

Consumption as an Investment: I

The fear of goods from Hesiod to
Adam Smith

Cosimo Perrotta

Translated by Joan McMullin

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Consumption as an Investment: I

There is a 'missing idea' in the past economic thought: the positive relationship between an increase in consumption and increased productivity. This relationship is the driving force of economic development. *Consumption as an Investment* attempts to trace the deep-rooted causes that make the acceptance of this relationship so difficult, and examines the negative consequences of this neglect up to the present times.

In this first volume, Cosimo Perrotta examines the 'fear of goods' (Heckscher's expression) that has prevented a positive view of the increase in wealth and in consumption since the ancient times, and hindered capitalist development in the medieval and modern eras.

Until now, there has been no book which has charted the history of consumption through the history of economic thought. This volume fills the gap and as such will greatly interest historians from many disciplines as well as economists generally.

Cosimo Perrotta is Full Professor of the History of Economic Thought at the University of Lecce, Italy.

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To Anna, Paolo and Susanna

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Preface

This book is the partial outcome of long research into the relationship between the increase in consumption and the increase in productivity in the economic thought of the past. In other words, we examine the past attitude towards the two basic ways of increasing social wealth. The first of these ways keeps production costs low through a low level of producers' consumption. The other is based on the opposite means: improving the quality of the production process thanks to increasing consumption by the producers. We examine what solution was adopted in different times by Western thinkers.

Although all the chapters have been conceived from the beginning as parts of the whole research, they appear here (and some of them have already been published) as autonomous essays on a specific issue. Thus they can be read independently from one another, although a complete reading should make the rationale much clearer, for the whole and for the single parts. In this book we will go as far as the Enlightenment (Adam Smith is included as a man of the Enlightenment). In a second planned book we will examine some of the main analyses on our subject from the physiocrats and Smith (considered the 'founder' of modern economics) onwards.

Chapters 1, 3, 4 and 5, and the first part of Chapter 8 appear here for the first time. The other chapters have been published at various stages of the research (see below). They have been modified in order to make this book fluent and consistent, and enlarged (especially as regards the primary sources). Although they are rather extensive, we have tried to restrict the documentation of the secondary sources to the bare essentials; i.e. to the works which are directly useful for our specific analyses. This is why many valuable major works are not mentioned, especially those which refer to individual authors, or to the general interpretation of an epoch. An increase in documentation would only make for heavy reading, without adding much to the specific questions treated here.

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Note on references

References are at the end of each chapter. For the ancient and medieval authors, the year of composition of the work cited is nearly always unknown. Thus, for them, the dates in brackets after the name indicate the years of birth and death. For the other authors the date in brackets, both in the footnotes and in the references, indicates time of completion (or the time of publication, if this happened soon after). Square brackets mean that the date of completion/first publication is unknown; in this case the date given indicates the edition used. Square brackets around the author's name indicate that the first edition was anonymous.

Any later edition cited in the remainder of an entry indicates the text I have consulted. If the edition used is the first, the date is not repeated.

References are normally divided into primary and secondary sources (usually works until and after 1800 respectively).

1 Introduction

The legacy of the past

Increase in consumption as a means of raising productivity

Enlightenment authors discovered that there are two basic ways of increasing social wealth. One is by keeping the production costs low through a low level of producers' consumption. The other is based on the opposite approach: improving the quality of the production process thanks to increasing consumption by the producers. The first way produces high profits but keeps society poor and social relationships harsh and backward. The second way increases consumption, thus skill and education, then the productivity of all society. This is why Enlightenment authors established a positive connection between economic development, general welfare and civilization.

This approach is by no means obvious in the history of economic thought. It disappeared quite soon, and has never been revived by a common agreement of economic theories. The contrary attitude, which we can call the 'fear of goods' (according to Heckscher's expression) not only prevailed in pre-modern times, but then reappeared time and again, up to the present day. This first book of two planned volumes examines the problem prior to the classical economics. It examines how and why all the attempts to overcome the 'fear of goods', from Hesiod up to the beginning of the eighteenth century, were defeated, and how this hindered the development of economy and of civilization. It concludes by examining the new Enlightenment approach.

We will consider the ancients' contempt for wealth-getting and for labour; the Christian defiance towards riches, and the model of radical poverty, which rose as a reaction to the first constant increase in wealth; the humanist overlooking of economic development; the revival of the landlord's hegemony, ruinous for development, in Spain; the mercantilist big push towards development and the slow, difficult raising of consciousness that development must be based on higher consumption.

The form in which we approached the above problem is the connection that the thought of the past established between an increase in human consumption and an increase in productivity. The present work tries to answer

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this question. Today, to say that an increase in human consumption increases productivity seems obvious. Often it is on this assumption that applied economists and policy makers work. On the other hand, it is hard to find a full theorization of this principle in the main streams of economic thought.

We suspect that this lack of theorization has contributed to the present difficulties of economic theory on a series of important problems such as the crisis of the Welfare State, unemployment and underdevelopment. Let's mention just one example concerning the first of these problems. In the policies implementing the Welfare State, the increase in demand financed through public expenditure was not able to stimulate the increase in productivity above a certain level (as Keynes himself had foreseen). Actually the Welfare State was not based on a balanced growth both of social consumption and of social productivity. It was mainly based on the traditional separation between production (in which the State supports or supplies private enterprises) and distribution, regulated by social demand.

Our first question is: does this flaw in the present theory derive from some limits of the economic thought of the past? We think so. The secular development of capitalism, and indeed the general process of civilization, is based on the reciprocal causation of an increase in productivity and an increase in consumption. However, only some of the greatest authors paid attention to this relationship. It was described by Petty, Cantillon, and by many Enlightenment thinkers, Adam Smith included. Marx only reflected on it in a draft manuscript (*Grundrisse*). Marshall referred to it explicitly. Then in the twentieth century the theorists of human capital (Theodore Schultz in particular) and a few others – like Pasinetti and some neo-institutionalists – analysed the problem.

But it is only the Enlightenment thinkers – and perhaps Marshall too – that can be said to have assumed this relationship as the basis of a theory of economic development. Elsewhere, before the 1960s, it never became central to economic analyses. Even in the last few decades its acknowledgement has often just been lip-service to the increase of non-material production, with scarce effects on the theories' framework. We can in this sense call that relationship the missing idea in the history of thought.¹

To be sure, all economic theories contain detailed examinations of consumption and of the consumption/production connection. But there are several ways of linking these two elements. The first way concerns the consumption of the production factors during the production process. This is what the classical school called *productive consumption*, which refers to raw materials, means of production and the wage-goods for the workers (called *human capital*). This aspect has been investigated by the analyses of production costs.

The second way concerns distribution. It sees consumption as the necessary outlet of production, thus as its prerequisite. In this sense the real connection is between production and the demand for goods. This aspect too –

usually understood as demand analysis or the underconsumption problem – has been widely investigated, from Malthus and J. B. Say to Keynes.

Then there is a third way of connecting consumption and production, which is our subject: the positive relationship between an increase in consumption and an increase in productivity. In general, this feature has been confused either with the production cost problems (for instance, in the neo-classical analyses of efficiency wages) or with the demand problem (for example, in the Keynesian approach). Yet, although this third relationship has something in common with the other two, it constitutes an analytically independent problem.

Human capital and productive labour

In the production cost analyses human capital is considered as simply a part of the whole capital. Such a concept does not create any problem for economic theory, since economists consider the workers' *productive* consumption as constant, at the different levels (independently from the wage level), with no influence on the productivity of the production process. That was, we can say, a static concept.

On the contrary, in our issue the concept of human capital refers to a dynamic view in which part of the investment is employed to increase the producer's consumption in order to increase his skill, then his productivity.

The first meaning derives from the experience of industrial production. Here, for the vast majority of the workers, productivity increased mainly thanks to the increase in the speed of labour. For them, labour had become more and more elementary and repetitive, devoid of intellectual energy. The simpler labour became, the simpler became the consumption required by the labourer in order to perform his job. Thus, independently from other social causes which tended to increase wages, the wages strictly required for elementary work tended to lower.

But, when the increase in the speed and intensity of labour was no longer sustainable, another tendency – which was already present – became dominant: the gradual increase in the intellectual component of labour, even of the low level labour. This in turn led gradually to the prevalence of non-material production. In the second half of the twentieth century this process has led to an impressive revolution: the so-called post-industrial economy. The increase in productivity is now entrusted mainly to the increasing skill of producers. Consumption by producers takes the opposite direction from before: it needs to be constantly on the rise. It is made up of better and better food, clothes and housing, health, comforts, education, holidays and culture. The increase in producers' consumption thus became – at least in part – an investment. That was when the concept of human capital acquired its present dynamic meaning.

Of course in the present economy, where non-material production prevails, the division of labour has not ceased. On the contrary, labour also

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becomes more and more elementary in non-material labour processes. However, an increasing number of labourers now perform jobs in which high skill, critical control, planning, or responsible decision-making are required. This in turn requires knowledge, information and continuous updating of one's own intellectual equipment.

But the problem of a growing productive consumption does not apply only to our time. Past capitalism was not confined to industrial elementary labour. Technical progress in the past also created a growing amount of intellectual work, divergent from the most elementary applications. There were inventions, applications of inventions, upkeep of machines, the necessity to check and repair them. But there was also a continuous growth in the organization of labour, administration, marketing, etc., which required more and more skill. All these were skilled jobs, the number and the quality of which grew as the division of labour went on.

Thus higher labour also grew. This is the birth of what economists, in as early as the eighteenth century, called the middle classes. These classes were made up not only of traditional professions, like lawyers, doctors, bureaucrats, etc., but increasingly included new, mainly technical, professions.

Even more important is the fact that the tendency to make labour more elementary had not been prevalent until the industrial revolution. For seven centuries before that, the increase in productivity was based above all on the increase in skill of the artisans and of the merchants. This tendency also required, for a large section of the workers, a relatively high level of consumption in order to improve their productivity.

Past economic theories therefore seem to have failed to notice the 'long run' aspect of the accumulation process, i.e. the need to increase consumption in order to increase productivity. Thus our second question is: why has this negligence occurred? We can try to detect some main causes. First there has been the strong influence of ancient culture on early modern thought. That culture condemned the values of a merchant and entrepreneurial economy, particularly the idea of getting rich. It wanted to keep an immobile economy, which excluded growth.

However, old ideas cannot keep their hegemony in a new context for a long time, unless they are convenient for some key social interest. This is precisely what happened in the modern age. The privileged classes of the period first opposed development, then accepted it as an increase of production, but not as an increase of consumption for the majority of people. They were afraid to lose control of the low classes and of the workers. It was the same interest that in antiquity had pushed the dominant class of the time, the landowners, to refute any idea of development in trade.

During the Enlightenment this attitude changed, and the idea of development was now based on an increase in productivity via an increase in consumption. This approach first appeared as the question of productive and unproductive labour. For more than a century before Smith's time, discus-

sions about which types of work were wealth-producing and which were not went on in parallel with discussions about whether the increase in consumption was a positive or a negative phenomenon. In fact the two debates referred to the same problem: who consumed productively (that is, who were the producers of wealth) and who consumed unproductively (that is, who consumed part of the wealth without contributing to the production of it).

The distinction between productive and unproductive labour was momentous because, on the basis of it, the efficiency of the social organization for the production of wealth was judged to be efficient, and to what degree. However, when economic thought abandoned the generic idea of social wealth and adopted the concept of income, and especially of profit, as a measure of wealth itself, that distinction became analytically weaker and weaker. But nothing was put forward to replace it.

As a matter of fact, after the French revolution, and with the birth of industrial production, the new dominant classes again found it convenient to abandon the idea of development fostered by the workers' consumption, and build up models in which the increase in productivity relied only on the growing mechanization of production.

On this basis, our research will try to explain the contradictory attitudes of the economic thought of the past towards development. After a survey of the pre-modern attitude to wealth, poverty and wealth-getting, we will examine some episodes, particularly meaningful for our subject, of modern economic thought.

Hunger for goods, fear of goods

The central point of our research refers to the time in which modern economics started. In the last centuries of the Middle Ages, in some European cities, wealth began to grow constantly from year to year. It was an event absolutely new in human history. It is therefore understandable that the consequent increase in consumption caused a veritable trauma in economic and social culture. It changed lifestyles and behavioural models; brought the social hierarchy and the scale of values into question; caused uncertainty, anguish and conflict. These destabilizing effects went on for centuries.

An illustrious historian of economic thought, Eli Heckscher, coined the expressions 'hunger for goods' and 'fear of goods' to describe the contradictory behaviour of the mercantilists in the centuries that followed.² As we shall see, the mercantilists' contradiction was not great, compared with other times.

However, Heckscher's apposite terms can be used to describe the contrasts and contradictions over the increase in commodities – and thus over the increase in consumption – that have run through all economic thought. The sixteenth and seventeenth centuries saw the definitive take-off of the new economy. Then, it seemed that the 'hunger for goods' – that is, the desire to get rich, for individuals and nations – would prevail and dictate the new

social values. In actual fact, the distrust of the increase in consumption (that is, the 'fear of goods') had not been overcome. Indeed, the more wealth grew, the more bitter the conflict between advocates and opponents of the new consumption became. This conflict of values has had a profound influence on economic theory. It has ended up having a paralysing effect on theories of consumption; through the latter, it has created difficulties and contradictions in the theories of accumulation, capital, investment, and labour.

Finally, Enlightenment thinkers understood that a growing production of wealth was not only desirable but was also necessary to make the economy work. This awareness grew out of the experience of the constant increase in the goods that were available to society, as the famous statements by Locke and by Smith made clear.³ Thus Enlightenment thinkers grasped the essential connection between the increase in production and the increase in consumption, and were in favour of greater consumption by the productive classes, including wage-earners. They saw this increase as a basic factor for accumulation. In sum they saw consumption by the productive classes as an investment.

However, at the beginning of the nineteenth century, with the classical school, the 'fear of goods' once more gained the upper hand. The increase in wage-earners' consumption lost its positive role in the process of accumulation. It was in fact considered damaging because it took resources away from investment. In the classical school, development was paradoxically based on the constant increase in production without a parallel increase in consumption.

Therefore in the three centuries from Starkey to Ricardo, there was a conflict of values on how to judge the increase in consumption. Eventually such a conflict led economic analyses to a dead-end.

The new goods

Hostility towards an increase in consumption has been expressed in different ways in different periods. But there is one point which is common to all periods: the distinction between consumption that satisfies necessary needs (defined as 'natural'), and consumption that satisfies artificial needs (thought as harmful and in general called luxury consumption).

In the modern age hostility towards the new consumer goods was expressed as a criticism of 'luxury'. The word 'luxury' could refer either to real luxury or to comfort. Consumer goods, in their turn, can be 'new' in two senses. Either they are new for everybody, or they are new only for the lower classes, who acquire the habit of consuming goods that were previously reserved for the higher classes. However, in the modern age the consumer goods that were new for everybody, such as goods imported from the New World, or goods created by technical progress, were criticized only when they were consumed by the middle to lower classes.

The authors hostile to increased consumption quite often conceal (or reveal) a social motive: they are opposed to the rise of the lower classes and fear that their subordination may come to an end. They appear to be concerned about the destiny of the world, but are often concerned merely about the loss of their own privileges. This explains why they so easily make a serious mistake in perspective. In fact in a dynamic economy almost all the new 'luxury' consumer goods of one phase are the ordinary consumer goods of the following phase. These goods gradually shift from being exclusively consumed by the richer classes to being widely consumed by the lower classes (the point on the social scale where the consumption of them stops depends on the type of commodities and on how developed the economy is).

Therefore criticism of the new consumption is quite divorced from any idea of development over time. These critics always refer only to the new consumption of that moment, which they consider unnecessary and unnatural. But they ignore the fact that the traditional commodities, which they themselves are used to consuming and which they find necessary, were in turn considered new, that is 'unnecessary' and 'unnatural', in the past.

This approach creates a curious paradox. On the one hand, it follows that even cooked meat or shoes are to be considered examples of unnatural consumption, since they were only introduced at a certain point in human evolution. On the other hand, jewellery and cosmetics – detested in all ages by the critics of 'artificial needs' – should be considered examples of natural consumption, satisfying essential needs. They are in fact among the most ancient findings related to human evolution.⁴ Indeed, luxury goods signal the birth of human culture no less than tools.

The theoretical naïvety of modern critics of increased consumption was undoubtedly encouraged by the early models, from which they took the distinction between natural and non-natural needs. There is, however, one basic difference. The ancient authors were reasoning in the context of a static economy, where new consumer goods did not regularly appear. Thus, when they criticized the increase in wealth and the attempt to get rich, they were actually referring to luxury, not to new consumer goods. These authors were at one with their economic system; indeed, they refused to come out of it. On the contrary, modern critics of increased consumption are, consciously or not, at odds with the economic system of their time. In this system the constant increase in wealth is expressed partly as an increase in scarce traditional products, but also as a differentiation of consumer goods. In other words, new products are created to satisfy new needs.

It is this difference that makes the attitude of the modern authors towards increased consumption so complex and dramatic. They used the ancient models, which however did not adapt to the new economy. The deeply rooted, thousand year old opposition to the pursuit of wealth and to the abundance of commodities was like a dead weight in the take-off of the new economy, and hindered the formation of new values.

The birth of agriculture: a new use of the surplus, new values

In pre-modern thought, hostility to increased consumption is nearly always linked to or confused with the condemnation of the desire to get rich. These two aspirations, which nowadays appear natural, seem to have aroused hostility right from the early times.

In the earliest texts there is considerable nostalgia for the solidarity of the frugal agricultural society, content with its poverty. This mythical model is contrasted with the society of the time, in which trade had introduced a love of easy riches and, along with it, selfishness and a disdain for moral values. Roll reminds us that the biblical prophets expressed this nostalgia because they were witnessing the decline of the tribal economy and the rise of private property, which also brings trade, the division of labour, class distinctions, and poverty. A similar process took place in ancient Greece.⁵

Expressions of a similar sense of loss are to be found right through the history of ideas up to our own day. This might lead us to think that this cultural model – of *laudatores temporis acti* – is an ancestral archetype, part and parcel of the culture of the human species. But this is not so. Rather, it seems to depend on a certain type of economy. Palaeo-anthropologists tell us that the values of pre-agricultural society were diametrically opposed to the values of those who condemn the pursuit of wealth.

Sahlins gave a famous description of the palaeolithic economy, based on hunting and gathering, and of its values.⁶ Palaeolithic men were incapable of storing most of their goods so as to consume them later. What's more, they needed an enormous territory to find new food supplies when those they were using gradually ran out. They were therefore nomads. They could not even accumulate tools and objects, and they had to confine themselves to keeping only the essential goods, of minimal weight and volume. It is obvious that in this economy saving and parsimony were not positive values.

Instead, the alternation of periods of famine with periods of abundance (but of perishable goods like meat and the products of nature) forced these people to alternate extreme frugality with lavish eating. This led them to show strong solidarity with their social group in sharing goods, both when they were scarce and essential and when they were in oversupply and could not be conserved.

With the advent of the farming economy – in the Neolithic period – the ability to conserve products, both as goods to consume and as means of production (seeds, raw materials) became indispensable. And with it the values of parsimony and saving also became indispensable. Solidarity and social spirit were no longer shown through the collective 'wasting' of the food, hunted or gathered, which was occasionally available in great quantities (the ephemeral surplus of the pre-agricultural economy was consumed in feasts and banquets). Virtue now meant refraining from consuming more than one

is able to produce, directly (by one's own efforts) or indirectly (through slaves, servants, etc.). In short, we must not try to consume or to possess more wealth than the normal working of society allots us, and that our rank requires.

This attitude seems typical of all societies based mainly on an agricultural economy. This may explain why it emerged at the very beginning of our history and in some cases still persists today. In fact, agricultural economies, like all pre-capitalist economies, are basically static. In their production cycle the final product per capita is normally equal to that of the previous cycle. Consequently, consumption is static; as is the quota of wealth allotted to the means of production. In these economies there is no need to improve techniques or to expand production. These are the economies that Marx called 'simple reproduction' economies, in contrast to the capitalist economy, in which production grows steadily.⁷

Of course, this does not mean that human consumption did not increase before capitalism. Indeed, human evolution is based precisely on increased consumption. But generally this increase is so slow that it does not modify sensibly economic activities (structure, rhythms, social roles, etc.) or customs. Thus in a static economy the desire to get rich often inspires distrust, because it can appear an indirect attempt to deprive others of part of their wealth.

In the capitalist economy, on the other hand, the wealth produced normally increases from one production cycle to the next. Incomes, or some incomes, rise. Now the desire to get rich and the increase in consumption hardly appear anti-social; instead they are the essential basis for the working of the economy. They then become positive values. This gives an idea of the radical revolution that took place in economic culture at the beginning of the modern age.

Finally, a possible misunderstanding needs to be cleared up: agricultural and pre-agricultural economies do not produce only what is strictly necessary for survival. One part of the wealth produced is channelled neither into essential consumption nor into reproduction. It is channelled into what we call luxury consumer goods; that is, commodities which, for that degree of development, are not necessary for survival. This phenomenon is found in all societies, even in the oldest and the poorest.

This wealth which exceeds a society's normal consumption – both final consumption and productive consumption, i.e. of the means of production – was called the 'surplus' in classical economics (from Petty to Sraffa). Though we adopt this term, we must say that the surplus is not the exclusive domain of the capitalist economy; there is also a surplus in the pre-modern economies. But there is a crucial difference between the two. In the capitalist economy only a small part of the surplus is channelled into luxury spending (which is by definition unproductive). Most of it is normally invested in the following cycle, that is, channelled into wage-earner consumption or into means of production and raw materials (productive consumption). In this

way it comes back into the production process and generates ever greater wealth.

In pre-modern economies, on the other hand, the surplus is normally used for luxury spending, i.e. for spending which is by definition outside the reproduction process (unproductive consumption).⁸ In these economies much luxury spending is due to precise social requirements. The major social motive of pre-modern luxury (though it is also a function of modern luxury) is the establishment and the legitimization of power through the ostentation of wealth. The pomp of the courts, the great public buildings, the sumptuous residences and clothes of the powerful, the numerous servants and lackeys of various kinds, are all more or less sacred symbols of authority and arouse the respect of inferiors. The luxury of ostentation is also used by the wealthy classes to confirm their social status.⁹

Another use of the surplus is charity, private or public; or the construction of great public works by private individuals. This is suggested, as we shall see, by many of the pre-modern writers. Yet another use is in public celebrations or shows, put on to woo popular support.

In agricultural economies, this luxury spending is not at odds with the hostility towards getting rich and increasing consumption. That kind of luxury was in fact codified and accepted as customary. It did not upset the social order and the existing distribution of wealth; indeed, it sanctioned them. The pursuit of wealth or the increase in consumption, on the other hand, represented a threat to the rules of distribution of wealth, and a violation of the norm.

2 The Ancients and inner wealth*

The Golden Age: decline or progress

The myth and its several meanings

The myth of the Golden Age – also called the Reign of Kronos, for the Greeks, or the Reign of Saturn, for the Romans – is one of the most ancient and widespread in the various pre-modern cultures. It tells of an original state where goods abounded and were obtained without miserable menial labour, thus guaranteeing men a peaceful, happy life. For some reason that original state of plenty and peace degenerated, and man fell into his present state of scarcity, of painful labour and of discord. This myth seems to be so deeply rooted in the history of the culture that ethologists refer to ‘that nostalgia from time immemorial that pushes civilized man towards the lost paradise of nature in the wild’.¹

The story of Eden is generally considered to be the Hebrew-Christian version of this myth;² but the classical version has the same features. The gods are the holders of plenty, which they may or may not grant to men. The image of the cornucopia, the classical symbol of the plenty that we beseech of the gods, derives from the horn of the goat Amalthea which suckled the infant Zeus, father of the gods. That horn could produce whatever goods one desired.

According to Hesiod, writing between the ninth and the eighth centuries BC, after the Golden Race, the human races that followed declined more and more. His story ends without a gleam of hope: ‘bitter sorrow will be left for mortal men, and there will be no help against evil’. The end of the Golden Age was due to the arrival of Pandora, the first woman, given to men by Zeus to get revenge on Prometheus. The latter in fact had stolen Zeus’ fire and given it to mankind. Pandora was entrusted with a jar containing all the evils that would afflict humanity. Out of curiosity, she disobeyed the gods’ order not to open the jar, thus loosing all the evils upon the world. The only thing that was left in the jar – removed from the miserable human situation – was Hope.³

Therefore, both in the biblical and in the classical tradition the end of the Golden Age is connected to a human act of disobedience towards the

divinity. In particular, the state of innocence finishes because of the desire for knowledge.

However, there is also something else in the Greek myth. Zeus' hostility towards man begins when Prometheus tries to deceive him by only giving him the bones of the sacrificial ox, and keeping all the flesh hidden for men.⁴ Men therefore try to keep all the goods (the riches) for themselves without giving up a part to offer to the gods; and Zeus punishes them by depriving them of fire.

Consequently, says Hesiod, God hid from men the means to a good life. Otherwise men would be able to procure enough from a single day's work to last them a whole year; and they could store the goods and enjoy themselves.⁵ This statement by Hesiod closely recalls the story of Eden, where after the Fall Adam and Eve are condemned to earn their bread by the sweat of their brow.

So in both versions of the myth the element of the abundance of goods is central. But in the classical version the desire for this abundance, i.e. for wealth, seems to be man's original sin. This is confirmed by the sequel to the mythical story. Prometheus – which in Greek means Forethought – represents culture, which, thanks to fire, gives men all the arts, all the skills and all the tools that they now possess. These gifts enable men to drag themselves out of the state of utter misery, i.e. of extreme scarcity, into which they had fallen at the end of the Golden Age. But it is precisely for this reason that Prometheus, who gave men the means to progress, is punished for all eternity.

The two myths, of the Golden Age and of Prometheus, are closely connected. They can be considered the archetype of the contradictory attitudes of all Western culture towards the increase in goods (or plenty; or wealth). It is therefore worth looking at them a little more closely.

The Prometheus myth is radically – and consciously – ambiguous. On the one hand it exalts progress, i.e. the pursuit of wealth, through man's hard-won advances in work and in skills. On the other hand, the same myth points to progress and the pursuit of abundance as wrongdoing. They are the superb attempt by man to free himself from harsh misery, to become almost like the gods, which is why their jealousy is aroused.

Greek culture up to Plato seems to be torn between the two interpretations of the myth. Hesiod's pessimistic version is in contrast with Aeschylus' version of the myth, which is a real hymn to human progress. Aeschylus' Prometheus says proudly: I was the one who showed men 'the rising and obscure settings of the stars. I discovered for them also number, that supreme device, and writing which is the universal memory and mother of culture'. Prometheus, adds Aeschylus, brings 'horses to the chariot . . . to be the glory of wealth and luxury'.⁶ As we shall see shortly, the two opposing interpretations gave rise to two conflicting cultural attitudes.

The basic ambiguity of the Prometheus myth casts light on the meaning of the idea of the Golden Age. First, it should be underlined that the abundance

man enjoys in the Golden Age is not the same abundance he pursues thanks to Prometheus. The first is unconditional and unlimited. It is given freely by nature and by God; and is lost because of a wrongdoing, namely because man breaks away from nature and from God. The other abundance, instead, is limited, provisional and hard-won. Unlike the first type, it is actually obtained by wrongdoing. In other words, it is obtained by man breaking away from nature; that is, by abandoning the state of innocence and of identification with the divinity.

These two contrasting concepts of abundance reveal that in spite of the naïve desire for wealth it expresses, the myth of the Golden Age tends to reject the 'progressive' version of the Prometheus myth, to embrace the other version. Not only does it condemn man's breaking away from nature – which guaranteed him abundance – but it also distrusts the actual pursuit of abundance through progress. This explains why the original idea of abundance of the Golden Age was transformed over time into something radically different. It gradually came to mean abundance as an inner dimension. In fact the loss of abundance comes about through the wrongdoing of men, who are unable to content themselves with what would suffice to make them happy.

The real sin is therefore that of turning away from the simplicity of the natural life. If man contented himself with what nature offers him and ordains, he would be happy. If, however, he runs after imaginary non-natural needs, he will never be content with his lot, and will become unhappy because he is perpetually unsatisfied. Nostalgia for a life according to nature or the moral imperative of living according to nature's rules, of going back to nature, became the axioms of a long series of ancient thinkers, then of medieval and finally of modern thinkers.

Different interpretations

As we move further and further away from its beginnings, the myth loses its original naïvety, which tied happiness to the abundance of material goods. It now becomes a warning against man's inability to content himself, which is the cause of his unhappiness.

In the classical period the idea of the Golden Age lost popularity, to such an extent that some authors, like Aristophanes and Lucretius, made fun of it. However, the myth managed to overcome the rationalistic criticism of the fifth century. It was dealt with several times by Plato.

In his best version, of great poetic value, the idea comes to Plato in the form of the myth of the Eternal Return or of the Wheel of Existence. The universe is a great living being, animated by God. Cyclically, men, along with the entire universe, pass from an initial state of happiness, peace and plenty (the Golden Age or the happy age) to a state of progressive chaos, in which it becomes more and more arduous to procure the goods they need.⁷ In this version there is no sense of wrongdoing. Moreover, the gods are no

longer opposed to abundance for men; indeed, they help men to procure goods. However, the idea remains that scarcity and painful labour are caused by turning away from the divinity.

Another of Socrates' pupils, Antisthenes, founder of the Cynic school, created the highly successful version of the Golden Age known as the myth of the Noble Savage. The moral model of Antisthenes and of the Cynics is the life of animals, which follows nature. Notice that the essential element in this model of life 'according to nature' is the reduction to the minimum of needs, and therefore also of consumption (see page 32). Antisthenes gives us an illuminating interpretation of the Prometheus myth, in its anti-progressive version. Zeus, he says, punished Prometheus not because he was jealous of the good that fire brings men but because the use of fire has led men into the evils of effeminacy and luxury.⁸

Towards the end of the fourth century, one of Aristotle's pupils, Dicaearchus, expressed the same hostility as his master towards increased consumption, referring to none other than Hesiod and to the myth of the Golden Age. In their original state, in order to live, men made do with the wild fruits of nature; and they were satisfied. In the later stages – first as shepherds and then as farmers – they refined their skills and their ability to produce goods. Ownership began, and with it the desire for goods belonging to others and then conflict between men. In short, technical progress boils down to growing unhappiness for man. Unhappiness is caused by the constant desire for new goods, and therefore by a perpetual state of unfulfilment.⁹

Dicaearchus therefore performs a brilliant operation: to get back to the concept of the Golden Age he uses its opposite, namely the idea of development typical of the rationalists (see below). Thanks to this, Dicaearchus manages to turn the idea of abundance found in the myth upside-down, passing from the original nostalgia for an unlimited availability of goods to the appeal to content oneself with little, to be satisfied with what nature supplies in the wild.

What Dicaearchus says also seems to have been the first organic formulation of the theory of stages; i.e. of the theory that human development comes about through a series of stages, each characterized by one main kind of production. This theory would have great success in modern thought related to the idea of progress. However, in this first version it is presented as a theory on the decline of man, rather than on his progress.

The anti-progressive models of the Cynics and of Dicaearchus inspired the Stoics. The founder of the Stoic school, Zeno of Citium (fourth to third century), and all the Utopians of the Hellenistic period, made the return to nature – understood as the radical reduction of material consumption – the basis of their moral philosophy and of their models of the ideal city (see next section).

Like Dicaearchus, Seneca also suggests that it was the desire for luxury that destroyed the Golden Age. And the Christian Fathers did not let this occa-

sion go by. St Ambrose mentions it, replacing luxury with avarice (and this is the meaning of Seneca's 'desire for luxury'). The same is done by Gregory of Nazianzus – for whom the original sin introduced private property – and John Chrysostom.¹⁰

These early writers inspired the modern Utopians. The most famous of these, J. J. Rousseau, revived Antisthenes' Noble Savage and Dicaearchus' Golden Age in order to advocate the return to nature, like these ancient philosophers, and to direct the same radical criticism of civilization, of progress and of the increase in commodities that progress aims for and produces. For Rousseau the desire for goods again becomes the root of all man's evils.¹¹

Rationalism: the allure and the fear of wealth

Until Aristotle the Greek soul seems torn between the condemnation and the exaltation of the pursuit of greater wealth. Hesiod condemns the greed of those who get rich dishonestly. 'Fools! They know not how much more the half is than the whole, nor what great advantage there is in mallow and asphodel' (poor but healthy food). Elsewhere he adds: the gods punish those who get rich with violence and leave them in misery.

But he insists far more on the opposite attitude. His poem *Works and Days* starts with a masterly contrast between the two contending spirits that rule the world. One favours war and discord, while the other is good for men because it stimulates emulation and competition between those in the job, in order to achieve wealth.¹²

Here we find the archetype of an argument that still holds considerable appeal. It contrasts the transient wealth acquired by means of violence and war with the enduring wealth gained through peaceful trade, the bearer of civilization. This theme was to be used throughout the millennia: for example by Xenophon; by Alexander of Hales in the Middle Ages; by Juan de Medina in the sixteenth century; by Montesquieu and by Galiani in the eighteenth century; and so on (see below).

Hesiod also makes constant appeals to be just and hard-working, since this brings peace, wealth and prosperity (he describes prosperity with marvellous images). The lack of justice, he says, makes men like beasts which devour each other, while idleness leads to need and shameful poverty. If you want profit, wealth and comforts – he writes approvingly – you must pile work on work. 'Work is no disgrace: it is idleness which is a disgrace' (line 311).¹³

At the beginning of the sixth century BC Solon describes with a mixture of admiration and fear the different activities men throw themselves into in order to become rich. 'But with the beginning of wealth danger attends upon every enterprise . . . to wealth men have set themselves no clear bounds; for those of us who have most substance but redouble our zeal for more. Who could sate all men? Gains in truth the Immortals have bestowed on mortals;

from them Destruction arises.' And also: by following the lure of wealth, the men of the city risk destroying powerful Athens. However, Solon's reforms placed major importance on economic growth and on increasing the city's wealth. They promoted foreign trade, technical training for artisans and policies to attract the best artisans to Athens (which is exactly the policy mercantilists implemented two thousand years later).¹⁴

In the second half of the century the poet Theognis revived the moral distinction previously used by Hesiod: wealth acquired by fair means is the only lasting wealth. At the beginning of the next century, Aeschylus condemned excessive riches with a powerful poetic image: the house which does not free itself in time of its excess wealth is like the overloaded ship that sinks in the storm. In the second half of the fifth century BC Democritus of Abdera expressed the same idea with another effective image: 'a moderate filling up (of the cup) is safer than an overflow'. Money, in fact, does not give happiness; contentment consists of a stable state.¹⁵ From Democritus on, in Greece it was above all the philosophers who stifled any aspiration to increase material well-being.

However, alongside the fear about the progress of man and about the increase in goods, between the sixth and fifth century BC there was also greater enthusiasm and confidence in human accomplishments. Xenophanes expressed his admiration for the technical progress produced by human research. Thucydides acknowledged the importance of material wealth as the basis for development, and had a (positive) concept of capital. Lastly Sophocles, at the zenith of classical civilization, burst out in a song of praise to human intelligence and to the progress it creates. There are many marvellous things, he says, but none is like the son of man. He sails the seas, plumbs the depths, breaks open the earth with the plough. . . . He throws his nets far out and his mind circles around in their midst until, with his skills he dominates all the animals. He has learnt to speak and to think with the speed of the wind . . . he is always ready to face fresh dangers in his voyages. The scope of his skills has exceeded even his own dreams. He has created the city, its walls and its laws, and he lives there with 'the fire that comforts and the light of thought'.¹⁶

However, Sophocles too was dismayed by the ambivalent nature of progress. Inventions can lead man towards good but also towards evil. And money is the worst thing man has invented. It corrupts the innocent, goads men to all kinds of wickedness, reduces cities to ashes and drives the inhabitants from their homes. Many ancient authors show their awareness of this ambiguity of progress.¹⁷

The fifth century BC in Athens was not only the century of the great arts, but also that of rationalist culture, which criticized the ancient myths and traditional beliefs. However, from this great critical spirit it was not, as one would expect, the progressive version of the Prometheus myth that emerged victori-

ous. Quite the contrary: on the subject of progress, rationalist thought at first revealed an uncertain attitude, and in the end proved to be clearly hostile to progress and to increased consumption. How this came about, right in the 'Enlightenment' of antiquity, is a 'mystery' that – as we shall see – historians have been discussing for years, philosophers disdain, and economists placidly ignore.

In this period the Sophists and the orators were still divided on the pursuit of wealth: while Gorgias and Isocrates considered it a source of injustice and corruption, Antiphon and the *Anonimus Iamblichi* believe it to be legitimate and see it as a source of greater liberty.¹⁸ But at the root of this uncertainty there were two different positions on the nature of man. On the one hand there was the developmental idea, based on the material advances of man from the wild state to civilization. On the other, above all among the followers of Socrates, there was a growing vision of the inner man and of his values, leading to a turning away from material goods (as would happen later for Christianity with respect to the Jewish tradition).

According to the developmental vision – already suggested by the Prometheus myth – in the beginning men were ignorant and unskilled and lived like beasts, exposed to the elements and to the attacks of wild animals. Many died and only the strongest survived. They gradually acquired the knowledge and the skills for a more comfortable and civilized life. Thucydides says that the first Greeks had no comforts and no safety, and lived in fear of each other.¹⁹

The texts collected by Guthrie on this issue hold a real intellectual fascination:²⁰ these Greek authors – solely with the force of rational speculation, with none of the instruments of the modern sciences – were able to formulate theories that perfectly reflect what we now know about the evolution of man. Anaxagoras and others identify four factors of progress: first the acquisition of language and of knowledge in general. On the birth of language, what Euripides said should be remembered; and the penetrating analysis by Diodorus, who observes among other things that the first men had 'a painful existence' because 'nothing useful for life had been discovered' (Guthrie 1971, p. 81). On knowledge, Xenophanes reminds us that men discover the nature of things bit by bit, through research.

The second factor is technical inventions and skill, celebrated – as well as by Sophocles – also by the highly inspired analyses of Moschion, Protagoras and Critias (and later by Epicurus and by his follower Lucretius). The third and fourth factors, which nearly all of them insist on, are respectively the introduction of agriculture and the introduction of laws. Between these two factors – as between the first two – there is an unbreakable link. So much so that Demeter is seen as the dispenser both of agricultural commodities and of laws. For her, writes Isocrates, 'life that was mere subsistence was not worth living' (ibidem, p. 83).

But all four factors are closely connected. What links them, says Protagoras, is precisely 'areté', which we can translate as culture or civilization.

Culture, he warns, is acquired through education and training. It is what enables men to live peacefully with each other and to improve their life.

The rationalist authors therefore linked the increase in consumption with civil progress. However, as we shall see below, this association did not give rise to the idea that progress consisted of an endless increase in wealth, i.e. in the availability of goods. This was because they did not project their subtle idea of human development into the future. In this sense Greek rationalism of the fifth century BC was the great lost opportunity which could have established the idea of the material progress of man.

Xenophon and Plato: ancient culture at a crossroads

Xenophon: a double personality

Xenophon, one of Socrates' pupils, is an essential author for our theme. He left us two texts of great interest, which sustain two opposing visions of the increase in consumption and the pursuit of wealth: the rush towards economic growth, the increase in trade, production and consumption (the prospect in *Ways and Means*) or otherwise the closure into a static economy, which distrusts the wealth gained from trade and investment (*Oeconomicus*).

In *Oeconomicus*, Xenophon gives a faultless definition of wealth: it is the sum total of things that are useful for satisfying needs. But the very way he formulates this concept serves to sustain an inner vision of well-being. In the first part of the dialogue, in fact, though Socrates owns few things, he claims to be richer than Kritobulus, who owns many. This is because he has no other needs, so he can save; while Kritobulus has a great many expenses and insatiable friends to look after.²¹ Kritobulus' excessive spending obviously satisfies needs that are not real needs.

Here Xenophon effectively expresses an idea foreshadowed in the myths and in past authors: poverty and wealth are inner dimensions of man. So the real way to avoid poverty (i.e. the sense of privation) and to obtain wealth (i.e. to feel satisfied) is to limit one's needs and one's desires.

This concept, which is fundamental in Greek culture, is put forward again and again. It had already been expressed by Democritus, who said: 'If you do not wish for much, a little will seem a lot. In fact, wishing for little makes poverty as strong as wealth.' It would be repeated by Plato ('believing that poverty consists, not in decreasing one's substance, but in increasing one's greed'); and even by Epicurus, according to whom to make a man rich it is better to reduce his wants than to increase his wealth. And then by Plutarch, and so on.²²

Laisner has commented that this passage from Xenophon contrasts those who use wealth efficiently with those who waste it. According to Gordon the contrast is between those who are able to adapt their spending to their wealth and those who are not.²³ In that passage there is actually something more than the obvious criticism of waste and prodigality. The contrast in the text is not in fact between those who waste and those who administer wisely,

but it is between those who spend on luxuries and those who are content with little. What is missing is the third option, of those who want abundance without wasting it on luxuries.

In point of fact Xenophon, like many other pre-modern authors, identifies some of the pathologies of wealth – like waste, greed, excessive luxury, enormous riches, etc. – with the desire to increase one's own income. After criticizing these vices, in fact, he promptly praises poverty and the rejection of possessions.

Notice also that from this inward approach – in which real wealth consists of being satisfied with what one has, and is therefore moral wealth – Xenophon derives a concept of surplus which is typical of the whole pre-modern economy. In fact, at this point in the text, Kritobulus says: 'I see that you understand one process by which wealth is created – how to create a balance. So a man who saves on a small income can, I suppose, very easily show a large surplus with a large one'. He asks for instruction in this art. But Socrates answers that the real art of creating a surplus lies in saving and in using things efficiently.²⁴ The surplus is therefore not profit from business, but simply the result of saving on what one already has.

The other work by Xenophon, *Ways and Means (to Increase the Revenues of Athens)* right from the title shows a different orientation. The author proposes a series of shrewd policies to promote trade, and to strengthen Athens as a commercial centre; to encourage merchants, also through good housing and honours to confer on them; to promote the entry of capital from abroad by means of sharing in guaranteed state investments; to increase the production of silver mines.²⁵

The author reveals a very well-developed commercial and entrepreneurial mentality and gives the impression that the Athenian economy of the time was considerably advanced in the commercial and productive sectors. In fact he talks about the change in prices based on the supply of goods; investment companies, dividends, and about the earning rate of shares; about sharing risk to lower the risk level; and about investments made by the State.²⁶

His explicit purpose is the development of Athenian society, by making it rich and populous. His philosophy of wealth is the opposite to that of Socrates: 'No one [he says] ever yet possessed so much silver as to want no more.' The State needs a lot of money not only when it is in difficulty, through famine or war, but also when it is prosperous, because then men buy marvellous things. With satisfaction, he describes an opulent society, populated by various professionals and artisans, and by 'men possessed of brains and money to invest'.

Xenophon also contrasts the violence of war, which brings poverty, with the prosperity created by trade in times of peace. A prosperous society, says Xenophon, flourishes only in long periods of peace. Those who hope the society will gain well-being and prestige through war are wrong; peace ensures both of these far better.²⁷

The contrast between the two works is so great that Gordon has denied that *Ways and Means* was written by Xenophon.²⁸ But this does not seem a good

explanation. First of all, there is also a contrast, though a minor one, in *Oeconomicus*. In this dialogue, alongside the statements of principle that we have seen, there are practical instructions not only on how to store but also on how to increase the commodities deriving from agriculture. This creates a singular contradiction between theory and practice.

But above all, the subject of *Oeconomicus*, poverty and riches as purely subjective realities, is also found in *Memorabilia* by Xenophon. As proof of the versatility of this author, it should be remembered that in another of his works, *Cyropaedia*, he makes the famous description of the division of labour, and he connects it – as Adam Smith would do later – to the size of the market (although he does not mention the increase in productivity).²⁹

In Xenophon this contradiction probably appears striking because he was writing in a phase of crisis and of uncertainty between two diverging prospects: economic growth based on trade (a particularly strong tendency in fifth-century BC Athens)³⁰ or closure in a static, mainly agricultural economy. With the exception of Empedocles and of the Sophists, most of the philosophers, led by the followers of Socrates, took a position against the new economy, against the new merchant class and the democratic regime it supported. Instead, they defended the aristocratic culture, until Aristotle shut down the prospect of development and the pursuit of wealth, once and for all.

Plato: virtue versus enrichment

Plato's position on this issue is more complex than is generally thought. It does not derive from pauperism, i.e. the idea, born with the Cynics, that only poverty ensures happiness and virtue. Wealth, he says, if used with moderation and wisdom, is a positive thing for the individual and for the State.³¹ Rather, he opposes the desire to get rich and the excessive inequality in the distribution of wealth. These two things seem to him, in fact, to be incompatible with solidarity.

In *Republic* Plato says that the State is created to implement the division of labour, which enables the individual to satisfy all his needs. The best State is the one where life is simple, and people confine themselves to satisfying their essential needs. However, he admits the possibility of a State with 'luxury' consumption. This is where the work of merchants is important; and there should be all the types of work concerning art and entertainment, even those that produce perfumes, women's ornaments, etc.³²

Common ownership of goods is limited to the two higher classes (government and military forces). And though it implies a certain moral superiority, it is not based just on principle, but on the practical reason of not distracting these classes from their public responsibilities. Lastly, Plato states that artificers are corrupted not only by wealth but also by poverty, and that both these evils must be avoided at all costs. Wealth makes artificers idle, restless and careless (and thus unskilful). Poverty makes them incapable of procuring

good tools, oppressed and ready for mischief. Both poverty, therefore, and excessive wealth lead individuals into vice and make them dangerous for the city.³³

Aristotle took up this idea of avoiding extremes, also in the possession of goods. But for him it simply seems to be an application of the general principle whereby the extremes are harmful, and the middle way or *mediocritas*, is the seat of virtue. Aristotle's principle had great success in the scholastic and in the Renaissance. On the other hand, Plato's idea – which works better analytically, because it refers to the damage poverty and riches have on productivity – would be taken up (or more likely rediscovered) by many thinkers of the Enlightenment, and applied to all the productive classes.

In *Laws* the old philosopher gives up the ideal State with no private property, and designs a 'second grade' State. However, in this State there must be no 'ardent pursuit of wealth'; nor 'acquisition of illiberal wealth', like that from the 'disgraceful mechanic art'. The *polis* is enmeshed, in *Laws*, in a close network of bans, aimed at stopping anyone from getting too rich: commerce and artisan trades are forbidden for citizens and their servants, and foreigners can practise them for no more than 20 years; those who do two jobs are punished; the price of goods is fixed by the government. There is strict selection and control over who can run hotels and restaurants, and over merchants. In general they are useful to the city, but they rarely behave with moderation. They 'desire without measure', and try to become immensely rich. This is why they are despised and slandered.³⁴

Still forbidden are the possession of gold and silver, lending money at interest and hoarding money. It is impossible, exclaims Plato, to be very rich and at the same time good. Nobody must be poor or rich to extremes. Wealth must be 'equalized as much as possible, viz. unequally, but commensurably distributed'. And here Plato, with the finicky precision typical of so many Utopians, gets carried away laying down rules and more rules to establish the maximum wealth allowed, the various types of goods that can be consumed, even the size of household furniture, etc.³⁵

Aristotle: fear of change

While Plato wants to limit wealth through political power, Aristotle relies on the far more coercive power of reason. In Aristotle's universe, wealth and consumption must also be under control; nothing can be left to chance or, worse still, to the desire for change.

Aristotle's supreme ideal is self-sufficiency, understood as the lack of needs: 'the final good is thought to be self-sufficient'. Self-sufficiency is 'that which when isolated makes life desirable and *lacking in nothing*; and such we think happiness to be'. For instance, the best land-area for a State is that which is 'entirely self-sufficing', i.e. which produces everything; 'for to have all things and to want nothing is sufficiency'.³⁶

Happiness is man's aim. It is the highest good, and it comes from the perfect practice of virtue. The highest happiness comes from the most elevated type of life, namely the contemplative life, which makes us self-sufficient, procuring pleasures which *do not depend on others*.³⁷

Admittedly, happiness also requires some external conditions, namely possessions. And it is for this reason that men wrongly think that the cause of happiness is external possessions. But these, i.e. wealth, are merely a means, not the end itself.³⁸ As a means, they are placed on the lowest levels of the scale of values.

Most of the commentators have attributed to Aristotle a positive evaluation of wealth in itself, creating considerable confusion on the subject. They forget – in spite of the philosopher's precise warning – that for Aristotle wealth is an instrument. And they confuse its use, which is positive provided it is moderate, with its essence.

These commentators have actually been misled by the modern sensibility, which does not consider it very important to distinguish between wealth already given and the effort to actively acquire wealth (the pursuit of wealth). For Aristotle, however, as for all the ancient thinkers, this distinction is fundamental – as is logical in a static economy. The possession of wealth is therefore not negative; in so far as it is anyway limited. The attempt to become rich, however, is negative; just because no limits can be fixed on it.

Aristotle clarifies the instrumental value of wealth by establishing a criterion which is typical of classical culture: in the social hierarchy, there is an inverse relationship between necessity and value. The most necessary things or activities are the lowest: 'some duties are the more necessary, others of the more honourable sort'. And also: 'as the soul may be said to be the more truly part of an animal than the body, so the higher parts of states . . . are more essential to the state than the part which minister to the necessities of life'.³⁹

By the way, here Aristotle theorizes what had been anticipated both by his master Plato and by Xenophon, himself a pupil of Socrates. In *Oeconomicus* Socrates declared his disdain for manual and craft work. Creating a canon which would prove extremely resilient, he had placed in opposition to them, as noble occupations, agriculture (in the sense of management, certainly not as manual work) and the military art.⁴⁰

Second, continues Aristotle, wealth – being a means – must be limited. In fact, real riches come from the goods that the art of household management can store, for the family or for the State; 'for the amount of property which is needed for a good life is not unlimited'. Solon says that man has been given no limit on the possession of wealth.⁴¹ But this is not true. Actually 'there is a boundary fixed, just as there is in the other arts; for the instruments of any art are never unlimited'.⁴²

Now, continues Aristotle in chapter IX of *Politics*, as well as household management ('oikonomia'), or the art of administering wealth, there is the art

of wealth-getting ('chrematistic'). It was this that suggested the erroneous idea that 'riches and property have no limit'.

The philosopher defines this second art. For each thing, he says, there is a correct use and an incorrect use. For instance, the correct use of the shoe, i.e. what it was made for, is to wear it on the foot. The incorrect use is to trade it. Although it involves the incorrect use of goods, barter is not contrary to nature if it is necessary in order to satisfy men's 'natural wants'. The retail trade, therefore, in itself is not part of the art of wealth-getting. It becomes part of it when, with the introduction of money, exchange becomes more complex. With exchange using money, in fact, men learn that greater profits could be made.

The analysis of money therefore becomes a key step to reach an understanding of Aristotle's attitude to the pursuit of wealth. The art of 'wealth-getting' was born with money, since money is generally thought to produce 'riches and wealth'. But naturally this is untrue, since money, in itself, does not satisfy any of the 'necessities of life'. The aim of Aristotle's criticism of chrysohedonism, i.e. of identifying wealth with money, is to condemn the yearning for riches. This is exactly what the Midas myth does, and Aristotle cannot help recalling it. A man with a lot of money, he says, can even die of hunger, like King Midas in the fairytale, 'whose insatiable prayer turned everything that was set before him into gold'.⁴³

Aristotle's definitions of the art of procuring riches follow each other in a tortuous, contradictory progress. The underlying aim, however, is clear: there are natural riches, which are goods; and there is thus a natural and necessary art of wealth-getting, in which the rule of money has no part. This kind of wealth-getting belongs to household management, in which the riches to store concern the 'provision of food', and thus have a limit.

Then there is also another kind of wealth-getting, not natural and not necessary: exchange using money. 'There is no bound,' says Aristotle 'to the riches which spring from this art of wealth-getting'. Men believe that they must earn as much as possible, because they 'are intent upon living only, and not upon living well; and, as their desires are unlimited, they also desire that the means of gratifying them should be without limit'. So 'some men turn every quality or art into a means of getting wealth'; and so they use them 'in a manner contrary to nature'. 'The avarice of mankind is insatiable', exclaims Aristotle. 'Men always want more and more without end; for it is of the nature of desire not to be satisfied, and most men live only for the gratification of it'.⁴⁴

In chapters 10 and 11 of Book 1 of *Politics*,⁴⁵ he clarifies what activities constitute the two kinds of wealth-getting. The first kind comes under household management, both private and public, since in it 'wealth is presupposed', in that it is supplied by nature. In fact it is nature that provides the means of life, because that is its 'business'. So 'the art of getting wealth out of fruits and animals is always natural'. This type of wealth-getting, which is 'necessary and honourable', consists of animal breeding and of agriculture (husbandry).

The other type of wealth-getting is trade. It is unnatural because it is a way 'by which men gain from one another' (and not from nature). This unnatural art includes commerce; lending money at interest (which was then called usury); and 'service for hire'. The latter is the wage-labour of the mechanical arts or of unskilled work.

Usury is the most odious way of earning because it 'makes a gain out of money itself'. But money was created to be a means of exchange, not to increase with interest. That money generates money is the most unnatural kind of profit.

This is therefore the picture. Any activity outside the strictly agricultural world is, for Aristotle, unnatural. Even paid work. Even work that he himself recognizes as necessary, like that of artisans and the retail trade.⁴⁶ His model is the same as Plato's: a closed, self-sufficient agricultural economy. The supreme ideal of self-sufficiency in the field of political economy becomes an ideal of autarchy in a small community. A city, he states, cannot be well-governed if its citizens do not all know each other.⁴⁷

We would not be doing justice to the great philosopher if we did not say that, in other respects, his social analyses are still second to none. Think of the analysis of money as a means of exchange; of the analysis of exchange and that of property.⁴⁸ The latter moreover contains a splendid defence of pluralism, as a vital necessity for the state; and the criticism, as mocking as it is penetrating, of platonic public ownership of women and children. Even on the standard of living he has broader views than Plato: it is not enough for man to live 'temperately', as Socrates says in *Laws*; he must also be able to live 'liberally'. In fact, 'if the two are parted liberality will combine with luxury; temperance will be associated with toil'.⁴⁹

But all this does nothing but accentuate the glaring contrast between his condemnation of all economic progress and the modern attitude towards development. Any innovation and any kind of entrepreneurial initiative is excluded. Aristotle does not even conceive of the possibility that money can also be used as capital, i.e. as wealth that actually produces more wealth. And therefore he does not imagine that this fact can make interest 'natural'.⁵⁰

Aristotle's 'unnatural' needs versus Isocrates' 'conveniences'

Aristotle is actually afraid of the increase in goods as such, because it seems to him to be an attack on the natural order. The whole Aristotelian system is based on the distinction between 'natural' and 'unnatural'. This distinction dated back at least to Heraclitus, who was the first to base ethics on the laws of nature. It was highlighted by the Sophists and it was adopted by the Cynics and the Stoics, who identified what is natural with what is good. For them, *to live by nature* meant living in virtue (see below).

St Thomas took this distinction as the basis of his system (see pages 70–73), and transmitted it to modern culture, especially the Catholic culture. The hendiadys natural (or real) needs and unnatural (or fictitious or artificial or imaginary) needs is part of this distinction; and therefore the opposition, linked to the former, between natural and unnatural consumption.

The opposition between natural and ‘artificial’ needs (and consumption) has had an enormous success. It was repeated in the Middle Ages, by St Thomas among others. In the modern and contemporary age it has become, and still is today, the main argument of all the critics of increased consumption, of all those who are nostalgic for the simplicity – real or presumed – of the past. With this function it was adopted by the moralists of the seventeenth and eighteenth century; by Rousseau (see page 239); by all kinds of Utopians in the nineteenth century; by the Marxists Baran and Sweezy in the 1960s; and, lastly, by many advocates of a conservationist reduction in consumption. Today this distinction is still part of the common culture of so-called ‘anti-consumerism’.⁵¹

The opposition between natural and non-natural needs derives from another common prejudice in antiquity: the idea that agriculture is the only natural economic activity, and that the static production and consumption typical of the agricultural economy based on servile labour is therefore natural. Aristotle was the major interpreter of these prejudices.

Obviously the agricultural economy is not at all ‘natural’. Certainly no more natural than hunting and gathering were; two types of economy which – as we have seen – produced social and moral values that were the opposite of those of the agricultural society. However, the agricultural economy dominated human societies for at least eight thousand years. Its values have had time to become so deeply rooted in our psychology and our attitudes that they have become, as it were, ‘instinctive’ and they are able, at times for centuries, to survive even the most radical changes.

In any case that distinction has not the slightest logical basis. All needs are in fact historical, in that they are the result of human evolution. Even the most elementary physiological needs (like eating and wearing clothes) change depending on the historical development and the type of civilization, and require different types of consumption. In this sense ‘natural needs’, as we know them in our experience, arise in history exactly in the same way as the needs imagined to be ‘fictitious’ or ‘artificial’.

This obvious criticism of the Aristotelian distinction has not been used often against the opponents of increased consumption. Most clearly of all, it was expressed by Antonio Genovesi (see pages 239–40) who interpreted the spirit of the Enlightenment thinkers very well on this point. But both before and after the Enlightenment, the Aristotelian distinction was generally put forward without objection.

However, about half a century before Aristotle consecrated his distinction as a canon, Isocrates had put forward another distinction, containing the

opposite idea. He distinguished between arts and skills useful 'for life's necessities and those devised for enjoyments'.⁵² There are therefore jobs, or goods, that satisfy essential needs; while other jobs, and goods satisfy the need for comforts. Isocrates' distinction is intuitive; it is often found in the history of thought, without evidence that one source derives from another. Moreover, in the same period this distinction was used implicitly by Plato and by Aristotle himself.

But Isocrates advances it – perhaps for the first time explicitly – in his analysis of human progress. The jobs that satisfy non-essential needs, he says, are the result of progress. And they permit a more comfortable and civilized life. Isocrates therefore implicitly rejects both Aristotle's distinction, between natural and unnatural consumption, and also Socrates' extreme distinction between poverty and riches. Isocrates indicates a middle way, which opens the doors to a positive evaluation of increased consumption and of wealth-getting.

Isocrates' distinction was not very successful in antiquity. It was re-echoed by Seneca, who distinguished between indispensable, useful and agreeable things.⁵³ In this threefold form it was passed down on the one hand to Christian thought and the Middle Ages, and on the other to the Humanists. Seneca, however, does not attach any particular significance to it, and he actually does not even use it to refer to material goods.

However, with the advent of the capitalist economy, this threefold distinction became the basis for analytical developments of great interest. Here it is worth rapidly mentioning these developments, even though this extreme synthesis may seem too taxonomic.

In the late scholastics the distinction between necessities and luxuries reappears.⁵⁴ In the fifteenth century, with St Antonine, the idea that dates back to Isocrates was crystallized in the triple distinction between goods 'of necessity, of convenience and of luxury'. In this form it would reappear in Botero and in various other Italian authors; until it was noticed in the eighteenth century by Genovesi. He took it as the starting point of his theory of development, based on the increase in consumption.

An equally fruitful variation of the distinction is that which subdivides jobs into the more or less useful, depending on the more or less essential nature of the goods they produce. It goes back to the beginning of the modern age, but its basic organization came from Petty. In Petty this variation gave rise to yet another distinction. Depending on whether the goods they produce are essential or not, a distinction is made between jobs that produce more or less new wealth. The latter distinction was dealt with by many authors before Smith. It is typical of the modern economy, based on the accumulation of wealth; it is inconceivable in the pre-modern economy.

In turn, the distinction between jobs that are more or less (or not at all) productive assumed two new versions, profoundly different from each other. One found its best expression again in Genovesi. For the latter the jobs that produce non-essential goods, i.e. that satisfy more advanced needs, gradually

become wealth-productive as the economy grows and civilization increases. Genovesi elaborated this theory guided by the original distinction between arts of necessity, convenience and luxury. In this way he made a strict connection between capitalist accumulation and the increase in consumption. In his theory there is a return of the dynamic and developmental concept that was present in Isocrates' original idea.

The other version – far more rigorous, but static – found its best theorizer in Adam Smith. In Smith, labour is defined as productive or unproductive once and for all, on the basis of its capacity to generate a profit. Independently from this definition, Smith also repeated the distinction of goods into necessities, conveniences and luxuries. But in his theory this distinction lost all analytical meaning.

The classical school, almost totally ignoring the previous elaborations, took both the distinctions from Smith. It confirmed the static vision – typical of Smith – of the distinction between productive and unproductive labour; and on an analytical plane, it replaced the distinction between necessities, conveniences and luxuries with another: the distinction between wage-goods and luxury goods. Wage-goods are such because they are involved in the production of profit, as the workers' consumer goods. Luxury goods by definition have nothing to do with production.

The first are therefore the goods consumed productively (by productive workers), the second are goods consumed unproductively. But the dependence on the rigid, static distinction between productive and unproductive labour also made the distinction about consumption equally rigid and static, and therefore unusable for a theory of economic growth.

The development freeze and its socio-cultural roots

With Aristotle and his successors, Greek thought cut itself off forever from economic development. On the economic development in the ancient world there was, between the nineteenth and twentieth centuries, a century-long debate among historians.⁵⁵ Some, from Meyer on, maintained that the economy of Attica in the fifth to fourth century was of modern type; others, starting from Bücher to Finley, denied it and saw that economy as mainly agricultural and artisan.⁵⁶ This debate was then extended to the whole ancient economy.

The result of that long discussion is the view that the ancient economy was made up, first, mainly of domestic production – based above all on slave or menial work and on family handicraft. Many historians have stressed that manufacturing never became important in the ancient economy, and that ancient culture lacked any prospect of increasing manufacturing. Although there was sufficient technical knowledge, it was never applied on a large scale to production. This was because the slave economy guaranteed such a low labour cost that it was not profitable to develop production techniques.⁵⁷

The ancient economy also consisted of very advanced commercial activities. For instance, the great states of the post-Alexander period – like imperial Rome later – prospered above all because of commerce.⁵⁸ But this never translated into large-scale manufacturing growth. According to Max Weber this occurred because the great commercial activity involved only the cities, not the inland areas, which were still dominated by a subsistence economy. But above all it was because large-scale commerce was supplied by production from slave-labour. This type of production, moreover, was fed by wars of conquest. It declined at the end of these wars; and this led to the fall of the Roman Empire.⁵⁹

Thus, as Finley has shown, in the ancient world the main basis of wealth was always land ownership. In all Roman history the landed aristocracy prospered, even during the worst agrarian crises, when the poor were starving. Often landowners did not lack entrepreneurial spirit; but in fact their economic and political hegemony hampered the development of a business economy independent from landownership. Both in Greece and in Rome the long, bitter struggle for the supremacy between artisan and mercantile classes on the one hand and landed aristocracy on the other was eventually won by the latter. This paralysed the economic development of ancient society.⁶⁰

Not only theory, but also the common culture actively contributed to the blocking of economic development. There are a series of clues pointing in this direction. First, for the Greeks, work was not seen in a positive light. Only a few thinkers defended the dignity of work: Hesiod, the Sophists, the Cynics, the Stoic Posidonius.⁶¹ On the other hand, there are many who openly denigrate manual and technical work, wage-work and retailing. Of these we have already seen Xenophon, Plato, Aristotle, and later we shall see *Oeconomica*, Seneca and Cicero.

What's more, the ancient world did not have, as we have today, the general concept of work, in the sense of its social role and of the basis for the wealth of society. They thought only of a multiplicity of occupations, each differing in importance and significance.⁶²

Lastly, there is a relation between the domination of the great landowners and the disdain for work. According to Gschnitzer, in ancient Greece the aristocratic culture imposed a disdain for manual work and in general for work done for money. This disdain in the classical period spread to all the citizens. From this there emerged also a disproportionate respect for sport, for intellectual education and for war. In the fourth century the middle class in Greece started to decline and the social gap became wider. These ideas on work therefore became firmly entrenched in the ancient mentality.⁶³

Also, Gloria Vivenza says that in Roman culture money-getting activities, although much present in everyday life, were despised as 'dishonourable and depressing', while the riches founded upon landed property – which were connected with the monopoly of political power – were greatly esteemed as a source of prestige.

This may explain why agricultural labour was so highly valued, while the other types of labour were despised. This led to the ancient conception of economy as household economy, which depends entirely on the landowner (the head of the family). Hence the cultural attitude we found widespread in the Middle Ages and the modern age: both a glorification of agriculture and a tenacious distrust toward trade activities (see below).⁶⁴

Thus land rent (or profit from agriculture) was the only honourable income since it guaranteed what the ancients considered the highest ideal: self-sufficiency. This ideal, in the form of autarchy, was not only applied to the Greek *polis*, but also to great Roman landholdings. The latter had to import as little as possible from outside for their own needs. In contrast, commerce, business, and public tenders were not honourable because they implied the need to get rich. This attitude, observes Nicolet, is found in many other civilizations.⁶⁵

Social distinction was based on the difference between those who could afford to delegate others to do the work to satisfy their material needs and those who could not. Automatically these jobs fell below the dignity of the dominant classes, and were therefore contemptible. It was the opposition between self-sufficiency and economic dependence that generated in the ancients the contrast between agricultural rent and commercial or entrepreneurial activity.

Connected with the negative attitude to work was the fact that many ancient authors looked down on technical thinking and were convinced of the superiority of speculative thought. According to them, true science must not be involved with technical applications.⁶⁶ Lastly, many historians observe that the ancient descriptions of the division of labour refer to the improved quality of products, but not to the increased productivity it brings (Plato actually also mentions this increase in passing).⁶⁷

In the Hellenistic age, the more luxurious and opulent the lifestyle of the wealthy classes became, the greater was the contempt of the pursuit of wealth expressed by the intellectuals. The latter's attitude was 'ensorious and depressing'.⁶⁸ The Aristotelian approach became a canon.

The classes that seek to acquire wealth through trade or manufacturing are the dynamic part of society, which tends to create growth, breaking down established situations. But it is precisely this fact that the ruling classes, living on rent, tend to condemn in every age.

Socrates' followers in a blind alley: *Oeconomica*; *Eryxias*; the Cyrenaics

It seems that the first successor of Aristotle in the lead of the Peripatetic school, Theophrastus, revealed 'slightly greater regard to external goods'; but he again urges us to be independent of wealth and to live a simple life.⁶⁹ As we have already seen, another follower of Aristotle, Dicaearchus, in his

History of Greece, proposes a ‘natural’ lifestyle based on the consumption of the simple, wild fruit of nature.

Other followers of Aristotle wrote, separately, the three books of *Oeconomica*. This work was for many years attributed to Aristotle himself. It was translated in the Middle Ages, also by Nicholas Oresme; then Leonardo Bruni made a famous translation, which exerted an enormous influence on Renaissance culture.⁷⁰

Oeconomica depends closely on Xenophon and Aristotle. It praises the superiority of agriculture, because in agriculture one can prosper without harming others. In contrast, trade and wage-earning employment acquire wealth from others. Besides, agriculture is a natural occupation, in so far as it gives sustenance to mankind through its common mother, the earth. Finally, agriculture contributes ‘to the making of a manly character; because, unlike the mechanical arts, it does not cripple and weaken the bodies . . . but . . . invigorates them to face perils of war’.⁷¹

In this passage we see condensed the two great prejudices of the ancients about work. First, the unconditional eulogy of agriculture. As Aristotle had already said, agricultural labour and the agrarian economy are superior since they respond to the ideal of self-sufficiency. This work – being in actual fact carried out by subordinates – ‘does not cripple and weaken the bodies’ (it is the same idea as that in *Oeconomicus* by Xenophon: IV.2) and allows owners to practise the only aristocratic virtue: military valour. Second, the criticism of commerce and craft. Trade and wage-earning employment not only make a person dependent on others, but – unlike agriculture – they can harm others. Why? Apparently because they are based on monetary exchange, they are open to cheating and may encourage greed.

More interesting is another anonymous work, *Eryxias*, a dialogue written, according to Laistner, between the end of the fourth and the beginning of the third centuries BC, under the influence of Xenophon and of Plato.⁷² Initially, the author retraces Xenophon’s reasoning, though with an analysis that is subtler in form.

He first of all presents two contrasting theses. According to Eryxias, being rich is a good. For Kritias instead it is an evil, since wealth allows intemperance and thus the consumption of harmful things. The conclusion, spoken by Socrates, is that ‘wealth is good for good and liberal men and those who know how to use their riches, but it is bad for the wicked and ignorant’.⁷³ This promising distinction, however, leads up to a drastic limitation in the use of wealth.

The character of Socrates here repeats the Aristotelian thesis: wealth does not consist of money as such, but of things that are useful to us. In their turn, he adds, these are useful only if we have unfulfilled desires. Therefore ‘the acquisition of wealth’ (like gold and silver, and goods) is to our advantage only if these things serve ‘for the needs of our body’. When we have already satisfied our needs, these things are no longer wealth (pp. 53–57). Here too,

then, as in Xenophon and in Aristotle, there appears the distinction between natural needs, which justify the possession of goods, and other needs which should not be satisfied.

The dialogue, however, contains two analytical points which would be very rewarding if in the end they were not smothered by the main idea. The first of these points comes when Socrates observes that teachers of art or grammar earn their living with their knowledge. Therefore knowledge is wealth, for the same reason that silver and gold are. But immediately afterwards, the author, punning on the ambiguous term 'knowledge', confuses skill, which produces wealth, with wisdom. He who is wiser, therefore, is richer (pp. 57–58).

The last statement recalls a very similar thesis put forward by the Stoics; and it is as ambiguous as the latter (see below). On the one hand it may refer to the Socratic concept of wealth as an interior dimension. On the other its meaning may be that only the sage is able to earn riches (Chrysippus' thesis).

In another passage, Kritias insists that gold and silver are never wealth. Socrates does not agree: the materials needed to build a house, he says, are useful; so they too are wealth. And the same applies to the instruments used to produce these materials. 'Then again there are the instruments by which these instruments are obtained, and we can go back still farther so that we end by having an infinite number of such' (pp. 59–60). Therefore gold, silver and all instrumental goods are useless only if a person already has everything that is needed for his body. Otherwise they are useful.

However striking the similarities with modern economic concepts that we are familiar with may be, we should beware of the temptation to identify precursors. First, between the concept in this dialogue, that knowledge is wealth, and the concept of human capital – which Petty and Cantillon were among the first to use – there is this essential difference: the first lacks the idea of investing in knowledge; the second contains it.

The same difference exists between going back ad infinitum to identify the instruments of production, mentioned in the dialogue, and that put forward by the classical school. In the first case, the attempt to identify instrumental goods does not translate into the desire to identify capital and its value; this was, instead, the aim of the classical school. Here too, in fact, in the Greek author the idea of investment is missing.

However fine and acute in its analysis, our dialogue finishes on a melancholy note with exactly the same arguments as Xenophon, Aristotle and the Stoics: the rich always need something; they are therefore in a worse condition than those who have little and who live a quiet life. 'All the desires are nothing but the lack of something, and those who are most subject to these desires are in a more evil condition than those who experience them as little as possible'.⁷⁴

The Cyreanic school was founded by Aristippus (fifth to fourth century BC), one of Socrates' pupils. It expresses the early hedonist philosophy: the self and

its desire for pleasure are the basis of everything. As Diogenes Laërtius reports, ‘pleasure is desirable for its own sake and is good’. Unlike the Epicureans, they believe that, to obtain pleasure, stability is not enough; a non-violent change is necessary.⁷⁵

However, although they give more importance to physical pleasure (or pain) than to mental pleasure, the Cyrenaics make no explicit reference to the enjoyment of material goods. Their philosophy too seems to concentrate on internalizing sensations of pleasure: we must be in command of our pleasures, not slaves to them (Aristippus); cheerfulness of mind and wisdom are enough to bring happiness (Theodorus); lastly, to avoid mental pain, we must be indifferent to opposite extremes, including poverty and wealth (Hegesias).

Asceticism and escape from reality: Cynics and Utopians

The most extreme position against material goods and riches is that of the Cynics, who expressed a radical asceticism. Their founder Antisthenes (fifth to fourth century BC), another of Socrates’ pupils, boasts of his wealth, because wealth and poverty are not in men’s houses but in their souls. He believes luxury to be a punishment, and wishes it to his enemies. He also maintains the necessity to go back to nature in the literal sense: some aspects of animals’ lives are held up by him as a model. He also eulogizes the life of primitive people.

Unlike Aristotle, Antisthenes maintains that communal life in the towns and civilization are the cause of injustice, luxury and corruption. Urban life is the source of all evils; it was a punishment sent by Zeus to men when they received fire from Prometheus, because it was the use of fire that spread effeminacy and luxury. His asceticism recalls Christian asceticism when he maintains that physical and mental pain must be accepted since they enable us to perceive the wealth of the soul.⁷⁶

According to Diogenes of Sinope (fourth century BC), ‘wealth without virtue is worse than poverty’; and ‘virtue cannot dwell either in a wealthy state or in a wealthy house’. Diogenes not only despises any kind of possessions, but tries to reduce human needs to the minimum, even those considered the most elementary. His pupil Crates of Thebes (late fourth century BC) gives away his possessions, exclaiming that in this way he is freeing himself. Both Diogenes and Crates were wealthy men, who had been converted to asceticism.⁷⁷

Teles of Megara (third century BC) maintains that the possession of money does not free man from want. The poor man, not the wealthy man, has pleasure, because he can attain contemplative life; while the wealthy is effeminate, because he does not need to work. Cercidas of Megalopolis (third century BC) attacks luxury and warns the ruling class to heal the sick and give to the poor; ‘for sharing-with-others is a divinity, and Nemesis is still present on earth’. It is worth stressing that the Cynics were among the very few who

opposed slavery and did not despise labour. This new attitude influenced the Stoics.⁷⁸

There are several elements in the behaviour of the Cynics that remind us of extremist Christian movements. The search for suffering and mortification recalls eastern monasticism of the first centuries after Christ. The missionary character of their preaching, the obsession with poverty and the practice of begging recall the pauperist movements of the twelfth to thirteenth centuries, and in particular the Franciscans.

But even more striking are the similarities between the numerous ancient Greek Utopians (Cynics or Stoics or others) and modern ones. The latter, from Humanism to the Enlightenment, have been strongly influenced by the ancients. As we have already seen, Dicaearchus revived the myth of the past Golden Age; Antisthenes and Ephorus moved the same myth to the present, by idealizing the life of the primitive. Others (like Isocrates, Polybius, Plutarch) eulogized the supposedly virtuous and poor life of ancient Sparta.

Others, following Plato and his *Atlantis*, describe their Utopian states, where people are equal and no one is allowed to get rich. Zeno Citieus (born 320 BC), pupil of Crates and founder of Stoicism, states that in his ideal city all people are dressed the same way. He wanted the abolition of temples and gymnasia (and tribunals as well); also the abolition of legal currency, since in his Utopian city there is no need for buying and selling. He called this way of life 'to live according to nature'.⁷⁹

Among the many Utopian works of the Hellenistic age, we shall mention only the two most famous, handed down by Diodorus Siculus: *Sacred Chronicle* by Euhemerus (fourth to third century BC), which talks about a communist society without trade or money; and the fantasy tale of a character who is almost certainly invented, Jambulus in *City of the Sun*, which describes a total communism, also referred to the family, with total egalitarianism, even in learning and wisdom.⁸⁰

Utopian culture of the Hellenistic age often becomes a political programme. The most significant attempt was that of the revolt of the slaves in Asia minor in 133 BC, led by Aristonicus. Their plan was to set up a City of the Sun, i.e. a communist republic, based on justice and equality. These ideas came from the Cynics and the Stoics.⁸¹

Epicureans and Stoics: the second wasted opportunity

Epicurus: a moderate desire

The Cynics were treated with disdain by Epicurus and his followers. The Epicureans' position is, however, very moderate, and does not correspond at all to the pursuit of physical pleasure that Cicero attributes to them. Indeed, Epicurus says that pleasure consists not of the excess of physical pleasures but

of the absence of suffering and of a 'sober reason'.⁸² This point deserves to be underlined and documented.

Epicurus, like Aristotle, distinguishes between natural and unnatural wants. The latter are due to an 'illusory opinion'. However, sometimes nature itself leads us toward illusory needs: 'those natural desires which entail no pain when not gratified, though their objects are vehemently pursued, are also due to illusory opinion'. True needs are very easy to meet: 'He who understands the limits of life knows how easy it is to procure enough to remove the pain of want and make the whole of life complete and perfect. Hence he has no longer any need of things which are not to be won save by labour and conflict'. And again: 'Nature's wealth at once has its bounds and is easy to procure; but the wealth of vain fancies recedes to an infinite distance'. 'The cup of good things,' he adds 'is easily filled'.⁸³

The Epicureans constantly insist on the argument that the sage seeks moderation, both in desires and in wealth, since, after all, 'there is little superiority of wealth over poverty'.⁸⁴ Their ideal is tranquillity, which gives well-being. They too therefore avoid the feverish pursuit of ever greater wealth.

However, the Epicurean concept of a happy life included not only moral but also physical well-being. In this sense they even accepted the idea that a person might try to increase his capital. The wise man, says Epicurus, 'will have regard to his property and to the future'. 'He will make money, but only by his wisdom, if he should be in poverty'.⁸⁵ This went against the Stoic rhetoric of detachment from all possessions.

Metrodorus, a student and contemporary of Epicurus, reported by his follower Philodemus, explains that tranquillity cannot be achieved if we back away from all difficulties. Admittedly, many things such as wealth produce some pain when they are present, but torment us more when they are not. 'If the extra', he adds, 'can be had harmlessly and easily, we should accept it; but not suffer for it'. In fact, the greedy man seeks opportunities to get rich and he specializes in this art; the wise man, on the other hand, is satisfied if he knows how to acquire and to preserve what he needs.

The rule to measure what a person needs is that the amount of things to acquire and to preserve must not be so great that it causes more strain than joy. Therefore, it is right for a good administrator to specialize in the art of getting rich, but not for a sage. We should avoid the problems connected with getting rich, but without avoiding the far less serious ones linked to the management of wealth. However, it is not indecorous to get rich by making slaves and servants work in agriculture and in other manual trades.⁸⁶

In conclusion, the Epicureans are the only ones in antiquity to appreciate wealth-getting. And they are among the few to appreciate wealth and material comfort. However, they too place strict limits on efforts to obtain wealth. It might be said that the structure of the ancient economy could not allow anything more. The sage, the ideal of ancient philosophers, is a citizen who must be free from practical preoccupations, so as to devote himself to the cultivation of the spirit. It is therefore right that he should be a property owner

and have servants to work for him. But it is also right that he should not strive to acquire wealth. After all, a society which gives the task of working and thus of producing wealth only to servants and to non-citizens can count among its positive values neither labour nor the pursuit of wealth.

After fifth-century rationalism missed its chance, Epicureanism was the second lost opportunity for ancient culture to establish the categories of economic development. In the modern age, however, Epicureanism had a decisive influence on the Free-thinkers and, through them, on the European Enlightenment, Adam Smith included.⁸⁷

The Stoic synthesis

The influence on modern culture exercised by the Stoic school, rivals of the Epicureans, was much more widespread. The Stoic ethical standard, which teaches detachment from material goods and from the passions, has been propounded for centuries to all those Europeans who have reached secondary education.

In the Hellenistic age and in imperial Rome, Stoic values soon became dominant, and maintained their hegemony for a very long period, up to the end of classical culture. For the Stoics wealth and poverty are indifferent, just like any other thing that arouses the passions of common men, from health to power, from honour to affections. We must therefore be detached from wealth and possessions and not be longing for them beyond what is strictly necessary.⁸⁸

Within this general model, however, important differences did emerge over time. The Stoicism of the early period – of Zeno and Cleanthes – was radical, it criticized slavery and often had overtones of Utopian palingenesis. As we have seen, Zeno's major rule was 'to live according to nature'. This means, as Diogenes Laërtius specifies, a virtuous life, 'virtue being the goal towards which nature guides us'.

The same concept is to be found in Cleanthes, Posidonius, Hecataeus, Chrysippus and Diogenes from Seleucia (also called 'from Babylon'). However, despite the very simple and poor life of his ideal city, Zeno thinks that wealth and poverty are not to be considered equal. Although they are both 'indifferent', wealth is among the things to be preferred, in so far as it 'contributes to the life according to nature'. On the contrary, poverty is to be rejected.⁸⁹

Chrysippus (third century BC), the most important of the school, brings a change to the Stoic attitude to wealth. Apart from virtue, other things are not good per se. Their worth depends on the right use of them. Only wise men are really wealthy, because they know the right use of things. 'They are not eager for wealth yet they are good economists, since they know the proper source, time, method, and extent of money-making'. Chrysippus also says that the sage gets property in three ways: friendship with the king; friendship with politicians; and the profession of teaching.⁹⁰

Thus Chrysippus, and his followers, suggest that the wise man, possessing all abilities, knows better than others how to raise funds and to administer them rightly. Thus here is a very different concept from the Socratic and Cynic statement that only the wise (and poor) man is rich (internally).

This is confirmed by what we know about the anthology of Arius Didymus, which said: ‘acquiring wealth is felt by many [Stoics] to be an intermediate, while others consider it a good’. In other passages of this anthology, wealth is what distinguishes the sage from the fool. The latter is not capable of, nor really committed to, acquiring wealth.

Plutarch noticed this difference between wisdom as detachment from wealth, and wisdom as ability to acquire wealth, and presented it as one of the Stoic self-contradictions. But Plutarch is not necessarily right. As the tale of Thales (the ‘first philosopher’) and the maid-servant tells us, in Greek culture the idea that wisdom derives from knowledge seems deeply rooted.⁹¹

Both the Stoics and the neo-Pythagoreans (like Callicratidas, one of the many authors who wrote an *Oeconomica*) took up and extended Plato’s idea that the home was a *polis* in miniature. The organization of the house and that of the *polis* (the microcosm) obey the same laws that govern the universe (the macrocosm). In this sense man’s life in the group must also follow nature.⁹²

From this stemmed a static vision of the economy and of social life in general, which excluded the idea of change and development. This vision was taken up by the Aristotelians of the sixteenth century.

The Roman age: restlessness

Multifaceted Cicero

As far as the Roman age is concerned, the continual Stoic appeals to be indifferent to wealth seem strangely in contrast with the uninterrupted increase in the wealth of the great landed aristocracy, reported by historians.⁹³

The main influence of the Stoic school on modern culture came about through the Romans, especially Cicero and Seneca, who were – together with Aristotle and Plato – the most widely read classical authors right through the modern age. These authors, however, offered sixteenth century readers two different models. Cicero’s model is close to the moderate teaching of Epicurus (the real teaching, not the invented one that Cicero himself attributed to him) and of the middle Stoa. In fact both Epicureanism and Stoicism converged in the attitude towards riches.⁹⁴

The first impression is that Cicero is making a leap backwards towards Socratic thought, strictly opposed to riches. He criticizes the desire for great wealth and for extreme pleasure. In fact, even those who have an abundance of these things always want more; ‘for the thirst of cupidity is never filled or satiated’. He repeats the ancient Socratic argument: ‘the wise man alone is rich’, since for him ‘nothing is wanting’. He also repeats the disdain for

manual work, which is wretched, and for retail traders for, he says, 'they can never succeed unless they lie most abominably'.⁹⁵

He states again the superiority of agriculture; than which nothing, he says, is 'better, more pleasing, delightful'. And he adds that the types of work to condemn more than any other are those that serve for sensual pleasures, from chefs and pastry-cooks to perfumers, dancers and jugglers of all kinds. Instead, respect should go to the liberal professions, which require intelligence and are useful.⁹⁶ In the 1500s these ideas, including the last one, frequently recur. They are certainly inspired, or at least supported, by the reading of Cicero.

Cicero praises parsimony, which is a source of income; but he also praises generosity, and criticizes extravagance. He contrasts those who waste money on parties, shows and donations for masses with the money spent by certain *aediles*, or civil magistrates, on walls, gates and aqueducts. However, Cicero also repeats more recent and more tolerant ideas, very similar to those of the Epicureans and of the middle Stoa. Like others, he thinks that large-scale commerce, unlike the retail trade, 'is not so despicable', in that it brings goods from all over the world and provides work for so many people.⁹⁷

Also, the desire to increase one's own possessions without harming others is not blameworthy; and – as Hecaton of Rhodes, scholar of Panaetius, says – it is the wise man's duty to improve his patrimony by legitimate means, not only for his own advantage but also for that of his children and relations. In fact, 'the means and affluence of each individually constitute the riches of the state'. He also says that what is considered luxury in a peripheral province can be a normal income in Rome.⁹⁸

Through *De Officiis* and other writings by Cicero, the Renaissance and the modern age received both the rigorous idea of classical Greek thought and the more tolerant ideas of the Hellenistic period.

Seneca: the rhetoric of denial

The other model of Roman Stoicism is Seneca. He, who seems to have become rich through usury, and who certainly lived in luxury, launched the most extreme attack on possessions and the pursuit of wealth. This attack is so rhetorical that it becomes mawkish. Money causes conflict between fathers and sons and is a source of crime. 'If you offered me all the money from all the mines . . . this whole hoard would not, I think, be worth the frown on a good man's forehead. Laughter, and a lot of it, is the right response to the things which drive us to tears!' 'Life is not worth the agitation and the sweat. What a pitiful thing is man unless he rises above human concerns!'⁹⁹

Seneca repeats all the ideas of the canon against the increase in consumption. But he presents them in a more abstract, rhetorical guise, without the slightest interest in the real economy, in working or production conditions, in differences in incomes, etc. And it is in this form that they are passed on to the humanists. Here we will simply quote several brief passages from the countless pages against luxury and the pursuit of wealth.

‘The more we get’, he repeats, ‘the more we covet’. Needs are reduced by him to physical necessities, and the desire for greater comfort is seen only as exaggerated consumption: ‘The body’s needs are few . . . if we long for anything more we are exerting ourselves to serve our vices, not our needs’; ‘Why do you pile wealth upon wealth? You really must consider how small your bodies are.’ Luxury exhausts men (this thought, first expressed by Antisthenes, would become the battle cry of the seventeenth to eighteenth century moralists): ‘When mind and body have been corrupted by pleasure, nothing seems bearable – not because things which you suffer are hard, but because you are soft’. Real wealth is only inner: ‘External goods are of trivial importance’; the sage derives ‘all delight from himself’. He has Attalus say: ‘I despised riches, not because they are superfluous but because they are insignificant’. Even the most indispensable things are to be disdained: ‘It is disgraceful to base one’s life on gold and silver, and equally disgraceful to base it on water and barley’.¹⁰⁰

Finally, Seneca provides many later authors (for example St Jerome, Montaigne, Galiani) with a graphic sentence: ‘The objects of your desire’, he says, ‘. . . cannot be transferred to one person without being snatched from another’.¹⁰¹ Although he does not refer to general enrichment, his sentence became in the other thinkers the paradigm of the static economy: the enrichment of one individual is the impoverishment of another (see pages 54, 212).

Seneca’s rhetoric against wealth would in the modern age become one of the most deeply rooted moral attitudes among literate people.

The myth of the origins. The last thinkers

In spite of the opposition between these two models, in the whole Roman tradition there is, as Berry has underlined, one obsessive, recurrent idea. This is the contrast between the original simple, austere, virtuous life, made up of agricultural work and of military valour on the one hand, and on the other the luxurious, effeminate, corrupt life of the period when riches and comforts entered the citizen’s existence. This second kind of life inevitably leads to the weakening of civic values and military virtue, and in the end, to the decadence of the State.

All the Roman authors fight against the domination of the second lifestyle. The real difference between the two models lies in whether or not they contain ‘luxury’, i.e. increased comfort or also actual luxury. Many sumptuary laws were also passed against luxury, in the hope – unfulfilled – of checking its spread.¹⁰²

Besides philosophers, historians and poets, in Rome there were two important types of specialized literature: works ‘*de re rustica*’, i.e. on agriculture, and works by jurists.¹⁰³ The former give a lot of practical instructions not only on farming and on the organization of an agricultural business (*latifundia*) but also on the financial and commercial aspects of its management.

However, their viewpoint is limited; it lacks a global entrepreneurial vision, both for the agricultural business and for businesses in general.

The Roman jurists on the other hand formulate numerous economic concepts, which later in the Middle Ages would form the basis for the analysis of the new mercantile economy. These concepts had the great advantage of being free from the values and prejudices opposed to wealth-getting, commerce, investment, etc. which permeated the rest of ancient literature. They therefore reflected real economic phenomena. They too, however, lacked a global vision of economic development that could enhance their ideas in ancient economic thought.

In the centuries of the Christian era, the classical canon on wealth was finally consolidated. The Stoic Epictetus reveals a very similar tone to that of Christians. We must be indifferent to wealth. If you lose it, don't say 'I lost it', but 'I gave it back' to the Giver. 'As long as He gives it to you, take care of it, but not as your own; treat it as passers-by treat an inn'. Vivenza makes an interesting observation: in *Dissertations* Epictetus affirms the principle of self-interest (which – as we have seen – was foreshadowed in the statement by Hecaton of Rhodes, reported and approved by Cicero). He says it is natural for each person to follow his own interests, and this does not harm society.¹⁰⁴

Epictetus was the inspiration in the second century for Marcus Aurelius, whose *Meditations* have always been very popular. In this work, the inner nature of the Stoic ethic is taken to extremes; and the sense of the transience and vulgarity of all human things is quite obsessive. This is also true, of course, of riches and material goods.¹⁰⁵

Plutarch imitates many of his predecessors in a banal way: first Socrates and Aristotle, by saying that 'in what suffices no one is poor'. He who loves riches is insatiable because 'he will never cease to need superfluities – that is to want what he does not need'. In the end, money does not give happiness. Second, he imitates the Cynics by stating that animal life is more virtuous and happier than human life. Then he repeats the worse prejudices against Epicurus and his alleged pursuit of coarse pleasures. Finally, he also repeats the eulogy of the severe and simple life of the Spartans.¹⁰⁶ Plutarch too, like most of the classical and Hellenistic authors, always identifies wealth with splendid houses, jewels, great banquets, and the like.

The same concepts are repeated again and again until the very end of classical culture. In AD 524 Boethius dedicates an entire chapter of his *De consolazione philosophiae* to the criticism of riches. He uses the same arguments put forward by Democritus, Xenophon, etc.: 'If you wish only to satisfy your needs . . . there is no need to seek an excess from Fortune. Nature is content with few and little'. And: 'the old saying is proved correct, he who hath much, wants much. And the contrary is true as well, he needs least who measures wealth according to the needs of nature, and not the excess of ostentation.'¹⁰⁷

The supposed idea of progress in antiquity

The idea of progress is obviously connected to that of economic development and the constant increase in wealth. The question of whether or not the ancients had a concept of progress like the modern concept has been recurring in historiography for more than a century and a half. Auguste Comte, who theorized the modern idea of progress, followed by John Stuart Mill and Wilhelm Dilthey, maintained that the ancients had no such idea. Dilthey in particular contrasted the cyclical vision of time and history, typical of the ancients, with the linear vision of time, which supposedly derives from the messianic, finalistic idea of history of the Judaic-Christian tradition. The first view supposedly excludes the idea of progress; the second implies it.¹⁰⁸

However, in the nineteenth century and up to the 1920s, the opposite idea was prevalent: although the Greeks did have a pessimistic idea of the progressive decadence of humanity, the rationalist, optimistic concept was also believed to have been widely found. But in 1920 Bury took up Comte's thesis again and managed to make it prevail for nearly half a century.¹⁰⁹

In a few outstanding pages he explains the following: (1) the theory of cycles took away interest in the future and led the ancients towards pessimism. For the ancients, time is man's enemy (pp. 11–13, 15). (2) Seneca firmly believed in the progress of learning, but he did not credit it with any ameliorative effect on human life. Indeed he believed in the periodic degeneration of civilization. This degeneration was caused by the vices and luxury resulting from advances in the arts and in inventions (pp. 13–15). (3) Ancient rationalists, like Epicurus and Lucretius, understood human progress from the primitive state to civilization, but did not extend the idea of progress to the future, even though they applied it to the past (pp. 15–17). In conclusion, all ancient culture is oppressed by a sense of impotence concerning its fate, by a pessimism that leads to resignation, and to indifference towards the collective fate of humanity (pp. 17–20).

Though extreme, Bury's arguments have a solid foundation. Later, a series of specialized studies on the idea of progress in antiquity put forward either one or the other of the two contrasting theses.¹¹⁰

Perhaps the most complete defence of the idea of progress in ancient culture is that of Edelstein, who relies above all on four arguments: (1) The idea of progress is complex; it does not concern simply historical-political progress, but also intellectual, scientific and material progress. At least as far as intellectual and scientific knowledge is concerned, many ancient thinkers believe in an indefinite progress. (2) It is necessary to examine the presence of this idea not only in philosophical theories but also in the common culture. (3) It is impossible to generalize about the presence or absence of an idea in a complex civilization which lasted more than a millennium. (4) Lastly, Edelstein takes an interesting thesis from Guthrie: the idea of evolution and of progress is compatible with the circular conception of time and history.¹¹¹

According to Edelstein, this is evident, for instance, in Aristotle. On

the one hand, he describes social progress from all points of view: as the evolution from the family to the *polis*; as the growth of technical specializations and of medicine; as advances in learning; as the increase in well-being. On the other hand, he confirms two traditional beliefs (which according to Dodds had been imported several times from the Orient), i.e. the cyclical repetition of events and the periodical destruction of civilization through the Deluge.¹¹²

In actual fact, both in Plato and in Aristotle we can find the coexistence of the theory of the cycle with the idea of progress. As well as in the passages from *Politicus* and *Timaëus* (see page 13), in *Laus* Plato states that thousands and thousands of States have followed each other and have gradually grown, only to be wiped out by the Deluge. In Aristotle the idea of progress linked to that of the cyclical return is even clearer. All things, he says, 'have been discovered repeatedly, or rather an infinite number of times over, in the lapse of ages; for the discoveries of a necessary kind are probably taught by need itself, and when the necessities have been provided it is reasonable that the things contributing to refinement and luxury should find their development'.¹¹³

However, the documentary evidence presented by Edelstein is not always convincing. It is essentially limited to broadening the sense of the texts already quoted by Guthrie on the idea of man's evolution in the rationalists and the Sophists of the fifth and fourth century BC. Even less convincing are the arguments put forward by Nisbet, who relies heavily on Edelstein's work.

Let us confine ourselves here to the aspect of material wealth. The modern idea of progress is complex, but along with other elements, it also necessarily comprehends the constant increase in material riches. This increase, *referring to the future*, seems to be almost totally lacking in all the ancient conceptions that can be likened to the idea of progress. Nor can this be denied simply by citing some ancient author in whom the theory of the stages of civilization is found. Indeed, in the initial version of Dicaearchus this theory indicates not growing abundance, but rather, a growth of unsatisfied needs.

Therefore if the idea of progress as we know it today implies the idea of the growing material riches of a society, it is linked to the birth of the modern economy, i.e. of capitalism. In this sense it has little to do with the ancient ideas of progress. But it should be noticed that, for the same reason, the modern idea of progress also has little to do with the Judaic-Christian idea of linear time, despite what Dilthey believed. First of all, as far as the idea of material progress is concerned, there is no visible difference between ancient thought and Christian Patristic and scholastic thought: it was missing in both cultures. Second, the Judaic-Christian vision of history is messianic and eschatological. It certainly does not imply an idea of a progressive evolution towards something ever higher. The 'end of time' is not the result of a continual advance in history, but rather of an extraordinary intervention to put an end to chaos, evil and the irrationality of history itself.

Conclusions

The very core of what classical culture as a whole said about our theme is the idea that true wealth is to be found inside man; while external (material) wealth is not important for man's happiness. The humanist attitude towards wealth was influenced above all by Plato, Aristotle, the *Oeconomica*, Cicero and Seneca. But, as we have seen, classical culture as a whole contributed to establishing this idea.

This attitude was the obvious cultural outcome of a static economy, where wealth does not grow normally from one economic cycle to the next; leaving aside the flourishing commerce of many periods of the ancient world.

What is surprising is that the same attitude recurred in the Humanist period and the Renaissance, just when the modern capitalist economy was taking off, and wealth was increasing more and more. Three reasons can essentially be put forward to explain this fact. First of all, quite often deeply established ideas, like customs, tend to survive long after the material conditions that gave rise to them have disappeared.

Second, the new economy developed among strong contrasts: the landed aristocracy – from which the old ideas had first been generated – managed to preserve a great many of its privileges, and also much of its cultural influence.

Third, as we have already seen in the first chapter, the most remote roots of the pre-modern attitude originated in the Neolithic period, during the consolidation of the agrarian economy and of its social values. These values are saving, frugality, the preservation of possessions, and the condemnation of the pursuit of anything more than very modest wealth. They were formed through several thousand years of human evolution. It is therefore plausible to think that these values are so deeply rooted in our culture that a few centuries of capitalism have not yet been sufficient to do away with them.

3 Patristics

End of the contempt for wealth and labour

Beyond the ancient aristocratic ideal

Three cultures compared

The early centuries of the Christian era saw the meeting, and the clash, of three great cultural traditions – the Classical, the Hebrew (of the Old Testament) and the Christian. The attitude of all three towards wealth differed greatly. While Hebrew culture prized material goods, both the Ancient and the Christian culture preached indifference to them. But their motives (and also the end result) were very different.

Ancient economy was based mainly on servile labour. Therefore it lacked prospects of growth either in the production of wealth or in productivity. Its cultural values were consistent with this. It despised wealth-getting and work (something historians have often neglected).¹ A moderate possession of wealth was accepted only as a pre-requisite for the achievement of the two supreme ideals: self-sufficiency and wisdom (or inner wealth). The same ideals determined the classical disdain for poverty. Poverty made a man incapable of becoming a citizen and relegated him to the ranks of the needy, who depend on others. The virtuous man, on the other hand, is a person who makes do with little, and being self-sufficient, needs nothing else. Also work derives from need and dependence. Thus it goes against the nature of a free man.

Christian culture, although it did not encourage social change, had the merit of breaking the fetters on all aspirations of economic growth. It eliminated the contempt for both wealth and work. Christian indifference towards worldly goods does not imply disdain of wealth for the sake of self-sufficiency. Indeed, self-sufficiency becomes a negative value, a sin of pride. Man in fact is in great need of God's help, which is often manifested in the form of help from others. Wealth is positive in that it is a gift of God, and it must serve to do good for others

As far as both poverty and work are concerned, the Christian attitude is much closer to the tradition of the Old Testament than to classical culture. Involuntary poverty is not something to be desired, but neither should it be

scorned. The poor man must be protected and helped, just as God helps the poor weak being, man. As regards work, the contrast with the pagan world is even more marked. Christian culture recognizes the dignity of work in general, including manual work.²

The reasons for this positive attitude are new, however, compared to the Jewish tradition. Solidarity with the poor and the dignity of work derive from the idea that all men are children of God and have equal importance in Christ. These ideas were to have very important effects at a social level. These effects, however, would only start to be seen after many centuries.

Love of work and wealth in the Old Testament

In the Old Testament the attitude is completely different from the classical view. In Genesis (written in the tenth century BC) work is part of human nature itself. With work, man imitates God, who works to create the world. It is only after the Fall that work becomes painful.³

Not even servile and paid work was scorned; instead it was to be protected. The Bible lays down the prompt payment of wages to workers, and the duty of not cheating them. The poor were also protected when in debt or dispossessed. Every seven years there was a sabbatical year in which debts were cancelled and those who had undertaken to serve another because of debts were freed from this bond. Every 49 years (seven sabbatical years) there was the jubilee, in which property expropriated to pay debts, or sold out of need, had to be returned to its original owner. With the same purpose of protecting the poor, usury was forbidden; whoever had an object of a poor man in pawn had to return it to him after a certain period.⁴

The aim of all this was not only to protect the poor, but also to prevent the excessive accumulation of wealth in a few hands. The poor man was therefore protected by God. His figure often coincides with that of the Jewish people, protected by God against rich and powerful enemies. The duty of giving the pauper what he needs is a recurrent moral commandment in the Old Testament.⁵ However, it should be noticed that poverty is certainly not admired, nor is it considered a positive value. It is merely protected, because the weak must be protected.

On the other hand, wealth is highly valued. Unlike the Greeks and Romans, the Jews want material wealth. God promises it to his people, and guides them towards the rich and fertile land of Canaan. The riches God promises his people are material riches, which they will obtain in this world. They are a prize which is conferred if one has the trust to submit to God's will (like Abraham), or if one follows his commandments (like Isaac and Jacob).⁶ Material wealth is also the reward for wisdom. Wealth and wisdom go hand in hand in the emblematic figure of Solomon. The Old Testament criticizes miserliness; it distrusts riches acquired too quickly and without effort. According to the Book of Proverbs, they are riches that waste away.⁷

Between the sixth and the fifth century BC Isaiah prophesies that if the people keep the Sabbath, they will no longer suffer from famine, but there will be plenty, and they will also receive the wealth taken from other nations. Job is given back all his riches as a reward for not complaining about his sufferings. Notice that, when Job bears his sufferings, he does not express indifference towards riches at all (as Christian commentators tend to believe), but simply submission to God's will. Also Naomi, in the Book of Ruth, goes from extreme privation to a 'joyful fulfilment'. Finally, in the fourth century BC, the prophet Joel prophesies the coming of the Lord. That will put an end to the era of famine in Israel, and an age of plenty will start, while the lands of the enemies will turn to desert.⁸

The opposite attitudes to wealth in the two ancient traditions, biblical and Graeco-Roman, derive from the two different economies. The Jewish people, when its cultural identity was formed, did not have the agricultural economy, the private land ownership and the strong social hierarchy of Greek and Roman society, but rather the sheep-herding of nomadic tribes. Its economic values were those of pre-agrarian societies. These values were solidarity; the tendency to share riches; the love of abundance; the ability to put up with uncertainty and periods of scarcity; the condemnation of an overly unequal distribution of wealth (see Chapter 1).

However, the positive attitude towards material goods of the Old Testament had little influence on western culture until the Protestant Reformation. In the Gospels there is a radically different attitude to wealth and poverty from that in the Old Testament. The Christian Fathers realized this, and Origen, in the third century, tried to eliminate the contradiction: he interpreted the material wealth promised by God in the Old Testament as spiritual wealth, expressed metaphorically.⁹

The New Testament: poverty in spirit

During the cultural crisis at the beginning of the Christian era, the relationship between man and the divinity became inward and spiritual. The gospel message led to the decline of the classical values: civil commitment, military valour, glory, honour. It shows no interest in worldly activities. Everything concerning the 'little men', the humble in society, gains new value. Christ and the Apostles are workers, humble people who do their duty by working. However, in order to follow the message of spiritual salvation, they abandon all work obligations (Matthew 4: 18–22).

The attitude of the gospels to wealth is also new compared both to the Old Testament and to the classical tradition. Material riches are contrasted to spiritual riches – the only kind that count – and are viewed very warily. Those who zealously pursue wealth are condemned: Christ exhorts his followers not to worry about tomorrow, like the fowls of the air and the lilies of the field, for whom God provides (Matthew 6: 25–34). Those who possess wealth are looked on with suspicion: the rich young man gives up the

perfection of the spiritual life because he would have to abandon his wealth; and Christ comments that it is easier for a camel to pass through the eye of a needle than for a rich man to enter the kingdom of God (Matthew 19: 20–26). Those who (like Dives in Luke 16: 19–31) do not share their wealth with the poor will be condemned eternally.

Christ's whole message is based on the contrast between material wealth (deceptive and short-lived) and spiritual riches. The contrast is expressed most clearly in the Sermon on the Mount (Matthew 5). Spiritual riches are often praised through metaphors of material wealth. They are treasure that moths do not eat; they are capital that gives income forever. Or they are a gift of God, who is like an employer who pays wages without considering the different hours worked (Matthew 20: 10).

The Gospel's distrust of trading and financial activities is well known (reflected in the more rigorous Christian Fathers, like Tertullian).¹⁰ Judas is the treasurer of the group of Apostles, and betrays Christ for money. Christ gets angry only when he clears the temple of merchants, accusing them of transforming a place of prayer into a den of thieves. Only he who does not care about riches can come close to God. A man cannot serve two masters, says the Gospel, meaning God and Mammon (Matthew 6: 24). In short, while material wealth is not disdained – as in Socrates, the Cynics or in Seneca – nor is it desired, as in the Old Testament.

The view of the pauper, too, differs from the attitude in the two ancient traditions. Involuntary poverty is not scorned, as in the classical world, but nor is it feared, as in Jewish culture. It is an evil willed by God, and it must be accepted with resignation. Being poor indicates the state of evil and decadence that man brought upon himself with the Fall.¹¹ God sends us suffering, including poverty, so that we will practise virtue, as a means of attaining salvation. The pauper must therefore be protected and helped with alms. But giving alms is an act dictated by inner virtue, by the individual conscience, as in the example of the Good Samaritan. This view embraces the organized care of the church; but excludes institutional measures in defence of the poor, as it was in the Old Testament

Voluntary poverty, on the other hand, must imitate Christ, born in a stable, and taking no interest in his own means of survival. The good Christian expresses the same indifference to material wealth as he expresses to all the other things of this earthly life (power, vanity, success, etc.). Only if it is the result of this indifference can poverty be virtue.¹²

Although poverty in itself is not praised, the radical nature of this message is undeniable. If taken literally, detachment from the things of the world – from civil commitment, social problems, the pursuit of wealth, even from work – would make it very difficult to organize society.¹³ There is no doubt that this message also encouraged two extreme positions in the Christian tradition. One is seen in the Epistle of St James, where the poor man is idealized and the rich are harshly attacked.¹⁴ This attitude is openly expressed in Christian communism, which advocates the community of possessions. Commu-

nist demands based on the gospel message appear every now and then through the centuries in some isolated thinker or heretical movement.

Only a little minority followed this line. In fact detachment from worldly goods – which is the basis of the new message – rather leads to the neglect of social justice and equality. However, this attitude was present at the beginning, in the ‘community of saints’ in Jerusalem. This church saw itself as the first Christian community, as a model for others. It had achieved the community of possessions, and its members devoted themselves entirely to prayer; in fact they were maintained by offerings sent by other churches. But the Apostle Paul, the great bearer of the Christian message, sometimes showed impatience with this practice. In his writings he often states that poverty is not to be desired for its own sake; that it is necessary to work and that manual work is actually not to be disdained; and lastly that those who do not work should not eat either.¹⁵

Another phenomenon encouraged by evangelical radicalism was the anchorite, ascetic tendency of eastern monasteries in the early centuries of the Christian era. The values expressed by this great movement of escape from the world – which, as it is often said, left cities deserted and deserts crowded – can be found in late Greek patristic literature.

The western tradition took another direction, that of moderating the radicalism of the gospel message to make it compatible with social needs. In Paul of Tarsus the attitude to material possessions already seems less extreme. He says that it is good to give your possessions to the poor, but not to the point of becoming poor yourself.¹⁶

In any case, the gospel message on poverty was a threat to the social hierarchy. Arnaldo Momigliano pointed out that, in the late Empire, elite social groups regained control of the lower classes by becoming leaders of the Christian religion themselves.¹⁷

‘The rich and the poor are necessary to each other’

Some of the Fathers were influenced by the thought of the ancient Cynics and Stoics concerning poverty and disdain for riches.¹⁸ There was, however, a clear difference: in Christian thought, wealth, poverty and work are not autonomous values. Like all other earthly things, they are judged in terms of man’s other-worldly destiny. This is what Viner called the ‘otherworldliness’ of the Christian Fathers.¹⁹

Between the first and the second century of the Christian era, one of the most widespread and oft-repeated commonplaces of the Christian tradition had already been formulated: the idea that the rich and the poor are necessary to each other. It is found in the anonymous text written in the first or at the beginning of the second century, *Pastor of Hermas*, the most popular non-apostolic Christian text of the origins. Many Church Fathers even believed that it was part of the Holy Scriptures.

This text gives a sort of Christian version of the apologue of Menenius

Agrippa. 'As the vine is supported by the elm,' it says, 'so is the rich man helped by the prayer of the poor'. The elm in fact bears no fruit; but the vine, which does, could not grow without the elm. In the same way, the rich man is removed from God because he is preoccupied with his wealth. But if he helps a pauper, the latter can intercede for him; the pauper's prayers are more welcome with God.²⁰ Since then, this idea has been repeated many times. It is found for instance in *The Letter to the Philippians* by Polycarp in the second century; in St Cyprian, bishop of Carthage, in the third;²¹ in St Ambrose and in St Augustine in the fourth century.²²

It is also repeated by Theodoret of Cyrhus (Viner writes 'Theodoretus') in 435, who says that inequality is necessary for two reasons. First, without it there would be no differentiation in labour and so there would be no specialization and skills. Second, without the consumption of the rich there would be no work for the poor.²³ Much later, in the seventeenth century, the second statement would become a commonplace (see pages 223, 236), while the argument that the rich and the poor are necessary to each other is found in all the Christian tradition.

Connected to this idea of mutual dependence is the praise of alms-giving, which is the key to heaven. Cyprian exhorts people to give alms and not to worry about their wealth; he attacks the 'covetousness for money'.²⁴ St Cyril states that, through giving alms to the poor, 'money may become a door of the kingdom of heaven'.²⁵ Ambrose recalls the phrase from the bible 'The ransom of a man's life are his riches' (Proverbs 13:8), and explains: 'one who gives to the poor ransoms his soul'.²⁶ St John Chrysostom (Goldenmouth), Bishop of Constantinople, repeats this idea many times, and says graphically: 'You give bread and get back eternal life'.²⁷

Such an attitude in fact justified social differences. It was, however, tempered by another basic canon regarding the social use of riches.²⁸ This canon, which was not part of Roman law, was expressed effectively by one of the major Fathers, St Clement of Alexandria, in the second century. 'All things therefore are common', he wrote. It is 'not for the rich to appropriate an undue share. . . . God has given to us, I know well, the liberty of use, but only so far as necessary; and He has determined that the use should be in common'.²⁹ And St Jerome added: 'Your possessions are no longer your own but a stewardship is entrusted to you'.³⁰

As other authors explained at length, God created the riches of nature for everybody, as common property.³¹ It is only human weakness that has made private property necessary in order to defend this wealth.³² However, the use of these riches must remain in common, in the interests of all. Hence the moral obligation of giving alms to the poor. This principle, too, became a part of the permanent Christian tradition, which can be summed up in a single canonical rule about wealth: detach oneself from worldly goods and use them for the benefit of others.

On this subject, Clement was most balanced. Probably influenced by the very active commercial life in Alexandria, he wrote that it is right 'to busy

oneself with an unworldly mind with worldly things'.³³ He also added that 'in itself, there is no special merit in being poor',³⁴ and criticized asceticism and excessive privation. If this were a merit, he wrote, all the wretched beggars would be the only candidates for eternal life. 'Possessions are made to be possessed; goods are called goods because they do good'.³⁵ Due to these statements Clement was sarcastically labelled 'The Consoler of the Rich'.³⁶

On the other hand, Clement condemned luxury as a waste of social wealth. 'It is monstrous', he wrote, 'for one to live in luxury, while many are in want'. And also, 'That which is squandered in foolish lusts is to be reckoned waste, not expenditure'.³⁷ He then makes a meticulous criticism of all the kinds of waste and of extravagant luxury, from that of the table, to clothes, jewels and furnishings, etc. He attacks the 'effeminacy' that derives from this luxury and states that Christian virtue is the only true wealth.³⁸ However, in the same passage, Clement shows that he does not condemn the use of jewellery and fine clothes as such, but only their excessive use.³⁹ His contrast between frugality and 'the stupidity of luxury' is admirable.⁴⁰

A harsher critic of extravagant dressing is his contemporary, Tertullian.⁴¹ In the third century, Lactantius, one of the Fathers closest to classical culture, repeats the ancient disdain for material goods: 'Whoever, then, prefers the life of the soul must despise the life of the body; nor will he in any other way be able to strive after that which is the highest, unless he shall have despised the things which are the lowest'.⁴²

Millenarianism and 'progress'

Like the ancients, the Christian Fathers too used the myth of the Golden Age to evaluate both human progress and the prospects of human history. Lactantius expresses the millenarian spirit of the time in a brilliant inversion: the Golden Age, 'as the poets call it', is no longer at the beginning of time, followed by decadence, but rather coincides with the end of the world, the advent of Christ and the destruction of evil-doers. Then, the good will enjoy peace, happiness and plenty (to describe which he resorts to the poetic imagery that Virgil used when describing the original Golden Age).⁴³ This viewpoint makes historical changes not really important. History becomes a chaotic succession, which acquires meaning only when it ends.⁴⁴

On human progress, patristic thought included both hostile attitudes and praise. In his attractive research, Boas traces the sources of these two contrasting positions. The patristic idea that human progress is decadence after a happy age originated in the biblical story of the Genesis, but also in the myths of the Greeks and the Cynics (see pages 11–15, 33). However, Boas reminds us that there are two more biblical sources: the book of Enoch and the story of the tower of Babel. In the book of Enoch the end of the Golden Age was due to the fall of the rebel angels, who committed the same sin as Prometheus: teaching men the arts. These range from metallurgy to the production of cosmetics and ornaments; from writing ('peculiarly depraving')

and astronomy to understanding the course of the seasons. The idea is repeated by Commodianus.⁴⁵ This biblical document was very popular in the fourth century, until Augustine disparaged it. Now it is not even included in the official version of the Christian bible.⁴⁶

However, it is worth remembering that the Catholic tradition preserved the story of the fall of the rebel angels, who then became demons. The fall was blamed on a sin of pride, which is essentially the same fault attributed to Adam and Eve in Genesis and to Prometheus and Pandora in the Greek myths. The sin that brought the Golden Age (the age of innocence) to an end took the form of an act of disobedience to the divine will, but basically consists of wanting to learn the secret nature of the universe, of wanting to take the prerogative of such knowledge away from the divinity. Man is therefore guilty of giving up the innocent ignorance of the beginning.

The biblical account of the tower of Babel has essentially the same meaning as the book of Enoch. It is, however, accepted by the official tradition. The theme once again is men's pride. Having learned the arts very well, men wanted to build a tower high enough to reach the heavens. God punishes this act of presumption by multiplying the tongues. In this way he prevents men from communicating (and therefore, once again, from learning).

But among the Christian Fathers there are also some voices in favour of human progress. In actual fact the only theoretical position that clearly advocates human progress and its inventions is that expressed in *Contra Celsum* by Origen. Celsus claimed that animals are superior to us because they are protected by nature itself, while men are born full of needs. Origen replied that it is necessity that drives men towards inventions and progress. Providence has created man full of needs, but it is precisely this that makes him superior to beasts.⁴⁷

Augustine also expressed admiration for human intelligence and its achievements. That is why both Boas and Nisbet include him among the advocates of progress. But according to Augustine, some of the products of human intelligence are good, others are bad.⁴⁸ Some Fathers accepted the legend of Saturn, the god (but for them just a hero) who teaches the inhabitants of Italy the arts and civilization.⁴⁹

However, unlike various historians, we do not include in this 'progressive current' the many eschatological or millenarian visions or the guides to spiritual perfection produced by medieval thought. In particular, many scholars claim that Augustine had an idea of history as progress and a concept of economic growth. Both of these are supposedly linked to his subjective idea of time.⁵⁰ In actual fact, Augustine and many medieval authors talk about progress only in terms of spiritual advances. In contrast, the progress we think about today, the type expressed by Enlightenment thinkers and the Positivists, is an intellectual and civil progress but it is based on material progress and on the growth of wealth. The medieval idea of advancing along the spiritual path contains absolutely no reference to material progress; while the latter is indispensable in the modern concept of progress (see pages 40–41).

Frugality, waste and charity in the fourth century

In the fourth century patristic literature reached its full maturity. It is represented by many great personalities, whose different voices in the end create harmony. Taken together, these different positions lead to an admirable balance, which highlights the great strength of patristic thought.

On the one hand the condemnation of wealth is reiterated. Many Fathers provide a sort of Christian version of the argument that Xenophon attributes to Socrates in *Oeconomicus*. Clement and Minucius Felix had already said that the greatest wealth is to have very few desires. The same thesis was taken up by Cyril, who stated: 'they who in appearance are rich . . . are poor in soul, since the more they gather the more they pine with longing for what is still lacking'.⁵¹ And the Syrian Ephraim warned: 'Be not thou through desires needy . . . Sufficient to thee is daily bread, that comes on the sweat of thy face'.⁵²

St Basil, Archbishop of Caesarea, wrote: 'anyone who needs a great many things is poor; and you have a great many needs because your desires are many and insatiable'.⁵³ Even more telling is Ambrose: poverty implies need, so 'he is not rich who wants anything, nor poor who does not want'; and John Chrysostom: Christ 'was rich because he was poor'.⁵⁴

These Socratic-style arguments are found within the repeated condemnation of wealth. According to Cyril, Christians have 'trodden riches under foot'; they 'refuse possessions' and learn from Christ, 'Teacher of poverty'. And St Gregory of Nyssa, writing about a community of Christians, says, 'Their wealth consisted in their poverty and the shaking off of all worldly abundance like dust from the body'.⁵⁵ Jerome, like many others, refers to the betrayal by Judas to prove that 'he who loves money cannot love God'.⁵⁶ Ambrose repeats the idea from the gospels that earthly riches wither away, while spiritual wealth endures.⁵⁷

Basil praises poverty ('the guardian of philosophy'),⁵⁸ but in the sense of frugality: 'Poverty with an honest sufficiency', he writes, 'is preferred by the wise to all pleasure'.⁵⁹ He reminds his monks that they must not toil to obtain more than is sufficient, and that he who has two tunics must give one to the poor.⁶⁰ Basil too recalls that earthly goods are only transient. If we give them up, we accumulate an eternal treasure. In this we must imitate Job. Like all the others, Basil associated luxury and extravagance with indecency and lust.⁶¹ Incidentally, all the Christian Fathers referred to Job, and they almost always credited him with the Christian virtue of indifference to riches, a quality the biblical character does not in fact have.⁶²

St Gregory of Nazianzus, patriarch of Constantinople, from Cappadocia like Basil and Gregory of Nyssa, criticized excessive luxury. In spite of his considerable personal wealth, and his involvement in financial activities,⁶³ he preached detachment from riches and the necessity of alms-giving.⁶⁴

At the same time, a very different emphasis can also be found in these authors. Cyril points out that 'riches, and gold, and silver are not, as some think, the devil's . . . Do thou but use it well, and there is no fault to be

found with money'.⁶⁵ Ambrose repeats the idea from the Scriptures, 'Riches themselves are not to be censured'. Elsewhere he adds, 'Wealth is redemption if one uses it well; so, too, it is a snare if one does not know how to use it'.⁶⁶ Also John Chrysostom points out that 'wealth is not an evil thing (for we can use it as we ought, when we spend it for those in need)'.⁶⁷ The other side of the coin is also found in Basil: 'The good man, he says, neither turns his head to wealth when he has it, nor seeks after it if he has not'. He confines himself to administering it wisely.⁶⁸

Thus, in practice the Christian Fathers were generally not rigorists. It is wise to be careful when one finds, in authors of that period, the very frequent statement that a person must only use the bare essentials. The ascetic Epictetus, a Stoic, warned that one must consume only the things that are 'absolutely necessary' for the body; and among these he includes slaves.⁶⁹ Also the Christian John Chrysostom counts slaves among the things considered necessary, as well as mansions and money. On the other hand he criticizes banquets and extravagant luxuries.⁷⁰ He was exiled from Constantinople for his harsh attacks on the luxurious lifestyle of the empress.

It was precisely the static society of the time that led people to spend money on extravagant and wasteful luxuries, which were condemned by Christian thinkers. On the other hand, the oft-preached detachment from riches certainly did not encourage a more dynamic behaviour.

The greatest of the Christian Fathers, Augustine, deserves special attention. In his numerous writings we very often find attacks on earthly riches and on the 'lure of prosperity'. These riches are God's enemies; they can be lost all at once, and anyway we will leave them behind on our death. They bring no happiness.⁷¹ The desire for riches is a selfish love of ourselves, the opposite of charity.⁷² He repeats the unconditional condemnation of avarice, in the sense of a greedy and excessive love of ownership.⁷³ This condemnation, found in the Scriptures (Augustine cites St Paul: I Timothy), is present in the writings of all the other Fathers.⁷⁴ It is linked both to the constant exhortation to practise charity,⁷⁵ and to the harsh censure of usury (also widely found in patristic literature).⁷⁶

Augustine repeats *ad infinitum* all the canonical concepts on this subject, which were also upheld by the other Fathers: material riches are a danger; spiritual wealth is a capital in which we must invest; the rich and the poor are complementary. Here we will simply highlight some of the more original ideas. First of all, Augustine too reveals a similar tone to that of Aristotle, or even of Seneca, in his criticism of the 'many foolish, harmful desires, which plunge people into destruction and ruin'.⁷⁷ Actually this classical attitude fits in very well with the typically Christian sense of the vanity of things and of passions: 'You go through toil and labour', he writes, 'for the love of what? . . . Avarice will enjoy upon you the endurance of labours, dangers, wear and tear and troubles'.⁷⁸ Essentially, he constantly repeats, whether one is rich or poor has no importance. What matters is spiritual wealth.

Regarding poverty, the Bishop of Hippo shows two attitudes which at first sight seem contradictory, but which in fact complete each other. On the one hand, he strongly stresses the duty of practising charity and the fact that earthly riches are not ours but are merely entrusted to us so that we might do good for those in need. However, he who hides these riches 'shall be judged guilty of theft'.⁷⁹ On the other hand he repeatedly warns against being too lax with the poor: we must not give indiscriminately. In our judgements we must not say the poor man is right when he is not; and the pauper must not be proud, for it is humility that brings merit, not wealth or poverty.⁸⁰

Two different attitudes to alms can be found in Christian literature. According to some, we should give without caring if the beggar is really in need; others believe we should ascertain whether or not he really needs alms.⁸¹ The second position is strongly supported by Basil, Jerome and Augustine, while Gregory of Nazianzus and John Chrysostom seem more inclined to take the first.⁸²

All the Fathers contributed to the profound renewal of poor relief. The ancient public assistance in fact consisted of private donations made by the richest class. These benefactors wanted both to win the favour of the people and the State, and above all to prove their social superiority.⁸³ However, the beneficiaries of this largesse were not the poor, that is, the people who were excluded from a secure job and therefore from a productive and social life. The beneficiaries were the artisan classes, made up of citizens with a steady income and a solid social role.⁸⁴

In the fourth century the number of the real poor began to grow in the cities. The bishops then organized a sort of alternative poor relief directed at the poor, and not at artisans. This vastly increased their popularity.⁸⁵ Various Fathers criticized the selfish motives underlying classical poor relief, and the indiscriminate way the donations were distributed. They therefore promoted the Christian transformation of this practice, tying it to charity towards the poor. Local churches gradually began to replace individuals in poor relief, organizing charity distribution in a more orderly and systematic way.⁸⁶

Even more important was the new attitude expressed by the Fathers towards work. Some, like Tertullian and Ambrose, say that work (like earning) can distract people from spiritual life. Newhauser noticed that Ambrose, when he criticized avarice, referred more to wealth-getting rather than to retaining riches one already has.⁸⁷ And many of them repeat that a life of contemplation is superior to an active life (see John Chrysostom, Jerome, Augustine).⁸⁸ However, the same authors condemn sloth and strongly affirm the dignity of labour: for instance Gregory of Nyssa and Augustine. John Chrysostom even asserts the spiritual value of work.⁸⁹

Better than the others, Ambrose expressed the cultural revolution carried out by Christians on this subject. 'Let no one defraud a hireling of his wages', he writes, 'because we, too, are hired men of God'. Using passages from the Scriptures, he starts from the metaphor of the relationship with God as that of

an employee with his employer, but then, dropping the metaphor, goes on to sustain the rights of employees.⁹⁰

‘What one gains the other loses’

One of Jerome’s sayings is often quoted because it expresses a fundamental argument that characterizes all pre-modern culture. It says that the wealth of one person is caused by the impoverishment of the other. ‘It is not without reason’, Jerome writes, ‘that the Gospel calls the riches of this earth “unjust riches”, for they have no other source than the injustice of men, and no one can possess them except by the loss and the ruin of others’.⁹¹ This argument was not unusual among the Church Fathers. It is found for instance in Polycarp, in Gregory of Nazianzus, in John Chrysostom, and lastly in Augustine.⁹² In the early Middle Ages, it was evoked by Isidor of Seville, when he wrote about the wealth accumulated by abusing the poor; and by Alcuin, who writes that ‘rich men’s luxury is the cause of poor’s poverty’. It was repeated by Raterius, according to whom ‘there can be no profit without the injury of a third’. Then St Thomas Aquinas repeated it (see pages 72–73).⁹³

Viner maintains that this thesis was repeated now and then in the Middle Ages in order to morally condemn trade. In contrast, in mercantilism it was used, according to him, to describe the competition between countries in international trade.⁹⁴ In actual fact the history of this thesis is even longer. It is already present in Aristotle,⁹⁵ and was evoked by Seneca (see page 38). After the Middle Ages it has been often repeated; for instance by Poggio Bracciolini and Leon Battista Alberti in the fifteenth century, by Montaigne in the sixteenth, and even by *The British Merchant*, Galiani and Voltaire in the eighteenth century (see pages 99–100, 234).

Each of these authors has a reason, linked to his time, for putting this argument forward. In Jerome’s case, the author wants to condemn wealth and selfish behaviour. However, an underlying common vision is evident: that of a static society, where wealth does not grow because it is bestowed once and for all. It expresses an economy of simple reproduction, which rules out any idea of using wealth in an economically productive way (this is why today it is known as the ‘zero sum argument’). In this context, getting rich can only be seen as a danger to the solidarity that holds society together. Why it is that this vision still appears after the birth of the modern economy is precisely the overall subject of our research.

The frequent occurrence of this statement in the age of the Christian Fathers shows that in that society the only outlet for the social use of riches was charity. This remained the basic means of ensuring that the population had a minimum to live on. Viner’s reprimand of the Christian Fathers (also hinted at by Troeltsch) therefore seems naïve: ‘Whether through lack of interest or of economic insight, they gave no attention to the possibility of finding a remedy for extreme poverty in measures or behaviour which would augment community wealth and income’.⁹⁶ In reality an alternative to alms-

giving as the social use of wealth could emerge only with the capitalist organization of work, when poverty became the problem of human capital.

Thus the Fathers talked about wealth or property only in terms of means of consumption. They never see them as a resource to invest in order to increase individual or social wealth.⁹⁷ This is the basic reason why the Aristotelian condemnation of usury continued to be repeated for fifteen hundred years with neither doubts nor concessions: because there was no concept of a productive use of wealth. Money was mainly borrowed for consumption; and the lender appears to be a leech who takes advantage of the need of others.⁹⁸

On the other hand, the Fathers carried on a long battle against all the tendencies (which later became heretical) to use the Christian message to condemn the rich and to promote various forms of socialism.⁹⁹

This vision was confirmed by another recurrent text of that period: the idea that, as Jerome again says, ‘the world is already full, and the population is too large for the soil’.¹⁰⁰ The same argument had been sustained by Theophilus of Antioch, Tertullian and Cyprian.¹⁰¹ It is significant that Galiani, the last advocate of the zero sum argument, attributes this to overpopulation.¹⁰²

Moreover, the zero sum argument is the implicit basis of all the critiques, both ancient and Christian, which contrast the necessary to the superfluous. For instance, when Augustine states that ‘the superfluities of the rich are the necessities of the poor’, he is not saying it in the sense of Theodoret or of the seventeenth-century authors (see pages 48, 223, 236). In fact, Augustine explains, ‘You possess what belongs to others when you possess more than you need’.¹⁰³

Similarly, John Chrysostom returns to Aristotle’s clarity when he theorizes the rejection of acquiring wealth. He underlines that ‘your surplus [i.e. what exceeds your essential needs] should be used to meet the needs of others’. He then attacks the ‘rivalry’ that makes men try to equal their richer fellows. This leads to desiring ever greater wealth.¹⁰⁴

He also repeats the ancient distinction between essential and non-essential goods: ‘Some of our desires are necessary ones, others are natural, while others are neither of these.’ The desire for wealth is superfluous; it is neither natural nor necessary. ‘Complete freedom, in truth’, he writes, ‘is to be in need of nothing at all; the next degree is to have few needs’.

Chrysostom gives us in very concise terms the best theorization of the static economy which excludes the acquisition of wealth: ‘if we should be bent on ascertaining how we may make our wealth increase, not how we may enjoy it according to our need, the order of things is reversed’.¹⁰⁵ A century and a half earlier Origen had put forward the same thesis just as forcefully: the passion for accumulation is unnatural.¹⁰⁶

However, the condemnation of accumulation does not necessarily mean the condemnation of trade. In the major thinkers there is a cautious overture towards entrepreneurial activity. Augustine confirms his suspicion of the practice of trade; which was repeated soon after by the pope, Leo the Great,

in the middle of the fifth century. But he also says that trade is positive in itself, in that it is useful for society. This ambivalent attitude was destined to last until the end of the Middle Ages.

John Chrysostom is even more farsighted when he sees trade as part of the divine plan. In fact our work is of utility to us but also to others: and this creates solidarity among men. For the same purpose, God decided that certain countries should produce different goods from others, so that they need to exchange them, thus creating a bond of mutual support between them.¹⁰⁷

This sort of international division of labour determined by nature is found in other authors, such as Basil. According to Viner, it derives from Basil's pagan teacher, Libanius, and had a great host of followers up to the nineteenth century.¹⁰⁸ Gregory of Nazianzus, on the other hand, condemns maritime trade.¹⁰⁹

As Augustine lay on his deathbed, the Vandals were at the gates of his city (AD 430). Shortly afterwards, in the West, city society disappeared to be replaced by a society whose cultural and economic centre was monastic life. It was from there that behavioural models and moral values were now drawn, including attitudes to poverty, riches and work.

In the same period the East and West separated, also in cultural and religious terms. Eastern thinkers tended to radicalize the positions found in the previous literature. The opposition to wealth and the praise of indifference to possessions tended to become an exaltation of renunciation and asceticism. For instance, in the seventh century, St Maximus the Confessor wrote, 'Vain men get rich; rich men grow vain, that is, worldlings'. He asked people not to possess anything except their own bodies and to entrust themselves to God's care.¹¹⁰

In contrast, in the West monasticism took a different direction. In Italy and southern France in the fifth century, documents were already appearing that set out to regulate life in the monasteries. These rules ignored the attacks on wealth that had been endlessly repeated and concentrated above all on work, a subject that was totally foreign to ascetic literature.

At the end of the sixth century, the Rule of St Benedict of Nursia collected and harmonized the previous documents.¹¹¹ In this Rule work occupies most of the day, and it is governed by precise rules about hours and ways of working. These rules are supported by clear ethical justifications. Chapter 48, which regulates daily work, begins like this: 'Idleness is bad for the soul'. The monks must live 'off the work of their hands'.¹¹² However, a similar obligation to work had already appeared in *De opere monachorum* of Augustine.¹¹³

The Rule of St Benedict is fundamental, because it eliminates the ambiguity towards work that was found in the New Testament and partly in patristic literature, and unconditionally affirms the positive character of it.

4 Medieval dualism

Poverty as an ideal; wealth as a practical goal

Economic dualism and its paradoxes

The contradiction

On wealth and poverty, medieval culture was racked by a profound contradiction, a real rending between reality and ideals. This deep-seated trauma was present in the hearts and minds of the scholastics, the ascetics and churchmen of the late medieval period, but also of professional figures and merchants. The ancients despised wealth-getting because they felt contempt for activities aimed at production and trade. The Christian Fathers had replaced this contempt with distrust of wealth and commerce. Medieval thinkers did not despise wealth;¹ rather, they feared it.

They watched in fascination and in fear as activities to increase wealth flourished. It was the first of the great reactions against increased consumption, which would return periodically. A great many intellectuals of the time warned against the increase in 'luxury' and condemned it as the seed of decadence.² These included Dante Alighieri, who in Canto XV of *Paradiso* recalls the poor and austere Florence of the past with moving nostalgia.

Medieval thinkers were well aware that mercantile activity was necessary, but they could not recognize it as legitimate. This was because the mercantile economy was based on the 'selfish' desire to acquire personal wealth. They could not admit that this desire was legitimate for it was at odds with altruistic Christian ethics. The medieval concept of the common good was based on the principles of sufficiency and solidarity and made no provision for an activity entirely aimed at becoming rich for selfish purposes.³ As Ashley explained, for Christian thinkers, 'to seek to enrich one's-self . . . was in itself unjust, since it aimed at appropriating an unfair share of what God had intended for the common use of men'.⁴

The greatest of the scholastics, Thomas Aquinas, created a perfectly balanced system which reconciled every thing and every need. But he was not able to eliminate this contradiction. As Worland reminds us, in his policy recommendations to the King of Cyprus, Thomas at first condemned trade as a profit-seeking activity, in that it aroused greed and led people to despise the

common good. But shortly afterwards he recognized that commerce was necessary to the common good because it redistributed local surpluses and prevented waste.⁵

This original contrast gave rise to all the other paradoxes and inconsistencies in the medieval attitude to wealth and poverty. For instance, work became a positive value in the Dark Ages, when the market economy had nearly disappeared. Many mystics praised activity whose purpose was wealth. The value of radical poverty emerged among the new classes who were producing the increase in wealth. Franciscan ascetics admired and studied the wonders of the world and of nature. St Thomas defended the role of economic activities, but also the vow of poverty and the right to beg.

On wealth and poverty, the late Middle Ages saw the rise of two opposite attitudes. They produced a sort of economic dualism (Little talked about a society 'whose entire mode of thought was markedly dualistic').⁶ On one side, the extreme idea appeared that poverty was a positive value, a life model. This idea harshly condemned both the desire for wealth and its use or possession. The other side tried to legitimize trade and the wealth that it produced.

However, between the two trends there was not a linear contrast. Many men of the age did not consider the two models (praise for poverty, pursuit of wealth) to be incompatible. On the contrary, it was the more radical pauperist movements, like the Cathars or the Franciscans, that showed greater sensitivity towards the new economic activities and defended their right to independence.

The philosophical roots of economic dualism

This paradox is analogous to the one that historians have found in medieval philosophy and science.⁷ Scholasticism was born with a strong spiritual bias, which relegated the material world and experience to a secondary role. This bias derived both from Augustine (whose dualism was, however, milder) and from the older neo-platonic mysticism. The latter was expressed in writings (actually of the fifth century AD) attributed to Dionysius the Areopagite, converted by St Paul. Right through the Middle Ages, the pseudo-Dionysius was an authority second only to the Scriptures. Scholasticism inherited from these sources two main ideas. First, the main way to knowledge is through inner analysis, not experience and observation of the outer world. Moreover, the true reality that was worth knowing was divine reality. The things of the world made up an imperfect, fallen reality.

The second idea was a very limited trust in reason. Reason was not the principal tool of knowledge. It was unable to understand divine reality. It was only capable of analysing lower reality. Thus knowledge of God and the spiritual world could be achieved only through inner experience, i.e. through mystical elevation. Knowledge of the world was obtained through a different instrument: reason.

An unsuspected result of this dualism was that it ultimately led to the acknowledgement of the autonomy of worldly reality. This reality followed different and less noble principles from those followed for the salvation of the soul and for the attainment of perfection. Thus, such principles had to be investigated apart.

The advent of Aristotelianism failed to eliminate dualism. It created a harmonious, universal system of knowledge, in which the new economy and the new wealth – like the world and nature in general – were no longer vile matter, but acquired legitimacy. However, they attained this legitimacy at the cost of remaining subordinate to the principles of theology and moral philosophy. For the Aristotelians, this subaltern role was inherent to the very nature of economic activity, and was therefore insuperable.

On the other hand, the Aristotelians opposed the supremacy of the will, which was affirmed by the spiritualist tradition. They appreciated both reason's capacity for enquiry and the need for experience as the basis of knowledge. On these two essential points they also influenced their opponents. But this produced another great paradox. The Franciscan philosophers, especially the English, like Roger Bacon, Duns Scotus and William of Ockham, used the new prestige attributed to reason to obtain a result that was totally opposed to the harmony between faith and reason constructed by the Aristotelians. First, they set philosophical enquiry free of the faith. Then they used the need to start the cognitive process from experience to challenge the universal concepts – on which metaphysics was based – and to emphasize the individual. In this way they recreated the dualism and the autonomy of the earthly world.

Scholastic culture and new economy

In the late Middle Ages there was therefore a breakdown in the balanced vision on wealth and poverty that Christian Fathers had achieved by fighting against a great many extremist positions ('heresies'). The Fathers judged wealth positively – because it satisfies our needs and those of the poor – while they took a negative view of involuntary poverty, which, like the other evils, was the result of original sin. Voluntary poverty was a virtue of perfection but it was seen mainly as detachment from possessions, not as the practice of indigence.⁸

It should be pointed out that the concepts elaborated by the Christian Fathers on this subject became the canons on which Christian thought is still based (as happened for many other issues).⁹ Christian authors have repeated these canons in every age. This has deceived some historians, who have taken what was common to all periods of Christian culture for a specifically medieval trait. The scholastics actually repeated all the patristic concepts, and not just in lip-service, but because they were convinced of them. For instance they repeated almost verbatim the Fathers' attitude to all aspects of property and its use. Originally property was shared, since land and riches are

a gift of God to humanity as a whole. The corruption of human nature, owing to original sin, established private property as the lesser of two evils; but possessions return to common ownership in case of need, when the survival of the pauper is at stake. In dire need, the latter is even allowed to steal. Those who have possessions are obliged to give away their superfluous goods, otherwise they are robbing the poor, and killing them if their need is great.

Many historians have adequately illustrated the scholastic attitudes on these issues, but they do not seem to realize that these rules were created by the Christian Fathers.¹⁰ Not to mention those who have linked scholasticism to modern economic theories that are totally extraneous to it.¹¹ Langholm (1992) documented in detail how concepts of patristic origin were repeated time and again in the scholastics.

Nevertheless, despite this continuity, there is a sharp difference (which some historians do not see)¹² between patristic and late medieval thought on our subject. First, unlike the Fathers, the scholastics based economic ethics on justice rather than on charity.¹³ Second, they substituted the harmonious vision of the Fathers with a polarization in two extremes.

The cause of this difference lies in the birth of the new economy. The growth of wealth brought an upheaval in the life and models of life in some parts of Europe from about the year one thousand onwards. The change was dramatic, first of all due to the contrast that was created with the extreme scarcity of goods in the early Middle Ages.¹⁴ But at a deeper level, the constant increase in riches was an entirely new phenomenon in the history of humanity. There were therefore no cultural resources that could serve to assess this phenomenon.

It was not only consumption habits that changed rapidly, but also economic and social relationships. The new monetary economy created a more complex social differentiation. It broke down the feudal society polarized between the rich and the poor. The feudal model had been functional in a static society. In the new economy it became unusable. Now it was no longer just the landowner who was rich; the great merchant was also. Above all, more and more new classes were emerging, who could not be numbered among the poor: artisans, merchants and money-changers, the various professions (jurists, notaries, teachers, doctors).¹⁵ They were the direct progenitors of what would be called the middle classes, whose rise has gone hand in hand with the economic growth of the last thousand years.

Another social figure emerged in the new economy: the worker in larger craft workshops. But it was difficult to consider him one of the poor, in the sense of the indigent. Figures who could be considered poor were the ex-serfs who were escaping or being pushed out of the old feudal economy and were unable to fit into the new craft and mercantile economy in the city, even as servants. They survived by doing the lowest type of labour or by begging; or they lived in alms-houses, which were constantly multiplying

from the thirteenth century onwards; or in workhouses, which began to increase from the fourteenth century on.

Thus new classes were growing, who did not respond to the old definitions of rich and poor. Their mere presence confirmed the dignity of labour, and legitimized the desire to make money. At the same time, there was a constant increase in the number of beggars, in numbers previously unknown. In the patristic period, the poor were part of a stable social structure. Helping them was an obvious and not particularly arduous social duty.¹⁶ Thanks to this the pauper had become a positive stereotype; he was the image of God and an essential part of the design of Creation.

In the early Middle Ages there was an increased attention to the poor. The local church councils embraced Ambrose's formula: he who denied the pauper the means to live was a murderer ('necator pauperum'). This formula would be repeated right through the Middle Ages.¹⁷ In the late Middle Ages the new economy, however, not only produced more and more wealth, more rich and intermediate classes, but also more and more poverty and beggars.¹⁸ The new poor was an anything but reassuring figure. He was a threat. On the one hand he aroused intolerance and contempt; on the other he received a committed solidarity.¹⁹

The monastic economy and the reassessment of labour

During the Dark Ages (sixth to tenth centuries) the few intellectuals recorded by historiography were mainly compilers of summaries, collections and a species of encyclopaedia, which have handed down to us a synthesis of ancient and patristic culture. According to historians, those precious summaries hardly ever contained original thinking. They showed originality on only one major topic: work. This subject, which was of marginal importance in the Graeco-Roman world and also in Patristics, became central from the *Rule of St Benedict* onwards.

In the sixth century Cassiodorus and Pope Gregory the Great insisted on the dignity of manual work, on the duty to be hard-working and also on respect for the rights of those who work. Between the sixth and seventh century Isidor of Seville rebuked the indolent, who would fall into poverty (poverty was therefore still a negative state). He also based the legitimate ownership of land on the work that had made it fertile.²⁰ In the eighth and ninth centuries the venerable Bede and Rabanus Maurus mildly condemned the desire for riches.²¹ In the tenth century Raterius, bishop of Verona, repeated the duty of working; he reassessed the work of the craftsman, and even that of the merchant (as long as he does not cheat).²² On merchants, Raterius was probably influenced by Venetian commercial life (Verona was then under Venice).²³

In this period urban society and the ancient latifundia collapsed. The entire economy was reduced to a few subsistence agricultural activities. Landholdings were abandoned and became overgrown and deserted. The convents tried to

oppose this decline by promoting new farming activities. These were no longer based on slave-labour, which was lacking, but on the work of the common people.²⁴ The early medieval period was dominated by the agricultural economy promoted by the convents. This became the model of productive organization and social aggregation. The need to survive drove western monks to work themselves and to use the work of men who were formally free and consenting: peasant-farmers or servants. Even when, with the establishment of the feudal system, the peasants were tied to the soil (serfs), they still remained subject to duties and to rights. In short, unlike slaves, they were part of the civil context.²⁵

The new attention to labour was sanctioned by St Thomas Aquinas, when he wrote that manual labour is a participation in the divine plan of the Creation.²⁶ As Orabona observed, through the reassessment of labour the foundations were laid for the appreciation of the commercial economy that flourished later.²⁷ Subsequently, when the serfs started running away from feudal lands, becoming artisans in the towns, they placed themselves under the protection of the bishops. The latter were able to protect them precisely because the violation of feudal obligations was not seen as a mortal sin. This was in contrast to what the church of the patristic period had established concerning slaves that refused to obey their masters.

In the last few decades historians have been placing great stress on the economic revolution that took place around the year one thousand and evolved in the following centuries. The improvement in farming techniques enabled productivity to rise and the acreage under cultivation to expand. The appearance of an agricultural surplus allowed the population to increase and new occupations to be created. The rebirth of towns was linked to the flourishing of crafts, trade, intellectual life, and lastly of transport. A series of inventions and studies were imported from Asia and from the Arab world.²⁸ Starting from Venice and then from the other maritime state-cities, the commercial and monetary economy spread out over Europe. Land was no longer the only form of property or the only source of wealth.

The commercial economy slowly replaced the monastic economy. The role of the church in society still remained dominant; but secular society was becoming more and more self-sufficient. This tended to challenge the static, sacred vision of society that was typical of the early Middle Ages. In that vision, social relationships were part of a cosmic order and were governed by a divine plan. Man was supposed to be the docile tool of a superior will, which was interpreted by the church. The code of conduct could only be dictated by morality, virtue and solidarity. The new economy, in contrast, offered new values that had previously been condemned: the pursuit of wealth and the safeguarding of one's own interests.

Pauperism, dualism, autonomy

The pauperist movements

An early formulation of economic dualism is found in the eleventh century in St Peter Damian (Pietro Damiani), a Benedictine cardinal (and thus sympathetic to the issue of work), but also a strict hermit. Apparently Peter Damian simply underlined the distinction made by the Fathers between the life of religious figures, who must despise earthly things, and that of secular men, who can love the world, but not to excess.²⁹ But in this traditional context, he put forward some ideas that were totally new. It is the duty of the secular men, he wrote, to promote ever greater temporal well-being (although temporal goods are merely a tool for spiritual life). Peter Damian also seemed to consider work not only as a duty but also as the only legitimate source of income.³⁰

The equilibrium still existing in Peter Damian was soon transformed in a tumultuous upheaval. Between the mid eleventh and the mid twelfth century there was the struggle for ecclesiastical reform, the rebirth of learning and critical enquiry, and the first pauperist movements. Among the new social classes there was growing impatience towards the domination of the church over intellectual life and towards the often corrupt lifestyle of the clergy.³¹ The main cause of the moral decline was identified as the involvement of the church with temporal power. These corrupt customs were contrasted with two ideals which would be embraced by Francis of Assisi: apostolic poverty and earning one's living with the sweat of one's brow.³²

Raterius and Peter Damian had already tried to bring back to the church the habit of austerity, which corresponded to the growing expectations of the new classes. The second half of the eleventh century was the period of great ecclesiastical reforms, promoted by energetic popes like Leo IX, Nicholas II and finally Gregory VII. They set out to restore morality, to strengthen discipline and centralize control, and to make the church independent of political power. The monastic orders were also reformed.³³ There was a very bitter struggle between the reforming popes and the internal resistance in the church. In this battle the popes often found themselves allied with the early pauperist movements, like the Patarines.

However, in the short term the reforms were unable to put a stop to the growing impatience, which manifested itself in the form of sects and pauperist movements. In these movements – which took root in the rich areas of northern Italy and southern France – it is difficult to distinguish the religious and moral concerns from the social demands. At least three elements came together in them: the need to moralize religious life; the need of the nascent bourgeoisie to free itself from ecclesiastical – as well as feudal – control; and lastly, the need of craft guilds, and in particular of the first wage workers, to defend their own interests. In the mid eleventh century there emerged the Patarines of Milan, an anti-feudal group who attacked the corruption of the

clergy. In the same period the first gatherings of Cathars took place in Provence. The Cathar heresy was dualist right down to its theological roots (deriving from Bogomilist manichaeism, imported from the Balkans). They took to extremes the separation between the spiritualism typical of the religious life (of those who seek perfection), and worldly life, made up of work, commerce and money-making.

The ecclesiastical and political powers responded to the more radical challenges with bloody persecutions. In 1155 Arnaldo da Brescia, who had been influenced by the Patarines, was burnt at the stake. He had harshly attacked the church, both for not observing evangelical poverty and because it held temporal power. Arnold found himself allied with the Roman bourgeoisie, who wanted to shrug off the yoke – of a feudal type – of the pope. Thus the pope and the emperor found themselves allied against these movements.³⁴

In the second half of the twelfth century the Waldenses were created (founded by the ex-merchant Pierre Valdes) in Savoy, Provence and Piedmont; and the Beguines were set up in Provence and Flanders. The Humiliati, in Lombardy, centred their asceticism on work. A typical attempt at a restoring reform was the Calabrian Joachim of Fiore's millenarianism. He and his followers preached the advent of the kingdom of the Holy Spirit, dominated by the monastic lifestyle. His prophecies, posthumously condemned in 1215, later found a sympathetic ear among the most radical Franciscans.³⁵

The rank and file of the Cathars and the Humiliati was made up mainly of weavers and woollen workers, i.e. workers from the main production sector which led economic growth during the whole medieval period. For them and for peasants, right through the Middle Ages, pauperism was a way of claiming equality.³⁶ As it is often in Utopias, egalitarianism was expressed as a call for levelling downwards, towards shared poverty.

Mysticism amid restoration and progress

The monastic reform was supported, in the first half of the twelfth century, by St Bernard de Clairvaux, in whom the attempt to restore the hegemony of the faith and of the church led to extreme measures. On the one hand he promoted, in a highly intolerant manner, the second crusade; with equal harshness he inspired the persecution of Arnold of Brescia. On the other hand, he attacked those who devoted themselves to the study of 'idle things'.³⁷ He also incited the church to condemn Arnold's friend, Pierre Abélard, the Paris teacher and great thinker who had been the first in the Christian world to introduce rational doubt and critical analysis. This campaign against learning and against independent research signals the cultural malaise of the time, and the definitive breakdown of patristic equilibrium.

Research studies soon flourished even more, but within them there was a prevailing spirit of restoration, hostile to the new society. This attitude found its main support in the two great syntheses that made up the basis of early university studies. The first was a collection of rules, laid down in official

church documents or indicated in the writings of the Church Fathers, concerning the formal or moral behaviour to adopt in various circumstances. The collection became known as the *Decretum*, and was compiled around 1140 by the Benedictine monk Gratian (Graziano), who taught in Bologna. Gratian commented on the collected texts, trying to show that seemingly divergent positions were in fact reconcilable. Both this aim and the method of collection responded to a strong cultural demand of the time, and the success enjoyed by the *Decretum* was such that it formed the earliest core of the Code of canon law. Gratian's text soon began to be added to with later insertions (called *paleae*).

The other collection, *Four Books of Sentences*, was compiled in 1148–51 by Peter Lombard (Pietro Lombardo) from Novara, Bishop of Paris. *Sentences* gathered together the different positions of the Christian Fathers and of the previous scholastic teachers on various philosophical and moral issues. It became the basic textbook in all medieval universities until the sixteenth century. All teachers began with commentaries on the *Sententiae*. The religious world was therefore trying to win back control over cultural life. Among other things, the Lateran councils of 1179 and of 1215 instructed cathedrals to pay teachers for the education of poor children. Several of these schools soon became universities. This was pointed out by Tierney, who made a perceptive comparison with the Commissioners of the English Poor Laws of 1847, who expressly forbade public money to be used on the education of poor children. But Mandeville had already written against schools for the poor's children.³⁸

However, the restoration succeeded only in part. One of Bernard's contemporaries, Hugo, of the Saint-Victor abbey near Paris, put forward an opposite cultural model. Hugh of Saint-Victor was a German Augustinian monk. He was also a great mystic, but showed a real enthusiasm for technical, economic and cultural progress. Hugh's dualism had theological grounds. God, he wrote, created the whole tangible world to serve man. Man is at the top of this world, and has to use two types of goods: goods of necessity, which come from the world, and goods of happiness, given to him by God. The first kind serve to preserve him; the second to achieve his final goal, salvation.³⁹

From these premises Hugh made a charming analysis of human achievements. He was certainly influenced by Origen and by Augustine, but went further. His *Didascalicon* contains a panegyric to man's capacity for progress. Unlike other living beings, man is capable of providing for himself 'by his own reasoning'. 'Indeed, man's reason shines forth' in his many inventions. He added that it was want that 'has devised all that you see most excellent in the occupations of men. From this the infinite varieties of painting, weaving, carving, and founding have arisen, so that we look with wonder not at nature alone but at the artificer as well.'⁴⁰

He then described the practical arts in detail and with great interest: all the

different types of ‘fabric making’ and the relative tools. When he starts to deal with trade, his tone reminds us of Sophocles: trade ‘penetrates the secret places of the world, approaches shores unseen, explores fearful wilderness’. Hugh takes up the patristic subject of the relationship between trade and peace, and foreshadows the modern (‘Smithian’) idea that private interests coincide with public benefit: ‘The pursuit of commerce reconciles nations, calms wars, strengthens peace, and commutes the private goods of individuals into the common benefit of all’. Hugh of Saint-Victor’s love of the profane world does not stop there. Among the mechanical sciences he includes that of entertainment, and he approvingly describes the various types of show and amusement.⁴¹ Finally, in a much longer chapter than the rest, he advocates forcefully – and incredibly in advance of his time – the need to know history. History, he writes, constitutes the foundation of the palace of learning; only on this basis can one construct philosophical speculation. Historical events are the alphabet from which we derive the grammar of knowledge.⁴²

On human progress Hugh revives the tradition of Solon, Aeschylus, Democritus, Sophocles, Lucretius, Origen and Augustine, which was opposite to the ‘fear of goods’. His perceptive thinking on the threshold of the late medieval period might have meant the beginning of a culture based on economic and social progress. However, Hugh’s ideas remained isolated. They were soon forgotten, and are still underestimated by historians. What prevailed instead was the opposing model, that of absolute poverty and the rejection of progress.

The Franciscans and poverty as a life model

The key century of the Middle Ages, the thirteenth, opened with the birth of the mendicant orders, which transformed the church’s history. They were created to meet the widespread demand for a life based on poverty, and to be more close to the highly dynamic society of the time. Even after the reforms, traditional monks were still busy administering their property and wealth. They had preserved the original spirit of a community outside society. With the friars of the new orders, the church managed to take root in the new urban society. It harnessed the new ascetic trends to the service of the project of regaining religious supremacy over the secular world. Western asceticism could be used for this plan precisely because it did not feel foreign to the social situation.⁴³ In the long run, the plan to regain hegemony failed on the scientific, philosophical and political plane. It succeeded perfectly, however, on the level of social and economic culture, where the process of modernization – both of values and of scientific methodologies – remained largely frozen until the end of the medieval period.

In 1209, Innocent III ordered the brutal repression of the Cathars; this was followed by a century of bloody persecution of all heretics. St Dominic of Guzman (Domingo de Guzman), the founder of the Dominicans, felt his vocation in that very situation, when he was part of the army fighting the

Albigensians (Cathars). But in the same year, the pope recognized the Franciscan movement. Innocent III had for some years been absorbing the less heterodox pauperist movements into the church, to control them better (Humiliati, Beguines and others).⁴⁴

Francesco d'Assisi, like Peter Valdes, was a repentant merchant, and he maintained the radical nature of his original renunciation right to the end. Thanks to this, he became the great archetype for subsequent culture hostile to increasing consumption. His Rule, of 1221, absolutely forbids the friars to receive money instead of essential goods in exchange for their work, or to carry money with them.⁴⁵ 'If ever we find money somewhere, we should think no more of it than the dust we trample under our feet, for it is vanity of vanities, and all vanity'. He adds: 'If any of the friars collects or keeps money, except for the needs of the sick, the others must regard him as a fraud and as a thief and a robber and a traitor, who keeps a purse', like Judas.⁴⁶ In the chapter headed 'Begging alms'⁴⁷ we read: 'The friars should be delighted to follow the lowliness and poverty of our Lord Jesus Christ'. As St Paul says, 'but having food and sufficient clothing, with these let us be content'.

The same concepts are found in the Rule of 1223 (*Regula bullata*), which the pope wanted to be more moderate.⁴⁸ It contains a heartfelt appeal against greed, 'the care and anxiety of this world'. The Rule also says that the illiterate should not be over-anxious to study, since the only thing that counts is being close to God.⁴⁹ Francis invokes 'Lady Holy Poverty, God keep you/with your sister, holy Humility'.⁵⁰

Other details were added by his great follower, St Bonaventura, *doctor seraphicus*, who in Paris held the chair assigned to the Franciscans. When asked which virtue made man more acceptable to God, Francis answered, 'poverty is an especial way of salvation . . . the food of humility . . . the root of perfection'. But to attain it one had to give up not only the wisdom of the world but also the knowledge of the humanities. The bread of begging, said Francis, is the food of the angels.⁵¹ In *Life of Jesus*, Bonaventura reported Francis' words: 'poverty is the spiritual road to salvation'. We should be ashamed because instead of embracing it with all our strength, 'we load ourselves with things unnecessary'. 'Strict poverty', Bonaventura added, 'is the most exalted virtue . . . is the first foundation of the whole spiritual building'. The Lord becomes indignant if we do not abandon the concerns and the business of this world, and if we involve ourselves in 'frivolous works'.⁵²

In the General Constitution of Narbonne of 1260, when Bonaventura was head of the order, it was strictly forbidden to accept anything but bread or wine as alms; money was absolutely never to be taken. There was even a ban on keeping anything or on having drawers or other places where things could be kept.⁵³ When writing about the superfluous – a common subject of all scholastics – besides repeating all the most rigorist traditional rules about the duty of giving one's superfluous to the poor, Bonaventura added, 'It is not necessary to give away one's essential goods, but it is advisable for the sake of perfection'.⁵⁴ Alexander of Hales, writing before Bonaventura and before

becoming a Franciscan himself, had been less drastic: giving away one's superfluous is only advisable, and also very arduous. But later, in his great Franciscan work, *Summa theologiae*, we find that giving away one's superfluous is a duty.⁵⁵

The mysticism of St Francis was therefore strictly tied to radical poverty: not only for possessions, but also for intellectual life and for power. Through Francis the idea of poverty as a life model came to be part of common culture and even of the shared western mindset right up to the present day. This model had to be applied to the letter by those seeking perfection, but as an ideal it was valid for all. In this sense it is a more radical message than that of the Cathars. According to Francis, his was an evangelical model, practised by Christ and the Apostles, and we must all return to it. The extreme radical nature of this idea – supported by an even more extreme personal application on the part of the founder – did not hinder the spread of the message. On the contrary, Franciscanism and its convents spread to every corner of Europe with incredible speed. Crowds of people resolved to follow St Jerome's old exhortation, '*Nudus nudum Christum sequi*' (Naked, follow the naked Christ), which so many medieval authors repeated.⁵⁶

However, the radical nature of that model produced some disturbing effects. The first was the tendency towards internal splits, as in all extremist movements. Even before Francis' death, there emerged a bitter internecine struggle in the order concerning adherence to the original ideal. This divided the order several times into opposing orders. Three of these still survive today. Bonaventura, who was minister-general of the order from 1257 to 1274, had managed to moderate the observance of the Rule without causing splits, thanks to a skilful cultural manoeuvre. He accentuated the exceptional characteristics of saintliness in the figure of Francis to such an extent that the friars could not possibly hope to imitate such a superhuman icon, and were therefore dispensed from trying.⁵⁷

But on Bonaventura's death there was an explosion of the conflict, known as the division between the Spirituals and the Conventuals (or the Community). The Spirituals wanted to keep faith with the ban on possessing anything, not only as individuals but also as a community. This problem sparked off the dispute over the observance of the precept of poverty. The polemic repeatedly involved the papacy. In 1279 Nicholas III promulgated the bull *Exiit qui seminat*, which – besides defending the Franciscans from accusations that had emerged during the dispute about begging (see below) – embraced Bonaventura's concept of absolute poverty, which had been practised by Jesus Christ and which Francis had proposed to his followers. But above all the papal bull tried to solve the problem by attributing ownership of all Franciscan property to the pope, and by laying down for the friars a 'moderate use' of these goods (*usus moderatus*, another concept from Bonaventura).

But that was not enough. The Provençal theologian Peter of John Olivi (Pierre de Jean Olieu; *doctor speculativus*) rejected Bonaventura's principle, because it was based mainly on the inner detachment from possessions, but

risked not limiting the actual use of those possessions, which depended on external circumstances. To that idea, Olivi countered with another – closer to the Rule – of a ‘poor use’ (*usus pauper*) of the goods, which should be included in the vow taken by the friars. Poor use did not allow exceptions, like that of the position of bishop or other public offices that normally required a certain pomp.⁵⁸ The problem was far from negligible, for a great many Franciscans had become bishops or held other high posts. However, in his writings on ‘poor use’ Olivi seems concerned with replying to secular teachers and to the Dominicans, who accused the Rule of endangering the friars’ health. In fact, taken literally, poor use allowed the friar to procure only what was strictly necessary for that moment. He was not even allowed to procure or keep what he needed for the next day (to avoid the desire to accumulate possessions), thus exposing the friars to the risk of dying of hunger.⁵⁹

Olivi was the reference point for the Spirituals for the following fifty years. He had been born shortly after the end of the terrible crusade against the Albigensians (the Cathars) which had traumatized his region. Olivi had outstanding analytical powers and intellectual confidence. This appears in his critique of some of the theses of Aristotle, who was already considered the philosopher *par excellence*. It is true, wrote Olivi, that virtue is the happy mean between two extremes (the famous Aristotelian concept). But in terms of excellence, virtue itself is an extreme. Therefore extreme poverty has to be the Franciscan ideal. On the other hand, Aristotle’s statement that wealth is a tool for the achievement of happiness, he wrote, is simply an error.⁶⁰

The model of absolute poverty was linked to Olivi’s eschatological vision and his conception of the church, expressed in *Quaestio 8* of *De perfectione evangelica* and in *Lectura super Apocalypsim*.⁶¹ In the footsteps of the millenarianist Joachim of Fiore, Olivi wrote that, with the approach of the end of the world, the ‘spiritual church’, guided by the Franciscans, would suffer persecution at the hands of the *ecclesia carnalis* (carnal church), which he also called *Babylon*.

Leadership of the order and of the church in that period alternated between people hostile or sympathetic to the Spirituals, and Peter Olivi was persecuted or tolerated depending on who was in power. On his death (1298) Olivi’s books were burnt and the friars were strictly forbidden to keep them. In 1316–18 the new pope, John XXII, intervened in the dispute between Conventuals and Spirituals in favour of the former. The Spirituals were condemned and marginalized. In order to destroy the cult of Olivi by the Spirituals, his tomb was destroyed and his remains were scattered.⁶² But the friars handed his books down hidden under false names, or inserted inside works by other authors. For this reason, salvaging his writings is still an extremely laborious task. Many of his works have still not been traced.⁶³

But the defeat of the Spirituals was not enough for John XXII. He reopened the dispute on poverty, annulling the ban contained in the bull *Exiit qui seminat* on further discussion of the subject. His old allies against the

Spirituals, Michele da Cesena and Bonagrazia di Bergamo, as well as Francesco d'Ascoli and William of Ockham, were forced to defend against the pope the concept of poverty of Bonaventura and of Nicholas III's bull, a concept which they believed fundamental to the very nature of Franciscanism. In 1322 the general chapter of the order reaffirmed the principle of *paupertas Christi*, according to which Christ and the Apostles had never owned anything. This triggered a long and bitter fight by the pope (John XXII and his successors) against the order, and in particular against Michele da Cesena and William of Ockham. The popes repeated many times – more and more solemnly, until it was defined 'ex cathedra' – the falsity of the principle of *paupertas Christi*. Michele and Ockham replied by accusing the pope of heresy, but in the end they were defeated and the order bowed to the papal commands.⁶⁴

As in all the great Utopias, the value of radical poverty had in itself a strong subversive potential, which could be contained only by moving away, in practice, from the original inspiration. On the other hand, the clash over absolute poverty was ultimately just a theological dispute about a symbol: ownership. In actual fact it was impossible to manage such a huge, complex movement without administering goods. The order quickly became the owner of enormous riches. Its preaching against the pursuit of profit had led to many substantial donations. This practice became mixed up with that of 'restitutions', triggered by the condemnation of usury. Many rich merchants, near the end of their lives or in their wills, bequeathed their possessions to the order in reparation for the 'illicit' profits they had made. Wood reminds us that great masterpieces, like the Scrovegni Chapel in Padua or the convent of St Mark in Florence, were due to these 'restitutions'.⁶⁵

Finally, another paradox is linked to the practice introduced by the Franciscans of begging in the streets as proof of their absolute poverty and humility. The imitation of beggars, the people on the lowest rung of the social ladder, was a real shock for the society. But the practice inevitably became ritualistic. In conclusion, the fear and uncertainty generated by the increase in wealth were so strong that the Franciscan reaction against it was immediately a huge success. This success forced the more radical practices of the movement to become ritualistic. It did succeed, however, in its basic intention of nipping in the bud the new social values favourable to the pursuit of wealth.

Thomas Aquinas on wealth-getting

St Thomas Aquinas (Tommaso d'Aquino), Dominican, *doctor angelicus*, teacher in Paris, constructed a great harmonious theoretical system based on the metaphysical and moral unity of the world. Within a few years his authority was such that the church adopted his writings as the semi-official expression of its own views. Like his model, Aristotle, Thomas had outstanding ability in classifying and systematizing, in bringing everything into a coherent unity, through the postulate of the perfect correspondence between

reason, external reality and divine will. His analytical procedure was based on two basic methodological rules, learnt from Aristotle. The first was to define the nature of every object, and on that basis to evaluate its possible uses, purposes, etc. The second was to avoid extremes and always to seek the golden mean.

Thomas was therefore a great opponent of dualism, which sought – as it were – the two opposite extremes. Following Aristotle, Thomas acknowledged the goodness of earthly things, in so far as they are a part of a cosmic order governed by natural law. Reason and natural law were in turn expressions of divine law. The unity of the world therefore involved a hierarchy in which the principle of inferior reality was not autonomous, but the reflection of the principle of supreme reality: the divine plan.⁶⁶ In this way, like Aristotle, Thomas locked himself into a world that was tolerant, balanced and liberal, but inevitably static. This in fact precluded him from fully accepting the social and economic changes of his time.

In his teacher, the German Dominican St Albert the Great, we can already find the ambiguity (or the complexity) of Thomas' view of worldly goods. Albert wrote that they were to be despised. On the other hand, both adversity and prosperity were designed to help the chosen few.⁶⁷ Thomas valued the possession of goods. He wrote, 'It is not part of generosity to be solicitous of others as to have no regard at all for self or family'.⁶⁸ In the *Quaestio* about greed he wrote, 'The desire for material things as they are conducive to an end is natural to man'. And, 'By their nature riches possess the quality of usefulness'.⁶⁹ They are even one of the ways that enable us to practise virtue (as Aristotle had said).⁷⁰

Besides, involuntary poverty was an evil, because it could lead to sin.⁷¹ 'The Stoics', wrote Thomas, 'postulated that temporal goods do not concern man . . . But according to Augustine, such temporal things are goods, though of the smallest kind; this was also the opinion of the Peripatetics. Therefore the opposites of these goods are indeed to be feared'.⁷² Lastly, quoting Augustine and Aristotle, Thomas wrote that beside the essential things for physical and spiritual health, the temperate man rightly also numbered among his needs 'amenities and decencies', that made him 'honoured and respected'.⁷³ Only those in a state of perfection despised riches, as Christ had done and as the religious orders did.⁷⁴

However, Thomas also condemned 'the other extreme': the desire for wealth must stay within the limits dictated by nature (*ibidem*), and not go 'beyond the measure called for by reason'.⁷⁵ Thomas explicitly repeats Aristotle: we must distinguish between natural and artificial riches; happiness does not consist of wealth; finally, 'The appetite of natural wealth is not unlimited, for a fixed measure is enough for nature. The appetite for artificial wealth, however, may know no bounds, but pander to an unregulated concupiscence which, as Aristotle brings out, is without measure'.⁷⁶

Therefore the natural limits of legitimate desire for possessions were in practice dictated by the traditionally recognized levels of consumption. New

goods and increased consumption were excluded. Jews, he said elsewhere, misinterpreted the Scriptures, believing that one had to worship God to obtain abundant earthly possessions. He condemned the 'inordinate concern' for temporal things. This occurs when material goods are seen as an end, or when one worries about the future and not merely about the present.⁷⁷

In short, 'if man falls below the due measure of love of temporal goods, this is against the basic tendency of his nature and is consequently a sin'. Therefore 'temporal goods ought to be despised in so far as they hinder us from love and fear of God . . . But temporal goods are not to be despised in so far as they are a helpful means of attaining things which promote fear and love of God'.⁷⁸ In this picture the rule always repeated by Christian authors applied, that 'according to natural law goods that are held in superabundance by some people should be used for the maintenance of the poor'.⁷⁹

Thomas' considerations on earthly goods are so mindful of the balance that his thought often seems trite. But he was capable of soaring above this banality, as when he wrote: 'When intent on temporal goods to stay with them, the mind remains low at their level. But when it seeks them in relation to eternal happiness, it is not held down by them, but rather raises them up'.⁸⁰

His analysis of trade also referred explicitly to Aristotle. But it was more prudent and more tortuous than that of his master. There was a natural and necessary form of trade, carried out by household heads and heads of state, which was positive. The other type of trade, concerning business men was 'open to criticism, since . . . [it] feeds the acquisitive urge which knows no limit but tends to increase to infinity. It follows that commerce as such, considered in itself, has something shameful', because its purpose was not to satisfy essential needs. However, profit in itself was neither right nor wrong. So commerce could be justifiable if it aimed at a moderate profit for the maintenance of the family.⁸¹

On usury, Thomas constantly repeated the Aristotelian argument that interest is unnatural because it is contrary to the nature of money (which was seen only as a means of exchange).⁸² However, he distinguished the pure loan, on which the lender could not expect any interest, from the financing of an undertaking with shared risk. In the latter case, he said, it was right for the lender to share the profit.⁸³ On the other hand, for Thomas the moral condemnation of usury had to go beyond civil laws. The latter allowed usury not because it was right, but, since men were imperfect, if all sins were forbidden 'many useful things would be prevented'.⁸⁴ This is like a confession by the great philosopher that his main ambition, i.e. to harmonize all existing things in a rational system, fails to explain economic utility.

What ultimately restrained Thomas was not only the general conflict of values we mentioned at the beginning. In him there was also the inability – probably absorbed from Aristotle – to see the dynamics of economic growth. In fact he wrote, 'it is impossible for one man to enjoy extreme wealth without someone else suffering extreme want, since the resources of this

world cannot be possessed by many at one time'.⁸⁵ This is the clearest expression of the traditional idea that one man's gain means another man's loss. As we have seen (pages 54–55), this idea is the fundamental law of the economy that does not grow. But the thirteenth century economy was in fact growing with a vengeance.

Troeltsch discerned an idea of development in Thomas' hierarchy of the universe. But in the latter, the passage from a lower level of development to a higher one is not dynamic; it does not imply any transformation. It is simply the passage of the analysis from a lower hierarchical level to a higher one.⁸⁶ There is in fact no growth.

The dispute about begging

When the two strongest mendicant orders, the Franciscans and the Dominicans, won the right to permanently occupy some chairs at the University of Paris, their prestige rose so much within the university that the teachers of the secular clergy were gradually pushed out. The latter reacted by attacking the very principle of religious begging. In 1254–56 Guillaume de Saint-Amour opened a polemic against the friars with various pamphlets and treatises. The ensuing dispute lasted for many years. William of Saint-Amour's arguments were condemned by the pope, and he was exiled in 1257 by order of King Louis IX. William kept up his polemic from afar, while in Paris the attack on the mendicant orders was taken up by Gerard de Abbeville. The first to respond were the Dominicans Albert the Great and Thomas Aquinas and the Franciscan Thomas of York. Other Franciscans responded later: Thomas Doking, Bonaventura, and John Peckham, Archbishop of Canterbury.⁸⁷

William of Saint-Amour made numerous criticisms. Two of them are relevant to our purposes. First of all, said William, the beggar breaks St Paul's commandment to live on one's own work; therefore the friars should do manual labour. Second, begging easily leads to flattery and hypocrisy.⁸⁸ These two arguments hit two sore points in the poverty ethics introduced by the mendicant orders. Against it, William outlined an ethics that seems close to the modern one, since it is based on the dignity of work as well as the dignity of the individual. The first argument indicates work as constituting the personal moral code of conduct. The second bases the dignity of man on his economic autonomy. This view is striking because it is similar to that used five centuries later by Adam Smith. Smith criticized depending on the goodwill of others (like animals, he wrote), rather than on their (and one's) self-interest.⁸⁹

Like Thomas Aquinas,⁹⁰ Bonaventura did not reject Saint-Amour's criterion centred on work. He wrote that the monks' main task is to pray and do penance. It is in fact true that every man should work, but not all have to work manually. Those who have the ability should preach and study since that too is work, and is preferable to manual labour. Society, he said, depends on many types of occupation and each person should do the work suited to

him. Those who devote themselves to study and preaching should be maintained by the others, who do the manual work.⁹¹ Like Saint-Amour, Bonaventura was also led by the dispute to use arguments that went beyond the culture of his time. He foreshadowed the subject of the utility of intellectual labour.⁹²

However, this potentially fertile subject (the relationship between begging and work) was not followed up. Gerard of Abbeville centred his polemic on the purely religious problem of the relationship between begging and evangelical perfection. The question was, 'Is poverty essential for the achievement of spiritual perfection?' An affirmative answer meant that the secular clergy were precluded from the possibility of reaching perfection. Abbeville obviously denied that this was so. Thomas Aquinas, with his usual balance, responded that poverty is one of the ways to achieve perfection. The Franciscans on the other hand asserted that poverty was necessary if perfection were to be reached. The dispute led to a further clash between Dominicans and Franciscans. John Peckham, using millenarian tones, admitted that the secular clergy could reach perfection by other means, i.e. by administering goods destined for charity, but denied the Dominicans this opportunity, since they held their property in common.⁹³ In reality, in this dispute the mendicant orders were confirming their hostility to the values of the new economy. They were defending the value of poverty and the rejection of earthly possessions.

But in the last phase of the dispute European cities began to fill up with the poor. This led secular society to a rapid change in the attitude to begging. Jean de Meun, author of a part of *Roman de la Rose*, attacked begging and portrayed poverty as an unpleasant source of vice.⁹⁴ Various intellectuals, including the bishop Nicole Oresme and Pierre d'Ailly, criticized the begging orders. Attacks spread, particularly against the Franciscans and the Beguine convents. Poverty was often regarded as sordid or ridiculous. Thus it lost its sacred nature.⁹⁵ Mollat has illustrated the arguments put forward in a French dialogue from shortly after 1372, *Le Songe du Vergier*, in which begging is harshly criticized, including that done by friars. Two arguments in particular are interesting. In the first the author inverts the pauperist view, of evangelical origin, that the concern for material goods and for the future distracts from spiritual commitment. On the contrary, says the dialogue, it is poverty itself that leads to the constant thought of what one will eat the next day, and that distracts one from spiritual duties. The other argument, equally acute, is that the habit of begging on the part of able-bodied people who could work harms the 'common profit'.⁹⁶

This anonymous text already reflects a nascent humanism, and is detached from the medieval climate. But let us take a step backwards, to see how, in the thirteenth century, Franciscan dualism hastened to close off the new paths it had opened up.

Economic dualism of the Franciscans

Alexander of Hales, theorist of economic dualism

Compared to Thomistic harmony, dualism seems to be a better expression of the uneasiness and uncertainties characterizing the late medieval period. The theorization of dualism is found in Alexander of Hales, *doctor irrefragabilis*, the first professor in Paris to wear the Franciscan habit. Alexander was almost the same age as St Francis, and was already teaching at Paris when he entered the order, followed soon afterwards by his colleague and friend Jean de La Rochelle, with whom he elaborated a corpus of shared ideas. He died in 1245 (as did John La Rochelle), and his chair remained the preserve of the Franciscans, as had already happened for the two posts occupied by the Dominicans.⁹⁷ The teaching of the two friends was collected by the brothers, with various additions, in a huge *Summa theologica*, called *Summa fratris Alexandri*, attributed for centuries to Alexander alone. It was an essential reading for Franciscans in the Middle Ages.

In this *Summa*, however, Alexander's strong theoretical capacity shines forth. His dualism derived directly from the Augustinian distinction between knowledge (of divine things) and science (of human things).⁹⁸ It relied on the basic distinction between divine law and natural law. This distinction was not new. The concept of natural law dated back to antiquity, and had been used by the Fathers to analyse the origin of the ownership of goods. There is a natural order, writes Alexander, and a divine order. These orders have different purposes and therefore different rules. Consequently there is a natural good and a divine good; there are natural virtues, typical of secular life, and added virtues, which concern the life of perfection.⁹⁹

But what is the specificity of natural law, and what kind of good does it pursue? Alexander's answer could not be clearer. Unlike divine law, natural law presupposes freedom of choice. It is flexible, and not inevitable; it pursues the interests of creatures and aims at utility.¹⁰⁰ Divine law on the other hand pursues the supreme good, and disinterested virtue. In a passage reported by Juan de Medina, in the sixteenth century, Alexander specifies the difference between divine and human laws: human laws must ensure that the state is preserved and flourishes. Their aim is to make the state rich, and to increase the possessions of all the citizens. Human laws work towards ensuring that there are many rich men and few or no paupers; that all enjoy good health and that few are sick; that each person may peacefully have what is his, and that there is no abuse of the innocent (see also below, page 122).¹⁰¹ Elsewhere, writing before becoming a Franciscan, Alexander expresses similar ideas, quoting Augustine, who said: 'in this life, where there is scarcity, it is better to have plenty, since it is better to give than to beg'.¹⁰²

Apparently Alexander was writing in a cultural climate favourable to such views. His contemporary Albertano da Brescia, in 1238, showed a very similar attitude.¹⁰³ In Alexander the autonomy of the modern economic

principle could not be asserted more effectively. But this autonomy is not just affirmed in concrete terms. Like dualism – to which it is closely tied – it also finds its theoretical foundation in his work. Besides insisting on the dualism between divine law and natural and human law, Alexander also insists on the duplicity of natural law. The latter, he says, is organized on the one hand in a rational order, while on the other it is applied and it adapts itself to irrational creatures or to the irrational part of creatures.¹⁰⁴ It is therefore flexible and does not have the inevitable nature of divine law.

Alexander exerted a strong influence over Franciscan thought. The series of Franciscan claims for autonomy referred to him in various ways (see below): the autonomy of mercantile logic (Peter Olivi); that of philosophical enquiry (Duns Scotus and Ockham); political autonomy (Ockham), and lastly that of the investigation of nature (among others, Roger Bacon, Ockham again, Buridan). Of all these claims for autonomy the only one that remained bottled up within medieval culture was that of economic autonomy. Let us see why.

Attitude to trade before Olivi

In the second half of the twelfth century the scholastics' attitude towards merchants and commerce became much more rigid. The main cause of this change was the reaction against the emergence of the new economy and the new society. Greed or avarice, as Little and Newhauser have written, became the most serious vice (avarice was actually one of the most condemned sins also among the Christian Fathers and in the early Middle Ages). A host of great intellectuals campaigned against the hunger for profit, from Peter Damian to Bernard of Clairvaux, from John of Salisbury to Peter Lombard to Alan de Lille.¹⁰⁵ Gratian called the profit of the person who buys low and sells high illicit earnings (*turpe lucrum*). He forbade trade for clerics, and for laymen he adopted Augustine's formula: trade is sometimes legitimate and sometimes not.¹⁰⁶ Peter Lombard ordered absolution to be withheld from soldiers and merchants who would not give up their job.¹⁰⁷

In this atmosphere of restoration a *palea* inserted in Gratian's *Decretum* was a great success. It was a fifth century text (*Opus imperfectum in Matthaemum*, also called, from the first word, *Eiciens*) erroneously attributed to St John Chrysostom and therefore highly respected. Based on the well-known gospel episode in which Jesus expelled the merchants from the temple (Matthew 21: 12–13), the text harshly condemned mercantile activity as non-Christian, for 'a person who buys and sells cannot do so without lying'. The pseudo-Chrysostom's argument is clever; it is also found in some of the Church Fathers and in the early medieval period. The merchant, he writes, buys an object to resell it at a higher price without transforming it with his labour. The object has thus not increased in value. Consequently he is necessarily cheating. He who transforms material, however, like the blacksmith, 'does not sell the material in itself, but rather, his labour'. Only in this case is the higher price justified.¹⁰⁸

All the commentators referred to this text. Distrust of merchants' cheating is evident, for instance, in the 1208 *Summa* by Robert de Courson, or in the bible commentary by Hugh de Saint-Cher, written in the 1230s.¹⁰⁹ In the latter there is a very effective passage, quoted by Langholm. Hugh was commenting on the famous passage from the gospels which invites us not to worry about the future, for God will provide for us as he does for the birds of the air and the lilies of the field. 'But seeing that birds have no worry about food nor suffer any shortage of it, why is it that man must endure a lack of food and is constrained by hunger? Solution: Man is inflicted with such want as punishment . . . by reason of men's avarice, for while all things were common by natural law, mine and yours were introduced, avarice showing the way, and what God made common to all they sold as their own; birds certainly do not sell to one another.'¹¹⁰

Here too there is a radical condemnation of mercantile activity. The traditional condemnation is repeated by Alexander of Hales, who quotes Pope Leo the Great: 'quia difficile est inter ementis et vendentis commercium non intervenire peccatum' (in trade between buyer and seller it is difficult for there to be no sin).¹¹¹

Nevertheless Bonaventura moved away from these radical views. He corrected Peter Lombard, who had written that the merchant that had cheated could be absolved only if he withdrew from trade. In that way, commented Bonaventura, trade would come to an end, and many societies would be unable to survive. Trade was a necessary activity, like manual or spiritual work.¹¹² When describing civil occupations, i.e. those carried out on behalf of the community, he included the activity of merchants.¹¹³ One of his contemporaries, the Franciscan Berthold of Regensburg, interpreted social roles as one of the five talents mentioned in the gospel, and among these he also counted the work of merchants and artisans. The same thing was repeated by Oresme in the fourteenth century.¹¹⁴

Another decisive step was taken by Henry of Ghent, *doctor solemnus*, also a teacher in Paris. In 1274 this Flemish thinker, sympathetic to the great mercantile activity of his country, embraced the traditional principle – which was actually logically cogent – that profit was legitimate only if it derived from a transformation and improvement of the goods sold. However, he perceptively observed that it need not be only a material transformation. The goods sold changed – and their value therefore rose – even if they were moved to another place, or if time passed (Marx, in his lengthy meditations on commerce in *Capital III*, rediscovered the same things, not aware of this precedent). Not only this, but the value could rise also due to the mere purchase by the merchant. In fact when the merchant bought goods at a certain price, he was in a sense attesting their value, thanks to the credibility deriving from his accumulated experience.¹¹⁵ The merchant's profit was therefore made legitimate by these improvements.

Attitude to usury before Olivi

The approach of the pseudo-Chrysostom linked the condemnation of trade and that of usury together, for it contrasted both types of profit with the earnings of the artisan or the peasants. The earning of the latter two is justified because it is the result of their work, and this work has transformed things. In contrast, the merchant leaves goods unchanged; the usurer even sells what he has not bought.¹¹⁶ On this basis the Dominican Peter of Tarentaise, later Pope Innocent V, condemned usury in the mid thirteenth century, because the profit from lending money actually comes from the work of the borrower.¹¹⁷ This concept probably derived from an image used by some of the Church Fathers: both Basil and his younger brother Gregory of Nyssa had criticized the usurer in the fourth century because 'he reaps where he has not sown'.¹¹⁸ In any case all these statements were inspired by a concept found in the Scriptures, often referred to by both the Fathers and the scholastics, particularly in two well-known versions: that of Genesis, where fallen man is condemned to earn his bread with the sweat of his brow; and St Paul's statement that he who does not work should not eat either.

Here we will not reconstruct the debate over usury that raged right through the Middle Ages.¹¹⁹ We are only stressing how difficult it was in the thirteenth century for presages of the modern concept of capital to form. We have already said (page 55) that in the patristic period the concept of usury was associated above all with loans to finance consumption; both the necessary consumption of the pauper and that of wastrels. Otherwise, it was the admittedly exorbitant interest rates that were mentioned. These phenomena were very common at that time, as in all static economies. The Fathers were also generally wary of lending money at interest for reasons of investment. But in actual fact they did not have a clear idea of the difference between all these types of loan, and experience told them that lending at interest was nearly always a socially and morally negative act. Consequently condemning it was obviously a precept of applied morals; it was not a principle.¹²⁰

In the twelfth and thirteenth centuries, however, the situation changed completely. The monetary economy advanced, the agricultural economy of rent and trading in kind was gradually pushed aside and collapsed, and lending at interest became the essential support of commerce. The religious world was taken by surprise by the new, rapidly growing phenomenon, and to judge it used the old categories. Thinkers were shocked by the enormous increase in cases of 'usury'; by the great variety of always new forms in which 'it cloaked itself'; and above all by the perception, which was correct, that a whole world (the feudal economy and its values) was at crisis point due to the new monetary transactions. Hence the growing severity of prohibitions, from the last quarter of the twelfth century on, including papal decrees and Councils.¹²¹ But it also gave rise to a feverish growth in theo-

logical discussions trying to catalogue and comprehend the new financial phenomena.

This stiffer stance is also reflected among the Bologna jurists, the so-called canonists. In the twelfth century, on the basis of Roman Law, Irnerio and later Martino declared interest legitimate, since it is right that the lender should receive part of the profit obtained from the borrower. However, between the end of the twelfth and the beginning of the thirteenth century Azo (Azzone) and later Accursio admitted that 'the divine law' forbade interest, and declared that natural law allowed it because it recognized men's weakness (an argument that, as we have seen, was taken up by St Thomas). Azo therefore salvaged the ancient concept of interest as an indemnity for the damage suffered by the lender in depriving himself of a sum of money.¹²²

On this basis theologians began to admit that the debtor's unforeseen insolvency legitimizes interest, i.e. the compensation both for the damage the creditor suffers if he needs the money that he has not received in time ('damnum emergens', according to the term in Roman Law) and also for the income that he could have had but lost ('lucrum cessans'). However, according to the line expressed most clearly by St Thomas, which would prevail in the fourteenth century, it is legitimate to establish the possible damage beforehand, but not the income that may be lost. In fact while the damage, if it occurs, is certain, the income is a possibility which may not have been realized.¹²³

But before St Thomas's position emerged, the theologians who had studied at Bologna launched a discussion which was to have decisive consequences. It was begun by the Catalan Dominican St Raimundo de Peñafort (or, according to Salvioli, by Peter Lombard). In 1234 Raymond made a collection of the canon laws on usury issued after Gratian's *Decretum*, under the title *Decretales* of Gregory IX. In his *Summa de poenitentia*, widely used until the fifteenth century, he condemned profit on loans, even in the case of marine shipments (where the risk is very high). But Raymond saw an exception in the case where a merchant was about to invest his money in a marine expedition and did not do so because somebody else had made an 'urgent request' for a loan, to which he agreed out of Christian charity. Around the middle of the century Guillaume de Rennes extended Raymond's case to investments in land. Then Enrico da Susa, bishop of Ostia, extended it to a series of other situations.¹²⁴

A different position was taken by another canonist of Bologna, Sinibaldo dei Fieschi, later Pope Innocent IV (who excommunicated the Franciscan philosopher Robert Greathead, Bishop of Lincoln, who had criticized him for the extravagance and tyranny of his pontificate).¹²⁵ Innocent IV opposed Henry of Susa's opening and condemned usury on economic, not moral, grounds. He wrote that usury took money away from agriculture, that the use of money in agriculture was less profitable than its use in commerce. Abandoning agricultural work made food dearer and created poverty.¹²⁶ In actual fact the opposite was happening. The money flowing into commerce derived precisely from a growing agricultural productivity. But Innocent's

analysis is symptomatic of the concern with which the church regarded the new economy.

In the *Summae* written for confessors, from the end of the thirteenth century onwards the position taken by Thomas Aquinas gradually gained support. It was opposed to the pact for the payment of *lucrum cessans*. This is indicative of the fact that the church was progressively taking a more inflexible position on usury. Spicciati observes that it was precisely this growing inflexibility that pushed many authors to search for exceptions which would allow some types of loan. However, the position taken by Henry of Susa would have to wait a century and a half before beginning to make its mark; it was only in the early seventeenth century that it became the widely held opinion among theologians (see below).¹²⁷

Peter Olivi: extreme economic dualism

This fertile debate culminated in the work of Peter Olivi. With him Franciscan dualism revealed itself as a dramatic, paradoxical contrast. The Provençal friar entirely reproduced the contradiction of the Cathars of his region. In fact, besides being the most rigorous supporter of absolute poverty, Olivi was also a great economic analyst, sympathetic to the needs of the market and of individual profit, and to the independent laws governing the new economy.¹²⁸

In Olivi's analysis three original points seem to foreshadow the theoretical foundations of the new economy: the changed attitude to trade; the superseding of the idea that one person's gain was another's loss; and lastly, the concept of capital.

First, Olivi threw off the crushing weight of the anti-mercantile tradition. It was true, he wrote, that the activity of the merchant often led to deceit, but in itself it was not illicit; rather, it was advantageous and necessary for the whole society.¹²⁹ In fact, either the (pseudo) Chrysostom text was exaggerated and not to be taken literally, or *it was not to be followed* (ad 2um: 65). It was wrong to accuse merchants of raising the price without adding anything to the goods, because that price-rise was the payment for their work, and for the expenses, the storage and the risk that they ran. Above all, Olivi underlined the need to advance the money that bought the goods, and the risks connected to these advances. Both these factors required reimbursement. Besides this, however, there was also the skill and industriousness needed in the job. The competence acquired was accumulated through long experience, work and study, risk and expense. Moreover it was a gift that few possessed, and therefore should be paid more (I: 63).

About the second point Olivi, in defending trade, observed that in a particular place a good is plentiful and cheap, while in another it is rare and expensive. This enables the merchant to obtain a reasonable profit without reducing that of the artisans and peasants who are selling their product (II: 63). Olivi therefore broke with the millenarian tradition, confirmed by Thomas Aquinas, which held that riches acquired by one person were always

the result of wealth being taken from another person. This tradition, which began at least with Aristotle, presupposes that the total wealth could not increase. Olivi undermined it not by theoretical disputation, but simply by referring to the experience of the new economy.

Lastly, the concept of capital in the modern sense was put forward for the first time by Peter Olivi in his analysis of usury. He followed the road sketched out by Raymond of Peñafort. In the case considered by Raymond and later by Henry of Susa, the lender could agree beforehand on the payment of 'lucrum cessans' because the money he was lending was not just any money, but money for a special purpose, namely it would be invested to make a profit. After a long and detailed analysis of all the cases of loans in which there is usury, and therefore guilt, Olivi examines the case, 'which often happens in many places', where the capital lent may be lost in the business deal. When there is this risk, in order to prevent possible damage to the lender, the borrower 'buys all his future profit . . . at a price that is adequate to the probability of future earnings'. The borrower, in other words, undertakes to pay the lender the capital as well as a part of the expected profit.¹³⁰

Olivi reported the arguments both of the commentators who thought there was usury in this case and those who thought there was not. He then maintains that this type of agreement is legitimate. It is well known, he writes, that capital must provide a profit for he who accepts the risk. Moreover, the hope for profit has a certain value and can therefore be sold legitimately at a certain price. This selling price is lower than the profit that the borrower expects from the use of the capital. Consequently, the borrower has a reasonable certainty of making a profit (*ibidem*: 110).

Notice that these arguments were reported by Olivi from other authors. These arguments would be enough to justify capitalistic interest in general, although that was seen by theologians as a special case. When Olivi was writing the debate had already reached a very advanced stage.

But our author added a decisive comment. The payment of this interest is legitimate 'because capital, in itself, i.e. insofar as it is profitable and destined to trading operations, contains a certain profitable nature in addition to its nature as the same amount of mere money not destined to trading operations' (*ibidem*: 111–12). It could therefore be sold at a higher price than mere money. Capital was such also for the lender, added Olivi, although the latter did not have the right to the final profit. On the other hand, if interest were charged on simple money not destined to enter trading operations, then that would be usury, and therefore sinful (*ibidem*: 112).

A little further on the author gives us the true definition of capital: 'we commonly give the name capital to what is, in the possessor's firm intentions, destined to some probable profit, and therefore does not simply have the nature of the good itself, but in addition, has the seminal nature of profit'.¹³¹ It is a brilliant definition, which passes over the money form of capital, and enables us to have an abstract, universal use of the concept. The metaphor used (seminal nature), taken from seeds' ability to multiply, and therefore to

increase the goods invested, was to be repeated by many in the following centuries.

In the *Quodlibeta* Olivi repeated this idea. *Quaestio* (question) 16 was whether interest can be charged in advance both for the damage and for the loss of expected income in cases where there is delay in repaying the debt. To the traditional argument that money in itself does not produce earnings, Olivi countered that if money is used not as mere money but as capital (*'rationem capitalis'*), the person who lent it suffers damage also from the loss of the income that the trading operation would have enabled him to accumulate (*'ad lucra per mercationum industriam cumulanda'*).¹³² In *quaestio* 17 he repeats the difference between simple money and capital (*ibidem*: 248).

On a strictly analytical plane, Olivi's arguments destroyed once and for all the Aristotelian condemnation of interest-bearing loans. On the cultural plane, however, it was a very different story.

The impediment in scholastic economic culture

The emblematic fortunes of Peter Olivi

Vian tells us that in 1325 a visionary beguine, Prous Boneta, confessed to the Inquisition of Carcassonne (therefore probably to the Dominicans) her dream, in which the Dominican Thomas Aquinas (who had just been made a saint by John XXII, the great persecutor of Franciscan Spirituals) was spiritually killing Peter Olivi in his writings, just as Cain had killed Abel. Prous Boneta begged Dominicans and Franciscans to return to the purity of their origins. But she was condemned and handed over to 'the secular arm'.¹³³ Apart from the error of putting St Thomas in the same period as Peter Olivi, the poor visionary had put her finger on a real fact. The church used Thomist doctrine to suffocate every tendency to escape from medieval culture. It was trying to maintain a control that was slipping from its grasp.

In actual fact Peter Olivi's defeat was due above all to an internal impediment in his thought. Olivi's work is the high point of the very rapid growth in thirteenth-century economic analysis. In the span of a few decades the scholastics developed admirable analytical tools for the 'just price' and the value of goods; the regulation of interest and the nature of usury; the processes of exchange and commerce; and for the modern concept of capital. But this analytical growth was accompanied by tormented uncertainty in the field of social values.

The new path broken by Olivi was perfectly consistent both with the needs of the capitalist economy and with the Christian condemnation of selfishness and greed. His analysis could have become the basis of a new economic ethics; an ethics not opposed to solidarity, but that brought the traditional values into harmony with the growth of wealth and comfort. Moreover Olivi's was a solid analytical base; it was not just a vision, as in

Hugh of Saint-Victor, or a methodological approach, as in Alexander of Hales. Why then was no new theory built on this foundation?

The issue is not, as De Roover wondered, whether scholasticism slowed down capitalist development.¹³⁴ The real issue is: what stopped the great potential of scholasticism from developing? Why did scholastic economic culture suffer a freeze? In actual fact, this impediment existed within the very culture that Olivi expressed. In Olivi's amazingly prolific writings, his considerations on trade and interest only occupy a marginal place. He did not intend to theorize a new economy or a new social morality. In his thinking there is an insuperable contrast between the central value of absolute poverty and the sympathetic ear to the 'worldly' motives of mercantile activity. But Olivi did not feel he had to choose between two opposing value systems, as we do. Neither he nor his followers nor his adversaries realized the innovative potential of his economic thought.

This took economic thought up a blind alley and hindered its development. The justification of interest and capital did not become the legitimization of the whole economy that made wealth and consumption grow. This extension was hindered by the pauperist vision, which laid down as the supreme value the renunciation of the very wealth that the new economy produced.

Ultimately during the fourteenth century economic culture collapsed. It was squeezed between Aristotelian and clerical intransigence on one side, and Franciscan pauperist intransigence on the other. Olivi's thought was not able to reconcile the primacy of the spirit and the autonomy of the real, the mystical approach and the scientific view.¹³⁵ Thus it did not restrain the drive by the Spirituals (and by other pauperist sects, like the Beguines of Provence) towards an endemic rebelliousness. And even less did it restrain the church's persecution against these movements.

Compare Olivi's social thinking with that of Alexander of Hales half a century before. Alexander had placed the logic of natural law on almost the same plane as the logic of divine law. In his work one can still sense the spirit of independent reason, as well as the worldly reality, of the secular Parisian teachers, starting from Abelard. Olivi's culture was influenced instead by the anti-modern influx of the mendicant orders, who had pushed out Abelard's secular spirit. For Olivi, social reality stood far below the religious life. It had no morality of its own. Its independence derived only from its lack of moral perfection. Therefore at the acme of scholasticism, while economic analysis advanced, economic culture was already declining. This created the overall blockage in scholastic economic thought that was devastating at every level.

In fact, after Olivi, economic thought went backwards. His ideas were forgotten, and influenced only a few Italian Franciscans: Astesano d'Asti, Angelo da Chivasso (but not – it seems – Alexander of Alessandria, called Alexander Lombard).¹³⁶ Duns Scotus soon restated the traditional definition of usury: 'thanks to one's own money, receiving the fruit obtained through

the work of others'.¹³⁷ Such a definition excluded the legitimacy of capitalistic loan.

The implicit legitimization of mercantile activity continued in the fourteenth century through the analyses on the debasement of the coinage. These analyses had been started in the thirteenth century by the Bologna canonists, but also by Thomas Aquinas and his pupils. In the following century the Franciscan Jean Buridan, a teacher in Paris, and his pupil Nicole Oresme continued the analysis of money, along with the canonists. Oresme, in particular, attacked the debasement of the coinage because it damaged trade and defrauded the merchants.¹³⁸ But that was not sufficient to lay the basis for a new economic ethic.

To catch sight of the concept of capital again we have to wait until the fifteenth century, when in his famous sermons the Franciscan St Bernardino of Siena copied from Olivi's writings – which had by then officially vanished – with not a single acknowledgement. However, he expressed Olivi's arguments in a blander, more cautious way. Shortly afterwards, St Antonino, bishop of Florence, repeated Bernardino in his own writings, again without quoting his source. For many centuries the two Tuscan clergy, together with Cardinal Cajetan (Tommaso De Vio, 1468–1534), were wrongly believed by historians to have been the first to express a favourable attitude to capitalism and to formulate modern analytical concepts, like those of capital and interest.¹³⁹ In actual fact all they did was simply to reproduce in part Olivi's thought.¹⁴⁰

The birth of the modern sciences, but not of economics

Although Olivi's contradictory dualism was the immediate cause of the freeze in medieval economic culture, we cannot blame dualism itself. Indeed, in all the other fields of learning and knowledge it was a potent vehicle bringing modern science nearer.

With Hugh of Saint Victor and Alexander of Hales, dualism allowed more scope for an independent vision of social reality than Aristotelian rationalist unity did. Franciscan empiricism further helped the development of economic thought, especially through Buridan and Bernardino, but far less than it managed to do in other fields of research.

For instance in philosophy, Duns Scotus exalted individual reality and the individual. William of Ockham denied that universal concepts exist outside the mind, and affirmed the supremacy of experience. He also formulated the famous 'Ockham's razor', or economic principle, which says that, in reasoning, it is wrong to reach a result with a longer procedure than is necessary.

In natural sciences Franciscan dualism gave birth to a rich empirical tradition, especially in England. Robert Greathead, Roger Bacon and John Peckham studied natural phenomena with great interest.¹⁴¹ Peckham's studies on perspective were the basis for the application of perspective by the Renaissance artists. Ockham elaborated decisive concepts; like that of infin-

ity, denied by Aristotelian physics. Ockham's empirical approach dominated the universities all over Europe from the second half of the fourteenth century and his followers gave essential impetus to the birth of the modern sciences. One of his followers, Jean Buridan, developed studies in mechanical physics and laid the philosophical foundation for the empirical study of astronomy. Buridan's pupil, Nicole Oresme, famous for his monetary analysis, is no less important as the pioneer of modern astronomy and as a mathematics and physics scholar. He was the direct precursor of both Copernicus and Descartes concerning geometrical coordinates, and of Galilei on the fall of bodies. Lastly, at Oxford (where the young Ockham had not even been able to complete his studies because of his excessive intellectual autonomy) a school was created for the in-depth study of Ockhamist logic, which is the basis of modern logic.¹⁴²

Finally Franciscan dualism also made a decisive contribution to the development of modern political thought. The new society confronted the church not only with economic issues, but also with many other problems. These included the autonomy of political power from the guidance of the church. The church reacted by claiming the primacy of spiritual power over civil power, of the pope over emperor and kings. Thomas Aquinas and his followers supported these claims by the papacy. On the other hand, they were opposed by Duns Scotus and, in particular, by Ockham.¹⁴³ During his long polemic with the papacy on poverty, Ockham produced an enormous quantity of studies on ecclesiastical and civil power. He put strict limits on hierarchical power, and vested the ultimate power of interpretation and decision about the truths of the faith in the community of believers.¹⁴⁴ It is no coincidence that Ockham was the inspiration for Martin Luther, who became interested in him through the pupils of Gabriel Biel (the latter was an Ockham's follower at the University of Tübingen in the second half of the fifteenth century).¹⁴⁵ Concerning civil power, Ockham defended its autonomy from claims for the domination of ecclesiastical power. In this he found himself very close to Marsilio of Padua, who, like Ockham, was protected by Ludwig the Bavarian against the popes of Avignon. In the same years Marsilio elaborated the principle of the absolute secularity of political power and the principle of popular sovereignty.¹⁴⁶

Considering this impressive series of scientific achievements, we could say that modern science was baptized at the font of Franciscan dualism. The strength of dualism lay in its rejection of the unity of reality and knowledge. This allowed the specificity of the logic of each field to be respected, and its autonomy to be enhanced. Modern science emerged as a process whereby the specific disciplines gradually acquired autonomy from the shared metaphysical seed-bed. Aristotelians aimed at the unity of the world and of knowledge, under the control of metaphysics. But the modern world – generated by the new economy – is made up of many specific and autonomous principles. This holds both for the various social activities, and for the various disciplines.

Franciscan dualism pushed the various disciplines one by one towards autonomy, and freed them from the unity of Aristotelian rationalism. However, in the fourteenth century, while the other sciences were taking their first steps, economics stood still. Modern economics emerged much later, in the sixteenth to seventeenth centuries, thanks to merchants and intellectuals who had nothing to do with the scholastic tradition. Because of this, modern economics began as an isolated, empirical science, without the support of a general theory of social relationships and without a theory of economic ethics.

This was due to the central position that medieval culture gave to the ideal of poverty. Here we meet the last paradox of medieval economic thought. In the debate on power, the ideal of poverty played a modernizing role. As we have seen, the pauperists, including the Franciscans, saw in papal power a betrayal of the gospel commandment of poverty.¹⁴⁷ It was just in the hands of Ockham, the inspirer of modern science, that evangelical poverty became a weapon against the anti-modern papal claim to supreme political power. Evangelical poverty was a way of affirming the independence of secular power.

But it could not have the same role in economics, because the new economic values were the exact opposite of the ideal of poverty. Bonaventura was aware of this when he wrote, in the conclusion to his *Apologia of the poor*, 'just as greed is the root of all evil, and consists of love of wealth, so poverty is the origin of all the spiritual riches and consists of despising plenty and loving penury'.¹⁴⁸

5 Italian humanism ignores economic development

Hopes betrayed

Medieval thinkers often paid for their ideas on poverty and wealth with persecution or with their lives. Arnold of Brescia was burnt alive, and with him a very long series of 'heretics': St Francis died of penance; Peter Olivi did not rest even after death, for his remains were disinterred and scattered; William of Ockham lived his whole life on the run. In 1349 Ockham, the last great persecuted pauperist, died. In the same year one of the earliest humanists, Giovanni Boccaccio, began to write the *Decameron*, which is like the anti-medieval manifesto. The *Decameron* opens with the tale of the death of Ciappelletto, the cheating notary and hardened sinner. So as not to harm his friends, the Italian merchants, with his bad reputation, on his deathbed in France he deceives his confessor into believing him a very virtuous man. So Ciappelletto becomes saintly and revered. The radical contrast between the two moral worlds could not find a more effective symbol than this.

Humanism criticized and derided the medieval mentality, but what relationship did it establish with the values of the new mercantile and entrepreneurial economy? Did it favour or discourage the desire to get rich and the pursuit of profit, the desire for economic success; did it oppose or promote diligence and hard work, sobriety, competition, but also solidarity and trade associations, the dignity of manual labour and trade? In these terms the question is simplistic. On the one hand, humanism was not a specific movement, but a new cultural sensibility. In this sense it is what underlies modern culture in all its aspects. It was the path that European society took to make the transition from the medieval to the modern age. As far as economic life is concerned, in its rise humanism favoured the emergence of the new economic values, and imposed consideration and respect for merchants and for the other classes involved in entrepreneurial production.¹ But this did not last forever.

The second half of the fifteenth century saw the beginning of a downward slide, which led Italian humanists further and further away from the values and also from the awareness of the processes of the new economy; in the end it led them back to the worn-out ideas of Xenophon and Aristotle's family

economy.² This took place just when capitalism was taking off, and European societies were being turned upside-down by the great economic transformations.

The mercantile and entrepreneurial economy had emerged in the late medieval period with the stigma imposed on it by the then dominant value of poverty. It had just managed to shake off this stigma with the help of humanism, when at the moment of its great launch it found itself without the backing of high culture, i.e. of humanism itself. The values of the new economy established themselves on the empirical level without a theoretical justification. That is why they were not able to solidify into a new economic ethic. But for centuries this failure also prevented the creation of a complete economic theory.

The earliest modern economic reflections, those of the mercantilists, are empirical considerations which did not even try to find justification in a theory. This was because the uncertainty about values made it impossible to formulate a global interpretation of society and of its processes. All this contributed to modern capitalism being born without commonly accepted social and moral values, and therefore partly without the capacity to plan its own development.

In actual fact, humanism remained overly dependent on the classical model, even after it reached maturity.³ This turned the initial driving force up a blind alley. Classical culture had proven to be a highly effective tool for bringing the medieval mentality to a crisis, but it was obviously not capable of interpreting the modern world and its economic values.

New ideas on wealth and goods in the fifteenth century

The harsh persecution of the Franciscans, begun by John XXII, had crushed radical pauperism, forcing it into clandestinity. However, it had not been able to bring back the Patristic and Thomistic balance on the values of poverty and wealth. This traditional equilibrium no longer responded to the needs of a society undergoing rapid transformation. In the mid fourteenth century the fledgling humanist movement therefore found itself with no reference points on this issue; and it went to look in the ancient authors. Here the humanists found various messages. The first condemned riches and praised poverty (Socrates, the Stoics, Seneca); another approved of riches, but only those already existing (Aristotle, Cicero); lastly, Epicurus and Lucretius did not condemn the desire to get rich, as long as it remained moderate.

Baron has stated that from the second half of the thirteenth century, the humanists were influenced on this issue by the Franciscan view, and that they consequently accepted the Stoic condemnation of wealth. As a young man, Petrarch came out in favour of the Stoics. In his maturity he was more appreciative of the Aristotelian view of the rightness of enjoying material goods and took up the idea of the *mediocritas* (the golden mean). But Boccaccio took the praise of decorous, active poverty from the Latin authors. Followed

by Coluccio Salutati, he was the first to create the historical-literary canon of the Roman republic that won thanks to its poverty and sobriety. However, Salutati interpreted Jacob's wealth as a blessing.⁴

At the beginning of the fifteenth century Guarino da Verona and Cino Rinuccini criticized wealth again. But in 1415 the noble Venetian Francesco Barbaro repeated the traditional Aristotelian argument justifying the moderate possession of wealth. Giannozzo Manetti did likewise, as did Leonardo Bruni in commenting on Aristotle (he translated *Politics*, *Nicomachean Ethics* and, in 1420–21, *Oeconomica*, erroneously attributed to Aristotle). For Bruni the city is made up of industrious activities and of wealth. And money is an essential element in city life. Bruni accepted Aristotle's thesis that riches are a way of practising virtue, and criticized the Stoics' sterile asceticism. But Bruni also justified the getting of wealth.⁵

In 1428–29 Poggio Bracciolini, the formidable discoverer of ancient texts in monasteries all over Europe, wrote *De avaricia* (On avarice), which at first sight seems to be a dramatic break with the past. In this dialogue one speaker (Bartolomeo da Montepulciano) repeats the traditional condemnation of avarice, while another (Antonio Loschi) criticizes it.⁶ Antonio's speech contains praise for the desire to make money; this seems to be the first time since the cautious, limited defence of earning made by the Epicureans. The arguments are new and surprising. Antonio (obviously thinking of merchants) describes misers as 'strong, prudent, industrious, severe, temperate, magnanimous and very wise'. And adds: 'if all those who have a strong desire for money are really to be called misers, then nearly all men deserve the name . . . Who in fact would do anything unless he hoped to profit from it? And the greater this profit, the more willingly we devote ourselves to an activity' (p. 261). Antonio immediately rejects the age-old idea of necessity being the only measure of our legitimate desires along with the ancient and Christian idea that 'nature is happy with little', and lastly the idea that one must give up the superfluous. In fact he says: 'you will find nobody that does not want more than mere essentials, nobody that does not want to have much more' (265).

He makes a virulent attack on the begging friars, which would later be repeated in *Contra hypocritas*: 'And don't talk to me about certain hypocritical buffoons, rough and vulgar, who get enough to live on without effort and without sweat, with the excuse of religion, preaching to others poverty and disdain for possessions while they themselves make generous earnings' (267). Bracciolini's contempt for the mendicant orders was not at all isolated in the fifteenth century. It is sad to see that the passion for poverty – impellent and obsessive – of Francis of Assisi and the other medieval figures had produced these results.⁷

But the fundamental argument put forward by Bracciolini, of a clear Mandevillean flavour, was this: if those that you call misers did not exist, if each person really neglected everything beyond his essential needs, then civilized life would die; there would be no cities, no activity, no trade. 'What can

those who have nothing extra give to others? . . . All splendour will vanish from cities, all beauty and ornament will vanish'. And also: 'What are cities . . . and kingdoms, if you look closely, but the forge of public avarice? And since this is practised by common decision, its right to exist comes from public agreement' (267). When the city needs help, 'shall we turn to the poor labourers and to those who despise wealth, or to the rich, in other words to the misers, since one can rarely become rich without avarice? Who should best fill the city? The rich, who with their wealth provide for themselves and for others, or the poor who have not enough either for themselves or for others?' (271). Finally the ethic of deprivation is dealt the death blow: 'and don't tell me that one must put the common good before one's own interests'. So far 'I have met no-one who could afford to do so'. It is just what philosophers say, but in actual fact everyone has always done the opposite; and this 'is a habit accepted by common usage' (275).

This part of the dialogue was a cry of liberation after thousands of years of moralistic repression. It was a violent vindication of real life and of an economy based on self-interest. However, Antonio's arguments were part of a dialogue in which the other speakers had different views. The dialogue was a literary model typical of the humanists. Its very structure showed that the Middle Age's 'Manichean' contrast between true and false, good and bad, was crude and misleading. The dialogue taught that truth is complex, and that parts of it can be found on both sides of the opposing arguments. In short, the humanist dialogue fosters tolerance and a healthy relativism. But when interest in civil and cultural progress waned, it was easy to move from pluralism to scepticism and to a caution dictated by opportunism, until the two opposing arguments came to be seen simply as an opportunity to show off one's dialectic skills.

The lead-up to this degeneration could already be made out in Bracciolini. He put the concluding argument in *De avaricia* into the mouth of the Dominican Andrea, who began by distinguishing between desire (controlled) and avarice (uncontrolled, limitless desire). The first was legitimate, the second was not. This distinction gave Andrea the chance to trot out the usual tirades against avarice (277–301). For proof of how tenacious the old prejudices were, remember that in 1440 Francesco Filelfo wrote an aggressive text attacking Bracciolini and his defence of wealth.⁸ The work was a concentration of old clichés: wealth does not give happiness because of the fickleness of fortune; happiness should not be sought in external things but within ourselves (p. 495); wealth is good only for generous hospitality. 'He who lacks for nothing is rich enough . . . The more one gets the more one wants' (497), etc.

For a few decades the new ideas in favour of the enjoyment of earthly goods prevailed. Salutati and Manetti criticized asceticism and attacked the mendicant orders. Bracciolini himself, when writing to Niccoli, attacked the solitude of monks, and stated that without wealth, and without a homeland, all our virtue would remain solitary and sterile. In *Momus*, Alberti confirmed

the humanistic contempt for poverty and the accusation that beggars were parasites. Platina did the same. On this subject the humanists were equally remote both from the medieval idea of the pauper as the image of perfection and from the mercantilist idea of the poor as a potential workforce. Criticism of the mendicant orders did not prevent the Franciscan St Bernardino of Siena from maintaining the value of wealth and of plenty. According to him, rather than hoarding money, it was better to make it bear fruit in trade. Bernardino secretly used Peter Olivi's works (see page 84). But he was also an indirect disciple of Coluccio Salutati, and agreed with his views on wealth. The idea of the wealth in moderation was taken up by a great many humanists, including Manetti, Alberti, Pontano and Ficino. It was also espoused by Acciaiuoli (who translated Aristotle's *Politics* and *Nicomachean Ethics*), who, however, added the criticism of insatiable desires.⁹

The issue under debate was not only wealth as an abstract concept, but also the enjoyment of possessions. In 1418 Bracciolini had rediscovered *De rerum natura* by Lucretius, and this led to the emergence of a pro-Epicurean set, which besides Valla included Cosimo Raimondi, from Cremona, and the Roman materialist group of Pomponio Leto and Callimaco Esperiente (Filippo Bonaccorsi). Bruni, Lorenzo Valla and Cristoforo Landino rejected the crude traditional idea of Epicurus as the defender of coarse pleasure. They correctly interpreted Epicureanism as the moderate acceptance of earthly goods. Bruni actually preferred Aristotle, because Epicurus was believed not to consider wealth as a good. In 1431 Lorenzo Valla, in *De Voluptate*, again criticized the asceticism of the Stoics and that of the monks, and praised labour and the various crafts. Using arguments that were both Epicurean and Christian, he vindicated the unity of man, praised earthly happiness and saw virtue as the balance and moderation of pleasures.¹⁰

Matteo Palmieri also praised temperance and stated that many virtues require wealth and comfort in order to exist. It is in Palmieri that we find the earliest elements of an ethic of business and profit, starting from the explicit defence of the effort of wealth-getting. But even more important is the positive link he established between self-interest and the common good. He wrote that honesty cannot be separated from profit. Those who get wealth without harming others deserve praise. Work and the industrious spirit that brought about man's progress advantage others also; they create a relationship of solidarity.¹¹

The ideas of L. B. Alberti, complex, multi-faceted and often ambiguous, in some respects anticipated the crisis of the mid 1400s, i.e. the transition from civic humanism to the progressive involution of humanist culture. In *I libri della famiglia* he closely followed the classical writers, Aristotle, Cicero and Seneca. Wealth, he wrote, serves only to be respected by others. Wealth is necessary in order not to be forced to serve and submit to others. We must therefore control our greed and live freely in plenty. In the third book, dedicated to the *economica* (in the ancient sense of family economy), Alberti

condemned both extravagance and avarice, and praised the careful conservation of possessions which make people independent. He contrasted land to money: land secures a more reliable product, and unlike money, this product satisfies our needs. However, mixed with this ‘classical’ Alberti, there was another quite different one, who said that the riches accumulated should be used and made productive, and who praised the merchant, with his complex activity and the work he gives the poor.¹²

Alberti’s ethic was based on reaching higher and higher levels through work and ability (‘virtue’) which triumphed over fortune. In this sense Alberti was in harmony with the culture of the business economy. Pontano too maintained that wealth should be used and not hoarded. But his treatises on the traditional virtues that are involved in the use of wealth (generosity, charity, magnificence, splendour), published in 1498, are insignificant in terms of theory. They are dominated by the Aristotelian idea of the golden mean and of moderation.¹³

‘Dignity of man’ and civic humanism

Discovery of the dignity of man

The new view of wealth was tied to the central idea of humanist culture, namely the dignity of man. In the same way, in medieval culture, the idea of the misery of man was accompanied by contempt for ‘worldly’ riches. In fact, stressing the misery of man means proclaiming the insignificance of his lot on earth, and therefore the harmful nature of interest in wealth and in earthly enjoyment.

In 1452 Giannozzo Manetti wrote the treatise *De dignitate et excellentia hominis* (‘On the dignity and excellence of man’). This work was expressly written to counter *On the misery of the human condition*, written by Lotario da Segni, later Pope Innocent III, at the end of the twelfth century. Lotario, in harmony with his age’s tendency towards increasing rigour, had radicalized the medieval disparagement of man, a tiny, subordinate being in the universal hierarchy. Following the classics, Manetti proposed instead the idea of man as a noble being, in that he is free and responsible for his own destiny, and capable of excellent works.¹⁴

The same concept is found in *Theologia platonica* by Marsilio Ficino, in 1482. According to Ficino, thanks to its infinite aspirations, the soul of man is the intermediary between all the beings of the universe. It links lower things with higher things. In 1487 his pupil, Pico della Mirandola, wrote the speech *De hominis dignitate*, which was the height of praise for man. Every living thing has its own nature, he wrote; man alone does not have a nature that obliges him to do certain things or to be in a certain way. Man has freedom, and therefore chooses his own condition and his own fate.¹⁵ It was on these concepts that humanism built its greatest achievement, the anthropocentric vision of the world, to which all later culture owes so much.

The idea of the dignity of man was in turn linked to other concepts, that the humanists borrowed from the ancients: glory, honour, nobility of soul and fortune. On nobility, most of the humanists sustained that real nobility is based on merits, not on wealth or birth. In the sixteenth century, this idea became almost an empty refrain. But when it was first formulated, in the fifteenth century, it had a great innovative force against the arrogance of the feudal lords. Salutati, Buonaccorso da Montemagno, Poggio Bracciolini, Landino and Galateo supported this view. According to Kristeller, however, there were those who maintained the contrary. They came from cities like Genoa, Venice and Naples, where the nobility was a closed, privileged caste.¹⁶

For the humanists, glory and honour were the reward for virtue, its social acknowledgement. Virtue was understood in the ancient sense, that is, both as valour (skill and courage) and as honesty and solidarity towards others. With these concepts, the humanists' anthropocentrism became the exaltation of the individual. The centrality of the individual was indispensable for the ethical justification of the new economy. It enabled the authors of mercantile treatises to defend both the dignity of work as such and the legitimacy of accumulating wealth. However, the use the humanists themselves made of the centrality of the individual was rather remote from the economic mindset. They linked this idea above all with another one of classical origin: fortune.

The idea of fortune among the humanists seems to have fluctuated in three directions. On the one hand, it was likened to the Christian idea of providence, as in Coluccio Salutati, who devoted an entire treatise to this subject. This conception anyway guarantees the freedom of the individual. On the other hand, fortune seems to be casualness, or the ineluctable fate of the ancients. But the most common and most useful meaning of fortune was that of the destiny the individual builds with his own hands; this is also found in ancient culture. The latter is the concept found in Alberti, as we have seen, and also in Giovanni Pontano. In the mid sixteenth century, Garimberti wrote yet another treatise on fortune. It drew blatantly on Aristotle, and put forward the idea of fortune as boldness and ability to seize opportunities.¹⁷ Ultimately the idea of fortune, in its classical humanist use, proved not to be very compatible with the mercantile ethic. Instead, it led humanist reflection away from the world of the economy and its values.

This involution of the great discovery of the individual could already be seen in Bracciolini, who exalted the strength of great individuality that breaks the laws. Laws, he wrote, apply only to the rabble.¹⁸

Civic humanism

Studies on humanism in the second part of the twentieth century were dominated by Hans Baron's theses on civic humanism (*Bürgerhumanismus*), and by the ensuing debate. Baron had expressed his theses in 1928 with a

collection of articles about Leonardo Bruni, and then in many later works. According to his approach, starting with Coluccio Salutati – the great chancellor of the Florentine republic from 1375 to 1406, follower of Petrarch and pupil of Boccaccio – the Florentine humanists united cultural commitment with civic commitment, and experienced this bond as a moral and educative mission.

These great intellectuals, wrote Baron, organized and theorized the defence of liberty against the Italian signories' desire for hegemony. The Florentine republic led the fight of the other city-states 'against the tyranny' of the signories. It fought the Pope for its own independence; then against the attempted takeover by Giangaleazzo Visconti, Duke of Milan; then again against Naples and Venice. The great Florentine humanists and political leaders depicted this struggle as the fight for the liberty of all Italians, or even of all men. This was written by Leonardo Bruni, Salutati's student and his successor in the Chancellery from 1427 to 1444. Bruni also stated that the laws of Florence aimed to make all citizens equal, since only true liberty is based on equality. Through this struggle, Florence instilled civic commitment into fifteenth century Italian humanism, and gained control of it. This civic commitment appears in numerous works on history, in treatises on family and civic life, and in writings on moral philosophy. Civic humanism, wrote Baron, 'socially engaged, historically-minded, and increasingly vernacular', did not exhaust the rich variety of Renaissance humanism, but 'it was the salt in the humanistic contribution to the rise of the modern world'.¹⁹

Many scholars have accepted Baron's view. Garin too supported it, but without accepting its excesses. He gave as an illustration, with a detailed analysis, both Salutati's private and public letters, which he considered a perfect example of civic humanism, where moral and political ideals are fused with philology and love of the classics.²⁰

To Baron's detailed documentation can be added a lot of other considerations that lead towards the same interpretation. Salutati stated that one should not live just for oneself but for others and for one's country. Bruni criticized the ascetic isolation of monks and Stoics, and of aristocrats. Those who isolate themselves and cut themselves off from social contact are not in fact wise but are incapable of learning anything. Bruni indicated Florence as the ideal city, praising its trade and the expansion of its activities. He sought the melding of moral reflection and civic commitment.²¹ In the early 1400s almost everyone maintained the superiority of an active life over a life of contemplation, or at least the importance of industriousness, seen as a moral virtue. Among them L. B. Alberti and Matteo Palmieri stood out.²²

The decline and death of civic humanism

Baron said that he developed his case on civic humanism in order to counter the position of Wesselofsky and of the so-called 'Neo-Savonarolians' or 'Piagnoni' (Moaners: it had been the epithet given to Savonarola followers in

his time). These nineteenth century scholars had accused fifteenth century humanism of supporting the signories, abandoning the project of unifying Italy. The humanists of that period, who preferred Latin to the common tongue, philology and court life to political commitment, were accused of betraying the civic spirit of the city-states of the previous centuries and the spirit of the great literature in the common tongue of Dante, Petrarch and Boccaccio.²³ We do not know if these 'Piagnoni' also included the great literary critic Francesco De Sanctis, who was writing at the same time. But it is a fact that his arguments were very similar (see page 34).

At any rate, the equating of the city-state tradition with civic spirit, which was done both by the nineteenth century 'Piagnoni' and by their critic Baron, is rather naïve. It passively accepts Salutati's idea that the struggle of Florence was the struggle for freedom in the whole of Italy, and even that it was the descendant of Roman freedom.²⁴ In actual fact the city-state tradition was as great an obstacle to the unification of the country as the signories were. Neither Florence nor the other city-states ever fought to liberate the whole nation from tyranny. They fought to keep the bourgeoisie in control of the city, its trade, and its surrounding countryside. But if we compare the economic and political strength of the single city-states in fifteenth century Italy with the increasing strength of the European states which had a national basis, then the city-states' struggle for municipal independence appears to be a narrow, short-sighted defence of their own interests, destined to lead to economic isolation. Pastore Stocchi has said that the Florentines' struggle was 'a rearguard action' even compared to the political ideas of the other humanists.²⁵

Moreover, in the experience of other countries, the civic commitment of the intellectuals managed to make itself felt in contexts that were very different from the city-state. In the kingdoms of England, Spain, France, Portugal, but also in Flanders and the Netherlands, as in Venice, the intellectuals of the time were capable of civic involvement even when they were in large states, often with very little freedom.

In fact, on the one hand, Baron was wrong because there actually was a civic and cultural turning-inwards on the part of the Italian humanists. But on the other, the 'Piagnoni' were wrong, because this involution was not the cause of the failure to unify Italy; it was the result. It was one of the many serious consequences of the failure to form a single state. In turn the failed unification of Italy had far deeper roots than those mentioned both by Baron (lack of a medieval parliament) and by the nineteenth century 'Piagnoni' (the signories). It deprived intellectuals of a credible civic framework for their involvement; but above all, as we shall soon see, it smothered Italian business activities, which needed to operate on a national scope to compete with other countries. This set of political and economic disasters increasingly distorted the original characteristics of humanist culture.

Basically, Baron had the great merit of salvaging an important aspect of fifteenth century Italian culture, and of pointing out the lasting positive effects

of Florentine civic humanism on later culture. However, his views were exaggerated. It was Baron himself who remembered, for instance, that in the early fifteenth century Cino Rinuccini rebuked the young (like Niccoli, Bracciolini, Bruni) for being sceptical, indifferent to civic involvement and aristocratic, with their use of literary Latin. And that at that time, closed as they were in the worship of antiquity, the young rejected history and the common tongue, and even Dante and Petrarch. Batkin has written very similar things.²⁶ It is true that Bruni soon changed direction, but the others did not. Above all, Baron's thesis concerns a very restricted period and context. It cannot characterize the humanist phenomenon as a whole.

Let us, for instance, return to the subject of the active life, which is often presented as proof of the humanists' civic commitment. For them, praising the active life did not always mean civic involvement. In Alberti, for instance, political problems were reduced to the individual sphere. Both in the treatise of 'economica', *I libri della famiglia*, and in *Momus*, the allegorical tale on the art of governance, the problems dealt with were: the capacity to control one's passions and to understand one's own and others' feelings; moderation; the ability to coordinate actions and objectives. Alberti's classical model of virtue was the capacity to regulate one's ambition so as to obtain the respect of others. There was no concern for society. Tenenti and Frigo rightly believe that Alberti began the transition from the mercantile family to the family of aristocratic behaviour. Pontano's *Principe*, written later, emphasized to the point of banality this tendency to bring the tasks of governing down to the sphere of feelings and individual behaviour.²⁷

On the other hand, in the mid 1400s several humanists (like Bartolomeo Fazio, Valla, Ermolao Barbaro, Cristoforo Landino and Marsilio Ficino) began to appreciate the contemplative life again. Kristeller has written that it is not true that the Renaissance sanctioned the superiority of the active life. Then, as always, there were opposing views. As for the original traits of humanism, Tenenti was not far from truth when he wrote that humanism superimposed the classical heritage on bourgeois culture, and in so doing 'it covered, if not stifled, its authenticity and helped to suppress its possible developments'.²⁸

Garin has given an outstanding description of the slow process of decadence that led to the demise of civic humanism. To begin with, Bruni's times were different from those of Salutati. Bruni accepted the rise of Cosimo de' Medici, who practically disallowed republican liberties. His political letters, according to Garin, were more elegant but lacked the political passion present in Salutati. Like those of Salutati, they praised and supported the activity of the Florentine merchants in all the known economic world. But this activity was already in decline. The Florentine chancellors were about to downsize and become decorative figures whose only function was to translate official letters into elegant Latin. They were chosen for their loyalty to the Medici. Such were Carlo Marsuppini (highly erudite, inclined to be ironic and perhaps cynical), Poggio Bracciolini, and the 'pompous executor' Bar-

tolomeo Scala. In the second half of the fifteenth century life in Florence changed. The great humanists were now living at court; merchants and craftsmen were no longer the active classes they had been in Salutati's time. The rationality, civic sense, and simple Christianity of the latter were replaced by an ambiguous neo-platonic culture.²⁹

The crisis of city-state rights meant the crisis of the privileges of the richer merchant class. It was, however, experienced in a far more dramatic way by the humanists, because it transformed culture 'from a civic development plan into a court ornament'. Garin recalls that Matteo Palmieri rebuked Alamanno Rinuccini for living in isolation. Culture, wrote Palmieri, should make us live for others. But Rinuccini, who had criticized Lorenzo de' Medici, replied bitterly that to carry out activity for others one must first be free.³⁰

At this stage of the civic crisis the full negative effect is felt of the humanist tendency towards literary formalism. The humanists invented fascinating new genres. Not only the dialogue, but also letters became a brilliant literary genre. Batkin has written that the humanists' activities were a kind of ritual, a stage setting. This was considered a way to get close to the truth. It was a game, but a serious game.³¹ No doubt it was serious; but yet it was still a game.

From the science of man to the rejection of sciences (and of political economy)

The downgrading of philology and rhetoric as tools for knowledge

We cannot, however, eliminate the complex subject of form in humanism with a single remark. The truth is that, for this as for the other characteristics of humanism, the gradual petering out of civic commitment distanced Italian humanists from the great European processes of economic and cultural change. As a consequence, the original strengths of the humanistic revolution degenerated into elements of weakness, until they lost all their cultural force. In the same way, philological rigour became erudition; formal refinement degenerated into aestheticism; the centrality of the individual became individualism and indifference towards the public sphere; the sense of history, which had pushed humanists to rediscover the classics, was turned upside-down into a historical levelling that applied the values and analyses of the past to the present. The very strong sense of the complexity of the human world, of its relations and its passions, was transformed into a growing disillusionment, into scepticism and into a tragic feeling of the impotence of the individual.³²

The humanists invented philology, as the rigorous study of texts and of their historical context. At loggerheads with the philological and historical crudeness of the medieval age, they created not only a new science but also the modern scientific method: careful study of sources, analysis of the historical context, systematic comparison. Francesco De Sanctis rightly

defined them the Christopher Columbus of the new cultural world.³³ They also reassessed rhetoric, that is, the art of persuasion, as opposed to the cold formalism of the scholastics. Persuading means engaging in dialogue, training the passions, establishing a relationship of solidarity and a shared commitment.

Lorenzo Valla even tried to construct a new science based on philology and rhetoric. He was unsuccessful. Philology and rhetoric were love of form. Once they were detached from the sense of history, they became the cult of elegance, and this cult ended up being more important than the contents. So in spite of the criticism, when Toffanin accused humanism of being rhetorical (in the negative sense), he had some reason to do so. After all, that accusation dates back to Francesco De Sanctis, who illustrated it with incomparable vigour.³⁴

Garin himself has admitted that rhetoric gradually became a literary and aesthetic attitude, giving the examples of Filelfo, Ermolao Barbaro and Galateo (who despised the masses and had an isolationist conception of culture), but also Angelo Poliziano. It was the beginning of the divorce between letters and science. What Salutati and Bruni had made converge was now diverging. So at the end of the fifteenth century humanism sought evasion from the world and turned to contemplation. Finally, Pico della Mirandola denounced the degeneration of rhetoric and philology. According to him, the latter had emerged as a new philosophy but it was now reduced to the second-rate nominalism of the Oxford calculators (see below).³⁵

The misunderstanding about formalism: contempt for natural sciences

It was historical irony that humanism, which had begun as criticism of medieval formalism, ended up being criticized for the same thing, by no less than one of its greatest exponents. However, on formalism the humanists made a mistake that proved to be fatal. They confused the formalism of some scholastics' shoddy dialectics (which presented mere terminological games as problems of comprehension of reality) with the formalization of the cognitive procedure, which derived from Ockham's nominalism (and which led to the logical-formal calculus of his Oxford followers). The first case was about senseless tricks; the second, about the beginning of the method of enquiry in the modern natural sciences. Pico did not free himself of this initial confusion; in fact, he accused the impoverished formalism of the humanist rhetoric of his age of being like that of the Oxford calculators.

This confusion was favoured by an innate limitation in humanism: its contempt for natural sciences. For the humanists, natural sciences were part of scholastic crudeness, because they seemed to be foreign to humanism's anthropocentric revolution. Petrarch engaged in a ferocious polemic against doctors and the natural sciences. As Kristeller recalls, he used Seneca and St Augustine as examples to show that we are wrong to take an interest in

external things, when 'there is nothing better to admire than the human soul, compared to whose greatness nothing is great'. Coluccio Salutati imitated Petrarch, and established the superiority of the sciences of the spirit.³⁶ This idea of the superiority of the sciences of the spirit, i.e. of humanistic culture, over the logical and natural sciences, has been extremely deeply rooted in Italian culture almost until our own times, and has created a permanent obstacle for the development of scientific culture. Humanists also unjustly accused the medieval age of studying only Aristotle's natural philosophy, and not his political and economic philosophy.

The birth of modern science, which culminated in Galilei and Descartes, showed how sterile this humanist position was.³⁷ It was at Padua, the kingdom of the Aristotelians, where metaphysics, physics and medicine were studied, that the first reflections and criticisms of Aristotelianism were made, leading to Galilei's science. On the other hand, a culture favourable to modern scientific enquiry had emerged among the Franciscans of medieval scholasticism; and continued with the philosophical reflections on nature by Nikolaus Krebs (Cusano) in the fifteenth century, by Bernardino Telesio, Giordano Bruno and Tommaso Campanella in the sixteenth century, and culminated with Francis Bacon.

Lorenzo Valla can be considered the emblem of the humanists' ambiguity towards modern science. Like Augustine, he criticized 'science', which vainly claimed to understand the divine mysteries. He also criticized nominalist logic, in that it was detached from grammar and rhetoric; and also metaphysics, in that it was abstract. He was, however, one of the first to reconsider Epicureanism. Now Epicureanism, and the scepticism that accompanied it, were genuine products of humanism. In the sixteenth century its followers stood for the flame that had remained alight during that dramatic clash between Protestants and Catholics, which had destroyed what was left of the humanist spirit. It was thanks to this humanist heredity that seventeenth century France saw the birth of the Free-thinkers, who defended science and free thought, but also established once and for all the legitimacy of the desire to acquire wealth and of the enjoyment of earthly possessions (see page 233).³⁸

Analytic dead-end of the zero sum economy

This mistaken attitude towards scientific analysis was also manifested in the humanists' economic thought. On the one hand they laid the foundations of modern economic thought by affirming the value of work and of an active life, of civic commitment, and of the enjoyment of wealth; and by declaring the primacy of social life over contemplation, the dignity of man, the importance of the individual and of self-interest. On the other hand, however, they repeated the ancient statement that what one gains, another must lose (see above, pages 54, 55, and below, page 212). Alberti wrote that 'no poor man gets rich unless some other loses his riches'. And again in 1580 Montaigne

devoted a short chapter to the idea that 'il ne se fait aucun profit qu'au dommage d'autrui'.³⁹

As we have already said, this thesis reflects the attitudes of static, pre-capitalist economies, in which there is no growing production of wealth, and therefore there are not usually growing profits from economic activity. The pre-moderns, from Aristotle to St Thomas, supported this view because they knew very little about the mercantile and entrepreneurial economy. But the humanists lived right in the middle of an economy of this type. They seemed not to notice what was happening right before their very eyes.

In an apparent paradox, Poggio Bracciolini had used the argument of the zero sum economy to defend trade, or rather selfishness which is the spring of mercantile activity: 'If you blame avarice for being the cause of harm to many, you must also hate trade, and everything that is done for profit to gather riches. In fact there is no gain that does not result in a loss for someone, since what one man gets for himself is taken from another'. Some authors of the sixteenth century (Ortensio Lando, Stefano Guazzo, Annibale Romei) and of the seventeenth (Canoniero, Sigismondo Scaccia) expressed the same conviction, though giving the opposite judgement. They used the formulation of St Jerome, who totally condemned wealth: the rich man was evil or the descendant of evil (Romei also expressed it in Thomas Aquinas' version: there cannot be a rich man unless many are poor).⁴⁰

In this form, the idea of the zero sum economy not only rules out the possibility that total wealth can increase, but also rules out the idea of self-interest as an attitude that creates solidarity, based on reciprocal advantage (as the Enlightenment thinkers would have said). Egoism here is harmful for all, and therefore necessarily the opposite of solidarity. With these premises, it is understandable why a business ethics could not emerge in the humanist context.

The sixteenth century: involution of the merchant class

While most of the Italian humanists were amusing themselves with the elegance of the language, Latin and Italian, the fifteenth century closed tragically with two emblematic episodes: the beginning of foreign domination in Italy with the entry of Charles VIII of France (1494); and the burning at the stake of Gerolamo Savonarola in Florence, the homeland of humanism (1498). Savonarola was executed not so much for his austerity as for his defence of the republican liberties. If one reads his splendid pamphlet against tyranny, one finds him neither nostalgic about poverty nor egalitarian. Although he was the enemy of entertainments, he was also a defender of well-being. A state inspired by Christianity, he wrote, would live in wealth because it would avoid superfluous spending, and would therefore have a rich treasury. The state would thus attract merchants and rich men; the arts and the sciences would flourish; and the poor would work.⁴¹

Despite all its limits, then, humanism had borne fruit. Two centuries after

Peter Olivi, whose concept of capital had been stopped by evangelical poverty, the Dominican Savonarola was trying to achieve a legitimization of wealth, through its moral regulation. He was seeking it in the millenarian atmosphere of Florence at the end of the 1400s, awaiting a New World. The new century, the sixteenth, did create the New World, that of the final take-off of capitalism, but it was unable to always reconcile the interest in profit with the public interests.

Meanwhile the Italian mercantile bourgeoisie, who had dominated the European economy in the previous centuries, had been defeated by the rise of large-scale national economies. It was tied to political and territorial contexts that were too limited, and could not compete in controlling the new trade routes, in new extra-European territories, in military-commercial wars, in policies of national development. It therefore withdrew and took refuge in landowning. Tenenti has pointed out that the tendency of the Italian mercantile and intellectual classes to close themselves in the private sphere had started in the mid fifteenth century, with Alberti, Cotrugli and their contemporaries.

Gualerni describes effectively the fine network created all over Europe and in the Mediterranean by Florentine merchants. It was made of initiative, but also of technical skills ranging from accounting to finance and management, from legal competence to trade policy. This massive heritage of professional knowledge and regional controls was handed on to the Dutch and to others when the Italian merchants began to withdraw.⁴² Thus Italians found it impossible not only to continue leading the development process, but also to keep up with it. The Genoese still dominated trade in the Mediterranean for a few more decades (the Spanish mercantilists strongly complained about their presence). But in the end they too had to give up.⁴³ The Venetians managed to keep control of several important trade routes, but had to renounce to expand.

This is all confirmed by the data of economic history. Cipolla showed that from the mid sixteenth century Italian manufacturing fell into a serious crisis due above all to the reduction of exports. Capital was therefore poured into agriculture, and landowning became the merchants' new goal. A process of 'ruralization' took place, together with a strong resurgence of the nobles (as Tenenti noted), similar to that of Spain (see Chapter 7). This process led to a return towards the pre-modern economy based on agriculture. According to Cipolla, at the end of the 1600s 'from a developed country that was largely an importer of raw materials and exporter of manufactured goods and services, Italy had thus become an underdeveloped country that was mainly an importer of manufactured goods and services and exporter of raw materials'.⁴⁴

By tying itself to landowning, the Italian bourgeoisie was fatally attracted into the cultural orbit of the aristocracy which had always been connected to the land. It relinquished the innovative energy of the mercantile class, as well as its civic spirit. The new values adopted were those of the nobles: ostentatious luxury, amusement and banquets, the fine arts, rejection of work.⁴⁵ The

intellectuals, increasingly conformist, largely adapted themselves to defending these new-old values. The overall picture is of a world that was increasingly closed, detached from the great epoch-making changes.

Aristocratic culture shared many aspects with classical culture; from contempt for manual work to contempt for merchants, and praise for agriculture. It is therefore natural that the two lines should converge. The authors of the period helped the restoration of the nobility through the classical and Aristotelian ideas, learned from humanism. As we will see, the literature of the century developed in three main directions. One is that of the treatises on 'economica'. These works seem to have emerged after the translation of Xenophon's *Oeconomicus*, done in 1540 by Alessandro Piccolomini, and they extend right up to the nineteenth century.⁴⁶ They imitate the ancient writings of *oikonomia*, and reduce the economic problem to the running of the family and the administration and conservation of household goods, acquired from the cultivation of the land. This literature, which reduced the economy to household management, expressed a type of culture that was narrow-minded and apathetic, light-years away from European growth. Frigo has tried to account for it by saying that it was an economy related to a single class: the nobles (this is confirmed by the fact that the fourth Lord North, Dudley, father of his more famous homonymous, wrote a book of *economica*).⁴⁷ Frigo adds that in the sixteenth century there was supposedly no general 'science of wealth' that was abstract and systematic.⁴⁸ But that is not right. Mercantilism was a general science of wealth, although it was neither abstract nor systematic. The same is true for the science of public administration (*cameralism*), which was beginning in that period.

Another sector concerned political treatises. They too comment on economics only in passing, and deal with how to guarantee the upkeep of the subjects, how to behave with luxury spending by the state, etc. Like the treatises on 'economica', these too depended closely on Aristotle. Besides, there was also a moral literature, which was humanistic or religious.

All these sectors debated whether wealth was good or bad. But the criticism of wealth is often rhetoric and repeats old moralistic clichés. Also the egalitarianism of the Utopians does not express a demand for social change, rather the desire to prevent an increase in consumption. On the other hand, those who praised wealth – apart from some exceptions – were not defending the income of the new productive classes but the income of the privileged classes of the old economy.

Many discussed the dignity of the work of merchants and craftsmen. This issue also came from Aristotle. In general these authors did nothing but tirelessly repeat Aristotle, with a uniformity and lack of verve that is perhaps unequalled in the history of culture. Muratori also noticed this.⁴⁹ There was in fact a strong affinity between the Greek philosopher and these authors. It lay in their hostility towards economic growth, its classes and its activities. Just as Aristotle had condemned the development of Athenian trade, so his

sixteenth century followers condemned the development of manufacturing and commercial capitalism.⁵⁰

Opposing views on wealth

Humanists (and others)

Claudio Tolomei gives us a clear idea of how far backwards humanists had moved since Bracciolini's *De avaricia*. Tolomei's *Lettere*, printed for the first time in 1547, were so successful that they were reprinted in the same century a dozen times. The letter to Dionigi Atanagi is a concentration of all the moralistic commonplaces – which had become mere cant – of the classical tradition (Socratic, Cynic, Stoic) and of the Christian tradition against wealth-getting.⁵¹ If you do not see wealth, you do not want it. So country life (away from worldly luxury) is an excellent way to learn to despise it (pp. 161v–162r). Poverty is not a real fact; it is an imaginary malaise. It is outside of us, so it cannot harm us. Animals are fortunate because they do not suffer from man's desires (162v–163v). Most of the letter repeated the aristocratic condemnation of limitless desire and praised moderation. It stated that wealth makes people lazy, is vulnerable to envy, flattery, reverses of fortune. 'Nobody is happier than the poor man' because he does not fear a change in his state (171v). On wealth, Tolomei affirms that his models are Plutarch, Crates, Christ and St Francis.

The same ideas are found in Ortensio Lando, as well as in Girolamo Muzio and Orazio Rinaldi. These authors are, if possible, even more chilling and vapid than Tolomei.⁵² The mediocre work by Bishop Gerolamo Vida should be remembered only because it recalls Dicaearchus and his myth of the Golden Age (see page 14). The feverish pursuit of money, the 'illicebrae voluptatum' (enticements of pleasure), and the 'deliciae munditiae' (delights of luxury) ruined the virtuous peace of the Golden Age, and naturally made men soft and effeminate. The well-known humanist Francesco Sansovino, as well as Cavriana, also repeated the usual rhetorical criticisms of wealth, imitating Seneca.⁵³

Besides the humanists, there were two more cultural movements that were hostile both to riches and above all to the increase in consumption. There was the religious sector, whose aversion to wealth was generally tempered by Patristic equilibrium: monsignor Sabba Castiglione, Cardinal Silvio Antoniano, and above all don Silvano Razzi from Camaldoli, who wrote a humanist-style treatise.⁵⁴

Then there was the Utopian group, which flourished in that century, as in all periods marked by a crisis in social values. In it authoritarian egalitarianism and pauperism were as usual closely intertwined. In the Florentine humanist Anton Francesco Doni's ideal city everybody dressed in the same way, ate and used the same amount of things. Not only were goods held in common, but also women and children. In this way, he said, desire would be

extinguished, both for others' possessions and for their women. There was no problem over inheritance because those who died left only what they were wearing and a bed. An even keener Utopian, as far as discipline and control of consumption were concerned, was Roseo.⁵⁵ We shall discuss Agostini shortly.

In the last part of the century, there were many more authors who unreservedly considered wealth a good thing. Guazzo shared with Poggio Bracciolini not only the idea of the zero sum economy, but also a cynical, extreme defence of wealth (always from the safety of the dialogue form). Riches, he wrote, lead to virtue; poverty leads to unfair earnings. 'The poor are dead walking among the living . . . There is no more intolerable burden than poverty'. But another speaker in his dialogue took up the usual refrain of the poor man who was happy, etc. And in another dialogue the author explained that prosperity made people slothful, insolent and 'listless'.⁵⁶ However, in his letters Guazzo revealed his real attitude, which was favourable to wealth. He wrote that it sustained life. He too anticipated the Free-thinkers by declaring that saintliness and ease rarely go together. He also gave us a critique of moderate wealth: we should not be satisfied with moderation, and we should not fear being attacked for this 'virtuous greed'.⁵⁷

Another critic of the golden mean was the Ligurian Capelloni, who – in the Guicciardinian spirit of trying to understand rather than to moralize – examined a very long series of historical episodes. Some of these incidents showed that people had been harmed by trying to follow the path of moderation. Lastly, it is to Paruta's credit that he defended not only wealth but also the acquiring of wealth.⁵⁸

In Ludovico Agostini, a strange religious Utopian, we find a mixture of praise for (or rather, the duty of) moderation and parsimony, and praise both for the wealth of the city and for those who become rich by working. Some authors, like the Tuscan, Gianfrancesco Lottini, and the Dalmatian, Nicolò Gozzi (of Ragusa), though following Aristotle, were unreservedly in favour of wealth.⁵⁹

However, there was also an opportunistic defence of wealth put forward by the nobles, which was thus not very useful for the defence of the wealth acquired through trade and business. Using the remarks in Aristotle's *Rhetoric* to his advantage, Della Fratta captiously inverted the humanist argument that nobility consists of virtue and not wealth. He wrote that wealth searches out virtuous people, while poverty flies from the virtuous and attaches itself to base people. This accounts for the fact that nobles are rich (in fact Edgeworth did not think very differently about the distribution of income)! The same opportunistic use of Aristotle, though done with greater subtlety, can be found in the Count from Ferrara, Annibale Romei. Romei also clearly underlined the separation of man from the dictates of nature. This gives rise to the importance for man of the individual life and the aspiration to indi-

vidual well-being. Romei used an effective analogy against the Utopians: trying to make all men equal was like seeking harmony in music by reducing all the voices to a single voice. In this way you destroy the harmony, which is made up of different voices and tones. Simone Simoni from Lucca sensibly wrote that wealth in itself did not bestow nobility but it helped ('allatae sunt').⁶⁰ Simoni taught at Leipzig, and was a doctor and philosopher, like many others at that time. In fact in the universities the study of Aristotle was linked to natural philosophy and hence to medicine.⁶¹

Aristotelians: to prevent wealth-getting

The biggest group of authors that dealt with wealth in the sixteenth century were the Aristotelians. They slavishly reiterated Aristotle's theses on wealth and money. There is therefore no point in repeating each thesis for every author. Absolutely all these authors endlessly insisted that it was best for wealth to be 'mediocre', i.e. moderate. They all criticized the 'insatiable' desire for profit, and reminded us that wealth is only a tool for obtaining well-being and for exercising 'generosity'.

Wealth was divided into 'natural' (goods) and artificial (money). Activity aimed at earning money was declared unnatural, since real wealth came from goods. They invariably recalled that money is only a means, and as such it should be limited. Obviously they all abhorred 'usury'. Our colourless Aristotelians did not stop there. They repeated the condemnation of work done for profit; declared that the work of merchants and craftsmen was base; repeated that the perfect city was composed of 'mediocre' citizens. Excessive wealth and poverty causes sedition in the state, for the rich are too arrogant and the poor too discontented and greedy. Munificence is fitting for the prince, as a symbol of power.

The thesis of the 'mediocrity of wealth' – both for Aristotle and for his followers – was essentially directed against the acquisition of wealth, above certain limits. Unlike the Enlightenment thinkers (see page 237) these authors did not aim to praise the middle classes, who had been growing in the cities since the late medieval period. The middle classes (professionals, public officials, specialized craftsmen, and above all merchants, entrepreneurs, bankers) represented economic growth and the capacity for making money. Their values were opposite to those of the Aristotelians.

The Aristotelian arguments were repeated by everybody, from Agostino Nifo from Campania (great seeker of honours and riches, doctor and successful philosopher who plagiarized Machiavelli, as Persico demonstrated) to the Florentine Gualandi, the Venetian Delfino, the Ferraran Giraldi, all full of holier-than-thou banality; from the bishop Garimberti, rhetorical and tiresome, to Francesco Tommasi, Tuscan doctor and philosopher, who explained that artificial wealth did not bring happiness since it was false wealth; and that natural wealth did not bring happiness since happiness comes only from virtue, not from physical things.⁶²

Celso Mancini, from Ravenna, was one of the many who repeated that magnificence is fitting for the prince. Other authors including Nifo, Spontone and Frachetta, stated that the prince (i.e. the state) must not get rich at the expense of its citizens.⁶³ To get rid of all these empty words, it is enough to read the two pages in which Machiavelli casts off the dogmas of the past. It is to the advantage of the prince, he wrote, to be considered mean rather than generous. In fact generosity would lead him to have a tighter fiscal system in order to find money, and this would earn him outrage and hatred. Instead, parsimony enables him to afford state expenses and to maintain control. And being mean will earn him outrage, but without hatred.⁶⁴

Alessandro Piccolomini, translator of Aristotle, wrote a book that was highly successful but totally dull, with endless, tedious Aristotelian-type case histories.⁶⁵ Lifelessly Aristotelian and conservative is also the treatise on the economy by the great poet Torquato Tasso, who was dubbed 'the official moralist of the restoration'. Tasso, who in *Aminta* looked back nostalgically at the Golden Age, here contrasted the merchant who aimed to get rich and therefore travelled around forgetting his family, with the father who was forced to have limited wealth and desires.⁶⁶

Others who repeated diligently were Antonio Brucioli and Bartolomeo Cavalcanti, of Florence; Felice Figliucci and Jason Denores, who wanted to prevent any change.⁶⁷ For Brucioli, as for Lando, what makes a man rich is not plenty, but fewer desires. Man is ridiculous and unhappy, because in order to earn he tries too hard and exposes himself to dangers, 'violating nature'.⁶⁸ Brucioli also made a good critique of the Golden Age, writing that the 'mediocre' (neither too rich nor too poor) guaranteed a rational society. He was alarmed by the 'danger' that wealth might grow. Even the soil of a country should be neither too infertile nor too productive!⁶⁹

Brucioli and Garimberti, among others, feared that excessive spending might ruin fortunes. In confirmation of what we were saying, for Denores the government of those who have mediocre wealth (which is the best kind, and different from execrable democracy) should prevent anyone from acquiring too much power or too much wealth, by sending them if necessary into exile.⁷⁰

The clash over the productive classes

Condemnation of the new classes

The comeback of the nobles naturally brought into question the respect shown by the humanists of the previous century for merchants and craftsmen. Many authors returned to the view of the 'baseness' of these types of work, established by Aristotle. Some cynically theorized the oppression of manual workers and of the popular classes. Probably due to the influence of the Spanish domination, in the second half of the 1500s the idea spread that

nobility and work, even mercantile work, were incompatible.⁷¹ The original spirit of humanism vanished altogether.

Servants, explained bishop Garimberti, were a fact of life. For him, occupations were either noble (those of artists); base or servile (common jobs); or extremely ignoble (female occupations which do not even require physical strength). Brucioli, Scaino and many others wrote that servants and tradesmen were both unworthy of citizenship, because they lacked virtues. For this reason, explained the noble Venetian cardinal Gaspare Contarini, those who have worked as artisans cannot aspire to public office.⁷²

Figliucci and Patrizi looked more deeply, so to speak, into the issue. While the work of servants, wrote the first, comes from nature, that of craftsmen is unnatural, for they have no master. For Francesco Patrizi from Cherso, those who till the soil need a strong body and a base soul, in order to obey city-folk. Peasants, craftsmen and merchants cannot reach a state of virtue and so are not citizens of the state. They can stay in the city only as servants in their master's house. On the other hand, soldiers, magistrates, politicians and priests need to have – Patrizi made it explicit – all the comforts, and to leave the hardships to others.⁷³

Scipione Ammirato, from Lecce, wrote that commerce does not suit gentlemen. Spontone stated that those responsible for supplying the state must maintain constant supplies. Supplies must not be excessive, 'nor they must be soiled by commerce'. Rinaldi dusted off the old image of the cheating merchant: 'there is rarely profit without fraud'. Lastly, Garzoni wrote a huge encyclopaedia of trades and professions. At the entry 'Merchants, bankers and usurers', he first reported quotes from past authors who stated the usefulness and necessity for merchants; then the quotes, far more numerous, denouncing all sorts of tricks and cheating they resorted to.⁷⁴

Defence of the new classes

However, these voices contrasted with others with the opposite view. Despite the efforts to exorcize it, the new reality of trade and manufacturing was knocking at the door of these pompous authors. Meanwhile, the development of crafts and mercantile work drove some scholars to criticize the idleness of the nobility. Giacomo Lanteri, from Brescia, harshly attacked the law that forbade nobles to practise the mechanical arts. From contempt for these arts, he wrote, there has been a shift to contempt for the work of merchants, because people were deceived 'by the vain glory of this apparent and external nobility'. That was why the young became idle and quarrelsome. The Italian cities where merchants are respected, i.e. Venice, Genoa, Florence and Pisa, are extremely powerful.

The Genoan Uberto Foglietta attacked the nobility of his city: their privileges stifle the desire to improve. They are too ambitious and do not want to relinquish power. The Utopian Agostini made the most violent attack on the

nobles, defining them as ‘fistulous slugs’, debauched and arrogant, who instead of working spend their time in dancing and gluttony.⁷⁵

Other authors explicitly defended the merchants. Besides Lanteri, the Florentine historian Donato Giannotti praised them, for they made the country rich, and he gave the example of Venice. In this context, the prevalence of ‘the mediocre’, which he wished for, referred above all to the middle classes. Unlike the rich, the latter want to obey the laws, and they are not servile, as too many poor people tend to be. Antonio Venusti wrote an effective defence of trade, supported by a great many classical and Christian quotations. His main argument was that trade creates wealth, and that wealth is necessary for everything: for learning, wars, great cities, ambitious policies, virtues. According to him, trade also lets us avoid idleness, the source of all evils, and makes merchants rich in experience. Usurers, underlined Venusti, are not merchants.⁷⁶

Venusti also took up the old argument – dating back to Hesiod, revived by John Chrysostom, by other Church’s Fathers, and by Hugh of Saint Victor – that trade brought peace among people. In the eighteenth century this argument was developed by many authors (see pages 240–41). However, in that time of great uncertainty, together with his text Venusti published works by other authors which were not totally in accordance with his ideas. Among these was a very long, anonymous ‘Esortazione a’ mercatanti’ (Exhortation to merchants), which repeated all the traditional clichés against riches and drew the ambiguous conclusion that if some choose evangelical renunciation, this will not harm trade.

Another example of the uncertainty of the time about economic values was the *Dialogue* by Giovanni Maria Memmo, with its typical humanistic structure. The author very effectively put forward two opposite views. In the first he used the same arguments as Venusti in favour of craftsmen and above all of merchants. In the second, he praised agriculture with its sober, virtuous lifestyle, with the usual arguments against insatiable greed. Merchants were regarded with great suspicion, and a fond gaze was cast on Dicaearchus’ version of the Golden Age, i.e. in praise of poverty and of being content with little.⁷⁷ In actual fact it is impossible to tell which side the author is on.

A glance at mercantile ethics

Some of these authors were directly influenced by values that were expressed between the lines in treatises by merchants, or by the writings of the Franciscans or other religious figures who planned operations in favour of the poor, like pawnshops. Agostini, for instance, stated that to make the city rich, it was necessary to declare that the mechanical arts and trading were not ignoble. He called for the setting up of pawnshops, with interest-free loans to the poor in order to enable them to advance economically. Gozzi approved of the earnings of wage-earners, craftsmen and professional figures. But besides that, he did have a concept of investment. He used (probably

unaware) the same metaphor of the seeds used by Peter Olivi three centuries before. Money, he wrote, is like the soil, from which one can obtain fruits if one sows it. The same thing happens if money is invested in goods. The doctor from Bologna, Leonardo Fioravanti, praised trade in his miscellany, although he underlined its moral dangers. He made an attempt to construct a mercantile work ethics.⁷⁸

In the sixteenth century there already existed a strong tradition of mercantile writings in Italy. Bec recalled the *Libro dei buoni costumi* of 1360, by Paolo da Certaldo; *Ricordi*, by Giovanni Morelli; the *Cronica* by Bonaccorso Pitti, from the 1420s; and the correspondence between Francesco Datini and Lapo Mazzei, which lasted from the 1360s to the 1420s.⁷⁹ In general these mercantile treatises illustrated the various techniques of trade and exchange, and gave advice on commercial and business strategies. But they also gave advice and rules of behaviour for the merchant. They gradually built up a real mercantile ethics, which was however unknown to the majority of humanists. In the 1460s Benedetto Cotrugli from Ragusa in Dalmatia wrote a long treatise on the merchant's virtues, both in the moral sense (the duties) and in the sense of his skills. But it was not published until more than a century later, by order of his countryman Francesco Patrizi da Cherso. The figure that emerged in this book was of a skilled professional who is sober, honest and attentive to the needs of others.⁸⁰

The same intention of constructing a mercantile ethics can be found in the Latin treatise by Benvenuto Stracca, from Ancona, in the mid sixteenth century.⁸¹ Stracca wrote an exhaustive series of moral rules for the conduct of merchants. The purpose of these rules was also to legitimize mercantile activity. The book acknowledged that trade was always vulnerable to sin (II.5: 32r) and stated that it was a sin to ask a price far above the good's value (II.9: 32r–33r). However, it accepted reasonable advertising of a merchant's own goods (II.8: 32v); encouraged merchants to be active and not to leave their money and goods idle; and stated that merchants are useful to the state, because they 'delve into the mysteries of distant kingdoms' (II.16: 34r). Stracca quotes the view (often voiced at that time) found in Cicero's *De Officiis*, that retail trade was ignoble, while large-scale trade was noble (see page 37).⁸² But – with the confidence that came from his knowledge of the new reality – he concluded that this distinction was of no interest to him at that moment, and that merchants should be respected (II.17: 35r–36r).

Conclusions: from Aristotle to the nobility of labour again

Stracca heralded a new age, which was however slow in arriving. In the seventeenth century there was a continuation of this endless series of authors writing about wealth and poverty, about trade and the pursuit of riches. These were either humanists who had become mere rhetoricians; writers on 'economica', who had given up the slightest enquiry into wealth; or writers

of political theory who cannot even be classed as Aristotelians considering the rhetorical, indiscriminate use they made of all the authors of the past. We have investigated them up to 1640, but they add nothing to what was written in the 1500s. The characteristic of these seventeenth century works is the profusion of quotations from ancient and medieval authors, in order – one might think – to hide the lack of substance. To avoid boring the reader, we shall use the footnotes simply to recall their names and the pages where they rehashed the usual ideas on wealth and the productive classes.⁸³ A few other Italian authors from the sixteenth and seventeenth century will be mentioned in the later chapters, since their thought is not backward-looking, and often plays an eminent part in European economic culture.

We shall conclude this chapter with an emblematic example of the difficulty experienced by the Italian humanistic world in understanding its age. In 1609 Pietro Andrea Canoniero (or Canonerio), a Genoan doctor, philosopher, theologian and intemperate writer on a great many subjects, while commenting on Tacitus, maintained that wealth is preferable to poverty and that it has great importance both for individuals and for the state. He supported his view with numerous learned quotations and a series of arguments. When reporting this thesis, the nineteenth century historian Ulisse Gobbi remarked ironically that it can't have been difficult to prove it.⁸⁴ Gobbi was wrong. As we have seen, it had taken thousands of years to arrive at the anti-poverty thesis expounded by Canoniero.

And yet, on the whole, although Canoniero was in favour of riches, he was hostile towards the acquiring of wealth. In 1614 he repeated Aristotle yet again. Moreover, at a time when the economies of the nation states were in full flight, he took up the Aristotelian thesis that the best state is a small one, where all the citizens know each other, and where nobody could outshine his neighbour. In 1618 he got no better, publishing a huge treatise on medicine, theology, philosophy and astrology, meant to prove both the old humanist idea of the unity of microcosm and macrocosm and the unity of physical body, soul and body politic. In this work Canoniero stated that for the body politic, as for the human body, any change was harmful. And above all he launched a tirade against merchants: gluttons who shamelessly displayed their luxury, raped virgins and even engaged in sodomy. In fact, just as sodomites used for other purposes the organ designed for reproduction, so merchants used money unnaturally: it was designed to satisfy needs, and they used it to make a profit. Trade itself was 'ignobilissima' (extremely ignoble), because 'infame . . . est ex alterius damno quaestum facere' (it is wicked to make a profit from the loss of others).⁸⁵

Thus, at its end humanistic culture had nothing to offer but the condemnation of investment and the ancient rule of the zero sum economy, along with crass insults towards the new productive classes. The humanists' conflict is strikingly clear here: they had started off by defending history, commitment to the present, the dignity of work, and the legitimacy of wealth-getting. But their later followers had lost a sense of history and a sense of the present; on

work, profit and the merchant classes they repeated ideas from two thousand years before.

It was a completely new ball-game in Italy, too. The transition from the 1500s to the 1600s is not remembered because of the last Aristotelians, but for the Italian mercantilists (see below) and for two unorthodox, persecuted philosophers. Giordano Bruno and Tommaso Campanella, Dominicans, drawn to magic, opened the way – however tortuously – to the modern economy. Bruno stated that need led man to make marvellous creations. He was probably influenced by the old tradition of Origen, Augustine and Hugh of St Victor. But in his work, this idea meant praise for the economic progress underway. His eulogy was written 40 years before Francis Bacon's *New Atlantis*.

Bruno also brought to an end the millenary myth of the Golden Age. He wrote that it is labour and its great achievements that make man superior to the beast. In the Golden Age, man was like a beast: he was idle. And his lack of vices did not make him more virtuous than us: he was simply a brute. Campanella, like all Utopian thinkers, loved constraints and the strict limitation of consumption. But like Bruno he had an innovative view of work. The inhabitants of the *Città del Sole* (City of the Sun), he wrote, laugh at us because we call the artisan's work ignoble, while 'nobles' are all those idlers who keep swarms of useless servants 'to the ruin of the state'. Thus at one fell swoop Campanella shrugged off all the tedious arguments about whether true nobility derives from wealth or from virtue, and attributed it to productive labour.⁸⁶

6 From alms to human capital

The poor in sixteenth-century Spain and England*

Capitalist take-off, beggars and the birth of mercantilism

Europe in the 1500s was a strange world. It was teeming with adventurous merchants, crossing from one country to another and sailing the high seas; with merchant-entrepreneurs transforming workshops into manufactories; with landowners becoming entrepreneurs; with clever artisan-inventors, much sought after by a number of countries; and finally with religious reformers and daring intellectuals, seeking new directions for their thought. But it was also populated by apocalyptic friars and scholastic theologians, by mercenary generals, by arrogant feudal barons and their enslaved labourers. But above all in the 1500s Europe was crawling with beggars and vagrants who occupied squares and churches, knocked at the doors of houses and town halls, besieged convents and made the streets unsafe.

The modern economy was born with this stigma: an enormous rise in begging and street crime. This happened all over Europe.¹ Among the causes we can certainly count the epidemics, famines, wars and monetary manoeuvres by the nations, as Cipolla wrote.² But above all there was the tumultuous transition from the still semi-feudal economy of the last centuries to the sixteenth century's economy of growing manufacturing and trade. All countries adopted stringent measures to combat the huge increase in beggars.³ These were first measures of repression.⁴ But as time went by the repressive policies were increasingly joined to other measures which consisted of helping the poor through public works and support for production.⁵

The problem of beggars was particularly acute in Spain and in England. These two countries were large producers of fine wool, in great demand with the Flemish and Italian weavers. In both of them, during the late Middle Ages, the practice of enclosing feudal common fields had spread rapidly. These areas were transformed into private property by the landowners, who, by turning them over to pasture, made money from the growing demand for wool. This was the first cause of the rise in begging. The farmers and artisans from rural villages, who had previously lived off the products of the common field, were now debarred to make way for sheep-grazing. Spanish and

English cities were flooded with masses of these newly poor, dispossessed of their jobs, their means of survival and often of their houses.

Polanyi noticed that the change in the use of land, from cultivation to grazing, was ruinous for Spain because it was too speedy and disruptive; while it was in the end beneficial in England because the kings hindered and checked it.⁶ But an even more important difference was in the policies towards the poor. Spain and England also constituted two opposing models in the attitude towards the new economy in general, that is, capitalism. Spain in the end rejected the modern economy based on profit and entrepreneurship. Consequently it ignored mercantilism, the policy of capitalism. England instead promoted capitalism, and 'founded' mercantilism.

In England many landowners, and above all the gentry, rapidly acquired an entrepreneurial mentality. The mercantile and manufacturing bourgeoisie flourished, and with it a modern culture and new values. Due to intensive cultivation and to manufacturing, the population increased greatly. Modernization was therefore very rapid, and the unemployment and impoverishment deriving from the old economy spread just as rapidly.⁷

Mercantilism stemmed from the idea that wealth does not increase by hoarding it up, but by employing it productively. This new idea became clear once and for all in the sixteenth century, when the outbreak of begging was calling for urgent remedies. This fact suggested the passage from the concepts of poverty and alms-giving to the concept of investing in the employment of the poor. This new approach was strongly reinforced by the related idea that domestic production must be increased in order to be as independent as possible from foreign goods. This in turn led to the concept of a favourable trade balance. All these new ideas overcame the old fear of goods, at least in part.

Many authors have stressed the positive relationship established, especially in England, between relief for the poor and the policy of development. In 1978 Appleby, in a chapter entitled 'The poor as a productive resource', documented how huge was the use of the poor in England to extend production. In the same year Joan Thirsk showed that the increase in production obtained by putting the poor to work allowed new consumption by these additional workers, and this pushed the increase in production even further. Sassier graphically entitled one of his chapters 'Utiliser les inutiles' (utilize the useless); and Díez, 'La utilidad de la pobreza' (utility of poverty). Díez explained that the first idea of productive labour elaborated by mercantilists referred both to labour 'subjectively motivated' and its opposite, forced labour.⁸ As Solar wrote, summing up the recent literature on this theme: 'poor relief played an integral . . . part in England's economic development'. Many scholars have stressed that English poor relief was much more massive and extended than in other countries.⁹

Oscar Lewis wrote that all cultures reveal two opposing opinions on the nature of the pauper. One believes him to be blessed and virtuous; the other filthy and wicked.¹⁰ This is what we have seen in the previous chapters, and what also transpires from the laws and the writings of the period. It was only

a modern mentality that could escape from this contradiction, by viewing the poor as an economic resource.

On the other hand, it is difficult to consider these beggars as simply unemployed against their will, in today's sense. They had been deprived of their 'natural' way of living and were unable to adapt easily to manufacturing work. In this type of work the rhythms, the discipline and the control of processes and techniques were worlds apart from their agricultural labour. Tawney and other illustrious historians have convincingly described the long struggle of manufactory-owners (nearly always supported by politicians and intellectuals) to force the ex-peasants into the discipline of manufacturing. The history of workhouses and of the policy towards beggars coincides in part with the history of this struggle.¹¹

In Spain, too, the problem was more serious than in the rest of Europe, but for different reasons from those in England. The feudal lords gained control of lands not through a capitalist-style private takeover, but thanks to the extreme reinforcement of their feudal supremacy. They used all means available to expropriate the fields of smallholders and peasants under intensive cultivation; they prevented the establishment in Spain of woollen mills (and thus of the other factories that would have followed) because they found better prices for their wool abroad; they obtained in various ways – often fraudulently – very broad tax exemptions, which, added to the total exemption enjoyed by the vast properties owned by the Church, forced the State to put pressure on the productive classes, pushing most of them into bankruptcy.¹²

Merchants, artisans and farmers became weaker and weaker, dogged as they were by the combined greed of the devourers of wealth. The latter came in three types: the Spanish State, constantly looking for money for its endless wars; and its tax-collectors, who were actually usurers with an official licence. Then there were the landowners, who were ravenous, being addicted to ostentatious waste. And lastly, there was the swarm of middle-class parasites, always on the look-out for some form of income (see Chapter 8). While the English beggars were the sad product of capitalist development, those in Spain were generated by the block on growth and by that dramatic leap backwards which has been called the re-feudalization of the Spanish economy.¹³

In both cases the increase in begging could not be ignored, first by the legislator and later by the thinker. Around mid century, two parties emerged in Spain with opposing views on how to deal with the problem of beggars. One was based on the medieval idea of the pauper, and did not realize that the begging of the day was a completely different matter. The other, more modern, view acknowledged that begging had become a social problem. But these two approaches had a common failing: they did not connect the problem of begging with the increase in employment and in economic growth.

In England, on the other hand, this connection was made from the begin-

ning, both in the writings of intellectuals and in the laws made to try to eliminate begging. The policy adopted in England led to a rapid increase in manufacturing and ultimately made a powerful contribution to overall economic growth. In contrast, the policy that prevailed in Spain was one, and not the least important, of the causes of the country's economic decline.

The first Spanish poor laws

The first rise in begging in medieval Europe was due to the flight of serfs or errand-boys from their feudal or corporative obligations. Fourteenth and fifteenth century Spain saw the first of a series of laws, which became a plethora, against begging. In the second part of the thirteenth century Alfonso el Sabio, in *leyes de Partida* laid down that no alms were to be given to able-bodied beggars, in order to force them to work. In the mid fifteenth century King Pedro banned the able-bodied from begging, defining them tramps and wastrels (*vagabundos y holgazanes*) or the false poor, who are distinguished from '*verdaderos pobres*' (the real poor).¹⁴

There was an important law in 1387, promulgated by Juan II during the Cortes (Parliament) of Briviesca, which served as model and reference point for later measures. It states that the kingdom suffers great harm from the presence of many '*vagabundos y holgazanes*, who could work and live by their own sweat, but do not. They not only live by the sweat of others but they also set a bad example.' Many of these, though beggars, are able to buy property and land, on which, however, they do not work. The law states that these tramps can be forced to work free for a month by whoever wants to take them on, receiving only food. If nobody wants them, they will either receive 60 lashes or be expelled from the city. It also states that the courts which do not enforce this measure will be fined.¹⁵

This law was followed by many others. The 1400 law ordered the cutting off of ears followed by death for beggars who were repeated offenders. The fifteenth century laws repeat the same measures. From the 1520s on, under Charles V, the Cortes' demands to the king for measures on begging became more and more pressing and precise. The king generally granted these requests or at least repeated the bans introduced in 1387.

In 1523 a request by the Cortes was granted, not only for the 'false poor' to be punished, but also for the 'real poor' to be banned from begging outside their own territory; outlying institutions were given the duty of maintaining the poor of the area. The 1525 law ordered the establishment of a alms-house (*hospital*) in every municipality, to take in the poor, the sick, the aged, and abandoned children. It also introduced the *cedula*, a document serving as a licence to beg and as an identification certificate for the pauper. The document was to be issued by the pauper's parish priest, after a thorough examination of the real state of poverty and disability. This law repeated the sanctions for authorities who failed to apply the measures. The 1528 law more or less repeated the same things.

In 1534 it was established that every city would appoint an official, who, with the assistance of a civil servant, would check the possession of *cedulas* and expel from the city those without documents. The law repeats the prohibition on begging outside one's area; the punishments for able-bodied beggars; the admission of disabled beggars to *hospitales*; and the placing of children in a tradesman's workshop, to put them to work.¹⁶

The growing severity of these laws is a measure of their ineffectiveness. As Sempere says, laws do not become a better deterrent because of the severity of the punishment but because of the certainty of their enforcement. 'The more severe they become, the more ineffective and unenforceable they are.'¹⁷

Nevertheless, in these documents, the call to the necessity of work remained vague and was never turned into a precise public programme of job creation. The Spanish intellectuals and politicians realized that the issue of the poor had become a serious social problem, and was no longer simply a moral and religious question as it had been in the Middle Ages. They were hampered, however, by two crucial limitations in their approach. First or all, they believed they could deal with the problem using the same traditional theoretical instruments. These consisted of the individual ethics of charity and alms-giving. These instruments could not but be inadequate for the handling of the new social problem.

The second limitation was this: right through the sixteenth century, even the Spanish thinkers more open to the modern sensibility were unable to see the thoroughly economic nature of the social problem of begging. In particular, they did not connect the problem of begging with the phenomenon of economic growth, of the increase in production and exports.

It was not until 1600 that Gonzáles de Cellorigo first connected 'idleness' with forced unemployment. In 1610 Pérez de Herrera put the question of beggars into the mercantilist analysis of the Spanish economic crisis and its remedies; by doing so he turned it into a problem of employment. And in 1619 Moncada stated clearly that the rise in begging was due to an increase in unemployment.¹⁸ But 80 years had passed since the English had expressed similar ideas. Meanwhile Spanish economic take-off had already failed.

Luis Vives

An emblematic example of these two limitations was the first study in Europe on the problem of the poor, by the great humanist Luis Vives.¹⁹ In 1526 Vives advocated a highly innovative public programme aimed at providing work for all the poor. The motivation he gave for this proposal, however, was not an economic one. Vives' work, in two books, was written on request of the Flemish city of Bruges. It is a brilliant synthesis of all the theoretical and practical aspects of the social problem of the poor and begging. Written both in Latin and in Spanish, it was soon translated into the main European languages. It remained a fundamental reference point for those who later

dealt with the question, at least in the Romance language countries. This work contains all the theses on the poor which would be repeated by later authors.

In the first book Vives deals with the question in the traditional sense: the individual's duties towards the poor. But there are already important innovations here. In the first place, after a philosophical introduction on poverty and charity, the author gives a most effective description of the importunate and often arrogant nature of begging. These aspects are favoured by idle habits, sometimes voluntary, and by the fact that living by begging borders on and at times gets mixed up with crime (I.5: 1365–68). These criminal leanings are linked, moreover, to the habit of inflicting mutilations on oneself and one's children to arouse pity in passersby (p. 1366b).

Vives harshly condemns idleness and exhorts work; he criticizes ostentatious waste on luxuries and banquets, which 'are absurdly considered virtues for the nobility'.²⁰ But this criticism, which may sound culturally modern, is then linked to a set of typically medieval ideas: the attack on money as a source of corruption (I.7: 1370–71); a rather extreme interpretation of the biblical teaching of not accumulating riches and not worrying about the future (I.8); and finally a radical egalitarian principle of Christian origin (I.8–9). It was not by chance that Abellán wrote that Vives and the Spanish humanists kept a medieval mentality.²¹

In two places Vives' argument is even more clearly at odds with the modern vision. He develops an idea from the Song of Solomon, where there is an attack on those who work tirelessly, only to leave their wealth to an heir, probably idle (pp. 1376–77). Then he takes up with great force the Platonic and Patristic criticism of the concepts of 'mine' and 'yours', on which the private appropriation of wealth is based (pp. 1378–79). In another passage, of an excellent polemical tone, Vives writes: 'I insist on calling thief and robber he who wastes money gambling, he who keeps it at home locked up in miserly safes, he who throws it around on parties and banquets, or on too-costly clothes or on a show of jewels, gold and silver; and also he whose clothes rot at home, or who uses up all his possessions buying superfluous and useless things, or building vain and ambitious constructions. In short, the thief is whoever does not share his excess wealth with the poor' (p. 1380a–b). This radical tone, of medieval reminiscence, recalls what Abellán defined the latent Christian communism of the time.²²

In the second book, devoted to public policy towards the poor, Vives puts forward his main proposal: to reorganize the old charity institutions, the *hospitales*. The principle of the reorganization is work: 'que cada uno coma su pan adquirido por su trabajo' (each should eat the bread earned with his work). Nobody, he adds, must live in idleness in the city. Even the aged, the blind and other invalids can perform certain jobs compatible with their handicap. The *hospitales* must be emptied of the leeches who, though able to work, do nothing. Those who spend their time gambling and in taverns must be castigated; but it is also necessary to control the sons of the rich, so that

they do not spend their time idly. Nobody, insists Vives with a rigour worthy of Erasmus, has the right to live in idleness.²³

There is certainly no shortage of factories to employ the jobless. The public authorities, he continues with typical economic naïvety, should allocate a certain number of unemployed to each factory. There must be transparency in the financial administration of the *hospitales*. Children must be educated and taught a trade. Officials need to be appointed to administer the collection of alms and their use. All this will make the poor into ‘well-fed, well-trained, useful citizens who are attached to their homeland’.²⁴

But beside this modern view, in suggesting different sources of funding for the *hospitales* (not excluding that of imploring the rich to help the poor in the name of God), Vives forcefully states two principles of the Patristic and medieval tradition: the first is that nobody must be forced to finance this social programme, since alms-giving must be ‘absolutely free’; the second is that we must not think of accumulating, for heaven will provide all we need (II.6: 1402). Finally, he believes that alms should be collected on behalf of those paupers who are ashamed to beg (the *pobres envergonzantes*: II.7).

Vives, in spite of everything, remains bound to the medieval concept of begging, and this is what makes his modern proposal of solving the social problem of the poor through work an ineffectual one.

The clash over the reform of alms-giving

Around the middle of the sixteenth century, massive imports of gold and silver from America caused galloping inflation in Spain. The Spaniards, rich in gold and poor in goods, turned to buying madly from abroad, where prices were lower than at home. This was the fatal blow to Spanish industry. It lost both the domestic market (except the semi-parasitic colonial market, where a monopoly was in force) and capital for investments. In fact, after having destroyed the domestic market, gold was collected from foreign markets. Inflation, in short, was the *coup de grace* for the productive classes: merchants, entrepreneurs, retailers, small farmers and labourers, artisans and wage-earners in factories and commerce (see Chapter 8).

Unemployment worsened rapidly and begging spread. Throngs of people stood around idly, waiting for the distribution of meals by the convents. The latter gave out alms limitlessly and indiscriminately.²⁵ Many disguised themselves as pilgrims for Santiago. Many others actually mutilated their children to arouse pity. Pilgrims and beggars organized themselves into brotherhoods, with regular meetings held to defend their rights.²⁶

After a long series of poor laws, finally in 1540 the king issued a solemn document, the so-called *Real Cedula* or *Sobrecarta*, addressed to all the authorities and city-councils.²⁷ It quotes long passages from the 1387 law and from the laws signed by Charles V in the previous years. The royal document then complains that these measures are not enforced and that the phenomena that

gave rise to them still exist (it gives a complete list). For this reason, concludes the document solemnly, we are issuing this paper; so that its norms may be obeyed by all, so that all may know and no-one can claim not to (the implication is that the problem of uncontrolled vagrancy is due to the laziness of local authorities).

Next in the document comes the paper the *Cedula* refers to, entitled 'Instruction on the implementation of laws concerning the poor'.²⁸ This *Instrucción* reformulates organically all the measures on the subject: (1) Permission to beg only for the *real poor* and only in their territory (with growing punishments for recidivists). (2) Thorough examination of the poor, with licences (*cedulas*) issued only to those who really cannot work. (3) The licences are valid only for one year and are to be issued at Easter only to those who confess and take holy communion (the licence must state who administered these sacraments to the pauper). (4) Parents cannot put children over five out to beg; the ecclesiastic or civil judge must see to it that these children are placed in service or with a tradesman to learn a trade. (5) Pilgrims going to Santiago de Compostela can beg only if they are along the 'official' road to Santiago. (6) Also, friars must have permission from their superiors to beg. Students can beg only with permission from the Rector of their university or school, or from the ecclesiastic judge in the university town. (7) City Councils, collaborating with the local court, are to appoint officials to check that these regulations are obeyed. (8) For the *pobres envergonzantes*, civil and ecclesiastic councils and courts are to appoint some pious persons (*buenas personas*) to collect alms on their behalf and distribute them. The success of this, says the king, will be entrusted to these pious persons ('encargamos las consciencias'). (9) Officials must provide the *hospitales* with more funds, so that the poor can be fed. As one of the ways to make the *hospitales* work, the regulations again indicate that pious persons are to collect alms to this end.

This set of regulations shows how deeply rooted the culture of alms-giving was. It embraced not only the customary paupers and unemployed, but also friars, pilgrims and university students. The particular attention towards the poor of high status, who feel ashamed to beg, was already present in the Christian Fathers (for example, in Ambrose, Leo the Great) and in the early scholastics. Ricci has given us a vast and detailed documentation on this subject. The question was based on the criterion, common to all medieval authors, that consumption – and therefore alms – must be in proportion to the different social classes of the poor. During the Middle Ages charity was organized for them.²⁹ In the fourteenth century, says Ricci, people who were unable to maintain a standard of living appropriate to their status increased rapidly.³⁰ This was probably due to the fact that the economy was becoming more and more dynamic, and the old privileged classes faced growing difficulties.

In sixteenth century Spain the problem was increasing, because of the paralysis of the social structure. The values of the aristocracy had remained

dominant, and had indeed spread through all those connected to this class, to its clients and all the subspecies. One of these values was, needless to say, the contempt for work. The frenzy for American gold and the money-worship that resulted, had not only failed to produce any dynamism in the economy, but had also instilled this disdain for work even more into the middle classes. All the classes with the slightest connection with property-owning, however trifling, with the civil service or the professions found it undignified to look for manual or commercial work even in cases of extreme need. They became, in these cases, *pobres envergonzantes*. The phenomenon was accentuated by the fact that the very strict primogeniture system (which left all a noble's possessions to the eldest son and nothing to the others) created a great many poor nobles.³¹

There are dramatic documents illustrating this culture. The bishop of Leon, for instance, in a letter to the king in 1602, piteously describes the mass of barefoot, naked nobles in his city, who sleep on the streets and rely on the charity of the churches. Domingo de Soto says that poor people 'of good breeding' cannot demean themselves by doing humble or tiring work; they have, however, the right to beg and to receive alms from others. As Ansiaux wrote, the *hidalgos*, the noble younger sons, prevented from inheriting, formed an army of wretches 'who believed that they could do everything, except work'.³²

The 1540 regulations began to be applied at Zamora in 1543 by order of the Benedictine abbot Juan de Robles, known – then and after – as Juan de Medina, under the protection of the cardinal of Toledo. The order issued in Zamora had the support of most of the theologians of Salamanca, and it was also extended to Valladolid.³³ In 1544 the *Real Cedula* and *Instrucción* were reprinted in a collection of laws; they inspired all the subsequent poor laws, and were finally republished with other poor laws in *título* 12 of the first book of *Recopilación*,³⁴ the collection of laws ordered by Philip II in 1567. This experiment immediately became a subject of controversy. In 1545 a famous theologian from Salamanca, Domingo de Soto, criticized it for its general view and its various points (making out that he believed the royal document that inspired it, the 1540 *Instrucción*, had actually just been added by some secretary³⁵). Just a month later, Medina's reply appeared.

The two texts were republished in the 1700s, when Enlightenment reform was in full swing.³⁶ In 1775 a great economic reformer, the count of Campomanes, collected into four volumes the economic writings of the past, in order to use their authority to advocate his own plans for the country's industrial development. The second of these volumes is devoted to the creation of 'patriotic schools', public institutes where children would receive primary education and training in a trade. In the lengthy introduction, Campomanes repeatedly quotes, with great praise, Medina's attempt. He interprets it as the beginning of a policy of employment and growth; he regrets its failure, due to the 'envy' of some and to the stubborn resistance to the new, which had then existed in Spain and still existed in his own time. Campo-

manes' interpretation, taken up soon afterwards by Sempere y Guarinos, was handed down to all the later historians.³⁷

As a matter of fact, Campomanes correctly evaluated the cultural significance of Medina's plan, but overestimated its capacity to promote employment and growth. First of all, he attributed to that earlier period the typically Enlightenment attempt to base all growth on the education of the people, both primary and technical. Second, it is true that Medina, like Vives before him, foresees primary schooling and training in a trade for abandoned children (5: 209–10); but at no point in his text does Medina state that the aim of this or other measures is to create employment and promote economic development.

Let us look at the details of this debate. Soto's brilliant criticism of the reform project is based on the solidest scholastic tradition and on a culture that is still fully medieval. Soto agrees that vagrants should be punished. This is based on the traditional condemnation of idleness on the part of Christian but also classical authors (Chapter 3). However, he contests the ban on begging outside one's own territory, a ban that affects those he significantly calls the 'legitimate poor' (3: 23; Chapter 4). Not surprisingly, the first defect in this regulation, according to Soto, is that it is new. If it were a good idea, it would certainly have already appeared among authors of the past. Instead, the tradition of the law – be it divine or natural or positive – has always sustained freedom of movement. Moreover, alms-giving is an act of charity. Therefore it cannot be, on the basis of the tradition of the Church Fathers and the Scriptures, an obligation for anybody (4: 33–37; 11: 108–09).

Soto then appeals to the tradition of solidarity, which plays such a large part in medieval social culture. Hospitality is sacred; the State is like an organic body; within it the richer parts must help the others to maintain their poor. Hence the necessity of freedom of movement.³⁸ Soto, the Dominican, dusts off the medieval polemic between mendicant orders and their critics, saying that the plan for reform reveals hatred for the state of poverty, which is presented by the Bible as a privileged state (Chapter 7). In accordance with the ideals of the Church Fathers and the Scriptures, he defends the pauper and strongly distrusts the rich man, but he does not expect changes in their social relationship. These two categories have complementary roles in the practice of charity (Chapters 8–9). He goes so far as to say that for the rich it is more damaging to lock tramps up than to let them roam. He explains this statement, however, by saying that without tramps, the rich cannot practise the virtue of charity (7: 59–60).

With this approach, Soto manages to make every ban, limitation or control on begging look like an unjust harassment of the weak (chapters 10–11). Look, he exclaims, at how many examinations, checks and licences a pauper is subjected to every time he comes into the city for a crust of bread (p. 113). More generally, he rejects any attempt to subject any activity connected with alms-giving to regulations or organization, considering it an infringement of the free practice of virtue or of freedom *tout court*.

In response to this headlong attack against any change, Medina's defence seems weak at times, since he tries to base it on the same arguments used so forcefully by Soto. In spite of his attempts to hide it, Medina's modern spirit surfaces more than once. As a good Benedictine, he believes that work is essential for a dignified life; but apart from this, he describes the humiliation procured by the practice of begging and insists that 'it is more in accordance with God's will that no-one should need to beg'.³⁹ His attack on beggars comes from his distrust of the culture of alms-giving. He accuses the false poor of stealing alms from the real poor, and he repeats Vives' accusation that many beggars inflict injuries and diseases on themselves and their children to get better alms.⁴⁰ Moreover, when he argues that centralized alms-collection is preferable, Medina calls to mind a sort of solidarity tax (though neither he nor anyone else in Spain would ever express this idea). He also says that a State in which only a few work, with many living off the work of these few, is necessarily poor, or is not rich as it could well be (6: 304).

But where the modernity of Medina shines is in the passage we have already quoted (see page 75), in which, referring to an extract by Alexander of Hales he states that human laws try to make the society rich; to enable the citizens to increase their possessions through work; to ensure that many are rich and that few or none are poor (pp. 185–86). Here the modern values of hard-earned well-being, of plenty in peace, of the autonomy of earthly ends and means, are actually contrasted with the feudal values of strength and military courage, of material poverty and the absence of desire. From this modern mentality comes Medina's plan that the administration of alms and charity donations should be delegated to public institutions. He illustrates and defends one by one all the regulations in the royal document of 1540, and imperceptibly leads the reader to a conclusion: once sufficient public assistance is guaranteed to people really in need, then what was previously free begging will become illegal, since those who have already received all they need will not be allowed to beg (pp. 243–58).

Nevertheless, Medina almost always seems to be on the defensive. For instance, he does not confine himself to stating that his plan is in harmony with 'divine law and the apostolic tradition'; which is obvious. As Campomanes notes with disappointment, he is forced to maintain, against all the evidence, that his plan is not an innovation; all so as not to upset the dominant conservative spirit.⁴¹ He is at pains to repeat over and over that alms-giving can only be voluntary, and that the plan he is defending does not eliminate the opportunity – seen as essential – to ask for and give alms (pp. 187, 250–71).

In conclusion, Medina, like Vives, does not go so far as to regard his plan as the basis for a more modern operation: the building, at public expense, of factories where paupers and vagrants are brought, by force if necessary, to work and produce. The insistence of the laws and authors of sixteenth century Spain on able-bodied paupers' duty to work was never translated into a concrete indication of how or where they could find work.

Other failed attempts in Spain

Soto's followers

The public document of that time which was nearest to a modern view on the subject is the *Petición* (petition) 122 issued by the Cortes in 1555.⁴² It actually aimed at the work of the poor. It urged the creation in every municipality of a 'Father of the poor' with the task of finding them jobs in factories or public works. This is because 'those who are not inclined to work use the excuse that nobody will take them on'. Despite this, not only does the charitable approach remain, but there is still no productive plan. In 1565 a collection was made of the 13 previous poor laws ('Recopilación'), and local authorities were allowed to appoint an official to organize assistance for the *real poor*. But in 1590 a new decree against vagrants shows that the earlier ones had had no effect.⁴³

However, even though the innovators did not have a real programme of economic development, the clash was no less extreme. Domingo de Soto managed to get a declaration from the Council of Trent (the Council of the counter-reformation, which began in the same year as the dispute between Soto and Medina) that the ban on begging was heresy.⁴⁴ The theological underpinnings of this position are to be found in a 1555 treatise by the Franciscan Alfonso de Castro, who attacked the Protestant principle of justification (salvation of the soul) through faith alone. 'Faith,' answered Castro, 'saves only through charity' – in other words, through good works, including alms-giving. It is not enough to emotionally reject possessions; the separation has to be real.⁴⁵

In 1564 Lorenzo de Villavicencio, an Agostinian, launched a violent attack on Vives' thesis, connecting it with the problem of Protestant justification. He attacked the city of Bruges (Vives' city) because it banned unauthorized begging.⁴⁶ Villavicencio maintained that the book by Vives and the one that had come out in Bruges in 1562 under the pseudonym of Lycurgus Solon (see below) were heretical. They supposedly reflected the 'pagan' tradition opposed to beggars, upheld by Wycliff, Luther, Melancthon, Calvin, etc. (pp. 139–41, 148–259). He added that the desire to transfer the task of assisting the poor from the church to the state stemmed from the expropriation of church property carried out by the Protestants (pp. 142–48).

In 1590 another scholastic, Pedro de Aragón, again put forward the entire approach of traditional theology, as Soto had already done: the positive right to private property cannot be placed before the divine and natural right to survival. Private property therefore has a social function, which recognizes the pauper's right to receive alms and the rich man's fundamental right to give it.⁴⁷ On the other hand, the Franciscan Gabriel de Toro defended the freedom to beg with simple arguments for the masses.⁴⁸

There is no point in continuing with this long list of Spanish scholastics who defended the right to beg. The analyses by Troeltsch, Viner and others

have confirmed that policies on alms-giving bitterly divided Protestants and Catholics. A few decades ago, harsh criticism was still coming from the Catholic world about the use of the poor in production (like that of Fanfani), made in the name of solidarity. Fanfani gave the example above all of England.⁴⁹

The Spanish authors expressed a widespread fear of social change. A symbolic conclusion to the clash is to be found in the bulky, banal treatise by Mathias Aguirre of 1664, entirely devoted to begging, and exuding erudition and rhetoric. This work shows that the debate was over, the innovators having been defeated and the tradition confirmed: wariness towards the rich and their duty to give alms; a privileged status for the pauper; extra care for the poor who feel ashamed.⁵⁰

Innovators of the sixteenth century

Before Vives, in 1522, Francisco Ripa had denounced the tricks of the false poor, and asked that beggars be employed in public works.⁵¹ However, he also sustained traditional ideas: the state without paupers is not perfect; a noble beggar, who is not used to labour, cannot be forced to work; a noble is poor even if he has a hundred gold coins, since this is not enough to maintain his status.⁵² Villavicencio quotes several passages from the book signed by Lycurgus Solon. In them the author makes a distinction between the poor and tramps. The latter should be put in workhouses. Those unable to work can only beg with a licence, in their own towns and at certain times. In another remarkable passage, the author accuses traditionalists of putting their own private interests first, and of forgetting the public interest of maintaining the poor. It is probable, however, that this book is the one the Goldsmiths' Library Catalogue attributed to A. Wijts, written in Latin, published in Bruges in 1562 and addressed to the bishop and senate of the city (we have not had time for thorough collating). At any rate, Wijts's work does not seem as biased as Villavicencio says; in fact, it seems to run with the hare and hunt with the hounds.⁵³

Among the innovators, the Catalan canon Miguel Giginta, who wrote numerous works on poor-relief, was very well known (at least four of his works were published between 1579 and 1584, and at least one unpublished). In 1578 one of his programmes was recommended by the Cortes but was not passed.⁵⁴ He reworked the project and put it forward at every opportunity. He suggested setting up in every municipality *casas de misericordia* (alms-houses) to accommodate the poor and make them work, more or less voluntarily (this aspect changes in the various projects). The poor were to be maintained by the voluntary alms collected by certain authorized poor. Free begging was therefore forbidden. Giginta gets bogged down in generic, repetitive sermons on helping the poor, or in extremely detailed, useless prescriptions, typical of the *arbitristas* (see the next chapter). He tried to keep everybody happy, but ended up pleasing nobody. He never mentioned Vives

or Medina, and wrote that his project was in keeping with what Soto, Toro, and even Villavicencio said.⁵⁵ According to him, the Council of Trent had passed a project similar to his; the pope had put it into practice and sovereigns approved of it.⁵⁶ He himself wondered why there were so many people opposed to it. He gave the fatuous answer: ‘unos . . . por zelo, otros por celos, y otros por recelos’ (some out of zeal, others out of jealousy, others out of distrust).⁵⁷

Awareness and decay in the seventeenth century

In the seventeenth century economists became aware of the economic crisis and finally interpreted begging as an element in this crisis. But by that time Spain’s economic take-off had fizzled out, and the ‘decandecia’ had begun.

The best-known follower of Vives and Medina is the court doctor Cristóbal Pérez de Herrera. Among a great number of works on the country’s social and economic problems, he published between 1595 and 1617 a very long series of works on the policy towards beggars. In 1595, five treatises on the poor came out, which repeated previous tracts.⁵⁸ One of these – *Discurso del amparo de los legítimos pobres, y reducción de los fingidos* (Discourse on the sheltering of the real poor and restriction of the false poor) – put forward the main proposal also found in the others: set up a police control of the poor; take in and care for the disabled poor in poorhouses; force the able-bodied either to work or go to jail.⁵⁹ Boys over eight also have to go to a craftsman’s workshop, and girls into service. After the age of 14, boys should join the army. But they should also be educated so that they can find work.⁶⁰ On other points, Pérez de Herrera deals at length with the usual detailed and useless prescriptions.

In 1598 Herrera published some official documents written in favour of his proposal. As well as a short declaration by theologians and teachers, there was a *Carta* by Alonso de Barros, which stated that Naples and Turin had already started putting the false poor to work. He also wrote that the expectation of a reward was the best incentive to work.⁶¹ There was also an *Instrucción* of 1597 sent to 50 cities in the king’s name, in which the *Real Cedula* of 1540 was repeated. This is probably why historians have recorded that King Felipe II was prepared to adopt Herrera’s thesis as the official position of the State, and would have done so, had he not died in 1598.⁶²

But Pérez de Herrera persisted. He tried to convince the new king, Felipe III. In fact, in 1608, never tired of repeating himself, he reworked all his previous proposals. In 1610 he wrote the deepest treatment of his theme.⁶³ In this text Herrera begins by denouncing the two causes of Spain’s malaise. The first is made up of several factors: the great idleness of ordinary people; the many false paupers who beg; the many foreigners (who, he implies, monopolize trade). The second is the great consumption of superfluous things. These causes of malaise must therefore be eliminated; agriculture

and wood cultivation must be developed; manufacturing must be promoted, by bringing hard-working people into the country.⁶⁴

The first subject the author deals with is beggars: tramps must be forced to work, by being placed in specifically planned public poorhouses.⁶⁵ The rest of Herrera's book is devoted to intelligent proposals of political economy, similar to those of many other Spanish mercantilists (see chapter 8 below). What is most important is the connection he made between the problem of begging and the problem of growth. But, as soon as this connection was made in Spain, it vanished, apart from another appearance in a text by Herrera himself of 1617, where he repeated the same ideas as in 1610.⁶⁶ Indeed, neither the Spanish economists (who were very perceptive in analysing the social causes of the economic crisis) nor the authors writing on the poor were able to see this connection.

Other authors, too, called for the false poor to be put to work. In 1608 Castillo de Bobadilla, Fiscal de Valladolid, published a huge guide for local judges. He stated that the judge who protected the poor from the bullying of the rich was not biased; but he also laid down the duty of working and the control of begging by those unfit for work. Pedro de Valencia and Zeballos also demanded repressive measures. The former, in addition, stated that the disabled were capable of doing some jobs; Zeballos complained that the false poor did not pay taxes on income from alms.⁶⁷

Reasons for failure

The lingering medieval mentality in Spain hindered any greater awareness. This insurmountable cultural barrier can be seen in the extreme caution of the innovators. Even Pérez de Herrera puts on a show of adhering to the principles of the Council of Trent and to tradition. He had to rebut to objections to his project, which were incredibly petty and trivial.⁶⁸ But this stubborn resistance was caused not only by the theological tradition. There was another reason – the interests of the great landowners. These two types of opposition to the new were two sides of the same coin. First of all, as we understand from an episode reported by Giginta, the landowners – who dominated the economy and therefore the culture of the time – did not want to lose the extremely cheap workforce of free beggars.⁶⁹ But above all, they wanted to prevent the poor from being used in agriculture and in wool processing (which was a natural outlet for forced labour), since their profits came from the free grazing of sheep, without the constraints imposed by farmed land, and from the export of raw wool. It was in fact this 'economic policy' that ruined the country (see chapter 8).

Thus the aristocracy could not accept a treatment of the poor that might transform the latter into human capital, in other words into a workforce available for modern production. In this sense landowners were simply opposing the transformation of a feudal society into a capitalist society. The only classes that could benefit from the labour of the poor were entre-

preneurs, merchants and master-tradesmen. But we have already seen that these classes were now severely weakened, both economically and politically, and were not able to influence decisions affecting society.

Besides these issues, the Spanish State was obsessed with the need for men for its interminable wars and with the need for money to pay these men. Therefore, instead of using the poor for a policy of economic growth, it preferred to force them into galleys. There is a letter of 1607 from the king to his regent in Córdoba which says that, considering the lack of sailors for the royal armada, it is opportune to use 'poor boys from 12 to 15 years of age at present in the *Casas de la Doctrina* (houses of education) in the cities and the country . . . likewise the tramps who are in these houses'. Another letter to the Duke of Medina-Sidonia issues this order to subordinates. Campomanes tells us (in an approving tone) that Philip II had done the same thing; and that a law of 1667 set up a house for boys in Cádiz precisely for this purpose.⁷⁰

Finally, there was also a socio-cultural problem. For a society dominated by the aristocracy, the figure of the free beggar who relied on the freely given charity of the rich man was culturally indispensable; every attempt to change the beggar into a person merely assisted by public poor relief would have actually destabilized the social balance. Public reorganization of alms-giving would have deprived the rich man of the aura of a benefactor who voluntarily offers help; not only the poor but also the public institutions looking after the poor would have ceased to be dependent on the rich landowners. In short, public poor relief would have de-legitimized the aristocracy and its parasitic rents.

Ultimately, what blocked public assistance to the poor were the same factors that condemned the entire Spanish economy to centuries of paralysis. We can only acknowledge with astonishment that two and a half centuries later, Campomanes (in 1775) and Sempere y Guarinos (in 1801) were still calling for the same measures for the poor that had been put forward in vain by Medina and Pérez de Herrera.

English poor laws to the mid 1500s

In England the question was much simpler. English sources do not reveal anything like the dramatic clash that we saw in Spain. They also show that there was total agreement between the policies adopted towards the poor and theoretical reflection on the problem. The only real point of debate was how the enclosures should be judged, as we shall see. But on the issue of the poor, laws and regulations, practical policies and theories gradually converged towards two shared convictions: first, the need to assist the poor through public institutions; second, the importance of using beggars and tramps to increase domestic production and enable it to beat foreign competition on the English market.

Simplifying for convenience' sake, we can say that the attitude towards the

poor between the last centuries of the Middle Ages and the end of the 1500s went through three phases. In the fourteenth century (the first phase) official measures on beggars and vagrants followed a generally repressive reasoning. The intention appears to be that of putting down the various attempts by serfs to shake off their feudal bonds, and the attempts by tradesmen's apprentices to escape from the exploitation of the heaviest and worst-paid jobs. Homelessness was obviously increased by these attempts, which the laws tried to prevent by repressing vagrancy.

Two laws in the 23rd year of Edward III's reign (1349) allowed tramps to be taken and forced to work, to be fed on bread and water, or to be thrown into prison; they forbade the giving of alms to beggars who were capable of working. In 1383–84 (the 9th year of Richard II's reign), judges were ordered to examine tramps and 'bind them to their good bearing, or commit them to prison' (here and below the spelling has been modernized, except for Starkey).⁷¹ Along with these measures to suppress begging, there were many others which all followed the same general reasoning of preventing runaways. Some of them made it impossible to raise wages for certain categories of manual workers; others punished villains who tried to abandon their workplace and liberate themselves; yet others set down strict limits on the way various categories of tradesmen can dress, etc.⁷²

However, towards the end of the fourteenth century, to these repressive measures were added laws containing measures for assistance. This marks the beginning of the second phase in the history of public policy on the poor. In 1388–89 an order was issued to control foreign vagrants, who must have a certificate with permission to stay; and to punish beggars who were able-bodied. But in the same year, and again in 1391–92 and in 1402–03, it was ordered that provision should be made for poor relief, either by using part of the money from the purchase of benefices and livings or in some other way. Henry VII signed a decree in 1494–95 and an Act in 1501–02, which besides repeating the punishments for beggars and vagrants, regulated the opening times and the running of alehouses, often the scene of brawls between idlers.⁷³

But in 1496 another Act from Henry VII softened the harsh measures of previous legislation: vagrants and idlers were to be punished with five days' jail, instead of the galleys. Recidivists were to get six days and those who gave them meat or beer were threatened with a fine. Beggars unable to work had to stay in their own territory. University students begging without a letter from their Rector were to be punished.⁷⁴

In the first half of the sixteenth century, begging also spread rapidly in England. Apparently this was due to the increasing enclosures; although the actual effects of enclosures on development and on the different social classes are still being debated. Later, this spread was also due to the closing of the monasteries, which had provided a great deal of alms. Eden informs us that by 1488 the laws already showed concern for the disappearance of small farms and the expulsion from the countryside of the poorer farm labourers. These

measures sought to contain the phenomenon of the capitalization of agriculture, banning for instance the demolition of houses standing on 20 acres or more of cultivated land.⁷⁵ But the powerlessness of these steps is evident. Intervention by the State aiming not to prevent, but simply to slow down, enclosures continued right through the sixteenth century and beyond. This was in fact stimulated by the very frequent complaints accusing the enclosures of depopulating the countryside and impoverishing the kingdom. In 1597 a law was made with provisions for the return of the enclosed fields to the old feudal jurisdiction, so that they could revert to their original purpose, namely maintaining poor farmers.⁷⁶

This legislation, in reality, did not seek simply to protect poor farmers. It aimed to save the old feudal lords, who were often forced to give up larger and larger bits of their land to the classes with an entrepreneurial mentality (the gentry, the middle class of professions and civil service, and merchants). These modern classes also benefited from the liquidation of the huge monastic estates. But the feudal nobility and its way of life had already been under siege from all sides for two centuries. The long-running war between the houses of York and Lancaster had decimated the number of old nobles. The rampant economic advance of the up-and-coming classes tied to commerce and manufacturing undermined the feudal barons and forced them into an impossible contest of ostentatious luxury, which ruined estates based on land rents. At the same time, the more advanced members of the nobility had opted, as Eden notes, for a life of greater comfort (thus encouraging the production of artisans), instead of 'the coarse enjoyments of baronial splendour' which were a source of idleness and disorder.⁷⁷

Therefore, in spite of legislative action against enclosures, the process of transforming agriculture into capitalist production accelerated rather than stopped. The drain of population from the countryside, of which the Commons so complained, was an obvious (and, in the long run, positive) outcome of the increase in agricultural production. At the end of the day, English monarchs were far more concerned with helping the unemployed and fitting them into manufacturing work than with preventing enclosures and the modernization of agriculture. This caused poverty and unemployment among the poorer classes.⁷⁸ The Tudor Economic Documents collection provides us with an impressive quantity of writings which testify how dramatic was the situation and the concern about it. There are literary essays and tracts for the relief of the poor; legacies in favour of the poor; and a long series of official documents, letters, orders, etc. for the same purpose.⁷⁹ On the basis of similar documents, Jordan described the widespread concern and the close net for the poor relief that the emerging entrepreneurial class implemented.⁸⁰ Also a huge quantity of documents shows that prices were put under control, to help the poor to survive.⁸¹

On the other hand, the well-being of the middle classes, which had already grown substantially in the last two centuries, was consolidated.

England was ready for the take-off of manufacturing and intensive agriculture; and this meant it was ready to transform at least some of its beggars from a 'charitable resource' into a productive resource.

In 1530, the first law on beggars issued under Henry VIII repeats and formalizes the old distinction between the poor who are unable to work, on the one hand, and vagrants and idlers who beg, on the other. Magistrates, says the law, must examine beggars, identify those of the first type, record their names, and issue them with a licence to beg within certain areas. Beggars of the second type are to be whipped until blood is drawn, and sent back to their birthplace to work.⁸² This Act was followed by others, which complained of the increase in beggars and repeated the punishments for voluntary idlers; but above all they indicated steps for the organization of relief for the disabled.⁸³

Gradually the idea took hold that such assistance from the institutions was compulsory. Consequently, alms-giving, which had originally been quite voluntary, changed its nature. It became first a contribution, still voluntary but requested more and more insistently by the representatives of the public authorities. Finally it was transformed into a real tax for the poor.⁸⁴ Henry VIII issued Acts containing this approach in the years 1534–35, 1535–36 and 1538–39. The first of these Acts (in the 27th year of Henry's reign) shows that the third phase in the history of legislation on the poor had begun: the phase that systematically organized both public assistance for the disabled (no longer simply relief) and the use of the able-bodied as human capital. The law ordered all public offices to receive the poor and to help them 'by way of voluntary and charitable alms', so that they would not have to beg openly. It set down fines for parishes which do not follow these orders. Moreover, public officials were to organize and request alms from the population, to be used to help the disabled and to give work to the able-bodied poor.

The law prohibited giving alms unless by public collection, so as to prevent those with no right to alms from receiving them. It ordered the collection of left-over food and drink, to be used for the poor; reasonable pay for those who organized the collection of alms from the population; and poor parishes were to receive the 'overplus' of the collections made in wealthy parishes. On the other hand, it made punishments for vagrants harsher, ordering more lashes for recidivists, and the cutting off of the top part of their right ear. Hardened recidivists would go to jail, or be put to death.⁸⁵ As we can see, Medina's dream for Spain in the 1540s had come true, at least in its intentions, in the England of the 1530s, without opposition. Indeed, England had already gone beyond Medina's plan, by ordering the collection of funds to give jobs to vagrants.

Edward VI's first law on the poor (1547) laid down the duty of public offices to provide accommodation for the disabled poor of the area and to maintain them with alms. The able-bodied were to be employed by the city or by private employers, whose duty it was to feed them adequately on meat

and beer. Parish priests were to exhort their congregations every Sunday to contribute to the assistance of the poor. However, this law strengthened the measures against those beggars for whom, as it said, idleness had become a habit. He who was idle for at least three days was to be branded with a V on the chest and for two years would remain the slave of the person who reported him. His employer was to refuse to give him meat, and to force him to work by beating him and chaining him up (with iron fetters around his neck or ankles). The law gave a detailed list of crimes and punishments for those who resisted or fled: for instance, a brand on the forehead (with an S), and lastly, death. The employer could let, sell or lend the slave. Finally, anyone could take vagrant children and keep them as apprentices.⁸⁶

This law was so harsh that it was repealed in 1549–50 (although later there were calls for it to ‘be revived with additions’).⁸⁷ Edward VI’s other laws regulated more precisely and clearly the work of collecting and administering alms. The officials responsible were to report every three months to the magistrates or ministers of the church. However, embezzlement was punished with a mere reprimand, so it is conceivable that it was common.⁸⁸

Before going further with the progress in legislation, let us look at the theoretical formulations that inspired the policy of providing work for the poor.

The organization of human capital

The English economy of the sixteenth century grew rapidly and the middle classes connected to agricultural production, commerce and manufacturing further increased their wealth. Henry VIII promoted the massive building of infrastructures, which facilitated the take-off of the modern economy. In this context, which was so positive for economic development, there emerged a clear vision of how to make productive use of the enormous human capital made available by the growth of agriculture. The pauper, from the two-sided medieval figure of criminal or image of God, was transformed almost imperceptibly into that of the unemployed. Around 1530, two fundamental documents were published almost simultaneously, both of which testify to this cultural transformation. They give a definitive theoretical foundation to the policy of workhouses. The first is Thomas Starkey’s book, the second is the law of 1531–32 (the 24th year of Henry VIII’s reign).

Starkey was an Oxford professor who between 1529 and 1532 wrote, in dialogue form, a perceptive analysis of the country’s economic situation. The two interlocutors represent two contrasting interpretations of the profound transformation under way. The first speaker (Pole) condemns the changes and expresses a deep nostalgia for the past; the other (Lupset, representing the ideas of the author) approves of the development going on at the time. Pole expresses a concentration of all the grievances current in Europe in that period. Today, he says, there are too many beggars in England, more than in other countries. And this is because all goods are scarce and cost too much.

There used to be plenty of goods. Lupset, instead, maintains that England is richer than France, Spain and Italy; and that people complain even when they are better off than before. He admits that 'surely there ys grettur poverty then nede to be'; but attributes this to a widespread sloth.⁸⁹

On the attitude to begging, and above all on that to consumption, Starkey carried out that cultural revolution which is at the bottom of the modern spirit. Pole states that the disabled poor exist to remind us of the weakness of human nature and to give us the opportunity to practise charity; but now there are too many beggars. And there is also a shortage of manpower in agriculture. That is why there is a lack of essential goods. Lupset responds that the answer lies in fighting carelessness. When it is noticed among farmers and artisans, it must be punished by a public official. But then he adds: it is not enough to want essential goods; we must also have all the comforts we need. Man, as he had already stated, does not need a great abundance of goods; but an adequate abundance, if well used, gives the chance to practise the virtues of the human mind.⁹⁰ One hundred and fifty years later, a London builder, Barbon, was to write with great passion in praise of the 'needs of the mind'.⁹¹ They are the 'artificial' needs (so often condemned by pauperistic and nostalgic attitudes) which are at the basis of the civilizing process. We can say that the premises of Barbon's ideas had already been laid by Starkey.

These brief extracts are revealing; they show how English culture was freeing itself from the traditional mentality which condemned the desire to greater riches and comfort. As well as the foundations of modern culture, Starkey also established the foundations of the modern economy. Like all mercantilists, his aim was to increase the riches and prosperity of the country.⁹² To this end, he expressed very clearly the basic rule of mercantilist policy: discourage exports of raw materials and encourage those of finished products.

First of all, like the other mercantilists, he recognizes that there may be a divergence between individual self-interest and the common good. The export of raw wool, he says, is to the advantage of merchants and the sovereign, but is bad for the nation because it ruins the crafts. Our wool should be woven here. Even though in the beginning our clothes might not be as fine as those made elsewhere, I can see no other way, says Starkey, to help our people. And in a few years we will achieve the top quality that is found elsewhere. This would bring the greatest benefit to England's wealth, because it would give work to an infinite number of people who now live in idleness and poverty. The same thing, he adds, must be done with our metals.⁹³ In Starkey's opinion, to create a thriving, prosperous country, it is not enough simply to have an abundance of necessary goods; what is also needed is the friendship of other countries.⁹⁴ Trade with other countries, he implies, can supply us with those goods that are not strictly necessary but that create our comfort.

In conclusion, Starkey's book establishes five fundamental postulates of modern economics, which are in contrast to medieval thinking: the pursuit

of wealth and of greater comfort is not only legitimate, it is also positive; work is the real source of our increased wealth and our greater comfort; the poor must be put to work; opportunities to work must be created for the poor; and a country must not export its raw materials, but process them domestically. Later literature never changed the path mapped out by Starkey. In contrast to what happened in Spain, the problem of the poor was seen in England as an integral part of the policies for development.

Starkey was, in fact, certainly not alone in propounding these ideas, unlike Medina or Pérez de Herrera in Spain. Indeed, he expressed the shared feeling of English intellectuals and politicians. The other document that expresses this epoch-breaking change in political economy and in the treatment of the poor is, in fact, a law: the law made by Henry VIII in 1531–32. This law conveys perfectly the mercantilists' typical spirit of emulation: other countries are better than we are in promoting employment and in marketing their goods. We must imitate them, defending our own interests. The law obliges every landowner or farmer with at least 60 acres 'to sow one rood with flax or hemp seed', with the aim of employing the poor in the spinning and weaving of these products. The king, says the law, knowing the great number of idlers who multiply daily in the kingdom, 'supposeth that one cause thereof is by the continual bringing into the same [kingdom] the great number of wares and marchandise made and brought out and from the parts of beyond the sea into this realme, ready wrought by manuell occupation'.⁹⁵

Most of these goods, continues the law, are cloth and clothes that are used in this country. The countries that produce these things are therefore 'greatly enriched and a merveilous great number of their people, men, women, and children set on worke and occupation, and kept from idlenesse, to the great furtherance and advancement of their commonwealth'. Not only this, but also the people of this kingdom, in contrast, for lack of a similar policy, 'about inventing, practising, and putting in exercise' such occupations, are forced to buy most of their clothes from outside. What is more, our people, who 'should and might be set at worke . . . live now in idleness and ociositie'. And this leads to a drop in population, extreme ruin, decadence and the impoverishment of the kingdom.⁹⁶

It is impossible to imagine a text that is more clear-sighted and more effective in expressing the connection between the solution of the begging problem and economic growth, and between employment of the poor and commercial competition. This document is all the more important since it is not the product of a single intellectual but a law of the State. In Spain, only a century and a half later, a great economist, Álvarez Osorio, proposed the same policy (by putting a textile mill in each district or farm), and yet again his proposals fell on deaf ears.

A system of ‘productive assistance’

In the period of about 70 years between Henry VIII’s law and the end of the century, England consolidated the system of regulation of the poor, with the policy of assistance and workhouses. In 1548 a proposal was put forward, probably written by John Hales, to exonerate towns from the payment of the tax freeing them from feudal bonds. The savings from this could go into a pool, to be used ‘in setting the poore people of the same [city] on worke’.⁹⁷

After other laws on the poor promulgated by Edward VI and Mary, we come to the numerous Acts passed on this subject under Elizabeth. During Elizabeth’s long reign, the evil of begging seems to grow in parallel with the economy. This may seem strange, but we have already mentioned that English beggars, unlike their Spanish counterparts, were the result of capitalist economic growth itself. As a consequence of the increase in the poor, lawlessness spread and there was social disorder. The State made a considerable effort to contain the growing social malaise without, however, slowing down economic development. The latter was indeed encouraged in every possible way. It therefore became necessary to set up a vast system of State assistance and to organize it on a wide scale. Workhouses spread. This explains why the State had to undertake an intense process of strengthening and perfecting the regulations governing the poor.

Elizabeth’s first laws on this issue substantially reiterated the fundamental law made by Henry VIII in 1531–32. But at the same time they introduced two important new points: first, they ordered a prison sentence for the alms-collectors who failed to account for the sums collected and spent. In fact corruption was very widespread among these people. Second, they introduced a weekly tax in favour of the poor, and ordered prison for those who did not pay. After several other laws on particular aspects, those promulgated in 1571 and 1572 re-establish some norms that had fallen into disuse concerning both assistance and work for the poor, as well as punishments for recidivist vagrants.⁹⁸

The 1576 law gave county judges the power to buy or rent buildings to create ‘houses of correction’ and to supply them with adequate quantities of wool and hemp or linen or iron or other materials, so that the young ‘might be accustomed and brought up in labour’; and so that those who had already grown up in idleness would have no excuse ‘in saying that they cannot get any service or work’. Most important was the norm that the profits from this work were to be used to buy more material, to give the poor further work.⁹⁹

In the last quarter of the century, legislation on the poor came thick and fast. A long series of specific measures came out, aimed at creating almshouses and schools in some counties and cities. And many general laws were made, regulating the use of land destined for public assistance, or the building of refuges and workhouses, or laying down the general rules governing assistance. After the laws of 1587, 1589 and 1593, in 1597 (the 39th year of Elizabeth I’s reign), no less than seven general poor laws were made, along with

other specific provisions. The 1597 laws gave a systematic character to all the regulations. These laws integrated the provisions for assistance to ex-sailors and ex-soldiers into the policy of assistance to the poor, and abolished the harsher sanctions for recidivist beggars.¹⁰⁰

Most important is the 1601 law (43rd year of Elizabeth's reign) which was taken as a model for nearly two centuries.¹⁰¹ This law summarized all the contributions from the Elizabethan laws on this matter. In fact it had been prepared by a long, intense debate on poor relief policies.¹⁰² First it completed the process of reorganizing the regulations. In the same year a handbook of instructions for workhouse overseers was published. It also explained why man has the duty to work.¹⁰³ In addition, the law omitted the ban on begging and vagrancy; and made it compulsory to maintain the poor, to put the able-bodied to work and to put children to apprenticeship. The disappearance of the ban on vagrancy suggests that by that time it was realized that the poor – even when they became insolent beggars or scoundrels – were essentially involuntary unemployed. This was another of the decisive changes that constituted a modern mindset. In fact, the 1601 law was inspired by the effort to promote employment, rather than to check vagrancy. Thus the increase in productivity was the ultimate aim of poor laws in the mercantilist period.

In the seventeenth century, publications on the poor continued. Although they tirelessly repeat the same things over again, they show that the issue was still addressed with a productive mentality. These writings (which can all be found in the Goldsmiths' Library, in London, or in its microfilms) are either religious exhortations for the relief of the poor, or documents that repeat, with some additions, the concepts and prescriptions of the 1601 law.¹⁰⁴ Besides, in the sixteenth and seventeenth century many projects appeared which aimed, following Starkey's steps, at increasing production in certain sectors by employing the poor (for only a few of them, see below, chapter 8). Hitchcock's plan of 1580, of a fishing fleet to employ the poor, must be mentioned. Much later, in 1700 Puckle repeated the same proposal.¹⁰⁵ In the second half of the seventeenth century, beside plans for giving work to the poor (Petty's stands out), a sharp change began in the attitude towards this problem: many authors accused poor relief policies of encouraging laziness (see some hint in chapter 8).

The system outlined by Elizabeth's poor laws could be called a system of 'productive assistance'; and the consumption guaranteed to the poor who are put to work can be defined, to use an expression from the classical school, 'productive consumption'. This points to a basic criterion that is very simple but that still has difficulty gaining acceptance (see, for example, the extremely tortuous current debate on the Welfare State): social spending on assistance can be, in part, a source of employment and of growth, and it does not necessarily have to become an economic burden on the community.

However, despite all this, and despite the noticeable achievements in poor relief described by Jordan,¹⁰⁶ the numbers of beggars and dangerous vagrants

increased more and more. The social conditions of the poor worsened. Glamann noticed that hunger was the normal condition of the lower classes in sixteenth to seventeenth century Europe.¹⁰⁷ An English author of the time wrote that many of the poor had no assistance and the country was crowded with idle people. Even soldiers were forced to beg and steal, 'until the law bring them unto the fearful end of hanging'.¹⁰⁸ English capitalism got rid of the obstacles that had blocked development in Spain, but – despite the strong efforts – could not remedy the living conditions of the lower classes.

7 Spain's unproductive consumption*

Spain as a negative model

A spectre haunted Europe in the mercantilist period: the fear of ending up like Spain, rich in gold, poor in production and with a frighteningly unfavourable balance of trade. These three factors constituted in all Europe the negative example of Spain, which the mercantilists unanimously indicated as a model not to follow. According to Eisenhart, it was in fact the example set by Spain that made the seventeenth century economists shift their gaze from the earning of money to the strengthening of manufacturing.¹ This statement is an exaggeration, since the English mercantile policies had been designed and introduced before the Spanish crisis became evident. However, the affirmation of mercantilism in Europe can be said to have been favoured by the negative example of Spain.

In the sixteenth century, Europe suffered not only a religious split but also an economic one. At one extreme there were England and Holland, who pushed feverishly to raise production but took no interest in the increase in consumption of the lower classes. This slowed down their growth until – at the end of the seventeenth century – they were forced to expand the domestic market of the lower classes. At the other extreme there was Spain, who made an even more serious mistake. It tried to raise consumption without increasing production, and this led to its ruin.

In Spain the interests of the great landowners imposed a policy of disinvestment that ruined production. This was favoured by the fact that military conquests, particularly in the New World, had brought an enormous influx of gold and silver into Spain. These riches were not invested; they were squandered on consumption. Consumption seemed therefore guaranteed by this external wealth. The Spanish empire adopted an economic strategy similar to that of the ancient Roman empire, based on the systematic stripping of assets produced elsewhere.

Nevertheless, unlike the Roman one, the Spanish empire, on which 'the sun never set', was not part of a worldwide slave economy. It was, instead, part of a worldwide market economy, where consumption increased not because of stripping but thanks to rising production. Gold, aimed at direct

consumption, raised domestic prices sky-high and forced consumers to buy almost everything from abroad. This ruined the Spanish economy and impoverished the country. Thus, if there is a country which deserves the accusation of chrysohedonism that classical authors foolishly levelled at the mercantilists (see the next chapter), that country is Spain.

This accusation is deserved precisely because Spain did not listen to her own mercantilists; indeed, they were ridiculed. This shows a serious limitation in the great culture of Spain's 'siglo de oro' (the golden century). The interests of the great landowners prevented everybody – political leaders and administrators at all levels, the clergy and most of the intellectuals – from taking the mercantilists' excellent analyses seriously. Moreover, this *conventio ad excludendum* became a kind of *damnatio memoriae*, which led and still leads some historians to underrate the Spanish mercantilists.

In 1962, in an outstanding article, Pierre Vilar showed that previous historians had completely misunderstood Spanish mercantilist thought. They confused it with the chrysohedonism practised by the common people and by the State in sixteenth century Spain. Vilar proved that the 'bullionism' of the Spanish economists was not aimed at hoarding gold. It sought to ensure that gold arriving from America was not rapidly lost on foreign purchases but was instead invested in domestic production.² The following year, Iparaguirre – who did not seem to know Vilar's article – pointed out that the philosophy of the Spanish mercantilists was wholly aimed at economic development. Later, Grice-Hutchinson provided exhaustive and systematic documentation for this thesis.³

Today we can take this reflection further. Spanish mercantilists formulated a more complex analysis of their country, in which many elements were very similar to the current analysis of the underdeveloped economies. In fact, although Spain at that time was certainly not a colony, but the greatest colonial power, its economy soon ended up being dominated by those foreigners who owned goods and controlled trade routes. Moreover, the analysis of the Spanish mercantilists involved both the strictly economic plane (commercial dependence and unfavourable terms of trade; unproductive channelling of wealth and of work) and the plane of social structure and culture.⁴

The analyses by the Spanish mercantilists therefore remind us that right from its beginning, modern economic growth involved a dualism, with a split between development and underdevelopment. For a very long time, economics ignored this split, and – in connection with this – tried to keep analysis free of the factors pertaining to the social structure and culture that underlie the different economic systems. From this point of view, present-day development economics could still learn a great deal from Spanish mercantilists. Here we will examine only the first stage of Spanish mercantilism (the sixteenth and seventeenth centuries).

England's Treasure by Forraign Trade, by Thomas Mun, considered the manifesto of mercantilism, based its analysis on the contrast between the poverty

of the Spanish, owners of 'natural wealth' (the gold and silver of America), and the nations that become rich through trade and through the production of 'artificial wealth', namely manufactured goods. The Italians, wrote Mun, secure Spanish gold because unlike Spain they export more than they import and they produce (and export) much more than they consume. They earn more money and employ more people in the production of silk than Spain does with the taxes imposed on this product.⁵

No ban, he added, will succeed in keeping the gold in Spain, because of its low domestic production and its exorbitant war expenditure. The Spanish have the source of money, but the flow of this money out of the country is faster than its flow in, and money is scarce in Spain.⁶ The Dutch, on the other hand, have found a much more enduring and profitable gold mine in fishing. In fact, it activates a huge amount of work and provides the money needed to fit out the ships used in the trade.⁷ A few years earlier Serra and Montchrétien, without actually mentioning Spain, had put forward an analysis very similar to that of Mun; Serra had used the same terms to compare the Kingdom of Naples (similar to Spain) with Venice, Florence and Genoa.⁸

For the founders of mercantilism, therefore, the process of gaining wealth starts from production. This feeds trade and makes a favourable balance of trade possible, at the expense of those countries that are lacking in production, such as Spain.⁹ After Mun, negative reference to Spain became a commonplace.¹⁰ Particularly interesting analyses are those of Montesquieu and above all Cantillon. According to Montesquieu, the excessive quantity of gold mined in America has made the value of the Spanish currency fall more and more. Since this 'bad form of wealth' does not come from the growth of agricultural and industrial production, it fails to activate the other resources of the country. The huge sums that the Spanish king makes from the Customs at Cádiz go directly from the foreigners to him, bypassing his subjects. However, if the same sums came to him from the production of his provinces, instead of a great treasure, he would have a great people.¹¹

Cantillon's analysis is similar to that which was to be put forward by Hamilton in our century. If silver is mined indiscriminately, he wrote, prices and wages will increase so much that it will be cheaper to buy the same products abroad at lower prices. This will ruin domestic production, and depopulate the nation. At the same time, the silver mined will gradually find its way abroad, leading to an impoverished State which is dependent on foreign countries. The great circulation of money thus comes to an end, to be replaced by poverty and misery. The Spanish and the Portuguese, concludes Cantillon, seem to work in the mines solely on behalf of and to the advantage of foreigners.¹²

Trade dependence and import substitution

Spain's economic policy was a negative model not only for economists from other countries, but also, and particularly, for Spanish economists. The latter,

however, did not confine themselves to using it as a negative reference. They analysed from within the model provided by their country, seeking the causes of the disastrous economic mechanism. The underestimation from which mercantilism suffered was more drastic and enduring for the Spanish mercantilists. They were either totally ignored or mistakenly identified with the policy they criticized, that of the Spanish state.¹³ In the main, the autonomous character of their thought has only recently been recognized.

For a time historians paid more attention to the contributions of the Salamanca school and in general of later scholasticism (which is mainly that of sixteenth and seventeenth century Spain).¹⁴ Nevertheless, despite Grice-Hutchinson's remarks, Spanish scholasticism has very little to do with Spanish mercantilism. The former does not deal with the national economy, but comments on the first financial phenomena of the modern age, particularly on those caused by the development of trade and by the impact of American gold on trade.¹⁵

Two major historians of sixteenth and seventeenth century Spain, Hamilton and Larraz, saw Spanish mercantilism as advocating chrysohedonism and bullionism respectively. They contrasted this with the supposed quantity theory of the scholastics in an attempt to show the mercantilists' 'error'.¹⁶ Indeed, in Spain as elsewhere, mercantilism was born of the opposition to chrysohedonism;¹⁷ and with a very special type of 'bullionist' attitude. The attempt to stop or restrict the draining of gold from the kingdom can involve various motives: either an actual chrysohedonist attitude (paradoxically, this applies to the scholastic and 'quantitativist' Mercado);¹⁸ or the desire to establish a fixed, profitable exchange rate for the nation (as in the English writer Malynes);¹⁹ or else the desire to use money not to purchase goods from abroad but for investment at home. This latter motive is the most common among the Spanish mercantilists, but it has nothing to do with the proper bullionism.

That they were not chrysohedonists is made clear by Cellerigo, legal counsel to the State and to the Holy Office in Valladolid. In 1600 he was repeating the litany that wealth does not come from money but from the expansion of production. Spain, he claims, has decayed because it despises work and has pinned its hopes on gold and silver, neglecting the true, secure wealth that comes from 'natural and artificial' industry. 'Keeping its riches in storage, it gives them back to other countries.' Wealth does not stay in Spain because 'it vanishes into the air, on papers, contracts, *censos* and bills of exchange, on money, on silver and gold, not on goods that bear fruit and that attract . . . outside wealth to support the domestic wealth. So not having money or gold or silver comes to Spain through having it, and not being rich through being so.' He added: 'The greater or lesser amount of money neither increases nor diminishes the wealth of the state; for, since it is nothing but an instrument for buying and selling, little money has as much effect as a lot'.²⁰ What this has to do with chrysohedonism or bullionism is not clear.

Captain Castañeda summed up the same idea thus: Genoa is the destina-

tion of money, while Spain is just the bridge it crosses on the way. And Caxa de Leruela, in charge of the Mesta, said of the gold from the Indies: 'the same wind that brings it here takes it away, since real wealth consists of herds and real plenty depends on agriculture, not on gold'. Later Martínez de la Mata devoted a whole book to illustrating this argument. He argued that, by using American gold to purchase foreign products, Spain had abandoned the old manufacturing industries and destroyed its crafts. 'Real wealth,' wrote Álvarez Osorio, 'is that of man; and this is our greatest need'. Various authors were to repeat such statements.²¹ No-one was to contest this thesis, although many would call for measures to prevent money from leaving the kingdom.²²

In the eighteenth century Uztáriz, Ulloa, Ward (Irish by birth but Spanish by naturalization), Muñoz, Campomanes and others continued to investigate this scourge afflicting their country. Muñoz, one of the most acute but least-known of the pre-Smithians, gives a historical reconstruction of his predecessors' awakening: 'as time passed it was discovered that money from America could become capital only so long as it increased useful occupations'. He adds that American gold was still passing through Spain like a river that destroys all and takes its richness elsewhere. Also, Muñoz harshly attacks chrysohedonism; but adds that money is not unproductive, as some say, because it promotes economic activity.²³ His position is a perfect synthesis of that of all the mercantilists.

But the real reason for these demands is already clear in Luis Ortiz, controller of public finances, one of the first European mercantilists. In 1558 Ortiz entitled each of the first six chapters of his *Memorial* in the same way: 'To prevent money from leaving the kingdom'. He was consequently considered an advocate of chrysohedonism; the same fate had befallen Antonio Serra because of the title of his book. List wrote that McCulloch and J. B. Say had evidently only read the title of Serra's book, and Pierre Vilar directed the same accusation at those historians who define Ortiz a bullionist. Lluich too criticized the old interpretation, in an essay significantly entitled 'Cómo quitar de España toda la ociosidad e introducir el trabajo . . . Comentario al memorial de . . . L. Ortiz . . .' ('How to take out any idleness from Spain and introduce work . . . A comment to the Ortiz tract').²⁴

In actual fact, Ortiz identified wealth with production, and the increase in wealth with the increase in production and exports. Right from the beginning of his memorandum, he repeats again and again that Spain is making herself poor by selling her raw materials to foreigners, only to pay a price ten times higher for goods that the foreigners have produced with those raw materials. Money therefore must not leave the kingdom in this way, but must serve to improve production of raw materials, to build canals and mills. Above all it must serve to establish manufacturing industries to transform Spanish raw materials into finished products. The latter should be sold domestically and abroad.²⁵

Ortiz thus identified the actual mechanism that caused Spain's economic decadence. He pointed out that Spain's difficulties were due to her inability

to base her domestic production on her own capital, both in the form of raw materials and of money.²⁶ A great many authors were to take up Ortiz' thesis, along with the consequent call for a ban on the sale of competitive foreign goods (in other words, for a policy of 'import substitution', which expression was already used by Salazar y Castro in 1687). Mention should be made of Moncada, Olivares, Lysón y Viedma, Zeballos, Barbón y Castañeda, Pellicer de Ossau, Martínez de Mata, Cano, Salazar y Castro, Álamos Barrientos, Saavedra Fajardo, Juan de Castro, Somoza y Quiroga, Álvarez Osorio;²⁷ and many others.²⁸

The analysis put forward by Mata, a Franciscan lay-brother and persecuted 'defender of the poor oppressed' in Seville, is one of the most dramatic. Europe, he said, which was once poor, has become rich thanks to Spanish gold, while we have become poor. It has deprived Spain of its industry, which is the 'philosopher's stone' with which we used to transform raw materials into gold. Álvarez Osorio advanced a proposal (with extremely detailed quantitative calculations; which seem rather unfounded) giving an excellent prospect of development, based on import substitution: the building of canals to irrigate the land; an increase in the amount of food produced and an increase in population; linen production and silkworm breeding; organization of the domestic textile industry common in villages; elimination of taxes on investments; an increase in private incomes (and an increase in the population); and consequently increased revenue.²⁹

Moncada, a theologian from the University of Toledo, provided the best analysis of economic dependence. He introduced, among other things, two concepts typical of mercantilism. The first is that national trade simply enables wealth to change hands within the kingdom (whereas foreign trade enables foreigners to take possession of Spain's raw materials and money 'for ever'). The second is this: if the ban on imports harms some merchants, it must be remembered that the common good takes precedence over individual interests.³⁰

The demand from Ortiz and the others that money should not leave the kingdom therefore has a completely different meaning from the same request made by the real bullionists. It does not concern the quantity of gold to be kept, but the amount of capital to be put to work.³¹ Once they had identified the mechanism that makes the country poor, the Spanish mercantilists tried on the one hand to pinpoint the causes, while on the other proposing a series of remedies, both general and particular.

Projects to promote production

On the issue of the expansion of production the Spaniards argued along the same lines as other mercantilists. They were very worried by the population drain from their country.³² They called for the protection and strengthening of agriculture;³³ of craft and manufacturing (the most significant analysis is probably that of Álvarez Osorio).³⁴ They complained of the poor quality and

therefore the lack of competitiveness of the country's craft products.³⁵ They suggested attracting good artisans from abroad and encouraging foreign merchants to become Spanish citizens.³⁶ They called for the creation of a state treasury to provide low-interest finance to the self-employed and to fund public services.³⁷

Struzzi, a Flemish merchant of Italian origins, also called for taxation on *censos*, *juros* (on this, see pages 147–48), and houses – typical ‘investment’ of backward economies – in order to discourage their spread. Another businessman, Cano, proposed a radical reform of legislation and administration regarding commerce. In 1581, Antoneli, engineer to the king, drew up an ambitious plan to make the Spanish rivers navigable, showing that this would lower the cost of goods and increase productivity. But as early as 1524 Pérez de Oliva, the Rector of Salamanca, had given similar reasons for the plan to make the Guadalquivir navigable. A century after Antoneli, Álvarez Osorio worked out a more ambitious and all-embracing plan for the introduction of three hundred thousand looms throughout the kingdom. These would produce the textiles that the Spanish currently purchased from abroad. He also called for technical committees to encourage the setting up of industries. This demand was to be repeated in various forms right through the eighteenth century.³⁸

The immobility of Spain's production structure led to a striking similarity in the suggestions made by economists, aiming to promote production, in different periods. For two and a half centuries, from Ortiz until Sempere y Guarinos, the proposals are nearly identical (see also chapters 8 and 9). In the Spanish Enlightenment there are not only the well-known Uztáriz, Ulloa, Muñoz Campomanes and Ward. That period is crowded with authors who repeat the same things written in seventeenth century Spain. Here we mention only some of them: Zabala y Auñón asked for the implementation of manufactures. Campillo criticizes idleness. He, the moralist Aguado and Arroyal effectively repeated the same social denunciations that Lysón y Viedma had done. Macanaz, in the first half of the century, wrote that less than one-eighth of Spain's natural resources was utilized in Spain; and exclaimed, ‘we are free slaves of all foreigners’. Arriquíbar put forward a very effective criticism of Mirabeau's theory of development based on agriculture, and opposed to it a development based on manufactures. All of them repeated tirelessly and in vain that the export of raw materials must be forbidden (except the Jesuit Cabrera, who defended this kind of export, but inconsistently opposed imports of manufactured goods).³⁹

This can only mean one thing: these authors were never taken into serious consideration, even though at times they received official honours. This is not difficult to explain: the mercantilists themselves described precisely this vicious circle of economic stagnation and the interests of privileged social groups. They therefore identified the essential link between economic development and social reforms (see pages 150–53). During the Enlightenment a widespread awareness was born among Spanish economists of the fatal mistakes made by the Spanish government at the beginning of the modern

age, especially the lack of support for domestic manufactures, the permission to export raw materials and the expulsion of Moriscos (see below). These mistakes, they often wrote, had turned the enormous influx of gold and silver from America from an advantage into a mortal condemnation.

Spanish mercantilists threw themselves tirelessly into drawing up endless projects, which were so detailed that they were discredited. Although their analyses were superior to those of their French and English contemporaries, they were mistakenly numbered among the huge crowd of 'arbitristas' who, since the end of the sixteenth century, had become almost a social calamity in Spain. The 'arbitristas' were educated men who sought to gain recognition, payment or public posts through memoranda on social and economic policy issues. They inundated the sovereign, the Cortes or other institutions with proposals for universal cures for all the social ills or with projects on a particular, often insignificant, problem. The great quantity of these 'mamotretos' (scribbles), as Caxa de Leruela defined them, is documented in the massive, though incomplete, collection of titles made by Correa Calderón.⁴⁰

The first to hold the 'arbitristas' up to ridicule seems to have been Cervantes, who was however reflecting the contempt already common in popular opinion. Viñas y Mey maintained that there was also contempt for economists, fostered by those who wanted to block the reforms the latter proposed. Jean Vilar confirmed this: the butts of derision were particularly the best authors, who sought the intellectual and technical rebirth of 'a Spain which, while it had reached the absolute end of its material strength, was at the peak of its spiritual frenzy'.⁴¹

American gold and inflation

The search for the causes that led to dependence on stronger economies was more complicated. Ortiz commented on Spain's rising prices, erroneously blaming the importing of goods from outside.⁴² He was confusing the cause with the effect. But in 1600 Cellerigo already blamed the price rise on the 'great amount of money that is produced' in Peru. This argument was taken up in more formal terms by Moncada: the abundance of gold and silver imported from the Indies, he wrote, has lowered the value of money, as happens with all goods in oversupply, and consequently the value of the goods has risen.⁴³

Recently, some historians have discarded this traditional interpretation. They blamed the rising prices on the increase in the Spanish population, which occurred up to 1590, and on the consequent cultivation of new areas of less fertile land.⁴⁴ But the rise in prices due to economic or demographic growth is not the same thing as the destructive inflation caused by American gold. In the other European countries, such growth did not in fact cause the problems that arose in Spain.

In the first half of the sixteenth century, the mercantile and entrepreneur-

ial middle class of Castile was surging ahead. The demand in the Indies for articles of all types, paid for with growing quantities of gold, made Spain's domestic production expand.⁴⁵ But little by little, as gold increased more rapidly than production, Spain found that its position with respect to Europe was the same as that of the Indies with respect to Spain (as many mercantilists remarked, 'foreigners treat us like Indians'). Domestic prices grew too rapidly and it became less and less convenient to produce, and more and more convenient to purchase abroad. Viñas y Mey left us a dramatic description of the fight put up by the Spanish commercial middle class against economic decline. But they were fighting a losing battle.⁴⁶

The mercantilists were aware of the difference between the increase in prices due to development and that due to the over-supply of money. That is why they called for the promotion of domestic production while at the same time asking for its protection from competing foreign goods, which were enormously favoured by the inflation differential. Moncada, in fact, explains that Spain's poverty derives from the discovery of the Indies, whose riches had not been wisely used. He suggested that there was a lack of money in Spain because foreigners corner it with sales and by other means.⁴⁷

The protectionism of the economists always met opposition. One of the rulers of Seville, a certain Martín Ulloa, described Mata as a public danger because he wanted to apply old laws that rationed the sale of foreign goods. According to Ulloa, this had already been tried by another 'demagogue', Juan de Castañares. However, in response to the restrictions, the foreign merchants had withdrawn all their goods. At first this led to increases in the prices of the corresponding domestic goods, then of all goods and of wages, until the authorities were forced to intervene and abolish the restrictions championed by Castañares.⁴⁸

Similar arguments were used by the free traders Struzzi and Dormer (see pages 153–54). Dormer, an Aragonian politician, clearly outlined the trap of the Spanish economy: 'I say that imports damage the kingdom and that by transforming raw materials here we would create jobs, attract population, and vanquish idleness, but all this cannot be done with a legal ban, which would be difficult or even impossible to enforce. It will take a long time'. Salazar, however, seemed to be responding to him when he commented: 'It is true that foreign goods dominate because they are cheaper, since we have higher costs for food, wages and taxes. But another reason is our idleness and lack of work. We need to create jobs. Even if our products are more expensive, it matters little so long as we are sure of our market and that of the Indies.'⁴⁹ Finally, Damian de Olivares, a merchant from Toledo, openly stated that the increase in the price of protected goods can be a good thing if it is due to the expansion of domestic demand. This in fact will encourage production, creating a rising spiral involving wages.⁵⁰

On the issue of wages, Olivares, like the much later Defoe and then Smith, stated: 'a nation is not rich if it has two or three [families] with twenty or thirty thousand ducats, while the majority are poor'. The most numerous

category involved in production is that of the labouring poor; and if wealth must be general, that 'general' is them. He adds an argument identical to one which would be used by Boisguilbert, and later by Quesnay, but implying a totally different conclusion: commerce, said Olivares, is a chain; if the first links break, the chain breaks. On the other hand, Viedma observed that it is the harassment of the workers and the high taxes that make wages rise.⁵¹

During the seventeenth century, there was a decisive growth in awareness that the domestic production crisis was sparked off by a rise in prices caused by American gold. It was this rise that led to the loss of competitiveness of Spanish products compared to foreign goods. This was the same diagnosis that would be made by Cantillon, by the Spanish Enlightenment thinkers, and in the twentieth century by Hamilton.⁵² Hamilton added his famous thesis, which was later generalized by Keynes, that economic growth is possible only when, with prices rising, wages remain firm or increase more slowly.⁵³ But Spanish mercantilists did not believe that competitiveness could be recaptured through merely restricting wages. This was for the same reason that Pierre Vilar criticized Hamilton's thesis so effectively: because mercantilists were aware that the conditions for a process of growth are far more complex and involve the nation's social structure and culture. This is what Maravall meant when he wrote that the earliest Spanish mercantilists acted as the politicians of their time.⁵⁴

The immobile social structure

The Spanish historians of our time have produced an enormous number of valuable studies on Spanish social structure in the fifteenth, sixteenth and seventeenth centuries. These studies explain many of the causes of modern Spain's decline. According to the interpretation that most commonly emerges, the decisive social struggles which determined the features of the nation for the following centuries can be traced back to the second half of the fifteenth century. In that period the Catholic kings managed to obtain the recognition of their political supremacy over the feudal classes, provided they acknowledged and left intact the latter's economic and social power. The power of the aristocracy was reinforced at the beginning of the sixteenth century by laws which enforced primogeniture, making it stricter (*leyes de Toros*, 1505) and which tightened the aristocratic hierarchy (1520).⁵⁵

Under the Hapsburgs, in fact, the weakness of the king with respect to the nobles was accentuated because of the Court's enormous debt. The debt began with Charles V's election as Emperor (which cost enormous sums) and enlarged more and more due to the continual wars.⁵⁶ Between the end of the sixteenth century and the first half of the seventeenth, wrote Maravall, the king's absolute power became the main means of repression in favour of the nobility. The latter further strengthened its position, limiting access to its ranks and acting as a class, in order to dominate the country. It became a 'power elite' that governed through a 'monarcho-aristocratic absolutism'.

Viñas y Mey spoke of a 'reseñorización' (a return to aristocratic domination): the great property owners speculated on inflation, which at the same time ruined productive activity. The middle class lost its markets and in the end could do nothing but take refuge in possessions not subject to inflation: land ownership, agricultural income, *censos* and public posts.⁵⁷

The aristocracy preferred to use the nation's wealth on wars and on ostentatious luxury, rather than on economic development. And this suited the landowners' desire to keep on exporting the main raw material, wool, instead of processing it at home. Wool exports were also defended by sheep farmers (represented by the powerful organization Mesta), and by the merchants and foreign traders involved.⁵⁸ The position of the 'comuneros' party is more debatable. Did the representatives of the cities actually oppose the aristocratic hegemony, or concur with it?⁵⁹

However it may be, the economic and political interests that collected around the aristocracy proved to be opposed to all the economic aims of the mercantilists. This was on structural issues, like land sales; a less oppressive fiscal system; the payment of taxes by the clergy; limitations of military expenditure; etc. It was also on administrative questions, like the discouragement of *censos*; centralized control of justice and welfare; controls on luxury imports; the encouragement for nobles to work; etc. Finally it was also on strictly productive issues, like intensive agriculture and the growth of local industry. Ultimately, Spanish inflation had not just one root-cause but two: American gold and the public debt (which derived from the political and social structure described above). These causes strongly favoured both the consolidation of aristocratic domination and the ruin of the entrepreneurial and mercantile middle class. They helped the aristocracy transform Spain's whole economic structure into a gigantic network of privilege, intimidation and parasitism.

The mercantilists clearly realized the structural causes of the economic crisis. But it was precisely for this reason that their analyses were discredited (see above). History, said Hamilton, offers few instances both of such exact diagnoses of social ills and of such terrible deafness to wise advice on the part of those in power.⁶⁰ Vicens Vives, in a clear-cut summary, described the Spanish sovereigns' efforts to protect and promote production. But these efforts were overwhelmed by three factors: dominance of the interests of aristocratic landowners; the policy of religious fanaticism (expulsion of Jews and 'Moriscos', the Inquisition, etc.); and the anti-mercantilist mistake, in the mid sixteenth century, of making up for scarcity of goods by banning exports and encouraging imports. Viñas y Mey had maintained a similar thesis.⁶¹

First of all, Spanish mercantilists untiringly criticized the *censos* and the *juros*. *Censos* were income deriving from mortgages, the letting of property or the lending of capital. As land was involved, the repayment was often in kind. This income, along with feudal tithes, made up the economic core of the wealth involved in primogeniture. *Juros* were, on the other hand, the rights (like privileges and feudal titles, exemptions, tenders, the use of public

property) granted by the king to individuals in exchange for cash loans.⁶² As in all cases of underdevelopment, these forms of income inevitably absorbed capital, which could find no productive outlets. The mercantilists' continual accusations, often expressing moral condemnation of such income, may therefore seem misleading, as they have to some historians (see below). However, the expanded use of this means of making a livelihood also had, as we shall see, cultural roots, as the mercantilists realized all too well.

Struzzi stated: in Spain it is difficult for the rich to agree to get involved in commerce or for military men to work. 'There is such a lack of confidence in Spain today that those who have money prefer to use it in money-lending rather than invest it in production'. Cellorigo compared the spread of *censos* to the plague, because it ruined agriculture, drove people to live on rent and interest and discouraged them from working. Lope de Deza defined *censos* as a cancer and a form of covert usury. Pedro de Valencia, Dormer and Leruela put forward similar arguments.⁶³

As well as money capital, land was also used parasitically. Many authors denounced the shackles placed on development by primogeniture and by the over-concentration of land ownership, which prevented land from being sold and deprived businessmen and tenant farmers of prospects of advancement.⁶⁴ Criales y Arce, Archbishop of Reggio Calabria, blamed this for all the other evils. Pedro de Valencia, the brilliant, multifaceted humanist quoted Pliny ('*Latifundia Italiam perdidere*') and graphically declared: it is impossible to take land from those with a right to it, and it is dangerous to take it from those with no right to it. But at least the area of land that one man can farm should be limited, so that all can have the chance to do it.⁶⁵ Many authors blamed the great evil of depopulation on the agricultural crisis.⁶⁶

The mercantilists criticized the extension of unproductive public employment – occupied above all in harassing peasants and craftsmen – and the related sale of public posts.⁶⁷ They complained of the pathological growth of litigation, caused by this harassment, and therefore the multiplication of lawyers, attorneys, etc. In 1597 Antonio Pérez had effectively insisted on this. These trials, said Lope de Deza, are as unfair as a fight between gladiators and a pack of wild beasts. Viedma, a Granada attorney at the Cortes, explained that many judges and tax collectors maligned the peasants in order to hinder them from harvesting and selling their crops, until the peasant was forced to sell his land. He added that in legal cases, contractors of the royal revenues came to be judges and at the same time parties to the lawsuit. With a series of factual references of this type, Viedma paints a frightening picture of the collusion and conspiracy of silence that bound all the rich and the representatives of power. Lyra did the same regarding the West Indies. García de Yllan clearly described the analogous persecution to which merchants were subjected, and the ruin to the mercantile profession that this caused. Ortiz had already accused the leaders of the various cities of raising the price of essential goods because of personal vested interests. And eighty years later, Pellicer accuses public officials of promoting the export of wool in their own interests.⁶⁸

The mercantilists, therefore, saw the precise link – typical of underdevelopment – between parasitism, social oppression, corruption and economic crisis. Some of the best descriptions of this view, besides those of Viedma, Lyra and Yllan, are those by Pérez de Santa Marina and those in the 1619 *Consulta*.⁶⁹

But the analysis that is far ahead of all the others on this subject is that of Álvarez Osorio. It is here that early Spanish mercantilism reached its peak. And this took place in the very period when the nation's economy and culture were at their lowest point.⁷⁰ With a scientific spirit (as he himself says), Osorio examines the mechanisms of corruption that emanate from the power of privilege, and explicitly links the possibility of economic growth with a modification of these mechanisms. It is pointless, he says, calling for excruciating punishments of corruption, when there are so many culprits. Those who indirectly enjoy the advantages of corruption simply try to protect themselves from harassment.⁷¹

He suggests that fraudulent practices at the expense of State *juros* are now so common that they have been part of the mentality for many years. That is why the controllers who try to oppose them are persecuted. The contractors of *juros* have joined supervising bodies, becoming the controllers themselves. They take advantage of the administrative confusion and fix interest at 2 per cent at the State's expense, while private *censos* are about 0.5–0.6 per cent. Many of these *juros* are made out to convents or chaplainries so that they are tax exempt. Those who get rich in this way, Osorio continues, also become powerful, and the knaves protect each other. These are the same people that make the taxpayers pay six times more than they should. Consequently, fields and workshops are deserted, and the speculators themselves seize the abandoned houses and land to put them up for sale. Abandoned houses in the countryside now make up two-thirds of the total number. Contracts are awarded to those who pay the highest 'inducement'. Tax collectors can then disappear after collecting the taxes. The king receives only one-tenth of what is extorted from his best subjects. Merchants and members of the court evade taxes. And so it goes on.⁷² The only solution that Osorio sees is that of adopting every possible means of strengthening and encouraging farmers, thus triggering the positive cumulative process we have already mentioned.

Apart from the *juros*, the other channel of parasitism and persecution was the fiscal system, to which our authors devote a great deal of attention. Alcázar Arriaza, 'familiar' at the Holy Office, made a long and careful analysis of it. At present, he wrote, each of the many and varied taxes requires a different tax collector. This spawns countless cases of abuse and misappropriation at the expense of the nations's citizens. 'Look at what happened with water: before, there was plenty for the common people and now there is none, because it has been channelled off into private tanks' (there really seems to be nothing new at all in the dramatic underdevelopment of today). The mercantilists were never tired of repeating that the only way of increasing revenue is to ensure that the taxpayers live well. Although it may seem

that new taxes will increase the State's revenue, said Navarrete, in fact the opposite is true. 'You can't get oil from parched stones'. Sixty years later, Captain Somoza y Quiroga repeated that excessive taxes yield low revenues, whereas moderate taxes make the State rich.⁷³

There was general denunciation of the excessive number of clergy, especially of monks and friars, who lived unproductively on income or charity. Almost all the economists found it unjust and harmful that the clergy should enjoy total exemption from taxes; moreover, this encouraged the practice of registering property in the name of the church. The farmers – according to Viedma, the 1619 *Consulta* and many others – ended up paying taxes on this property as well.⁷⁴ This, too, was the result of the domination of the aristocracy. The rigidity of primogeniture made it necessary to send younger sons into monasteries, as Saavedra Fajardo, the king's plenipotentiary ambassador, had already pointed out.⁷⁵ On the other hand, entering a monastery was also the aspiration of the sons of ruined farmers and craftsmen. In the eighteenth century an anonymous author described effectively the social situation of Portugal, which was strikingly similar to that of Spain.⁷⁶

Aristocratic culture: parasitism and intolerance

From what has been said, it seems clear that these phenomena did not only have structural, but also cultural causes. The supremacy of the aristocracy at the threshold of the modern age triggered off in Spain a process which was the opposite of what was happening in Holland and England: instead of the nobility being converted to the productive mentality of the middle class, the aristocratic cultural model took root throughout the society. This model involved contempt for productive activity and for manual work (an attitude harshly criticized by the mercantilists).⁷⁷ This was going on while in the other Western European countries, despite what Maravall wrote, the concept that was prevailing was that of the dignity of work – including manual and commercial work. Spain would have to wait until 1783 for a royal decree to endorse the dignity of craft work (with little practical effect).⁷⁸

The aristocratic model also involved the use of public posts as an extension of the old privileges. The processes of acquisition and use of American gold were thus guided by this cultural model, and in their turn they reinforced it. This is why economists, from Antonio Pérez to Lyra, considered gold to be the cause of the country's misfortune. The aim of their invective emerges in Cellorigo's superb analysis, which closely links the cultural aspect of the problem with the structural aspect: the private use of that wealth was essentially in display, or in hoarding in the form of *censos*, in order to gain a passive economic security.⁷⁹

In the same spirit, many authors harshly condemned luxury, above all in clothes, that was particularly common. Viedma observes that though this luxury is voluntary, it has become almost compulsory; so that the money required to keep up appearances must be procured with illegal means if

necessary. No less incessant was the condemnation of luxury at court. Linked with this was the invitation for the king to set an example by cutting down on pomp, and the request to send the nobles and clergy back to their estates to administer them, instead of loafing at court (the most implacable denunciation of the king's overspending was made by the Jesuit Mariana, who was persecuted as a result). Among the many critics, one who distinguishes himself is Fernández Navarrete, the king's chaplain and secretary, who devotes a large part of his work to a meticulous revelation of all the forms of ostentation and luxury.⁸⁰

Olivares underlined the strict link existing between contempt for commerce and for practical work, ostentatious luxury, the poverty of many nobles and the search for parasitic positions in the public service. A merciless passage by Caxa de Leruela suggests the same analysis. The mercantilists' criticism is not therefore a moralistic condemnation of luxury, arising from religious feeling or from an anti-lower class feeling, as is found in the work of other writers of the period.⁸¹

Nevertheless, Moncada, Struzzi and Mata – like many other seventeenth century European mercantilists – defended luxury production because it produced employment (and unfortunately, in the Spain of that time, it seemed to be the only thriving industry). Mata, however, did not confine himself to justifying traditional luxury. He theorized a growth based on the broadening of the domestic market through increased production. This theory is analogous – and of a comparable level – to the much later ones by the British authors Barbon and Mandeville. Consumption, even if it is excessive and superfluous, stimulates production, and this enables higher taxes to be paid. When money circulates more rapidly, the wealth of all grows. If, on the other hand, avarice (in the sense of hoarding) dominated, commerce, production and science would cease, and we would live in ignorance, poverty and idleness.⁸²

However, Mata – like all the pre-Enlightenment authors – made no clear distinction between increased consumption by the productive classes and unproductive luxury. The other Spanish economists, instead, tried in vain to fight both the habit of using wealth unproductively and the corrupting influence that this had on society. Viñas y Mey – who did not seem to know *Luxury and Capitalism* by Sombart – put forward an analysis similar to that of the German historian. The luxury of the non-noble classes, understood as an increase in consumption, was a means of self-affirmation and social progress. It therefore had a subversive effect on aristocratic domination. In fact the continual sumptuary laws were supposedly inspired by the nobles.⁸³

But this analysis suits the countries which were on the rise in that period, not Spain. The mercantilists' meticulous case-studies on luxury consumption, and the sumptuary laws themselves, show that, rather than pursuing and displaying a new affluence, the lower and middle classes in Spain were captured by the display effect of aristocratic consumption, based on waste and pure ostentation. Spain is the only one among the great mercantilist nations in which the contest between aristocratic luxury, financed by rent from estates,

and middle-class luxury, financed by profits, was won by the nobles. It is highly likely that rent-seeking,⁸⁴ and ostentatious consumption, were the main culprits of the stereotype which sees Spaniards as lazy and idle. This cliché seems to have spread in the second half of the sixteenth century, since it is already found in Botero and in many writers on politics and morals of that period.⁸⁵

Like all their contemporaries, the Spanish mercantilists used the same term, 'idleness', to refer both to the refusal to work and to forced unemployment. They criticized idleness incessantly, but they connected it to lack of work.⁸⁶ Moncada and Leruela even inverted the cause and effect relationship: idleness is the result, not the cause, of the crisis of productive activity; above all because of the lack of earning prospects.⁸⁷ Guzmán exclaimed: this kingdom lacks work and the chance to trade; one sits 'in una tienda como el araña en su agujero, aguardando que llegue la mosca' (in one's shop like a spider in its hole, waiting for the fly to arrive).⁸⁸

In his work dealing with idleness, Pedro de Valencia is one of the first – along with the French author Montchrétien – to allude to an analysis of the productive types of labour in society. We need, he says, to limit governors, magistrates, the clergy and the armed forces to the number strictly necessary, and to prevent them from consuming so much. Otherwise, the part of society that produces for everybody (farmers and craftsmen) will be victims of a mortifying inequality. At the same time, among this group, there must be no idlers. He then explains that the higher classes have grown out of all proportion. This throng of idlers has two means of livelihood: rent and studies. And he concludes by repeating a typical distinction of that time: there are useful occupations (those that produce essential goods), others that are useless (producing luxury goods), and yet others that are harmful (acting, prostitution, etc.). A similar argument is found in Lope de Deza and, as far as the excess of intellectuals and professional figures is concerned, also in Navarrete, Struzzi, Fajardo, etc. Before any of them, Antonio Pérez – Philip II's secretary, later escaped convict and rebel – had argued convincingly that the proliferation of 'idle' occupations (lawyers, judges, etc.) causes a proportional growth in useless trials, and had called for limitations to the number of lawyers. Somoza, on the other hand, proposes that all the court vagabonds should be put to work. Lastly, Álvarez Osorio suggests that only producers should be allowed to sell products, in order to eliminate the intolerable presence of parasitic middlemen; he calls for public employees to be shifted to 'decent' jobs; and for access to be frozen for new lawyers and registrars for a period of five years.⁸⁹

Maravall and Viñas y Mey contrasted the economic explanation of unemployment to that based on the idle character of the Spaniard. Only the first has a scientific foundation, and few mercantilists (Moncada, Leruela, Mata, Osorio and then Campomanes) are credited with having supported it.⁹⁰ But the other mercantilists, too, take it for granted that there is an economic cause of idleness. Besides, these historians neglect a fundamental phenome-

non, inherent to every case of underdevelopment: the 'distorted' social structure produces correspondingly distorted cultural models, and gains stability through them.⁹¹

Among the cultural causes of the Spanish decline there are not only the parasitic behaviour of many individuals, but also the great political choices made by the State.⁹² Here we shall confine ourselves to recalling the well-known three great choices. First, imperialist militarism, acting in the name of a religious mission in the world. This policy economically bled the State dry, and made the sovereign a captive to domestic and international finance. It also fostered the devaluation of economic activity in the choices of individuals. Well aware of this, many mercantilists rightly denounced this policy as one of the causes of the Spanish economic crisis.⁹³

Second, quite early on, among the causes of the decline some mercantilists identified the expulsion of the Jews, which deprived the country of many of the best artisans and many men of learning; and the expulsion of the Moors, which deprived Spain of its main nucleus of hard-working small farmers.⁹⁴

Historians have since completed the picture, underlining the gravity of these policies, not only for their immediate economic damage, but also for the harm deriving indirectly from ethnic and religious intolerance. Among the most serious aspects, those that are most commonly remembered are the permanent suspicion of converts, and the ban on membership of craft guilds applied to those who were not able to demonstrate the 'limpieza de sangre' (purity of the blood, free from taints of Jewish or Arab blood) for three generations back. In the spreading production crisis, the craft guilds languished with a minimum number of members, and a corresponding proliferation of internal hierarchies and titles.⁹⁵

The further barrier posed by the 'limpieza de sangre' can be considered the general symbol of a more and more precarious and increasingly magniloquent economic life.

Contradictions

Spanish mercantilism is therefore quite united on the subject of economic dependence on foreigners, and on the structural and cultural aspects of the crisis. It is not, however, as uniform as that of other countries, probably because it is more difficult to evaluate the complex processes of underdevelopment than to back a positive development trend. Several of the best authors reveal differences on important points of the analysis.

Let us look first at the 'free traders' Struzzi, Dormer and Lyra. Struzzi based his thesis on the division of labour – both international,⁹⁶ and social. Trade, he said, is free by natural law, since no state is self-sufficient. It cannot be prevented, 'porque la mar no tiene murallas' (the sea has no walls). Like Misselden and Mun, Struzzi added: it is absurd to expect money to stay in Spain. It is needed in trade. The Dutch and others pay for goods in money,

but it then returns to them by other paths through trade. There is no nation that is rich without trade, said both he and Dormer.⁹⁷

Both of them add more popular arguments: protectionism causes retaliation and depletes the royal treasury (depriving it of taxes on imports). Struzzi also believed that there must be freedom in the choice of occupation and the possibility of buying and selling wherever one likes. More rightly Dormer declared: while Castile pays for imports in gold and is therefore made poorer, Aragón pays with other goods, and is enriched.⁹⁸

Struzzi and Dormer represented a special interest group (those who benefit from the importing of foreign goods); this was common among mercantilists of all countries. However, they were unaware that the Spanish economy, in its particular situation of weakness and dependence, was in fact being smothered by imports. As Baeck says: 'It is clear that open trade borders offer a natural advantage to the most developed party.'⁹⁹ Lyra's attitude was more balanced. He criticized the over-strict ban on trade between the Indies and foreigners (which Pellicer, in contrast, supported wholeheartedly). It had led to large-scale smuggling and to direct exploitation of the Indies by European countries. His criticism was made with a view to protect Spanish merchants abroad, and was therefore mercantilist in nature. Osorio followed a similar line.¹⁰⁰

In disagreement in certain respects we also find Moncada, Leruela and Mata, rightly defined by Anes as the three key figures of the seventeenth century.¹⁰¹ All three found that the real nature of the crisis lay in the lack of production and, setting aside any moralism, saw idleness and unproductive luxury as its consequences. But they yielded to the temptation to seek a single cure, like the 'arbitristas'. Mata blamed the crisis on purchases from abroad, and called for a general increase in consumption to expand the market for nationally produced goods. He did not realize, however, that in the specific case of Spain, an increase in luxury consumption was incompatible with an increase in wage-goods and in means of production, and in fact hindered an effective import substitution policy.

Leruela, on the other hand, realized that the crisis was basically caused by scarce production, not of goods in general, but of essential goods and of 'means of production'. But he reduced everything to stock-breeding, apart from some cursory references to agriculture. He attacked the enclosure of common grazing lands and the exorbitant prices charged for pasture by the great landowners. He defended the Mesta, with the small breeder-farmer in mind.¹⁰² But the fact remains that for future growth he relied on the production and exporting of raw wool.¹⁰³ In other words, he advocated the very activity which – in the presence of other unfavourable conditions – had triggered off, as Ortiz had pointed out, the underdevelopment process in Spain.

A few years earlier, Castañeda had made a similar, though more balanced, analysis. He had maintained that the sale of common lands – to cover the tax of 'millones' – was the ruin of Old Castile. It was the cause of the drain of

population from the countryside, the consequent scarcity of essential goods and the rise in prices. But Castañeda also spoke of the harm deriving from the sale abroad of raw wool, which should first be processed in Spain.¹⁰⁴

Lastly, Moncada, the central figure of Spanish mercantilism and, as Jean Vilar said, the driving force of its militant wing: the Toledo school.¹⁰⁵ He identified the objective causes of unemployment; most effectively described the mechanism of dependence on foreign goods and the ills that resulted; and made the best use of the analysis of the Salamanca school. He was also a great cultural leader: praised the autonomy of the king, and praised modern nationalism against the old medieval universalism. He conceived of politics and economics as lay sciences; and elaborated an ambitious project for university education for the management class.¹⁰⁶ Unlike many other mercantilists, Moncada soon enjoyed huge success. His speeches were reprinted various times during the seventeenth century; and from the Enlightenment onwards, historians nearly unanimously accorded him unconditional praise.

However, Moncada blamed foreigners, and only foreigners, for all Spain's ills. With great acumen, he challenged the 'false causes' of these evils; but among them he also placed the structural and cultural causes, which other mercantilists had identified. His arguments are often superior to those of the other economists, but they are almost always captious in some way. So, luxury, including that of the royal entourage, creates employment.¹⁰⁷ The excessive number of monks and friars is determined by the fact that many have no means of support; it is therefore a consequence, not a cause.¹⁰⁸ The expulsion of the Moors is not a cause of the crisis because they have been replaced by an almost equal number of foreigners (but wasn't it precisely the foreigners who, in his opinion, were the only evil dogging Spain? What's more, he rejected the naturalization of immigrants' children).¹⁰⁹

Censos and *juros* have always existed, he said, whereas the malaise of Spain is recent. Moreover, these forms of income offer security. The real problem is that investment in trade and production does not offer the same advantages.¹¹⁰ Arguments that seem even more specious are presented in defence of ecclesiastical rents and war expenditure; Court spending; the single tax on bread and the elimination of taxes on luxury goods; and provision of work in public offices for the unemployed.¹¹¹

But naturally, as the other mercantilists realized, the Spanish crisis could certainly not be explained simply by the dependence on foreign goods, considered in isolation from the structural and cultural factors that generated economic weakness. Moncada actually seems to want to defend the established interests and dominant cultural prejudices which were the true causes of Spain's economic decline. We should wonder whether his success with his contemporaries was not also due to this.

Conclusions

Spanish mercantilism emerged due to the realization that foreign goods were more competitive than domestic ones; that raw materials were being exported, to the great detriment of the economy; and that the country's productive structures and infrastructures were decidedly backward. Gradually these authors became aware that what underlay these difficulties was the inflation of domestic prices, and that this in turn was caused by the excessive quantity of precious metals being imported from America. As they wisely pointed out, it was an excess not in absolute terms, but in terms of the capacity to put this money to use as capital; in other words, in view of the weak, backward productive structures.

Instead of concentrating on the disparity between prices and wages in Spain and in Europe, as modern economists studying the case of Spain do, the mercantilists struck off in another direction. This led them to a deeper analysis, which is confirmed by Spanish historiography today. They identified the structural deficiencies which prevented capital from being channelled in productive directions.

The weaknesses identified were: (1) first, the right of primogeniture; on the one hand, it hindered the sale and the commercial use of land; on the other, it filled the upper class with a great number of people barred from business, both due to lack of capital and to cultural inhibitions. Second, and consequently: (2) the shortage of available funds and the competitive disadvantage in prices (due to inflation) drove the great majority of landowners to use their property for receiving rents through *censos* and *juros*, and to use their political privileges to expropriate smallholders' and artisans' property, which was then transformed into *censos* and *juros*. This led to: (3) the depopulation of the countryside, further depression in production and a further loss of competitiveness for domestic products. Due to this, small farmers, artisans, merchants and the lower middle class, who had been victims of the above process, ended up in unproductive employment, both of capital and labour. (4) The search for unproductive positions inordinately swelled the ranks of the public service, the number of priests and monks, and the various hangers-on, all of whom were tax-exempt or tax-evaders. (5) The enormous sums needed by the State to cover war expenses accentuated the oppressive and unjust fiscal system, which damaged producers and encouraged the parasitism and corruption of the stronger classes. (6) Lastly, the domination by the great aristocratic landowners drove all classes to emulate their conspicuous consumption, so that the only industry which grew (although it could not compete with foreigners either) was the manufacture of clothes and luxury items. (7) All of this means that neither the State nor the upper classes had either the means or the desire to create infrastructures and to protect and promote the country's production and trade.

Spanish mercantilists' analyses had not yet been influenced by the later divorce of economic factors from social and cultural factors. This division has

forced contemporary analyses of underdevelopment into bias and at times into superficiality. The Spanish authors believed that economic and social factors were all distorted in a cumulative process of decline. Their organic analysis, compared to most analyses nowadays on underdevelopment, sticks more closely to reality and adopts a broader historical point of view.

We can therefore conclude as follows. The distortion of mercantilist thought in general (see the next chapter), squandering a great analytic and cultural heritage, has constituted a serious loss for economic theory. The loss of the contribution made by the Spanish mercantilists has been even more damaging.

Mercantilists in the emerging countries of the seventeenth century faced the problems of original accumulation and initial growth; that is, the problems of the transition from an agricultural-craft economy to a manufacturing economy. The Spanish economists, however, had a more complex task: to cope with the difficulties of a country which had experienced initial mercantile growth, followed by a period in which development was blocked, then by a long economic decline. The features that emerge from the writings of the Spanish economists are very similar to what we today call underdevelopment; that is: unfavourable trade ratios and dependence on foreign economies; very high inflation and preference for speculative activities; excessive inequality in the distribution of wealth and the concentration of landownership; widespread parasitism and corruption; inefficient, feeble administration; ostentatious luxury and wasting of wealth; export of capital; the tendency for the leisure class to buy only from abroad; negative cultural models; immobile social structure; and lastly, vicious circles and detrimental cumulative processes.

In accordance with a classical rule of underdevelopment, the same phenomena sparked off contrasting dynamics in the two different types of society: distorted and negative in Spain, productive and progressive in the emerging countries. This, too, is clear from the writings of the period; for instance, with respect to the increase in middle/lower class consumption, the accumulation of money, the diffusion of small properties, the spread of loans, and the first signs of the emergence of the tertiary sector.

Pierre Vilar wrote that 'the mercantilists are the first theorists of "dominant economies"'.¹¹² This applies also to the Spanish. However, they reveal the other side of the coin: that of the dominated economy. This was all the result of a fatal error: the belief that it was possible to get rich without increasing production.

8 Expanding production

A (fearful) hunger for goods

From treasure to capital

Bullionism and its crisis

Mercantilism was the first 'theory' of the new capitalist economy, i.e. of the economy based on trade and profit. It in fact expressed for the first time a genuine 'hunger for goods', albeit limited. In actual fact mercantilism was not a fully fledged theory; rather, it was a coherent set of ideas of political economy, whose aim was to develop the economy of one's country. This line of thinking emerged in opposition to bullionism, when it was realized that wealth can be preserved, and above all increased, not by locking it in a safe, but by using it in a productive way, that is, to create new wealth (see pages 112–14). This must come about in two ways: by investing the money at home to increase production; and by using it in foreign trade.

As we have seen, the mercantilists were not listened to in Italy and in Spain. In their different ways, these countries had gone up a blind alley that led them to economic and civic ruin. In contrast, the Dutch and English mercantilists, followed by the French, by the German cameralists, and so on, expressed an attitude that was already common in their countries. However, the path towards development was not easy, and it involved the most lively cultural forces of the whole of Europe. At first, the mercantilists relied only on increasing the production, and wanted popular consumption to stay at a very low level. This enabled a strict social control to be maintained but slowed down growth and risked compromising it. The fear of goods was therefore not over.

At the level of economic analysis, the first real break with the medieval ideal of poverty was made in the fifteenth and sixteenth centuries by the bullionists (a term from 'bullion' and a concept created by Cannan).¹ The bullionists wanted to preserve and increase the State treasure, in order to meet the constantly growing demand for money both on the part of the merchants and the trade and on the part of the State. As for the State, the growth of the economy made the public service, and the relative expenses, grow. Also in that period the sovereigns were strongly fighting the anarchistic defiance of

the feudal lords and gradually depriving them of state authority. This policy required enormous amounts of money to maintain an army of mercenaries, to create an efficient central administration, directly linked to the sovereign, and to maintain a court lifestyle that endorsed the prestige of the sovereign. The pressing need for liquid cash led to the statement – repeated by the sixteenth to seventeenth century authors again and again – that money is the sinew of the State, or of war.

For all these reasons the bullionists wanted to prevent money from leaving the State, so as not to impoverish the public coffers. They were therefore expressing the same old fear of goods in a new way. In itself, it was not wrong to try to increase and protect the treasure of the sovereign, i.e. of the State. The error arose through the medieval confusion between public and private: the concept of treasure was inadvertently extended to the whole economy of a State. In this way it came to be thought that the money, not only of the sovereign but also of the entire society, should be kept inside. This led to payments that went abroad being seen as a loss to the State, and as a result foreign trade was condemned.

However, there was also another approach to bullionism that, in England, would have led directly to mercantilism. As early as in 1456, in a French dialogue on the competition for the primacy between France and England, the English representative explains that England is rich because an old law prohibits merchants to bring gold and silver out of the country. They can only take commodities out, to sell them in exchange for gold. However, foreign merchants can sell their goods in England but cannot bring out the money earned. With this they must buy English commodities. About a century after, a certain John Coke wrote an answer to that dialogue, with the same title in English, in which the French acknowledged that English wool manufactures give work to all people.²

In the second half of the sixteenth century there was still some bullionist support; for example, Scipione Ammirato and Bishop Ascanio Piccolomini in Italy, and Tomás de Mercado in Spain.³ But the inflation of American gold, and Bodin's analysis, finally discredited bullionism.

This position clashed so strongly with the economic reality of the time that in the sixteenth century the concept was reformulated. It is not necessary, it was said, to stop gold from leaving the kingdom. What is important is that trade brings an equal amount into the country. But this idea had already gone beyond bullionism, and opened the doors to mercantilism.

The first cracks in the faith in the passive accumulation of precious metals (in other words, in the treasure), seem to derive from the concept of inflation. The concept emerged before the effects of American gold were felt. It had appeared in Copernicus, in the Saxon authors (see below), and in Domingo de Soto, of the Salamanca school.⁴ But it spread with the effects of American gold. In 1556, another Dominican from Salamanca, Martín de Azpilcueta (Doctor Navarro) blamed American gold for the price rises and the currency's loss of value for the first time.⁵ In 1569 Tomás de Mercado

extended this analysis. The nearer a commodity is to the sources of gold, he wrote, the more it costs. In Mexico, where there is more gold, it costs more than in Seville; and in Seville, more than in the rest of Spain.⁶ By the end of the century, these views were to become commonplaces in Spain (see pages 144–46).

However, it was only through the well-known dispute between Malestroit and Bodin that this type of interpretation acquired European implications. In 1567 Malestroit maintained that the price rises in France over the previous three centuries had been only nominal, since they had simply followed the devaluation of the currency, which was due in its turn to the continual debasement of the coinage (the widespread practice of governments of officially declaring a far greater percentage of precious metal than was actually contained in the coins minted was criticized by a very large number of authors of the time). Bodin replied that those price rises were also real and were due above all to the increase in the amount of gold and silver, which, in its turn, derived both from foreign trade and from higher production.⁷

In 1588 Davanzati identified the exact problem of the inflation caused by American gold. If these loads of gold keep arriving, he said, in the end gold will become worthless for us, and we will have to find another article to use as money. He compared gold to blood, which passes from the bigger channels to the smaller ones and nourishes all the parts, ‘and so by circulating it keeps the civil body of the Republic alive’. If this blood stops only in the head – that is, in the coffers of the state or of the rich – society will atrophy.⁸

It was as if the public purse was gradually losing its purchasing power. It was precisely this realization – as well as the observation that export bans did not work – that gave birth to the concept of social capital.

The concept of capital rediscovered

As we have seen regarding Olivi and his followers (pages 80–84), the concept of capital sprang from the debate on usury and interest. The idea that interest was legitimate took a long time to develop, from the late Middle Ages through to the sixteenth century. The concept of capital evolved in the sixteenth century. Barbieri shows that, for the ecclesiastical thinking of that period, usurers’ credit met with disapproval only when it financed consumption, not if it served for investment.⁹ In 1546 the jurist Charles Dumoulin took a decisive step. He put forward a brilliant and sharp criticism of the Aristotelian-scholastic condemnation of usury, and gave a definitive shape to the concept of monetary capital. To the main traditional argument, Dumoulin replies: ‘Nor does it avail to say that money by itself does not fructify: for even fields do not fructify by themselves, without expense, labor, and the industry of men; money, likewise, even when it has to be returned after a time, yields meanwhile a considerable product through the industry of man’.¹⁰ In 1581 another brilliant figure, the Florentine merchant-humanist Bernardo Davanzati, calling on St Antonino and Cardinal Cajetan for

support, defended the legitimacy of interest. Interest is useful for all people. It pays for the time that one has another's money at one's disposal.¹¹

However, in the fifteenth century there was already a perceptive Neapolitan author, Diomede Carafa, who came up with the idea of the productive use of wealth, not through the question of interest but – as Starkey would do sixty years later – through the analysis of production and trade. In Carafa there are many arguments that would be typical of the mercantilists. He wrote that there was no need for exaggeration in expanding the treasure, because of the risk of depriving economic activities of input.¹² The prince, he wrote, must take care first not to acquire wealth at the expense of his subjects, with excessive taxes or, even worse, by using legal quibbles to take possession of their property. Instead, he must help them as much as he can to get rich, because it is from the wealth of the subjects that the wealth of the state comes (pp. 285–86).¹³ Second, the prince must not become an entrepreneur himself, but must encourage the entrepreneurial activities of his subjects. Otherwise his business will prevent private individuals from carrying out their business activities, and what he earns will correspond to a loss for a hundred of his subjects (pp. 286–87).

The prince must promote trade, by giving protection to merchants, including foreigners; because there are examples of countries whose land is arid but who are very rich, thanks to the merchants' trade. He must build fleets for the trading of goods with other countries; encourage the spread of woollen manufactures; give stock to farmers, who will soon be able to repay him from their earnings. In fact, concludes Carafa, 'when the lord has rich vassals he cannot be poor' (pp. 290–91). Carafa's precious teaching does not seem to have reached the other authors. Much later, mercantilists rediscovered some of these truths for themselves.

The expression 'capital', in the sense of public capital, is already found in Lottini; but it was not accompanied by a new conception of the traditional idea of treasure.¹⁴ Lottini also condemns public aid because it discourages people from working, and advocates competition to stimulate an industrious spirit.¹⁵ Shortly afterwards the Italian Jesuit Giovanni Botero explained with the greatest clarity the transition from the concept of the reserves as a passive accumulation of money to the concept of the reserves as money to be invested productively, in other words, the concept of social capital.

Like Carafa, Botero thought that money remaining from State spending should not be exaggeratedly hoarded. The size of the reserves should be proportionate to the other conditions of the country. No State was ever ruined by lack of money. Excessive hoarding can ruin trade and industry. If the money entering a country is less than that leaving it, the answer is not to hoard, since that will ruin the State. Instead, labour and industriousness should be expanded, and money should be spent on improving production. Only expanded production, in fact, can increase the reserves.¹⁶ At the end of the century, Laffemas also maintained the necessity of putting money to use, not letting it stand idle. He added that in order to obtain even more, we must allow money to leave the kingdom.¹⁷

In Botero's time the scholastics were trying to update their analyses. At the beginning of the seventeenth century another Jesuit, the Flemish Leonard Lessius, extended the criterion of *lucrum cessans* – in its broadest sense – to professional money lenders.¹⁸ In the same years Malynes, in his *Lex mercatoria*, defines as 'stock or capital' the money or the goods employed by the merchant in his business.¹⁹ This work by Malynes was not theoretical. It was a practical commercial manual, which presumably confined itself to recording concepts already in use. At the beginning of the seventeenth century, then, the concept of individual capital had already freed itself of the purely monetary form; it had become more abstract, although no mention was yet made of the means of production.

It was on the relationship between foreign trade and the reserves that mercantilism overcame bullionism definitely in the 1610s. Serra, Monchrétien and Moncada carried on the tradition of the late sixteenth century found in their respective countries, putting forward 'anti-bullionist' arguments more organically. In England, on the other hand, the dispute between mercantilists and bullionists focused on the problem of the export of money. To the bullionists' proposal to restrict this export, Mun, Houghton, Roberts, Roger Coke, etc. replied that exporting money was necessary if one wished to get a greater amount back.²⁰

In 1638 the Genoan Peri provided a definitive modern version of the concept of capital.²¹ In his book on mercantile ethics and techniques, he first distinguishes between usury (in the modern sense of too high an interest) and interest. He condemns the first (I.18: 54–57), and defends the second, which is necessary for commerce (I.19: 66; III.6: 8–9). He then explains that money, taken in itself and 'alone', is not fruitful, but sterile. It becomes fruitful, however, when involved in mercantile industry. It is therefore man's skill and work that makes it fruitful, just as the farmer's work makes the wheat fruitful (II.8: 16–17). Thus he too uses the same effective metaphor which was proposed by Olivi.

As in the case of Carafa, Peri also failed to receive the attention he deserved. Putting new wine into old casks, the mercantilists continued to talk about 'treasure' when in fact by this time they meant monetary capital.²² Many of them, including Mun, Locke, Brewster, Decker and the German cameralists, sustained that the wealth of a nation is in proportion to the money it owns.²³ This was certainly an unsophisticated statement compared to those of Botero, but it referred to what money, invested as capital, could procure. Similarly, the same authors stated that the wealth of a nation is labour, obviously referring to the goods that labour produces. So when Sir Dudley North, a hundred years after Botero, reintroduced the difference between passive and active conservation of wealth,²⁴ he was expressing a concept which was already implicit in all of mercantilist thinking. In the same period, with Child, Locke and North himself, the final step was taken: they used a concept of social capital which included not only the monetary form of capital but also use values.²⁵

Chrysohedonism or fear of goods?

The fact that the early mercantilists kept talking about ‘treasure’ when they already meant ‘capital’ led their successors to be over-critical of them. To understand the mercantilists’ ‘hunger for goods’, we must first evaluate the accusations levelled at them by the Enlightenment thinkers, starting from Hume (on the balance of trade: see below, page 214), to Mirabeau,²⁶ and to Adam Smith. Smith’s were the most organic criticisms, and they had a devastating effect. It was these criticisms that created the enduring aura of discredit around the mercantilists, which in part still exists.

The criticisms were, however, erroneous or exaggerated, although they still have their power of persuasion.²⁷ They can be summed up in three points: (1) the mercantilists confused wealth with money (this accusation is hinted by Smith, rather than being stated overtly);²⁸ (2) to enrich the nation, the mercantilists relied exclusively on exports exceeding imports, and thus on the control of the balance of trade; (3) they either failed to understand or they neglected the advantages of a *laissez-faire* policy for the nation. Slaves as they were to the interests of entrepreneurs and merchants, they were not concerned with the real aim of economic activity: consumption.²⁹

Now it is true that early mercantilists wanted to keep wages very low. It is also true that mercantilists in general established too close a link between development and foreign trade. But this does not mean that mercantilists conceived of wealth as money, or that they neglected production. Many authors followed Smith in the criticism on the balance of trade (for a contrary view see pages 204–05) and the neglect of domestic production (see next sections).³⁰ Other authors focused on the alleged identification of money with wealth.³¹ In recent decades it is still not unusual to find such interpretations.³² Confusion of mercantilists with bullionists was made even by some historians who knew the literature of the time very well.³³

Criticism of chrysohedonism has a strange history. Starting from the late-sixteenth century, authors of all periods criticized the idea that wealth is made up of money, as if such an idea were found in their immediate predecessors. But we have only one instance of the chrysohedonist thesis expressed by an economic author. It comes from the debate of the two Saxons on the debasement of money, in 1530–31.³⁴ The Ernestine author affirms that wealth consists of money (pp. 46, 70). He adds that trade brings poverty to the country, because it takes away silver – which is snapped up by the countries who trade with us – and brings in useless goods (pp. 32, 36, 46, 76). Thus money must be prevented from going abroad through trade, since this makes the state poor (pp. 68–78).

The Albertine author, his opponent, goes in the opposite direction.³⁵ He is very far from bullionism; and is anxious to increase production and improve trade. In his reply, he repeats the arguments put forward by Copernicus against the debasement of money: debasement causes inflation, because merchants raise prices by the same proportion; and the price rise is harmful for

the country because imported raw materials must be paid for at a higher price (pp. 96–108).³⁶ Besides, this author uses an argument that will be fundamental in the analyses of Antonio Serra and Thomas Mun. To his opponent he says: you accuse some countries because they are rich even though they have no mines. But you forget that they have gold coins and goods; and this is why they attract trade and become rich (pp. 114–16).

As we have seen (above, pages 105–06) Aristotelians of the sixteenth century repeated again and again that real wealth is goods, not money; gold and silver are only instruments for the purchase of goods and in themselves have no value. Similar statements can be found in the early mercantilists, like Montchrétien, Roberts, and the authors of *Advice*. They are repeated by the late-seventeenth century authors, like Dudley North, Davenant, and the author of *Considerations* (now believed to be Henry Martyn); then by the non-mercantilist French writers like Vauban and Boisguilbert; by Law and his follower Dutot, and by those who, like Asgill and Barbon, proposed landownership as a new currency. The same criticism of the supposed chrysohedonism of the past became universal in eighteenth century writers, from Berkeley to Tucker. Genovesi devoted a whole article to it.³⁷ This is to mention only a few and without citing the Spanish, already mentioned (above, pages 144–46).

The authors of the period fought against the tendency of the common people and of politicians to confuse wealth with money.³⁸ As we have seen, they constantly came back to the negative example of Spain, rich in gold but poor of wealth. This tangible evidence that money is not wealth is evoked by authors including Mun, Roberts, the authors of *Advice*, Evelyn, Child, Cary, Davenant, Huet and Mandeville. Montesquieu, as if making a new discovery, devotes a whole chapter to it in *Esprit de Lois* (see also above, page 139). Neither Montesquieu nor the English knew that the earliest and most insistent supporters of this argument had been none other than the Spanish mercantilists.

Another negative example used by the pre-Smithians in their continual polemic against chrysohedonism came from mythology. It referred to King Midas, who died of hunger precisely because he had the gift of turning everything he touched to gold. This myth was first cited by Aristotle (see page 23), in order to support his condemnation of greed through the statement that money is not wealth (which was in fact the meaning of the myth). The efforts to get more and more money, concluded Aristotle, are foolish, because they do not increase the satisfaction of our needs, which are limited. Thus they do not increase our wealth.

In the same sense the myth was recalled by many humanists and Aristotelians of the sixteenth century, and by later authors like Fernández Navarrete, Houghton, Montesquieu and Postlethwayt.³⁹ Ironically, in the nineteenth century, Senior and McLeod, thinking to be original, used the same facile analogy against the mercantilists' alleged chrysohedonism, and accused the latter of 'Midas delusion'.⁴⁰ This unfounded criticism is still now re-echoed in many textbooks of economics.

Two authors explain with most clarity why mercantilists were so worried about keeping control of gold, although they were not chrysohedonists. Roger Coke stated that: 'Money is a means to increase trade'. Pollexfen, in a brilliant analysis, says that the countries who do not have raw materials can permit the free export of gold in order to encourage trade. But England needs its gold to raise production and to give employment to the poor by working its own staple commodities. The author of *Vindication* distinguishes between the wealth of the nation, made of the products of our labour, and its treasure, which is made of gold and silver. The latter is necessary for the expenses of the State. Thus, as Violet also showed, concern for gold did not mean neglect of trade.⁴¹

In conclusion, the pre-Smithians had a concept of wealth which was the same as ours: they saw it as the sum of the goods that satisfy needs, that is, the sum of use values.⁴² Some of them gave an explicit definition in this sense.⁴³

A great many historians of mercantilism confirm this interpretation. They have shown that: (1) the mercantilists were obsessed by the strengthening of domestic production;⁴⁴ (2) they closely linked the balance of trade surplus with increased production, which would be stimulated by increased exports and restrictions on the importing of finished consumer goods;⁴⁵ (3) consequently they were anything but advocates of chrysohedonism. List, Eisenhart and Cannan himself, in a later work, underlined the mercantilist awareness of the difference between gold and wealth.⁴⁶ Many other historians followed the same interpretation.⁴⁷

Some historians have written that the pre-Smithians restricted the concept of wealth to material goods.⁴⁸ It seems hardly likely. Mun and all the English writers who followed admired Holland because she made a fortune out of carrying goods for others, an activity which produced no material goods. Roberts included among the factors of wealth, alongside natural and artificial goods, an effective distribution of these goods through trade. Many authors classified commerce and other services as productive labour (see chapter 9). Finally, Graslin explicitly introduced the concept of invisible goods as a component of wealth. He has been criticized on this very point by Desmars.⁴⁹ In contrast, Cartelier feels that the limit of the mercantilists was that they did not consider the durable nature of goods. Actually they had a broader concept of wealth than that limited to durable goods, and therefore in a sense broader than that of Smith.⁵⁰

It is however true, as Smith stated, that the mercantilists neglected the increase in domestic consumption (though only at the first stage). Indeed, as far as the lower classes are concerned, they opposed it. In the 1600s the fear of goods was therefore not yet over.

Labour and wealth-getting

The mercantilists attached much importance to labour as the creator of wealth. This concept naturally has nothing to do with the labour theory of value. The latter in a way implies the former, but it is not the inevitable consequence, nor the cause.

Labour as the creator of wealth is therefore not such an obvious and universal concept as one might expect. It was only born in modern Europe, when the mercantile society provided the absolutely new experience of the constant increase in goods. Then economics rose as an autonomous sector.⁵¹ Up to then wealth was seen as being a gift of nature. Labour was only the necessary, painful (and in antiquity, degrading) means of making natural wealth available. This view was typical of a system based on subsistence, where the task of labour was simply to replace the goods consumed during the production cycle, with no substantial variations in quantity. Labour was therefore not autonomous; it was regulated by the public authorities.

On the contrary, in capitalist society economic activity has the objective of making the individual rich, and has the effect of increasing social wealth. Labour therefore becomes the cause of the increase in wealth; it is no longer an irksome task but a free and ennobling activity. The transition from the former concept to the latter represents the birth of modern society. This cultural revolution was not, however, a straightforward change but a highly complex one. The direction it developed in was not predetermined.⁵²

Up until then, nature was considered the sole provider of goods. It was sacred and inviolable, in its role as the mysterious seat of riches. The anthropocentric revolution of the Renaissance transformed nature into an instrument of human progress; thus it was the mere starting point for the process of acquiring wealth. One of the ideas that this new vision gave rise to is the Puritan conviction that man's economic activity transforms the world according to a divine plan. As Asgill was to write later, 'the earth is the great raw material of the universe, made by God for man to work and improve'.⁵³

Now there were two sources of wealth: land and labour. Land supplies the raw materials; labour transforms them into things useful for man. But it is labour alone that is the source of the *increase* in wealth. In their definitions, the pre-Smithians maintained until the end the double reference to nature ('land') and labour as sources of wealth.⁵⁴ But in their concrete analyses they favoured labour as the factor really responsible for the acquisition of wealth.

Botero wonders which is more important for making society rich, whether it is 'the fertility of the earth or the industriousness of man', and opts for the latter. Human industriousness 'far exceeds that of nature', since the things it produces 'are more numerous and much more highly priced than the things created by nature'. In richer and more prosperous towns and regions most people live on their industry and not on income from land.⁵⁵

Davanzati is more specific. In the cost of an article, he says, 'often the labour is worth more than the material'. Bacon states that the labour that pro-

duces a good and transports it is often worth more than the material of which the good is made and is more profitable for the State. According to Hobbes plenty depends above all on labour and on saving, and only secondarily on natural products. In this sense, labour is a good, like any other, which is exchanged with other goods. For Petty, labour is 'the father and active principle of wealth'; for Cantillon it is the mould, which shapes natural material and produces wealth.⁵⁶ Montchrétien, Becher, Cary, Briscoe and Davenant express the same idea: wealth depends on labour and on the expansion of production.⁵⁷

As time passed this leaning towards labour was accentuated. Locke writes that natural products that are useful to man are at least 90 per cent the result of labour and only 10 per cent the result of nature. These percentages become respectively 99 per cent and 1 per cent in most manufactured items. Hay and Harris add that in rich countries labour becomes by far the greatest source of wealth. Even more drastic are Briscoe himself, who says land gives nothing without labour; and Berkeley, according to whom land in itself is not wealth, since nothing has value without labour.⁵⁸ This point of view gave rise to the concept of social capital as accumulated social labour (Hume's 'stock of labour').⁵⁹

This complex interplay of cultural changes is well summarized in the statement by Montchrétien, Davenant, Galiani, etc. that labour is wealth.⁶⁰ This phrase embraces both the new favourable opinion of labour and of the acquisition of wealth, and the concept of labour as the cause of the acquisition of wealth.

Raising production

The relationship between production and trade

The pre-Smithians paid great attention to the ways of getting hold of wealth from abroad, especially through foreign trade. But this does not mean, as many of their critics have thought, that they neglected domestic production. On the contrary, the latter was their prime preoccupation.

Various historians have reminded that this viewpoint is to be found constantly in laws and decrees from the mid fifteenth century (see also pages 127–36).⁶¹ Sixteenth and seventeenth century writers unanimously insisted on the prime importance of production.⁶² Wheeler, Serra, Mun, Roberts, and later Ulloa and Ward supported trade with the argument that it makes industry grow. Defoe stated the same by inverting the old instrumental relationship between trade and industry. Trade, he says, is the basis of all wealth; but this is because it stimulates production.⁶³ A French edict of 1669, cited by Deyon, sums up very well the mercantilist vision: trade brings wealth to countries, 'in proportion to their industriousness and their labour'.⁶⁴ This is the view of all the writers of the time.⁶⁵

Adam Smith repeated (without acknowledgement) all the concepts of the

pre-Smithians which we have so far presented: land and labour as sources of wealth; labour as the only source of the increase in wealth; capital as accumulated labour; trade as a function of production.⁶⁶

We shall now break down the exposition of the pre-Smithian theories aiming at extending production into three points: population growth; the increase in manufacturing; and the struggle against 'idleness'. The theories aiming at the increase in productivity will be dealt with in the next section, divided into three further points: labour specialization; technical progress; and the division of labour.

Population growth

Pre-Smithians strongly supported the expansion of manufacturing and of trade. An essential corollary of this approach was the increase in population, which in fact in that period occurred with unprecedented speed.

For a century, from Bodin to Petyt, all the authors proclaimed the need for the largest population possible, arguing that the more hands, the higher the production and the stronger the State. In 1621 Fernández Navarrete was among the first of a long line of Spaniards to bewail the population drain from Spain and to analyse its causes and possible remedies.⁶⁷ At this stage, a bigger population was argued for on the grounds that it would increase the quantity of goods produced. This was often accompanied by two other reasons: the increase in military power and the possibility of filling the State coffers because of the greater number of taxpayers. But the argument linked to economic growth was dominant.

Roger Coke went so far as to state that English emigration to America and Ireland was harmful to English trade. He devoted an entire book to such a thesis, and compared this fact to the expulsion of Moriscos from Spain. Petyt, the penetrating author of *Britannia Languens* of 1680, sees population as a factor of production. He interprets the common feeling of the day when he links the quantitative expansion of production with its qualitative growth, that is, with the rise in the productivity of labour. Population, he writes, is the most precious resource, from which everything derives; it is a form of capital, which is in itself a raw material and which needs governing to be improved. If there were a policy and if labour were under public control, instead of being at the mercy of greedy antisocial private interests, England would grow great.⁶⁸ In the following fifty years the view of population as the main productive resource continued to be held by all.⁶⁹

Before the Enlightenment, only a few authors attempted a more detailed analysis of population. Botero and Petty, while sharing the common view, added that overpopulation is to be avoided and that a correct balance must be sought between population and resources.⁷⁰ Cantillon also took this approach, examining population growth not only with reference to the final product but also in relation to the resources that are available. He wondered if it is not preferable to have a limited and well-fed population rather than a

population which is numerous and lives in misery. Both Law and Cantillon invert the causal relationship between population and production, formulating for the first time a basic demographic law: the rise or fall of the population depends on the economic growth rate.⁷¹ Therefore, between a quantitative increase in production and higher productivity, both these authors favour the latter.

In the eighteenth century the idea of a numerous population as the main productive resource was repeated as a commonplace by most authors.⁷² Josiah Tucker devoted many pages to policy proposals aimed at increasing population.⁷³

However, various authors followed the line begun by Botero. Vanderlint, Hume, Franklin and Genovesi stressed the need for the population to grow in harmony with the growth of resources.⁷⁴ Andrea Memmo took up Law and Cantillon's rule about population growth depending on the food supplies available. Ward stated that raising population numbers was not as important as increasing the active population, by employing the jobless. Beccaria looked more closely at the approach of Law, Cantillon, Memmo and Ward, writing that it is the increase in the amount of labour that enables the population to increase, rather than the reverse.⁷⁵

The most mature synthesis of the pre-Smithian approach to population is found in Steuart, who devoted the whole first book of his *Inquiry* to it. Steuart outlines a theory of economic-demographic development. In it the legislator sets in motion and control a growth of population which is differentiated in the various social strata and in the various sectors of production according to the requirements of a balanced economic development.⁷⁶

Thus all the pre-Smithians, when approaching the population problem, always focused on their central concern: the increase in production. On their turn Botero, Petty, Petyt, Cantillon, Law and the Enlightenment thinkers did not want to stop population growth, but to guarantee a parallel growth in production. This shows how misleading a Malthusian interpretation is for these authors.⁷⁷ Malthus thought just the opposite. For him, overpopulation and overproduction were two negative sides of the same coin.

Heckscher, along with Collison Black, and partly with Hollander and others, stated that the real reason the mercantilists wanted population growth was the desire to keep wages low thanks to the pressure of unemployment, that is, through labour supply exceeding demand.⁷⁸ However, very few traces of this theory of 'the industrial reserve army', as Marx called it, are to be found prior to the mid eighteenth century. In fact, the desire for population growth, in spite of the persistent unemployment of the time, indicates, as Appleby has observed, that the pre-Smithians had strong faith in the possibility of economic development.⁷⁹ History was to show that this faith was not unfounded.

The earliest Malthus-type positions, which are also in line with Heckscher's interpretation, are found in the dispute between Bell and Temple. In 1756, William Bell maintained that an increase in population is

hindered by the difficulty of finding the necessary food supplies. In the middle of the Enlightenment, Bell was awarded by the University of Cambridge for maintaining that commerce and the arts do not create new wealth. They only increase prices, create imaginary needs and encourage extravagance and debauchery, then corruption and idleness. Thus trade hinders the increase in population. Therefore the expansion of industry must be stopped. Two years later, William Temple of Trowbridge devoted an entire book to confuting Bell. He explained that the ‘degeneration’ of idleness is not found if the population is large. The oversupply of manpower, in fact, enables wages to be kept to a minimum and forces the workers to work as much as possible.⁸⁰ As can be seen, both of these contrasting arguments contain a reactionary element against the common people, which was foreign to the climate of the Enlightenment. It began to prevail only after Smith and after the French Revolution.

The increase in manufacturing

For the pre-Smithians, the primary condition for making a country rich is the expansion of manufacturing. This is supported by all the sixteenth and seventeenth century authors, ranging from Botero to Laffemas, Sully, Serra and Montchrétien; from Hobbes to Keymor, Briscoe, Barbon, Locke and North.⁸¹ This would continue into the eighteenth century.⁸² Thomas Mun says that expanding production and specialization enables a country to become richer than countries which possess greater natural wealth. Along with foreign trade, he also writes, the way to make a country rich is ‘the industrious increase of our means’, and above all the number and the efforts of artisans and manufacturers.⁸³ Perhaps the best theorization of the mercantilist policy for production comes from the political treatise by two Dutch men, John de Witt and Pieter de La Court, in the middle of seventeenth century. Fishing, commerce and manufactures must grow, against the interests of idle nobility and military officials who hope to plunder and rifle people and get rich through the corruption of government. In a free state it is the prosperity of governing people that depends on that of the governed, not the contrary. The true strength of Holland comes from its freedom, because its inhabitants are ‘wonderfully linked together’ by the common interest. It is freedom that attracts so many foreigners, who can choose their religion and their occupations. Finally, they repeat that peace fosters the Dutch economy, while war damages it.⁸⁴

Fortrey, Cary and Petyt stated that manufacturing is essential for the support of the balance of trade. To this, Sir Walter Raleigh, at Queen Elizabeth I’s time, had added fishing, as many others did, and given the usual example of the Dutch. Pollexfen asks to mind the quality of production, but also to check the price, because a little gain on a large production is better than a big gain on a small-scale production. The first is stable and solid, the other is fragile.⁸⁵ The unfortunate Spaniards insisted for more than two cen-

turies on the need to expand manufacturing. From Ortiz to Campomanes, they untiringly produced an enormous number of general, sectorial and territorial economic plans aiming to promote the country's production.⁸⁶

An equally insistent demand of the time was to promote production through public works and workhouses. Beside the authors just cited for the 1600s, we shall mention, among the many, Robinson, Petty, Child, Álvarez Osorio, Bellers (who devoted an entire book to a project for 'a college of industry'), Davenant and Puckle. And also that huddle of disparate issue in Yarranton's book.⁸⁷ For the 1700s we just mention Belesbat, Pascoli, Gee, Hay, Gray, Plumard and Grisellini.⁸⁸ The two Culpepers, father and son, an anonymous *Tract* of 1621, Child and many others insisted untiringly on the necessity to lower the interest rate, with the fair motive that this would foster investments and production. But Robinson, being no less perceptive, argued that, if the interest rate was allowed to increase freely, there would be an influx of foreign money. Trade, in fact, 'like water being once stopped in its usual course, makes its own way by another channel'.⁸⁹

In addition to manufactures, all the pre-Smithians were keen to extend and improve infrastructures. From the mid seventeenth century on, countless authors call for building works on canals, ports, roads, bridges and buildings.

The struggle against 'idleness'

The demand that the new type of production should be expanded in every possible way was not designed merely to increase social wealth directly, but also to provide work for the unemployed. We have seen in chapter 6 that unemployment was mainly due to the modernization of production. In the breakdown of the feudal economic framework, masses of peasants, small farmers, artisans and people in the service of the nobles were thrown out of their jobs and their land, and poured into towns and parishes.

We have seen that according to Adam Smith mercantilists put the interests of business lobbies before the consumption of lower classes. Marx stated that in this first phase of capitalism, exploitation was revealed without hypocrisy, in all its ferocity. Tawney and Heckscher explained the campaign against the 'luxury' of the lower classes by citing the need to cut labour costs. The latter thesis has been taken up by numerous historians, such as Gregory, Buck and others.⁹⁰

Furniss, Beer, Mira and Sekora stressed the other reason for the anti-labouring poor policy adopted by the mercantilists: the fear that the common people would break the bounds of their class status. Beer added that in England the sympathetic attitude towards the workers became hostile after the Civil War, with the rise to power of the middle class. Viner spoke of 'unconscious class sympathies' in the mercantilists. Following Heckscher, and followed in his turn by Hollander, he went so far as to say that the mercantilists' attempt to achieve a favourable balance of trade was due to their aversion for domestic consumption. For these reasons Faure-Soulet accused mercantilists of 'amoralism'.⁹¹

Müller-Armack pointed out that in Calvinist areas, one could not tell a workhouse from a prison.⁹² Numerous authors of the time call for restrictions against 'idlers', including transportation to the colonies and work in the galleys.⁹³ In 1737, Berkeley and Hutcheson believed that slavery (even if the non-hereditary kind) is still an acceptable remedy for sloth and idleness; although Berkeley himself defended high wages. Yet again Berkeley, Ward, Faiguet, etc. called for factory work to be extended to children.⁹⁴ This was an idea and a practice already widespread in the 1600s, but which, according to Appleby, had an educational aim, very common among the upper class of that century.⁹⁵

On the other hand other historians, like Wilson, Appleby, and Buck himself, have pointed out that the mercantilist policy of full employment derived from mixed motives: both humanitarian interests and the desire to increase production. Charles Wilson in particular has provided a massive documentation both of the humanitarian interests that gave rise to the labour policies in that period and of the impressive public relief system run by the State in England, comparable, in his view, to the modern Welfare State. Appleby and Grampp observed that the pre-Smithians were certainly not as harsh towards workers as were the authors of the late eighteenth and nineteenth centuries.⁹⁶

However, the scourge of 'the poor' also had cultural causes, which were just as powerful as the structural. The breakdown of the values and social system of the past made parish assistance seem preferable to the new discipline of wage-work in factories, to which the poor found it hard to adapt. It is understandable therefore why throughout pre-Smithian literature the condemnation of idleness is repeated obsessively. The works we mention here are only a small sample of those that could be cited.⁹⁷ The author of *Considerations* re-proposes the organization of work for the poor; while Defoe accuses the unemployed of being unwilling to work.⁹⁸

Petty even calculates the cost to the country of the 'idlers'. Moreover, he feels the unemployment problem so strongly that he believes public works of no utility would be advisable. He puts forward some paradoxes that probably influenced Keynes, and gives the example of building a pyramid or that of carrying stones from Stonehenge to another place. Or, he writes, it is better to burn the product rather than put the workers who produce it out of a job. This type of work, explains Petty, keeps the unemployed obedient and orderly, and trained to the discipline of work.⁹⁹

In fact, when dealing with workhouses, most of the authors show a mixture of motivations (humanitarian, coercive for educational reasons or in order to increase production) that cannot be separated, and that are related both to the structural and the cultural elements in unemployment.¹⁰⁰

This is also reflected in the use of a single word, 'idleness', to indicate voluntary and involuntary unemployment. Defoe sums up this attitude very effectively when he writes that idleness makes people poor and poverty makes people idle. Industriousness, on the other hand, makes people rich and profit reinforces industriousness.¹⁰¹

In conclusion, the view of the poor as a productive resource, to use

Appleby's expression, does not preclude social motivations. This appears even in the two most typical of the repressive arguments used by the pre-Smithians: the criticism of public assistance and the request for mere survival-level wages. Many authors condemned public assistance, but they did so because it gave no incentive for work or for social integration.¹⁰² According to Roger North, charity humiliates the recipient, leaving him forever in misery.¹⁰³ Some authors also called for wages to be kept to a minimum, because low wages made the poor want to work harder.¹⁰⁴ But in the Enlightenment this latter viewpoint was challenged.

Increasing productivity

Labour specialization

For the pre-Smithians the increase in the production of wealth could be achieved not only by extending manufacturing and other production sectors, but also by increasing productivity. Furniss placed Dudley North, Berkeley, Hay and Tucker among the precursors of utilitarianism because they stressed that wealth is the result of increased productivity.¹⁰⁵ But if this approach were accepted, then the list of precursors would stretch so far that it would include almost all the pre-Smithians.

To increase productivity the pre-Smithians looked first to labour specialization. They stressed the importance of industriousness (using the term 'industry') which means the willingness to work hard, inventiveness, a sense of initiative, and specialization. Not surprisingly, it is from this term that the modern name for factory production derives.

A long series of authors saw industriousness as the basis of the acquisition of wealth.¹⁰⁶ Lottini hoped for competition in order to stimulate industriousness. Even the bullionist Ammirato ranked industriousness before mines, as a means of making the country rich. Serra indicated 'the quality of the people' as the prime factor determining the wealth of a nation. Lewes Roberts stated that it is bad for the economy to have many unskilled workers; for him, as for Tucker, skill and specialization were essential for development. Harris replaced the traditional wealth factors (colonies and high population) with industriousness and specialization of the workforce, along with good government.¹⁰⁷

The Spanish authors insisted on the connection between better education and improved production and made numerous organizational proposals to this end. They analysed the state of the various manufacturing sectors in great detail, along with ways of increasing their productivity. Álvarez Osorio suggested forming various committees of experts to encourage the setting up of industries. Lunetti, like the Spanish, put forward many projects for extending manufactures in Naples. Many mid eighteenth century authors, including Plumard, Grisellini and Andrea Memmo, call for the establishment of schools and academies to encourage production.¹⁰⁸

There were innumerable suggestions for measures to prevent the country

from losing its artisans and to attract more specialized foreign artisans. The latter could introduce new techniques and new inventions.¹⁰⁹ Brewster suggests the Protestant refugees should be welcomed: they will foster English production as the Flemish refugees did in Elizabeth's time, when they implemented the manufacture of wool.¹¹⁰

Fernández Navarrete and Muñoz pinpointed the beginning of Spain's decline in its expulsion of Moorish workers and artisans. Petyt insisted on the need for a national labour policy to protect society from the damage caused by the exodus and by the poor treatment of workers. Finally, Petty provided us with the best argument in support of labour specialization. He placed know-how ('art') among the factors of production, next to land, labour and capital ('stock'), and gave an example: if I plough 100 acres in 1,000 days and then spend 100 days, without ploughing, studying new techniques and inventing new tools, I can plough 200 acres in the remaining 900 days. In this case, he concluded, the specialization gained in a hundred days 'is worth a lifetime of one man's labour'. Therefore, the specialized work of one man is worth the unskilled work of two men.¹¹¹

Technical progress

Not only Petty, but almost all the pre-Smithians found labour specialization to be closely tied to technical progress. Joseph Spengler rightly applies Oswald Spengler's thesis on the birth of the Faustian spirit in the West to the mercantilists and their industrialism.¹¹² The sixteenth and seventeenth centuries certainly did not automatically assume support for the acquisition of wealth or for the modern form of labour, and this was even more the case for technical innovations and inventions. Historians have documented the long battle in the 1500s to 1600s against innovations in production, waged by the social groups affected by these changes; nobles, artisan corporations, and even governments concerned about the unemployment caused by the innovations. Wheeler, for instance, speaking of the merits of the Merchants Adventurers, included in these their opposition to innovations.¹¹³

But several Renaissance authors expressed a positive interest in technical progress and innovations.¹¹⁴ Botero advocated encouraging 'artifices' and inventions, as well as the most skilled artisans.¹¹⁵ Francis Bacon theorized the new productive processes and their internal logic.¹¹⁶ Later, with Petty, then with Barbon and Álvarez Osorio, there was to be an explosion of enthusiasm for progress. The author of *Considerations on the East India Trade* makes a fascinating analysis, demonstrating that technical progress increases productivity and permits labour saving. In the eighteenth century, Vanderlint, Ward and – best of all – Postlethwayt went deeper on this issue: the increase in productivity lowers the prices of essential goods and therefore the price of labour, and in this way increases exports.¹¹⁷ For the same reason from 1730 onwards almost all authors insist on the need to improve agricultural production.

Plumard and Tucker then completed the analysis. Like Postlethwayt, they made it clear that the profit increase must be based not on low wages but on technical progress. Technical progress, they write, allows for a reduction both in the cost of manpower and in the number of workers. This increase in wealth enables both production and employment to grow.¹¹⁸

On this point, Ricardo would not go much further.

The division of labour

The concept of industriousness gave rise not only to the concepts of labour specialization and technical progress, but also to others: that of the entrepreneur and that of the improved organization of labour (the division of labour).

The concept of the entrepreneur was formulated clearly only by Cantillon. However, the words 'entrepreneur' in France, and 'undertaker' or 'adventurer' in England, already expressed a similar idea towards the end of the 1500s.¹¹⁹

In contrast, the concept of the division of labour is one of those common ideas which are found in all economic writings, starting at least from Xenophon (see pages 20, 29), and which were not discovered by anybody.¹²⁰ Certainly not by Smith, as was often believed in the nineteenth century; nor by Diderot or Beccaria, as J. B. Say and Pecchio wrote.¹²¹ Not even by Plato. It is therefore naïve to think that Smith was inspired by Plato,¹²² and not, more simply, by the seventeenth and eighteenth century English writers that he knew so well (see below).

In the first stage of the modern era, the meaning of this concept was that inherited from Patristics; i.e. it was understood as the division among countries of the production of goods, owing to differences in climate and natural resources. Such differences were ordained by Providence to ensure trade and well-being for the nations (see page 56). This meaning was present in the Middle Ages; then is to be found in Davanzati; and later in the 1700s.¹²³

But in the meantime it had been supplanted by the idea of the social division of labour among the various trades and professions. In this version the concept is found in Montchrétien. Becher insists on mutual dependence and social harmony, which are ordained by nature, and which create the division between sectors of production and between trades within the sectors. Petty adds the idea that the social division of labour is limited in sparsely populated and isolated communities (as Smith was to say: it is limited by the size of the market). The same concept is to be found in Boisguilbert, Defoe, Kames, Giambattista Vasco and others. Mandeville, Harris, Ferguson and Beccaria provided the most complete theory on it before Smith.¹²⁴

Finally, starting at least from Petty, there emerged a third meaning of the concept: that of the (technical) division of labour within a factory (or agricultural activity, as Anton Francesco Doni observed). The most significant treatments of this point come from Petty; the author of *Considerations*, who draws

heavily on Petty; and the outstanding work by Ferguson. It is worth reading also Tucker, Campomanes, etc.¹²⁵

Up to and including Mandeville, the authors who deal with the division of labour among nations and among professions by and large try to deduce the idea of social harmony from these concepts. They are less interested – with the exception of Petty, as usual – in identifying an increase in productivity as the aim of the division of labour. In contrast, consideration of the division of labour in manufacturing immediately brought to light the aspect of increase in productivity. It is this element that distinguishes the modern concept of the division of labour from the old one.

For his formulation of this subject, Smith owes a great deal to his predecessors, especially Petty, Mandeville and Ferguson.¹²⁶ Even his example of the production of pins, probably taken from the technical article by Deleyre, reminds us of Petty's example of watch assembly and that of the author of *Considerations* of the making of watches.¹²⁷ However, the brilliant intuition of seeing the progress of the division of labour as the basis of capitalist development is due to Smith alone. But what is also due to Smith is the error of believing that the division of labour derives from trade, that is, from the market economy, and that it cannot exist outside it.¹²⁸

The surplus

The generic concept of surplus has always existed. But in pre-modern societies, it meant simply what is left over from essential consumption and is allocated to non-essential private or public consumption. In modern economy (capitalism) the surplus is used productively, i.e. in the reproduction process. It adds to the previous wealth employed in production. Thus, while the surplus of pre-modern economies is more or less always of the same quantity, that of capitalism grows, by definition, more and more (for all this, see chapter 1).

As can be seen, a precise concept of capitalist surplus involves quite a thorough knowledge of the mechanism of capitalist accumulation, that is, of the circular process of distribution, productive consumption and enhanced reproduction of wealth. But only the physiocrats and Smith managed – albeit still tentatively – to describe this process. The pre-Smithians did not have access to a clear analysis of capitalist accumulation; however, their concept of labour as the creator of new wealth, their desire to expand production and raise productivity perforce implied some notion of capitalist surplus. The writings of the best authors of the period confirm this inference.

Going deeper in an analysis already started by Botero (see page 166), Serra explained the difference between 'natural' (pre-modern) surplus and surplus from industrial labour. The prime condition for making a country rich, he says, is the 'number of artisans', who produce more than the country needs. The surplus from industry is preferable to the surplus from the fertility of the soil, for four reasons: (1) it is more secure, since it does not depend on the

climate; (2) it can increase constantly, unlike the agricultural surplus; (3) it is less perishable than agricultural products and thus more surely saleable; (4) in the sale of industrial goods the profit is greater than in the sale of agricultural products.¹²⁹ Similar concepts appear in Montchrétien, in the pages already cited.

Thus the idea of capitalist surplus comes to the early mercantilists from the observation of the growing wealth produced by manufacturing industries. Serra's analysis was later summed up (but also impoverished) in the statement that industry adds value to the products of the land; a statement which eventually became a commonplace.¹³⁰

But it was only Petty who gave a name to the concept of surplus – he called it 'overplus'. Thanks to him the concept freed itself of the limited sense of one sector producing higher value than another, and attained a general dimension. In some passages Petty simply writes that manufacturing is more lucrative than agriculture, and trade is more profitable than manufacturing.¹³¹ However, in other parts, he talks of surplus as wealth in general. To make good use of the surplus and to make the country rich, he suggests employing the unemployed in different sectors, from infrastructures to manufacturing to mining. In another passage, he equates the corn surplus with the silver surplus, calling them both 'neat proceed' (net product; see also pages 183–87). Lastly, as Cannan pointed out, in *Verbum Sapienti* Petty calculates the value of the whole English national capital and of the annual product ('annual proceed') produced by this capital. In national capital, along with land and houses, he also includes ships, livestock, precious metals and goods of all kinds.¹³²

Petty's concept was taken up and made more detailed by Cantillon. In an extremely penetrating chapter, Cantillon traces the origin of interest to profit and the origin of profit to surplus product or capitalist surplus. Cantillon, like Petty, starts from the example of the agricultural surplus product, but soon extends the idea to other types of production, like that of the latter. Around the mid 1700s, Hay, Postlethwayt, Harris and Forbonnais re-present the same concept in various ways, but not so clearly.¹³³

Very few historians – Johnson and Buck stand out – have realized the importance of the concept of capitalist surplus in the pre-Smithians' analyses.¹³⁴ Some of the others, like Schumpeter and G. Tucker, do no more than describe the transition from the concept of monetary interest to the concept of capital gain, completely ignoring the decisive link of surplus in terms of use values. Others, like Heckscher, reduce the pre-Smithian concept of surplus to the traditional idea of excess (the pre-modern surplus), understood, however, as unspent wealth.¹³⁵ Finally, others, like Marx, Heckscher again, Viner, Blaug and many many others, reduce it to the idea of extra wealth from a profitable foreign trading transaction (see pages 211–13).

Lastly, Marx himself, and more recently Roncaglia, see the concept of capitalist surplus in Petty, but confine it to the form of land rents. Marx thinks Petty's concept is simply an anticipation of that of the physiocrats, that is, the surplus as a physical increase in wealth.¹³⁶ But this is not true, not only

as regards Petty and his successors, but also his predecessors. Botero favours manufacturing because, he says, although it transforms materials without increasing their physical quantity, it produces an increase in wealth. Serra means the same thing when he writes that the manufactured product contains more wealth than the primary product.¹³⁷

In all these authors, therefore, there is the idea of capitalist surplus, understood as the increase in wealth in terms of use value, not as the increase in physical quantity nor as a mere increase in profit. From this point of view (but *only* from it), the physiocratic meaning of surplus represents a serious step backwards in economic analysis; and not, as is generally believed, the first discovery of the concept of surplus. It is on this basis that the pre-Smithians were to formulate the problem of productive labour. In both the case of surplus and in that of productive labour, the classical viewpoint of value has prevented historians from appreciating the pre-Smithians' different approach.

9 Productive and unproductive labour*

Defining productive labour

The urgent desire to increase production led the mercantilists to investigate which type of labour was more suitable for this purpose. They therefore tried to understand what types of work were more productive, in order to encourage them to spread; and which were less productive, to discourage them.¹ The concept of productive or unproductive labour was therefore created with mercantilism, and not, as many still believe, with Adam Smith. It emerged as a distinction between types of work that were productive to different degrees, and not as a contrast between types of work that are inherently productive and those that are always unproductive. The mercantilists and the Enlightenment thinkers faithfully followed this flexible approach. This flexibility enabled them to have a dynamic conception of accumulation. In fact, through the concept of different types of labour being more productive or less productive, in the end Enlightenment thinkers came to understand the need to increase consumption in order to make labour more productive. They therefore came to see consumption as an investment.

On the analytic plane, the concept can indicate either labour that reproduces the same wealth that it consumes – through the means of production, raw materials and wage-goods used – or labour that produces greater wealth than it consumes. In the latter case it creates a surplus. Economists from the seventeenth century on were thinking of this second meaning. However, there is a clear difference between the analytic concept of labour mainly used by pre-Smithian authors and the one used from Smith onwards. The first refers to the wealth produced in terms of goods, or of goods and services. Essentially, wealth is seen by these authors as the totality of use values. The second concept refers instead to the wealth produced in terms of exchange value and of profit (A. Smith); or in terms of labour-value and of profit (Ricardo and Marx).

Before the advent of the neo-classical thinkers, economic wealth was seen in three very different ways. The pre-Smithians can be said to have seen it as the totality of use values; the physiocrats in terms of physical quantities; lastly the classical thinkers considered it an accumulation of value (Smith seems to

be in the middle, between the pre-Smithians and the classical school). Now, the pre-Smithian approach is very different, not only from the classical but also from the physiocratic approach. Use value is a concept that dates back to Aristotle; it is a good's capacity to satisfy a human need. An increase in wealth in terms of use values means a greater capacity to satisfy needs. On the other hand, the merely quantitative increase does not always correspond to greater satisfaction of social needs. This lack of correspondence obviously occurs when the product is not concrete (the pre-Smithians talked about wealth also when referring to commerce, transport, administrative services, etc.). But it also occurs when the production of a good increases while the corresponding need has already been satisfied. Finally, it occurs when the increase in the production of a good is out of all proportion to the social importance of the need to be satisfied.

The flexible approach allowed the pre-Smithians to think in terms vaguely similar to those of marginal utility, though not at the individual level, but at the level of society. When they declared one type of labour to be more productive than another, they generally meant that it satisfies more essential social needs. But the best authors also used the concept to say that, when a certain social need has already been satisfied, the labour that satisfies it *becomes* less productive. Quesnay's approach was quite unable to appreciate this difference. But also, the approach of Smith and the classical school, being based on abstract, fixed definitions, made the distinction between productive and unproductive labour rigid and almost metaphysical. This excluded any real evolution of types of labour based on the changing needs of society.

In this book we will deal only with the first type of approach. It emerged with Petty and remained the dominant, though not the only, approach for about a century, until it ran out of energy around 1770. The approach based on value emerged with Smith (actually with Quesnay, as we hope to prove in the second book of this research), and it lasted right through the classical school and its followers and imitators. The strange thing is that, with the advent of the classical approach based on value, the pre-Smithian approach vanished not only from theory but also from the memory of economists and historians. Very few historians show that they are aware that for a century the pre-Smithians debated productive and unproductive labour. In the historiography of the 1800s we managed to find only the names of Roscher, Marx, Heyking, Ingram and Schmoller.² For the whole twentieth century, we found only about ten authors.³ Almost all the best-known general histories, from Gonnard (1921) to Cannan (1929) to Schumpeter (1949) ignore the issue; and even all the best historical studies of mercantilism (except for Johnson), from Sewall (1901), Furniss (1920) and Morini-Comby (1930) up to Viner (1937, 1948, 1968, etc.), Buck (1942) and Appleby (1978) do the same.

Cannan and Schumpeter – but also many others – even found Smith's 'digression' on this question strange, and they attributed it to the influence of the physiocrats. They apparently did not know that Smith had almost copied

the classifications of Petty and of other previous authors (see below). Other historians noticed the distinction between productive and unproductive labour in a few individual authors.⁴ But there are not many of them. A case in point is Bevan, who wrote a lengthy study on Petty, in which he talks about the importance of labour in this author's work and about Smith's debts to Petty, but never mentioned Petty's constant reflections on productive and unproductive labour. Ghino Valenti wrote the only monograph on the history of the distinction between productive and unproductive labour. But by unproductive labour he meant speculative financial activity, which is something altogether different.⁵

What's more, hardly any of these historians realized how radically the pre-Smithians differed from Smith and the classical school on this issue. Some noticed it only in Petty (Cartelier and Roncaglia: see fn 4). Marx, followed by Heyking, was the only historian to point out that the mercantilists had a concept of productive labour based on the production of use values. But he also believed that they identified as productive only that labour 'whose products, exported abroad, bring in more money than they cost'. His argument followed John Barton's: the influx of gold resulting from exports made prices rise faster than wages in the pre-Smithian period. Real wages dropped; profits therefore rose, and this was considered an acquisition of wealth for the country.⁶ This is only partly true. The policies for employing the poor, for instance, aimed at replacing imports, not increasing exports.

Before Petty

In the 1400s St Bernardino of Siena was one of the first to declare the social utility of merchants, when they work honestly. His contemporary, St Antonino of Florence, considered all agricultural work, manufacturing and trade useful, provided usury was not practised. The work of singers, musicians and actors was also approved, as long as it aimed at spiritual recreation. St Antonino then divided occupations into arts of necessity, luxury and speculation;⁷ a distinction that was to be often used, particularly by the Italians. However, the two saints thought in terms of acceptable and unacceptable occupations, not productive and unproductive.

In the 1500s Thomas More's *Utopia* opened discussion on this subject: the rich and the noble, priests and the religious orders, with their servants, attendants and clients, do not work but consume without producing. The occupations that provide their luxuries are useless. In Campanella's *Città del Sole* everybody works, both in practical and in speculative activities; as a result, they are able to work only four hours a day. In the Naples of his day, however, Campanella writes, only 50,000 out of 300,000 work, and therefore their work is extremely hard.⁸

In 1549 John Hales distinguishes labours according to their usefulness for the trade balance policy. One type of labour is damaging because it exports our treasure: he makes a long list of labours which import wares; others do

not import nor export: this list includes the most common artisans; a third category, the useful one, also listed, is made up of the labours who export wares. In 1558 Luis Ortiz called for the idle rich, soldiers, domestic servants, vagabonds, students, jurists and men of letters to be put to productive work, that is, to the 'mechanical arts'. His classification of the unproductive members of society is very similar to the one that would be suggested more than a hundred years later by Petty, and more than two hundred years later by Smith. In 1564 Giovanni Maria Memmo, while defending artisans (see chapter 5), wrote that not only procurers, gamblers, buyers-up and usurers, but also clowns, perfumers and confectioners should be banished.⁹

In these tentative early considerations the economic criterion of productivity gradually began to prevail over the moral criterion. Bodin suggested that by carrying out a census it would be possible to banish vagabonds, pimps, thieves and smokers, who 'eat the bees' honey', that is, the wealth produced by the workers. The census would also supply details on the occupation and earnings of every citizen. Paruta wanted the citizens to be educated to use wealth well, eliminating gaming, usury and 'useless arts' (by which he obviously means work related to vices). Similarly, Laffemas attacked jugglers and charlatans.¹⁰ Botero and Serra brought a more modern approach to the problem, introducing the criterion of the greater or lesser productivity of one occupation compared to another. In fact, as we have seen, they consider manufacturing labour more productive than agricultural work (see pages 166 and 176). Botero also recalls St Antonino's classification of the arts. There are necessary arts, those that are convenient for civilized life, those that are desired for 'pomp and ornament', and lastly those that provide delight and entertainment for the idle. An analogous subdivision is found in Romei, in 1585, and in Lelio Zecchi in 1601.¹¹

An important innovation was introduced by the humanist Montchrétien. He revised the medieval theory of the three orders, the noble, the ecclesiastical and the common people. These orders no longer seem mutually indispensable, nor are they ranked in order of prestige, as tradition would have it. In Montchrétien's view, the order of the common people, composed of farmers, artisans and merchants, is the most important; without it the others would not be able to survive. It is this order which feeds and preserves the State. In fact this sort of new hierarchy had already been put forward by another humanist, George Gemistos Pletho, the Byzantine philosopher of the fifteenth century who had lived for some years in Florence.¹²

The same concepts, which transform the Utopian writers' intuitions into analysis, are found in Francis Bacon, who feels that the excessive number of nobles (who multiply too rapidly), of churchmen or of scholars makes the country poor, because 'they bring nothing to the national stock'. Fernández Navarrete, too, complains that Spain has too many priests and members of religious orders, men of letters, doctors, lawyers, scribes and courtiers; too many common boys are sent to study, causing a lack of farmers (who carry out the most important economic activity), artisans and soldiers. He makes a

dramatic appeal for a drastic reduction in unproductive labour and for a war on the privileges which generate it; this reduction is necessary if Spain is to survive.¹³

These promising ideas got lost with the dwindling of humanistic culture. In the fifty years between Montchrétien's book and Petty's best works, little was written on the subject. Lewes Roberts, like many others, praised the productivity of trade: no matter how industrious man is, a country will never become rich without trade. He added that the effective distribution of goods is an element in wealth just like the goods themselves. In 1650 John Keymor stated that two-thirds of the English population were mere consumers of wealth; this opinion was to be repeated by Petty.¹⁴ The first stage of mercantilism, therefore, with its praise of production and of trade laid the foundation for a more rigorous approach to the issue of productive labour.

The most interesting treatment before Petty is that of the Cameralist Becher, whose almost naturalistic vision is not dynamic like that of the English, but is certainly more organic. First of all, Becher divides society into two parts: first, those whose role it is to keep society in order ('community servants'); and second, the community. The first group is made up of the authorities, that is, the nobles; along with clergy, scholars, doctors, pharmacists, surgeons and the military. These categories respectively look after the soul, the intellect, the health and the life of the citizens. The second group is made up of farmers, artisans and merchants (traders and entrepreneurs), whom Becher carefully divides according to the concrete purpose of their work. All these categories are mutually dependent and mutually indispensable.

Since Becher lacks the capitalist concept of the acquisition of wealth, he does not talk about productive or unproductive labour. However, he insists to great effect on the need for every group to maintain a certain numerical proportion with respect to the others. The 'community servants' must be in the minority; for when there are more clergy than congregation, more doctors than patients, more teachers than students, the State falls into ruin. In civilian society the most vital class, the farmers, must also be the largest; the number of artisans must be in proportion to the number of farmers, and likewise the merchants to the artisans. A merchant can in fact market what a hundred artisans produce, and an artisan can process the raw materials of a hundred farmers.¹⁵

Petty, founder of the concept

The main preoccupation of Petty is to find out which occupations produce social wealth and which do not, in order to promote the former and discourage the latter, through a wise fiscal policy. Petty followed two criteria, which are different but complementary. The first criterion simply divides occupations that produce goods from those that do not. The second establishes which occupations produce goods that are more durable and thus easier to accumulate.

As far as the first criterion is concerned, Petty returned constantly to the

attempt to run a census of the English population, by hypothetically calculating the percentage of active people, and among the latter, the productive and unproductive trades and professions. In the most complete of these classifications, he includes a quarter of the women over seven among the productive population: those who cook, make bread, beer, milk; those who sew and weave; grow corn, etc. Petty therefore makes no distinction between work for private consumption and work on goods to be sold. He also includes artisans, seamen, farmers, hirelings, labourers and errand-boys.¹⁶

Among the unproductive members, along with landowners Petty places those who 'uselessly waste their time studying Latin and Greek', theologians, doctors, lawyers, gamblers, cheats, prostitutes and beggars. Elsewhere he adds philosophers, people in entertainment and also domestic servants; but he considers work that helps to advance man's knowledge of nature important.¹⁷ Soldiers and traders do not appear among the productive jobs. But in another passage Petty declares that traders and soldiers – along with seamen, artisans and farmers – are the pillars of the nation. This led Marx (only regarding soldiers) and Johnson to think that Petty was placing these two groups among the productive workers. However, not only does Petty classify them elsewhere as unproductive, but he also explains that traders do nothing but transport goods produced in agriculture and industry 'as the veins transport blood'; and they are like gamblers on the work of others.¹⁸

In this last, famous page Petty enlarges the list of the unproductive: besides the clergy and its dependants, scholars in humanistic and philosophical disciplines, traders and retailers, he adds all those involved in the law, in medicine (including pharmacists, wet-nurses, etc.) and the whole administrative apparatus of the State.¹⁹ But care should be taken in interpreting this passage. Although Petty uses harsh terms about this crowd of 'vain pretenders', he is here referring only to the supernumeraries in these fields. Among other things, he calls for celibacy for priests in order to reduce their burden on public funds; and he states that England only needs one-hundredth of the men of law present there (*ibidem*).

Therefore it does not seem that Petty finds these sectors unproductive as such. This fact, along with his statement on research into nature and his ambivalent attitude to traders and soldiers, reveals that Petty swings between two different applications of the criterion of the production of wealth. In the first case, he divides the active population into only two groups: those that produce goods directly and all the others. Only the former are considered productive. In the second case, he actually implies a division into three groups: those that produce goods directly; those that create the conditions necessary for this production; and those whose activity does not serve for the production of goods. The first are the occupations that Genovesi would call directly productive; the second – i.e. professions, state administration and trade – are the indirectly productive occupations, also defined as merely useful labour; the others are socially useless or harmful, like the 'work' of (absentee) landowners, pimps, prostitutes, swindlers, beggars, etc.

Petty implies that no matter how great the increase in directly productive workers, the nation will definitely benefit. Indirectly productive workers are useful only according to the increase in the directly productive workers; beyond a certain limit they no longer answer a real social need and therefore become unproductive. The work of the third type is harmful whatever the situation. Genovesi and other pre-Smithians took up and developed the division into three social groups. However, other pre-Smithians, Smith himself and nearly all his successors were to stick to the more simplistic division into only two groups. Smith repeated Petty's classification almost word for word, pointing out that the unproductive occupations should include, along with swindlers and prostitutes, 'some of society's most useful activities', like that of sovereign, state administration and the professions. Marx, following Smith's lead, paradoxically pointed out that 'indirectly productive' meant unproductive.²⁰ Thus the potential in Petty's comments, which had been developed so effectively by other pre-Smithians, was irretrievably wasted by the classical school.

The second criterion, based on the durability of products, can be deduced from the lists that Petty compiled on the advisability of taxing certain types of consumption. According to Petty, taxes should be levied above all on the consumption of superfluous foodstuffs and other superfluous perishable goods. The proceeds from these taxes should be transferred, in order of priority, to those who bring gold and silver (the most durable goods of all) into the country; to those who spend on improvements of land, mines and fishing; to those who purchase houses, furniture and lastly clothes. In this way, he says, the country gets rich. On the other hand, the country gets poor if these proceeds are transferred to those who work in entertainment, study metaphysics or are not involved in the production of material things or of things that are really useful for society. In any event, concludes Petty, once it is clear how many people can be employed in production, and how many are needed to direct and plan it, then the rest (if there are any) can be harmlessly employed in pleasurable activities, the most important of which is improving man's knowledge of nature.²¹

This passage suggests that Petty considers the various occupations useful according to the durability of their final product. But note that this ranking is not necessarily related to the immediate product of the work, but to the final product of the production process. For instance, the work that produces foodstuffs is highly productive if these foodstuffs are consumed by workers who in their turn produce durable goods. It is unproductive if the foodstuffs are superfluous delicacies consumed for the indulgence of the rich. In the same way, if the sector of public management of productive activities keeps its employees to the number required, then it is far more important for the production of wealth than purely intellectual or artistic activities are. The production of luxury goods is also to be encouraged if these goods are exported in exchange for more useful products.

The criterion of durability, which is basically that of the possibility of

physically accumulating goods, is bound up in Petty with the criterion of whether products are usable in the following stage of production, which means the accumulability, in the capitalist sense, of the goods themselves. The connection between the two criteria can also be expressed in the difference, implicit in Petty's ranking, between luxury goods – which are not part of production – and instrumental or essential goods used in later stages of production (in modern terms: raw materials and means of production; wage-goods). Labour that produces non-exported perishable luxury goods is thus highly unproductive. Labour that produces non-perishable luxury goods (such as furniture, houses or jewellery) is less unproductive because these goods increase the nation's patrimony. Labour that produces goods required for production is highly productive.

Smith was to adopt this second classification of Petty's;²² but in fact there are substantial general differences between the two approaches. First, Petty sees productive labour in purely social terms; that is, as labour which procures an increase in the nation's wealth. Smith's intention is the same. However, in fact he replaces the criterion of the production of social wealth with the production of profit. Smith, according to the main definition he gives, considers labour to be productive only when it directly produces profit; therefore also including, strictly speaking, wage labour that produces luxury goods. This makes Smith's polemic against this type of production contradictory.²³

Another difference is that Petty adopts a more empirical approach; he is interested above all in determining the optimal number of employees for every occupational sector and in ranking the importance of the occupations with the aim of increasing national wealth. In contrast, with his theoretical approach, Smith makes the distinction between productive and unproductive labour rigid. For him a particular occupation is always and in all cases productive or unproductive for all the people employed in it.

Lastly, in several short passages, Petty establishes a distinction between the major sectors of the economy based on the earnings that they procure. He says that agriculture is less lucrative than manufacturing, which brings in less than trade.²⁴ Both here and elsewhere Petty sustains that it is to the nation's advantage for a certain number of employees to move from agriculture, where they earn a pittance and live in poverty, to manufacturing and trade. In yet another work, Petty describes how by increasing agricultural productivity the same product can be obtained with fewer workers and the now redundant employees can be transferred to other sectors of production.²⁵ Although Petty and the other seventeenth century authors acknowledged that agriculture is the most vital sector of all, they rightly believed that the number of agricultural employees needs to be reduced in relation to the new sectors, if social productivity is to increase. The significance of this vision is obvious: unproductive workers can hide themselves away even in the most essential sectors, like agriculture, if there are too many of them for the level of productivity reached by the economy.

Smith missed this valuable insight. On the one hand, he recognized that

manufacturing is more competitive than agriculture. On the other, he was convinced that agriculture has higher productivity than the other sectors, thanks to the effect of nature. Note that the evidence he supplied was not based on the possibility of greater production of goods, but yet again on the criterion of income: besides wages and profit, agriculture also produces the owner's rent.²⁶

From Petyt to Cantillon

Petty had brought to the fore a subject that was already implicit in the mercantilist conception of the economy. After him productive labour became a topical subject in economic literature. In the period running from Petty to Cantillon, some analyses, like that of Gregory King, are a step backwards compared to Petty's. Other writers, such as Briscoe, Barbon, Child, etc. do no more than repeat some of Petty's arguments. Others, like Petyt, Cary, Locke, Davenant, Bellers and Littleton add something new. Gregory King inverted Petty's idea in a pre-humanistic vision. National wealth is supposedly increased by nobles of all levels, by the clergy, merchants, men of the law, landowners, land administrators, artisans, officials – in other words, by all the higher social classes. This wealth is consumed by common seamen, wage workers, servants, paupers and foot-soldiers, none of whom produce wealth.²⁷

Petyt (who was a little younger than Petty) and Cary attempted to repeat Petty's arguments with a more rigorous formulation; but it is precisely this greater rigour that makes their concept of productive labour too rigid. In fact, it was to influence Marx more than Petty's concept. Petyt classified manufacturing of all kinds, including agriculture, fishing and selling goods abroad, as productive activities. Unproductive figures include, first, retailers and shopkeepers, who live only by buying cheap and selling dear. A poor wage-earner in manufacturing, states Petyt, adds more to the nation's wealth than all the retailers or shopkeepers in the country. Moreover, if they trade in imported goods, they export wealth and are likely to exhaust it.²⁸

The other unproductive figures are those of the professions: doctors, lawyers, public officials, the clergy, those who live by literature, etc. Petyt, who was to be imitated in this by Smith, takes pains to point out: 'I do not insinuate that these professions are useless or unrespectable'; they are honourable and necessary, but they derive their income not directly from production, but indirectly, since they are maintained by landowners and trade.²⁹ These are also the classes that love luxury the most, and thus increase the imports of consumer goods, which lower the nation's wealth.³⁰ Cary basically repeats Petyt's analysis, but adds that agricultural products increase the real wealth of the nation only if they are sold abroad. In fact, what is consumed at home is part of the nation's expenses.³¹

There is one point, however, on which Petyt makes a step forward on Petty's analysis. He writes that with the growth of the population and of

economic activities, the needs tied up with unproductive jobs also increase; and an adequate number of these workers is necessary, even though, being occupations aimed at private income, they add nothing to the nation's funds. But if there are too many of them, or if too many people give up productive work for unproductive activity, the nation suffers. Manufacturing and large-scale trade can, on the other hand, expand infinitely.³² Thus Petyt, unlike Smith, realized that 'unproductive' activities cannot be confined to an absolute minimum, but increase in proportion to economic growth. Besides, Smith, when repeated Petyt's opposition between the private interests of unproductive workers and consumers and public interest, did not realize that this was incompatible with his own vision of the 'invisible hand'.

One of the authors who simply repeated some of Petty's arguments with a slight variation is Briscoe, who criticized the excessive number of people 'who do not produce', and stated that merchants, artisans and workers are the cause of wealth.³³ Besides this, some authors took up the thesis of the non-productivity of doctors and lawyers, or of men of religion. But Pollexfen propounded a more sophisticated argument, very similar to that of Genovesi, or J. B. Say. Intellectual labour, he wrote, is as necessary as the other labours. But if the professionals exceed the necessary quantity, then many hands are subtracted to a more useful labour.³⁴

Dalby Thomas put forward an impressive analysis of productive labour.³⁵ He starts by maintaining that money is 'the least part of the wealth of any nation'. It is only a 'scale to weigh one thing against another'. True wealth is made of land and natural resources, and above all of labour: 'labour, inventions, trade and negotiations are the only causes of, as well as supports to that we call riches' (p. 406). Gentry, clergy, lawyers, serving men and beggars, etc. 'though the first sorts may be necessary . . . yet the fewer such the better' (p. 407). He then distinguishes those who add to the nation nothing or less than they consume; those who add the same wealth they consume, 'by the faculties of the mind' ('as soldiers, lawyers, divines, bankers, retailers, victuallers, etc.');

finally those who add more. About the second category, he explains they do not make the nation richer 'than one of them would be by putting his money out of one chest into another'. The third category is the sole cause of our wealth. Even land would yield no rent, but through 'labour employed for the support of luxuries, as well as necessities' (p. 408).

Locke is important to our subject because, along with scholars of all kinds, women and gamblers, he explicitly classifies domestic servants as unproductive; in Petty this idea is only hinted at in passing. This grouping involves making a distinction between wage workers who work for production (and who are productive) and those who work in family service (who are unproductive). The significance of Locke's distinction did not escape Smith, who in fact made it the basis of his definition of productive labour. For Locke, traders and retailers are not very productive, if at all, since they make money at the expense of workers and landowners. Craft and manufacturing are more productive activities and should be encouraged in every possible way.³⁶

Davenant is worth mentioning because he not only includes, among productive workers, all those involved in agriculture, trade and industry, but also scientists. He therefore echoes Petty in one of the most rewarding aspects of pre-Smithian thought on productive labour, an aspect which was to be lost after Smith.³⁷

Bellers' brief analysis is very important, in that it points out another of the positive traits in the pre-Smithian approach to productive labour. Bellers finds that the productive nature of an occupational sector depends on the relative number of employees. He says that 'traders' (implying also entrepreneurs) are necessary for the management of labour and for the distribution of wealth; but it is only the work of the poor that increases the wealth of the nation. In a nation, he adds, there are never too many workers, provided their occupations are in the right proportion. On the other hand, there can be too many traders compared to the number of workers; in this case, some of them will go bankrupt. The same angle was taken by Littleton, who attacked the excessive number of plans to create jobs in the fishing and textile industries. Graphically he writes: 'there is nothing easier than finding jobs which give no profit'.³⁸

The importance of Cantillon's contribution to the analysis of productive labour is as great as historians' ignorance of it. In fact, Cantillon is usually labelled the 'creator' of the concept of the entrepreneur, a supporter of the land theory of value, and above all the precursor of the physiocrats. These interpretations are at least in part disproved by his analysis of productive labour.

Cantillon followed the tracks left by Petty. He started by calculating approximately the average percentage of people that produce the nation's wealth in a European country of his time, judging it to be – a little more pessimistically than Petty – a quarter of the total population.³⁹ Another quarter is made up of the non-active population, from landowners to all types of businessmen. The remaining half is composed of soldiers, domestic servants, churchmen, and people who work in the production of luxury goods.

It is the latter group that attracted Cantillon's attention. He says that if, instead of producing luxury articles, these people were employed in the production of useful durable goods like metals, tools, articles of daily use, the State would not only seem richer but it would actually be richer. Therefore productive workers are those that produce basic essential goods (which can be either durable goods or goods for daily survival) and durable goods that can be accumulated (raw materials and tools; precious metals). Once and for all, Cantillon therefore fused Petty's two criteria, that which referred to necessary goods and that which referred to durable goods. He explicitly clarified that the productive nature of an occupation depends on the possibility of accumulating what it produces, either directly (the case of precious metals) or indirectly (through its use in production). These forms of labour, he says, go

to make up the stock of wealth that exceeds annual consumption (national capital).

Cantillon's distinction between productive and unproductive workers is more abstract and rigorous than Petty's and for this reason is also slightly more rigid and less dynamic. He placed greater limits on the productive nature of manual work 'which contributes to men's various needs'.⁴⁰ However, he confirmed that productive work is considered that which produces a surplus of goods, that is of real wealth, which constitutes national capital. In fact, he so reinforced this approach that entrepreneurs (whose importance he certainly did not underestimate), that is, the receivers of profits, are excluded from the productive population.

Cantillon also brought into sharp focus the distinction between unproductive but necessary occupations (or indirectly productive) and non-necessary occupations (or totally unproductive), which Petty had left vague. He broke down the category of unproductive activities into occupations which answer a social need (professions, providers of services, merchants and entrepreneurs; soldiers and seamen; servants and the public administration) and occupations which do not (artists and people in entertainment; churchmen; producers of luxury goods). However, like Petty he added that it is acceptable to carry out the latter activities if there is no chance of employing the workers in productive activities.⁴¹

Alongside the distinction between occupations that produce surplus and those that do not, Cantillon thus establishes another, between occupations that are socially useful or necessary and those that are useless. This distinction was to be less successful than the other, but it is certainly no less important.

The eighteenth century: commerce and services as productive labour

The mercantilists' keen desire to expand productive labour and reduce unproductive labour to a minimum did not die out during the Enlightenment, but was supported with more complex reflections. In the first phase, up to the 1750s, which we call the transition, two tendencies stood out in Enlightenment analyses of productive labour. The more popular of the two extended the mercantilist criticism of the various social categories considered unproductive. The other, represented mainly by Hume and Plumard de Danguel, investigated the theoretical concept of productive labour, imbuing the distinction between productive and unproductive labour with that growing rigidity which was to be consecrated in the formulation by Smith, based on value.

As far as the first tendency is concerned, the major polemical targets of the Enlightenment thinkers were the unproductiveness of the aristocracy and of the clergy. These writers defended the increase in consumption among the common people and also the opulent consumption of the middle class, but bitterly attacked the traditional luxury and the idle habits of the nobility. The

nobles' loss of power, in fact, had made that type of consumption useless; in the past it had served to legitimize their exercise of power (see chapter 11).

Other authors also condemned the manufacturing of luxury goods as unproductive. Tucker complained of the excessive number of French nobles; Hume found even landowners unproductive, even though elsewhere he defended their property rights.⁴² Other authors advocated restricting the number of churchmen, or putting them to a socially useful work.⁴³ Recurrent arguments were the unproductiveness of doctors and lawyers (Hume); of people in entertainment (Rousseau); of men of letters, secretaries, artists, the professions in general (Faiguët); or the need for the State to keep administrative and judicial personnel to an absolute minimum, advocated by Plumard, D'Arco and even the cameralist Justi, who nonetheless underlined the importance of the state bureaucracy. Justi specified that what is saved through the rationalization of administrative work must be channelled into public investment in manufacturing and infrastructures.⁴⁴

On the issue of the productivity of trade, which was always to be a difficult problem in analyses of productive labour, the positions are clearer and the analyses more complex than those of mercantilists. Forbonnais, although stating that a nation's internal trade also 'has a value', finds retailers' work convenient rather than necessary for the society, while manufacturing and foreign trade are highly necessary. Besides, he denies that technical progress is harmful to employment, provided that foreign trade is developed enough to absorb the workers 'freed' by the increased productivity in domestic production. Harris confines himself to declaring that traders are socially useful. Hutcheson goes further, stating that the exchange value of a good does not depend just on the labour of production but also on the labour of storage and marketing. He therefore implicitly upholds the productive nature of trade.⁴⁵

The Spanish thinkers moved in a different direction. According to Ward, trade, agriculture and industry are interdependent; it is only from their union that the nation derives well-being. Ward writes that both the trader and the industrialist make the nation rich, but with a difference in favour of the latter: the trader makes it rich only through profits coming from abroad; the industrialist makes the country rich not only through his profits but also through the goods with which he has paid his workers. These goods represent 'new wealth'. Muñoz more drastically states that wealth is not generated by trade, but by production.

The most interesting comments on this subject came from Tommaso Vasco, who takes a middle way. He says that trade is 'indirectly productive' (a category probably taken from Genovesi), because it saves producers time and labour, thus raising their productivity. A century later, Marx, whose analysis of the productivity of trade was the most thorough of all, made use of the same approach. Furthermore, Vasco was doubtful about the call to reduce the number of intermediaries. This could in fact lead to the very monopoly that they wanted to oppose.⁴⁶

The interdependence of economic sectors, which Ward talked about, and

the proportion of employees in these sectors is a dominant theme in Enlightenment economics. It is fundamental to the dynamic-evolutionary concept of the theory of stages and to the more mature analyses on productive labour (see next sections). This approach was also used in the first half of the century by the Dutch merchant Vanderlint. However, Vanderlint applied it in a sense contrary to the theory of stages. He says that the working population must be distributed in the various sectors according to a natural proportion. The greater the abundance of necessary goods, that is of agricultural products, the more this natural proportion will establish itself. An imbalance of workers can come about if natural population growth is not followed by a proportional growth in agricultural production, which supplies the most essential food-stuffs. This would mean a relative excess of workers in industry at the expense of agriculture.⁴⁷

The tendency to make the distinction between productive and unproductive occupations more rigorous (and more rigid) is to be found in the best analyses of the early Enlightenment, those by Hume and Plumard. Hume adopted a moderate approach to our subject: every community must maintain a certain ratio between the active and the idle members of the population, ensuring that the latter do not proliferate too quickly. Then, along with farmers, artisans and workers, he classes traders and entrepreneurs as productive. He does so for a new reason: he says that traders and entrepreneurs are the most productive categories because their pursuit of profit is what drives the productive process forward.⁴⁸

That profit and the pursuit of wealth was the mainspring of production was obvious to all in the mid eighteenth century. With his idea, therefore, Hume did not want to replace the previous definition of productive labour (labour that produces surplus) with the one that was to be adopted by Smith (labour that produces profit). However, his reasoning was indicative of a changed cultural climate. He was almost certainly the link between Petty's approach and the totally different one taken by Smith.

Plumard de Danguel devoted his book to the reassessment and expansion of productive workers, who include those in agriculture, manufacturing and trade, but also landowners. The rural classes are the basis for all the others; but all productive sectors bring the nation a value which did not exist before. They are therefore 'never too numerous'. And yet, writes Plumard, it is precisely these classes in France that are most heavily burdened with taxes and the most miserable. This is why people try to enter the professions, the public administration and the church, which form the second class in society. This second class, however, 'produces less', since it receives its sustenance from the State in exchange for services, and should not grow beyond a certain limit.⁴⁹ Plumard then bitterly attacks the motley members of the 'third class', who do not work and who consume the wealth of others: manipulators, pimps, solicitors, frivolous writers, theologians, preachers, biblical commentators who have little to do with religion, and servants kept out of vanity.⁵⁰

Harris and Genovesi: productive labour and development

Until the middle of the eighteenth century, therefore, there were two approaches in the literature on productive labour: the first, which dominated, was dynamic and developmental; the other had static, rigid elements. In the second half of the century these two approaches gave rise to two separate tendencies: the first, which continued to be based on the production of goods (or use values), provided its best analyses in this period, but quickly faded out in the 1770s. The second, based on the production of value, is that of Smith.

We have already said that the analysis of the first tendency is based on the interdependence of economic sectors and on the correct ratio of the respective employees. A comment by Grisellini, from Venice, sums this approach up well: 'The more precise the placement of workers in the trades, with regard to the greater or lesser importance of each trade and its relation to the common good, the more will wealth spread among the workers themselves.' Beccaria, on the other hand, when interpreting the typical way of thinking of this tendency, gives us the best definition of political economy focusing on productive labour based on use values: he writes that the general aim and basic principle of political economy is to stimulate in the nation the greatest possible amount of useful labour, that is of labour that procures the greatest quantity of exchangeable goods.⁵¹ The best analyses of this tendency are those by Harris and Genovesi.

Joseph Harris, the illustrious expert of English finance, in a footnote to his treatise on money, asked how active people can be usefully employed. Like Plumard, he bemoans the fact that with the growth of social wealth, the aspirants to the higher, non-manual occupations increase; consequently the professions may become overcrowded, creating discontent and difficulties. However, Harris adds an important comment: there may at times be too many workers in certain of the lower occupations too; but if there are too many in all of these types of occupations, then it means that it is our policy that is wrong. In fact, England's national product is undoubtedly big enough to maintain a much higher population.⁵² In Harris the dynamic conception harmonizes with the idea of a political line that promotes the right ratios of workers in the various sectors.

Genovesi provided us with the most organic analysis of use value-producing labour.⁵³ This analysis has a serious flaw, in that it does not refer specifically, like Cantillon's, to the creation of surplus and of national capital, but only generically to the creation of wealth. At the same time, however, Genovesi reached the highest point in the examination of this subject, since he defined the productive or unproductive nature of an occupation as a historical datum, which depends on the degree of economic growth reached by a particular society.

The Neapolitan economist repeated the traditional calculation of the

percentage of the productive population, judged at about one-third of the total.⁵⁴ He used an image which at that time had become a topical metaphor in the analysis of social classes: the pyramid. The base of the pyramid is made up of ‘producers or creators of goods’, who carry out the primary, essential jobs. They produce sustenance for men and raw materials for production. On this point, Genovesi thoroughly illustrates the economic activities of what we call the primary sector today: hunting, fishing, sheep-farming, and above all agriculture and mining. The ‘pedestal’ of the pyramid is formed by those who improve the essential materials, making them suitable for use (industry, or the secondary sector), and around them, by traders. It is clear that Genovesi considers all these occupations necessary, in so far as they create wealth.

In the pyramid, these are followed by people who carry out jobs that are not necessary but useful, ranging from embroidery to painting, followed by the producers of luxury goods, then by those who plan and oversee the work of others, etc. The various versions Genovesi gave of this classification of occupations differ slightly, for they swing between the criterion of economic importance and that of the social dignity of the different classes.⁵⁵ However, the distinction between work which is necessary and work which is only useful remains clear. In fact, he gives this distinction a more solid theoretical basis than that provided by Cantillon. Genovesi says that the occupations in the primary and secondary sectors directly create wealth, while science, trade, management and protection, and healthcare, that is, useful occupations, only contribute indirectly to the creation of wealth.⁵⁶

Smith did not take up this fundamental distinction made by Genovesi between directly productive and indirectly productive occupations. He also relegated Cantillon’s more empirical distinction between socially necessary unproductive occupations and non-essential unproductive occupations to a lower plane. It was owing to this very flaw that Smith’s critics in the classical period were able to criticize, and in the end destroy, the distinction between productive and unproductive labour.

Although many authors of the classical school, up to and including Marx, had appreciated the distinction, they did not know how to use it, for they accepted Smith’s polarization and classified indirectly productive occupations either as productive *sans phrase* or as unproductive. Genovesi instead put this distinction to good use, deriving from it three fundamental laws on the expansion of productive labour. The first law (the ‘general law’) states that directly productive occupations should be extended as far as possible, in keeping with the characteristics of the country. The second law states that indirectly productive occupations should be restricted in relation to real social needs.⁵⁷ Some of these occupations, writes Genovesi, are restricted naturally by the market; this is the case with traders, doctors and also artisans. In other cases, such as those of lawyers, churchmen, and men of letters, the State must intervene to discourage them – not by coercion – with suitable systems.⁵⁸

In the third law Genovesi distinguishes himself by highlighting that specific aspect of the pre-Smithian approach that constitutes, in our view, the

superiority of this approach over those that followed. It is related to the historical relativity of the productiveness or unproductiveness of an occupation. Genovesi takes care to define the level of social need which will be the yardstick for determining what restrictions to place on the expansion of indirectly productive occupations. He says that this level is determined by the degree of development reached by the society; it is therefore not established once and for all, but rises with the advance of economic and civil development.⁵⁹

In order to grasp the importance of this concept, we need to look at another classification often used by Genovesi, dating back to St Antonino (see above): the distinction between arts of necessity, of convenience and of luxury.⁶⁰ Genovesi actually keeps to this distinction only in his early economics works. In *Economia Civile*, on the other hand, the boundaries between the three sectors – especially between the last two – tend to become unclear. This is inevitable, since the author repeatedly states that new goods, which initially appear as luxury goods, gradually move into daily use and end up being considered essential goods.⁶¹

Therefore, in terms of the production of wealth, the more developed the primary sectors, the more important the expansion of trade, luxury production and science. Genovesi tirelessly repeats that with the growth of civilization, new occupations emerge and the economic need for them also grows.⁶² Scientific research and education have a fundamental role in this process of the increasing production of wealth and of civilization. To leave education in the hands of private individuals, he says, is typical of primitive peoples.⁶³

The theory of stages

Now, from this angle, let us consider the theory of stages, which is the eighteenth century's theory of economic development. It describes the development of society as a series of movements from the dominance of the technically and socially most primitive sectors of production, which produce the most necessary and elementary goods, to the dominance of sectors which are gradually more advanced, and which produce new goods further and further removed from basic necessities, goods which are more and more refined. The broad sectors that mark the phases in this evolution are in fact those indicated by Genovesi: agriculture; industry; trade; luxury production; artistic and literary production. The growth of production and employment in the higher sectors takes place, in a healthy economy, only when the preceding sectors have run out of demand for goods and tend to show an excess of workers.

We have seen that this theory dates back to the ancient times. It was transmitted to the moderns, especially in the Dicaearchus version (see above). The Italian political writers of the sixteenth and seventeenth century described the succession of stages as limited to agriculture, manufacturing and trade.⁶⁴ It is

also found in Botero, Petty and Child. Towards the end of the seventeenth century, Cary gave a version based on population growth. He says that as the nation becomes more populous, its economy expands proportionally; a large number of people leave agriculture for the mechanical arts and other occupations. These new professions need each other; thus cities are formed.⁶⁵

In the eighteenth century, the theory of stages became very widespread and was expressed in its most mature forms. It is expounded in various ways by Cantillon, Melon, Hume, even Rousseau, Beccaria, Butel-Dumont, Lord Kames, Smith, etc.⁶⁶ Its best analyses are found in Defoe, Galiani, Postlethwayt (who copies Cantillon, but adds something of his own) and in Steuart.⁶⁷

It is well known that in the eighteenth century there was considerable reassessment of the importance of agriculture, partly as a reaction against the industrialist spirit of the late 1600s (which was exaggerated in the Enlightenment thinkers' interpretations).⁶⁸ This reassessment finds a solid theoretical base in Boisguilbert and above all in Cantillon (and naturally in the physiocrats, who are greatly indebted to both). From this point of view, the Enlightenment's theory of stages can be seen as a dynamic synthesis of the contrasting tendencies to consider one sector more important than another for the nation's acquisition of wealth.

In the formulations of the 1700s, the starting point was not population but rather – as in Petty – the achievement of an agricultural surplus. When agricultural productivity has grown so much that a relatively small number of workers are able to maintain themselves and all the rest of society, then a growing number of workers can be involved in production activities that are less urgent and essential. With the parallel growth of agricultural surplus and population, there is also an increase in the social division of labour: new professions emerge, making the nation increasingly rich. We will complete the analysis of the stages theory in chapter 11 (page 238).

Today this version of the theory of stages still forms the basis of analyses on the origin of the division of labour.⁶⁹ The spirit of this approach was best expressed by Melon, who wrote that the advance of industry makes old occupations die out, but at the same time creates new ones.⁷⁰

The most organic treatment of the theory of stages, seen as a dynamic theory of productive labour, is to be found in Steuart. It is to Skinner's credit that he highlighted this analysis, interpreting it as a general theory of economic growth. Through differentiated population growth in the various social classes, Steuart propounded a kind of planning for the growth of the new productive occupations, so that a dynamic balance is maintained between the agricultural sector, which has to create the food surplus needed for growth, and the new sectors of production.⁷¹

He also pointed out that growth takes place in the next sectors when the workers in the earlier sectors have reached a high enough number, beyond which they become useless (that is, unproductive), either because the sector's product cannot be increased further (this is what we call hidden unemployment today), or because a further increase in the product does not correspond

to a social need (this is the case of the new hidden unemployment found today in agriculture and in broad sections of industry). At this point, says Steuart, the excess workers move towards new sectors of production.⁷²

As can be seen, the theory of stages in its most mature form explains very effectively some basic phenomena of economic development. It explains in general the great phases of Western socio-economic growth and of productive labour, with the successive dominance of sectors producing goods – and satisfying needs – which are less and less elementary. Naturally this theory has certain limits, for it neglects the processes of backward influence between sectors.

It fails to show that the ‘highly evolved’ sectors cause further technical development, and also an increase in demand in the preceding sectors.⁷³ However, Genovesi’s insistence on the fact that new occupations and new luxury consumption gradually become necessary suggests the idea not of a one-way dependence, from elementary to advanced sectors, but of an interdependence in which the ‘hierarchical’ relations between sectors tend to be gradually toned down, without the loss, however, of the evolution dynamic.

Summing up, the theory of stages describes the gradual expansion of productive labour as the qualitative evolution of labour. The economic development it outlines is therefore not simply quantitative but it is global development. According to this theory, occupations which at a lower level of development do not affect the production of wealth – like artistic and intellectual work, some luxury production and different types of services – link up with the production of wealth and become productive in later stages of development.

On the other hand, with the development of new production sectors, part of the personnel in the more elementary sectors become unproductive unless they change sectors. Therefore, just as all sectors can hold productive labour, they can also harbour unproductive labour. The problem then becomes that of setting ratios between sectors that are viable for a given level of development, and at the same time of identifying the leading sectors in the production of wealth, where labour is more productive than elsewhere at that particular historical stage. This concept of productive labour, so dynamic and clearly organized, was to be lost for ever with the physiocrats and Smith.

The pre-Smithian theory of stages so converged with the theory of productive labour of the time that it merged with it; and, like it, in the end disappeared. It was put forward again in various guises by several illustrious German economists of the nineteenth and early twentieth centuries, such as List, Bücher, Schmoller, Sombart, etc.⁷⁴ But in the end it was abandoned.

Historians have forgotten the long pre-Smithian elaboration of the theory. In a collection of essays edited by Hoselitz in 1960, although the mercantilist theories of economic growth were reassessed, the theory of stages was considered to start only with List.⁷⁵ In 1971 Ronald Meek re-discovered the pre-nineteenth century ‘theory of the four stages’, but shifted its origins from the

beginning of the modern age to the mid eighteenth century. Moreover, he excluded all the other authors of that period and attributed the earliest formulations of the theory to the writings of the young Turgot and Smith, around 1750, and its complete elaboration to Quesnay and Mirabeau. Meek even expressed surprise that this theory – which was actually common knowledge at the time – was propounded ‘for the first time’ simultaneously by two authors who did not yet know each other.⁷⁶

This would seem to be a historiographical error equal to that of Cannan, Schumpeter, etc., who thought the physiocrats were the sole source of Smithian analysis of productive labour; or to that of Say and others who attributed the paternity of the modern concept of the division of labour to Beccaria and Smith (see above); or to that of the many writers today who still believe the physiocrats responsible for the creation of the concept of capitalist surplus (see chapter 8). In any case, the theory of stages that Meek talked about is a rather different thing from what we have illustrated here. The authors Meek cites, Smith, Turgot, Quesnay and Mirabeau, kept the central idea of the eighteenth century theory of stages, that the growth of ‘trade’ derives from the surplus of agricultural production.⁷⁷ But they introduced this argument into a broader scenario. This is a ‘philosophical’ reconstruction of human history, which has little to do with economic development in the strict sense (and it was above all in this form that the theory reappeared in the nineteenth century).

The stages Meek talks about (hunting, sheep-farming, agriculture and ‘trade’) are in fact not characterized by the emergence of new sectors of production, but by different means of survival (and for Quesnay and Mirabeau the first three stages are not in temporal succession but represent three alternative types of social organization). In this pattern Meek sees a materialist idea of history, and links it to the Enlightenment concept of the progress of mankind. As a result, for the sources of the theory of four stages, he looks not to seventeenth to eighteenth century economic culture, but to judicial, theological and anthropological culture (moreover, the sources he indicates seem highly partial or questionable even from Meek’s point of view).

The results of this approach are not very useful. In fact, the historians who followed Meek made considerable changes to his analysis. Pesciarelli referred to Genovesi (and Cary, as one of his sources), recalling that his ‘theory of stages’ is a theory of economic growth; Finzi sharply criticized the interpretation of the theory in the Marxist-materialist key; Perillo distinguished between the historical-sociological method of the theory of stages, and the logical-theoretical method prevailing in Smith’s mature thought.⁷⁸

Graslin, Ferguson: the end of the use values approach

1767 was a crucial year for the concept of productive labour. On the one hand, it was the year of the completion of Genovesi’s *Economia civile* and the publication of Steuart’s *Inquiry*, which were the high points in the discussion

of this subject. On the other, it saw the publication of Graslin and Ferguson's books, which for the first time expressed deep scepticism about the validity of the distinction between productive and unproductive labour. The concept of productive labour based on use values was eroded from within by Graslin and was found to be incompatible with the growth of society by Ferguson.

Graslin's considerations start from the criticism of the physiocratic thesis that only agriculture produces wealth. Instead, he underlines the importance of industry, 'which adds value' to natural goods.⁷⁹ Through an extremely tortuous analysis bristling with contradictions, but not without points of brilliance, he comes up with a subjective definition of wealth, in which the 'relative values' of goods are determined by their marginal utility for the individual, with reference to the totality of goods. For example, in a sort of anticipation of Condillac, Graslin states that trade causes an inversion of value between the parties, since it takes goods to wherever there are unsatisfied needs and removes them from where they are in excess and thus valueless.⁸⁰

In this context, all goods psychologically seen as such become wealth: property, the products of agriculture and craft, of the artist, of the scholar, the security of contracts, defence, even glory and honour for those who aspire to them. Even the idleness of the useless servant increases the wealth of the rich man by giving him satisfaction, even though it withholds wealth from reproduction.⁸¹ After setting out to dispute the narrow physiocratic conception of productive labour, Graslin ended up by heralding the downfall of the concept in the same terms in which this would come about among Smith's nineteenth century critics. In other words, he extended the field of economic wealth to include moral and psychological goods, even ostentatious luxury.

Ferguson's analysis is far more rigorous. This highly penetrating Scottish professor writes that an economic criterion to measure national wealth should calculate profits and losses, placing national spending against national income. It should also divide the whole society into industrious and idle individuals, and include under losses the name of every superfluous member of the State's civil and military apparatus, of the forensic, scientific and theological professions, as well as the idle rich, and those scholars who do not improve the activity of some lucrative profession. In short, he writes, each person's value would be calculated on the basis of his work and the value of his work would derive from its capacity to procure or collect the means of survival. But Ferguson concludes that with this criterion, all the activities that produce superfluous things would have to be prohibited, except those for export. Men, however, must be able to enjoy the well-being they produce in order to have the stimulus to acquire wealth. Therefore it must be accepted that certain social categories should be excused from the need to work, simply because their enviable state constitutes a purpose for the activity of the working man. Thus there must necessarily be men who from the strictly economic point of view are superfluous.⁸²

Ferguson's reasoning, which seems so simple, is in fact extremely complex. The aim of all the eighteenth century economists was the welfare of society.

They tried to attain it by restricting unproductive consumption and expanding productive labour as far as possible. But Ferguson objected: what is the sense of attaining well-being in society by eliminating this very well-being from the social sectors where it already exists? The Enlightenment thinkers had already answered this: it is precisely the 'excessive' well-being of some (exaggerated luxury, idleness) that prevents general well-being, because it wastes social wealth. But Ferguson raised an objection on this point too: if the prospect of wealth (and its consequences, such as not working, or working independent of the need to produce) provides the stimulus for industriousness in productive workers – which almost all the Enlightenment thinkers believed – how can this stimulus be maintained if its cause is eliminated?

The specious nature of this part of Ferguson's reasoning is revealed, however, by his main justification: the complementary nature of social roles; which the author contrasted to the division between the productive and the unproductive population. The Enlightenment thinkers also talked about this complementary function, meaning the social division of labour. Ferguson, however, referred to the division in static pre-modern society between those who work and those who do not. The same applies to the spontaneous harmony that the complementary nature of roles supposedly guarantees. Ferguson says that men devoting themselves in society to different objects and different aims produce a wide distribution of power, and by a kind of chance, attain a state of things regarding civil commitments which is more favourable to human nature than what the wisdom of men could ever have planned.⁸³

This faith in the spontaneity of social laws is also found in other Enlightenment thinkers. But while they usually used it as a weapon in their battle against feudal and mercantilist ties in the economy, in Ferguson it became a pretext to justify the *status quo*, just as free trade was used by Boisguilbert (and Quesnay) to oppose the intrusiveness of industrialism. Salvucci observed that, about people who do not work, Ferguson uses terms like 'tolerate' and 'suffer'; this suggests that he does not feel these people are necessary in all situations.⁸⁴ Unfortunately, however, in what Ferguson writes, and in what Salvucci himself writes, there is no reference to *another* situation.

In any case this reactionary author is interesting because his use of the concept of spontaneous social harmony puts in evidence the contradiction in Smith's thinking on productive labour (see also above, about Petyt). Also, Smith based his theory on the spontaneous harmony of the invisible hand. But (as his critics in the classical age observed)⁸⁵ spontaneous harmony between individual self-interest and the interests of society contrasts with the idea that there exist unproductive occupations, in which gratified self-interest represents a loss for society.

Ferguson also criticized the very logic on which modern society is based. As he had done with the division of labour (which smothers the creativity, intelligence, and even the social responsibility of the worker),⁸⁶ he made an ingenious attack on the reduction of human activity to the level of com-

modities. The value of a man is reduced to the economic value of his labour; and the latter, in a process of growing degradation, is reduced to its least human aspects: the capacity to produce the most elementary goods. That was a part of his more general criticism of the modern separation of civil society and political society.

After 1767, the approach to productive labour based on use values underwent a rapid decline. Beccaria's treatment of the issue is inferior to that of his sources, Cantillon and Genovesi. Beccaria bluntly re-proposed the identification of productive labour with material (especially agricultural) production. This was what made Pecchio and McCulloch believe erroneously that he followed the physiocratic thesis of industry's non-productive nature.⁸⁷ He adopted both the metaphor of a social pyramid and the tripartite division of occupations into 'primary, secondary and tertiary necessity'. But his is a static version of these concepts. As in Cantillon, the less necessary occupations depend on landowners' consumption; the further they get from the most basic form of production, that of agricultural goods, the less widespread and important they become. Beccaria writes, 'The growth of the inferior arts gives strength to the superior arts, but the growth of the latter does not equally inspire the former.' The State must see that this proportion is maintained. In particular, luxury spending on personal services must be prevented from draining manpower from the production of material goods. He adds, however, that faster circulation can neutralize this danger.⁸⁸

Ortes' analysis is even more static. He begins from the desire to contain the professional, administrative and intellectual classes. Although they are necessary, unlike others these classes do not produce greater wealth. They are dominant in barbarous, servile nations, which are also the least productive, whereas in civilized, free nations the most numerous people are those employed in industry and trade, whose work is more tiring but allows independence.⁸⁹ However, his general conception of the economy prevents Ortes from drawing a dynamic vision of productive labour from this intuition. The numerical ratio between the economic classes must always remain the same, equivalent to the quantity and quality of the goods produced.⁹⁰ His aversion for growth leads him to say, contradicting himself, that there will never be too many men of the church, philosophers or magistrates, and that the greater their numbers, the more civilized the nation.⁹¹

The last followers of the approach to productive labour based on use values confined themselves to condemning work related to luxury. But in these peripheral scholars of the 1770s there were already clear signs of the decline that would shortly lead to the fading of the Enlightenment. The stress gradually shifted from the anti-aristocratic polemics of the previous decades to the polemic against the new consumption by the common people. Only Tommaso Vasco, a Piedmontese, through the traditional tripartite division between productive arts (which produce raw materials), improving arts and luxury arts, reaffirmed the distinction, typical of the Enlightenment, between

luxury which is acceptable and useful to the nation and superfluous, harmful luxury.⁹²

As for the other writers, Counts D'Arco and Paradisi were concerned that the new occupations and new consumption should not upset the balance between the classes and that the traditional numerical ratios be preserved.⁹³ Paradisi and Abbot Alfonso Longo, Mirabeau's friend, also considered the professions, the clergy, the learned, etc. to be productive, and accused only vagabonds, prostitutes, usurers, gamblers, acrobats, etc. of being unproductive, since they distracted a part of the lower class from their productive tasks. From the same point of view, Sénac de Meilhan later wrote that the work which produces frivolous things is socially harmful.⁹⁴

Conclusions

The distinction between productive and unproductive labour makes sense only as an instrument to increase the production of social wealth. It does not make sense on the plane of the acquisition of wealth by the individual. But it was only the pre-Smithian authors who thoroughly upheld this social vision. That is why, in their work, the idea of productive labour coincides with the idea of socially useful labour. The classical school, which based the distinction on the production of profit, contradicted this criterion; it is for this reason that their idea of the productiveness of labour no longer corresponds to its social usefulness. But this difference between productivity and social utility is, on this issue, logically absurd; it undermines the reasons why the distinction itself between productive and unproductive work emerged.

Nevertheless, from the industrial viewpoint, there are two major limitations to the pre-Smithian approach, which explain why it was abandoned. First of all, this approach was not capable of distinguishing between two different types of production which produce the same use values, for instance between shoes made by a craftsman and those manufactured by a large factory. In principle they are equally productive types of work, but the only one that really contributes to development – and that should therefore be encouraged – is the second. This alone, then, is *more* productive labour. The other limit, related to the first, is the following: the pre-Smithians' evaluation of the productive nature of labour is not quantifiable. They were unable to say *how much* more productive one type of labour is than another.

Smith managed to eliminate these defects by measuring the productivity of labour with an objective, 'invariable' measurement device: labour time. But for Smith, labour time is measured through the exchange value, and therefore through the profit that stems from the exchange value. In this way, Smith replaced the criterion of use values with the criterion of profit. Thanks to this new criterion, it was clear that the production of the shoe factory was more productive than that of the craftsman because it created a profit (or a greater profit), and that this difference in productivity was measurable. This was therefore a great step forward analytically.

However, the premise of Smith's operation was that profit expressed the new social wealth produced. But it was on precisely this point that Smith was very uncertain. We remember the well-known difference between labour embodied and labour commanded, and how profit sometimes seems to stem from labour time, others from exchange. This may have been why Smith showed the same uncertainty in defining productive labour. At first he defined it as labour that produces a profit. But then, as if it were the same thing, he stated that work producing durable goods is productive. In both cases a series of socially useful types of work that are necessary for development were excluded from the class of productive labour.

When Ricardo, and then Marx, tried to bring more rigour to the calculation of the social wealth produced, in terms of labour time, Smith's second – and weaker – definition was abandoned. But as a result, the concept of social wealth shrank until it came to be the same as profit. On the one hand, then, for Marx productive labour is only the labour that produces profit; on the other, this labour is productive even if it produces useless goods. The divorce between social productivity and social utility became absolute, and the distinction itself lost all meaning. In the meantime, the economy as a whole was becoming more and more indifferent to economic development, the issue that had been the obsession of the pre-Smithians, and on which political economy had been born.

10 Foreign trade

Fostering productive consumption/ productive labour*

Foreign trade as a means for development

The mercantilist theory of the balance of trade is the natural complement of the mercantilists' ardent desire to increase the production of goods to make the country rich. In their view, the main aim of foreign trade was not – as has been written so often – to fill the coffers with money, but to be able to keep a growing number of workers at work; essentially, to extend productive consumption and, through it, productive labour.

In chapter 8 we considered the three accusations Smith levelled at mercantilism. We have shown that mercantilists were not chrysohedonist; and that they were very interested in increasing production, although in the first period they did neglect the increase in domestic consumption. Here we will try to show that the third accusation is also erroneous: that which considers their theory of the favourable trade balance irrational. We base our case on two arguments. The first is that there is a close connection between the thesis of the favourable balance of trade and the mercantilists' strong desire to expand domestic production, and that this connection is not only of an empirical nature, as various 'defenders' of the mercantilists have believed (see below), but has a faultless theoretical motivation. The second argument is that this thesis, in its more complex formulations, reveals important aspects of international trade which are ignored by the opposing classical comparative costs theory. First, we will show that the classical and postclassical paradigm of free trade and laissez-faire is misleading for an understanding of the relationship established by the mercantilists between foreign trade and production growth. Then we will illustrate the three different theories that can be derived from the thesis of the favourable balance and will try to show the great importance of the third theory.

The economists of the Historical School, beside denying that mercantilists were chrysohedonist, maintained that they – in view of the economic conditions of the period – had no choice but to attach great importance to foreign trade.¹ The domestic market developed too slowly to provide sufficient outlets for investment growth.² Moreover, the need for hard currency,

for raw materials, and in general the requirements of early capitalistic accumulation made it a real necessity to rely on foreign trade.³

Synthesizing the pre-Smithians' awareness of these historical conditions, Hume wrote that foreign trade plays an essential part in domestic growth, at least until a good level of economic development has been reached;⁴ that is, presumably, until the domestic market is sufficiently large and diversified. Similarly many authors defined foreign trade as the outlet for surplus domestic reproduction.⁵ Others restricted themselves to saying that it derives from necessity.⁶

Mercantilism and free trade: a misleading question

The relationship between foreign trade and internal development of production for seventeenth and eighteenth century economists has generally attracted the attention of historians much less than the contrast between 'free traders' and supporters of government control of trade. This contrast, however, was in itself much less important for the authors of the time. In the first place, it never became a clash of general principles, as it would in the nineteenth century. Second, as Low has shown,⁷ it was a contrast between theses which had a common, 'non free trader', aim: finding the best way to obtain a favourable balance of trade. Historians generally take it for granted that mercantilism is synonymous with protectionism and that the eighteenth century theories of *laissez-faire* are synonymous with free trade. This simplistic assumption has been the source of several misunderstandings.⁸

First of all, proclamations in favour of free trade often coexisted with protectionist policies, both under mercantilism and during the triumph of *laissez-faire*. As we have seen (pages 158–59), in the fifteenth and sixteenth centuries the English government demanded and offered freedom of trade but, behind the scenes, hindered the work of foreign merchants trading in England. The latter were forced to reinvest their profits by buying English products.⁹ The Navigation Act of 1651, establishing an English monopoly on the shipping of English goods, was not opposed by the English advocates of free trade of the late 1600s. This act was in fact the basis for England's economic hegemony. Despite the proclamations in favour of free trade, these protective measures proliferated, reaching a peak under William Pitt, after the publication of Smith's work, and continuing in the 1800s.¹⁰

It has also been observed that the great advocates of free trade, English, Dutch and American, later did exactly what Colbert had done to protect fledgling industries.¹¹ The treaties of free trade made between individual countries for certain goods also followed, as Eisenhart observed, a protectionist rationale. Venturi and Argemí remind us that the Treaty of Utrecht between Spain and Britain in 1713 forced Spain to continue to export raw materials and import manufactures. It was the British guns that imposed on Spain and Portugal this kind of free trade following the British conditions.¹²

Second, it was Colbert's policy which showed for the first time what history was later to confirm time and time again: that protectionism and government control of foreign trade are indispensable to the take-off of an industrial economy and in general for the shoring up of a weak economy against a stronger country. Colbertism did not die out because of its belief in government control but because of several specific limitations (like the favouring of luxury industries and the ban on exporting grain outside individual provinces), and also because *after* Colbert the restrictions increased so much that the economy was stifled (as Levasseur wrote, restrictions were introduced precisely when liberalization was needed).¹³

Smith's brilliant criticism of the privileges and the monopolies of mercantilism, considered to be the Free Trade Manifesto, confuses privileges and monopolies with government control of trade. However, as early as 1622 Misselden had attacked the former without for a moment calling the latter into question. The same attitude is revealed by defenders and critics of monopolies in the mid 1600s in England. In the 1700s the end of monopoly companies led to direct State control over colonial trade.¹⁴ Significantly, the attacks on the East India Company's monopoly led to the formation of another rival company which, shortly after being officially recognized, merged with the original company. Child, manager of this company, spoke of free trade; and his adversaries used his own words against the monopoly of his company.¹⁵

Moreover, the empirical approach of the mercantilists ruled out a clash between the principles of free trade and those of protectionism or government control of trade. Almost all the authors of the period spoke of 'freedom of trade', but what they meant by this term varies greatly, and at any rate they were hardly ever referring to the nineteenth century concept of total absence of controls. The first advocates of the favourable balance of trade called for trading freedom as opposed to bans on the export of currency, but they offered no resistance to the 'staple system', that is, the monopoly on the export of individual products, nor did they oppose customs duties.¹⁶ Even the bullionists, who wanted to regulate gold exports, in general did not ask to hinder foreign trade. As Malynes wrote, they simply believed that they could control prices and put into practice the scholastic principle of commutative justice.¹⁷ The monopoly companies themselves had been formed, between the late 1500s and the early 1600s, out of the need for protection from the bans and persecutions. In fact local merchants were pressuring their governments to introduce these bans against foreign merchants. Wheeler, and the prolix and rhetoric Parker, talked about trading freedom to defend the Merchants Adventurers. Mun did likewise for the East India Company.¹⁸

Lewes Roberts, Colbert, and others wrote about trading freedom to combat duties and interprovincial customs and to overcome internal differences in weights and measures of feudal origin. Roger Williams, a pastor from New England, espoused the cause in the mid 1600s in order to defend the church's business company against the protected state companies. John

Keymor, explaining the prosperity of Holland, pointed to the trading freedom that Holland granted to foreigners but then called for control of foreign trade in England.¹⁹

Often the demand for trade restrictions and price control during the 1600s was related to essential goods, which were always subject to speculation. Lunetti, who supported free prices, even on grain, suggested boosting production with public loans.²⁰ Although Petyt launched a tirade against the excessive and widely varying taxes imposed on different economic activities, all his work points toward the demand for regulation of trade and of production.²¹ At the end of the 1600s English Tories like Child, Davenant, Brewster, Dudley North, Barbon, and the author of *Considerations*, defended freedom of trade above all in order to defend the luxury imports of the East India Company.²² They put on a periodical, *Mercator, or Commerce retrieved*, directed by Daniel Defoe, in order to support the treaty of Utrecht, which established free trade with France. To which orthodox mercantilists opposed the *British Merchant, or Commerce preserved*.²³ Low has shown that early eighteenth century Scottish economists were in favour of free trade, but only between complementary economies. At the middle of the eighteenth century, Campbell supported a protected trade of Britain with its colonies; while Charles Gray attacked the prohibition imposed to Ireland to work its own wool.²⁴

In the late nineteenth century, when the first 'free trade' interpretations of these authors were beginning to appear, an outstanding article by Ashley showed that (1) all these authors were moved by political aims and not by economic analysis; (2) their end was not to liberalize all foreign trade, but – as the Tories wanted – only that with France; (3) the rare statements in favour of freedom of trade did not have a general application but were restricted to the particular subject under discussion; (4) from the theoretical point of view they added nothing or almost nothing to what Mun, the greatest exponent of mercantilism, had sustained, that is, that the criteria of the favourable balance were to be followed only at the overall import–export level, not at the level of single commercial sectors; (5) lastly, in the objections these authors raised to the real possibility of calculating the value of imports and exports, they never actually criticized the principle of the favourable balance;²⁵ and often went no further than advocating protective duties on particular goods, instead of absolute bans on trade. The same approach is to be found in Johnson and Buck, in Heckscher and elsewhere.²⁶

Meanwhile, other historians have overrated the newness of this English 'economic liberalism'. Beer went so far as to call these authors 'antimercantilists'. However, he was right in noting that the theoretical position of these authors cannot be undermined by the practical interests that determined it. Appleby, more than any other, emphasized the liberal character of the Tory free traders. She therefore found herself in difficulty when she had to explain the persistence of the theory of the favourable balance of trade in the 1700s. Also, like Grampp, she failed to distinguish between two different things: the

mercantilists' recognition of the supply and demand mechanism and the emphasis placed on the market by the *laissez-faire* doctrine.²⁷ Basically, what Ashley wrote about Child seems applicable to all the Tory free traders: 'It would be easy to . . . make him a "forerunner" of Adam Smith . . . though only as the mercantilist movement as a whole was a forerunner of Adam Smith and the school of natural liberty.'²⁸

At the beginning of the 1700s Vauban, Belesbat and Boisguilbert – as the physiocrats, Herbert, Franklin and Decker were later to do – talked about freedom of trade only in order to attack the bans on the export of grain and other agricultural products; these bans lowered landed incomes and discouraged agriculture. As Depitre observed, it was a strange kind of economic liberalism: the reasons they advanced would have put Quesnay and Herbert in the protectionist camp in our century. Schatz, on the subject of Belesbat, writes about a liberal mercantilism. Vaggi proposed a strong criticism of the stereotyped view of the physiocrats as supporters of *laissez-faire* and of free international trade in the classical sense of this expression. He showed that Quesnay not only confined freedom of export to grain and agricultural products but that he also regarded these exports as a necessity only when the domestic market could not guarantee enough outlets. For Quesnay foreign trade was an evil to be avoided as much as possible. It did not bring benefits to all the partners but had to operate to the sole benefit of France at the expense of all others. In the same years, in Spain, Mayans y Siscar asked for freedom to export silk, in the interest of nobles and the high clergy.²⁹

Even Melon admitted various restrictions on foreign trade. In the mid 1700s the Dutch, who had become rich in the 1600s thanks to free trade, proposed limiting the liberalization of ports and maintaining bans on the imports of some goods. Decker, praised by McCulloch as being a supporter of free trade, actually defended the theory of the favourable balance of trade.³⁰

Many authors who severely criticized the remaining feudal hindrances to trade and company monopolies were either against the free trade of grain,³¹ or put forward concrete reasons for the protection of particular products or sectors.³² Despite the writings of Gervaise, Vanderlint and Hume calling for freedom of trade,³³ the eighteenth century pre-Smithians can be said to be less in favour of absolute free trade and more in favour of a pragmatic, selective protectionism or – as Low says – of a 'piecemeal policy'.³⁴

The most significant case is that of Forbonnais, who lavished praise on competition, 'the great principle of commerce'; 'the very soul of freedom'; 'which is responsible for affluence'. Anything which interfered with competition, he believed, was ruinous for the state. In spite of this, he admired and believed in a favourable balance of trade and defended restrictions on trade: 'This freedom, which is so often mentioned and so rarely understood, consists solely in facilitating the trade that promotes the general interest, that is, the interest of society'. The principles of competition, he adds, are

in line with the aim of having a healthier general balance than one's neighbours.³⁵

The turning point marking the affirmation of *laissez-faire* should therefore be moved to at least the end of the 1770s, with Smith's and Isnard's long and detailed criticisms of government control of trade.³⁶ However, even the usual image of Smith as the standard-bearer of that economic and political liberalism which is equated with civil progress and industrial growth now fails to convince. Viner has demonstrated that in Smith there is an obvious contradiction between the proclamation of the principle of absolute economic freedom and its practical applications:³⁷ Smith recognized important exceptions, not only in the natural harmony between private interests and the general interest (228–35), but also – for practical reasons – in the actual application of *laissez-faire*. He even delegated as a state responsibility some economic activities that could be carried out privately, and even some restrictions of foreign trade, with the (typically mercantilist!) justification of giving British producers an advantage over their competitors (238–43). 'Adam Smith', Viner concludes, 'was not a doctrinaire advocate of *laissez-faire* . . . He did not believe that *laissez-faire* was always good, or always bad. It depended on circumstances' (244–45). This approach to *laissez-faire* seems much closer to that of the mercantilists than to that which was usual in the nineteenth century.

More recently Letwin has emphasized the difficulty of defining Smith as a liberal, and Winch demonstrated that his social and political theory cannot be evaluated in nineteenth and twentieth century terms. That theory, which envisages significant contrasts between social progress and economic progress, can be considered, Winch believes, 'pre-industrial, pre-capitalist and pre-democratic'.³⁸ Thus for a credible date for the birth of the theory of *laissez-faire* as it is understood today, we have to look further ahead to the period between Smith and Ricardo, which, as Winch says, remains one of the phases of economic thought 'most in need of illumination'.³⁹

To this must be added the fact that some mercantilists, it seems, spoke of freedom of trade not as heralds of economic liberalism, as Grampp believes, but as a continuation of scholastic tradition, which was opposed to monopolies because they interfered with the 'just price'.⁴⁰ Heckscher interpreted the influence of scholastic ideas during mercantilism as a continual search for economic freedom, leading eventually to *laissez-faire*. His position, however, is based on a method that Tribe efficaciously describes as a 'simple teleology [that] makes possible the construction of a history of economics as the process of rational growth of the analysis of the economy'. This method (which gave rise to the mania of precursorism) has been effectively criticized by Haakonssen and Hutchison.⁴¹ Beer and de Roover rightly maintained that, despite the influence of scholastic ideas, mercantilists followed a logic of their own, different from both medieval and free trade logic.⁴²

In sum, mercantilists were not interested in economic liberty either as a moral guarantee of fair trade or as a guarantee of political freedom and

prosperity for all nations. They sought to free national trade from feudal restrictions;⁴³ and it was mainly in this sense that they talked about freedom of trade. Moreover, for them it was natural for the State to have the duty of building up both external trade and domestic production, if necessary at the expense of other nations. The main means to achieve these aims was, in fact, a favourable balance of trade. To understand the relationship that the mercantilists established between an increase in production and foreign trade, we should therefore examine not their degree of support for free trade but their theories of the balance of trade.

Three theories of the favourable trade balance

Almost all the pre-Smithians were convinced that a country becomes rich through foreign trade only if its balance of trade is favourable, that is, only if the value of exports is greater than that of imports.⁴⁴ Very few authors contested that belief.⁴⁵ The pre-Smithians did not explicitly distinguish the different types of favourable balance; however, from their formulations we can make out at least three distinct theories. They did not all agree even in the general formulation of the thesis of the favourable balance. Many authors of the 1600s seem to have thought that every single commercial sector must show a credit. On the other hand, Mun, and above all Child and Davenant, were of the opinion that it is enough to show an overall credit considering all sectors.⁴⁶

Historians have recorded this last difference, but they have completely ignored the distinction between the different theories of the favourable balance. In fact they have often indiscriminately viewed the crudest formulations and the more subtle forms as if they were interchangeable. This has helped to discredit this aspect of pre-Smithian thought more than all the others – so much so that Johnson, one of the major defenders of the pre-Smithians and of their concern for production, tried to minimize the importance of the balance of trade in the literature of the period. ‘Not ten per cent of early British economic literature’, he commented, ‘was devoted to the ill-fated doctrine of the balance of trade’. To this Viner retorted that not 10 per cent of that literature was free from concern about the balance of trade.⁴⁷

After the historical explanations adopted by Heyking, Eisenhart, Oncken, Sommer and others,⁴⁸ many historians got to the heart of the matter: the policy of a favourable balance of trade served the mercantilists to increase employment and strengthen national production.⁴⁹ By the way, perhaps it is no coincidence that most of these affirmations were made in the period when Keynes and Kalecki were working with the same aim as the mercantilists.⁵⁰

However, these historians generally give the impression that they wanted to play down the analytical errors (real or presumed) of the theory, so as to shift the emphasis onto the good intentions that were behind it. Suviranta

erroneously wrote that the realistic observations of the mercantilists on the balance of trade were never formulated as theories. Appleby goes so far as to judge the theory of the favourable balance of trade ‘reactionary’ and contrasts it to the ‘progressive’ elements of mercantilism, which would all lead towards free trade.⁵¹ Only a few authors have looked beyond the relationship between balance of trade and employment policy, to see other valid aspects of the mercantilist thesis. Keynes and others following in his footsteps have interpreted the favourable balance as a means of expanding real demand through employment.⁵² Mazzei, Johnson and Low, however, have seen the most important aspect: the advantage gained by those who sell manufactured goods in exchange for raw materials.⁵³

Is the general thesis of the favourable balance of trade really theoretically untenable? First of all, let us consider the possible ways of formulating the three theories in which we shall try to articulate the mercantilist thesis. In these formulations we have used the categories of the classical school, which is the nearest to pre-Smithian language. The first theory that can be deduced from pre-Smithian literature holds that trade normally involves the exchange of unequal values. The second, more simply, holds that it is possible for a country to have exports constantly in excess of imports. The third, while accepting that exchange involves equal values and that in the long run trade between two countries makes exports equal imports, holds that in international trade there is an unequal advantage for the parties involved which is dependent on the use value of the commodities exchanged, or, to be more precise, on the different productive potentials of their use value.

In these terms, the first theory seems clearly wrong. The second – although not necessarily wrong, as the classical school believed – lacks the importance that the mercantilists attributed to it. The third theory, on the other hand, can be considered valid in many concrete situations. It is precisely this last theory, which is by far the most significant and the most widespread of that period, that has been ignored by historians, with very few exceptions.⁵⁴ As for the first two theories, they acquire a limited plausibility if one thinks that the mercantilists saw international trade not as bartering (as the classical school did) but as an exchange of goods for money. This made losses and gains possible.⁵⁵

‘Profit upon alienation’ and exports in excess

The first theory is somehow connected with the old idea that a gain for one country means a corresponding loss for another (see chapters 3, 4 and 5). This belief seems to imply that international trade consists in moving wealth from one country to another. The wealth that is supposedly moved is the difference in value between the commodities – or between the money and the commodities – that are exchanged.⁵⁶ Say, and, following him, Marx, Heckscher, Viner, Rotwein and Blaug attribute this belief to mercantilism in

general and indicate it as the focal point of the mercantilist theory of production. The mercantilists believed, says Blaug, that the interests of countries were opposed, as if in the world there were a certain amount of resources that a country could only get hold of at the expense of others. The mercantilists therefore are said to have had a static conception of economic activity as a zero sum game: they saw needs as being limited and demand as being mainly inelastic. This thesis is repeated by Berry.⁵⁷

This interpretation seems too broad and overreaching. In the first place, it implies a coherence which, at least on this point, the mercantilists lacked. The belief in question is actually in conflict with their strong interest in the domestic production of wealth (see chapters 8 and 9). Second, this belief was common only during the seventeenth century.⁵⁸ In the eighteenth century, apart from *The British Merchant* and Galiani,⁵⁹ it is difficult to find in important works. Lastly, it was explicitly attacked by Bodin and, most markedly, by Hume.⁶⁰ This belief was a holdover from the pre-mercantilist period (see pages 54–55, 72–73, 98–100), but it was also favoured by the commercial experience of mercantilism. The colonial plunder, the trade wars in military guise, and the political struggle between monopoly companies could not but inculcate the conviction that the gaining of wealth meant largely the pillaging of others. These two reasons explain why even Montchrétien, the great founder of political economy, indulges in such a bias.⁶¹ This belief loses credibility when production for the domestic market is sufficiently developed. We can concur with Schmoller in concluding that the theory of natural harmony of the economic interests of nations is no less erroneous than this proto-mercantilist belief.⁶²

Marx too considered that mercantilist thought on production was based on a variant of the first theory of the balance of trade: i.e. the thesis of ‘profit upon alienation’, which holds that goods are sold at a value greater than their own. Marx states that before the physiocrats and Smith this thesis was commonly accepted.⁶³ He points out in passing that the mercantilists applied this thesis only to foreign trade, not to domestic trade (p. 126).

In fact it is true that mercantilists discarded internal exchange. One of the most deep-rooted canons of early mercantilism said that domestic commerce does not add anything to the wealth of the nation. It is like moving something from one place to another; or like changing the positions of the buttons on a dress.⁶⁴

However, the only evidence that Marx produced for such an extreme interpretation is given by two passages from Steuart. In the first piece, Steuart distinguishes positive profit – which derives from an increase in labour and in industry and which increases social wealth – from relative profit, which, being ‘a vibration of the balance of wealth between parties’, involves a loss for one party and does not increase social wealth. In another passage – here is the proof – Steuart, says Marx, speaks as if relative profit (that is, ‘profit upon alienation’) were the only profit of individual capitalists.⁶⁵

In actual fact, both in the pages cited by Marx and in his analysis as a whole, Steuart makes two claims: (1) in real exchanges, profit is often a mixture of positive profit (deriving from production cost plus a constant quota, which is kept quite low by the competition) and of relative profit (or 'profit upon alienation', where this quota rises thanks to the seller's monopoly status or to the buyer's ignorance); (2) the more developed a country's trade, the closer will real profit approximate positive profit (that is, the real value of the goods). Marx, for whom trade could not produce any type of profit, misunderstood these theses. For the same reason Marx states that Steuart cannot at any rate be accused of sharing the 'mercantilist' thesis on trade. According to Marx, this thesis claims that profit upon alienation means creation of new wealth within the exchange. He therefore passes inadvertently in his draft from accusing the mercantilists of believing that trade takes place between unequal values, to another, much more serious accusation, of their having believed that wealth is produced by exchange. He provides weak evidence for the first accusation and no evidence for the second.

On the other hand, Schumpeter rightly states that in mercantilist literature, especially up to and including Mun, there are passages which can be construed in the sense of 'profit upon alienation'. Above all, he says, it is the general sense of the arguments of those authors which implies the widespread belief in such a theory.⁶⁶ However, the general sense of the analyses made in the sixteenth and seventeenth centuries is, as we have seen, contradictory, and certainly after Mun a different attitude began to prevail: that which saw domestic investments as the principal source of wealth.

In conclusion, the significance of the theory of profit upon alienation in the whole range of pre-Smithian analyses has been greatly overrated. This theory has three possible interpretations, which historians, apart from Schumpeter (see above), either have not distinguished or have labelled – as Vaggi does – in the same way;⁶⁷ thus creating confusion. The first interpretation simply claims that individual merchants make a profit from foreign trade, and that this was an important element in the mercantilist economy. In this formulation, not only is the theory true, but the mercantilists' insistence on it was fully justified. In fact, for the whole period of mercantile capitalism, profit was tied to commercial activity, of which production was only an ancillary phase. Hume too talks of profit upon alienation only in this sense. It was probably Hume who inspired Steuart's thesis – historically and theoretically unexceptionable – that high commercial profits are characteristic of underdeveloped economies and, vice versa, that advanced economies have low commercial profits.⁶⁸

In the second interpretation, this theory claims that foreign trade usually involves the exchange of unequal values and that this procures a profit. In this form it is the same as the thesis of 'one's gain is the other's loss'; and like this thesis it is present in mercantilist thought, but not predominant. Many historians and economists, however, have considered it so. Garbero and Lantz

clearly express this erroneous position when they state that mercantilist theories 'saw trade as an unequal exchange'.⁶⁹ In the third interpretation, equally common among historians and economists, mercantilists are said to believe that surplus, new wealth, and profit are created by trade (which is different from saying that trade fosters production; or even from saying that it contributes to the creation of wealth). This interpretation is totally absent in the pre-Smithian literature. The only author of the period who put forward a theory partly similar to it – in 1776 – was Condillac, perhaps inspired by Graslin.

Condillac states that pure exchange also increases wealth because it increases the utility of the goods exchanged. He calculates this utility, in fact, not as the average level of social utility of a commodity, but on the basis of the needs of the single trading partners. Thus the more the buyer's need for the commodity exceeds the seller's, the more the utility of the commodity increases.⁷⁰ Nothing could be further from mercantilist logic, which conceived of wealth as the sum of *social* use values, not as the sum of private utilities. The other contemporary authors who use the concept of utility value, like Galiani, Verri, Beccaria and Turgot, are therefore also far removed from Condillac's theory.

The second theory of the favourable trade balance (gaining exports in excess) really does belong to the whole of mercantilist thought. In reply to bullionists' calls for controls on gold exports, mercantilist authors of the 1600s unanimously maintained that it was better to allow the export of gold, which is necessary for imports, as long as a larger quantity of goods was exported in exchange. This would in fact increase the nation's quantity of gold. Botero expressed this common view very clearly. Talking about Poland, he wrote, as the country 'is not mercantile, nor the cities rich of traffics, nor the population hard-working', and as its nobility spends lavishly on luxury goods, and the country imports wine, silk, and most of the woollen cloth, this country is poor in gold and silver. In fact 'the wealth of a kingdom consists in this, that a lot of goods leave the country, and few enter, so that what leaves draws in foreign money, and what enters does not take yours away'.⁷¹

To this Hume opposed his famous criticism, which has been assumed as the first general expression of the quantity theory of money. There is no advantage, said Hume, in importing more gold. This will only make prices increase in proportion. The increase in prices will diminish exports, which will make the excess gold go back abroad, until the previous balance is reached again. Thus the balance of trade always tends to equalize imports and exports. An excess of imports cannot be kept up for long. On a more empirical level, Barbon, Mandeville and Vanderlint had noticed that exports would, in the long run, be equalled by imports, otherwise the country which loses out in its exchanges would cease to trade.⁷² This argument was to be repeated by the physiocrats and the classical school.

As Walter Eltis reminds us, Steuart effectively objected to Hume that

Ireland did have a permanently negative balance, because of the expenditures abroad of landlords.⁷³ However, what in fact mercantilists mostly feared was that imports would exceed exports, because that would impoverish the nation, forcing it to pay for the excess imports in hard currency.⁷⁴ At any rate, this version of the theory of the favourable balance was a very effective instrument in the struggle between nations to obtain economic hegemony and to put the industrial economy in motion.

The third theory: exchange of goods with different productive potentials

The third theory of the favourable balance of trade holds that a favourable balance can be obtained by selling abroad goods which have exhausted their productive potentials in exchange for goods which still have this potential.

The first type of goods consists of finished products, especially luxury goods. Their production, in fact, which has taken place within the country, has already activated all the labour that is possible. The second type of goods consists of wage-goods, raw materials and semi-processed goods, all of which are likely to re-enter production, thus activating further labour. This second type also includes goods whose production requires less labour than that required for the goods they are exchanged with. The first therefore are goods that the nation must try to export; the second, those it must try to import in exchange for the first. In this sense the mercantilists often speak of the balance of labour as an equivalent expression to balance of trade. In other cases they speak of incomes paid from abroad, referring in particular to the wages of the workers who produce the goods for export. It is since Hales, in 1549, that mercantilists held such a view. Hales wrote: when we export our raw wool, the foreigners 'make us pay at the end for our own stuff again for the strangers' custom, for their own workmanship and colours, and lastly for the second custom in the return of the wares into the realm again'. Thus 'we must alwaies take hede that we bie no more of strangers than sell them; for so we sholde empoverishe our selves and enriche them'.⁷⁵ In 1713 Janssen provided the most clear list of the mercantilist rules for a profitable trade.⁷⁶

This theory came to dominance toward the end of the 1600s, when the gradual expansion of the domestic market and of the productive base changed the view of the relationship between foreign trade and production. Now it was no longer production which constituted the means of building up a profitable foreign trade; on the contrary, it was foreign trade which became the means of strengthening domestic production of wealth and increasing national employment.⁷⁷ Yet the core of this theory is present in the literature from the second half of the 1500s, in the form of general condemnation of the importing of luxury goods and also in frequent calls to import raw materials in exchange for manufactured goods (see below).

This third theory of the favourable balance, although not expressed in very

subtle terms, was a significant step forward in standards of economic analysis. It showed that even exchange between equal values can have a completely different impact on productive capacity and thus on the wealth of the countries involved, depending on whether the goods exchanged are destined for a more productive or less productive type of consumption. It is therefore closely tied to pre-Smithian theses about productive labour.

This theory was overshadowed by the classical theory of international trade, whose main proposition, the Ricardian comparative-costs theory of trade, is still considered a pillar of general economic theory. And yet pre-Smithian theory, in the aspects it deals with, is clearly superior to the classical theory, as it emphasizes the rationality of the policies of selective protection and incentives based on products' different productive potentials. This practice, widely adopted in the history of international trade right up to the present day, is considered irrational by classical theory.

Experience deriving from trade between economically strong areas and economically weak areas has enabled some contemporary theoreticians of underdevelopment to rediscover the same truths that were an integral part of pre-Smithian theory. They have shown that even an exchange which occurs according to the rules of the comparative costs theory can yield unequal advantages to the two countries, and that this inequality leads in the long run to the damage of the weaker economy. The greater advantage goes to the country that exports products which are technologically more advanced or which are produced by more highly skilled labour and that imports products which are technologically less advanced and which still have a sizeable productive potential. However, the experts on underdevelopment have come upon this phenomenon in total ignorance of its pre-Smithian historical precedents.

Let us now distinguish three cases to which the pre-Smithians apply this theory.

Case 1: exchange of luxury goods with wage-goods

It is advantageous to export the former and import the latter; it is harmful to do the reverse. This case is commonly found in all pre-Smithian literature. For more than two centuries almost all authors condemned the importing of luxury goods, which they deemed useless in terms of production.⁷⁸ Hornick provided the clearest statement on this: people should confine their luxury to domestic products alone. In case of strict necessity foreign products can be imported, but only in exchange for domestic wares.⁷⁹

Petty gives the negative example of the exchange of clothes (necessary goods) for wine (considered a luxury good: 'debauching wines'). However, he tends to accept limited imports of luxury goods to maintain trade and thus employment. Barbon distinguishes between goods which are necessary for production, such as raw materials, and consumer or luxury goods, but he too concludes that the only difference between the goods lies in the number of

workers they are able to activate. Mandeville, like Barbon, is in favour of luxury imports. Muñoz, on the other hand, writes lucidly that if trade is developed without developing agriculture, only foreign luxury goods will be consumed because only the rich will afford to buy.⁸⁰

The best formulation of this case is given by Cantillon, in a brilliant example. If Brabant, engaged in trade with Champagne, he writes, exports lace and imports wine for the same sum, Brabant gains more from the exchange than Champagne. Its inhabitants, in fact, obtain an increase in their income, and therefore save the amount of land which would be needed to produce an equivalent quantity of wine (Cantillon considers wine a wage-good). In exchange they only give a luxury product, which will serve to adorn Parisian ladies but which does not bring any real advantage to France, because once the lace has been used, it cannot be traded for something useful. The wine, in contrast, will pay part of the wages of the labour force. In short, the consumption of lace is unproductive, whereas the consumption of wine is productive.

Therefore, although the value of the goods exchanged is equal – that is, according to Cantillon's calculation of value, it corresponds to the same quantity of land under cultivation – the French will after all have used this land for the consumption of lace and they will have to use other land to supply their own workers with wine. The inhabitants of Brabant, on the contrary, will not have to use other land for this purpose.⁸¹ This analysis was taken up by Beccaria among others.⁸²

Case 2: exchange of manufactured goods with raw materials ('of labour with land')

From his example Cantillon also draws a more general thesis, the same as that put forward by authors at the end of the 1600s when they talk about the balance of labour. When a state, he writes, gives its labour (in this case, the labour that went into the lace) in exchange for a foreign agricultural product (in this case, the wine), it gains, 'given that its inhabitants are then maintained at the expense of the foreigner'. The export of any manufactured product is advantageous for the State, 'because in this case the foreigner pays and maintains workers who are useful to the state'. In other words, the payment obtained for these exports pays for the labour that was needed for their production. On the other hand, in order to avoid paying in its turn for foreign labour, it is more convenient for the State to import 'foreign agricultural products that require less labour'.⁸³

The strictest formulations of this thesis were those given by Gervaise and by Steuart.⁸⁴ The first is lapidary: 'When a nation exports more or less labour, than is imported into it, that difference between exports and imports of labour, is called balance of trade'. Steuart distinguishes, in every product exported, two components: 'matter' (which means natural resources and corresponds to Cantillon's 'land') and labour. The matter exported is what

the country loses, as production potential; the labour is what it gains, insofar as it has produced employment paid for by the purchaser. The country gains in the exchange if the value of the matter imported is greater than that of the matter exported, whereas it loses if the labour put into the product imported is greater than that put into the product exported. In the first case, in fact, the foreigner pays in matter for the surplus of labour exported; in the second case, it is the country itself which pays for the surplus of labour imported. Thus it is advantageous to export manufactured goods and import pure natural products (that is, simple foodstuffs and raw materials). It is better to export finished products rather than semi-processed goods, and semi-processed goods rather than natural products.

Steuart adds that when a country is reduced to having to export only its raw materials, it is better for it to stop importing manufactured goods and to try, through frugality and expansion of the domestic market, to develop manufacturing just for its own consumption. This statement seems to have been written precisely with today's underdeveloped countries in mind. In fact Steuart's formulation could be the starting point for an explanation of the age-old deterioration of the terms of trade between countries exporting raw materials and countries exporting manufactured goods. Other well-known formulations of this theory are those by List in the nineteenth century and by Myrdal in the twentieth.⁸⁵

Viner, one of the few economists capable of relating mercantilist theories to the present theories of underdevelopment (for other examples see Hoselitz and De Luca), is the only one who might have been able to make the most of this mercantilist theory. He actually picked up this point, but he interpreted it merely as the desire to extend employment through a favourable balance of labour. Elsewhere he defended the increased purchasing power of Western manufactured goods compared to third-world agricultural products, attributing this increase to the improved technological level of the manufactured goods, as opposed to the unvaried low technological level of third-world raw materials. But it is precisely this phenomenon that Steuart indicates as the cause of the growing disadvantage of countries which export raw materials, whereas Viner continued to present it as an exchange equally advantageous for both, being an exchange of equal values. Even Smith saw the disadvantage of giving raw materials in exchange for manufactured products.⁸⁶

One of the few other historians who has understood the significance of pre-Smithian analyses for underdeveloped countries is Rotwein. But paradoxically, for these countries he suggests applying the rules of Hume's economic liberalism, and not, for example, the protectionist arguments that Hume himself proposed for long-term trade relationships between poor countries and rich countries. A more interesting comparison between European countries of the mercantilist period and present-day underdeveloped countries has been made by Joseph Spengler.⁸⁷

In sum, although Steuart's thesis is not different from Cantillon's, it pro-

vides a more general formulation of the third theory of the favourable balance of trade. This version of the theory, however, is not at all new. It seems to date back to before the modern age: Johnson sees it deriving from the distinction between natural wealth and artificial wealth, which originated in the Middle Ages but continued up to Adam Smith's time.⁸⁸ Indeed, as John Smith showed, a policy to check imports and exports, hindering the export of raw wool, was implemented in England as early as the middle of fourteenth century. In the mid eighteenth century there was still a big debate between manufacturers and landowners about this policy.⁸⁹ Artificial, or immaterial, wealth is that which is added to the product of labour. Therefore, although Beer is right to say that the theory of the favourable balance, understood as an excess of exports, only began after bullionism, he is wrong to extend this statement to every version of the favourable balance thesis. In the 1500s the theory as formulated in Steuart's version seemed to have been definitely accepted. It already existed in Spain around 1545–48 and would continue to be repeated until Smith's time.⁹⁰ Adam Smith himself mentions it, although in rather bland terms. Here too the many authors we quote for the seventeenth century are just a sample.⁹¹ But the same approach is found in the eighteenth century.⁹² Among the strictest, or the most attractive, interpretations of this theory are those of Laffemas, Lewes Roberts, Keymor, Petyt, Hornick (who wants imports of unfinished goods alone), Gee, Haynes (who attacks the export of raw wool) and Harris.⁹³

The Spanish were particularly acute in condemning the ruinous experience of their country in this matter. For example, Aguirre made a sharp analysis of the innumerable custom rules which favoured imports from abroad to the detriment of domestic products. Among the best analyses are those by Arriquibar, Ward and Campomanes. The first, in his acute criticism of Mirabeau, says that it is absurd to base development on the export of agricultural goods and the import of manufactured goods. No nation in the world has followed Mirabeau's rule as much as Spain did. The result has been that Spain is now a 'tributary' of others.⁹⁴

These authors often stated generally that it is harmful to import what can be produced in the home country or what can be replaced by other domestic products.⁹⁵ The long struggle in England against the export of raw wool, asked for by the landlords, has left innumerable pamphlets of the seventeenth and eighteenth century. Some of them use economic arguments which are by no means negligible.⁹⁶ Lastly, Heckscher provided detailed documentation to show that the mercantilist states forbade the export of machines and raw materials.⁹⁷ On the opposite side, the author of *Considerations* sustained the thesis, of Ricardian flavour, that England would do well to import goods which are produced abroad with greater productivity, because their prices are lower.⁹⁸

Case 3: exchange of skilled labour with unskilled labour

This last case of exchange between goods with different productive potentials is a variant of the second. Johnson has the merit of having brought it to light, thus giving new credibility to Postlethwayt, the perceptive analyst who had previously been dismissed as a mere plagiarist,⁹⁹ but who is in fact responsible for the clearest formulation of this case.

Specialized labour which creates new machines and uses them in production ('ingenious labour'), says Postlethwayt,¹⁰⁰ gives an advantage in foreign trade. In fact, specialization gives the natural product additional value which is exported and is paid for by the foreign country. On the other hand, the advantages brought by specialization lead to skilled immigration, and this in its turn fosters specialization.

The superiority of a nation in skilled labour, he adds – stating a thesis later to be put forward by Smith on the division of labour – depends on its level of consumption. Therefore population growth is beneficial: it enlarges the market for industrial products. For the same reasons, the importing of foreign goods produced by specialized labour must be discouraged. Here, like Steuart, he is theorizing an economic policy commonly employed by rich countries in the following centuries, both during and after colonialism, and still applied today: that of preventing weaker countries from exporting products based on advanced technology, since such exports would pose a threat to the technological monopoly of stronger economies. This is a practice that classical and postclassical economic theory of international trade has always ignored.

Postlethwayt also observes that an agricultural country which has a simple lifestyle and survives above all on the products of the soil, with a small population, is not able to foster specialization. He therefore states that specialized labour and the use of new technologies multiplies the quota of labour in products, which makes exportation profitable. Postlethwayt's thesis in favour of the increase in productivity due to technical progress and specialization shows the weakness in Blaug's interpretation of the third mercantilist theory of the balance of trade. According to Blaug, the mercantilists wanted to import raw materials produced with highly capital-intensive methods, and export finished goods obtained with highly labour-intensive methods.¹⁰¹ This interpretation has no basis whatsoever. Blaug here confuses the pre-Smithian distinction between 'land' or 'matter' and labour with the completely different one of our era, between capital-intensive products and labour-intensive products. For the pre-Smithians, products of specialized labour and those that contain 'a lot of labour and little matter' are identical to those that we call capital-intensive products today. In contrast to what Blaug believes, they therefore wanted to export those goods.

Conclusions

In conclusion, the analysis above enables us to corroborate a thesis which has been already supported by many of the best specialist studies on mercantilism but which have not yet gained wide currency among scholars: the mercantilist concept of international trade perfectly fulfilled the requirements of the national economies. It was connected to the desire to increase domestic production. At first, growth in production was seen not just as an end in itself, but also – and often predominantly – as a means of increasing exports. However, from the end of the 1600s the relationship between production and foreign trade was being reversed: the latter was becoming simply a means of expanding production.

On the other side in the eighteenth century a new conception of international trade grew up. The latter was no longer seen as based on strenuous competition, but rather on mutual gain.¹⁰² Any suspicion of the zero sum game was now over. However, this did not require – contrary to what Hume, Smith and many historians believed – the renouncing of the favourable trade balance theory

Our analysis also enables us to establish several new points:

- 1 Almost all the pre-Smithians were not, in principle, either in favour of or opposed to free trade. They had nothing to do with the ideal – and ideological – contrast of the nineteenth and twentieth centuries on *laissez-faire*. They asked the government for an active, selective foreign trade policy which would evaluate the convenience of hindering or encouraging trade on the merits of each particular commodity or sector.
- 2 Their pragmatic approach does not mean that they lacked a homogeneous vision of economic development and of the general criteria to promote it. They all encouraged the importing of raw materials and of skilled labour. Almost all of them condemned the importing of luxury goods or of sophisticated finished products. The criterion that determined this position was that the productive potential of goods (that is, the degree to which they could help to expand production) had to be calculated on the basis of their use value. The evaluation of the productive potential obviously totally changed depending on whether the commodity was imported or exported.
- 3 The criterion of different productive potentials enabled the pre-Smithians to demonstrate two important aspects of the logic of international trade which cannot be demonstrated by later theory: (a) an exchange between equal values can yield different advantages to the two parties; (b) when a country is in the habit of exporting raw or semi-processed materials or products of unskilled labour, and of importing sophisticated consumer goods, the continuous flow of advantages immediately gained by the country turns out to be a much greater disadvantage in the long term. Consequently the mercantilist theory of the favourable balance of

trade can provide theories of international trade between rich and poor countries with a more general theoretical basis. Lastly, it shows that the classical comparative costs theory is, to say the least, not applicable in all cases.

- 4 Finally, in the end pre-Smithians were led to call for an increase in consumption, not only of the high classes but also of workers, in order to foster the productive potential of the nation.

11 The Enlightenment theory of development

Consumption as an investment*

‘Luxury of the poor’ in the seventeenth century

The attitude towards consumption among seventeenth and eighteenth century economists took a winding, complex path. Up to the 1680s they were hostile to a rise in consumption by the workers. They wanted to keep wages low, both to force the poor to work more and to control them socially. The attitude later changed, and mid eighteenth century authors were finally able to free themselves of the fear of goods inherited from the past. They went so far as to theorize growth based on the increase in consumption, which in its turn enabled productivity to increase. But this was only for a brief period. With the end of the Enlightenment and the beginning of the industrial revolution, the fear of goods returned. This came about in connection with a new development model, that of the classical school, which from this point of view was strikingly similar to the model of the early mercantilists. It was in fact based on the extension of unskilled labour and on keeping workers’ consumption down to the bare minimum.

Let us recall very briefly the attitude towards consumption until about 1690, described in the previous chapters. For seventeenth century economists the allocation of the growing wealth was quite obvious: most of it was destined for the consumption of wage-goods by the new workers, along with the purchase of raw materials. A smaller part could tolerably be consumed in extra luxury goods, on the grounds that the luxury of the rich gives employment to the poor, in that it stimulates production and trading. This idea is to be found in all the main authors. Houghton expressed it most clearly when he praised luxury and higher consumption because they raise production.¹

However, this does not mean (as Furniss believed) that those economists always approved of the excessive luxury and waste of the aristocracy and the courts. The criticism of this waste, and particularly of public luxury, had already been put forward by some Renaissance authors. It continued among mercantilists, who wanted to convert this wasted wealth into investment.²

We have seen that for mercantilists the primary function of the surplus wealth was to enable the population to grow as much as possible. In addition,

these economists were keen to limit the unproductive population as far as possible; thus also to limit what they considered the unproductive consumption of the workers. This way of thinking gave rise to an attack on the consumption of 'luxury' goods amongst the lower classes. These goods were certainly not those consumed by the aristocrats: they were either new products imported from the New World, factory-made goods (cloth, in particular) or an increased consumption of agricultural products. The growth in employment opportunities did increase consumption by the lower classes, but not spectacularly.³

However, many economists feared that this new consumption would encourage idleness and would make the labouring poor discontented with the duties of their class.⁴ For Sir William Temple, industriousness derived from need, and wealth derived from industriousness and thrift.⁵ Petty was more balanced. He stated that the advantages or the harm that luxury can procure depend on who it is that indulges in the luxury and that a gradual increase in workers' consumption leads to a desire to work harder. In his view, the workhouses had a role in poor relief.⁶ But he also stated that it is of the utmost importance to free the worker from idleness and parasitic consumption, which make him unaccustomed to the discipline of work. This is a necessity, both economic and moral.⁷ Manly argues that English products are not competitive because of the too-high wages. Pollexfen criticizes both high wages and luxuries. At the end of the seventeenth century Brewster made it clear that the luxury of the artisans, farmers and merchants is harmful because it hinders production, while the luxury of the nobles is positive because it makes the poor work. Davenant condemned luxury and saw commerce as a necessary evil.⁸ However, in general these problems led mercantilists to adopt a severe policy towards workers and the poorer classes.

This last chapter examines the relationship between consumption and production in the pre-Smithians from the last decade of the seventeenth century onwards. It sets out to show that in this period consumption and production were usually seen in a relationship of mutually beneficial causation: increased consumption is not only the result but also the cause of a greater production of wealth, since it increases labour productivity.

This approach has two characteristics:

- 1 it is opposed to that of the classical school, in which accumulation is contrasted with increased consumption (see pages 238–39);
- 2 it differs from and goes beyond the Keynesian desire to raise effective demand (see page 243).

We shall put forward four arguments in particular:

- 1 Most thinkers of the period are in favour of increased consumption, both by the middle class and the working classes (high wages) because they

consider it as an *incentive* for the spirit of enterprise and industriousness. This interpretation is partly in contrast with the traditional view which saw the tendency to compress wages and lower class consumption as a typical feature of all mercantilism (see pages 171–73). This does not seem to be true for the period in question. In a valuable and neglected article, Wiles showed that mercantilists of the first half of the eighteenth century were in favour of high wages.⁹ We will support his thesis, with new evidence, rather than Spengler's and Coats' more credited argument. The latter maintain that a change in the attitude to wages started from the mid eighteenth century (see below).

- 2 The eighteenth century pre-Smithians had a different concept of the subsistence wage from the classical school. As far as we know, this point has previously gone unnoticed.
- 3 The writers of the period, particularly those of the Enlightenment phase, did not advocate just any conspicuous consumption, but only increased consumption by the productive classes. This interpretation aims to correct both Schumpeter's view, which saw in the pre-Smithians in general a traditional hostility to saving and thrift, and Viner's, in which two attitudes among mercantilists were identified: one in favour of and the other opposed to 'luxury'.
- 4 Lastly, various Enlightenment thinkers regarded increased consumption by wage-earners and the professional classes as what we would today call an investment in human capital, aimed at increasing labour productivity. According to them, this function of consumption plays a crucial role in the increase in wealth production. This is another point which seems to have been ignored in the past.

In this chapter we shall devote one section to each of these arguments, in order. We shall then draw our conclusions.

Increased consumption as an incentive

Towards the end of the seventeenth century the need to expand the domestic market in order to find an outlet for increased production became more and more pressing. This happened first in England, soon afterwards in Holland and France – and by the Enlightenment, also in Spain, Italy and Germany.

Up to then, in fact, the growth of the more advanced economies had been stimulated overwhelmingly by the export of luxury goods.¹⁰ The attempt was now made to increase internal demand for luxury goods (in the modern sense), new goods, and ordinary goods to greater quantities than had previously been consumed. It is important to notice that until the beginning of the Enlightenment, all three types of goods were generically called 'luxury goods'.

In 1713 *The British Merchant* was clearly aware of the problem. It stated, 'The first and best market for English goods is the English population'.

Twenty years later, Vanderlint reiterated that instead of luxury being discouraged, production should be increased, helped by greater consumption and higher wages.¹¹

But economists had already been praising increased consumption for some time, both in the form of so-called luxury and in the form of higher wages. This attitude can be found in at least four issues.

The effects of consumption habits on the individual and on society

Unlike before, it is now stated that the interests of society on this point are different from, or even diametrically opposed to, individual self-interest.

In refuting Mun, who defended thrift, Barbon stated that it helped the individual, but not the nation, and that miserliness ‘starves man and destroys business’. Extravagance, on the other hand, was a vice only for those who practised it, not for society. Before Barbon, Bayle had provided a general criterion: what is useful or harmful to society is not human intentions, rather it is human actions. He added: a bad man can well be a good citizen. Barbon’s argument was repeated by, among others, North, Mandeville and Harris.¹²

Bayle’s and Barbon’s statements are almost certainly the sources of the famous subtitle of Mandeville’s work, ‘Private Vices, Public Virtues’, which was later echoed by Helvétius and by Verri.¹³ Other English writers reduced the link between the fortunes of the State and those of the individual to a mere analogy (the State that pays out more than it earns is ruined just like the individual who overspends).¹⁴

The historical development of consumption

In this period it became clear that in certain European countries, a development mechanism had emerged that was historically unique.¹⁵ It was thanks to this development process that, as Locke said, the king of a vast, fertile area in America was housed, dressed and fed worse than a daily hand in England. This comparison (probably suggested by a Plutarch passage) was taken up by the author of *Considerations* (and apparently also by Samuel Johnson). Lastly it was taken up by Smith, who – without acknowledgement – made it famous (see page 244, pa.1.3).¹⁶

The relationship between the desire for increased wealth and industriousness

This relationship is fundamental to the development mechanism. For these writers, self-interest and the concrete possibility of acquiring wealth are indispensable incentives for industriousness. ‘Luxury’ is the inevitable result of the desire for wealth.¹⁷

Child approved of the luxury goods introduced by progress in the arts,

science and manufacturing, and praised the keen desire to work which had produced this progress. While commenting on Aristotle, Montanari stated that it is very difficult to distinguish between necessary wants and wants derived from desire. What is superfluous for one, he added, can be necessary for another. Barbon extolled fashion and in general 'the needs of the mind', that is, the desire for things beyond the necessary. These needs were infinite and so had a civilizing influence on man, acting as the driving force for technical progress. An analogous argument was already to be found in Coke, Briscoe and others. Dudley North wrote, 'If men were satisfied with only the bare essentials, we would have a very poor world'.¹⁸

From this point of view, the sumptuary laws were criticized more and more frequently. 'Countries that have sumptuary laws are generally poor', wrote North, because they discourage consumption and therefore also industriousness.¹⁹ Also, the idea of taxing certain luxury goods, suggested by various authors, was intended as a way to enrich the State, not as a criticism of luxury.²⁰

During the Enlightenment the idea that increasing consumption, including that by the lower classes, provided the vital stimulus for industriousness and the spirit of enterprise became a commonplace.²¹

Wage levels

The argument that conspicuous consumption was needed in order to promote industriousness was universally accepted. But some economists applied it only to the middle and upper strata of the productive population and believed that for simpler manual workers the opposite incentive was valid, i.e. the traditional strategy of keeping wages at a level that prevented 'luxury'.²² Others, however, extended the principle to all classes. Certainly we can say that, during the eighteenth century, treatment of the poor and of the labouring poor varied in waves, according to the good or bad harvests and hence to the high or low *real* wages.²³

Nevertheless, a steady new tendency can be identified. Buck, Coats, Appleby and above all Charles Wilson have demonstrated that there was a strong streak of humanitarianism in the labour policy of later English mercantilism.²⁴ But what is relevant here is that the widespread change in labour policy was not caused so much by humanitarian considerations as by economic factors; or, at least, that humanitarianism was given a hearing thanks to these economic factors.²⁵

Child, Cary, Bellers, Defoe and Melon were in favour of higher wages. Child, while describing the wretched conditions of the poor in England, reversed the deeply rooted prejudice that idleness derived from the 'luxury' of the workers. Idleness, he said, derived from poverty. He stated that where the prices of goods were high the workers were rich, and where they were very low most of the workers were poor. The poor earned more when goods were dear. Defoe reiterated that idleness made people poor and poverty made

them idle; and quoting almost word for word from Barbon, added that industriousness, however, made people rich and that the money earned strengthened their industrious spirit.²⁶

Defoe, Mandeville and Melon were certainly the best supporters of the importance of increasing consumption in order to develop economically. But the last two used a generic concept of luxury, which is why their arguments aroused such an outcry and became better known (see below);²⁷ whilst Defoe based his analysis on wages. High wages, he wrote, are the linchpin of economic development because they encourage people to produce more and better.²⁸

In the same pages, Defoe made a subtle analysis which expresses the radical change in the economists' attitude towards workers' consumption. His analysis also proves that the accusations launched by Smith at all the mercantilists on the question of consumption do not apply to most of the economists after 1690. As we know (see page 163), Smith wrote that mercantilists, by rejecting free trade, prevented the competitors from lowering prices, thus showing their lack of interest in increased consumption and in the welfare of the population.²⁹ But 50 years earlier, Defoe had said that the manufacturing industries of the country needed to be protected because, although there was some truth in the popular belief that low prices increased consumption, this was not always true, and it was not the case for English industries. To lower prices, in fact, wages would have to be lowered, but this would mean lowering the quality of the merchandise. India and China based the competitiveness of their export prices on the wretched living conditions of their workers. But what is the use, asked Defoe, of having flourishing trade in an impoverished country?³⁰ It would be wiser for England, with the highest wages in the world, to rely on a good price for a quality product, since the price is considered high or low not in absolute terms but in relation to the quality of the goods.³¹

From the same point of view, the extremely perceptive author of *Considerations* had, back in 1701, put forward a very modern thesis, which few of the Enlightenment writers appreciated: he advocated that wages should not be lowered, but that they should grow in real terms; and added that labour costs must be lowered, not through lower money wages but through an increase in productivity. The same reasoning was to be found in Vanderlint.³²

The misunderstandings over the 'subsistence wage'

Historians have generally not detected this radical change in the attitude to consumption which came about in the period straddling the seventeenth and eighteenth centuries, and have often misinterpreted the statements of the economists of the time, ending up by contradicting themselves.

Furniss noticed that many authors were in favour of high wages, but thought that this derived simply from humanitarian concern. He even said that for men like North, Berkeley and Hume the welfare of the workers was

an end in itself, to take priority over economic interests. He was therefore not able to explain how the support for high wages could be reconciled with the demand for a subsistence wage made by the same authors either in order to attain competitive prices in foreign trade or to force the workers to perform the duties of their class. He consequently ended up accusing the economics authors of a whole century of having fallen into contradiction. Spengler did show that most of the major authors of the period were in favour of higher wages and consumption, but added that until the mid eighteenth century most economists supported low wages so as to keep labour costs down.³³

In contrast, Charles Wilson talks about 'social mercantilism' and maintains that the 'balance of labour', i.e. the idea of using a balance of trade policy to encourage employment, was essentially due to humanitarian concern.³⁴ But the employment policies, which also included forced labour and limited poor relief, cannot be seen in themselves as humanitarian policies.

More evident forms of contradiction are to be found in the interpretations of individual authors. Roger Coke, for instance, is cited by Heckscher as a supporter of low wages and by Viner as an opponent. Berkeley, who came out strongly against excessive relief and against the luxury of the poor (see below), is cited by Furniss, Spengler and Coats as an advocate of high wages (but this is not really contradictory). John Bell and, more cautiously, Bertolino name Locke among the champions of a minimum subsistence wage, whereas Locke had in fact simply described the wage-earners' situation of bare survival (they live, he wrote, 'from hand to mouth') and used the concept of subsistence wage for his tax incidence model (all taxes, he said, fall ultimately on land). Lastly, Wermel maintains that the classical economists' 'iron law of wages' came directly from the mercantilist belief in keeping wages down to lower labour costs and to encourage industriousness.³⁵

All these misunderstandings boil down to just one ambiguous point: the subsistence wage. On the one hand economists of this period went on demanding – like their predecessors – that people should be forced to work and that labour costs should be prevented from rising through the regulation of poor relief, measures against 'idleness' and a policy of public works.³⁶ On the other hand – as we have seen – the same authors were keen to increase consumption and wages. There is obviously a clash between these two objectives, but in general these thinkers managed to maintain a fair balance between them. The main theoretical tool to obtain that balance was probably the concept of the subsistence wage.

This concept was very different from that used by the nineteenth century economists (in general, from Malthus to J. S. Mill and Marx). These took the expression 'subsistence wage' to mean a wage reduced to the lowest possible level considering the customs of a particular society. On the other hand, pre-Smithians recognized subsistence as more than a bare minimum.³⁷ In the ninety years before Smith's book, economists generally advocated

higher wages and *at the same time* defined these higher wages as subsistence wages.³⁸

As Naldi reminds us, Hutcheson wrote, ‘The labours of any person of tolerable strength and sagacity are of much more value than his bare maintenance . . . If a servant obliged himself by contracts to perpetual labour for no other compensation than his bare maintenance, the contract is plainly unequal and unjust . . . he has a perfect right to a further compensation’. In fact, as Steuart said, the subsistence wage was the wage for the simplest work which had to ensure that the worker was well-fed, well-clothed, and well-protected from the elements; it had to cover the worker’s annual costs and allow him to be free on holidays. Since this wage was the lowest, it could not be subject to competitive pressure, otherwise it could drop below the minimum acceptable level.³⁹ Moreover, many authors writing around the middle of the eighteenth century bitterly criticized the existing wage level of their time because it was *below* the subsistence wage. They described this abuse as morally unjust and economically harmful.⁴⁰ On this point, Smith seems closer to his predecessors than to his nineteenth century followers.⁴¹

The pre-Smithians of the eighteenth century therefore did not want the lowest level workers to consume the superfluous goods, but at the same time they complained that the wages of these workers were below subsistence level. Boureau-Deslandes, for instance, contrasted abundance – which was to be guaranteed to all, and which was made up of the useful, the comfortable and the pleasant – with luxury, which was the harmful extravagance of a few.

It was Steuart who again provided the best explanation for this attitude, which is only seemingly contradictory. He distinguishes the ‘physical necessary’, which determines the subsistence wage level in the way we have seen, from the ‘political necessary’. The latter differs from the former in that it includes some superfluous consumption, but it is not necessarily higher in quantitative terms. In fact, some physically necessary consumption items may not be covered, since, due to social expectations, purely ostentatious consumption items may be given preference.⁴² Aspromourgos and Groenewegen did notice this difference in Steuart’s approach in comparison with the classical school, but they neglected it because they were following another line of reasoning.⁴³

Until the middle of the 1700s several authors, such as Philips, Lindsay, Hay and Charles Gray, called for a re-organization of poor relief and of workhouses. Massie accused the enclosures of being the cause of begging. The new poor, he wrote, caused by the increase in the production of wool, were not all absorbed by the wool industry.⁴⁴

It was actually after the middle of the 1700s that feeling against the labouring poor grew and support for an indiscriminate reduction of wages became more vocal. The optimism about the effect of increased popular consumption on economic development withered and finally disappeared soon after Smith. William Temple of Trowbridge hoped for a large population, because a

surplus in labour supply would force wages down to the minimum. For Townsend, who inspired Malthus, workers had to be kept under control by fear of hunger; parish relief should therefore be eliminated. Fauquier also wanted to abolish it (see also pages 171–73).⁴⁵

The Enlightened apostle of American democracy, Benjamin Franklin, declared that factories could produce at competitive costs only if workers were forced to choose between low wages or starving to death. High wages and public relief made the worker lazy; unlike the rich, who were stimulated to work by the prospect of wealth. Of course the extravagant luxury of the rich provided the poor with jobs; the owners had the right to freely export corn; and a high price for corn prevented the workers from becoming indolent. Franklin seems to have invented the wages-fund theory. Even if wages were low, he said, where were the extra funds to raise them? Wages could be raised only at the expense of employment. Besides, costs would increase and this would reduce exports and thus the fund itself.⁴⁶

The concept of ‘moderate luxury’

Schumpeter wrote that Hume, Turgot and Adam Smith were the first to break with a tradition which was hostile to saving and thrift and favourable to consumption.⁴⁷ In actual fact this supposed tradition is to be found only in a small group of writers, and even then in a limited way. Four aspects of the writings of the period illustrate this.

- 1 As we have seen, unconditional praise of luxury is found only among the late seventeenth century English Tories, like Barbon and North, and in a few others such as Mandeville, Vanderlint and Melon. Moreover, of these only Vanderlint seems to have deliberately understated saving.⁴⁸ The others actually criticized excessive saving, using an argument very similar to the Keynesian ‘paradox of thrift’.⁴⁹ It therefore seems that they criticized thrift not in that it is opposed to prodigality; in other words, as careful management of one’s income. They are only critical of thrift as frugality, that is, being satisfied with too little.
- 2 Various contemporaries of the Tories (Child, Briscoe, Locke, Defoe) explicitly praised thrift and condemned ostentatious luxury.⁵⁰ As Locke wrote, ‘Fashion is for the most part nothing but the ostentation of riches, and therefore the high price of what serves to that, rather increases than lessens its vent’ (p. 59).
- 3 It is true that the free traders of the period declared their support even for the importing of luxury goods, thus breaking a long-standing tradition of hostility to such imports.⁵¹ But even greater numbers of writers of the period reiterated their hostility and called for the importing of raw materials.⁵²
- 4 In the writers of the Enlightenment period, criticisms of saving or of thrift are not to be found.

At the same time, Jacob Viner sees in mercantilist thought two opposing attitudes, one in favour of and the other opposed to luxury.⁵³ But the comments just made show that he, too, was unaware of the complexity of pre-Smithian thought on consumption and reduced it to the schematic contrast between consumption and saving, typical of the classical school. In fact,

- 1 The pre-Enlightenment writers who praise thrift are among those who, as we have already seen, also praise increased consumption and higher wages. They therefore see very clearly the implicit distinction between the two senses of the term thrift. They praise thrift as the opposite of extravagance, not as frugality.
- 2 Prior to the Enlightenment, as we have said, the term 'luxury' indicated two different things: first, the increase in consumption due to the secular development of the economy (it spread among the classes gradually and in very different proportions, and should be divided, in its turn, into the increase in traditional consumption and spread of new types of consumption); second, ostentatious waste. Some authors, like Lindsay, showed their confusion by shifting from one meaning to the other. Others simply criticized luxury as such.⁵⁴ This double meaning is confirmed both by Sombart's analysis and by the controversy between 'moralists' and Free-thinkers.

Sombart documented how ostentatious luxury dominated economic life in major cities at that time and determined the income of most of the inhabitants. It was paid for by the spending of the court, by land rents and by incomes from high finance. Compared with these sources of income, the earnings from manufacturing and trade were still modest. Sombart also explains how the noble felt forced into the mad race to 'keep up with Joneses', both because of court life and also because of the spending of the rich middle class who aspired to a title.⁵⁵ Furthermore, this sort of cultural obligation to emulate ostentatious consumption spread to the lower middle classes and, for some goods, even to the urban working class.

In this historical context, Viner's thesis takes on a certain degree of plausibility if we consider not the economic debate but the heated moral controversy over luxury that raged between the end of the seventeenth and the beginning of the eighteenth century.

On one side there were the so-called 'moralists', the most notable of whom was Fénelon;⁵⁶ on the other there were the Free-thinkers. The 'moralists' saw the soaring of consumption in the period as the destruction of moral values and traditions and therefore as the overthrow of the old social order.⁵⁷ In general, in their criticisms of luxuries, they did not distinguish between ostentatious goods and new goods. Linguet for example lumped coffee, sugar and the ostentation of diamonds together. Cardinal Gerdil, who criticized Melon on luxury paragraph by paragraph, vehemently affirmed that it was necessary for social classes to be differentiated in dress and in consump-

tion. Roberti attacked the 'luxury' of merchants and artisans, but not that of the nobles.

The tradition of the Free-thinkers derived from the Epicureans of seventeenth century France (see chapter 5). This approach, Mandeville included, attacked the Christian ethic of renunciation in the name of an indiscriminate defence of luxury and of the economic and social progress that it brought.⁵⁸ Bayle, in some splendid passages, had contrasted the virtuous life of the 'true' Christian, entirely based on renunciation, and the selfish life of a society based on commerce and devoted to the pursuit of wealth. The two things, Bayle warned, are incompatible. You cannot reconcile virtue with wealth and progress. On this basis Mandeville proposed his famous contrast between two beehives (metaphors of society). The first – based on vice, i.e. on self-interest, love for wealth and luxury – grows and prospers; the other – based on a virtuous poverty – tends to die.⁵⁹

Despite the bitter attacks on him, Mandeville had an enormous influence in the eighteenth century, especially on the other Free-thinkers. Morize effectively described the Mandeville–Melon–Voltaire line. Kaye re-proposed this analysis, and documented Melon's dependence on Mandeville in detail. Voltaire very often echoed Mandeville.⁶⁰ To Mandeville, Blewitt opposed the model of Holland, which was both frugal and prosperous. This 'Dutch example' is recalled by Berry; who also illustrates what he calls the 'demoralization' of the luxury issue, at the hands of Barbon, Mandeville, Hume and finally Smith.⁶¹

However, both groups, moralists and Free-thinkers, used the generic concept of luxury to refer to different phenomena. This obscured their real concerns. The moralists, in fact, did not criticize the traditional luxury of the aristocrats, which had been a means of legitimating the political power of the nobility and was therefore part of the old social order. They attacked increased consumption by the classes at the lower end of the spectrum and the luxury of the rising classes. At the same time, the Free-thinkers were often opposed to increased consumption by the lower classes,⁶² while defending even the most profligate luxury of the bourgeoisie.⁶³

To Enlightenment thinkers, therefore, neither of the arguments seemed suitable for the pursuit of their main aim, which was to defend increased productive consumption linked to accumulation, and to attack unproductive ostentatious consumption.

To this end they distinguished useful and positive luxury from harmful and negative luxury. The first was a moderate 'luxury' which made life more comfortable. It referred mainly to those comforts and conveniences that according to a secular tradition used to be put in the middle between necessities and luxuries (see pages 24–27, 70–73). 'Moderate luxury' was a vital incentive for industriousness, a source of emulation and economic progress, the means to a greater degree of civilization.

As Mason notes, vanity too was accepted by Smith and others as a means for growth.⁶⁴ In Hume's version the distinction is between innocent and vicious

luxury. He states, first, that the refinement resulting from luxury creates not only happiness but also virtue; second, that moderate luxury creates wealth, but if it becomes excessive it also becomes economically harmful. Moreover, according to Hume, industriousness, wealth-getting and love of moderate luxury necessarily go hand in hand with frugality, and are opposed to the waste of lazy landlords. All the industrious professions, he says, produce frugality, and make the love of earning prevail over the love of pleasure. Finally, productive consumption makes the acquisition of wealth by an individual or a country not detrimental to others but advantageous to their own wealth.⁶⁵ The millenarian belief in an economy with a zero sum game was finally over.

The second type of luxury was an excessive or eccentric luxury, which led to idleness and to a parasitic attitude. A great many authors stated this difference.⁶⁶ Pinto on the one hand repeats all the moralists' arguments against luxury: it 'enervates' and ruins individuals, and does likewise to states. He even calls for the return of sumptuary laws. On the other hand, he too distinguishes between excessive, ostentatious luxury, which is harmful, and moderate luxury, which is 'necessary and solid'. The latter can be destroyed by the first. Forbonnais warned that it was corruption that created excessive luxury, not the reverse.⁶⁷

Instead, the Utopian thinkers, or radical reformers, like Rousseau, Mably and Condillac, criticized the increase in consumption as such.⁶⁸ However, their principal aim was not, as it was for the moralists, to attack abundance *per se*; rather, they attacked social inequalities. Rousseau maintained that the main source of evil was inequality. From it riches derived; and from riches, luxury and idleness. Rich and poor, he warned, are relative terms: 'if men were equal, there were neither the rich nor the poor'.⁶⁹

Rousseau revived the 'Catonian' myth of the Roman republic, frugal and virtuous. But, unlike Montesquieu, he used it in the sense of the ancient authors; i.e. for a radical criticism of progress. 'Commerce', he says, 'produces wealth; while agriculture provides freedom'. Wealth and freedom are incompatible; the agricultural system tends to democracy.⁷⁰ Mably and his brother Condillac also tended to criticize wealth as such.⁷¹

Ironically it was the great agriculture expert, Arthur Young, who put forward the most devastating criticism of the myth of the agricultural society. He denies that small, simple cultivation makes the State flourish. Then, no less graphically than Rousseau, he adds: luxury diminishes and simplicity advances when men abandon their own humanity. Finally, Young refutes the opposition between agriculture and industry: the more the first flourishes the cheaper the products of the second are.⁷²

Moderate luxury as productive consumption

The distinction between excessive and moderate luxury is anything but 'simplistic and naïve', as Borghero maintained.⁷³ It allowed the Enlightenment thinkers to contrast the productive increase in consumption by the middle

and lower classes with the wasteful, ostentatious luxury typical of the aristocracy and the great bourgeois families who had adopted the aristocratic lifestyle. The first type of luxury is the driving force of economic development; the second is a serious brake to this development.⁷⁴

Muñoz' analysis of aristocratic luxury provides a deep insight. Luxury, he says, distinguished the noble class in the past. It was a sign of its civic virtues and its social duties. Then a competition arose between nobles to outdo each other. This turned luxury's social function upside down. Luxury became a source of waste, thus of social disorder. It prevented American gold from being invested productively, and caused Spanish decadence.⁷⁵ In fact by the mid 1700s, not only were aristocratic landowners no longer the major producers of social wealth, but they no longer even held political power. It had been taken from them by the absolute monarchs and their bureaucracy. Their luxury was therefore no longer justified, and had lost its role of legitimizing power.

A similar approach is found in Diderot's and d'Holbach's harsh criticisms of ostentatious luxury. For Diderot the privileged luxury of the court, the government, the nobles and the high clergy was a waste and a source of corruption. Positive luxury, instead, consisted of abundance; it derived from prosperity, work and good administration. Prosperity as opposed to excessive luxury is present also in Voltaire, Helvétius, Condillac, and later in Filangieri and Sempere y Guarinos.⁷⁶ Diderot and d'Holbach also saw luxury as connected to despotism, which they strongly attacked.⁷⁷

Díez and Astigarraga effectively described the defence the eighteenth century Spanish and Basque authors respectively made of the positive effects of luxury on economic and civil development. They examined the Enlightenment tendency to consider luxury a powerful productive force. Díez also showed that labour was the driving force of wealth; it was the supreme criterion to which the judgement on luxury must refer. Winch expressed this new attitude clearly: 'the debate on town versus country, luxury versus frugality, increasingly lost the character of a binary moral choice between opposites. It became a debate about the golden mean, about how to define and strike a balance between opposed tendencies, how to establish the point at which losses outweighed benefits'.⁷⁸

There were frequent attacks on 'extravagant, excessive, unbridled' luxury, exemplified by mansions and gardens, balls and banquets, sumptuous clothes, hunting and too many servants.⁷⁹

Italian authors were particularly keen on such criticisms.⁸⁰ Boureau-Deslandes and d'Holbach were among the most severe against banquets, fashion and servants.⁸¹ Criticism of this type of consumption was always due to the fact that, as Pietro Verri said most clearly, it subtracted wealth from annual reproduction, whereas moderate luxury stimulated such reproduction. On the other side, Forbonnais made it clear that limiting consumption destroys investment. A similar concept is found in Dupin. While Voltaire confined the criticism of excessive luxury to the clergy.⁸²

In this spirit, many Enlightenment authors repeated the old motto that luxury created work for the poor, but not so much to justify the waste practised by the upper class, as Free-thinkers had done, rather to defend the expansion of the market and the stimulus to production.⁸³ In this sense the physiocrats distinguished the sterile *luxue de décoration*, such as gardens or magnificent buildings, which was to be condemned, from the *luxue de consommation*, which gave work to the poor.⁸⁴ This distinction influenced several Italian authors.⁸⁵ On the other hand, Genovesi and Beccaria, like Adam Smith, especially criticized the luxury of having many useless servants, which increased unproductive labour. Ortes opposed the positive 'luxury' of having many people employed in industry and commerce to the negative luxury of having many menial or public servants. The first, he said, characterized civilized and free nations; the other, backward and servile nations. A similar idea was expressed by Pinto.⁸⁶

Some authors explicitly challenged the idea that luxury gave work to the poor. Dubuat-Nançay, Boureau-Deslandes, d'Holbach, Campomanes and many others stated that luxury and luxury manufactures hindered more useful production, especially agriculture. D'Holbach added that an industrious, prosperous state does not need this kind of luxury in order to have employment. If it were not for the luxury of the rich, said Woolman, the workers could have fairer wages and their excessive workload could be reduced. Rousseau graphically said that luxury may well be necessary to feed the poor, but if luxury did not exist, nor would the poor. And Graslin commented that if there was any sense in saying that the superfluous of the rich was the staple of the poor, it was that the rich superfluously consumed the poor man's bread.⁸⁷

It is interesting to note that several moralists used the same argument put forward by the radicals, that luxury produced the poor (like Pluquet, and many others); or, in Gerdil's terms, that frugality produced less inequality. Ortes, with his model of a perfectly static economy, maintains that 'in a nation, the greater are the riches of the rich the greater is the poverty of the poor'. For him the only remedy is to produce less.⁸⁸ A similar static view survives in the widespread concepts of the wheel of fortune (wealth goes once to one, once to another) and of circular change (wealth and fortune, both in families and in nations, first increase until they reach their peak, then inevitably decline).⁸⁹ In general these ideas were the heritage of the past, and were in contrast with the new Enlightenment approach. Ferguson acutely criticized this thesis.⁹⁰

Thanks to this new approach the Enlightenment thinkers went back to the traditional criticism of excessive inequality, of Platonic and Aristotelian origin. But the meaning they attributed to it was a new one: no longer the desire to stop the increase in wealth (see chapter 8); but rather, the opposite aim of encouraging the productive classes. For them excessive inequality was detrimental to economic development because it encouraged sterile luxury while discouraging industriousness; it could lead to political and social instability.⁹¹

On the other hand, they believed that a certain inequality was necessary, because it created a prospect of improvement, and was an incentive to hard work (see also pages 225–28).⁹² The humanists' praise for the 'mediocrity of wealth' therefore became, with the Enlightenment authors, a preference for the middle classes and for their expansion (see page 105).⁹³

Finally, there are several authors who explicitly accuse excessive luxury of draining society of wealth and manpower which could be employed in productive investments. Defoe had contrasted the nobles' empty pride with the middle and lower classes' admirable industriousness, on which the wealth of the world depended.⁹⁴ Throughout the age of Enlightenment, authors who carry on this dispute within their analyses of productive labour are Boureau-Deslandes, Plumard, Hume, Justi, Postlethwayt, Tucker, Rousseau, Faiguet, Beccaria, D'Arco, Dubuat-Nançay, Tommaso Vasco, etc.⁹⁵

Thus, the Enlightenment distinction between two types of luxury legitimized the increase in consumption of the productive classes while strongly condemned waste as economically harmful.

Increasing consumption in order to increase productivity

We have so far examined the pre-Smithian concept of increased consumption as an indirect cause of the increase in productivity, in the sense that the latter is stimulated by the hope of wealth. But in many Enlightenment economists there is also the idea that increased consumption leads directly to increased productivity. As many authors say, the spread of wealth leads to an increase in the production of wealth.⁹⁶ In this sense economists ask themselves which types of consumption secure a productive use of 'luxury' expenditure.

According to Cantillon, Boureau-Deslandes, Harris, Smith, Condorcet and others, one of the most productive forms of consumption is that used for labour specialization and the increasing of skills through training. They were referring both to education, in its several forms, and practical training. In general they meant a period in which a person learns his job and does not produce.⁹⁷

Another type of highly productive consumption is that for the application of scientific research to production and for the study of a more efficient organization of production. Josiah Tucker says that technical progress, by lowering the price of goods, increases consumption and thus raises employment instead of reducing it.⁹⁸ Lastly, most productive is the consumption which raises the general cultural level of society, including a wide range of social activities, from more refined lifestyles to the arts.⁹⁹

The productivity of the first two types of consumption is self-evident. As for the last type, Enlightenment thinkers accounted for the productivity of such consumption with a theory of evolutionary economic development, the theory of stages, and with the related theory of the evolutionary nature of

consumption (see pages 195–98). The new element introduced by the Enlightenment in the theory of stages was about the relationship between the different stages of production and the dynamics of consumption.

The transition from an agricultural economy to diversified occupations and forms of production began, according to eighteenth century authors, as a result of an agricultural surplus. This surplus could supply food to more people than those involved in agriculture.¹⁰⁰ Once a substantial part of the population could perform non-agricultural jobs, there was a greater chance of satisfying non-elementary needs. Thanks to this increase in consumption, other sectors of production gradually became dominant, causing a continual increase in society's consumption and production capacities.¹⁰¹ In the theory of stages too, therefore, the increase in consumption and the increase in social productivity are mutually dependent. And it is this positive relationship that leads to the civilizing process.¹⁰²

In this context, the subject of high wages re-emerges, as the main factor in the increase in consumption. Butel-Dumont perceptively observes that such an increase in productivity makes production based on high wages even more economical than that based on low wages. The same thesis is analytically illustrated by Postlethwayt.¹⁰³

From this theory comes one last fundamental thesis of Enlightenment thought: the division between necessary consumer goods, or wage-goods, and 'luxury' goods is not fixed, but depends on the level of development. The bipolar distinction between wage-goods and luxury goods did not clash with the more traditional three-way division into necessities, comforts and luxuries. It was used for the sake of simplicity in analysis. Goods classified as comforts were then meant to be divided between the necessities and the luxuries. For instance, Turgot makes it very clear that a certain kind of superfluousness is 'a necessary element of the usual subsistence of the workers and of their families'.¹⁰⁴

Then eighteenth century authors attributed a productive function to the wage-goods and denied it to luxury goods. Necessary goods, in fact, enter into the accumulation process through workers' consumption, while luxury goods, by definition, do not.¹⁰⁵ However, they were well aware that luxuries of a certain phase of development become the comforts of the following phase, just as the comforts become the necessities.¹⁰⁶ The concept was picked up by classical economists and through them, as it is well known, by Sraffa, who expressed it as the distinction between basic and non-basic goods. These authors see economic development as a gradual process of civic advancement, supported by increasing levels of consumption. This approach was already evident in Mandeville. He believed that the progress of the institutions was due not to the genius of exceptional individuals, but to the continual changes made by ordinary people.¹⁰⁷

This concept is somehow connected with another idea shared by Enlightenment and classical economists, according to which the subsistence level of wages is a conventional and not a biological one. However, both concepts in

the classical version suggest that the displacement of goods from the luxury good sector to the wage-good sector is not economically significant because, being so slow, it does not affect accumulation nor is influenced by it. While in the Enlightenment version this shifting process is the basis of economic development.

Enlightenment authors in fact gave no credence to the millenarian contrast – implicit in every moralistic condemnation of ‘luxury’ – between needs that are ‘natural’ – i.e. real and legitimate – and needs that are ‘artificial’ – i.e. imaginary and false (see pages 24–27). They considered all needs to be natural since they derive from human nature, and all to be artificial since they are a result of the culture.¹⁰⁸ Rousseau of course kept this distinction. But Lord Kames explained that ‘every new object of sensual gratification, and every indulgence beyond what is usual, are commonly termed luxury; and cease to be luxury when they turn habitual’. Dubuat-Nançay effectively affirmed that society exists only thanks to the multiplying of needs. The anonymous author of *Remarks* stated that it is impossible to ascertain ‘how far any thing is really and properly *luxurious* and superfluous’. Most effectively, Ferguson argued that, even if we blocked progress at a certain point, we could always be accused of luxury by those who have not yet reached that level. The casuist, he added, always considered the customs of his time and his class as the general rule of mankind (see pages 6–7). Finally Condillac explained that no consumption was luxury if everybody could afford it. Thus he implicitly defines as luxury only exclusive goods.¹⁰⁹

Millar gave the issue a very interesting historical perspective. He first repeated the ancient contrast between wealth gained from war pillage, and that acquired through industry and trade. When there is no manufacturing, he says, men have no chance of rising on the social ladder. They are satisfied with serving their masters and they are proud of it. With trade and manufacturing they gradually become free. Wealth increases; luxury destroys the original simplicity and forces the nobles into a contest of ostentation which ruins the oldest families and makes wealth circulate. This weakens aristocratic privileges and ‘in some measure’ spreads power throughout society.¹¹⁰

Genovesi was particularly perceptive on this issue. As civilization advances, he says, more and more new luxury goods enter common usage, and therefore become necessary. This shows that all our needs, even the most refined, are the product of our nature and at the same time of our culture. He gives the extreme example of the most basic needs, which are the most ‘natural’ of all: ‘Food and drink are known to be essential goods, but it is not easy to say which of the substances we eat and drink are particularly essential. Indeed, some peoples are content with just grass and seeds . . . others add bread and meat . . . and some require them to be perfectly cooked, as they are things that are good for the health and strength of the body [thus, not useless]. *This could go on ad infinitum*’. Thus, he brilliantly summed it up, ‘all that pricks is nature’. Moderate luxury therefore generates infinite needs.¹¹¹

All needs, therefore, and all the corresponding consumption can contribute, in the historical perspective, to the accumulation of wealth. This is the ultimate sanction of the productive nature of an increased consumption by wage-earners.

The classical economists took up the distinction between wage-goods and luxury goods but, by tying it to the principle of a natural wage at subsistence level, they transformed its meaning. It came to mean that wage-earners' consumption is actually given; independent from the increase in productivity.

Nevertheless, the past tradition was so deeply rooted that it soon regained the upper hand; the Enlightenment experience vanished like a comet. We must stress that, as Leslie Stephen and later Sekora have shown, the traditional criticism of luxury was still prevalent in the eighteenth century literature.¹¹² A few years after Adam Smith, voices were again being raised against 'luxury'. In spite of having studied under Genovesi, Giuseppe Palmieri even dragged out the Socratic argument that the best way to satisfy needs was to reduce them to the bare minimum. Amat based his criticism of luxury on the demonstration effect it produces (the latter was theorized in the twentieth century by Duesenberry). Paoletti and Marchesini called for the reintroduction of sumptuary laws. Marchesini also wanted women to be instructed, because they were the cause of luxury.¹¹³

General conclusions: the importance of the Enlightenment approach

The Enlightenment solution to the problem of increased consumption was the most advanced point reached after a long period of evolution, and it defeated the age-old tradition hostile to increasing consumption. In antiquity the idea of inner wealth and the contempt for material wealth and for labour had prevailed. In Christian thought the positive view of labour and wealth was paralysed by the ideal of radical poverty, which had arisen as a reaction against the growth of wealth typical of the mercantile economy. The humanists, distracted by their worship of antiquity, had overlooked the reassessment of labour and the pursuit of wealth. Lastly, the mercantilists had legitimized the new values, but amid uncertainties, regrets and limitations which undermined their development policy.

It was only with the Enlightenment thinkers that these difficulties were overcome. Underlying the Enlightenment analyses there was a strong awareness that an economy based on wealth-getting was not only economically but also morally better than that of the past. It produced well-being, civilization and peace just as the previous one had been poor, rough and violent. The Enlightenment thinkers took up the contrast between wealth acquired through the violence of war and wealth acquired in peace and civic progress, which had already been seen in Hesiod, Xenophon, St John Chrysostom, Hugh of Saint Victor, Alexander of Hales, in the humanist Venusti, etc. (see

above). They transformed this slender thread into the supporting pillar of the new theory.

Barbon had already opposed the economic advantage of peace to the damage of war. Defoe had said that it was poverty and hunger that filled armies, and had described those idle 'gentlemen servants' who lived by war. It was Hume who most widely propounded the superiority of the new economy. However, the thesis was also supported by Voltaire, by Montesquieu, even by the nostalgic Ferguson, by Millar (see above) and by the whole Scottish group including Smith, and by many others (see fn), until it found its definitive form in Condorcet.¹¹⁴ Massie and Galiani are particularly convincing. The latter writes that the old aristocratic families are 'illustrious monuments to the unhappiness of past centuries'. They emerged in fierce times, and their wealth comes from plunder, war and discord. The new families, in contrast, 'grew great through industry amid peace in times of luxury'.¹¹⁵

It is only from this angle that we can really understand the function of luxury, in the sense of refinement, for Enlightenment thinkers. Hume makes an explicit connection between the increase in pleasures through luxury, the increase in profits, the growth of industriousness, and civic progress. But many others express a similar idea.¹¹⁶ Roncaglia well illustrates the ethics and economics of the 'doux commerce' in Enlightenment. Sekora recalls Goldsmith's statement: we owe most of our knowledge, and even of our virtue, to luxury.¹¹⁷

However, on the analytical plane there were important differences among the Enlightenment thinkers. This explains why, despite the statements of valuable writings,¹¹⁸ it is still so difficult to speak about an Enlightenment economics with common features. For instance, most of the writers who saw a positive relationship between consumption, skill, and growing production had a rather vague idea of capital, of surplus, and above all of how they are related, namely in investment. There is, however, a series of thinkers who were closer to the subsequent concepts of capital and surplus, although with different degrees of clarity and precision. In this they 'paved the way' for Smith's theory of accumulation. Beside Petty and Cantillon, these usually include the physiocrats and Turgot.¹¹⁹ But it is impossible to draw a line separating this 'school of thought' from the one we have described. Where should we place, for instance, writers like Dudley North, who talks about stock; all those who talk about monetary capital or land as capital; Josiah Tucker or Postlethwayt; Pietro Verri, who talks of annual reproduction?

Therefore while the two positions are different, they are not alternatives. If one believes that a theory of accumulation must include an analysis of the role of capital and its relationship with the surplus, then the theory of consumption and production illustrated in this chapter is not a theory of accumulation, but only a theory of growth. If, on the other hand, one does not make this distinction, and accepts the idea that all theories describing the

process of increasing production of wealth are theories of accumulation, then the theory current among the pre-Smithians is a theory of accumulation, which differs from the classical theory. But, once the real differences have been stated, the definition is only a nominal problem.

Similar considerations can also be made about the other differences among the Enlightenment thinkers. For instance those on the balance of trade; on *laissez-faire*; on productive labour. Although they refer to basic issues, these differences do not diminish the importance of the common view about productive consumption. Late mercantilist and Enlightenment theories of consumption suggest an approach to long-term development capable of avoiding the deadlock which the classical theory of growth, in all its versions, leads to. It is true that the classical thinkers acknowledge the possibility of wages rising above and beyond the increase due to growth over time. But none of them see this possible wage increase as a way of increasing productivity, and therefore as a means of development.

Their forecasts, unlike those of the pre-Smithians, thus lack the element which history has shown to be the most important for secular growth: the increase in productive consumption. This is why their development theories were forced to foresee only two alternative uses for the growing wealth: either continual reinvestment in 'machinery', which would create a widening gap between production and consumption, or a continual increase in unproductive consumption. Both these solutions have not only been exploded by the facts, but were logically untenable. In the second part of this research we will see that Marshall showed a totally different attitude. Here we confine ourselves to recalling Groenewegen: Marshall noticed that Enlightenment thought was well aware that 'luxury' spending was important for accumulation.¹²⁰

The Enlightenment idea can be summarized in these terms: the increase in consumption and wages allows a higher level of skill; this in its turn increases productivity, and therefore lowers the social cost of labour while increasing the production of wealth. When Defoe – and Adam Smith in his footsteps – analysed the difference in productivity and in consumption level between Europe on the one hand, and India and China on the other (see page 228), they were suggesting that in the capitalist economy there are two fundamental ways of gaining a high productivity of investments. One is by keeping low the production costs through a low level of producers' consumption. The other is based on the opposite means: improving the quality of the production process thanks to an increasing consumption of the producers (which is not just workers' wages).

The productivity level in the investments of the first type is in general constant. It is high only in terms of profits, not in terms of quantity of product (i.e. of social wealth). On the contrary, in the second type of investment there is a progressive increase in productivity; expressed less in terms of profits than in terms of the quantity or quality of product, thus in terms of social wealth. In the first case we have in general a high rate of profit not

accompanied by a constant increase of social wealth. In the second, we have an increase in social wealth expressed in terms of profits (at least in the short run) but above all in terms of an increase in the producers' consumption.

Of course the first case reminds us of the backward or underdeveloped economies; as it was for Defoe and Smith, who mentioned India and China for this purpose. Those authors were referring only to the wage level, but in fact the general distinction also refers to all the consumption by producers. The way of increasing productivity which actually created Western development and civilization – as Enlightenment thinkers had understood – implies the welfare of the workers as a necessary condition.

Nowadays this may appear a truism; but it is a truism that has not found a theoretical foundation over the last two centuries in mainstream economics of growth. Even Keynesian economics did not challenge this deeply rooted tradition. It favours an increase in consumption only in order to sustain effective demand, not as a social investment. Public spending is not aimed at increasing productivity.¹²¹

It could be objected that the Enlightenment approach to the problems of development was due solely to the fact that labour was at that time still the most important factor of production. With industrialization, the viewpoint changed because the growth of fixed capital became the main element in development. This is all true. But today we are witnessing the decline of traditional industrialization as the driving force in development, and the growing importance, for productivity and development, of human capital, that is to say the very factor to which the Enlightenment thinkers attached such value.

We can therefore conclude that eighteenth century development theory can explain the real evolution of the Western economy over the last three centuries better than the later theories of development.

Notes

1 Introduction: the legacy of the past

- 1 Mason (1998, pp. vii–xi) has noted a similar neglect about the issue of conspicuous consumption.
- 2 Heckscher (1931, III.i: 57; III.iii.3: 108; *passim*).
- 3 Actually the only well-known statement is that by Smith, who says that an English worker of the lowest level consumes more and better than the king of an African tribe (Smith 1776, I.i.11: 23–24). But Smith took it, almost verbatim and without acknowledgement, from Locke (1690, II.4), where the comparison is with an American tribal chief (see also below, XI.2). Locke in turn must have been inspired, directly or indirectly, by Plutarch who wrote that the slaves of the oriental satraps were richer than the Spartan kings: see Baloglou (2001: 4). A similar comparison was also made by Samuel Johnson between the Indian and ‘the vagrant beggar of a civilized country’ (see Winch 1996, 3.i: 57).
- 4 Clark (1977, 3: 151–58, 200–01, *passim*).
- 5 Roll (1938, ch. 1: 12–15, 27).
- 6 Sahlins (1972, chs 1, 2, 4).
- 7 Marx (1867, chs 21–22).
- 8 Bianchini (1981: 413) senses this difference and he wonders if ‘the wealth of contemporary society has increased thanks to the reduction of waste’ and therefore thanks to ‘more rational . . . behaviour’ than before. But he does not give a clear answer, because he does not distinguish between the economic rationality and the values belonging to agricultural economies and those proper of the capitalist economy.
- 9 See Gernet (1968: 123–37); Huizinga (1938: 104–05); Bianchini (1981: 407); Berry (1994: 30–33); Di Nallo (1997a: 34–36).

2 The Ancients and inner wealth

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- 1 Lorenz (1949: 129).
- 2 See Lowry (1987b: 3).
- 3 Hesiod, *Works and Days*, resp. lines 109–201: 11–17; lines 47–104: 5–9. On Pandora see the analysis of Vernant (1974: 177–94).
- 4 Hesiod, *Theogony*, lines 532–60: 119–21.
- 5 Hesiod, *Works and Days*, lines 42–46: 5.

- 6 Text in Guthrie (1971: 79).
- 7 Plato, *Politicus*, 269c–274e: 112–17. For the myth of the Golden Age, see 271d–272d. On the cyclical history of the Greeks, see Plato, *Timaeus*, v. 22–23a–c: 424–25.
- 8 See Trever (1916: 131).
- 9 Dicaearchus, *Bios Ellados*, in Müller (1848, II, Fragment 1: 233a–34b). – Polanyi (1957: 94–95) rightly observed that the concept of scarcity derives from that of unlimited needs. However, in his view, these two concepts were extraneous to ancient culture. For the Greeks, he says, what is necessary is defined by the amount of goods that can be stored. But Polanyi was actually only thinking of Aristotle. In the previous culture, from the idea of the Golden Age up to the Sophists, there is also the desire for an unlimited wealth and therefore the sense of scarcity.
- 10 For all these authors, see Langholm (1992: 73). Robert Edwards pointed out to me that in fact the term used by the Christian Fathers for ‘desire’ is *cupiditas*, and the opposite idea is expressed by them with *caritas*.
- 11 Dicaearchus’ thesis on the Golden Age reached Rousseau in a very tortuous way. He quotes it in Note V of his *Discours sur l’inégalité* (Italian ed.: 174). Cp. Baloglou (1998a: 111). See also Rousseau (1750; 1751; 1754).
- 12 Hesiod, *Works and Days*, lines 40–41: 5; 320–26: 27. – Ibidem, lines 11–26: 3–5.
- 13 Ibidem, lines 213–47; 274–85; 298–319; 361–82 (resp. pp. 19–21; 23–25; 25–27; 29–31).
- 14 Solon, Fragments 13 and 4, in Laistner (1923: 2–3; 1–2). – See Gordon (1975: 12).
- 15 Theognis, *Elegies*, 197–208, in Oakeley (1925: 15). – Aeschylus, *Agamemnon*, 1001, in Oakeley (1925: 22). – Democritus, diels 40 (15.), 4 (34.); 3 (163.), in Oakeley (1925: 36–38).
- 16 For Xenophanes, see Gordon (1975: 9–10). For Thucydides, see Bury (1920: 9fn). Sophocles, in Toynbee (1924: 144–45).
- 17 On Sophocles, see Guthrie (1957: 79); Schefold (1992: 79). – Dodds (1973: 2, 12, 16).
- 18 See Karayiannis (1996: 10–11).
- 19 See Nisbet (1980: 25–26).
- 20 Guthrie (1957: 72, 77–78, 84–95; 1971: 60–84).
- 21 Xenophon, *Oeconomicus*, I, 1–23: 363–73; II, 1–9: 373–77.
- 22 For Democritus, see Schefold (1992: 28). Plato, *Laws*, V, 736e, Harvard ed.: vol. X: 355. For Epicurus, see Guthrie (1957: 76). For Plutarch, see below.
- 23 Laistner (1923, p. xxviii). Gordon (1975: 39). For other comments see Lowry *et al.* (1998), Baeck (1994, 3: 51–61).
- 24 Xenophon, *Oeconomicus*, II.10: 377–79.
- 25 Xenophon, *Ways and Means*, pp. 199–203; 201–03; 205–23.
- 26 Ibidem, pp. 207, 217; 201–02; 215–17.
- 27 Ibidem, pp. 207; 225–31.
- 28 Gordon (1975: 17–19).
- 29 Xenophon, *Memorabilia*, IV, 2, 37–38: 295–97; *Cyropaedia*, b. VIII, 2, 5–6: 333–35.
- 30 See Pekáry (1979: 48–60).
- 31 Compare Tozzi (1961, 13, 21: 81–89, 121–22); Karayiannis (1990: 27–28).
- 32 Plato, *Republic*, b. II, 369–73: 315–19. Berry (1994, ch. 2), and Baeck (1997: 154–55) misinterpret this passage in Plato as a condemnation of the economy of the city which does not confine itself to strict essentials.
- 33 Plato, *Republic*, b. III, 416–17: 356–57. Also Vegetti (1982: 594–96) underlines that in Plato’s communism there is the contrast between the public interest and private (economic) interests. – Ibidem, b. IV, 421d–e: 360–61.

- 34 Plato, *Laws*, b. V, 741e: 119. – Ibidem, b. VIII, 846d–850: 214–17. Against two jobs, see also *Timaeus*, 24a–b: 426. – *Laws*, b. XI, 918b–920a: 297–98.
- 35 *Laws*, b. V, 742–46: 119–25.
- 36 Aristotle, *Nicomachean Ethics*, I.7, 1097a–b, pp. 342b–343a. Our italics. – *Politics*, VII.5, 1326b, p. 531a.
- 37 *Nicomachean Ethics*, b. X, chs 7 & 8. *Politics*, II.7, 1267a (p. 462b). – *Nicomachean Ethics*, I.45, 1095a–b (p. 340a–b). *Politics*, VII.8, 1328a (p. 532b); b. VII, 1332a (p. 536b). Our italics.
- 38 *Nicomachean Ethics*, I.5, 1096a (p. 341a).
- 39 *Politics*, I.7, 1255b (p. 449b); IV.4, 1291a (p. 490b). On this, see also his defence of slavery (ibidem, b. I, chs 4–5).
- 40 Xenophon, *Oeconomicus*, IV.2–4.
- 41 This is the sense that Aristotle gives to the verse from Solon 13.71. Laistner's translation (quoted above) is: 'to wealth men have set themselves no clear bounds'; while Bergk's, in the edition of Aristotle that we used (*Politics*, p. 450b), is: 'No bound to riches has been fixed for man' (by nature or divinity).
- 42 *Politics*, I.8, 1256b (p. 450b).
- 43 *Politics*, I.9, 1257 (p. 451).
- 44 *Politics*, b. I, 1257b–1258a (pp. 451b–52a) – II.7, 1267a–b (p. 463a).
- 45 Ibidem, I.10–11, 1258a–b (p. 452a–b).
- 46 Gordon (1975: 30) rightly comments that for Aristotle the retail trade is a potentially subversive activity. According to Schefold (1994: 9, 11) the disdain for commerce and for wage-work are typical of the whole Greek tradition, and date back to Homer.
- 47 Cp. McIlwain (1932, I: 9–32); Tozzi (1961, 23: 126–28, 38: 193–98); Finley (1968: 95).
- 48 Resp. *Politics*, I.9, 1257a; *Nicomachean Ethics*, b. V, ch. 5; *Politics*, b. II.
- 49 *Politics*, b. II, ch. 2; chs 3–4. – Ibidem, II.6, 1265a: 460b.
- 50 Tozzi (1961, 28: 153–54) claims that Aristotle had the concept of capital. But this concept implies the idea of investment, which is missing in Aristotle. Schefold (1992: 29–30, note 55) maintains that it is incorrect to compare Aristotle's attitude towards the function of money and the nature of interest and exchange with that of mercantilists. The latter in fact were supported by a bimillenary tradition on these themes, while Aristotle had no predecessors. This is true; however Aristotle was witnessing a flourishing commercial economy (see Polanyi 1957), whose importance he decided to ignore. For a more synthetic, English version of Schefold (1992), see Schefold (1997).
- 51 Here we shall just quote Baran (1957; 1969); Baran and Sweezy (1966); Kern (1983). Pack (1985) disagrees with Kern on the structural solution to the modern evil of consumerism (see also the reply in Kern 1985). But both agree to apply the ancient thinking of Aristotle to the contemporary reality (which is methodologically wrong). – On the features of the concept of nature in Aristotle, see Ramaccioni (1983: 10–14).
- 52 Isocrates, *Panegyricus*, passage in Guthrie (1971: 83).
- 53 Seneca, *On Favours (De Beneficiis)*, book 1, 11.1: 206–07.
- 54 See Langholm (1992: 360).
- 55 Compare Austin and Vidal Naquet (1972: 205–11); De Martino (1979, II.33: 498–500); Schefold (1992: 30–36); McClellan (1997: 172–74).
- 56 See Finley (1973: 134–49, *passim*).
- 57 See Finley (1968: 170–71); Kranzberg and Gies (1975: 47); De Martino (1979: 507–11); Gabba (1980); Schiavone (1996). Recent archaeological studies have shown that the use of technology in the ancient world was more common than it seemed to be from literary texts. Traina (1994: 16) supports this thesis but

- observes that dominant culture in antiquity did not understand the importance of technology, and this damaged its spread.
- 58 See Toutain (1927, II.i.4: 116–18); McClellan (1997: 185–86).
- 59 Weber (1909, Appendix).
- 60 Finley (1981: 251–53). See also Schefold (1992: 87); Toutain (1927, III.iv.1: 242–43); Austin and Vidal Naquet (1972: 229); De Martino (1979) and Schiavone (1996, *passim*).
- 61 On Hesiod, see above. On the Sophists, see Karayiannis (1996: 5). Posidonius (II–I century BC) is known as the greatest polymath in antiquity. Raising Seneca’s disgust, he described the process of man’s civilization as the progress in the different skills, corresponding to the various crafts (see Dodds 1973: 18).
- 62 See Austin and Vidal Naquet (1972: 217–18).
- 63 Gschnitzer (1981, IV.10: 205–13; IV.12: 221–22). Lowry (1987a: 50–53) maintains that the Greeks strongly insisted on the importance of skills and training, and that this makes their concept of the economy anthropocentric. However, this high esteem for the training of the individual was not directed towards an increase in productivity. It is therefore not appropriate to talk about human capital in the modern sense, as Lowry does.
- 64 Vivenza (1998: 322–24).
- 65 See Nicolet (1982: 926–27); Laistner (1923, p. xxxvii); Giardina (1986: 287–93).
- 66 De Martino (1979: 510) quotes Cicero and Seneca about this.
- 67 See for example Tozzi (1961, 16: 92–96); Austin and Vidal Naquet (1972: 218–19); Finley (1981: 250–51); Vivenza (1984, IV.1: 179–92); Schefold (1989: 26). For Plato and Xenophon see above. Some of these historians erroneously say that the ancients do not exactly talk about the division of labour, because they do not refer to the division of tasks in manufacturing. But the so-called technical division of labour in manufacturing, even in Adam Smith, derives from the social division of labour (the division into trades) that the ancients discussed.
- 68 Andrewes (1967: 122).
- 69 See Trever (1916: 125–26).
- 70 See the history of the diffusion of Leonardo Bruni’s Latin version of books I and III in Soudek (1976). On the success of *Oeconomica*, see Baloglou (1999).
- 71 Pseudo-Aristotle, *Oeconomica*, b. I, ii.2–3: 329–30.
- 72 See Laistner (1923, Introduction, p. xxviii).
- 73 *Eryxias*, pp. 47–52. The complete text of *Eryxias* is translated in Laistner (1923). The page numbers refer to the latter.
- 74 *Ibidem*, pp. 62–64.
- 75 Diogenes Laërtius, *Lives*, II.8 (vol. I: 195–233); the quotation is in II.88: 219. Also see Drakopoulos (1991, 2.3.2: 10–13).
- 76 Antisthenes expresses this thesis in the *Symposium* of Xenophon: see Laurenti (1973: 99–100). – Diogenes Laërtius, *Lives*, vol. II (IV.1: 3–23), V.8: 11). – See Trever (1916: 131).
- 77 See Trever (1916: 132); Laurenti (1973: 101–15); Baloglou (1998a: 119–21); Finley (1968: 90, 97).
- 78 Trever (1916: 137–39; 132). – Baloglou (2001: 15) notes that Nemesis originally meant ‘distribution of shares’. – Mondolfo (1950: 233).
- 79 See Diogenes Laërtius, *Lives*, vol. 2, book VII, 105–06 (pp. 211–13).
- 80 See Baloglou (1998a: 109–10; 1998b, sections 4.1 and 5; 2000a; 2000b); also Farrington (1947: 94–99); Mondolfo (1950: 233); Bertelli (1982: 549–65).
- 81 See Bertelli (1982: 565–66); Baloglou (2001).
- 82 See Oakeley (1925: 190); Spiegel (1971: 37–38); Drakopoulos (1991, 2.3.3: 13–16); Schefold (1992: 86).
- 83 See Diogenes Laërtius, *Lives*, vol. II: 673 (X.148–49, Maxims 26–30); p. 669

- (X.144, Maxim 15); p. 671 (X. 146, Maxim 21). Epicurus, *Epistle to Menoecius*, 131, p. 194.
- 84 Epicurus, *Maxims*, LVI and LVII (p. 196). Philodemus, *Oeconomicus*, pp. 99, 125, 127, 129, 166.; p. 184. The rediscovered passages of Philodemus' book are incorporated in Laurenti (1973); page references are to the latter.
- 85 Philodemus, *Oeconomicus*, p. 35; pp. 40 and 125. See Diogenes Laërtius, *Lives*, p. 645 (X.120); p. 647 (X.120).
- 86 Philodemus, pp. 110–13; p. 129; pp. 130–31, 135; pp. 138–41; 135; 163–64 (Philodemus in this part of his book repeats Metrodorus almost word for word: Laurenti, 1973, pp. 107–09).
- 87 See for example Tozzi (1961, section 49). – Farrington tried to explain the pejorative interpretation of the Epicureans offered by Cicero. Although the latter knew Lucretius' great poem (which taught Epicurus' doctrine) very well, he pretended not to know it. He also gave a false idea of Epicurus' attitude to the gods. In fact Epicurus and Lucretius do not deny either the very existence of gods or their benevolence to mankind. Rather, they find it superstitious to believe that the gods are interested in human matters, and that they need to be worshipped in order to get benefits from them. Cicero, Farrington maintains, was afraid that the lack of this faith would destroy people's attachment to the Republic and their civic duties. He adds that the false version of Epicurus' feelings about the gods was also widespread among modern Epicureans: Farrington (1947, III: 107–09, 121–34).
- 88 Diogenes Laërtius, *Lives*, book VII. See also Trever (1916: 139–42); Baloglou (1998b); etc.
- 89 See Farrington (1947: 82–84). – See Diogenes Laërtius, *Lives*, vol. 2, book VII, 87 (pp. 195–96); 105–06 (pp. 211–13). See also the fragments reported by Stobaeus of the lost anthology by Arius Didymus, *Epitome*, 62 (5b3), 81 (7b), 82 (7e), 84 (7f); in Natali (1999, resp. pp. 38, 52, 53, 54).
- 90 Trever (1916: 141). Baloglou (1998a: 126–27). A proper analysis on Chrysippus is in Tozzi (1961, section 47).
- 91 Fragments from Arius Didymus' anthology, *Epitome*, 11d (95); 11g (101), 11k (105), 11m (108); in Natali (1999, resp. pp. 63, 67, 70). Plutarch, *Stoic self-contradictions*, 1034b, 5 (p. 423).
- 92 See Trever (1916: 127); Baloglou (1998a: 136–37).
- 93 E.g. from Alföldy (1975: 46–47, 111–17, 158–59, *passim*); De Martino (1979); Schiavone (1996).
- 94 On Cicero's *De Officiis* influence in the modern age, see Vivenza (2001). – On the convergence see Nicolet (1982: 923–24).
- 95 Cicero, *Paradoxes*, I: 264–65; VI: 283–84. *Offices*, I.20: 35–36; II.42: 72.
- 96 *Offices*, p. 73. In some imperial constitutions, says Giardina (1986: 291), among the most despised jobs there are retailers, cooks, emancipated slaves, actors, gladiators and prostitutes.
- 97 See *Paradoxes*, VI, and *Offices*, b. II, chs 15–17. – *Offices*, pp. 100, 102. – *Offices*, book I, and ch. 42, p. 73. On the moderate attitude of Cicero towards riches, see also Tozzi (1961: 55–56, 289–308). For comments on *De Officiis*, see Schefold *et al.* (2001).
- 98 *Offices*, I.8: 16; III.16: 139. – See Baeck (1997: 159).
- 99 Seneca, *On Anger*, III.33.1: 108. – Idem, *Natural Questions*, Preface, p. 108.
- 100 Seneca, *On Favours*, II.27.3: 234. – Idem, *Consolation to Helvia*, p. 14. – *On Anger*, II.25: 63. – *Consolation to Helvia*, p. 6. Idem, *Dialogues and Letters*, letter 110, p. 103. For other examples of disdain for wealth, see, in *Dialogues and Letters: Consolation to Helvia*, p. 22; *On the Tranquillity of Mind*, pp. 30, 35; *On the Shortness of Life*, p. 73.

- 101 *On Anger*, b. III, p. 109. The examples that follow this statement concern goods left in heredity or even the ‘taking’ of another’s lover.
- 102 Berry (1994, 3: 63–86). Nicolet (1982: 935–37).
- 103 On both see the analysis in detail by Tozzi (1961, part II).
- 104 Epictetus, *Manual*, partly in Oakeley (1925: 209–15), ch. 11: 210. – Vivenza (1984, II.8: 69–70). She adds that she is not sure that Adam Smith, in his formulation of the principle, had Epictetus in mind.
- 105 See for example Marcus Aurelius, *Ricordi*, V.12: 70–71.
- 106 Plutarch: *On Love of Wealth*, pp. 9–15, passim; quotations from pp. 9, 13, 7. – *Beasts are Rational*. – *That Epicurus actually makes a pleasant life impossible*. – *Sayings of Spartans*; – *The Ancient Customs of the Spartans*; – *Sayings of the Spartan Women*.
- 107 Boethius (524ca., II.5; quotations: pp. 65, 67).
- 108 See for example Edelstein (1967, Introduction).
- 109 Bury (1920: 7–20).
- 110 See Lovejoy–Boas (1935).
- 111 Edelstein (1967: 167–77). See Nisbet (1980: 32–33, 44–45). – Edelstein (1967, for ex. pp. xxiii and 49–53). – *Ibidem* (xxvi). – *Ibidem* (xxv, 46–48). Guthrie (1957: 69, 78).
- 112 Edelstein (1967: 87–92, 118–30, 141). Dodds (1973: 14).
- 113 Plato, *Laws*, b. III, 676a–79c, Harvard ed., pp. 165–75. Aristotle, *Politics*, VII.ix.4 (1329b, 25–30), Harvard ed.: Aristotle, vol. XXI, p. 581. For other passages by Aristotle on this theme, see Guthrie (1957: 68) and Edelstein (see previous note).

3 Patristics: end of the contempt for wealth and labour

- 1 Even Finley (1973, II: 35–45).
- 2 See Troeltsch (1911: 118–20).
- 3 Cp. Richardson (1952: 11–27); Gordon (1989: 1–3, 35).
- 4 See Orabona (1985: 601–03).
- 5 See for instance Sassier (1990: 28–36).
- 6 See Orabona (1985: 602); Gordon (1989: 6–7, 13–17, passim); Sassier (1990: 27, 37–40).
- 7 Ohrenstein and Gordon (1992: 18–19, 29). See also Attali (2002, part I).
- 8 Gordon (1987: 53–55). See also Gordon (1989: 24–28).
- 9 Origen, *Against Celsus*, VII. 21 (vol. 2: 444–45).
- 10 See for example Gordon (1989: 83).
- 11 See Cameron (1993: 165, 224).
- 12 Compare for example Viner (1957–62, 1: 16).
- 13 See also Troeltsch (1911: 54–58, 127–29).
- 14 See also Gordon (1989: 59–61).
- 15 Compare for example Gordon (1989: 52–56, 77–79).
- 16 Cp. Gordon (1987: 57).
- 17 Cited in Brown (1992: 113).
- 18 See Boas (1948: 104–28); Gordon (1987: 60); Karayiannis and Drakopoulou (1998: 164, 168); Karayiannis (1994).
- 19 Viner (1957–62, 1: 9–15).
- 20 Pastor of Hermas, *The Pastor*, b. III, Similitude II: 377–79.
- 21 Cyprian, *On Works and Alms*, p. 8. On Polycarp, see Orabona (1985: 613).
- 22 Ambrose, *Letters*, ‘To Constantius’ [2: 88]; ‘To Marcellina’ [41: 390]. Augustine, *Sermons*, vol. II, s. 39, 6: 219.
- 23 Viner (1957–62, 1: 19).
- 24 Cyprian, *On Works and Alms*, p. 16.
- 25 Cyril, *Catechetical Lectures*, VIII.6–7, p. 49b.

- 26 Ambrose, *Letters*, ‘To the Church at Vercelli’ [63], p. 355.
- 27 John Chrysostom, *Nature of God*, homily VIII.10: 217. See also *On Genesis*, vol. 2, homilies 34.6: 293; 35.23; 36.16; 55.14; etc.
- 28 Compare Troeltsch (1911: 116–17). See also Viner (1957–62, 1: 17).
- 29 Clement, *Instructor*, b. II, 13: 267–68.
- 30 Jerome, *Letters and Selected Works*, ‘To Paulinus’, 7: 122a.
- 31 On this, see the careful and detailed analysis by Orabona (1985).
- 32 See Viner (1957–62, 1: 16).
- 33 See Gordon (1989: 86–87).
- 34 See Spiegel (1971: 44).
- 35 See Gordon (1975: 95).
- 36 See Viner (1957–62, 1: 41).
- 37 Clement, *Instructor*, b. II, 13: 267–68.
- 38 *Instructor*, for example b. II: 213; b. III: 282. *Ibidem*, b. III, 6: 299.
- 39 *Ibidem*, for example pp. 266–72, 315–16.
- 40 *Ibidem*, p. 213.
- 41 Tertullian, *On Female Dress*. He remarks that gold, silver and precious stones have value, not in themselves, but simply because they are rare (ch. 7: 311–12).
- 42 Lactantius, *Divine Institutes*, b. VII, 4: 438.
- 43 *Ibidem*, b. VII, ch. 2: 426; chs 15–24. For the quotation of Virgil, see pp. 479–80.
- 44 See *ibidem*, ch. 15: 462–65.
- 45 See Boas (1948: 187–88, 195–96).
- 46 Boas (1948: 187).
- 47 Origen, *Contro Celso*, b. IV, ch. 76, Italian ed., pp. 379–81.
- 48 Boas (1948: 194–96); Nisbet (1980: 54–55).
- 49 Boas cites Minucius Felix, Tertullian, Arnobius and Augustine (*ibidem*: 195–97). The legend would be reflected in the medieval authors (*ibidem*: 197–99).
- 50 See for example Gordon (1975: 102–09; 1989: 129–31).
- 51 Cyril, *Catechetical Lectures*, V.2: 29a. On Clement, see Gordon (1975: 94); on Minucius Felix, see Orabona (1985: 620).
- 52 Ephraim, *On Admonition and Repentance*, p. 336a.
- 53 See Gordon (1989: 105).
- 54 Ambrose, *Letters*, ‘To Constantius’ [2], p. 80. John Chrysostom, *Nature of God*, homily VII.64: 211; see also homily X.48–49: 262–63.
- 55 Cyril, *Catechetical Lectures*, resp.: V.2: 29a; XVI.19: 120b; XIII.5: 83a. Gregory of Nyssa, *Life of St Macrina*, p. 171.
- 56 Jerome, letter 121, to Algasiam, in Wolter (1962: 273).
- 57 Ambrose, *Letters*, ‘To Clementianus’ [74], p. 408; ‘To Irenaeus’ [27], p. 462.
- 58 Basil, *Letters*, vol. I, 4: 13.
- 59 Basil, *Exegetic Homilies*, 7: 110.
- 60 Basil, *Letters*, vol. I, 22: 60; 150: 301.
- 61 Basil, *Ascetical Works*, homily 21: 487–505. On this connection in the Christian Fathers, see Berry (1994, ch. 4).
- 62 See for all Augustine, *Sermons*, vol. I, s. 15A, 5–16: 335–37.
- 63 See Coulie (1985, première partie).
- 64 Gregory of Nazianzus, *Selected Orations*, VIII, sections 10–13: 241a–b. Coulie (1985, troisième partie).
- 65 Cyril, *Catechetical Lectures*, VIII.6–7: 49a–b.
- 66 Ambrose, *Letters*, resp.: ‘To the Church at Vercelli’ [63], p. 355; ‘To Constantius’ [2], p. 81.
- 67 John Chrysostom, *On Saint John*, vol. 2, hom. 64: 204–05.
- 68 Basil, *Selected Works*, letter 236: 278b–79a.
- 69 See Karayiannis and Drakopoulou (1998: 191).

- 70 John Chrysostom, *On Saint John*, vol. 2, p. 375; hom. 87, pp. 467–68.
- 71 See for example Augustine, *Lord's Sermon*, b. 2 sec. 34: 122; 47: 134–35. *Catechetical Instruction*, sec. 24: 53; 40: 72. *City of God*, vol. I, b. 1: 14–15. *Confessions*, b. 4, chs 10–11: 68–70; b. 5, ch. 14: 104.
- 72 Augustine, *Of Genesis*, vol. II, b. 11, sec. 19: 147. See also *Sermons*, vol. II, sermon 50, 3: 345; vol. III, s. 86, 6–17: 399–404.
- 73 Augustine, *On Free Will*, sec. 48: 200; *Sermons*, vol. I, sermon 9, 20–21: 276–78.
- 74 For one of the most severe criticisms, see John Chrysostom, *On Saint John*, vol. II, hom. 64: 204.
- 75 Augustine, *Sermons*, vol. II, s. 36.5: 176; s. 41.6: 230–31.
- 76 On usury, see Augustine, *On the Psalms*, vol. II, third disc. on Psalm 36, sec. 6: 3. Particularly effective on this issue is Basil, *Exegetic Homilies*, hom. 12: 180–91.
- 77 Augustine, *Sermons*, vol. I, s. 14.7–8: 320.
- 78 Augustine, *Ten Homilies*, hom. 10, sec. 4: 342. See also, for example, *Sermons*, vol. III, s. 53A, 3: 78.
- 79 Augustine, letter 109, in Wolter (1962: 269). See also *Sermons*, vol. III, s. 61, 12: 147; *Letters*, vol. II, 'To Boniface', p. 422.
- 80 *On the Psalms*, vol. II, Second disc. on Ps. 32, sec. 12: 115–16. *Sermons*, vol. I, s. 14, 3–5: 317–19; s. 15A.5: 335.
- 81 Compare Viner (1957–62: 23–25).
- 82 See Basil, *Selected Works*, letter 150, 3: 208b; Jerome, *Letters and Selected Works*, 'To Paulinus', 7: 122a. Augustine, *Lord's Sermon*, b. I, sec. 67: 79. On the others, see Karayiannis and Drakopoulou (1998: 190).
- 83 See on this Vivenza (1997).
- 84 See Brown (1992: 119–20).
- 85 *Ibidem*, pp. 129–49.
- 86 See for example Lallemand (1903, II.iv.1: 92–101; II.v.3: 115–24); Forlin (1982: 82–85); Cameron (1993: 223).
- 87 Newhauser (2000, 4: 73–75).
- 88 See texts in Negri (1980, I, resp. pp. 549, 550–51, 563–64, 586–600).
- 89 See texts in Negri (1980, I, resp. pp. 559, 585–88, 562–69, 570–72).
- 90 Ambrose, *Letters*, 'To Constantius' [2], p. 81; 'To Virgilius', [19], p. 175.
- 91 Spiegel (1971: 45); Viner (1957–62, 1: 36). Cp. Jerome, *Epistolae*, Ep. cxx, *Ad Hedibiam*, columns 980–1006.
- 92 On the first authors, see Karayiannis and Drakopoulou (1998: 185). Augustine (*Sermons*), *Sermo lxxii*, col. 1345: 'si unus non perdit, alterum non acquirit'.
- 93 Cp. Orabona (1985: 638, 643). On Alcuin, see Graus (1961: 91fn). Thomas Aquinas, *Summa theologiae, Secunda secundae*, vol. 41, Q. 118.1, reply, 2: 243.
- 94 Viner (1957–62, 1: 36).
- 95 See Aristotle, *Politics*, I, 1258b, 1–2: 452b. See also *Nicomachean Ethics*, V.4, 1132a–b: 379b–380a.
- 96 Viner (1957–62, 1: 17; see also p. 23). Troeltsch (1911: 118).
- 97 Cp. Troeltsch (1911: 118).
- 98 See Forlin (1982: 81).
- 99 See Viner (1957–62, 1: 38–45).
- 100 Jerome, *The perpetual virginity of blessed Mary*, p. 345b.
- 101 On Tertullian, see Viner (1957–62, 1: 34); Gordon (1989: 82). On Theophilus, see Gordon (1989: 82fn). On Cyprian, see Troeltsch (1911: 120), and Spiegel (1971: 46).
- 102 Galiani, *Della Moneta* (1751, IV.1, *Digressione intorno al lusso*, p. 213).
- 103 Augustine, *On the Psalms*, 147, sec. 12, in Wolter (1962: 277). See also *Faith, Hope and Charity*, sec. 72, p. 72.
- 104 John Chrysostom, *On Genesis*, hom. 20.19, vol. II: 49. *On Saint John*, vol. II, hom 65: 213.

- 105 John Chrysostom, *On Saint John*, vol. 2, hom. 74: 298; hom. 80: 376.
 106 Karayiannis and Drakopoulou (1998: 183).
 107 See Spiegel (1971: 46); Karayiannis and Drakopoulou (1998: 176); Manselli (1983: 825). See also Gordon (1989: 127–28).
 108 Viner (1957–62, 1: 37–38).
 109 See Coulie (1985, resp. pp. 122–23; 123–29).
 110 Maximus, *On Charity*, III, 83: 188–89; II, 88: 171. See also III, 85: 189; IV, 67: 202–03.
 111 Benedict, *Rule of Benedict*, Introduction, pp. 3–4, 13–14.
 112 Ibidem, ch. 48, 1 and 8 (p. 227).
 113 See Ricci (1996: 29).

4 Medieval dualism: poverty as an ideal; wealth as a practical goal

- 1 Cp. O'Brian (1920: 78).
 2 Cp. for example Brants (1881, V.2: 81); Nuccio (1984: 444–52).
 3 Cp. Fanfani (1938, ch. 2); Barbieri (1940: 51,131,168–9, passim; 1964: 54); Spengler (1960: 1–2); Viner (1966: 27ff); Saporì (1974); Bianchini (1984).
 4 Ashley (1888, section 15: 128). See also Viner (1957–62: 61–67).
 5 See Worland (1987: 142).
 6 Little (1978: 34).
 7 See for all Abbagnano (1963, vol. I).
 8 See for example Forte (1999, I: 493) about John Chrysostom.
 9 See the detailed documentation on poverty collected by Wolter (1962: 264–96).
 10 For example see O'Brian (1920), Tierney (1959), Mollat (1978); Nuccio (1995, 3: 52–61).
 11 See for example Worland (1967).
 12 For example Wood (2002, 2: 42–68).
 13 Langholm (1992: 77–78).
 14 Cp. Little (1978, in particular ch. 2.3: 35–41).
 15 Cp. Cipolla (1965: 412).
 16 Cp. Devisse (1966: 61).
 17 See Mollat (1978: 54). See also Firey (1998: 351–54).
 18 Cp. Firey (1998: 354); Spicciàni (1990a: 9–10); Ricci (1996: 45–46); Mollat (1966: 17–18).
 19 Cp. Mollat (1996: 12–13, 22–23).
 20 See Orabona (1985: 635–39); Forte (1999, II: 11, 22–23, 27).
 21 Forte (1999, II: 36–40).
 22 See Manselli (1983: 823); Orabona (1985: 634–43); Forte (1999, II: 41–42).
 23 Cp. Pirenne (1933: 40).
 24 Of course the real processes have been much more complex and tortuous: see for example Weber (1909 and 1923).
 25 Compare Kula (1962, III.3: 68–85).
 26 Quoted in Gordon (1975: 185). On labour in the Middle Ages, see also O'Brian (1920: 137–44).
 27 See Orabona (1985: 638). Cp. Gordon (1975: 185).
 28 See Bairoch (1997, I, Prologue, 2.b: 21–27); Cipolla (1974).
 29 Peter Damian, *True Happiness and Wisdom*, ch. 4: 142–43.
 30 See Orabona (1985: 645–46).
 31 Cp. Bosl (1963: 129, 133); Pascal (1935: 136–38).
 32 Cp. Manselli (1969); Violante (1974). On work in St Francis, see Frugoni (1995: 54).
 33 See on this Little (1978, chs 6–7); Troeltsch (1911: 349–58). Baeck (1994, 5: 125–34).

- 34 See Vasoli (1983a: 392–96); Pascal (1935: 138).
- 35 For a more detailed analysis see Little (1978, 8: 113–45).
- 36 See, among many others, Pascal (1935: 136–38, 153–60); Manselli (1983: 838).
- 37 See his passages in Wolter (1962: 266).
- 38 Tierney (1959: 19–20). Mandeville (1723); on whom see also Vichert (1971: 264–65).
- 39 See Abbagnano (1963, I: 447–48).
- 40 Hugh of Saint-Victor, *Didascalicon*, b. 1, ch. 9: 56.
- 41 Ibidem, b. 2, resp. ch. 23: 77; ch. 27.
- 42 Ibidem, b. 6, ch. 3: 135–39.
- 43 See Troeltsch (1911: 237–45); Little (1978: 197–219, *passim*).
- 44 See, among others, Little (1978: 150).
- 45 St Francis, *Rule 1221*, ch. 7: 37; ch. 8: 38–39.
- 46 Ibidem, p. 38.
- 47 Ibidem, ch. 9: 39–40.
- 48 St Francis, *Rule 1223*, chs 4–6: 60–62.
- 49 Ibidem, ch. 10: 63.
- 50 St Francis, *Praise of the Virtue*: 132.
- 51 Bonaventura, *Life of St Francis*, ch. 5.1–4: 44–48; ch. 7.1–2: 69; ch. 7.7: 75.
- 52 Bonaventura, *Life of Jesus*, ch. 4: 24–25; ch. 39: 168.
- 53 Bonaventura, *Constitutiones generales 1260*, rubrica III: 134.
- 54 Bonaventura, *De superfluo*, 26: 180.
- 55 Alexander of Hales, respectively *De superfluo* (Q. 17), I.3, 12: 282; *Summa theologica*, b. III, Q. 58.3.2, tome IV: 907.
- 56 Cp. Mollat (1978: 140); Manselli (1983: 835).
- 57 See Frugoni (1995: 134–36). See also Corvino (1980: 86–109).
- 58 See Olivi, *De usu paupere, Quaestio*, especially pp. 14–85. Of course Olivi quotes Bonaventura giving an interpretation favourable to his own thesis (p. 34).
- 59 Ibidem: 29–30. See also Burr (1992: xxxii–xxxiii); Lambert (1961: 117–48).
- 60 See Langholm (1992: 349–51).
- 61 Respectively analysed by Burr (1992: xxvi–xxxii) and Manselli (1955).
- 62 See Vian (1990: 12–13). Burr (1992); Lambert (1961: 177–246).
- 63 See Olivi, *Usure*, Scheda biografica: 173.
- 64 See Vasoli (1983b: 620–30); Lambertini (2000: 13–16, 205–06, and chs 7–8).
- 65 Wood (2002: 168–70).
- 66 See also Troeltsch (1911: 259–62).
- 67 Albert the Great, *Adhering to God*, ch. 2: 5; ch. 16: 70.
- 68 Thomas Aquinas, *Summa theologiae, Secunda secundae*: vol. 41, 1972, Q. 117, *de liberalitate*, 1, reply 1: 223; reply 2: 223; 4, reply 1: 231; etc. Vol. 34, 1975, Q. 32, *de eleemosina (alms-giving)*, 6: 257–59.
- 69 Ibidem, Q. 118.1, *de avaritia*, reply 1: 243; Q. 118.2, reply: 245.
- 70 Ibidem, vol. 43, 1968, Q. 145, *de honestate (the sense of honour)*: 1, reply 2: 73; 4, reply 2: 79. Vol. 39, Q. 83, 7, reply: 63. Compare Worland (1967: 34).
- 71 Thomas Aquinas, *Summa theologiae, Tertia*: vol. 53, 1971, 40, 4, reply: 63, 65.
- 72 Thomas Aquinas, *Summa theologiae, Secunda secundae*, vol. 42, 1966, Q. 125, 4, reply 3: 71.
- 73 Ibidem, vol. 43, Q. 141, 6, reply 2–3: 27
- 74 Thomas Aquinas, *Summa theologiae, Tertia*, vol. 49, 1974, 7, 2, reply 3: 11, 13. *Secunda secundae*: vol. 34, 1975, Q. 32, *de eleemosina (alms-giving)*, 6: 259. *Prima secundae*, vol. 30, 1972, Q: 108, 4, reply: 63.
- 75 Ibidem, vol. 41, Q. 118.1, reply 2–3: 243. See also all Q. 118 (pp. 240–65); Q. 119, *de prodigalitate*: 266–75.
- 76 Thomas Aquinas, *Summa theologiae, Prima secundae*, 2, vol. 16, 1969, 1–3: 33, 35.
- 77 Ibidem, vol. 30, 1972, Q. 108, 3, reply 4–5: 59.

- 78 Thomas Aquinas, *Summa theologiae, Secunda secundae*, vol. 42, 1966, Q. 126: 1, reply: 75; 3: 77.
- 79 Ibidem, vol. 38, 1975, Q. 66, *de furto et rapina (theft and robbery)*.
- 80 Ibidem, vol. 39, Q. 83, 7, reply 3: 63.
- 81 Thomas Aquinas, *Summa theologiae, Secunda secundae*, vol. 38, 1975, Q. 77, 4, reply: 227, 229. See also Gilson (1941: 447–51).
- 82 Ibidem, Q. 78, *de peccato usurae*: 232–53.
- 83 Ibidem, Q. 78, 2, reply 5: 245.
- 84 Cp. Gilson (1941: 451–53); Manselli (1983: 846–47).
- 85 Thomas Aquinas, *Summa theologiae, Secunda secundae*, vol. 41, Q. 118.1, reply 2: 243.
- 86 Troeltsch (1911: 273–78).
- 87 See Aperribay (1949: 4*–8*); Lambertini (2000, 2: 51–79).
- 88 See Langholm (1992: 88–89; 146); Lambertini (2000: 52–55, 59).
- 89 Smith (1776, I.ii).
- 90 See Lambertini (2000: 63); Wolter (1962: 267–68).
- 91 Bonaventura, *De perfectione evangelica*, Q. II.2, p. 110; Q. II.3: 174–82. *Apologia pauperum*, ch. 12, sections 10–15: 668–76. Similar statements can be found in Alexander of Hales (*De otio*: 1557–58).
- 92 For a thorough treatment of the theme of labour in the scholastics, see Langholm (1998, 7: 118–36).
- 93 Peckham, *Quodlibeta*, Q. 48: 280–86. See also Lambertini (2000: 76–77, 81–90).
- 94 See, among others, Ricci (1996: 30); Wood (2002: 45–46).
- 95 See Mollat (1978: 306–10).
- 96 Mollat (1978, 12.1: 305–6).
- 97 Cp. Langholm (1992: 88).
- 98 See Chenu (1957: 133–37).
- 99 Alexander of Hales, *Summa theologica*, b. III, tome IV, Quaestio (Q.) 56.I: 838–39, and Q. 58.3.1.2: 911–12; b. I, tome I: 194.
- 100 Ibidem, b. III, tome IV, Q. 27; 29, 4; 38, 3–4 (respectively: 338–65; 418–20; 584–86).
- 101 See Medina (1545: 185).
- 102 Alexander of Hales, *Glossa Sententiarum Petri Lombardi*, b. I, distinctio 31: vol. I: 318.
- 103 See Baron (1971: 160–61).
- 104 Alexander of Hales, *Summa theologica*, b. III, tome IV, Q. 26, 7.4: 328–29.
- 105 Little (1978, ch. 2.3: 36); Newhauser (2000: 125–31).
- 106 See Salvioli (1923: 102, 105).
- 107 See, among others, De Roover [1974b: 337].
- 108 Quoted by Olivi in *De emptionibus*, part I, Q. VI, 2: 62.
- 109 See Langholm (1992: 42–43, 99–103). See also Salvioli (1923: 105–09).
- 110 Passage taken from Langholm (1992: 101).
- 111 Alexander of Hales, *Glossa Sententiarum Petri Lombardi*, b. IV, distinctio XVI: vol. IV: 259.
- 112 Bonaventura, *Commentarium Sententiarum*, b. IV, distinctio 16, pars I, dubium 15 (*Opera omnia*, tome IV: 402b).
- 113 Bonaventura, *De perfectione evangelica*, Q. II.3: 174.
- 114 For Berthold, see Firey (1998: 359). Oresme, *Traictie des monnoies*, ch. 21, p. lxii.
- 115 See Spicciati (1990a: 25–27). On the medieval attitude towards trade, see also O'Brian (1920: 145–55).
- 116 See the passage in Langholm (1992: 58).
- 117 Cp. Langholm (1992: 106). On the relationship between work and usury, see Wood (2002: 174–80).
- 118 See quotations in Forte (1999, I: 466, 471).
- 119 On usury see Noonan (1957), which is a milestone on this subject. Old studies,

- still of some interest, are Ashley (1888), Monroe (1923), Salvioli (1923), Beer (1938). For more modern valuable studies, see Viner (1957–62: 85–99); De Roover (1971) and [1974a]; the articles in Capitani (1974a); Sierra Bravo (1975); Little (1978: 179–83). Langholm (1983 and 1992); Le Goff (1986); Nuccio (1984, ch. 10: 369–518; and 1995); Wood (2002, chs 7–8). See also the outstanding analysis by Grice-Hutchinson (1978, ch. 1), on usury practised by Jews, Arabs and the Spanish in the Middle Ages.
- 120 Cp. Forte (1999, I: 462–73, 495–96, 525–34).
- 121 See Le Goff (1986: 26); Spicciani (1990a: 21–27); Manselli (1983: 817–19).
- 122 See Forte (1999, II: 160–69). See also Nuccio (1984, ch. 7: 249–84).
- 123 Thomas Aquinas, *Summa theologiae, Secunda secundae*, vol. 38, 1975, Q. 78, 2, reply 1: 243–44.
- 124 See Salvioli (1923: 120–21); Spicciani (1990a: 31–37); Forte (1999, II: 115–23); Wood (2002: 181–205).
- 125 See Abbagnano (1963: 502).
- 126 See Spicciani (1990b: 27–30).
- 127 See Spicciani (1990a: 27, 39–48). See also the intellectual biographies of the mentioned canonists in Nuccio (1985).
- 128 Olivi also left an outstanding analysis of the value of goods (of the just price), which would be the source used without acknowledgement by many later authors. The author reconciled the shared interest in having a stable value for goods with the individual right to freely bargain for the price. The basis of value therefore comes from the utility of the good, from its rarity and from common opinion, which is never set in absolute terms (*De emptionibus*, Q. 1: 51–55, with important specifications in Q. 2 and 3: 55–59). – On Olivi see also Baeck (1994, 6: 163–69).
- 129 *Ibidem*, Q. 6, I–III and ad 2um: 63–65.
- 130 Olivi, *De usuris*: 109. This is the last part of *dubium* (doubt) 4. Todeschini puts this part in the Appendix, since some manuscripts do not contain it, while others do (see *ibidem*: 48, fn 108).
- 131 *Ibidem*, *dubium* 6: 85.
- 132 Olivi, *Quodlibeta*, Q. 16: 244–45; Q. 17: 248.
- 133 Vian (1989: 40–41).
- 134 See De Roover (1955: 332; [1974c: 344–45]).
- 135 Compare Bettoni (1959: 43, 503, 508).
- 136 See Langholm (1992: 430–46).
- 137 See Lambertini (2000: 137).
- 138 See Oresme (1355 ca). On the debasement of money, see Perrotta (2000).
- 139 See for example Valenti (1892, V: 360–73); Dempsey (1935: 58); Barbieri (1964: 52, *passim*; 1981, section 8); Forte (1999, IV, chs 9, 11.3).
- 140 Compare, among others, Noonan (1957: 63–65); De Roover [1955]: 309–11; (1971, III: 29). Little (1978: 182–83). Manselli (1983: 848–49, 852); Spicciani (1990a: 38–48, 113–64); and of course Langholm (1992). On the subsequent Franciscan tradition, the last part of Bazzichi (1987) has some limited utility.
- 141 See Abbagnano (1963, vol. I, respectively: 504–05, 586–89, 571).
- 142 On the influence of Ockham in all these disciplines, see Abbagnano (1963, vol. I: 648–55). For an original interpretation of scholastic formalization, see Reinert (n.d.).
- 143 See Vanni Rovighi (1983: 491); Vasoli (1983a: 417–37).
- 144 See Vasoli (1983b: 630–40).
- 145 See Abbagnano (1963, vol. II: 100, 102).
- 146 See Vasoli (1983b: 640–49); Abbagnano (1963, vol. I: 641–42).
- 147 Cp. Manselli (1983: 835).
- 148 Bonaventura, *Apologia pauperum*, ch. 12, section 40: 706.

5 Italian humanism ignores economic development

- 1 Compare Viner (1957–62: 123–33).
- 2 On the enormous influence of these two Greek authors on the economic thought of humanism, see Soudek (1976) and Vivenza (1999).
- 3 Compare Kristeller (1955, especially ch. I).
- 4 Baron (1971: 161–210). Boccaccio (1361: 727–30). See Salutati's passages in Garin (1941: 138–39).
- 5 See Baron (1937–38: 226–32; 1971: 195). On Bruni, see Brazzini (1988: 81–82); Gualerni (2001, I.3: 15–18). On the widespread influence of Bruni's translation of *Oeconomica* in the Humanist period, see Baloglou (1999: 30–33).
- 6 Bracciolini (1428–29: 248–301).
- 7 For the relationship between humanists and mendicant orders see the enormous treatise of Guidi (1999).
- 8 Filelfo (1440: 495–517). See also Filelfo (1473–81, b. III: 52–53).
- 9 Valla (1440 ca.; 1431, b. III: 165–250). Alberti (1443–50, b. II: 229–33). The same concept can be found in one of Alberti's unpublished works (*Opera inedita et pauca separatim impressa*) examined by Garin (1941: 172–73). St Bernardino of Siena [1955: 75]. Acciaiuoli [1544: 392]; [1566: 35v–36r; 93r]. For all other things, see Garin (1941: 174; 1951b: 42–48, 55–58; 1951a: 63–71; 1959b: 75–83).
- 10 Valla (1431, II: 80–164). Compare Baron (1937–38: 239); Kristeller [1973: 173–74]; Fumagalli (1987: 52).
- 11 Palmieri (1430–40, II: 132; b. IV).
- 12 Alberti (1432–41, II: 180; III: 199–200; 299–302). Books I–III were actually written in 1432–34. Compare Garin (1941: 171, 175–77); Gualerni (2001, I.5: 21–27).
- 13 Alberti (1432–41) and *Intercoenales*, pp. 641–57. See also Gentile [1969, vol. 1, II.8: 247–48]. Pontano (1498, *De liberalitate*, V: 163).
- 14 Manetti (1452: 427–87). See also the comment of Gentile [1969, vol. I: 251–61].
- 15 See Kristeller (1955, VI: 129–30).
- 16 See Buonaccorso [1952]. Gentile [1969, vol. 1, II.8: 247]. Kristeller [1973: 176–77]. The other works mentioned are: Salutati, *De nobilitate legum et medicinae*; Bracciolini, *De nobilitate*; Galateo, *De nobilitate*.
- 17 Salutati (1399). Pontano (1500, I: 147r–v; II: 159v–160r). Garimberti (1547, especially I.10–16: 9v–16r; I.18: 16v–18r; II.5: 36v–42r; III.6: 56r–58v; IV.3–4: 71r–79v).
- 18 See Garin (1951b, I: 40).
- 19 Baron (1955: 3–11; 1978, 5: 151–71). Quotations: Baron (1955: 459–61).
- 20 Garin (1959a: 6–19). See for example Gualerni (2001, ch. I).
- 21 Garin (1941: 138–39, 143–46; 1951b, II.2: 49; 1965: 45; 1959a: 20). Baron (1955: 412–14 and 454–55). Gualerni (2001, I.3: 15–18).
- 22 Alberti (1432–41, III: 204–16, 306–15); Palmieri (1430–40). Compare Gualerni (2001, I.5–6: 21–33). On Pandolfo Collenuccio and others, see Nuccio (1984–87, tome I: 715–95).
- 23 See Baron (1955, 13: 274–78).
- 24 See Salutati (1403: 15–35).
- 25 Pastore Stocchi (1987, 2: 16–17).
- 26 Baron (1955: 315–16, 451–52). Batkin (1978: 5).
- 27 Tenenti (1978: 133); Frigo (1985: 30). Pontano [1952].
- 28 See for example Landino (1475). Kristeller [1973: 175–76]. Tenenti (1978: 135).
- 29 Garin (1959a: 22–27).
- 30 Compare Tenenti (1978: 148–54). Garin (1951b: 94–95).
- 31 Batkin (1978, II: 88–101).
- 32 On the tragic feeling of humanists, beside Garin, see Pastore Stocchi (1987: 4–6).

- 33 De Sanctis (1870: 380).
- 34 See Garin (1989, I.2: 35–36; I.4: 75–89; 1951b, II.9: 81–85). Toffanin (1939). De Sanctis (1870, beginning of ch. XI: 379–84).
- 35 Garin (1951b: 56, 81–88; III.1: 93; III.6: 119–23). On the formalistic degeneration of humanism, see Guidi (1999, IV: 601–14).
- 36 Kristeller (1955, VI: 167). Garin (1951b, I: 28–39).
- 37 See Toffanin (1939: 124–31, 357–73; 1957, I:7–43, IX: 119–25).
- 38 See Fumagalli (1987: 52–53); Tenenti (1978: 264–306).
- 39 Alberti (1437–41, b. III: 315); Montaigne (1580, ch. 22: 153).
- 40 Bracciolini (1428–29: 275); Lando (1550c, f. 147v); Guazzo (1574: 115r); Romei (1585, V: 181–82); Scaccia (1619, I.1.79: 12b); Canoniero (1618, I: 86) (see also below).
- 41 Savonarola (1493:II.3: 194–95; III.3: 203).
- 42 Tenenti (1978: 126–27, 133). Gualerni (2001, II: 39–62).
- 43 Cp. Braudel (1979, 2: 140–55).
- 44 Tenenti (1978: 134). Cipolla (1952: 85–103; quotation: p. 103). On the difference between bourgeois values and values of the aristocracy, see Febvre (1911: 292–341).
- 45 Compare Barbieri (1940). See also Fanfani (1943: 23–27, 30–31); Cipolla (1973: 263, 276).
- 46 See Frigo (1985: 34, 46–47).
- 47 See Lord North (1669), which does not speak at all of economics.
- 48 Frigo (1985: 211–14).
- 49 See Garin (1966, II, III.6: 748). See also Firpo (1950: 178). For Pierangelo Schiera, see Frigo (1985: 207). On the Italian economic writings of the sixteenth century, besides the contemporary studies of Tenenti (1978) and Frigo (1985), see also Cusumano (1876), Fornari (1882), Supino (1889), Gobbi (1889), Persico (1910), Barbieri (1940), Fanfani (1943).
- 50 Cp. Frigo (1985: 167–68).
- 51 Tolomei (1547, V: 161–79).
- 52 Lando (1544, I: 3–10; 1550a: 47r–48r; 1550b: 24r–26v; 1550c: 6v, 8r, 11v, 12v, 13v, *passim*). Muzio (1550: 41v–42r, 95v–119r). Rinaldi (1583: 129–34, 171–74).
- 53 Vida (1556, I: 19v–21r; 36r). Sansovino (1578, 45–47: 103v; 185: 112v; 722: 154v). Cavriana (1597: 552–53).
- 54 Castiglione (1554, 22: 18; 108: 112r–114v). Antoniano (1584, II, chs 105–11: 269–80; III.63: 459–60). Razzi (1568, II: 185–98).
- 55 Doni (1562: 8–15). On Roseo, who published in 1543, see Persico (1910, II.2.6: 229). For other sixteenth century Utopians, see Curcio (1941).
- 56 Guazzo (1586, IV: 131–32; 133–35; XI: 444).
- 57 Guazzo (1590, to Cherubino Casato: 121; to Alessandro Mazzola: 111).
- 58 Capelloni (1576: I.32). Paruta (1579: 93–98, 261, 185–88, 336–46, etc.). On Paruta, see Nuccio (1984–87, tome I: 991–1066).
- 59 Agostini (1585–90: 50–92; 112–21). Lottini [1574, 229: 50r]. Gozzi (1589; 1591a; 1591b). Giannotti (1538, b. 1, ch. 4: 46–48).
- 60 Della Fratta (1551, dial. 3rd, f. 47r). Romei (1585, VI: 185–86; see also V: 183–84). Simoni (1572, IX: 70–71).
- 61 See Kristeller (1955, VI: 134).
- 62 Nifo (1531a, I.3: 9–11; I.4: 11–12; I.17: 24. 1531b, esp. chs 4, 13, 19, 31, 32, 34). Persico (1910, II.1.1: 151–65). Gualandi (1523: 90–98). Delfino [1556: 238–42, 301]. Giraldi (1565: 61r). Garimberti (1551, esp. pp. 64–103, 146–47, 472–73). Tommasi (1580, I.7: 15–17; see also II.9–10: 287–91).
- 63 Mancini (1596, V.1: 157). Nifo (1521, 4: 1v–2v). Spontone (1599, VII.9: 199). Frachetta (1597, I.14: 110–11).
- 64 Machiavelli (1513, XVI: 62–63).

- 65 Piccolomini (1543); then enlarged in Piccolomini (1560, b. II, esp. chs 5–6: 48–51; ch. 8: 56–61).
- 66 Tasso (1580: 109, 117–20). See Garin (1966, vol. II, III.6: 752). Curcio (1941: V–VI).
- 67 Brucioli (1526a and 1526b). Cavalcanti (1555, 14: 111–12). Figliucci (1551, II: 78r; IV: 158r–175r; 202, 233v; VII: 356r; IX: 435. 1558, I, chs 3, 5, 6, 8). Denores (1578: 6r–17r).
- 68 Respectively Brucioli (1526a, dial. 30, f. 157r; 1526b, ff. 30v–31r).
- 69 Brucioli (1526c: 169–70; 173–76; 177–78; 205–15; 215–16).
- 70 Brucioli (1526c: 203). Garimberti (1544, 3: XLr). Denores (1578: 18r, 23v).
- 71 Compare Fanfani (1943, I.2: 28–29).
- 72 Garimberti (1544, I: Vr–v, Ixr; IV: LVv.). Brucioli (1526c: 201). Scaino (1578, Annotazioni: 189v–190v, 200v–201r). Contarini (1544: 46E fn).
- 73 Figliucci (1558, I.8: 35). Patrizi from Cherso (1553: 125; 134–35). Another Francesco Patrizi, from Siena, Bishop of Gaeta, of the fifteenth century but published successfully in the sixteenth, had a contradictory attitude towards artisans and merchants. On one side he repeats the ancient biases against them; on the other he says they are necessary and useful, and must be protected: Patrizi from Siena [1519, I, 4: 14r, 8: 29v–35v]. See also the latter against avarice and unlimited desire, which generates unnatural needs: Patrizi from Siena [1547, IV.8: 80v–82r).
- 74 Ammirato (1594, III.8: 115). Spontone (1599, VII.9: 200; see also Spontone 1590). Rinaldi (1583: 171). Garzoni (1586: 542–47).
- 75 Lanteri (1560, I: 95–98). Foglietta (1559, esp. pp. 6–7, 50v–76r). Agostini (1585–90: 47–50).
- 76 Giannotti [1722: column 11 fn]; Giannotti (1538, I.4: 46–48). Venusti (1561, resp. pp. 5–6, 8–11; 5r–v; 11v; 8r).
- 77 Memmo (1564, III: 118–19, 164, 167–70; and pp. 14, 59, 121, 144, 171).
- 78 Agostini (1585–90: 114, 121; 124–26). Gozzi (1589: 124–25). Fioravanti (1564: I.12: 49–54).
- 79 Bec (1967, I.1–4: 53–130). Passages by Paolo da Certaldo and Morelli are in Bec (1975: 39–50). On them see also Nuccio (1984–87, tome III: 2343–59, 2491–523). See also McGovern (1970). Both Bec and McGovern have probably overrated the influence of this literature on the humanistic thought.
- 80 Cotrugli (1460ca., esp. b. II: 397–429). Compare Nuccio (1984–87, tome I: 277–345).
- 81 Stracca (1553).
- 82 On the large influence of Cicero's *De Officiis* on the Renaissance thought, see Vivenza (2004).
- 83 For the humanists see Fabio Albergati (1602, I:21. [1627a], III.11: 117–18; III.13: 113–14. [1627b], II.14; IV), who corrected Bodin for his wrong interpretation of Aristotle on the nature of 'oikonomia' (see Brazzini 1988: 76–79); Giuseppe Matteacci (1613, 9: 58; 10: 59v–60v; 30: 181v); Pietro Matteacci (1634, VII: 35–42; IX: 54–57; LXXVI: 405); Eugenio Raimondi (1639, 55: 291–98; 64: 307); Giovan Battista Proserpio (1627), who wrote an absolutely empty work on the origins of the rich and the poor. Giovanni Bonifaccio was an erudite humanist, who wrote a typically rhetoric work entitled *La repubblica delle api* (The republic of the bees). The analogy between the hive and the body politic is found also in other authors of the time. Probably Mandeville took from some author of the past his famous metaphor. – Among the political authors, see Giovanni Antonio Palazzo (1604, III.22: 204–05); Tiberio Gambaruti (1612: 152–53; 231–32); Vincenzo Gramigna (1615, II.14: 202–09); Ansaldo Ceba (1617, 34: 417); Mezenzio Carbonario (1617, I: 37, 51; II: 108–11; V, chs 51–59); Gabriele Zinano (1626: 213–20, 232–33, 243); Pompeo Caimo (1627: 37, 97); Tommaso Roccabella

(1628: 20–22; 1645: 15–17, 27–28). – Among the authors of ‘economica’, see the bishop Bartolomeo Frigerio (1629, II.5: 108–27). – See also the Utopian Ludovico Zuccolo (1621: 210–12, 230–34, 363–67; 1625: 48–67, 84, 97–98, 101–02, 108); and the scholastic jurist Sigismondo Scaccia (1619: 10a–13b, 121a–b, 124b–125b, 283b). – Traces of a new conception – similar to mercantilism, which was by then overcoming – are to be found in Giulio Cesare Capaccio (1620, 156:341; 157: 352; 181: 401), Andrea Spinola [1981: 219, 253–54, 265–69]; and the Jesuit Giovanni Menochio (1625, II.9: 313, II.17: 440–43, 1627, IV: 231–33, 255–58; V: 312–19, 464–68, 518), whom Frigo (1985: 61fn) defines as a leading Counter-Reformation theorist on wealth questions.

84 Canoniero (1609: 196–203). Gobbi (1889: 129).

85 Canoniero (1614, I: 694; 34–35, 61, 1618, I: 86).

86 Bruno (1584, III: 532–38). Campanella (1602: 1080).

6 From alms to human capital: the poor in sixteenth century Spain and England

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1 See for example Lis and Soly (1979, II: 48–52). Geremek (1980, 6–7: 151–205). Sassier (1990: 66–76).

2 Cipolla (1981: 381–90). See also Geremek (1980; 5: 117–29).

3 For France we have consulted only the *Ordonnances* of 1566, article LXXIII; and the *Edict de Bloys*, article LXV, of 1580, both published in the edition 1616 of *Edict du Roy* (1561); *Code du Roy* (1587); *Parlement de Paris* (1596); *Parlement de Rouen* (1613). About Italy, see Lunetti (1630): 125–26). See also Fanfani (1941, IV: 108–20; 1943: 287–95, 430–36).

4 See for example Fanfani (1943, III.4: 135). Geremek (1980, 3: 53–67, 75–87; V: 129–47).

5 See Fanfani (1943, III.4: 135–43). Mollat (1978, XII.3: 349–51). Lis and Soly (1979, III.4: 82–96). Geremek (1980, 3: 68–74). Cipolla (1981: 391–94). Sassier (1990: 86–87, 106–07).

6 Polanyi (1944, 3: 34–37).

7 The population of Europe in the 1500s grew rapidly (see Thirsk 1978: 159). According to Helleiner (1967: 29) this, along with enclosures, was the cause of the widespread unemployment. But the rise in population was probably due to economic growth. In historical phases of very rapid, turbulent growth, economic development always generates widespread unemployment, because the crisis of the old means of production outpaces the construction of new opportunities for work, and is uncontrolled.

8 Appleby (1978, VI: 129–57). Sassier (1990: 106–21). Díez (2001, II: 69–101; quotation: p. 69). Thirsk (1978; see in particular VII: 158–61).

9 Solar (1995: 2. See also IV: 17–18). Sharpe (1987: 223–34).

- 10 Lewis, O. (1966: 93–94).
- 11 Tawney (1926, 4.4). Furniss (1920: 120–40). Heckscher (1931, III.4.4: 163–68). Müller-Armack (1941: 250–60).
- 12 Current historical literature in Spain provides an excellent documentation and description of the structural causes (social and economic) of Spain's failure to develop at the beginning of the modern age. Here we will mention only: Colmeiro (1863), to whom later historiography owes a great deal; Carande (1943–67); Clavero (1974); González Alonso (1981); Le Flem (1982); Fernández Álvarez (1983).
- 13 By Viñas y Mey (1970: 414).
- 14 Sempere y Guarinos (1801, 13: 48–54).
- 15 See Campomanes (1775: 250–52).
- 16 These laws are partly quoted and partly summarized in Campomanes (1775: 252–54). See also Sempere y Guarinos (1801, 13: 55–64); and Soto (1545, 2: 16–17).
- 17 Sempere (1801: 55, 77). See also Soto (1545, 3: 31).
- 18 Cellorigo (1600); Pérez de Herrera (1610a); Moncada (1619, I.4: 101).
- 19 Vives (1526). For an interpretation of Vives' writing and of the controversy on begging different from ours, see Martín Martín (1999).
- 20 Vives (1526, I.6: 1368–69; I.7: 1370a–b; I.11: 1386).
- 21 Abellán (1979, I.7: 121–23).
- 22 Abellán (1979, I.7: 123).
- 23 Vives (1526, II, respectively 3: 1393b; 3: 1393b–1394a; 5: 1398).
- 24 Ibidem, II, respectively 3: 1394–95; 3: 1396; 4; 5: 1400–01; 10: 1410.
- 25 See Lallemand (1906, III.i.2: 305–10).
- 26 See for example Ansiaux (1893: 513, and fn 2).
- 27 See Campomanes (1775: 250–58).
- 28 *Instrucción de la orden que se ha de tener en el cumplimiento, y execucion de las leyes, que hablan sobre los pobres*, in Campomanes 1775, pp. 258–67.
- 29 Ricci (1996: 26–33, 39–70, 116–19). See also Mollat (1978, IX.2: 218; XII.3: 328–52); Fanfani (1941, IV: 114–15). Garin (1954: 192).
- 30 Ricci (1996: 51).
- 31 On the cultural factors that brought Spain to economic decadence, see the next chapter.
- 32 See Saltillo (1954). Ansiaux (1893: 513). Domínguez Ortiz (1963, II.3: 223ff).
- 33 Compare Soto (1545, 2: 20–21). Medina (1545: 228–29). Campomanes (1775: CXLVIII). Sempere y Guarinos (1801: 72–73, note 1). Medina says the same measures were taken at Bruges (where Vives had published his work) and at Ypres, with the approval of the Universities of Louvain and Paris respectively.
- 34 See Campomanes (1775: 267, note 58); Sempere y Guarinos (1801: 69).
- 35 See Soto (1545, 2: 18).
- 36 Both Soto 1545 and Medina 1545 were republished in 1757 at Valladolid, and Medina again in 1766 at Madrid. Both times, Medina's book appears with a different title: *Caridad discreta praticata con los mendigos* (compare among others Sempere y Guarinos (1801: 73–74).
- 37 Campomanes (1775, 2: pp. CII–CX, note 56; CXVII–CXIX, note 96; CXLIII–CXLVI and note 74; CCXVII–CCXXVII). Envy is clearly not an explanation. The resistance to the new is a real reason, but Campomanes does not explain its socio-economic causes. Sempere y Guarinos (1801, 14: 73–74).
- 38 Ibidem, pp. 37–41. Soto says the poor are like ants that must reach the heart of the lettuce (p. 38).
- 39 Ibidem, pp. 164–65, 201–05, 239, 295–96, 302. The quote is from p. 164.
- 40 See respectively p. 172; pp. 156–59, 174, 278–80, 304–05. See also p. 149

- where, ironically, Medina quotes none other than Aristotle, the greatest authority of sixteenth century speculative dogmatism, to maintain that in such matters it is better to proceed by trial and error than by speculative subtleties.
- 41 See respectively p. 150 and pp. 233–42. Campomanes (1775, p. CCXVIII, note 96).
 - 42 See Sempere y Guarinos (1801: 75–76).
 - 43 See Carrera Pujal (1943–47, I: 309).
 - 44 Compare Sánchez-Albornoz (1983: 26).
 - 45 Castro (1555, 7: 563; 12: 778).
 - 46 Villavicencio (1564: 17–18, 262–96).
 - 47 See Abellán (1979, 2: 128); Barrientos García (1978: 238–41).
 - 48 Toro (1575: 12r–14r, 36r–42r, 71v–73v, 107r–108r, 141v–153v).
 - 49 Troeltsch (1911: 564–69). Viner (1957–62: 73–81). Fanfani (1941, IV.3: 116–17; 1943, III.4: 143).
 - 50 Aguirre (1664, V.15: 173–75).
 - 51 Ripa (1522: 71r–v, pars. 151–52; 171r–v, pars. 146, 155). Compare Guzmán (1614: 121).
 - 52 Ripa (1522: 71v, pars. 155, 157; 72v, par. 160).
 - 53 See passages in Villavicencio (1564: 186, 240, 243; 176). Wijts (1562), see for example ff. 3v, 14v–15v, 19r.
 - 54 Compare Sempere y Guarinos (1801: 28–80). Abellán (1979, 2: 128). Correa Calderón (1981, nn. 177, 221, 230).
 - 55 Giginta (1584. 1587, 1: 6r–13r; 26: 75r–80r).
 - 56 Giginta (1584, *Epistola* to the Cardinal of Toledo. 1587, 22–44, 71, 96–97).
 - 57 Giginta (1587, 15: 44v–45r).
 - 58 These are discourses 2,3,5,6 and 7 from *Discursos morales y políticos*, 8 treatises published in 1595. On Giginta and on Pérez de Herrera see also Grice-Hutchinson (1978, IV: 136–37).
 - 59 Pérez de Herrera (1595; 1598, 2: 20r–27v; disc. 4. 1608: 11r–14r; 1617: 206r–207v, 211v–212r).
 - 60 Pérez de Herrera (1598, disc. 2 and 3; 1608: 21v–24r).
 - 61 Pérez de Herrera (1598: 146r–147r, 151r–156r).
 - 62 See Pérez de Herrera (1597: 147v–150r; republished in P. 1608). See Carrera Pujal (1943–47, I: 309–10). Sánchez-Albornoz (1983: 24).
 - 63 Pérez de Herrera (1595; 1598; 1608; 1610a).
 - 64 Pérez de Herrera (1610a: 9r–11v; 16r–23r).
 - 65 Ibidem, pp. 11r–14r.
 - 66 Pérez de Herrera (1617).
 - 67 Bobadilla (1608, II.3.9: 310–12; I.2.13: 571a–73b). Pedro de Valencia (1618: 40). Zeballos (1623, pp. XXVI–XXVII).
 - 68 See Pérez de Herrera (1610b).
 - 69 Giginta (1587, 15: 44v–45r).
 - 70 See *Collección* (1883), tome LXXXI: 305–6, 314–15. Campomanes (1775, pp. CCXXXIII–CCXXXIV).
 - 71 *Statutes* collected in 1543, pp. XXV verso; pages on Richard II, not numbered.
 - 72 See the list of Statutes on this subject, with relative, very detailed contents, in Eden (1797, III, pp. ccxl–ccxli).
 - 73 Ibidem, pp. ccxlii–ccxliii.
 - 74 *Statutes* collected in 1543, pages on Henry VII, not numbered.
 - 75 Ibidem, p. 73.
 - 76 It was with this argument that an MP defended the law: see the letter from Anthony Cope to Lord Burghley, in *Tudor Economic Documents* (1924, I: 86–88).
 - 77 Eden (1797, I.2: 106, 115, 119). See also Solar (1995, IV: 17).
 - 78 See the detailed analysis of Jordan (1959, III: 54–72)

- 79 *Tudor Economic Documents* (1924, respectively III: 405–58; II: 296–301; II: 310–69).
- 80 Jordan (1959, I: 15–21; VI: 143–97).
- 81 See the documents in Bland *et al.* (1937, IV: 363–96).
- 82 Eden (1797, III, p. ccxliii; and I: 82).
- 83 See Jordan (1959, IV: 83–91).
- 84 Compare Solar (1995, I: 3–4, 5–7; II: 12–15).
- 85 See the text of the law in Eden (1797, I: 83–86).
- 86 See the text of the law *ibidem*, pp. 100–02.
- 87 See ‘Considerations delivered to the Parliament’ (1589) in *Tudor Economic Documents* (1924, I: 324–30).
- 88 Eden (1797, I: 103).
- 89 Starkey (1529–32: 60–62).
- 90 *Ibidem*, see respectively pp. 113, 117 and 24.
- 91 Barbon (1690: 14, 21–22, 32–36). See below, chapter 11.
- 92 It is very strange that the editor presents this book as a treatise of conservative and aristocratic inspiration. Probably Mayer was thinking of the fact that Starkey accuses beggars of being idle and calls for discipline and controls on them and on the labouring poor. But that was the attitude of all mercantilists.
- 93 Starkey (1529–32: 115).
- 94 *Ibidem*, p. 34.
- 95 The text of the law is in Eden (1797, I.2: 121–22fn).
- 96 *Ibidem*.
- 97 See ‘Proposal to abolish the royal right of purveyance’ (1548) in *Tudor Economic Documents* (1924, II: 219–22).
- 98 See Eden (1797, I: 104, 122–27).
- 99 See part of the text in Eden (1797, I: 128).
- 100 *Ibidem*, pp. 129–30.
- 101 See Jordan (1959, IV: 102–08). The text of the law is in Eden (1797, III: clxvii–clxxiii).
- 102 See Jordan (1959, IV: 91–102).
- 103 *Ease* (1601).
- 104 For the first type of publications, see for example *Sermons* (1596), Rogers (1644), Hartlib (1646 and 1650); for the second, see *Orders* (1630), *Petition* (1647), *Ordinance* (1647), *Act* (1649), Bush (1649), Laurence [1650]. See also the pamphlet by M.S., of 1622, and the documents of the Privy Council 1630, in Eden (1797, I: 154–59).
- 105 Hitchcock (1580). Puckle (1700: 42–53).
- 106 Jordan (1959, VII and Appendix: 240–388).
- 107 Glamann (1977, II: 195–96). See Lis and Soly (1979, III.3: 71–82).
- 108 The pamphlet is by M.S. Passages of it are reported in Eden (1797, I.3: 155. See also p. 144). On the mercantilist attitude to the poor, see Bowman (1952: 57–59), although she exaggerates the negative aspect.

7 Spain’s unproductive consumption

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1 Eisenhart (1881, 3: 15–25).

2 Vilar, P. (1962). Chrysohedonism is the belief that wealth consists of money. Bullionism is the desire to block the export of money.

- 3 Iparaguirre (1963). Grice-Hutchinson (1978). This thesis was taken up again by Baeck (1988).
- 4 In this sense Spanish mercantilism was highly original. It derived neither from Botero – as Larraz (1943: 178), and Iparaguirre (1963: 11) believed – nor from others. Botero's influence on Spanish mercantilism (on which see also Murillo Ferrol 1957: 274–5) has probably been exaggerated. – See also Martín Rodríguez (1999a).
- 5 Mun (1630, 14: 54–5; 3: 12–13. See also 1621: 18–19).
- 6 Mun (1630, ch. 6).
- 7 Ibidem, ch. 19. See also Mun (1621: 57).
- 8 Serra (1613, I, chs 4, 5, 11, passim; part III). Montchrétien (1615: 13–18, 22–41, 66–9, 99–110, passim).
- 9 See also Mun (1621: 50, 53, 55–57).
- 10 See for example Roberts (1641: 68–70); *Advice* (1660: 152); Evelyn (1674, 10: 41); Petty (1676, 1: 257); Child (1694: 12); Cary (1695: viii, xiii–xiv); Pollexfen (1697: 50–51); Huet (1713, II: 25); Mandeville (1714, remark Q: 196–97); Blewitt (1725: 52–53, 56–60); Berkeley (1735–37, queries 471, 515, 517, 525. See also q.1, 29, 31, 32). Steuart (1767, IV.ii.12: 501; V.7: 711); etc.
- 11 Montesquieu (1748, b. 21, ch. 22).
- 12 Cantillon (1730, II.6: 165–67).
- 13 See Vilar, P. (1962).
- 14 Compare Iparaguirre (1975: 23–25).
- 15 An interesting point is the theory of the just price applied to the sale of Spanish wool. Molina (1592, disp. 359 & 360), recalling Juan de Medina and Azpilcueta, condemns the Genoan and Florentine habit of paying wool-owners in advance, thus obtaining a price which is lower than the 'just' price. – See, however, Grice-Hutchinson (1978: 135).
- 16 Hamilton (1932: 202–03). Larraz (1943: 177).
- 17 Compare Sureda Carrion (1949, II.3: 54–55); Anes (1971: 67); Perdices (1999: 463–66).
- 18 See Mercado (1569, 4.1: 3v–4r); where he also maintained that Spanish doubloons leave Spain for the banks of the Italian moneychangers.
- 19 Malynes (1623).
- 20 Cellorigo (1600: 1r; 21v; 29r; 22r). Cellorigo has been called a spokesman for the Salamanca School: see Grice-Hutchinson (1952); Vilar, P. (1962: 203–04); Guggenheim (1989: 30–31), but his interest is of mercantilist stamp.
- 21 Castañeda (1628: 3v). Leruela (1631, I, chs 11–12, 24). Mata (1650–60). Osorio (1687: 278). See also Valencia (1618: 37); Moncada (1619, VI.9: 208–09); Fajardo (1640, 69: 677–78); Henin (*Disc.*, II: 25ff).
- 22 Among the many, see Moncada (1619, III.4); Castañeda (1628: 1r–7v); Henin (*Disc.*, II: 25).
- 23 Uztariz (1724: 1a–7b, 26b–34b); Ulloa (1740, I, Intro., sections 8–11). Ward ([1762], I.11: 100–03); Campomanes (1775–77, I, pp. viii.ix); Muñoz (1769, pp. xlii–xliv, 92–100, passim; pp. 75–82; p. 286).
- 24 On the supposed bullionism of Ortiz, among the contemporaries, see Beltran (1976: 33–34). List (1841–44, 28: 332). Vilar, P. (1962: 195). Lluch (1999).
- 25 Ortiz (1558), respectively: ch. 1; pp. 124, 126, 131–32 (for the processing of wool, silk and linen); 132 (for building inland waterways); 133 (for the introduction of mechanical looms); 134ff (for the printing of books in Spain); 138 (bee-keeping); 139ff (production of the foodstuffs currently imported from France); etc.
- 26 See for example ibidem, p. 146.
- 27 Álamos (1598: 27). Moncada (1619, disc. I & passim). Zeballos (1619a, 28: 149v–153r). Olivares (1621; *Resp.*: 1a–2b); however, unlike Moncada, Olivares

- points out that no kingdom is self-sufficient: p. 1b. Viedma (1622, Intr. and p. 7). Castañeda (1628, ch. 5). The works of Pellicer (1639) and Mata (1650–60) are all devoted to this subject. Fajardo (1640, 68: 666–67). Castro (1668: ccxciii–cccxi). Cano (1675a: 12v–13r, 14r). Somoza (1680: 245–49). Osorio (1686b: 40; 1687: 272). Salazar (1687).
- 28 Including Adam de la Parra and Cortés Davila; on whom see Colmeiro (1861); the *Memorial de los fabricantes de Aragón*, 1674; see Colmeiro (1863, II.76); *Quejas justas del oro y plata* . . .; see Carrera Pujal (1943–47, II: 48–52); etc.
- 29 Mata (1650–60, I: 99; VI: 146). Osorio (1686b, especially point 1).
- 30 Moncada (1619, I.5: 101; I.15: 117).
- 31 However, the restrictions on trade and money movement called for by Ortiz are so strict that, in this respect, he can be considered a pre-mercantilist (see Ortiz [1558], pp. 148ff).
- 32 Among others: Cellorigo (1600: 4); Pérez de Herrera (1610: 10b, 20a–b); Moncada (1619, II.1); *Consulta* (1619); Navarrete (1621, disc. 6–16); Viedma (1622, Intr.); Castañeda (1628: 8v–9v); Fajardo (1640, 66: 647ff); Osorio (1686b: 19–44). – On the other hand Peñalosa (1629) praises the population drain, considered the result of Spain’s religious-imperialist mission. – On the population drain, see also Martín Rodríguez (1999b).
- 33 *Consulta* (1619: 450b–51b). Zeballos (1619a, doc. 32). Navarrete (1621, disc. 39). See also below.
- 34 Struzzi (1624: 12v, 15r). Mata (1650–60, disc. 8). Somoza (1680: 242). Osorio (1686b). Henin (*Disc.* II: 19r–v).
- 35 Struzzi (1624: 7). Dormer (1684, I: 36–37).
- 36 Olivares (1621: 5b). Navarrete (1621, disc. 17). Arredondo (1622), in Domínguez Ortiz (1985: 287–89). Somoza (1680: 242). Henin (*Disc.*, II: 18r–v).
- 37 The best known text on this subject is Valle de la Cerda (1600). Cerda wrote in the name of his teacher, Pedro de Oudegherste, who had died in 1691, and to whom he attributed the project. But there are also manuscripts by Oudegherste: compare Estapé (1971, ch. 2). See also Zeballos (1619a, doc. 3). Viedma (1622: 79–85). Struzzi (1624: 8). Castro (1668, pp. ccxcii–ccciii).
- 38 Struzzi (1624: 8r–v). Cano (1675a). Antoneli (1581). Oliva (1524). Osorio (1686b: 14–15).
- 39 Zabala (1732: I.iv: 9; II: 73–97). Campillo: for the economic proposals see especially Campillo (1742: 114–73); for his social analysis, see Campillo (1741: 33–105). Aguado (1746–50, III: 70–119). Arroyal (1786–90, esp. I: 57–70, IV: 157–213). Macanaz (*Auxilios*, II.9: 47; II.10: 48; see also XVIII: 168ff). Arriquíbar (1764–70, I.1.4: 114–22; II.1–5: 195–253). Cabrera (1719, III.2: 120–59). On Arriquíbar, see Astigarraga (2003, 4: 104–21).
- 40 Leruela (1631: I.18: 50). Correa Calderon (1981). On the arbitristas, see Perdices (1996; 1999). On this and other topics of Spanish mercantilists, see Schwartz (1999).
- 41 See Colmeiro (1863, ch. xc); Anes (1971: 29–31, 36); Viñas y Mey (1970b: 642–44); Vilar, J. (1973, part I and p. 259; p. 263).
- 42 Ortiz (1558, I: 128, 131; II: 138). See also Carrera Pujal (1943–47, I, pp. lxi–lxii).
- 43 Cellorigo (1600: 22). Moncada (1619, 3.1–2: 141–44).
- 44 See for example García Sanz (1985: 13–17).
- 45 All the historians agree on this. Pellicer (1639, p. cxxxvii) said the same.
- 46 I think the best works on this issue are still Vilar, P. (1956a and 1962); and Viñas y Mey (1970a). See also Maravall (1972, t.2: 185–92); Kamen (1983: 168–71, 222–30); García Sanz (1985).
- 47 Moncada (1619, 3.1–2: 141–44).
- 48 Ulloa 1660 (not to be confused with Bernardo de Ulloa, the eighteenth century

- economist). Campomanes (1775–77, IV: xc) criticized Castañares' attempt (in 1625–26) because it disregarded import substitution. On Mata, 'leader of the urban rebellion', see Anes (1971).
- 49 Dormer (1684, I: 43–44). Salazar (1687: 142). The same thesis propounded by Salazar is to be found in several other authors, including Moncada (1619, I.18).
- 50 Olivares (*Resp.*: 1v–4r). For a similar argument, see Leruela (1631, I.21: 60; I.24).
- 51 Olivares (*Resp.*: 3v). Defoe (1728, I.1: 59–67). Smith (1776, I.viii.36). Viedma (1622, Intr.).
- 52 For Cantillon, see above, note 12. Campomanes (1777: 461–63). Muñoz (1769, pp. xliii–xliv; *passim*). Hamilton (1948).
- 53 Hamilton (1929a, 1929b). Keynes (1930, II.30, esp. pp. 152–62). However, see *ibidem*, p. 155n).
- 54 Vilar, P. (1956b). Maravall (1975: 142).
- 55 See for example Abellán (1979, I: 27–28); Gonzáles Alonso (1981); Le Flem (1982, ch. 1); Fernández Álvarez (1983, part I). On primogeniture, see especially Clavero (1974, I.4, V.6, VI.1). – Back in 1579 Augustin Álvarez had illustrated these phenomena (in Carrera Pujal 1943–47, I: 288–90).
- 56 See Carande (1943–67). Sureda Carrion (1949).
- 57 Maravall (1979). Viñas y Mey (1970a: 414ff). On the hegemony of aristocracy, see also Domínguez Ortiz (1963: 40–50 and part II).
- 58 See for example Vicens Vives (1971). Sierra Bravo (1975, I: 204–09). García Sanz (1985). Baeck (1988: 393–95). Gonzáles, M. (1989). For a similar interpretation of the Mesta's vested interests, see for example Fernández Álvarez (1957: 110). For a contrasting interpretation, see Le Flem (1975).
- 59 The case for a 'modern' opposition to the king – put forward again by Baeck (1988: 393–95) – is in contrast with the well-documented case argued by González Alonso (1981), which reduces the opposition to the king by the communal 'cortes' to the mere defence of feudal rights like that of the exclusive right to taxation.
- 60 See Hamilton (1932: 202–03; 1938: 131). He was echoed by Baeck (1988: 401).
- 61 Vicens Vives (1971). Viñas y Mey (1970a: 420).
- 62 Cf. Clavero (1974: 164–67). For example Pons suggested raising *juros* to cure the State's drastic need for money; but he himself pointed out that the best way to revive public finances is to make sure the taxpayers are rich: Pons (1595, pp. xlviii–xlix, li).
- 63 Struzzi (1624: 7r–v). Cellorigo (1600: 4v, 22v, 29r). Deza (1618: 27v–30v). Valencia (1618: 36–37. *Acrec.*: 65). Dormer (1684, I: 7). Leruela (1631, I.21: 56–57).
- 64 See Pérez de Herrera (1610: 23a). Valencia (*Acrec.*: 51ff). Fajardo (1640, 66: 651). Arredondo (1622), in Domínguez Ortiz (1985: 287–89). Above all, see Leruela (1631, I.21).
- 65 Criales (1646), in Carrera Pujal (1943–47, I: 609–10). Valencia (*Acrec.*, p. 75 and in general all the 2nd part). See also Valencia 1605 (in particular pp. 142–43) for a fascinating blend of canonistic doctrine and social oratory against the speculation on corn. It also contains a penetrating analysis of value.
- 66 Deza (1618: 21ff). Moncada (1619, I.1: 95ff). Castañeda (1628, chs 3–4). Osorio (1686b). And of course, above all for stock breeding, Leruela (1631). It should be noticed that these attacks on the over-concentration of land ownership are different from the medieval claims of common ownership, despite some points in common. The inability to distinguish between these two positions, and between these and the various requests which followed for rural reform, led Costa (1891) to talk about a Spanish tradition of rural collectivism. But the idea is baseless. What is more, it is natural that in a situation of

- underdevelopment one of the first requests is for rural reform. But that does not mean collectivism.
- 67 For example Pérez de Herrera (1610: 23b). Valencia (1618: 34–35). Zeballos (1619a, 33: 176ff). Struzzi (1624: 9). Arriaza (1646: 1). Somoza (1680: 230–31, 241). Dormer (1684, I: 36–37). See also the justly famous criticism by Juan de Mariana (1609, XIII: 89–92), and that by another famous Jesuit: Rivadeneira (1595, II, chs 10–13).
- 68 See for example Antonio Pérez (1597: cxxvi–cxxx). Cellorigo (1600: 61). Deza (1618: 26v–27r, 37r–38v). Navarrete (1621, disc. 40; 47: 542b; 48). Viedma (1622: 8–11). Ortiz (1558: 146). Lyra (*Repr.*: vii–ix). Pellicer (1639: 148). On García de Yllan, see Domínguez Ortiz (1985: 300–02). – With singular lack of insight, Larraz (1943: 174) writes that Viedma’s analysis is not worth much.
- 69 Santa Marina (1628), in Domínguez Ortiz (1985: 295–99). *Consulta* (1619).
- 70 Compare Domínguez Ortiz (1976, ch. 1).
- 71 Osorio (1686a: 408–9; 321).
- 72 Osorio (1687: 211–44. 1686a: 331–47).
- 73 See the texts quoted in footnotes 66–68, and also: Valencia (*Acrec.*, I: 51); Deza (1618: 32ff); Navarrete (1621, disc. 18, 23–25, 48; 1: 458a); Leruela (1631, I.23); Alamos (1598: 48v–49r); Arriaza (1646; quotation: 7); Somoza (1680: 229–37); Osorio (1686b, IV: 134–36); Narbona (1621), in Carrera Pujal (1943–47, I: 512–14). – It seems that the widespread corruption and incessant lawsuits derived from the sale of all types of feudal privileges by the king, in a desperate search for money (see Clavero 1974: 164–67).
- 74 See for example Cellorigo (1600: 49–51); Pérez de Herrera (1610, pp. 23ff); Valencia (1618: 32–33); *Consulta* (1619: 455b–56a); Navarrete (1621, disc. 42–44; 47: 542b); Viedma (1622: 9, 16v–17); Arriaza (1646, 25: 5–6; 79: 17v); Arredondo (1622), in Domínguez Ortiz (1985: 287–89); Leruela (1631, I.22: 61); Fajardo (1640, 66: 646–47); Somoza (1680: 249); Osorio (1687: 298–304). See also Colmeiro (1861) on Adam de la Parra, who wrote in 1640.
- 75 Fajardo (1640, 66: 651).
- 76 *Mercator* (1754).
- 77 Two of the many: see Cellorigo (1600: 15r, 25v–26r); Cano (1675a: 13v). On the aristocratic cultural model, see López Alonso and Elorza (1989), and the historians quoted in notes 54–59.
- 78 Maravall (1972, 2: 379). – In 1600 Gutiérrez de lo Rios confirmed, though with moderation, the traditional attitude downgrading the ‘mechanical arts’ and, above all, business. However, when attacking idleness, he even invited the hidalgos to learn a manual trade, if they can do nothing else (Gutiérrez 1600: 45–47, 51–53; 309–10). On the 1783 decree, see Domínguez Ortiz (1976, 25: 486–87).
- 79 Antonio Pérez (1597: cxxvi). Lyra (*Repr.*: vi–vii). Cellorigo (1600: 15r–16r, 63v–66r, *passim*).
- 80 See for example Pérez de Herrera (1610: 9r, 14r–15v; 1618: 207a–208b); Deza (1618: 23v ff, 37r). Carrera Pujal (1943–47, I: 445–56) misunderstood Deza to be condemning commerce in general, as a source of vices. In fact, Deza says this only of commerce carried on by foreigners, since it introduces luxury articles. See also *Consulta* (1619: 453b–54b); Zeballos (1619a, doc. 4; 1619b); Navarrete (1621, disc. 31–38); Viedma (1622: 11v); Arredondo (1622), in Domínguez Ortiz (1985: 287–89); Fajardo (1640, 66: 650); Salazar (1687: 134–35, 141). – Mariana (1609, XIII: 89–95). Rivadeneira (1595, II, chs 21–22). See also what is reported by Garcilaso de la Vega (1614, I.7: 10a–b).
- 81 Olivares (*Resp.*: 4b). Leruela (1631, I.21: 60). – For a moralistic condemnation of luxury, see Carranza (1636) instead. – On the Spanish culture of luxury, see Benassar (1982, ch. 5).

- 82 Moncada (1619, I.1: 100). Struzzi (1624: 11). Mata (1650–60, disc. IV; VII, esp. pp. 182–3; V, esp. p. 138).
- 83 Viñas y Mey (1970a: 343–403). For a similar thesis, see Domínguez Ortiz (1963: 43–44). For a more well-balanced view, see Argemí (1987: 58–59). – Sombart (1912). For a history of sumptuary laws, see Sempere y Guarinos (1788).
- 84 The now widespread expression used by Ekelund and Tollison (1981), ‘rent-seeking’, is justified not in the countries they examine, but only for the Spain of that period. And even there, it certainly does not apply to the mercantilists, who sought in every possible way to combat this tendency.
- 85 Botero (1589, VII.12: 241). Guzmán (1614), in Carrera Pujal (1943–47, I: 432–35). On this, see Benassar (1975, ch. V, esp. pp. 117–23).
- 86 Cellorigo (1600: 23–24). Pérez de Herrera (1610: 9). Valencia (*Acrec.*, I: 52). Struzzi (1624: 8v–9r). Castañeda (1628, 6: 12–15). Osorio (1686b: 42). Salazar (1687: 133–34). See also the authors cited by Maravall (1972, 2: 380–86).
- 87 Moncada (1619, I.1: 101). Leruela (1631, I.21: 54–56).
- 88 Guzmán (1614, 2: 130). The image of the spider to criticize the idle is also used by Digges (1615: 2).
- 89 Valencia (1618), whose exposure of laxity in studies is particularly enjoyable: pp. 37–38. Deza (1618: 25v). Navarrete (1621, disc. 39, 46, 47). Struzzi (1624: 9). Fajardo (1640, 66: 646). Antonio Pérez (1597: cxxvi–cxxxiv). Somoza (1680: 246). Osorio (1686b: 63–64; 1686a: 321–31; 1687: 246–71, 289ff).
- 90 Maravall (1972, 2: 30–32, 189–91, 376–8, *passim*). Viñas y Mey (1970b: 641–42).
- 91 On this subject, see Sierra Bravo (1975, I: 205–6); Benassar (1983, part III); and especially that little masterpiece of cultural-economic analysis that is Vilar, P. (1956a).
- 92 On the idea of the decline of Spain (‘*decadencia*’), see Cellorigo (1600: 1–4).
- 93 See for example Antonio Pérez (1597: cxiii–cxxxiv). Cellorigo (1600: 1). Fajardo (1640, 66: 649–50). Salazar (1687: 136). Above all, Leruela (1631, I, chs 19; 21: 61). – Compare Kamen (1983: 234).
- 94 Zeballos (1619a: 152v). Navarrete (1621, disc. 7).
- 95 Cf. Abellán (1979, I: 29ff). Domínguez Ortiz (1976, ch. 21).
- 96 Mentioned also by Leruela (1631: 59–61).
- 97 Struzzi (1624 resp. pp. 1; 2r–v; 3v, 11v; 9v–10v; 11v–12r). Dormer (1684, I: 7, 8, 10–19, 28ff).
- 98 Dormer (1684, resp. I: 25–28; III: 81ff and I: 23, 29). Struzzi (1624, resp. pp. 11r–v, 12v). – On seventeenth century Spanish free traders, see Smith, R. (1940). On the dispute involving Dormer and others in Aragón about import bans, and on a similar dispute in Barcelona, see the detailed chronicle of Carrera Pujal (1943–47, II: 444–91 and 279ff).
- 99 Baeck (1988: 400). This thesis has illustrious precedents (see below, chapter 10). But even now it is not at all ‘clear’ to the great majority of economists.
- 100 Lyra (*Repr.*: xv–xvii). Pellicer (1639: cxxxix–cxl). Osorio (1686b, 3–4: 70ff).
- 101 Anes (1971: 82).
- 102 Leruela (1631, I.18; II.4: 160–61). Compare Le Flem (1975); Krauss (1970: 574); Baeck (1988: 398).
- 103 Leruela (1631, I.21: 59).
- 104 Castañeda (1628, chs 3–5).
- 105 Vilar, J. (1974: 56–59). On the *Memorial* of the University of Toledo (1620), written by a group of well-known scholars led by Moncada, see Viñas y Mey (1970b: 639).
- 106 Moncada (1619, IV.5–7; IX).
- 107 *Ibidem*, I.4: 100; IV.3: 160–61.

- 108 Ibidem, II.2: 135. The same thesis is in Leruela (1631, I.22).
 109 Moncada (1619, II.2: 135; IV.3: 159–60; II.2: 136–37). Also Navarrete (1621, disc. 7) approves of the expulsion of the Moors for racial reasons, but at least he admits that it has been harmful economically.
 110 Moncada (1619, I.4: 101. But for the opposite view see VII.7–8). The same thesis in Leruela (1631, I.21).
 111 Moncada (1619, resp. IV.3: 160–61; II.3: 136; V: 177–84; VI: 198–201).
 112 Vilar, P. (1960: 28).

8 Expanding production: a (fearful) hunger for goods

- 1 Cannan (1929: 7).
- 2 *Débat* (1456: 37). Coke, J. (*Debate*: 105). But see also the comment of Funck-Brentano in the Preface to the 1889 edition. Funck-Brentano wrongly anticipates by about a century the date of Coke's dialogue, as it appears from the historical facts cited in the text.
- 3 Ammirato (1598, III.8: 113, 117); Piccolomini (1609, III: 63); Mercado (1569, 4.1: 3v–4r).
- 4 Soto (1553, b. VI, vol. 3, Quaestio 12, art. II: 593b–599a).
- 5 Azpilcueta (1556, XII: 51–56).
- 6 Mercado (1569, 4.1: 3–4). See also Sierra Bravo (1975, I: 210–40); Grice-Hutchinson (1978: 102–07).
- 7 Malestroit (1567, 1st paradox); Bodin (1568: 47v–52r; 1576, VI.2: 882–83).
- 8 Davanzati (1588: 163b–164b).
- 9 Barbieri (1940: 92).
- 10 Dumoulin (1546: 113). On Dumoulin, see Noonan (1957, 18: 367–70).
- 11 Davanzati (1581: 35).
- 12 Carafa (1476: 272–73, 282–84).
- 13 Similar statements will be also expressed by Machiavelli (1513, 21: 86).
- 14 Lottini [1574, av. 358: 588b].
- 15 Lottini [1574, av. 241, 248: 572–73].
- 16 Botero (1589, VII: 9–10).
- 17 Laffemas (1602a). Cf. Cole (1931: 63–112).
- 18 Cp. Noonan (1957: 262–64, 348–52); Viner (1957–62: 111).
- 19 Beer (1938: 112).
- 20 Mun (1621: 1–23, 31–32; 1630, chs 2–4). Roberts (1641: 67–69); Coke, R. (1675: 57–58); Houghton (1677: 259).
- 21 Peri (1638).
- 22 Cf. for example Heckscher (1931, IV.3.2, vol. 2: 222).
- 23 Mun (1630, chs 13, 17, 18); Locke (1691: 12); Brewster (1702, II: 18–25); Decker (1744: 145). The cameralists repeated this until the end of the eighteenth century: cf. Herrenschwand (1796: 44ff., 85, passim; 1797, II: 16–43); this late physiocratic-mercantilist, the enemy of all modernity, was judged overgenerously by Schumpeter (1949, II.4.3.a: 274).
- 24 North, D. (1691: 525).
- 25 North, D. (1691: 518, 522–23); Locke (1691: 12); Child (1693, 9: 183–84, passim).
- 26 Cf. Judges (1939: 37–38).
- 27 According to G. Tucker (1960: 59), Smith was probably aiming to discredit all the literature that was not in favour of laissez-faire. La Nauze (1937) claimed that Smith was attacking the mercantilists' policies, not their literature (but see also Coats 1975: 231–34). In fact, Smith attacked both, leaving his references deliberately vague. Not only did he take the mercantilist arguments in their earliest and least polished form, in order to confute them more easily, but he never,

- or very rarely, acknowledged authors who were basic sources of his analyses and even of their formulation, like Petty, Locke, Defoe, Cantillon and Steuart (see below).
- 28 Smith (1776, IV.1). Cf. Cannan (1893, I.2: 1–2); Schumpeter (1949, II.7.4e: 441–42n).
- 29 Smith (1776, resp. IV.3 and IV.8).
- 30 Smith (1776, IV.1.viii); Lauderdale (1804, 3: 35); Say, J. B. (1828–29, 4.11–13; 9: 898–904); Senior (1828: 35–44; 1836: 657); Daire (1846: lxviii); Mill (1848: 4–5); McLeod (1872, 3.10–11: 68–70). The two latter authors gave interpretations which are particularly narrow. For a similar interpretation see also Beer (1938, ch. 7; and pp. 203–09). For a review and an effective criticism of Smith's followers on this issue, see Rashid (1980).
- 31 Say, L. (1822: 22–23); McLeod (1872, III.10–11: 68–70); Stephen (1876, ch. XI, sect. 1–19); Ingram (1885, 5: 48, 51); Denis (1904: 7); Gonnard (1921: 88, 90, 291, etc.).
- 32 See for example Zaneletti (1956: 102); Blaug (1961, 1.1: 35, 39–40); Faure-Soulet (1964, II.1.1: 42–43); Allen (1966: 67; 1970); Robbins (1967, 1.3, 5.2); Deane (1978, 1: 4–5). – Against this view, in particular Allen's version, see Coats (1973).
- 33 For example Cannan, in a previous work (1893, I.2); Roll (1938, II.2–3).
- 34 *Ernestine* (1530). On the Saxon debate and on the issue of debasement, see Perrotta (2000).
- 35 *Albertine* (1530–31).
- 36 See Copernicus (1528: 60–62).
- 37 Montchrétien (1615: 24); Roberts (1641: 60–61); *Advice* (1660: 152–53); North, D. (1691: 516–30, esp. pp. 527–28); Davenant (1698, I.1: 138; II.1: 354–57, 381–82); *Considerations* (1701, II: 558–59); Vauban (1707: 49); Boisguilbert (1695, II.19–21; III.6: 234. 1707, IV: 278–79. *Diss.*, 2: 396–98; 4: 404–05; 6: 414–17); Law (1705: 2–14); Dutot (1738, I.10: 227–28); Asgill (1696: 9, 13–17); Barbon (1690: 16–18); Berkeley (1735–37, queries 29–32, 37–44, 448–50); Tucker, J. (1755: 146, 202); Genovesi (1757a). On the attribution of *Considerations on the East India Trade* see Maneschi 2000.
- 38 Cf. Dionnet (1901: 2–3).
- 39 Aristotle (*Politics*, 1257b). See for example Lottini (1574, avv. 229: 570); Paruta (1579: 346); Navarrete (1621, 34: 523b); Houghton (1677: 273); Montesquieu (1748, 21.22: 377a); Postlethwayt (1757a, XIV: 333–34). On the Spanish, see also Grice-Hutchinson (1978: 144–45).
- 40 Senior (1828: 43); McLeod (1872, III.10–11: 68–70). Carrera Pujal (1943–47, I: lxi) says the same regarding Ortiz.
- 41 Coke R. (1675: 57). Pollexfen (1697: 4–9). *Vindication* (1699: 3–36). Violet (1643: 11–12). Some attribute *Vindication* to Pollexfen.
- 42 This is acknowledged even by McCulloch (1845, I: 1–2). See also Cannan (1893, ch. I); Schumpeter (1949, II.7.e: 442).
- 43 Besides those already quoted, see for example Fortrey (1663: 217); Barbon (1690: 9–10); Boisguilbert (1707, V: 284; *Diss.*, 1: 394, & 4: 403); Cantillon (1730, I.1); Bandini (1737: 144–48); Hume (1752a: 294); Harris (1757: 347–48). For the sixteenth century Italians, see above pages 105–06. On Boisguilbert it is important to see Faccarello (1986).
- 44 See for example Furniss (1920, ch. 4, also pp. 40–48, 61, 202–03, etc.); Gregory (1921); Suviranta (1923: 54–60, 115–16, 120–36, passim); Morini-Comby (1930, 1: 3–6, 12, 16–17, 39, 83, etc.); Cole (1931: 36–44, 213–23, passim); Mazzei (1936: 760, 764ff.); Johnson (1937: 3–5, 14–15, 276–77, etc.); Tagliacozzo (1937: xxxiii–xxxiv); Fanfani (1938, parts 1–2); Bertolino (1938–39, 15: 603–04); Buck (1942: 30–56, 120–21, 176–79, passim). Dal Pane (1944, 13.1:

- 394); Hoselitz (1951; 1960b); Coats (1958; 1973); Deyon (1969); Wilson (1965); Appleby (1978: 115ff).
- 45 See for example Gregory (1921); Morini-Comby (1930: 44–56); Grampp (1952: 472, 474); Coleman (1957); Wilson (1959); Spengler (1960, App. 5: 135–36); Magnusson (1987).
- 46 For example List (1841, chs 28, 29; 38: 320–22); Eisenhart (1881, 3: 15–25); Cannan (1929, I.1: 7; however, see also p. 10).
- 47 Pecchio (1829: 93–94); Scheel (1886, section 4); Supino (1888, ch. 7); Gobbi (1889: 335); Oncken (1902, I: 154–58); Harsin (1928, I: 15–19); Morini-Comby (1930: 17, 22–26, 47, *passim*); Fanfani (1938, III.4.1: 151); Schumpeter (1949, II.7.4.e); Vilar (1960: 20); Lekachman (1959, 3: 48); Hollander (1973, 2: 64–65); De Maddalena (1980, sections 3–5). See also Gonnard (1935, III.2), who criticizes very effectively the alleged relationship between chrysohedonism and mercantilism (pp. 162–82).
- 48 For example Driver (1980: 2); Garbero (1980, Intro.: 14–18).
- 49 Mun (1630, 3.8); cf. Spiegel (1971: 110). Roberts (1641: 60–61). – Desmars (1900: 225).
- 50 Cartelier (1976: 104–05). – See Smith (1776, II.3).
- 51 Cf. Heilbroner (1962: 58–60).
- 52 Cf. Appleby (1978, ch. 1, esp. p. 17ff).
- 53 Asgill (1696: 22).
- 54 See for example Petty (1662, X.10: 68, and in general chs X and XIV); Boisguilbert (*Diss.*, 6: 417); Cantillon (1730, I.1, I.10); Hay (1735: 7–8); Hume (1752c: 324); Harris (1757, I: 347–48).
- 55 Botero (1589, VIII.3: 247–48).
- 56 Davanzati (1588: 167a). Bacon (1612, essay 15). Hobbes (1642, XIII.14: 258–59; 1651, 24: 233); Petty (1662, X.10: 68); Cantillon (1730, I.1).
- 57 Montchrétien (1615: 99, *passim*); Becher (1668, intro., I: 3–4); Briscoe (1696: 17); Cary (1695, I.7: 137–38); Davenant (1698, I.1: 138).
- 58 Locke (1690, II.40: 361; see also II.41–43). Hay (1735: 7–8); Harris (1757, II: 349). Briscoe (1696: 44); Berkeley (1735–37, query 38). For other authors, see Furniss (1920: 16–25).
- 59 See Hume (1752a); Ortes (1774, V.1: 139).
- 60 Montchrétien (1615: 24, 31–39, 66–69, etc.); Davenant (1698, I.1: 138); Galiani (1751, II.4: 229–30).
- 61 Cole (1931: 36–44, 220–21, *passim*); Pauling (1951: 55–64); Grampp (1952: 471); Spengler (1960, app. 1: 85); Vilar (1960: 20).
- 62 See for example Botero (1589, VIII.1); Laffemas (1600b, 1602b, 1602c); Serra (1613, I, chs 3, 4, 9, 11; III.8: 168); Montchrétien (1615: 18–20); Mun (1621: 9, 15–16, 40, *passim*; 1630, chs 3.11, 10, 19); Lunetti (1630: 135–36); Mata (1650–60); *Advice* (1660: 152–53); North, D. (1691: 529). For Romeo Bocchi, writing in 1621, see the passage quoted in Graziani (1893: 50).
- 63 Wheeler (1601: 22); Serra (1613, I.3); Mun (1621: 9, 15–16); Roberts (1641: 95); Ulloa (1740, I.2; II, intro. and ch. 1); Ward (1762, I.11: 97). Defoe (1728, I.1, esp. pp. 9–19).
- 64 See Deyon (1969, I.II.3: 55–56).
- 65 See the quotations in: Heckscher (1931, III.4.1: 130); Cole (1931: 22–25, 37–44, 73–80, 99–108, 122–35, etc.); Johnson (1937: 283–84); Buck (1942: 30–43; and, on agriculture, pp. 48–52). On Spanish and German-language authors, see Spengler (1960, app. 3–4). For seventeenth century Italian non-economists, like Sarpi, Boccacini and Giovanni Bonifacio, see Gobbi (1889). On the mercantilist relationship between production and trade, see Steiner (1992); for an interesting interpretation of mercantilist general approach, see Reinert and Daastol (2000).

- 66 Smith (1776, esp. intro. and I.i–iii).
- 67 See for example Bodin (1576, VI.1: 835); Ammirato (1598, III.8: 112); Zecchi (1600, II.3: 229); Brusantini (1611, I: 42–43); Montchrétien (1615: 24–28); Navarrete (1621, disc. 6–16); Roberts (1641: 63); Fortrey (1663: 218–19); Becher (1668, intro., I: 2–3); Houghton (1677: 263); Brewster (1702: 51).
- 68 Coke, R. (1671: 29, 34, *passim*). Petyt (1680, XIV: 458; see also I: 292).
- 69 See for example Barbon (1685: 22); Osorio (1687: 19–44); Locke (1690, II.42: 362; 1691: 63); Child (1693: xlii, 62, 176; 1694: 30); Davenant (1698, I: 138; *Monarchy*: 12–19); Bellers (1699: 7–8); Belesbat, ms in Schatz and Caillemier (1906: 17–21); Defoe (1728, I.1: 18).
- 70 Botero (1589, b. VII; VIII.1); Petty (1662, III.12–13: 34; 1676, IV: 286; 1685–87).
- 71 Cantillon (1730, I.15); see also Spengler (1954, III) and Tarascio (1981). Law (1705: 24).
- 72 See for example Melon (1734, ch. 3); Hay (1735: 7–8ff); Ulloa (1740, I.22–23; II, intro); Decker (1744: 212, 246–48, 301); Galiani (1751, II.4: 229–33); Plumard (1752: 15); Forbonnais (1753: 697a); Postlethwayt (1757a, IX: 221); Rousseau (1765: 904); Verri (1771, section 21); Price (1771: 343–45). The same approach is found in Genovesi in the early economic writings: see Genovesi (1757c, sections 3–4).
- 73 Tucker, J. (1755: 63–90).
- 74 Vanderlint (1734: 17); Hume (1752d); Genovesi (1765, IV.1, *passim*). In this sense, see also Faiguët (1763, II: 119). For Benjamin Franklin, see Dorfman (1946: 183). For the encyclopaedists see Raymond (1963). On population in Genovesi, see Villari, L. (1959: 77–89); also the essays by de Vergottini, Fortunati, Lasorsa, Sensini in Demarco (1956). On Hume, see Arkin (1956, IV). For an idea of the wide circulation of tracts on the population–economy issue in the eighteenth century, see Ciolini *et al.* (1985).
- 75 Memmo (1772, I: 206). Ward (1762, I.8: 58–9; I.11: 104). Beccaria (1769–70: 46–47).
- 76 Steuart (1767, I.1).
- 77 Many historians touch upon a similar interpretation. On the population in Petty, Roncaglia (1977, 6: 84–86) is useful.
- 78 Heckscher (1931, III.4.4: 163–68); Collison Black (1985: 7–8); Hollander (1973, 2: 71, 75–77). – On population in the pre-Smithians, see among others: Cannan (1893: 124); Sombart (1916, II.56: 425–28); Spengler (1942: 22ff); Demarco (1956, with a good bibliography: pp. 146–47); Buck (1942: 43–48, 88–96); the papers in Gioli (1987).
- 79 Appleby (1978, 6: 136–38).
- 80 Bell (1756). Temple of Trowbridge (1758, 14.4: 514–16; 14.6: 519).
- 81 Botero (1589, VIII.2: 245; VIII.3: 249–50); Laffemas (1597, 1602b, 1602c, etc.); Zecchi (1600, II.3: 221–28); Serra (1613, I.3); Brusantini (1611, I: 42); Montchrétien (1615: 22–25, *passim*); Mun (1621: 9; 1630, III: 11–13); Hobbes (1642: 259); Keymor (1653: 17, 19–21); Chiaramonti [1665, III.2: 101–02]; Barbon (1690: 31); Locke (1691: 28–29); North, D. (1691: 517); Briscoe (1696: 116). On Sully, see Cole (1931: 207, 212).
- 82 Huet (1713, II: 35ff); Mandeville [1714, Q: 197]; Tucker, J. (1750: 358–60). On Wallace, who writes in 1753, see Lutfalla (1981, ch. 8].
- 83 Mun (1621: 9, 41; 1630, III: 11–13).
- 84 De Witt and De La Court [1746, resp. I: 6–7, 15, 22–31; pp. 3, 7, 33; 9: 31–36; 14–15: 49–59; II.2–5: 195–223].
- 85 Raleigh [1677]; Fortrey (1663: 231–32); Petyt (1680, III: 299–305; IV: 313); Cary (1695: xiii–xv, xix). Pollexfen (1697: 53).

- 86 See above, chapter 7. Also Uztariz (1724, chs 14–17); Ulloa (1740, I, sections 11–19); Ward (1762, I, chs 9–12); Muñoz (1769: 199–266), who insists on the need to improve agriculture; Campomanes (1775–77). Compare also Grice-Hutchinson (1978, esp. pp. 139–42).
- 87 Laffemas (1602b); Montchrétien (1615: 27–28, 43, 109, etc.); Mun (1630, 18: 69–70); Robinson (1652: 23); Petty (1662, II.36–40: 29–31; X–12: 69); Child (1668: 6; 1693, 2: 60–61, and ch. 9: 182); Yarranton (1677); Osorio (1687: 39); Bellers (1696); Davenant (1697: 100; *Bal. of Trade*, II: 207–15); Puckle [1700].
- 88 Belesbat, ms. in Schatz and Caillemer (1906: 24–35); Pascoli (1728: 168); Gee (1729, 29: 122–23); Hay (1735: 6ff); Gray (1751: 13–16); Plumard (1752: 274–75); Grisellini (1768: 156–58). On William Penn, see Dorfman (1946: 81). See also the authors cited by Johnson (1937: 284–87).
- 89 *Tract* (1621). Culpeper, Elder (1621; 1623); Culpeper, Younger (1668, esp. pp. 15–16; 1670). For Child, see for example Child (1668: 6). Robinson (1652: 10).
- 90 Smith (1776, IV.viii.49–54); Marx (1859, II, C: 134); Tawney (1922, IV.4); Heckscher (1931, III.4.4: 152–55, 163–68). Gregory (1921: 50); Buck (1942: 88–96, 212–13); Wermel (1939: 3–14); Nuccio (1978).
- 91 Furniss (1920: 120–40, passim); Beer (1938: 176–77); Mira (1964: 226–27, 250); Sekora (1977: 60–68); Viner (1937: 51–57); Heckscher (1931, intro.: 23; I.1; I.8: 461; passim); Hollander (1973, II: 57–59); Faure-Soulet (1964: 74). Meoli (1978: 141–42).
- 92 Müller-Armack (1941: 250; but see pp. 259–60). See also Berkeley (1735–37, queries 374–77).
- 93 Lunetti (1630: 125–26); Petty (1662: 87; 1685); Graunt (1662, 3: 353); Pascoli (1728: 165–68); Gee (1729, 23: 50–59; ch. 27); Melon (1734, 8: 114–17); Tucker, J. (1750: 323–24, 339–40, 346, 349–55); Hume (1752b: 307–08); Postlethwayt (1757c, IX: 219–20); Genovesi (1757c: 154–56; 1765, I.13.17).
- 94 Hutcheson (1733–37, III.3: 199–202). Ward (1762, I.11: 96–100); Berkeley (1735–37, queries 381–87; qs. 371–73, 378); Faiguet (1763, I: 61).
- 95 Cp. Cipolla (1974: 116–17); Appleby (1978: 141–43).
- 96 Buck (1942: 88–96); Wilson (1965: 231–36, 349ff); Appleby (1978, ch. 6); Grampp (1952: 482). Wilson cites Cary, Bellers, Firmin, Culpeper and others among the advocates of social schemes for humanitarian motives (pp. 120–21). – See also Cole (1931: 27–30, 80–81, 119–20, passim); Furniss (1920, V: 96ff). However, as Coats has suggested, this humanitarian tendency was probably peculiar to England, in that period.
- 97 Bodin (1576, VI.1: 240–41); Paruta (1579: 108–12); Mun (1630, ch. 19); Child 1693, pp. viii, 60); Briscoe (1696: 64); Hay (1735: 6); Ulloa (1740, I, section 21); Decker (1744: 298–302); Gray (1751: 4); Postlethwayt (1751–55, under Labour, section 3, col. viii); Campomanes (1775–77, II: cxxvi and ff).
- 98 *Considerations* (1701: 626–27); Defoe (1704: 57–58).
- 99 Petty (1671: 238–39; 1676, ch. IV; 1662, II.40: 31; VI.19: 60).
- 100 See for example Laffemas (1600c; 1600d); Hale (1683, especially ch. 3); Child (1693, 2: 98ff). Cary (1695, I.11: 292); Decker (1744: 298–302); Dupin (1745, I: 177); Gray (1751: 18–20); North, R. (1753); Ward (1762: 199–207, 344–63, 391ff, passim). Humanitarian feeling is particularly marked in Child, Defoe and Hay.
- 101 Defoe (1728, I.1: 19–21).
- 102 See for example Lottini (1574, avv. 241, 248: 572–73; see also avv. 32–35: 358–90); Petty (1676, II: 269–70); Davenant (*Bal. of Trade*, II: 207–09); Mandeville (1723b, I: 286–90, 299–300); Cantillon (1730, I.9); Berkeley (1735–37, q. 380); etc.
- 103 North, R. (1753).
- 104 Mun (1630, 19: 73); Petty (1661: 88; 1662: 87; 1676, II: 274–75); *British Mer-*

- chant* (1713, I: 28); Mandeville (1723b, I: 286–90, 298ff.); Gee (1729, 23: 51–53); Tucker, J. (1750: 323–24, 339–40, etc.); Voltaire (1751, 30: 371). See also Furniss (1920: 120–40); Buck (1942: 88–96, 212–13); Nuccio (1978).
- 105 Furniss (1920: 20–21).
- 106 See for example Montchrétien (1615: 22–23, 99–110); Mun (1630, 3: 11–13); Child (1668: 3); Temple, Sir W. (1672, VI: 195–96); Petyt (1680, I: 292); Cary (1695, I, chs 7–11); Davenant (1698, disc. I: 138); Berkeley (1735–37, q. 38).
- 107 Lottini [1574, avv. 241, 248]. Ammirato (1598, III.8: 113). Serra (1613, I.4). Roberts (1641: 63–64). Tucker, J. (1750: 337). Harris (1757, sections 16–18: 363–68).
- 108 See for example Uztariz (1724, chs 5–10, 43–64); Campomanes (1775–77, II, pp. x, xliii, cclxvi). Osorio (1687: 14–15). Lunetti (1630, 70: 125–26, *passim*). Plumard (1752: 47ff, 152–56 and ff); Grisellini (1768: 159–65); Memmo (1772: 223).
- 109 See for example Zecchi (1600, II.3: 223); Brusantini (1611, I: 42); Navarrete (1621, disc. 17); Roberts (1641: 80); Robinson (1652: 12, 22); Fortrey (1663: 219–20, 224–26); Temple, Sir W. (1672, VI: 187–89); Coke, R. (1675: 12–29); Houghton (1677: 263–64); Child (1693, p. xlii; ch. 7; ch. 9: 182); Pollexfen (1697: 51–53); Tucker, J. (1750: 328, 343–44, 374–79; 1755: 80–89); *Proposals* (1751: 435–37); *Philo-Patriae* (1753). Ward (1762, I.8: 59–60; I.12: 116–17).
- 110 Brewster (1695: 7–21).
- 111 Navarrete (1621, disc. 7); Muñoz (1769: xlv–xlvi). Petyt (1680, XIV: 458). Petty (1672, XV: 182). See also Petty (1662, II.37: 29–30; V.14: 52; XII.13: 81; and 1664, X: 118).
- 112 Spengler (1960, I.B.3: 30; see also I.B.8). See also, among other historians, Heckscher (1931, III.4.1: 121–30); Johnson (1937: 141, 242, *passim*); Petino (1986, sections 2–3).
- 113 Wheeler (1601: 25, 27).
- 114 See passages by Matteo Palmieri, Leon Battista Alberti, Marsilio Ficino, Ludovico Vives, Francesco Rabelais and Giordano Bruno printed in Negri (1980). See also Rossi (1962, chs 1–2).
- 115 Botero (1589, VIII.3: 249–50).
- 116 Besides his philosophical and methodological works, see *New Atlantis* (Bacon 1624: 119–66), which is a real hymn to technical and scientific progress and its applications in production; and Bacon (1612, 15: 410).
- 117 On Petty, see fn 107. Barbon (1685: 13); Osorio (1686: 14–15); *Considerations* (1701, esp. chs 12–13). Vanderlint (1734: 16); Postlethwayt (1757b, diss. 1); Ward (1762, I.13: 126).
- 118 Postlethwayt (1757b, 1: 24); Plumard (1752: 258–66); Tucker, J. (1755: 125ff; 1757: 234–42).
- 119 Cantillon (1730, I, chs 7, 8, 13). Compare Hoselitz (1951: 234–43). Lutfalla (1981, ch. 2) discovers this concept in Olivier de Serres, writing in 1600.
- 120 Cp. Schumpeter (1949, II.1.2: 69); Cavalli and Tabboni (1981, Intr.); Vivenza (1984: 181–82).
- 121 Say, J. B. (1803, I.1.8: 61–62fn) quotes Diderot and Beccaria; Pecchio (1829: 227–28) quotes Beccaria.
- 122 As Foley (1974; 1975) says. Schumpeter (1949, II.1.2) and McNulty (1975) also point out that Plato talks about division of labour in the opposite sense to Smith: to justify social stratification and the non-mobility of labour. Useful on this point: Vivenza (1984: 179–92).
- 123 For Thomas Aquinas, see De Roover (1974b: 337–38); for Egidius Romanus, see Langholm (1992: 384–85). Davanzati (1581: 33–34; 1588: 160b). For the eighteenth century, see for example Tucker, J. (1750: 313); Genovesi (1765, ch. 9).
- 124 Montchrétien (1615: 13–18, 31–32, esp. 38–41). Becher (1668, Intr., 2: 4–11).

- Petty (1676, I: 255–56). Boisguilbert (1707, 5: 285–86; *Traité*, I.1, I.4, II.10); Defoe (1728: 20–27); Kames (1774, I.4.i: 193–95); Vasco (1769: 773). Mandeville (1714, P: 169–70; 1729: 142, 284, 325); Harris (1757, sections 11–12; 15: 363fn); Ferguson (1767, IV.1; V.3: 247–48). Beccaria (1769–70, I.19–24). – On the division of labour in Petty, see Asproumouros (1987).
- 125 Doni (1562: 399–400). Petty (1676, I: 260; 1681: 473); *Considerations* (1701, 12: 590–93); Ferguson (1767, IV.1; V.3: 247–48). Tucker, J. (1757: 242–43); Camponanes (1775–77, II: vi–vii).
- 126 Smith (1776, I.i–iii; V.i.f.50–61: 769–76; *passim*). Cf. Marx (1862–63, 3.b, esp. pp. 283–313; 1867, 12.4: 398–98); Kaye (1924, I: cxxxv). Strangely enough Schumpeter denies the influence of Ferguson (whom he unjustly doesn't estimate much) on Smith: (Schumpeter 1949, II.3.4.e: 222–23fn). According to Cannan (1893, III.2: 35fn), it was Locke who inspired Smith. But Locke confines himself to enumerating some jobs; which is not enough to speak of division of labour (see Locke 1690, II.43).
- 127 Petty (1681) and *Considerations* (1701, pages cited in fn 120). Deleyre (1755); cf. Venturi (1970: 99).
- 128 Cf. Polanyi (1944, chs IV–V).
- 129 Serra (1613, I.3).
- 130 See for example Cary (1695: xxxix); Muttoni (1760, III.1: 40); Carpani (1764: 93); Forbonnais (1767, ch. 1: 5); Grisellini (1768: 151–52).
- 131 Petty (1676, I: 256; IV: 289–90). On this see Roncaglia (1977: 100).
- 132 See respectively Petty (1662, II.37–41: 29–31; IV.15: 43. 1664, ch. I). Cf. Cannan (1893, I.1: 3; I.6: 11).
- 133 Cantillon (1730, II.9). Hay (1735: 8); Postlethwayt (1757b, II, diss. 33: 395); Harris (1757: 348–49); Forbonnais (1767, ch. 2: 7).
- 134 Johnson (1937: 240, 246–47, *passim*); Buck (1942: 53, *passim*).
- 135 Schumpeter (1949, II.6.6–7); Tucker, G. (1960). Heckscher (1931, IV.2.4).
- 136 Marx (1862–63, I, IV.6.b: 308; see also 1864–65, 47.I: 895); Roncaglia (1977, 7.4–6: 95–100). Cf. Petty (1662, IV.12–15: 42–43; see also V.14–16: 52). More exactly, according to Marx, in this passage Petty is thinking of surplus value as rent, which would include profit, in an as yet vague form. But although Petty here equates surplus corn with surplus silver on the basis of the labour time, he deals with this issue as a 'collateral question', after examining the surplus product in itself.
- 137 Botero (1589, VIII.3: 246–48); Serra (1613, I.3).

9 Productive and unproductive labour

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- 1 Compare Johnson (1937: 245–46); James (1959: 47–48); Deyon (1969, I.2.3: 56–57).
- 2 Roscher (1854, section 59, fn). Marx (1859, I, A: 39; 1862–63, I, 4.2, 4.6b and Appendix 1–2). Heyking (1880: 75fn). Ingram (1885: 49). Schmoller (1900, 39: 130).
- 3 Rubin (1929); Johnson (1937: 215–16, 245–46, *passim*); Tagliacozzo (1937: LX); Pribram (1983: 77); James (1959: 47–48); Spengler (1960: 31, 33fn); Rima (1967: 26–27); Deyon (1969, I.2.3: 56–57); Garbero (1980). Garbero has the merit of giving for the first time in Italy a systematic account of the pre-Smithians' theories of productive labour.

- 4 For example, Pecchio (1829: 200–02), Michels (1932: 118), Villari, L. (1959: 89–94) and others in Genovesi. Valenti (1892, II.6 and II.9) in Genovesi and Ortes. Bertolino (1929–32: 20–25) in Hume. Cartelier (1976: 104–05), Roncaglia (1977: 68–70, 75–82), Aspromourgos and Groenewegen (*Subsistence*, p. 12) and others in Petty. Appleby (1978: 116, 133, 154–55) respectively in Keimor, Dalby Thomas and Littleton.
- 5 See Bevan (1894: 53–63, 99–102). Valenti (1892).
- 6 Marx (1859, I.A: 38–40; II.C: 137. 1862–63, i, iv.2: 271–73). This interpretation was adopted by Rubin (1929), Garbero (1980: 14–18) and Driver (1980: 2).
- 7 Cf. Valenti (1892, V: 360–65, 371–73).
- 8 More (1516, I: 44–45); Campanella (1602: 20–21, 28).
- 9 Hales (1549:123–26). Ortiz (1558: 128–29). Memmo (1564, II: 118–19). Mimes and actors had a bad reputation since the early Middle Ages, because they ‘deceive’. Firey (1998: 359) tells us that in the thirteenth century, the Franciscan Berthold of Regensburg, when describing human hierarchy on the model of the angelical one, put actors at the bottom. They corresponded to the fallen angels.
- 10 Bodin (1576, VI.1: 240–41). Paruta (1579: 352). Laffemas (1601).
- 11 Botero (1589, VIII.3: 247). Romei (1585: 180). On Zecchi, see Supino (1888: 27).
- 12 Montchrétien (1615: 12–13, 31–33, 43). On Pletho, see Baloglou (1998: 426–27).
- 13 Bacon (1612, 15: 410. See also essay 29: 446). Navarrete (1621: 542b, and discs. 14, 26, 39, 40, 42–47).
- 14 Roberts (1641: 61–65). On Keymor, see Appleby (1978: 116), who refers to a pamphlet of 1650.
- 15 Becher (1688, intro., II: 4–11).
- 16 Petty (1671: 238–39. Also 1644–45: 185, 190–91; 1647; 1676, 8: 307; 1672, 2: 1685; 1686).
- 17 Petty (1676, 2: 269–71; 1672, 2: 144).
- 18 Petty (1676, 1: 259; 1662, II.32: 28). Marx (1862–63, I, 4.6.b: 306). Johnson (1937: 245). Pasquier (1903: 167–70) correctly interprets Petty, despite some confusion between productive labour and useful labour.
- 19 Petty (1662, II.15–33: 23–29).
- 20 Smith (1776, II.iii.2). See for example Marx (1862–63, I, IV.16: 444).
- 21 Petty (1676, 2: 269–71; see also pp. 259–60. 1662, II.27: 26).
- 22 Smith (1776, II.iii.37–42).
- 23 Ibidem, IV.ix.29–37.
- 24 Petty (1676, I: 256,259,267).
- 25 See respectively Petty (1676, 1: 267–68 and ch. 4: 289; 1664, X: 118–19).
- 26 Smith (1776, I.i.4–7; IV.ix, 37 and 48. Ibidem, II.v.11–12; see also III.iv.24). On the superiority of Petty’s approach, see also Boss (1990: 17–22).
- 27 King (1696: 424–25).
- 28 Petyt (1680, III: 301).
- 29 Ibidem, I: 292; III: 301–02.
- 30 Ibidem, VIII: 376–77.
- 31 Cary (1695, Pref., pp. xxxvi–xxxix; I.1: 8–11; I.2: 12; I.3: 49; I.7: 137–38).
- 32 Petyt (1680: 292, 302).
- 33 Briscoe (1696: 68–69,116).
- 34 See for example Child (1694: 12). Pollexfen (1697: 43–46); on him Pribram gives a simplistic interpretation (1983: 77).
- 35 Thomas (1690).
- 36 Locke (1691: 28–29). Petty (1672, 2: 144).
- 37 Davenant (1698, I: 139–41).

- 38 Bellers (1699: 10). On Littleton, who wrote in 1689, see Appleby (1978, 6: 154–55).
- 39 Cantillon (1730, I.16: 87–95). Petty, in the England of his time, judged it between a quarter and a third: Petty (1671: 238–39).
- 40 Cantillon (1730, I.16: 89).
- 41 *Ibidem*, I.12: 33; I.16: 57–58.
- 42 D’Arco (1771, I.1.2: 55–59; II.2.1: 74–77; II.3.1: 121–23). Dubuat–Nançay (1773, I, II.16: 221; ch. 18). Sénac (1787: 116ff). Tucker (1750: 331–32, 408–12). Hume (1752b: 326–30; 1752c; 1752d).
- 43 See for example Dupin (1745, I: 214). Tucker (1750: 331–32). Plumard (1752: 14–15). Faiguet (1763, II: 116–19, 146–51). On Muratori, see Graziani (1893: 58).
- 44 Hume (1752b: 324–25). Rousseau (1755: 726). Plumard (1752: 30–31, 36). Justi (1755, sections 275–88). Faiguet (1763, I: 66–67; II: 123–26, 140–42). D’Arco (1771, I.i.2: 58–59; II.3.3: 137, 141–43).
- 45 Forbonnais (1753: 697a, 699a). Harris (1757, sec. 13–14). Hutcheson (1733–37, II.12: 63).
- 46 Ward (1762: 96–97, 157, 164–67, 212–25). Muñoz (1769: 88–92). Vasco (1773, II.5: 398–99). Marx (1864–65, ch. 17; see also 1867–70, ch. 6).
- 47 Vanderlint 1734 (p. 53ff).
- 48 Hume respectively (1752d: 366; 1752b: 322–25).
- 49 Plumard (1752: 23, 41–43, 254–57).
- 50 *Ibidem*, pp. 268–69.
- 51 Griselini (1766: 143). Beccaria (1769–70, I.17: 35).
- 52 Harris (1757, par. 2, p. 348fn).
- 53 See on this the valuable analysis by Díez (2001, 1: 28–42) who also examines the acute Muñoz on this argument.
- 54 Genovesi (1765, 11.6).
- 55 See *ibidem*, 3.5, 3.7, 5.12. See also Genovesi (1757c, sections 6–8).
- 56 Genovesi (1765, 7.6, 11.1).
- 57 *Ibidem*, 11.3, 12.1. For the first law, compare Smith (1776, II.iii); for the second, compare J. B. Say (1828–29, I.5, vol. 1: 89–92. See also VII.28 in vol. 2).
- 58 Genovesi (1765, 12.9).
- 59 *Ibidem*, 11.3, 12.1.
- 60 *Ibidem*, chs 8–10.
- 61 Genovesi (1757a, 1757b, 1765, 9.11, 10.10–13, 10.22; 1767, 1.5).
- 62 Genovesi (1765, 5.12, 7.8, 8.15, 9.15–16, 11.1). De Luca (1968, esp. chs 7–12) grasps Genovesi’s point and links it to the present theory of balanced development. On the theory of development in Genovesi, the following are important: Villari, R. (1970) and Venturi (1969, ch. 8); see also Demarco (1957).
- 63 Genovesi (1765, 6.1, 6.8; in particular p. 161).
- 64 Compare Gobbi (1889: 335).
- 65 Botero (1589, VIII.3: 246–50). On Petty see above. On Child, see Collison Black (1985: 7). Cary (1695, Intr.: 5).
- 66 Cantillon (1730, I.15); Melon (1734, 1: 29; 8: 104–07); Hume (1752a: 293–94); Rousseau (1765: 907); Beccaria (1769–70, I.23–24); Butel-Dumont (1771, II.6: 110–12ff); Kames (1774, I.4.i: 163–64); Smith (1776, III.i.2; III.iv.17–18). See also Isnard (1781, 1: 77–78).
- 67 Defoe (1728, I.1: 18ff). Galiani (1751, IV.1: 158–59). Postlethwayt (1751–55, under Labour, sec. 3, col. 8; – 1757b, diss. 1, 3, 7–10, 28, 32, 33; esp. pp. 392–95). Steuart (1767, I.5, esp. p. 40).
- 68 See for example Melon (1734). Galiani (1751,ii.4: 232–33). Griselini (1769: 169–70). In fact, not only Botero, Laffemas, Sully, Mun and the Spaniards of the whole pre-Smithian era, but also Petty, in countless places, talked about the

- importance of developing agriculture. Many late seventeenth century authors called for canal-building and land reclamation. On the other hand, Ingram (1885: 37–38) claimed that the mercantilists believed above all in urban production because agriculture was still dominated by feudal relations. On this question, see also Buck (1942: 52, 201–02).
- 69 See for example Kranzberg and Gies (1975: 80); Cavalli and Tabboni (1981: 16).
- 70 Melon (1734, 8: 104–07).
- 71 Skinner (1966, III; 1985). – Steuart (1767, all book I, esp. chs 4–11).
- 72 Steuart (1767, i.5: 38–43).
- 73 Smith, however, speaks of this influence in reverse (1776, III.iv.17–18).
- 74 Cf. Hoselitz (1960b). See also Pesciarelli (1983).
- 75 Hoselitz (1960a); where see respectively Spengler (1960), Hoselitz (1960b).
- 76 Meek (1971; see also 1973, Introductions). Cf. Turgot (1751: 278–82). Smith (1762–63: 14–16, 27–28, 201–21, etc.), the core of which, according to Meek, dates back to the early 1750s. Quesnay and Mirabeau (1763: 143–52). On the theory of stages in antiquity see above, chapter 2; and Vivenza (1984: 189–92). Such a coincidence had actually happened, but only with Newton's and Leibniz' infinitesimal calculus.
- 77 Turgot (1751: 282). Smith (1762–63: 14–16, 459). Quesnay and Mirabeau (1763: 150).
- 78 Pesciarelli (1978: 603–07). Finzi (1983). Perillo (1978).
- 79 Graslin (1767, I.1: 7–10; I.4: 34; I.10: 112).
- 80 Ibidem, I.2: 13–27; I.5: 48–58. See Condillac (1776, I.6: 254b–57a); on which cf. Lebeau (1903, ch. I) and Meoli (1961, ch. II).
- 81 Graslin (1767, I.2: 25; I.10: 111).
- 82 Ferguson (1767, IV.1: 269–70; VI.2: 278).
- 83 Ibidem, p. 270.
- 84 Salvucci (1972, pp. 465–66).
- 85 See for example McCulloch (1845, I: 12–13).
- 86 Ferguson (1767, IV.1; V.3: 247–48).
- 87 Pecchio (1829: 234–35). McCulloch (1845, I: 28).
- 88 Beccaria (1769–70, I.23–27; IV.33; see also I.19ff).
- 89 Ortes (1774, III.22: 343–44; IV.15).
- 90 Ibidem, III.14–19; III.24; IV.3–7.
- 91 Ibidem, III.22: 348–49.
- 92 Vasco (1773, I.1–7: 391–95).
- 93 D'Arco (1771, II.2.2: 93–107; see also II.3.1–2: 121–23, 130n). Paradisi (1773: 471–72).
- 94 Paradisi (1773: 467–69, 471). Longo (1773, II.1, sections 1–14: 340–42). Sénac (1787: 116ff).

10 Foreign trade: fostering productive consumption/productive labour

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- 1 List (1841, chs 27–29); Heyking (1880, 5: 74, 89–90); Eisenhart (1881, ch. 3); Cunningham (1882, sections 66–70, 88); Scheel (1886, section 4); Oncken (1902: 154–58); Schatz (1907, ch. 1). See also Schmoller (1884); Sombart (1916, 2.55–56).
- 2 For example Heckscher (1931,1.5.7: 189–99) pointed out that up to the

- beginning of the 1700s most foreign trade involved only luxury goods. See also Deyon (1969, 2.1: 77–89); Pauling (1951: 53–55).
- 3 Cf., for example, Bertolino (1938–39, 15: 603–04); Zagari (1984: 51–66, 78–95).
 - 4 Hume (1752a: 295–96). See also Fay (1934, 52).
 - 5 See, for example, Mun (1621: 41; 1630, ch. 3); Roberts (1641: 61); Evelyn (1674, 9: 38); Barbon (1690: 22); North (1691: 516); Cary (1695, introduction: 4); Davenant (1697: 86); Pascoli (1728, 7: 17–18); Hay (1735: 8); Genovesi (1765, 7.7, 15.18, 16.5, 20.3).
 - 6 Massie (1750: 53); Forbonnais (1753: 690b–691a). See also Zanon (1738: 83).
 - 7 Low (1952).
 - 8 On this, see the interesting observations of Hutchison (1988, 4–5, *passim*; 21).
 - 9 See also Heyking (1880: 88n); Dopsch (1930, 8: 202–03).
 - 10 Cf. Mantoux (1905, 2.2: 130); Eisenhart (1881: 18–24); Schumpeter (1949, II.7.1); Heckscher (1931, III.4.1: 112–14); Pauling (1951: 52); etc. It is well known that while Smith criticized the effects the Navigation Act had on trade, he defended the act because it was supposedly motivated by the interests of military defence (1776, IV.2.23–29). His interpretation does not seem to be historically tenable.
 - 11 See, for example, Feavearyear (1937: 660); Secchi (1982).
 - 12 Eisenhart (1881: 18–24). Venturi (1962: xxiv); Argemí (1987, 5.3.2: 154). Argemí refers to the contract of 1703 for the exchange of Portuguese wine and English wool. It provided Ricardo with the example to illustrate his comparative-costs theory of trade, which is the greatest theoretical expression of the mutual advantage of free trade. Ironically, however, this contract did very little to help Portuguese economic development, while it was certainly beneficial to English development.
 - 13 Cf., for example, List (1841, 27: 312–13); Bücher (1893: 88); Lévassour (1893, 6.9: 1256); Schelle (1917, ch. 5); Heckscher (1931, I.5.7: 186; I.6); Giglio (1940, part 1); Deyon (1969, II.1). On the opposite side see Totomianz (1916–17, 6: 57). For an effective synthesis of the reasons leading to the reaction against Colbertism see Cossa, L. (1876: 234); also Fanfani (1938, II.1.2: 214–16).
 - 14 Smith, A. (1776, IV.1–8); Senior (1828: 44–67); Misselden (1622, 3: 53–62; 7: 102–34). Cf. Fay (1934: 48); Appleby (1978: 105–07); Coornaert (1967: 313, 315).
 - 15 Cf. Mantoux (1905, 2.2: 133). For the critics of the East India Company, see *Discourse* (1693).
 - 16 See, for example, Bodin (1576, 6.2: 875–77); Laffemas (1596; 1597; 1598; 1602a). On Aylesbury cf. Roll (1938: 61).
 - 17 Malynes (1622, 2–3: 46–49, 51–53, 69–70, *passim*). Cf. Barbieri (1940: 93, 212, *passim*).
 - 18 Wheeler (1601); Parker (1648). Mun (1621; 1630, chs 3–4, 10–11). Roberts (1641: 78–80, 88–93); *Advice* (1660). Cf. Fay (1934: 47–48); Fanfani (1938, 1.3: 173).
 - 19 Roberts (1641: 79); Colbert (1670: 497); Keymor (1653: 8, 19–21, 25–27). On Roger Williams see Dorfman (1946: 72–73). On Colbert see also Gonnard (1921, 2.4: 189); Mira (1964: 227–29).
 - 20 Cf. Gobbi (1889: 344–46). – Lunetti (1630: 57, 63–64).
 - 21 Petyt (1680, sections 5–6: 287–89, *passim*).
 - 22 Barbon (1690: 35–38); North (1691: 527–28, 536–37, 540); Child (1693, ch. 9); Brewster (1695: 41–49). Davenant (1697: 98, 101ff.); *Considerations* (1701, 3: 559–60). – Cf. Johnson (1937: 141ff.); Buck (1942: 63–72); Letwin (1963, chs 1–3); Marchi (1981: 164–66). Only Dudley North is often acknowledged to have had a true theory of free trade: see Blanqui (1837–38, I: 333); Letwin (1963: 198–200); De Maddalena (1980: 669); etc.

- 23 *British Merchant* (1713, vol. I, Preface by Charles King, pp. v–xxiv; vol. 2: 1–2). *Mercator* (1713–14).
- 24 Low (1953: 80–82). Gray (1751: 18–20). Campbell (1750, XV: 501–03).
- 25 On the balance of trade, much later Pietro Verri used the same arguments of Child and Davenant, uniting liberal requirements with mercantilist principles: see Verri (1771, sections 8–9; 1760: 333).
- 26 Ashley (1897); Heckscher (1931, V.1, V.2.1, V.3). About Sweden, see Magnusson (1987). For Johnson and Buck see note 22.
- 27 Beer (1938, II: 197–98); Appleby (1978: 175–209, *passim*). Grampp (1952: 486–91).
- 28 Ashley (1897: 287).
- 29 Vauban (1707: 38, 52–56, *passim*); Boisguilbert (1707, 4: 280; *Diss.*, 5; *Traité*, ch. 2; etc.); Belesbat (*ms.*, in Schatz and Caillemier 1906: 46–50, 60–67); Decker (1744: 157–58, 174–79, 186–209, etc.); Herbert (1753). On Franklin, who besides defending the interest of landholders, defended the enormous profits of monopoly trade with the Indians, see Dorfman (1946: 186, 191). Depitre (1910: xxxiv); Schatz (1907: 28–29); Vaggi (1987, 4.7). See also Morini-Comby (1930: 138). On Vauban see also Blomfield (1938: 149, 151); Saint-Simon, cited in Daire (1843: 15–16). Mayans y Siscar [1976: 4].
- 30 Melon (1734, ch. 19); *Proposals* (1751: 451–57); Decker (1744: 157–58); McCulloch (1859b: viii–ix). For a precise review of Dutch mercantilism see Laspeyres (1862).
- 31 See, for example, Pascoli (1728: 12–19, 28–36, 53–56); Genovesi (1757c); Galiani (1770); Carli (1771); Anderson (1777: 307–86). See also D’Arco (1775). On D’Arco and other eighteenth century Italians see Molesti (1986: 34–39). Müller (1820) tries to show the opposite for the Italians but is disproved by his own evidence (see in particular the chapter on Genovesi, pp. 218–19). Later authors in favour of free grain trade are Cossu (1774); Milizia (1798: 580–82); Vasco (1773).
- 32 See, for example, Janssen (1713: 3–5, 11–16); *British Merchant* (1713, *passim*); Tucker (1750: 324–26, 333–34, 342–46; 1755: 126–28). On Verri see note 25 above. See also Fortrey (1663: 244–45); Cary (1695). Gee (1729) supports protectionism as a general rule (*postscript*, p. 204) but then calls for some free ports (ch. 33).
- 33 Gervaise (1720); Vanderlint (1734: 33, 47ff.); Hume (1758). Cf. Viner (1930, VII.4: 432–42); Deyon (1969, I.2.5: 62–63).
- 34 Low (1953: 83). Cf. Heyking (1880: 87–88n); Fanfani (1938, II.3.3–4).
- 35 Forbonnais (1753: 694b–95a, 697a–98b). See also Pii (1977).
- 36 Smith (1776, 4.1); Isnard (1781, 1: 169–341, esp. 169–90, 339–41).
- 37 Viner (1927: 228–45).
- 38 Letwin (1988); Winch (1978: 70–92, 164–82, *passim*; 1988: 85–87, 93, 96–97, 100). See also Meoli (1983); Tribe (1984: 282); Hutchison (1988: 360–62).
- 39 Winch (1978: 186).
- 40 Cf. De Roover (1955: 96). See also Beer (1939: 19, 22–25, 37).
- 41 Heckscher (1931, V.2.1: 277); Tribe, cited in Magnusson (1987: 416). Haakonssen (1988b, esp. pp. xv, xvii); Hutchison (1988, chs 4–5).
- 42 Beer (1938, 5.3: 59); De Roover (1955: 96–97).
- 43 See the vast documentation in Heckscher (1931, part I).
- 44 See, for example, *British Merchant* (1713, 1: 32–35); Fortrey (1663: 239); Gee (1729, ch. 34); Hay (1735: 8); Vanderlint (1734: 52). On William Penn see Dorfman (1946: 81).
- 45 Among these: Barbon (1690: 37–38); Hume (1752b). Mandeville (1714, remark L: 109–16), does it implicitly.
- 46 Mun (1630, chs 2, 3, 20; 1621: 22, 45–46); Child (1693, ch. 9); Davenant (1698, 1.2: 147).

- 47 Johnson (1937: 275); Viner (1937, 1.5: 60).
- 48 Heyking (1880); Eisenhart (1881, 3: 15–25); Oncken (1902: 154–58); Sommer (1927: 15–18).
- 49 See Furniss (1920, 3: 43–55, 65–66); Gregory (1921); Morini-Comby (1930: 44–56); Mazzei (1936: 760, 764ff.); Bertolino (1938–39, 15: 603–04); Grampp (1952: 472, 474); Rotwein (1955: xiii); Coleman (1957); Wilson (1959); Spengler (1960, app. 5: 135–36); Secchi (1982: 479–83); but also Johnson (1937: 3–5, 14–15); and Viner (1937, 1.5: 33, 55–58).
- 50 Kalecki (1934: 20–24; 1967, 5: 152–53); Keynes (1936, V.19.2; V.23.2; V.24.4).
- 51 Suviranta (1923: 165); Appleby (1978, esp. chs 7, 9; e.g., pp. 161–69, 175, 253, etc.). According to the strange justification by Cossa, E. (1908: 349–51), the mercantilists' favourable balance of trade does not indicate a real excess of exports but simply an accounting system which was different from ours. However, Cossa rightly observes that this policy is the logical consequence of the transition from a subsistence economy to an economy based on exchange. At this stage, purchases were not exchanges of goods but were paid in hard currency alone, and increased unproductive consumption. This resulted first in the ban on gold exports, then in the importance placed on the balance of contracts, and finally in the attempt to achieve the general balance (*ibidem*, pp. 338–39).
- 52 Keynes (1936, VI.23.1–5); Pauling (1951: 53); Chamley (1962); Robinson and Eatwell (1973: 7–9); De Maddalena (1980: 659–60); Zagari (1984: 76–77).
- 53 Mazzei (1936: 779–81); Johnson (1937: 314–15); Low (1952).
- 54 For these exceptions see Cunningham (1882, last chapter); Suviranta (1923: 140ff.). For Mazzei, Johnson and Low see the previous note. However, Schumpeter is no exception, although he makes a subtle distinction between the theoretical propositions of mercantilists on foreign trade (1949, II.7.2; II.7.4.b–e).
- 55 See Oncken (1902: 154–55); Heckscher (1931, IV.2.2); Wilson (1949; 1951).
- 56 Another belief is partially connected with this one: that domestic trade does not increase the wealth of a country; as they said, just as moving the jewellery on a dress does not change the value of the dress itself. See, for example, Petyt (1680, 3: 301–02); Cary (1695: xxxvi–xxxix; 1.1: 12, 49, 137–38, etc.); Neri (1767: 976). For other authors see Beer (1938: 157). On this principle Ortes built his model of a completely static economy, in which for every variation of one factor there is a corresponding variation in the opposite sense of another factor (Ortes 1777, 3rd, letters 42–45; 7th, letter 190; 1765, 8; 1774, esp. bks 3 and 4). Opposed to this thesis is Defoe (1726–27, letter 23: 320–36). But it was Forbonnais who confuted it theoretically: domestic trade, he wrote, has the value of the sum of all the money spent by buyers (1753: 696a). Schumpeter correctly observes that this thesis does not necessarily imply that the wealth can only be gained from outside the nation (1949, II.7.4.d: 358n).
- 57 Blaug (1961, I.1: 35, 39–40); Berry (1994, 5: 103). Say (1803, I.2: 43; 1828–29, 9: 901); Heckscher (1931, III.4.1: 112–21); Viner (1948: 284–85); Rotwein (1955: xiii). For Marx see below. See also De Maddalena (1980: 665).
- 58 For documentation see Eisenhart (1881: 18); Supino (1888: 32–33); Heckscher (1931, III.4.1: 115); Beer (1938: 157).
- 59 *British Merchant* (1713, 1: 32); Galiani (1751: 161–62). See also Voltaire (1764, 'Patrie', 337).
- 60 Bodin (1576, 6.2: 875–77); Hume (1752b; 1758).
- 61 Cf. Morini-Comby (1930: 27–39); Mazzei (1936: 753–56). – Montchrétien (1615: 111).
- 62 Schmoller (1884: 63).
- 63 Marx (1862–63, I.1: 123–26; II.2: 134–35; II.5: 150; III.2: 173–75).
- 64 One example for all: *Vindication* (1699: 42).
- 65 Marx (1862–63, I.1: 123–26; see also III.2: 173–76). Cf. Stuart (1767, II.8:

- 179–80; II.4: 159–61). Chamley (1963: 74–79) interprets Steuart in a similar way. However, he distinguishes between Steuart’s uncertainty regarding the relationship between trade and the creation of wealth, and his theorization of a favourable foreign trade.
- 66 Schumpeter (1949, II.7.4.d: 353–59). See also, on Cary, Heckscher (1931, III.4.1: 119); Lantz (1977, I.B: 29–30).
- 67 Cf. Vaggi (1987, 5.2). He rightly observes that Quesnay sees profit as part of the social surplus, based on the cost of production, and that for Steuart also profit is based on the cost of production. But he erroneously links Cantillon with a concept of profit as the product of unequal exchange, that is, of ‘buying cheap and selling dear’ (instead see Cantillon 1730, I.11, I.13). But what matters here is that Vaggi calls all three of these different concepts ‘profit upon alienation’.
- 68 Hume (1752b: 322, 324–27).
- 69 Lantz (1977: 30); Garbero (1980: 18, 19n).
- 70 Condillac (1776, I.6: 254b–57a). Cf. Graslin (1767, I.2: 25; I.10: 111). For a valuable analysis of Condillac’s theory and its fortunes, see Eltis (1997, 2: 26–56).
- 71 Botero (1618: 23).
- 72 Hume (1752b). Barbon (1690: 35–37); Mandeville (1714, L: 109–16); Vanderlint (1734: 50–53).
- 73 Eltis (1998: 16).
- 74 See, for example, Bacon (1612, essay 15: 410); Temple (1672, 6: 194–95); Child (1694: 18–19); Cary (1695: xix); Briscoe (1696: 134–35); Law (1705: 22–24); Pascoli (1728, 12: 42); Decker (1744: 179); Tucker (1750: 314–15).
- 75 See, for example, Hales (1549, resp. pp. 65 and 63); Culpeper (1621: 247); Petyt (1680, 1: 24, 369–70); Bellers (1699: 10); *British Merchant* (1713, 1: 28–32, 144–45); Tucker (1750: 314–15); Postlethwayt (1757a, 10: 234); Harris (1757, 48: 405); Ward (1762, I.13: 121–22). Among the historians cf. at least Furniss (1920, ch. 3); Johnson (1937, ch. 15).
- 76 Janssen (1713: 2–4).
- 77 Cf. Zaneletti (1956: 102–03).
- 78 See, for example, Hales (1549: 63–66; 121–22); Laffemas (1608; [1652]); Malynes (1603: 93); Misselden (1622, 1: 11–13, 21); Mun (1630, 3: 7–9); Roberts (1641: 76); Fortrey (1663: 234–35); Temple (1672, 6: 196–97); Evelyn (1674, 9: 38); Child (1694: 13); Cary (1695, II.4: 133–34); Pollexfen (1697: 153). *British Merchant* (1713, I: 154–55; II: 2–5); Janssen (1713: 3–4, 10–11); Gee (1729, ch. 22; pp. 180, 184–86); Dobbs (1729–31, I: 13); Berkeley (1735–37, queries 12–17); Decker (1744: 174–76); Harris (1757, 17: 366); Forbonnais (1753: 696a; 1767b, 4.4: 60–63); Ward (1762, I.13: 121); Grisellini (1768: 152–53). On Benjamin Franklin and John Woolman see Dorfman (1946: 183, 197). See also Buck (1942: 53–56); Low (1953: 68, 72).
- 79 Hornick (1684: 224).
- 80 Petty (1662, VI.19: 60); Barbon (1690: 21–23); Mandeville (1714, L: 109–16); Muñoz (1769: 88–92, 98–100, 118–25).
- 81 Cantillon (1730, III.1; see also I.15: 75–77, I.16: 91–93). About Cantillon we confine ourselves to recall two very important researches: Murphy (1986) and Brewer (1992).
- 82 Beccaria (1769–70, IV.34: 109–10).
- 83 Cantillon (1730, III.1: 229–37).
- 84 Gervaise (1720: 9). Steuart (1767, II.24: 291–92, 296).
- 85 List (1841, 14: 171–72; 23: 271, 285); Myrdal (1957, 7: 92–95; ch. 11).
- 86 Viner (1937, I.5: 33, 55–58; 1953: 796–97; 1968: 438a–b). Hoselitz (1960b). De Luca (1968). Smith, A. (1776, IV.ix.48).
- 87 Rotwein (1955: lxxi–lxxii). Cf. Hume (1752b; 1752c). On Hume’s treatment of the subject see Low (1952). Spengler (1960, 1: 67–68). Campomanes writes that

- Spanish economic development, which is weaker and rather backward, requires the expansion of domestic industry (see 1755–57, 4: xxxiiiiff.).
- 88 See, for example, Mun (1621: 40; 1630, 3.11); Fortrey (1663: 217); Evelyn (1674, 9: 38); Barbon (1690: 9–10); Forbonnais (1767b, 1: 5).
- 89 Smith, J. (1747, I.5: 22–42. See also the following chapters).
- 90 Cf. Johnson (1937: 301–15); Beer (1938: 74–81); Vilar (1969, 17.3: 212–15).
- 91 Bodin (1576, VI.2: 877); Ammirato (1598, III.8: 112–13); Malynes (1622: 55–56); Mun (1630, chs 3, 10–12); Vaughan (1630, 19: 96–97); Chiaramonti (1635, II.i.9: 275); Mata (1650–60, *passim*); Fortrey (1663, 236); the anonymous I. D. (1680); Barbon (1690, 37); Child (1693, 9: 183–84, 188–89; 1694: 12); Cary (1695: vii–viii, xxii–xxiv, 4; 1.3: 49; I.11: 292–300, 315–25; II.4: 129–30); Pollexfen (1697: 7).
- 92 *British Merchant* (1713, I: 144–45; II: 4–13); Janssen (1713: 2–5, 9–10, 18–19); Defoe (1726–27, II: 10); the lengthy treatise by Wood [1719, II: 79–127, esp. pp. 82–83]; Pascoli (1728, 12: 42–45); Dobbs (1729: 56–60); Ulloa (1740, II, ch. 8); Decker (1744: 158); Boureau-Deslandes (1745, 17: 51); Tucker (1750: 327–28); *Proposals* (1751: 454); Gray (1751: 18–20); Forbonnais (1753: 695b; 1767b, 4.4: 64–68; 1767c, 2: 125–28); Postlethwayt (1757b, 2: 134–35, 369–70, 394); Genovesi (1757a; 1757b); Möser (1767, 4: 119–23); Grisellini (1768: 151–54); Verri (1771, 8: 74–75); Smith, A. (1776, IV.9.37).
- 93 Laffemas (1600b; 1600c; 1602b); Roberts (1641: 72–78); Keymor (1653: 17, 19–21, 25, 27); Petyt (1680, 3: 298–300; sections 8–9); Hornick (1684: 224–25); Gee (1729, 29; 34:167ff.; pp. 184–91); Haynes (1715). Harris (1757, 15: 362). – For other authors, see also Johnson (1937: 306–07); Low (1953: 72–73).
- 94 Aguirre (1759: 38–49). Arriquíbar (1764–70, II.1–2: 195–211; quotation from I.3.19–21: 110–11); Ward (1762, I.13: 119–23); Campomanes (1775–77, II, pp. xxxi–xxxvii; IV, pp. xxviii–xxxiv).
- 95 Roberts (1641: 66–67); Petyt (1680, section 12); Dupin (1745, I: 59); *Proposals* (1751: 451); Forbonnais (1753: 696); Ward (1762, I.13: 121).
- 96 Here we mention only a few: against this export are for example Robinson (1652: 10–11), Keymor (1653); W.S. (1656, 9: 59–68; 13: 82–103); W.C. (1671; 1677), rightly worried about France’s competition; *Grievances* (1694); Carter (1669; 1688), who wrote many other tracts on the same subject; and a great many others. In favour are, of course, the writings of the landlords, among whom: *Reasons* (1677). All the tracts on the export of wool are listed in Smith, J. (1747). See also *English Wool Trade* (1968).
- 97 Heckscher (1931, III.4.4: 146–51; V.2.2: 293–97).
- 98 *Considerations* (1701, chs 9–12, 14, 18–21). Ricardo’s thesis is also foreshadowed very forcefully by Turgot (1773: 625), who writes that the landowners in Brie think they are saving by drinking the poor-quality wine produced by land that could grow high-class wheat. They would in fact pay less for the excellent wine from Bourgogne that they could obtain in exchange for the wheat.
- 99 Johnson (1937, chs 10; 13: 271–72). On this see, for example, Postlethwayt (1751–55) on ‘Labour’, an entry taken from Cantillon. Admittedly, similar ‘borrowings’ from Cantillon have been made also by Mirabeau, Beccaria and others.
- 100 Postlethwayt (1757b, diss. 33).
- 101 Blaug (1961, I.1: 34). Spengler (1954: 128) seems to give the same interpretation.
- 102 Cp. Wiles (1974).

11 The Enlightenment theory of development: consumption as an investment

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- 1 Cf. Botero (1588, II.7; then in Botero 1589, VIII.3: 246–47); Laffemas (1598); Montchrétien (1615: 78–79); Mun (1630, 3: 9; 15: 60); Petty (1672: 192; 1662, 3.5: 33); Montanari (1687: 44); Houghton (1677: 261–62).
- 2 Furniss (1920: 59–62). See for example Bodin (1568: 54–57); Lottini (1574, avv. 250: 273); Paruta (1579: 248, 336–44); Botero (1589, II.8: 231–32); Bacon (1612, 15: 410); Navarrete (1621, Disc. 16, 26, 31–38); Mun (1630, chs 3; 16: 63; 19); Davenant (1711, I: 379).
- 3 Cf. Wilson (1965: 237–38).
- 4 We recall here for example Laffemas (1600, 1601). For Sully see passage in Cole (1931: 210–11). Montchrétien (1615: 59–61). Mun (1630, 19: 72–73). Hobbes (1642, ch. 13, section 14). Petty (1662, 6: 60; 14: 88; 1676, II: 269–70). Child (1668: 4). For William Penn and New England in general, cf. Dorfman (1946, I: 80–81, 116–17).
- 5 Temple, Sir W. (1672, VI: 185, 196–97).
- 6 See respectively Petty (1672, 11: 192; 1662, chs 1 and 2, pp. 20, 30). On public works: Petty (1662, II.36–40: 29–31; X.12: 69). On the complex attitude of Petty towards wages, see Pasquier (1903: 172–78).
- 7 Petty (1662, II.40: 31, VI.19: 60; 1671: 238–39; 1676, ch. IV).
- 8 Manly (1669: 9–22). Pollexfen (1697: 83). Brewster (1695: 49–53). For Davenant, see quotation in Vichert (1971: 259).
- 9 Wiles (1968).
- 10 Cf. Heckscher (1931, I.5.7: 189–99); Viner (1937: 90); and, in general, Sombart (1913). The thesis advanced in Ekelund and Tollison (1981), that the French (of Colbert's time) specialized in luxury industries because this sector was organized in trusts (pp. 97–103) is unconvincing. In fact, the reason was simply the structure of the seventeenth century demand (persuasive general criticisms of Ekelund and Tollison 1981 are found in Coats 1987: 46–47, 59–60, and in Rashid 1993). However, Thirsk has shown that the English economists only belatedly dealt with the expansion of domestic market, almost a century after this process began: Thirsk (1990, chs 5 and 6).
- 11 *British Merchant* (1713, I: 141). Vanderlint (1734: 28–29, 31). Cf. Spengler (1960: 27).
- 12 Barbon (1690: 10–11). Bayle (1704, resp. cxlviii, pp. 399b–400a; cxxiv, pp. 360a–b). North (1691: 529); Mandeville (1714b: 108–09, 249–50); Harris (1757, 17: 366). On Barbon and infinite desires, see Berry (1994, 5: 108–20).
- 13 Helvétius (1758, II.15: 243); Verri (1765: 336; 1771, 24: 208).
- 14 See for example Cary (1695, Intro.: 2–3, 4; II.4: 134). Davenant (1698, II.1: 356–57). Hume (1752d: 361–62; 1758: 346).
- 15 Cf. Herlitz (1993, sect. 2).
- 16 Locke (1690, II, section 40); *Considerations* (1701, 12: 593–94); Smith (1776, Ii.11: 23–24).
- 17 See for example North (1691: 528–29); Davenant (1698, II.1: 389–92); Mandeville (1714b: 184–85, 250); Melon (1734, IX: 122–23); Berkeley (1735–37,

- query 20). The same argument was already to be found in Montchrétien (1615: 79). The desire for increased wealth had already become acceptable at the end of the sixteenth century. On the acceptance of the concept of self-interest, see Hirschman (1977: 31ff). On the relative debate, see for example Cook (1974, esp. pp. 128–39); Horne (1978).
- 18 Child (1694: 4–5); Briscoe (1696: 23); Cary (1695, I.10: 267–90); Montanari (1687: 43–45); Barbon (1690: 14, 21–22, 32–36); North (1691: 528). For Coke (1670) and von Schrötter (1686), cf. respectively Johnson (1937: 294) and Heckscher (1931, V.ii.2: 291). Approaching the issue from a different angle, Boisguilbert, who distrusted mercantilism and the new consumer goods, reached the same conclusions. He identified low consumption as the cause of poverty in France. ‘Consumption and earnings’, he added, ‘are the self same thing’ and ‘consumption is the basis of all wealth’: Boisguilbert (1695, II.2: 180–81; II.9: 193–94; 1707, V: 281–82). On the importance of consumption in Boisguilbert, see McDonald (1966: 119).
- 19 See for example Child (1668: 28); Davenant (1698, II.1: 392; 1697: 90, 113–15). But in favour of these laws, see Davenant (1711, I: 379); Mandeville (1705); Melon (1734, IX: 128–29). North (1691: 529).
- 20 As in Petty (1662: 55–58, *passim*).
- 21 See for example Dupin (1745, I: 125); Hume (1752a: 298); Voltaire (1753–54, ch. 121, book II: 167); Harris (1757, 17: 366); Postlethwayt (1757a, X: 237; 1757b, I.1: 43–44 and II.35: 526); Helvétius (1758, I.3: 85–87); Genovesi (1764: 322; 1765, X, sections 4–8, 19, 30, 39); Saint Lambert (1765: 767a); Verri (1765: 342–43); Muñoz (1769: 103–04, 109–13); Beccaria (1769–70, II.6, IV.35); Price (1771: 311); Butel-Dumont (1771, I: 143–48, 169–70, 182, etc.; II: 123–28, 132–34); Dubuat-Nançay (1773, I.10, I.17); Campomanes (1774, ch. VI); Necker (1784: 208–09). See also the numerous pamphlets cited by Sekora (1977: 125–28).
- 22 For example Mandeville (1714a: 43–44; 1714b: 119–20; 1723: 286–90, 298ff, *passim*); Berkeley (1735–37, queries 20, 355, 378–83); Voltaire (1751, ch. 30). Also in part Melon (1734, IX: 123).
- 23 This argument has been suggested to me by one of the *History of Political Economy* referees.
- 24 Buck (1942: 88–96); Wilson (1965: 231–36, 349ff); Coats (1976); Appleby (1978, ch. 6).
- 25 Cf. Coats (1976: 109ff). He writes that ‘charitable and poor law payments constituted a sizable transfer of incomes to persons with a high propensity to consume from those with a comparatively high propensity to save’ (p. 111). Similar statements are in Eltis (1999).
- 26 Child (1693, respectively: 87–88, 17). Bellers (1699: 4, 6). Defoe (1728, I.1: 19–21). Cf. Barbon 1685: 23–24). Melon (1734, IX: 126–27). For Cary, cf. Heckscher (1931, III.iv.4: 169–70), and Wilson (1965: 120).
- 27 On the bitter criticisms against Mandeville, those made by Berkeley included, see Cook (1974); and for example Wallace (1753: 160). On the strong influence of Mandeville on Hutcheson, Hume and Smith, see especially Kaye (1924, V.4) and Winch (1996, 3.ii–iv: 61–80); see also Goldsmith (1988); Mason (1998, I: 2–7). For criticisms against Melon, see for example Muratori (1749, 19: 159).
- 28 Defoe (1728, I.1: 36–38ff, 44–45, 51, 59–68, *passim*).
- 29 Smith (1776, IV.viii.49–54).
- 30 It is precisely this last comment that was to be used by Smith in another part of his work, without acknowledgement: Smith (1776, I.viii.36).
- 31 Defoe (1728, I.1: 59–67).
- 32 *Considerations* (1701, chs 12–15: 587–601). Vanderlint (1734: 16).

- 33 Furniss (1920, respectively: 178–79; 122–56; 180–91; 196). Spengler (1960: 27–28). See also Coats (1958 and 1960).
- 34 Wilson (1959: 136–37).
- 35 Heckscher (1931, III.iv.4: 166); Viner (1937: 57); Furniss (1920: 178–79); Spengler (1960: 27n); Coats (1958: 35); Bertolino (1929–32: 237); Bell (1953: 132); Wermel (1939: 3–14). – The passages by Locke referred to are in Locke (1691: 23–24, 57; 55–57).
- 36 See for example Child (1693: 6, 60–61, 98ff, 182, passim); Davenant (*Bal. of Trade*, II: 207–15); Defoe (1704: 57–58); Mandeville (1714b: 119–20; 1723: 286–90, 298ff, passim); Hay (1735: 6–7ff); Berkeley (1735–37, qs. 20, 355, 378–83). – On this subject, see the documentation by Johnson (1937: 284–87).
- 37 This is why most English writers advocated a wage level higher than that of contemporary French writers (cf. Coats 1960: 94). In fact only the physiocrats seem to have really believed in a fixed minimum survival wage: cf. among others, Gilibert (1977: 99); Zagari (1984: 129, 130); Vaggi (1987: 30, 108).
- 38 See for example Davenant (1698, II.1: 392; *Bal. of Trade*, II: 209–10; 1697: 66); Berkeley (1735–37, qs. 12–20, 353–95); Postlethwayt (1757b, I.1: 29); Steuart (1767, II.21). On this subject, see Meoli (1978: 142–44).
- 39 For Hutcheson, see Naldi (2002, 5.5: 93). Steuart (1767, II.21: 273, 275). A similar argument is to be found in Berkeley (1735–37, qs. 18, 353, 355, passim) and Muñoz (1769: 126, passim). – For documentation, see Sekora (1977: 126–27).
- 40 For example, Hutcheson (1733–37: 199–200); Postlethwayt (1757b, I.1: 16, 24, 27–30, 47, 49–50); Steuart (1767, II.21: 275–76); Plumard (1752: 21, 43). For John Woolman of New England, see Dorfman (1946: 198–200).
- 41 See Smith (1776, I.viii). Cf. for all Duchini (1975: 970–73, 983–84).
- 42 Boureau-Deslandes (1745b: 38–49). Steuart (1767, II.21: 270–71).
- 43 Aspromourgos and Groenewegen (1999, section 3).
- 44 Philips (1725: 34); Lindsay (1735: 63); Hay (1735); Gray (1751: 1–3); in the same line is *Interest of England* [1720: 39–40]. Massie (1758: 77–103).
- 45 Temple of Trowbridge (1758, 14.4: 514–16; 14.6: 519; also sections 6, 7, 9, 11–13); Townsend (1776: 407–12, 414, etc.). Fauquier (1756: 18–19). See also *Impartial Examination* (1752), who attacks Gray and taxes for poor relief; and Simonini (1773: 426–30). Gee (1729, 23: 51–53) had already presented arguments similar to Temple's. Arthur Young, initially in favour of low wages, changed his mind after a journey to France: cf. Deane (1965, 9: 140–42).
- 46 Cf. Franklin, *The interest of Great Britain considered* (1760) and *On the labouring poor* (1768); passages in Dorfman (1946: 183–87). See also Hutchison (1988: 245–49). Later, in the 1770s, Franklin attacked the landlords' excessive wealth and defended the poor, but with reference to England, not America: see Dorfman (1946: 193–94). The wage-fund theory and subsistence wage theory in the classical sense are also attributed by Hutchison (1988: 310–11) to Turgot.
- 47 Schumpeter (1949, II.6.6: 322–27).
- 48 Vanderlint (1734: 59).
- 49 In an article crediting Robertson with the paradox of thrift, a passage from Paul Samuelson is quoted illustrating the paradox. It contains expressions almost identical to those used by Barbon and others of his time: 'What is good for each person separately need not be good for all; under some circumstances, private prudence may be social folly. Specifically this means that the attempt of each and every person to increase his saving may . . . result in a reduction in actual saving by all the community', cited in Nash and Gramm (1969: 396).
- 50 Child (1693, pp. viii, xlii, 60); Briscoe (1696: 11, 64, 74, 178–79). Locke (1691: 80); Defoe (1704: 56–57). On this subject see Hollander (1973: 57–59).
- 51 Barbon (1690: 35–38) wrote that since these goods did not satisfy essential

- needs, they expanded consumption and did not harm domestic production. Mandeville (1714b, L: 109–16) stated, as the classical economists were to do later, no imports could be limited without damaging exports in the long term. See also North (1691: 527–28, 536–37, 540); Child (1693, ch. 9); Davenant (1697: 98, 101ff); *Considerations* (1701, 3: 559–60); Vanderlint (1734: 40–50).
- 52 See, among others, Cary (1695: vii–viii, xxii–xxiv, 4; I: 49, 292–300, 315–25; II: 129–34); *British Merchant* (1713, I: 144–45, 154–55; II: 2–13); Janssen (1713: 2–5, 9–11, 18–19); Defoe (1726–27, II: 10); Pascoli (1728, XII: 42–45); Gee (1729, ch. 22; pp. 180, 184–86); Berkeley (1735–37, qs. 12–17); Ulloa (1740, II, ch. 8); Decker (1744: 158, 174–76); Boureau-Deslandes (1745b, 17: 51); Tucker (1750: 327–28). Even Child (1693, 9: 183–84, 188–89; 1694: 13).
- 53 Viner (1937, esp. I.4; II.2: 90–91).
- 54 Lindsay (1733, II: 62–66). *Some considerations* (1729: 83); Wallace (1753: 160).
- 55 Sombart (1913, above all chs 1, 2, 4; 1916, I, ch. 48).
- 56 This term, used today by the historians of ideas, does not refer to moral philosophers in general, but to the religious thinkers who were opposed in that period to the Free-thinkers (see for example the historians cited in fn 59).
- 57 Fénelon (1687, ch. X; 1699, 1.XII; 1715: 80–81). Linguet (1767, I.6); Gerdil (1768, resp. 20–28, 76, passim; 11–13); Roberti [1772: 46–55]. Moralist thought lasted right through the eighteenth century. See also Chomel (1740); Naigeon (1765); Faiguët (1763, I); Pluquet (1786).
- 58 Cp. Horne (1978: 51ff); Casini (1973: 166–68).
- 59 Bayle (1704, par. cxxiv: 359b–61b); Mandeville (1705). See also Saint Evremond (1685); Voltaire (1736; 1737). On the Free-thinkers it is worth reading at least Morize (1909: 34–54, 62–68); Schneider (1970); Casini (1973: 188–89); Horne (1978: 56–57); Meoli (1978: 144–57).
- 60 Morize (1909: 106–29). Kaye (1924: cxxxvi fn). Voltaire (1734, ch. IX; 1736; 1737; 1738: 358–59).
- 61 Blewitt (1725: 48–50, 68–69). Berry (1994, 5: 106–08; 6: 126–69).
- 62 This is clear in Mandeville (1714b: 119–20) and in Voltaire (1751, ch. 30: 994–97).
- 63 For instance, they reiterated the argument that the luxury of the rich gave work to the poor, thus keeping the traditional function of this view, namely justifying the luxury of the rich: Mandeville (1705: 25; 1714b: 107ff); Voltaire (1738: 358). However, Voltaire was later less extreme in his defence of luxury. He also defended the right of workers to have a wage level not too low: Voltaire, resp. (1774: 962; 1769).
- 64 Mason (1998: I: 7–11).
- 65 Hume (1752b: 299–308; 1752c: 325–30). For a very similar thesis, see Montesquieu (1721, cvii: 72b), who also stated that luxury is harmful for republics, which require equality, but advantageous for kingdoms: Montesquieu (1716–55: 105. 1748: III.3: 201a; V.3–6; VII, chs 2, 4, 6; Xxi.6: 358b).
- 66 Boureau-Deslandes (1745a: 1–10); Galiani (1751, IV.1: 157–62); Forbonnais (1753: 696a–b); Harris (1757, 17: 366); Postlethwayt (1757b, I.1: 35–36); Genovesi (1757b: 126–30; 1765, X, sections 8, 24, 29–30, passim); Saint Lambert (1765: 765b–766b); Stuart (1767, I.6: 43–44; II.20: 266–68); Beccaria (1769–70, I.40, IV.33); Butel-Dumont (1771, II.5). Helvétius (1772, VI.5). Vasco, T. (1773, 7: 394–95); Dubuat-Nançay (1773, b. 1, I.10, I.17); Diderot (1773–74); Ortes (1774, IV,15: 86). Even Temple of Trowbridge (1758: 515, 524, 529–30). Implicitly, also Ferguson (1767, I.9, II.3, III.3, III.4, etc.).
- 67 Pinto (1762: 326–27, 336–37; 1771: 126, 174); Forbonnais (1767, II: 249–51).
- 68 See for example Rousseau (1750, I: 10–11; II: 20ff.; 1751: 49–54; 1752: 79–90; 1754: 140–41, 169–71ff); Mably (1758, IV: 282–83; 1763, III: 120–23; V:

- 202–04, 211–14, 230, *passim*). In part also his brother Condillac (1758–65b, IX.2: 156–57a; X.4: 168b–69a; 1776, II.16).
- 69 Rousseau (1751: 49–50). See also Rousseau (1750–60, VII.2: 521–23; 1771: 964–65).
- 70 Rousseau (1765: 914–15, 920–21, 932–33; quotation from pp. 905–07). See also Rousseau (1750, I:10–11, II: 20ff; 1750–60: VI.1, VII.1; 1751: 49–54; 1752: 79–90; 1754: 140–41, 169–71; 1755: 258–59, *passim*; 1765: 904–20; 1771: 958–65, 1003–09), etc. – The ‘Catonian’ myth was put forward again also by Mengotti (1786, 7: 105–12).
- 71 Mably (*Progrès*, pp. 73–82; 1758, IV: 282–83; 1776a: I.1: 40–41, II.1: 111–12, 118–19; 1776b: 406–07, *passim*; 1763, 3: 120–23, 5: 202–04, 211–14, 230, *passim*; 1784: 442, 454, *passim*). Condillac (1758–65b, IX.2: 156a–57a; X.4: 168b–69a, 1776, II.16). In Condillac (1758–65c, IV.9) he even confuses ancient with modern luxury. On his complex thought about luxury, Orain (2003) is useful.
- 72 Young (1774, resp. I.7: 47–48; Conclusions, p. 297).
- 73 Borghero (1974: XI).
- 74 See for example Montesquieu (1721, CVII: 72b; 1748, III.3, V.3–6, VII.2, VII.4–5, XIX.27: 348a, XXI.6: 358b); Hume (1752b: 306–08; 1752c: 352–56, 330); Ward (1762: 115); Ferguson (1767, VI.2: 277–78, 281; VI.3: 282); Forbonnais (1767, II: 245–54; III: 115–18; *passim*); Steuart (1767, V.6: 704; V.7: 710–11). See also the passages cited in fn 66.
- 75 Muñoz (1769: 100–57). On Spanish Enlightenment see the precious Fuentes Quintana (2000), especially the introductory essay by Lombart (2000).
- 76 Diderot (1773–74, ch. 26). D’Holbach (1773, disc. IX). Voltaire (1764, *Luxe*, p. 292); Helvétius (1758, I.3: 91); Condillac (1776, I.26–27; II.3: 330a). Filangieri (1780, 37: 409); Sempere y Guarinos (1788, I: 9–12, 21–3; II.11: 203–10, *passim*).
- 77 Diderot (1773–74); d’Holbach (1773, IX: 167–68).
- 78 Díez (2000; 2001, 3: 103–64). Astigarraga (2003, 4–5: 104–47). Winch (1996: 3.v: 84). See also, for the Irish, Rashid (1988) and for the Italians, Faucci (2000).
- 79 Massie (1750: 20); Postlethwayt (1751–55, under ‘Labour’, col. 8; 1757a, VII: 157–58); Pinto (1762: 326–27, 335); Saint Lambert (1765: 768a–b); Ferguson (1767, VI.3, VI.4); Dubuat-Nançay (1773, b. I, II.16: 221); Graslin (1767, I.10: 111fn); Forbonnais (1767, II: 249–51); Campomanes (1774, esp. chs 9 and 14).
- 80 Genovesi (1765, X.40, esp. p. 271fn; 1757b: 219–30); Vasco, F. D. (1768–70, fn 160); Vasco, G. (1769, IV: 786–87); Beccaria (1769–70, IV.33); Ortes (1774, IV.15: 86). Filangieri (1780, 137: 405–08). Also D’Arco (1771: 55–59, 75–77, 93–99, 101–07, *passim*); however, he condemns luxury in all classes: pp. 121–3, 130fn, *passim*.
- 81 Boureau-Deslandes (1745a: 10–33); d’Holbach (1773, IX: 155–57, 1776, IV: 47–50; VIII: 118–19, 125ff; XIII: 262–66).
- 82 Verri (1771, 26: 217; 1760: 335); cp. Groenewegen (1999). Forbonnais (1767, II: 252–54; III: 115–18, *passim*). Dupin (1745: 125). Voltaire (1753–54, ch. lxxxii, tome I: 760).
- 83 See for example Melon (1734, 9: 122–23, 138–39); Montesquieu (1748, VII.4); Galiani (1751: 159). Plumard (1752: 52–53); Genovesi (1757b: 127; 1765, ch. X, sections 13, 24, 31–34, *passim*); Verri (1760: 333–34; 1765: 339–40); Ortes (1765, ch. 25, vol. 42: 200); Butel-Dumont (1771, I: 143–48, 169–70, 182, *passim*; II: 52–54, 123–24); Young (1774, I.7: 56–61); Filangieri (1780: 404). For the Free-thinkers, see above.
- 84 See for example Mirabeau (1769–71, II: 200–10). About Quesnay, cp. Eltis (2003, section 3). For a vehement criticism of this physiocratic thesis, see Graslin (1767, I.10: 111–12fn); for a much longer and more tortuous criticism, see Forbonnais (1767, parts II and III).

- 85 Not only the physiocrats Gorani (1773: 526–27) and De Giuliani (1791: 681–82; 1792: 695–97), but also Verri (1760: 335; 1771, 26: 217).
- 86 Genovesi (1757b: 129–30; 1765, X.40: esp. p. 271 *fin*); Beccaria (1769–70, IV.33). Ortes (1774, IV.15: 86); Pinto (1762: 326–27, 335).
- 87 Dubuat–Nançay (1773, b. I, I.17–18, esp. p. 236); Boureau–Deslandes (1745a: 28); d’Holbach (1773, resp. IX: 158–59; VIII: 137–38, 144–46); Campomanes (1774, esp. chs 9 and 14). For Woolman see Dorfman (1946: 199). Rousseau (1752: 79). Graslin (1767: 102–03).
- 88 See for example Pluquet (1786, II: 10–48, 278–321, 460–79). Gerdil (1768: 47). Ortes (1765, ch. 25, vol. 42: 198. 1774: 6–16; II.21: 208–10; IV.5–8, IV.13–14. 1777, 3: 42–51; 7: 190).
- 89 For the first concept, which was already present in Boisguilbert (*Traité*, I.4: 362), see esp. Galiani (1751, IV.1: 159–61); Genovesi (1757a, section 31; 1765, X.14, X.16). For the second concept, beside Cantillon and Steuart (*passim*) see for example Montesquieu (1716–55: 59, 197); Hume (1742b: 323–25), who applies the metaphor to the whole of civilization; Galiani (1751, IV.1: 159–60); Helvétius (1772, VI.15); Mably (1776b: 241–42).
- 90 Ferguson (1767, VI.1: 264–65; VI.6).
- 91 See for example Plumard (1752: 16–19, 52–57); Hume (1742; 1752a: 296–97); Postlethwayt (1751–55, under ‘Labour’, col. 8; 1757a, VII: 157–58; 1757b, 1: 35–36); Saint Lambert (1765: 767a); Ferguson (1767, III.6: 179–82; IV.2: 212–13); Verri (1771, section 6; 24: 209–11); Butel–Dumont (1771, II: 122–31); Helvétius (1758, I.3: 84–86; 1772, VI.5: 34–37; chs 8–10); Diderot (1773–74: 176); d’Holbach (1773, 9: 167; 1776, 4: 51–52, 8, 14: 279–85); Longo (1773, II.2; 1780: 281ff.); Filangieri (1780, 37: 403–04); Neckker (1784: 207–09); Sempere y Guarinos (1788, I: 9–11). Even in Voltaire (1771: 641–42), this thesis is broached. For Giambattista Vasco, see Bianchini (1982: 172). Also Turgot (1751a: 242–43; whom the referee of *HOPE* signalled to me).
- 92 See, among others, Genovesi (1757b: 122–24; 1765, X, sections 14–18, 30); Harris (1757–58: 30); Steuart (1767, II.20: 268); Galiani (1770, IV:123); Verri (1760: 334–35); Beccaria (1769–70, IV.34: 113; IV.35); Chastellux (1772, I: 64–65); Ortes (1774, V, chs 3–6; 1777, 3: 51–52). For other references, see Sekora (1977: 123).
- 93 See for example Montesquieu (1721, section 123; 1748, V.8); Hume (1742a); Postlethwayt (1757a, X: 237; 1757b, I.1: 35–37); Saint Lambert (1765: 769a); Filangieri (1780: 404–06). Fortis (1769: 319, 322, 324), regarding land ownership. Forbonnais (1753: 699a), on shopkeepers.
- 94 Defoe (1728, I.1: 16–18; I.2: 80–84, 89–92).
- 95 Boureau–Deslandes (1743, part III, pp. 133–37). Tucker (1750: 331–32, 408–12). Plumard (1752: 268–69). Hume (1752c: 326ff.). Postlethwayt (1751–55 under Labour, col. 8°. –1757a, VII: 157–58). Justi (1755, section 285: 365). Rousseau (1755: 726). Beccaria (1769–70, IV.33). Faiguët (1763, II: 112). D’Arco (1771, I.1.2: 55–59, *passim*). Dubuat (1773, I.II: ch. 16: 221; ch. 18). Vasco, T. (1773, III.6: 407).
- 96 The most explicit on this point are Genovesi (1765, X.30); Verri (1760: 334; 1765: 337); Filangieri (1780: 403–05).
- 97 For example Cantillon (1730, I.7 and I.8); Boureau–Deslandes (1745c: 62–63); Postlethwayt (1751–55, under ‘Labour’ (II col.), copied from Cantillon); Harris (1757, 10: 355); Gorani (1773, III.32); Smith (1776, I.x.b.6); Condorcet (1792, I: 32).
- 98 Tucker (1755: 125ff; 1757: 239–42).
- 99 On this see two admirable passages in Grisellini (1768: 147, 150) and Genovesi (1757a: 144–47).
- 100 For example Defoe (1728, I.1: 18–19); Cantillon (1730, I.15, I.16); Galiani

- (1751, IV.1: 158–59); Turgot (1751b: 278–82); Hume (1752a: 293–94); Postlethwayt (1757b, 1: 35ff; 33: 392–95); Smith (1762–63: 14–16, 27–8, 201–2, *passim*); Mirabeau and Quesnay (1763: 150); Butel-Dumont (1771, II.6: 112ff); Necker (1784: 204–05). Even Rousseau (1765: 907).
- 101 Petty (1676, I: 267–68; II: 289. 1664, X: 118–19); Melon (1734, 1: 29; 8: 104–07); Genovesi (1765, 5.12, 7.8, 8.15, 9.15–16, 11.1); Beccaria (1769–70, I.23–24); Steuart (1767, I.5, esp. p. 40); Smith (1776, III.i.2.; III.iv.17–18). See also Akhtar (1979).
- 102 Not many historians have underlined the analytical interest of Enlightenment thinkers for economic development. Hutchison (1988: 340) did it in general; see also Chamley (1963: 59, *passim*); Skinner and Wilson (1976); Winch (1978); Skinner (1985); lastly Roncaglia (2001: 4.3: 95–98; 4.7: 117–19).
- 103 Butel-Dumont (1771, II: 122–26, 132–34); Postlethwayt (1757b, *diss.*I, esp. pp. 18–19).
- 104 Turgot (1767: 1913–22).
- 105 For all, see Cantillon (1730, III.1; also I.15: 75, 77; I.16: 91).
- 106 See for example Mandeville (1714b: 107ff, 169–70, 181–83); Melon (1734, IX: 122–24); Genovesi (1765, IX.11; X.10–13 and 22; XVI.9. 1767, I.5, I.17); Butel-Dumont (1771, I.5, I.7, II.1, II.2); Ferguson (1767, VI.2: 278–80); Condillac (1758–65a, under ‘Luxe’; 1776, I.27: 309a); Galiani (1751, I.2: 61ff); Beccaria (1769–70, IV.32).
- 107 Cf. Horne (1978, 4: 1973–75); Cook (1974: 7.ii: 123–24).
- 108 One of the few historians who noticed this attitude in the eighteenth century is Eltis (1999).
- 109 Rousseau (1750–60, VI, fr. 8: 514; VII, fr. 2: 519; X.1: 529–30). Kames (1774, I.7: 127); see also here his brilliant analysis of evolution: I.7: 111–54. Dubuat-Nançay (1773, I.8: 140–41). *Remarks* (1764: 36); however, he says so in order to avoid taxes on luxuries. Ferguson (1767, VI.2: 278–80; see also V.3: 246–47). Condillac (1758–65a, *Luxe*, p. 364b. 1776, I.xxvii: 309a).
- 110 Millar (1771, IV: 180–88).
- 111 Genovesi (1765, X.10: 231fn; XIX.8; quotation: X.13: 234–35, italics added. 1767, I.17.4.). See also Galiani (1751, IV.1: 158–59); Ferguson (1767, V.3: 246–47). Montchrétien had put forward a similar thesis. On the historicity of needs in Enlightenment, see also Berry (1994, 7: 177–81)
- 112 Stephen (1876, X.67–70); Sekora (1977: 9–10, *passim*).
- 113 Palmieri (1787: 51–56fn). Amat (1783). Paoletti (1789, 7 and 8: 50–64); Marchesini (1793: 184–91). See also D’Arco (1771: 5051, 97ff). However, Briganti (1780, III.2.27, vol. 29: 295–97), Milizia (1798, 7: 576), and Mengotti himself (1786, chs 7–9) kept the Enlightenment attitude.
- 114 Barbon (1685: 24). Defoe (1728, I.1: 6ff; I.2: 92–108). Hume (1742a, 1742b: 186–94; 1752a; 1752b: 300–04). Voltaire (1733, 7: 45–47); Montesquieu (1748, XXI.20: 373b–74a, *passim*); Ferguson (1767, VI.2: 280; see also VI.5: 293–94); Butel-Dumont (1771, II.7); Helvétius (1772, VI.5: 30); Filangieri (1780: 406–07); (Coudorcet (1793), IX période; etc. On the Scottish group, see Sakamoto (2002).
- 115 Massie (1756: 13–14). Galiani (1751: 160–61).
- 116 Hume (1752a: 296; 1752b: 301ff). Forbonnais (1767, II.11: 221–43) and his pupil Butel-Dumont (1771, esp. I.3, I.6). Genovesi (1757b: 127; 1765, X.8.26, X.8.39). Verri (1760: 334; 1765: 348); Steuart (1767, I.6; II.20: 268); Filangieri (1780: 408–09, 414). About Smith, see Berry (1994, 6: 166–73).
- 117 Roncaglia (2001, 4.3: 96–98). Sekora (1977: 123–24). On this theme see also Hirschman (1982).
- 118 See for example Skinner and Wilson (1976), Winch (1978), Skinner (1985), Hutchison (1988).

- 119 Cf. Vaggi (1993). – Note that neither these writers nor the others normally use the term ‘accumulation’.
- 120 See respectively: Marshall (1890, b. IV, chs v–vi). Groenewegen (1991: 77–78).
- 121 The causes of the breakdown of Keynesianism, investigated in Skidelsky (1977), especially in Lekachman and Barraclough’s articles, can be related to this limitation.

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4 Medieval dualism: poverty as an ideal; wealth as a practical goal

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5 Italian humanism ignores economic development

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