

The Economic Policy of Machiavelli's Prince

BY ROBERT HIGGS

Niccolò Machiavelli, statesman and writer of Renaissance Florence, got what countless writers have sought and only a few have achieved: his name became immortal. It is known not so much as a proper noun but as an adjective, and that adjective is not one in which he could take great pride.

At times, *Machiavellian* has served as a synonym for diabolical; in our own time it denotes the cynical and unprincipled conduct of organizational leadership, especially leadership of the state. The Machiavellian leader seeks the augmentation and perpetuation of his own power and will do anything, no matter how underhanded, conniving, or even murderous, to gain his objectives.¹

Machiavelli the man probably deserves a better remembrance. He was, in today's idiom, not such a bad guy. He seems to have been a loyal friend; he favored republican government; he even had a sense of humor.

Machiavelli was also a political scientist of historic stature, the first to study politics not by focusing on the realization of normative ideals, but by paying close attention to actual political conduct. Francis Bacon wrote in 1623, "We are much beholden to Machiavelli and other writers of that class who openly and unfeignedly declare or describe what men do, and not what they ought to do."²

If he had a glaring fault, it was an inclination to ingratiate himself with the powers that be. Indeed, he wrote his most famous work, *The Prince* (1513), in an attempt to curry favor with the Florentine leader of the day. The dedication reads, "To the Magnificent Lorenzo di Piero de' Medici."

This same Lorenzo the Magnificent represented a family of merchant princes whose charming motto was the forthright declaration: "money to get the power,

power to keep the money." Rarely has anyone expressed the essence of politics so pithily.

In *The Prince* Machiavelli is concerned for the most part to arrive at rules of expedient conduct for someone who seeks to acquire or to retain governmental power. In this quest he briefly surveys a number of historical episodes in which rulers and would-be rulers acted either aptly or inaptly, and he draws lessons from this historical evidence to support his arguments. Much of the work pertains to war, which Machiavelli considers a recurrent event in political life as rivals vie for supremacy, but he also devotes some attention to economic policy.

Like David Hume three centuries later, Machiavelli recognizes that "a Prince can never secure himself against disaffected people, their number being too great," and therefore "[h]e who becomes a Prince through the favour of the people should always keep on good terms with them; which it is easy for him to do, since all they ask is not to be oppressed."³ Fortunately for the ruler, the masses do not make great or

complicated demands:

A Prince . . . sooner becomes hated by being rapacious and by interfering with the property and with the women of his subjects, than in any other way. From these, therefore, he should abstain. For so long as neither their property nor their honour is touched, the mass of mankind live contentedly, and the Prince has only to cope with the ambition of a few, which can in many ways and easily be kept within bounds. (47)



Niccolò Machiavelli

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Machiavelli also recognizes that the ruler will thrive better in a prosperous realm than in an impoverished and discontented one:

He ought accordingly to encourage his subjects by enabling them to pursue their callings, whether mercantile, agricultural, or any other, in security, so that this man shall not be deterred from beautifying his possessions from the apprehension that they may be taken from him, or that other refrain from opening a trade through fear of taxes; and he should provide rewards for those who desire so to employ themselves, and for all who are disposed in any way to add to the greatness of his City or State. (61)

Had this advice been taken universally, it probably would have sufficed to create economic growth and thus to eliminate poverty everywhere on earth.

Restated by Adam Smith

In the late eighteenth century Adam Smith could scarcely improve on Machiavelli's sound counsel. In *The Wealth of Nations*, he restates it as follows:


Commerce and manufactures can seldom flourish long in any state which does not enjoy a regular administration of justice, in which the people do not feel themselves secure in the possession of their property, in which the faith of contracts is not supported by law, and in which the authority of the state is not supposed to be regularly employed in enforcing the payment of debts from all those who are able to pay. Commerce and manufactures, in short, can seldom flourish in any state in which there is not a certain degree of confidence in the justice of government.⁴

Even today, economic-development experts cannot give rulers any more important advice about how to create a flourishing economy anywhere in the world.

Why then have so many countries failed to achieve

substantial, sustained economic development, and even the most prosperous ones fallen far short of their potential for such development? The brief answer is that their rulers have been too Machiavellian, in the worst sense, for their countries' good—and in many cases ultimately too much so for the rulers' personal good as well.

Rulers know—or they ought to know—from the wisdom of Machiavelli, Smith, and other sages that the key to economic prosperity and growth is to use their powers to enforce secure private property rights. Yet time and again they have violated these rights in order to seize resources for their own consumption, often to fight a war. In brief, rulers have repeatedly resorted to plundering their own people. Instead of keeping their promise to protect the people's lives and property and to administer justice impartially, they have overridden the people's rights and caused the devastation of their own realms.

Searching for a means of preventing this destructive opportunism, philosophers, economists, and others have sought devices—written constitutions, governmental structures, conditional pledges—to confine the rulers to their legitimate tasks and to punish them for overstepping their proper authority. Lately, the magic bullet has taken the form of what economists call “credible commitment,” a means whereby a ruler's own incentives are brought into conformity with his staying in line. Unfortunately, so far no long-lasting means of securing credible commitment has been discovered. Therefore, so long as we are stuck with government as we know it, we shall have to endure Machiavellian rulers in the worst sense. 

1. Here and elsewhere in this essay, I rely on Felix Gilbert, “Machiavellism,” in *Dictionary of the History of Ideas*, vol. 3, pp. 116–26, available at <http://etext.lib.virginia.edu/cgi-local/DHI/dhi.cgi?id=dv3-15>. See also John W. Danford, *The Roots of Freedom: A Primer on Modern Liberty* (Wilmington, Del.: ISI Books, 2000), pp. 51–59.

2. Quoted in Gilbert, p. 121.

3. *The Prince* (New York: Dover, 1992), p. 25. For subsequent quotations from this source, page numbers appear in my text in parentheses.

4. Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (New York: Modern Library, 1937 [1776]), p. 862.