranks, not only for the social order* – as had already emerged in part in the first editions of the *TMS* – *but also for political-institutional stability is brought into focus*. The middling rank is, thus, configured as the *medium between* two extremes of *the one* and of *the many*, both at a social and a governing level. But this could only be grasped through the more mature reflection of the *WN* where the economic analysis of the development of commerce is linked to the consequences for the social structure and balance of power.

Therefore, another reason why Smith's mixed and regular government is 'ideal', and ensures that it is 'good' government, is precisely the balancing role of the middling ranks, designed to guarantee social and political order. The middling rank incarnates, at an institutional-political level, that function of *middleness* that Smith attributed to it at the social level.²⁵

In this regard, Smith's addition to the 6th edition of the *TMS*, and, therefore, *after* the *WN*, is highly significant. Here, in a famous hymn to the virtues of the middling ranks, he writes that it "can never be great enough to be above the law."

In the middling and inferior stations of life, the road to virtue and that to fortune, to such fortune, at least, as men in such stations can reasonably expect to acquire, are, happily in most cases, very nearly the same. In all the middling and inferior professions, real and solid professional abilities, joined to prudent, just, firm, and temperate conduct, can very seldom fail of success. [...]. The success of such people, too, almost always depends upon the favour and good opinion of their neighbours and equals; and without a tolerably regular conduct these can very seldom be obtained. [...]. In such situations, therefore, we may generally expect a considerable degree of virtue; and, fortunately for the good morals of society, these are the situations of by far the greater part of mankind. (*TMS*, I.iii.3.5: 63)

With regard to the middling ranks, Pesciarelli has emphasized that, through the analysis of the features of the *prudent man* and of the expansion of the middling ranks "in the *TMS*, *the design of a harmonious order, not only moral but also social*, based on the 'inferior virtue of prudence' begins to emerge" (Pesciarelli, 1988: 47-48, italics added). In addition, given the mediating function of the intermediate classes in the overall social equilibrium, Pesciarelli believes that Smith constructs "*a whole model of society* around" these intermediate classes (ivi: 177n, italics added). Such a 'mediating' function is to be understood in all respects: economic-social, political and even with regard to the "administrative" roles that "middle and inferior ranks" have "in all governments" (*TMS*, I.iii.2.5, p. 56).

Now, if the *middling ranks* need to be considered, to all effects, the *hinge* of Smith's thought,²⁶ one could say that, even more so, it holds for the idea of *good government*, not only because it *includes* the idea that the middling rank is the *junction* of the economic-social and institutional-political order, but, above all, because it seems *capable of holding the different aspects of Smith's speculation together: ethics, economics, politics, and the*

²⁵ On this see Zanini (1993, 1995).

²⁶ Along these lines, Phillipson (1983: 179) has claimed that Smith was "a practical moralist who thought that his account of the principles of morals and social organization would be of use to responsibly-minded men of middling rank, living in a modern, commercial society."

law.²⁷ It shows that the idea of good government has a distinctively *synthetic character* in Smith's thought (C2).

Also, the above-mentioned passage in the *TMS* seems extremely significant precisely because it is an addition made post-*WN*, in which Smith refers to middling ranks a dozen times, while there are only a few references to them in *LJ* and the previous editions of *TMS*. This seems to further corroborate our first claim (C1) regarding the moment of the emergence of good government in Smith's speculation.

Moreover, further developing Pesciarelli's statement, one could maintain that the model of society that Smith configures, and therefore prefigures as an ideal model, refers precisely back to that idea of good government understood in the general meaning of *good polity*, thus an ideal type of political community, organized to pursue the common good.

4. The second-best good government: political economy, the perfect system of natural liberty and the wise legislator

In this section we study the 'epistemic' conditions of good government in Smith and focus on our third (specific) meaning of good government as the art of governing well (M3). We show how Smith's re-elaboration of the theme of good government is founded on his reflections on and theorization of political economy as the new science of the legislator (sec 4.1). More specifically, we underline the centrality in Smith's (new) 'theory' of good government of his ideal "system of natural liberty" (sec. 4.2) and the crucial role he ascribes to the wise and good legislator for trying to reach as much as possible, while pragmatically accommodating the "prejudices" of the people and their private interests (sec 4.2 and 4.3).

4.1. 'Police', 'Political œconomy', and the art of governing well

To understand, then, if and to what degree this model would also be an 'ideal' or a regulating criterion, we must, at this point, have a go at the third meaning of good government, previously defined as the art of governing or administering public affairs well. This conception of good government in Smith assumes a decidedly economic meaning, and this is the reason why we believe that it can be equated with the terms: *police*, *policy*, and *political œconomy*.²⁸ Along these lines, Smith sometimes refers to economic policies as "good policy" and "bad policy" in the *WN*, and contrasts the latter with "the liberal system" (see *WN*, IV.ii.39: 468; IV.v.b.39: 539; IV.v.b.45: 541). In this sense, in our opinion, the proposal that Faucci (1989: 24) put forward of translating (for the Italian translation of the *LJ*) "'Police' [into] 'good government'", was not at all "rash". To explain the point, we will make use of a series of textual comparisons.

First of all, keep in mind the teleological definition of 'police' that Smith provides in the *LJ*: "the object of police are the cheapness of commodities, public security and

²⁷ This aspect was clearly grasped by Skinner and Campbell (1976 p. 17) in their General Introduction to the Glasgow edition of the *WN*.

²⁸ See note 16.

cleanliness [...]. Under this head we will consider the *opulence* of a state” (*LJ(B)*: 398). This object-purpose would seem to concern the reconstruction undertaken by Smith in Book III of the *WN*, not by chance titled “Of the Different Progress of *Opulence* in Different Nations”. In turn, again in the *WN*, the Scottish philosopher had specified that “the great object of the *political œconomy* of every country, is to increase the riches and power of that country” (*WN*, II.v.31: 372).

Moreover, and importantly, in the general “Introduction and plan” of the *WN*, Smith establishes a clear nexus between book III and book IV (and then with book V): starting from the historical reconstruction of the different types of “policy of Europe”, which were developed “*without any regard to, or foresight of, their consequences upon the general welfare of the society*” (book III), he reconstructs the “different *theories of political œconomy*” (*WN*, Introduction and plan.8: 11, italics added) built upon such policies (book IV).

As known, it is right at the beginning of book IV that Smith provides the famous definition of political economy, “as a branch of the science of a statesman or legislator” (*WN*, IV.introduction.1: 426). One could, then, claim that the reconstruction undertaken by Smith in book III is not merely descriptive; instead, it would seem prearranged to inform or enlighten the legislator of what the best policy in terms of opulence must be.

A proof, an extremely significant one in our opinion, of the fact that Smith has a certain ‘art of governing well’ in mind (the third meaning of good government) can be deduced from the remarkable change in direction that occurs between the *Early Draft* of the *WN* and its definitive version. In the former, Smith wrote that

it is the immense multiplication of all the different arts, in consequence of the division of labour, which, notwithstanding the *great inequalities of property*, occasion in all *civilized societies* that universal *opulence* which extends itself to the *lowest ranks* of the people (*ED*: 566, italics added; the same statement already appears at p. 564).

While in the *WN*, Smith declares that

It is the great multiplication of the productions of all the different arts, in consequence of the division of labour, which occasions, in a *well-governed society*, that universal *opulence* which extend itself to the *lowest ranks* of the people. (*WN*: 22, italics added)

This re-writing of the *Early Draft* flowing into the *WN*, is famously crucial in Smith’s vision.²⁹ It has often been claimed that Smith managed to bracket off one of the main problems on which his own *Enquiry* was based, i.e., the “inequalities of property” and (what has been called) the paradox of commercial society, having glimpsed the possibility of its resolution, though only *tententially*, through the reflection on the beneficial effects of the division of labour.

Nevertheless, the above-mentioned re-writing seems to take on additional significance, which has not yet been explored. We could maintain that it is also in the degree to which Smith glimpses the possibility of an ideal model of society or good government, that he will manage to prefigure the possibility of a resolution, again only *tententially*, of the problem of the “inequalities of property” and of the paradox of

²⁹ See also Schliesser (2017: 154) who notes, without elaborating further, that “one of the first points he makes in *WN* is that good government can make a non-trivial difference to the flourishing of society and its least advantageous members.”

commercial society.³⁰ We may say that, in Smith's eyes, "civilized" society was no longer enough: one could no longer merely trust the process of civilization, but needed a "well-governed" society.

Our reflections on the above textual comparisons seem to confirm our third claim, namely, that good government is both a descriptive and prescriptive idea for the social order, or a necessary condition of its flourishing or happiness (C3). While the 'structural' (social-economic and institutional-political) element of good government is synthesized in the idea of mixed government, the 'normative' element is synthesized in the type of policies designed to keep that structure in dynamic equilibrium.

If this interpretation is correct, in the light of good government some of the dilemmas, paradoxes, contradictions, or ambiguities often imputed to Smith appear to dissolve. The *opposite* effects – positive and negative – of the division of labour – the exaltation of its benefits on the one hand, and the denunciation of its evils on the other – seem to be reconstituted under the banner of that ideal of *middleness* incarnated in good government. This is particularly clear in two prescriptions of economic and social policy that Smith gives to the legislator regarding taxation and education.

4.1.2. Examples of economic and social policies: taxation and education

The model of social 'equilibrium' and harmony toward which the 'ideal' of good government tends, albeit only asymptotically, is a dynamic equilibrium.

As we have seen, in the stage of overcoming the agricultural-feudal stage, the expansion of commerce and markets, and with them the division of labour, gradually reduced the concentration of property. The great result of this process, largely coinciding with that which Smith calls 'civilisation', was good government, here understood as mixed government in which social structure and political institutions tend to be harmonised.

In any case, with the additional expansion of the division of labour, Smith perfectly sees the emergence of a new social structure: once the lords and barons are relatively marginalized by the new social and institutional equilibriums, society tends to polarise, again, into two classes or 'orders', namely, capital owners and labourers. If we take into account this dynamic perspective,

Smith's suggestions to the legislature, especially in *Wealth*, to protect the activities and interests of independent workers and small capitalist-entrepreneurs and to promote state intervention in the field of public education are not surprising and are consistent with the whole structure of his work (Pesciarelli 1989: 47).

In this regard, let us first take a look at Smith's suggestions on tax policy and then those on education.

In virtue of what we have been claiming up until now, the suggestion of tax policy is self-explanatory and is quite significant:

Ground-rents seem, in this respect, a more proper subject of peculiar taxation than even the ordinary rent of land [...]. Ground-rents, so far as they exceed the ordinary rent of land, are altogether owing to the *good government* of the sovereign, which, by protecting the industry either of the whole people, or of the

³⁰ On the so-called paradox of commercial society see Rosenberg (1965) and Hont, Ignatieff (1983).

inhabitants of some particular place, enables them to pay so much more than its real value for the ground which they build their houses upon; or to make to its owner so much more than compensation for the loss which he might sustain by this use of it. Nothing can be more reasonable than that a fund which owes its existence to the *good government* of the state, should be taxed peculiarly, or should contribute something more than the greater part of other funds, towards the support of that government. (*WN*, V.ii.e.11: 844, italics added)

In another but related context, Smith praises the “*well-governed*” states of North American colonies in which people pay low amounts of taxes and where the expenses of the civil government are “very moderate” (*WN*, IV.vii.b.20: 574). More generally, his famous four “maxims” of taxation can be seen as general principles of good government of the revenue of the State (see *WN*, V.ii.b.2-6: 825-827).

In second place, well known and often cited are the passages in which Smith underlines, with a certain apprehension, the effects of intellectual blunting and of “torpor” that the division of labour and the related constant and continuous repetition of “few very simple operations” would create for “the labouring poor, that is, the great body of the people”, “unless” – Smith significantly adds – “government takes some pains to prevent it” (*WN*, V.i.f.50: 782). As Smith had explained in the *TMS*,³¹ though with more republican overtones here in *WN*, a good government is one which tries to compensate for the lack of virtue of its citizens, or more precisely for the inability of some of them to develop their intellectual and moral faculties in commercial societies (*WN*, V.i.f.49: 781).

Though Smith’s reflections on the issue of education are often cited, it does not seem that his considerations have ever been related to the ideal of good government. In arguing in favour of state intervention in the field of education, and always starting from a dynamic perspective, Smith highlights how the division of labour works in such a way that society tends to be increasingly polarised “between the few and the many”: between the few who, in virtue of the class in which they are born or of the work that they do, can increasingly refine their intellectual and moral capacities (*WN*, V.i.f.51-52: 783-4), and the many whose intellectual and moral faculties seem destined to be blunted. Smith, however, maintains that

unless those few, however, happen to be placed in some very particular situations, their great abilities, though honourable to themselves, may contribute very little to the *good government or happiness of their society*. [...]. *The education of the common people requires, perhaps, in a civilised and commercial society the attention of the public more than that of people of some rank and fortune.* (*WN*, V.i.f.51: 783-4, italics added)

In a civilised and commercial society, thus, the problem of social harmony (and of the related reduction in inequalities) will no longer only depend on a balanced distribution of property, and the political order will be increasingly influenced, as Hume had already understood, by public opinion.³² This is where the importance of mass education derives from, Smith highlighting its moral and political benefits (Winch 1976, Walraevens 2011). Indeed, “An instructed and intelligent people” will be “more disposed to examine, and more capable of seeing through, the *interested complaints of faction* and sedition, and

³¹ “What institution of government could tend so much to promote the happiness of mankind as the general prevalence of *wisdom and virtue*? All government is but an imperfect remedy for the deficiency of these. [...] On the contrary, what civil policy can be so ruinous and destructive as the *vices of men*? The fatal effects of *bad government* arise from nothing, but that it does not sufficiently guard against the mischiefs which human wickedness gives occasion to.” (*TMS*, IV.ii.1: 187, italics added)

³² For more on this point, see Sagar 2018.

they are, upon that account, less apt to be misled into any wanton or unnecessary opposition to the measures of government”. (*WN*, V.i.f.61: 788, italics added)

4.2. *The system of natural liberty and good government in the Wealth of Nations*

In his advertisement to the 6th edition of the *TMS*, Smith recalls the plan he had, but which he was never able to complete, to write a book on “natural jurisprudence”, that is on the:

general principles of law and government, and of the different revolutions which they had undergone in the different ages and periods of society; not only in what concerns justice, but in what concerns police, revenue, and arms, and whatever else is the object of law. (*TMS*, advertisement.2: 3)

Interestingly though, he adds that in the *WN* he has “partly executed this promise; at least so far as concerns *police*, revenue, and arms.” (*ibid.*) Indeed, it is in the *WN* that we can find some ideas of Smith on the “*perfect*” and “*ideal*” government: not only, as we have seen, in book III, but also at the end of book IV and in book V, in particular with his plea for the “obvious and simple system of natural³³ liberty”, which was not yet conceptualized in *LJ* though he already criticized in these lectures the barriers and restraints on free trade.

Let us start with Smith’s brief definition of the system of natural liberty as that which “establishes itself of its own accord” once “*all* systems either of preference or of restraint” have been “*completely* taken away” (*WN*, IV.ix.51: 687, italics added). As a result, “every man, as long as he does not violate the laws of justice, is left *perfectly* free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men.” (*ibid.*, italics added) This “natural system of *perfect* liberty and justice” (*WN*, IV.vii.c.44: 606, italics added) is based on an ideal of “open and fair competition” (*WN*, V.i.e.25: 746), or “free competition”³⁴ (*WN*, IV.vi.1-2: 545) which fosters the virtues of prudence, frugality, industry and innovativeness,³⁵ though “Smith was not a doctrinaire advocate of *laissez faire*”, as Viner showed it long ago (Viner 1928). In this system of political economy, and contrary to the other ones,³⁶ the legislator should be a well-informed, uninvolved, and indifferent spectator of the economy and thus be *impartial* towards the interests of the different individuals, social classes and economic sectors,³⁷ respecting an “equality of treatment” (*WN*, V.i.g.9: 793) of all and hence keeping a proper distance with economic interests.

Another essential element of Smith’s “liberal plan of *equality*, liberty and *justice*” (*WN*, IV.ix.3: 664, italics added) is an *impartial* administration of justice (*WN*, V.i.b.25: 722-3), upon which depends “the liberty of every individual, the sense which he has of his own security” (*ibid.*) and which, “by securing every man the fruits of his own industry,

³³ On the notoriously complex issue of the meaning of the word “natural” in Smith, see Griswold (1998) and Pack & Schliesser (2018).

³⁴ For more details on Smith’s views on competition and natural liberty, see Kurz (2016).

³⁵ For more details on this point, see Walraevens (2014).

³⁶ See in particular *WN*, IV.ix.4: 664.

³⁷ Smith notes that until now “scarce any nation has dealt equally and impartially with every sort of industry.” (*WN*, Introduction and plan of the work, 7: 11)

gives the greatest and most effectual encouragement to every sort of industry” (*WN*, IV.vii.c.54: 610), as well as a separation *and* independence of powers (*WN*, V.i.b.25: 723), in line with his previous claims in the *LJ*.

But what about Smith’s views on the possibility and the necessity to *fully* realize or implement this *perfect* system of natural liberty? His criticism of the physiocrats in *WN* can help us to answer the question. Indeed, what Smith clearly attacks is their “spirit of system”. Compared by Smith to “speculative physicians” (*WN*, IV.ix.28: 673), they are criticized for having wrongly imagined that “the political body [...] would thrive and prosper *only* under a certain *precise* regimen, the *exact* regimen of *perfect* liberty and *perfect* justice”, without considering that “in the political body, the natural effort which every man is continually making to better his own condition, is a principle of preservation capable of preventing and correcting, in many respects, the *bad effects of a political oeconomy*, in some degree, both *partial* and oppressive.” (*WN*, IV.ix.28: 674, italics added) He then realistically notes that “if a nation could not prosper without the enjoyment of *perfect* liberty and *perfect* justice, there is not in the world a nation which could ever have prospered.” (*ibid.*, italics added) So, there is no necessity to *fully* implement the system of natural liberty for a country to prosper. Nor it is possible, Smith argues. He recognizes that his system of natural liberty (or at least its realization in Great Britain) is a “utopia” (*WN*, V.i.b.25: 723). But it can serve as an *ideal* and normative model or benchmark we should try to reach as much as possible, while pragmatically accommodating the “prejudices” of the people (*WN* VI.ii.2.16: 233; *WN*, IV.ii.43: 471) and their private interests (*WN*, IV.ii.44: 471).

If we cannot get the *best*, we can still reach the second-best, or the best that people can bear, and it is still a *good* government. This interpretation of ours seems to us consistent with other interpretations that have seen in Smith an advocate of a “second best liberalism” (Sturn 2010).

So, what should exactly do a wise legislator? Smith offers us a case study with one of the hot topics of his days, the debate on the freedom of the colony trade. A legislator animated by the spirit of system would “open the colony trade *all at once* to all nations”³⁸ but it “might not only occasion some transitory inconveniency, but a great permanent loss to the greater part of those whose industry or capital is at present engaged in it.” (*WN*, IV.vii.c.44: 606) The problem with the “mercantile system” is that it creates “very dangerous *disorders* into the state of the body politick, but *disorders* which it is often difficult to remedy, without occasioning, for a time at least, still greater *disorders*.” (*ibid.*, italics added; see also *WN*, IV.ii.44: 606) Consequently, Smith pragmatically recommends “some *moderate* and *gradual* relaxation of the laws which give to Great Britain the exclusive trade of the colonies” and finishes his paragraph on this issue with an appeal to “the *wisdom* of future statesmen and legislators” in order to determine “in what manner the natural system of perfect liberty and justice ought *gradually*³⁹ to be restored” (*ibid.*, italics added; see also *WN*, IV.ii.44: 471). This can only be done if the “legislature” is “always directed, not by the clamorous importunity of *partial interests*, but by an *extensive view of the general good*.” (*ibid.*, italics added). Here Smith combines

³⁸ See above the quote of *TMS*, VI.ii.2.17, 233-4.

³⁹ On Smith’s “gradualism”, see Fleischacker (2004, chap 11, section 58: 242-246) and Hill (2016: 330-332).

the second meaning of good government, i.e. ‘government for the common good’ or ‘public utility’, with the third one, the ‘art of governing well’ of the wise legislator.

It is confirmed when Smith introduces the figure of Solon later in *WN*, when he deals with corn tariffs and claims that “with all its imperfections, however, we may perhaps say of it what was said of the laws of Solon, that, *though not the best in itself, it is the best which the interests, prejudices, and temper of the times would admit of. It may perhaps in due time prepare the way for a better.*” (*WN*, IV.v.b.53: 543, italics added)

More generally, Smith imagined the system of natural liberty with the North American colonies in mind, which are what *comes closest* to his model of *perfect* government. Interestingly, Smith makes of the quality of their political institutions a key of their unparalleled economic growth (*WN*, IV.vii.b.51: 584-5) and underlines their debt towards British institutions (*ibid.*; see also *WN*, IV.vii.b.64: 590). He praises the colonists’ “*regular* government” and “*regular* administration of justice” (*WN*, IV.vii.b.2: 565, see also V.iii.7: 910), their “complete” liberty “to manage their affairs their own way” which is “secured [...] by an assembly of the representatives of the people who claim the sole right of imposing taxes for the support of the colony government” whose authority “over-awes the executive power” (*WN*, IV.vii.b.51: 585), all of them being fundamental elements of good government. And though these colony assemblies “are not always a *very equal* representation of the people, yet *they approach more nearly* to that character” and cannot be corrupted by the executive power (*ibid.*, italics added). Moreover, their “councils”, corresponding to the House of Lords in Great-Britain, “are not composed of an hereditary nobility”, which does not exist in the colonies, but rather from people chosen by the representatives of the people. As a result, there is for Smith “*more equality*” among the English colonists than among people of the mother country and their government and manners are “more republican too” (*ibid.*). This analysis of Smith’s system of natural liberty in *WN* confirms our fourth claim about his view of good government, according to which in his work the idea of good government should be thought with regard to his own system of political economy and the *ideal* and *perfect* system of liberty, equality and justice (C4).

4.3. *The wise legislator, positive laws and natural jurisprudence in The Theory of Moral Sentiments*

Interestingly, Smith will further theorize the (mythical) figure of the wise and good legislator in the last edition of *TMS*. What is then, for Smith, the ideal of good government

that should guide the *praxes* of an ideal legislator,⁴⁰ endowed with “superior” prudence,⁴¹ “like Solon”?

The man whose public spirit is prompted altogether by humanity and benevolence, will respect the established powers and privileges even of individuals, and still more those of the great orders and societies, into which the state is divided. Though he should consider some of them as in some measure abusive, he will content himself with moderating, what he often cannot annihilate without great violence. [...] He will *accommodate*, as well as he can, his public arrangements to the confirmed habits and *prejudices of the people*; and will remedy as well as he can, the inconveniences which may flow from the want of those regulations which the people are averse to submit to. *When he cannot establish the right, he will not disdain to ameliorate the wrong; but like Solon, when he cannot establish the best system of laws, he will endeavour to establish the best that the people can bear.* (TMS, VI.ii.2.16, 233, italics added)

It is in this often-quoted passage that, perhaps more than in any other place in Smith’s work, we see the elements of ‘structure’ and of *telos* of good government combined together. On the one hand, the structural elements: the “great orders and societies, into which the state is divided” namely the *polity* or constitution (in the classic sense), and, therefore, the mixed government. On the other hand, the normative aspects of good government are significantly re-evoked in the ancient meaning of *eunomia* that here, in any case, persists in the terms of an *absence* owed to the (conscious) gap between the *best system of laws* and the *best that the people can bear*.

It is in this gap that the wise and prudent legislator is called to perform his task. He represents the antithesis of the “man of system”, who is “so enamoured with the supposed beauty of his own *ideal* plan of government, that he cannot suffer the smallest deviation from any part of it” and “goes on to establish it *completely* and *in all its parts*, without any regard either to the great interests, or to the strong prejudices which may oppose it.” (TMS, VI.ii.2.17, 233-4, italics added) In other words, Smith adds, “he seems to imagine that he can arrange the different members of a great society with as much ease as the hand arranges the different pieces upon a chess-board” without considering that “in the great chess-board of human society, every single piece has a principle of motion of its own, altogether different from that which the legislature might chuse to impress upon it.” (ibid.) And that “if those two principles coincide and act in the same direction, the game of human society will go on easily and *harmoniously*, and is very likely to be happy and successful.” But “if they are opposite or different [...] the society must be at all times in the highest degree of *disorder*.” (TMS, VI.ii.2.17, 233-4, italics added) Again, good government is aimed at preserving the “harmony” or balance of society, its order, while

⁴⁰ On Smith’s “legislator” and his reference to Solon, see Haakonssen (1981: 97), Winch (1978: 160, and 170ff.) and Evensky (2005: 208-210). For more details on Solon as a model of wise legislator for Smith, see Winch (1996) and Clark (2021). On Smith’s “science of the legislator”, see Winch (1996), Fleischacker (2004, chap 11, section 58: 242-246), Hanley (2008), Hill (2016: 325-326). It might be important to note that Smith shared the same views held by Hume on the necessity of wise legislators (and “wise laws and institutions”) for good government and, therefore, for “the peace, *happiness*, and *liberty*” (Hume, 1963: XXX).

⁴¹ “Wise and judicious conduct, when directed to greater and nobler purposes than the care of the health, the fortune, the rank and reputation of the individual, is frequently and very properly called prudence. We talk of the prudence of the great general, of the great statesman, of the great legislator.” (TMS, VI.1.15: 216) Note that Smith’s views on this superior form of prudence are found in book VI, which was added to the last edition of the *Theory*, as is his appeal to a wise legislator.

equally (impartially) respecting the liberty and interests of *all* the different individuals and classes of society.

One could, then, maintain that, for the legislator, the problem is ‘always’ the same: how to maintain that very delicate balance between the parts of the social body, perennially changing, and, therefore, how to preserve what Smith defines as the (good) “constitution”. As he writes in the *TMS*, in another symptomatic addition made post-*WN*:

upon the ability of each particular order or society to maintain its own powers, privileges, and immunities, against the encroachments of every other, depends the *stability* of that particular *constitution*. That particular constitution is necessarily more or less altered, whenever any of its subordinate parts is either raised above or depressed below whatever had been its former rank and condition. (*TMS*, VII.ii.1.9: 230-1, italics added)

The peace, *stability* and *order* of society are key elements of Smith’s idea of good government and are for him of “more importance than even the relief of the miserable” (*TMS*, VI.ii.1.20: 226).

Also, if Smith’s seemingly late warnings in the 6th and last edition of *TMS* against the spirit of system of radical political reformers deceived by the beauty of the perfect system of government they imagine in their mind,⁴² and that they want to implement all at once,⁴³ might have been directed towards French revolutionaries, it is more likely to have targeted the “sect” (*WN*, IV.ix.38: 678) of the French *économistes*, the physiocrats.

Finally, there is another essential element of the distinction between *perfect* government and *good* government in Smith which is not developed in *WN*, and yet which is still related to the third meaning of good government: the unavoidable gap between *actual* laws and decisions of justice, and natural jurisprudence.⁴⁴ Indeed, ideally for Smith, laws should codify the latter, i.e the prescriptions of an impartial spectator or “those rules of natural equity⁴⁵ which ought to be enforced by the positive laws of every country” (*TMS*, VII.iv.37: 341). In a very interesting passage in the penultimate paragraph of the book, Smith claims that “every system of positive law may be regarded as *a more or less imperfect* attempt towards a system of natural jurisprudence, or towards an enumeration of the particular rules of justice” (*TMS*, VII.iv.36: 340, italics added) and then remarks:

in all *well-governed* states too, not only judges are appointed for determining the controversies of individuals, but rules are prescribed for regulating the decisions of those judges; and these rules are, in general, intended to coincide with those of natural justice. It does *not*, indeed, *always* happen that they do so *in every instance*. *Sometimes* [...] the interest of the government; *sometimes* the interest of particular orders of men who tyrannize the government, warp the *positive laws* of the country from what *natural justice* would prescribe. (*TMS*, VII.iv.36: 340-1, italics added)

⁴² Smith claims that the “man of system” is “very wise in his own conceit” (*TMS*, VI.ii.2.17: 233).

⁴³ “Some general, and even systematical idea of the perfection of policy and law, may no doubt be necessary for directing the views of the statesman. But to insist upon establishing, and upon establishing all at once, and in spite of all opposition, every thing which that idea may seem to require, must often be of the highest degree of arrogance.” (*TMS*, VI.ii.2.18)

⁴⁴ For more details on the discrepancy between positive law and natural justice in Smith, see Witztum and Young (2006).

⁴⁵ On the “naturall equity” that decisions of justice and laws should follow, see also *LJ(A)*, ii.91: 105.

It is noteworthy that the expression “well-governed states” did not appear in an otherwise quite similar passage in a manuscript fragment on justice which is considered by the editors of the Glasgow edition of *TMS* to have been written before edition 1 of the book (see *TMS*, Appendix II: 388), confirming our hypothesis that Smith’s interest for and considerations on good government are quite late.

Above all, the above quotation implies that for Smith every system of law and government is always an imperfect attempt at reaching the ideal government, as “in no country do the decisions of positive law coincide exactly, in every case, with the rules which the natural sense of justice would dictate.” (*TMS*, VII.ii.36: 341). A good government or “well-governed” society is one in which *most of the times* laws and decisions of the government are animated by “equal treatment”, “natural equity” and “an extensive view of the general good”.

Conclusions

We have tried to demonstrate the overlooked presence and, above all, the relevance of the theme of good government in Smith’s thought, how it relates with his reflections on the nascent Political Economy and the system of natural liberty, and more generally how it helps to understand the indissoluble link between his thoughts on law, politics, ethics and economics, or his system of social science.

In sum, good government for Smith is such in so far as it satisfies all its three (specific) meanings that we have identified: it is a government of laws (and not a government of men), whose laws tend to conform to natural laws and natural justice, prescribed by the impartial spectator (M1); it is a government for the common good (and not for the private good, thus directed by the interests of the ruling class alone or subject to the “interest of particular orders of men” or factions) (M2); it is directed by a wise legislator, capable not only of governing “in view of the general good,” but also of knowing and applying political economy as a branch of the (new) art of governing well (M3).

By confirming our four claims, we have shown how and why: the three meanings of good government are intertwined in Smith’s thought and how and why they emerge in the course of his long reflection on the emergence and progress of commercial societies (and its huge consequences on social order); the emergence and rediscovery of the theme of mixed government in Book III of the *WN* – which we renamed the “*locus classicus* of commerce, *good government* and liberty” – ends up encompassing the first two meanings; mixed government indicates not only a social-moral-economic-institutional structure, in which the middling ranks should play a fundamental mediating function, but also a *telos*, an ideal to be pursued, the social order *and* the social orders always being in a state of dynamic equilibrium. Hence the crucial role that the statesman or legislator is called upon to play by putting into practice the third meaning of good government, namely the art of governing well, a practice that is transformed by the rise of market, economic activities and which will require, from then on, *knowledge* of the new science of political economy.⁴⁶

⁴⁶ On this see Hill (2016: 336).

Given the synonymy at the time between ‘political economy’, ‘policy’, ‘police’, and ‘good government’, we could say that political economy, “as a branch of the science of a statesman or legislator”, was ‘still’, for Smith, the art of good government. Nevertheless, the *economic* inflection that the father of political economy gives to good government was destined to change its meaning forever.

We also believe we have shed new light on Smith’s science of the legislator – after Winch, Haakonssen and Hont – and on the role of the State – after Young – and that our analysis may well be seen as complementary to theirs. We will limit ourselves here to sketching some of the implications that could be drawn from the examination of the four claims and the hermeneutic reconstruction that we carried out. We believe that the presence and reinterpretation of the theme of good government in Smith’s work might lead to a historiographic revision of (at least) the following key issues.

First of all, the issue of the *order and its nexus with good government and market*. More specifically, if our re-reading of Smith’s works is correct, then a careful reconsideration of the relationship between good government and the role of the legislator on the one hand, and the market and the invisible hand on the other might be necessary. In this regard, Young (2005: 91) rightly asks: “is it possible to give a coherent account of Smith’s theory of the role of the state in a system of natural liberty?” The question moves from Viner’s (1928) claims: there is a fundamental tension in the role Smith attributes to the state in *WN*. On the one hand, Smith extols the virtues of natural liberty and unintentional order, which suggest a form of non-interventionism or a laissez-faire policy. On the other, Smith would seem to endorse a significant list or agenda of government interventions. However, in Viner’s account it was not at all clear what the normative foundation of Smith’s theory of the state was. It was only through the works of Winch and Haakonssen that such a normative foundation was found in Smith’s natural jurisprudence. Nevertheless, for Young a certain tension lingers in Smith’s thought. Young shows well how

it is possible to give a coherent account of [Smith’s] position on the role of the state in terms of two dialectical tensions between competing policy norms. These are, first, the relation between justice, understood as commutative justice, and utility, understood as the common good, and, second, the relation between commutative justice and distributive justice, understood as equity (Young 2005: 93).

We believe that our reading of good government in Smith can be complementary to Young’s perspective, at least for a better understanding of the “utility” as “common good” and “distributive justice” as “equity”. It is no coincidence that Young, to confirm his claims, rereads Smith’s policies on education and taxation, where, as we have seen, Smith takes up the theme of good government.

We should also note that even ‘good government’ as a model of society would seem to replicate, as we have said from the outset, the ever-existing tension and gap in Smith between real and ideal, praxis and theory (Hont 2005: 110, 388), structure and *telos*. Our reconstruction shows that in Smith there is neither an idea of order as if it were a necessary and immanent automatism, nor an actual list or agenda pointed to the statesman’s interventionism. For Smith it is more a matter of pragmatics and fine-tuning of the wise legislator, endowed with the superior virtue of prudence (among other things, if one reconsiders carefully Smith’s well-known *awareness* of the “folly” and “vices” of

rulers,⁴⁷ one could reasonably and logically conjecture that Smith could not point to such a “folly” without being, at the same time, aware of a certain idea of wisdom). We have seen such a fine-tuning approach in the famous passages about Solon, in what we have called the second-best approach, in our interpretation of the rewriting of the *Early Draft* of the *WN*, where Smith’s insists on the necessity of a *well-governed society*, aimed at avoiding excessive inequalities and injustices,⁴⁸ and more generally as implicit in the ideal of mixed government, which is ‘good’ also because it avoids the polarization of society between the few and the many.

Last but not least, the always *unresolved issue of the unfinished theory of Jurisprudence*. Hont interprets Smith’s Jurisprudence project as an attempt to address the issue of legitimacy of power left unresolved by Locke, and explained with the two Smithian (and Humean) criteria of “utility” and “authority” and their always potential trade-off.

Smith tried to provide a complete theoretical history of European politics from its early beginnings to his own time, in order to close the gaping hole in Locke’s account of how commerce corrupted politics to such a degree that the damage could be repaired only by revolution. Locke’s consent theory of political obligation was designed to protect and support this conclusion. Smith’s response to Locke lies in his history and theory of the influence of wealth and economic development over European politics from the ancient republics to modern European commercial society. Only by fully understanding its content and implications can we ascertain whether Smith could offer an alternative to Locke’s normative political theory (Hont 2009: 168).

In light of our reconstruction, we can assume that Smith’s response to Locke’s challenge was the rediscovery of good government (strangely not mentioned by Hont), here understood as mixed government, which, as we have seen, encompasses ‘government of law’ and ‘government for the common good’. As we have seen, for Smith the mixed government is a “happy mixture” not only insofar as it mediates between the one and the many, but insofar as “it allies the two principles of ‘allegiance’ or ‘obedience’ to the government”, that is, “utility” and “authority”. The emergence of the commercial society was a happy epiphany in that it downsized authority-based power (and the violence and coercion of the dark ages of feudalism) in favor of utility-based power. To repeat Smith’s refrain: “commerce and manufactures gradually introduced order and good government, and with them, the liberty and security of individuals ...”.

So, we might reasonably claim that the rediscovery of the good government was an integral part of Smith’s natural jurisprudence project of establishing the “general principles of law and government”, which he had “partly executed” in the *WN*. Thus, the phrase “general principles of law and *government*” now seems to take on new meaning in light of Smith’s search for *good* government. And good government, in turn, might shed light on the necessary limitations of Smith’s project, which was supposed to point to “general principles”, or rather universal principles, as befits the idea of natural jurisprudence, thus “a theory of the general principles which ought to run through and be the foundation of the laws of all nations” (*TMS*, VII.iv.37: 341-342).

Perhaps complicating Smith’s project was precisely his merely *historical* analysis of the emergence of liberty and good government, which was the result of random, exceptional and, as Smith repeats, wholly unintentional circumstances, and in any case

⁴⁷ On Smith’s very critical stance towards politicians, see among others Fleischacker (2004, chap 11, sec. 58 and 59) and Smith (2013: 788-792).

⁴⁸ On Smith’s view of economic inequalities, see Walraevens (2021).

occurred only in a small part of the world. Such circumstances, therefore, could not be “generalized” and, even less, universalized.⁴⁹

This, of course, does not detract from Smith’s gigantic intellectual feat in renewing the ancient myth of good government by giving it a new and fundamental relevance to modern human liberty, regained through the development of market society and by elaborating a new political economy of good government.

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⁴⁹ Although Haakonssen glimpses the possibility of a reconciliation between the universalistic or ‘natural’ foundation of justice and its historical embodiments, our perspective seems instead to lend further credence to Griswold’s (1998: 257) contrary thesis: “Smith nowhere shows us in *TMS* how his general, unchanging principles of justice might be derived from moral notions. And if they are, instead, to be drawn out of history, the problem is obvious: How can history yield general normative principles that are always the same? Is not the process [of deriving such principles from history] either circular or inherently impossible? *Qua* system, the principles of natural jurisprudence would have to be complete. But as dependent on the experiential or historical, the system would have to be open-ended”.

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