

The four 18th century streams on productive labour

Cosimo PERROTTA¹
cosimoperrotta@gmail.com

Received: 16/10/2014

Accepted: 09/12/2014

Abstract

This article first recalls our previous research on the original approach on productive labour, which goes from Petty to Genovesi (1767). That approach, being mainly empirical, divided jobs into more or less productive. The other most important approaches came later: Quesnay founded productive labour on surplus, Condillac on utility, Smith on exchange value. All of them gave the concept a more rigorous, but also more rigid shape: jobs were divided into productive or unproductive once and for all. Moreover social utility and productive nature of labour became separated qualities. Smith's concern was to fight the waste of the aristocrats, which fed unproductive labour and subtracted resources from investment and productive labour. But for Smith public services and intellectual labour are unproductive because their product is not material. So, he puts the seeds of the dissolution of his own theory. The following decades witness a confrontation between the physiocratic and the Smithian approach. In the end the latter prevails, but its inconsistencies emerge.

Key-words

Productive/unproductive labour; productive/unproductive consumption; development; Enlightenment.

Contents: 1. Introduction. 2. On the pre-Smithian approach and Genovesi. 3. Quesnay and Condillac. 4. Adam Smith. 5. The debate on physiocracy. 6. 18th century followers and critics of Smith. 7. Conclusions

1. Introduction

The economic distinction between productive and unproductive labour is not born with Quesnay and Smith, as most economists still believe. It originates with Petty, whose long reflections on the issue started as early as 1644. He wanted to find out which occupations could yield more and which less. On these findings the economic policy depended for fostering the first jobs and discouraging the others. Petty's reflections generated a keen debate among the English authors in the 17th century and also in other nations in the 18th².

During the Enlightenment the discussion intensified, and different interpretations on productive labour were put forward, generally linked to different views of long run development. Among them, four conceptions emerged as the most important and influential. In the classical period the concept of productive labour was linked to the production of profit. The theme declined only after the rise of neo-classical theory, until it was declared a false problem in the 20th century³.

But - irony of history - while Schumpeter was describing this issue as a "dusty piece of museum", a revival of it had already started. The new debate reached its peak in the 1970s, focusing on Smith's and Marx's treatments. Then it dropped abruptly. Today our economy is undergoing so deep a crisis and so radical a transformation about labour and industrial relations that maybe this old distinction can tell us something useful.

*

In a previous work we have surveyed just the first of the four streams of thought we have mentioned before (although today we would change something of that treatment, especially the

¹ I thank much the two anonymous referees for their helpful comments. About the author, see <https://sites.google.com/site/cosimoperrotta>

² Only a handful of historians acknowledge the existence of a pre-Smithian debate on this issue (see Perrotta 2004, 180). Generally even the best equipped believe that Smith learned this distinction from the physiocrats (see for ex. Ingram 1888, 103; Patten 1899, 239-40; Schumpeter [1949], II.3.4.e, 192). However Smith in many points evidently borrows from Petty and other English authors.

³ See Cannan 1929, 45-7. Schumpeter 1949, II.3.4.e, 192n; III.6.5.a, 628-31.

analysis of Cantillon and the references to Smith)⁴. This stream derives directly from Petty, reaches its peak with Genovesi in 1767 and lasts more or less up to the 1780s. It distinguishes itself for a more empirical and flexible approach. However just in 1767 three important authors opened the crisis of this stream: James Steuart ignored the distinction, Graslin and Ferguson radically criticised it.

The present article is the continuation of the one just mentioned. Here we examine the other three main Enlightenment's approaches to the theme, due to Quesnay and the physiocrats, Condillac and Smith. All of them propose more rigorous definitions of productive labour, in order to analyse accumulation. Quesnay connects the concept to the production of surplus; Smith defines it through the production of (exchange) value. Less successful at the time - but much more in the following century - was Condillac's interpretation of the concept, based on utility. The essence of these contributions are well known, but examining them in continuity with the previous and the following analyses of the subject can cast new light on the whole problem.

In section 2 we will synthesise, very briefly, the Petty-Genovesi stream, already described. In section 3 we will shortly remind the well-known physiocratic thesis, and examine Condillac's view. Then we will examine Smith's analysis (section 4); the debate about physiocracy on productive labour (section 5), finally the first followers and critics of Smith's solution (section 6).

2. On the pre-Smithian approach and Genovesi

Before Petty, the distinction between occupations was generally of a moral nature. Pre-modern authors condemn the jobs linked to entertainment and pleasure, like actors, musicians, acrobats, perfumers, confectioners and prostitutes⁵.

William Petty ranks occupations in terms of earnings, then according to the contribution they give to the country's stock (the more durable products give a bigger contribution), finally according to the products which are more suitable for the accumulation of wealth (production of wage-goods and of means of production; investigation for technical progress)⁶. In Petty the concept of accumulation gradually shifts from the material stock of commodities to the idea of annual reproduction.

That of Petty was an empirical approach, which classified occupations according to their being more or less productive. The more productive sectors were to be enlarged; the less productive ones were to be checked, in order to avoid a number of workers employed beyond the need of the society; the useless jobs were to be discouraged. All the authors who followed Petty substantially kept this flexible view of the problem, caring little about theoretical definitions.

This flexible approach found its best illustration in Antonio Genovesi, from Naples. This author provides an evolutionary view of development. He describes society with the metaphor, rather frequent in his time, of the pyramid. At the basis of the pyramid there are the most numerous categories of manual workers (peasants, artisans, manufacturers). They perform the most necessary work, and their number is never excessive. The superior steps progressively decrease in the number of people employed. They perform jobs less and less useful. At the top there is intellectual labour (arts and investigation)⁷.

In such a way Genovesi confirms the relative nature of the distinction. No occupation is productive or unproductive in an absolute sense. They are rather more or less productive, according to their usefulness. The author says that professional, administrative and intellectual jobs are "indirectly productive", because they create the necessary conditions for the production of the material goods, which satisfy our needs⁸. Indirectly productive occupations must be checked,

⁴ See Perrotta 2004, ch. 9.

⁵ See for ex. Cicero, *Offices*, 73; St. Augustine (see Wood 2002, 61); many humanists (see Perrotta 2004, ch. 5, 106-11); and early modern authors (*ibid.*, ch. 9, 181-3).

⁶ See respectively Petty 1662, II.27, p. 26. Petty 1672, 2, 144; 1676, 2, 259-60, 269-71. Petty 1672, XV, 182; see also 1662, II.37, pp. 29-30; etc.

⁷ Genovesi 1765-67, I, 3.5, 3.7, 5.12.

⁸ *Ibid.*, I, 7.6, 11.1.

not to acquire an excessive number of people employed. However workers in excess must be discouraged, not forbidden⁹.

Genovesi adds also another fundamental principle: the superior ranks in the society vary their degree of productivity according to the level of economic development reached by society. For example, in the primitive state of the economy, intellectual labour is hardly productive, because usual consumption goods are too elementary and the productive structure of society is too simple. It becomes productive, anyway, along with the improvement of techniques and the increase in the demand for refined consumption.

This dynamic and long-sighted analysis can be considered the highest point reached by the empirical approach expressed by Petty's followers. Yet, this approach had a decisive weak point. It did not use the categories which were emerging in that period and on which economic analyses were increasingly based: the concepts of capital (and investment) and of surplus. This made the empirical approach inadequate to build up an analysis of the accumulation process. Probably because of this, Genovesi's view of productive labour – differently from other analyses of his – was not successful.

3. Quesnay and Condillac

In the 1750s Quesnay started publishing a series of essays with a new approach to the question. The founder of physiocracy linked productive labour to the production of surplus in a much stricter way than Petty and Cantillon had done. His approach makes productive labour become a fundamental issue in economic analysis.

Quesnay provides for the first time a rational explanation of the general process of production, exchange, distribution and reproduction of wealth. He also defines the social classes according to the role each of them has in the reproduction cycle. The new wealth generated in every cycle is the surplus. Only the labour which produces the surplus can be called productive. This is agricultural labour, because the surplus is generated only in agriculture by applying human labour to land.

Quesnay borrows from Boisguilbert and Cantillon the idea that landowners' consumption is the starting point of the distribution process. However his main concern is to introduce capitalist modernisation in agriculture. This, according to him, is the only way to make development start. Then farmers' initiative is the starting point of the production process.

In Quesnay a gap appears between productive and useful occupations that till now had been considered the same thing. The activities of manufacture and commerce are certainly useful, he says; however they are sterile, because they can only reproduce what artificers or merchants consume during their performance¹⁰. He explains:

One must distinguish the value of products that are reborn (*productions renaissantes*) from the value of expenditures which are a pure cost. In fact, spending is not an act of production; and the reimbursement of this spending, when it is not done for the rebirth (*renaissance*) of the riches produced by nature, is itself a new expenditure. (Quesnay: 1766a, p. 753)¹¹.

The physiocrats are aware that investments and profits are also present in manufacturing (Quesnay: 1766c, p. 888), but just the latter transforms wealth. "Producing and shaping (*façonner*) – says Baudeau – are two different operations"¹². Le Trosne writes: "industry does nothing but

⁹ Ibid., I.12.9.

¹⁰ Quesnay 1766a, 753.

¹¹ See also this passage in *Grains*: "the value of manufactured goods is proportional to the value of the goods consumed by the workers and the merchants. Thus the artisan destroys [consumes] as much as he produces with his work" (Quesnay 1757, 496). Le Trosne adds that spending on commerce is a loss for the nation, not an increase in wealth.

¹² Baudeau 1767-70, 847. See also Mirabeau 1769-71, vol. I, 38.

add shape to raw materials while the earth provides substances that from inexistent become existent”¹³. Baudeau adds that intellectual labour is pure consumption¹⁴.

Baudeau makes this argument clear: agricultural labour activates the productivity of the earth. It stimulates the production of wealth, but does not create it. Still in 1815 Dupont de Nemours writes in block letters to Jean-Baptiste Say: “*Dieu seul est producteur*”¹⁵.

Non-agricultural activities can yield a profit, because of the increase in the price of their products, but they cannot generate a surplus, because they only transform the products generated in agriculture¹⁶. They represent a mere exchange between present and future goods (Quesnay: 1766a, pp. 753-755). Manufacturing labour is only an expense (ibid.). Quesnay gives the example of the shoemaker: in his activity,

“is there not, one will ask, the production of a pair of shoes? No, because if you distinguish the raw material of this pair of shoes from the form of the product, you find only the processing carried out by the shoemaker, the value of which is pure expenditure made for his subsistence” (ibid., 753-4).

Then artisan’s labour is only an exchange between present and future goods: “the workman does not produce the raw material of his product; he buys it and resells it with the product, so he can only be seen as a merchant who resells” (ibid. 754). Like the merchant, the artisan makes an exchange. However, since the exchange is “between equal values (*de valeur pour valeur égale*)”, “it produces nothing” (ibid. 753). It causes “no loss or gain on one side or the other”¹⁷. This concept is often repeated by Quesnay. Le Mercier de la Rivière devotes an entire chapter to the exchange between equal values. Le Trosne confirms it against Condillac¹⁸.

Thus Quesnay opposed the secular mercantilist tradition which saw manufacture as the driving force of development (expressed in France by Laffemas, Montchrétien, Colbert)¹⁹. He explicitly connected himself to the opposite French tradition, which believed in a development driven by agriculture. The latter approach began very early with Olivier des Serres and, above all, with Maximilien de Bethune, duke of Sully, who had been minister to Henri IV (1589-1610). Sully inspired Boisguilbert, and in part Cantillon, the main sources of Quesnay. He also inspired Vauban, Fénelon and many others²⁰. Quesnay considers him as the founder of this stream²¹. Nevertheless we notice that Turgot was very keen with the development of industry and reproached Dupont and the other physiocrats not to care enough about it²².

Quesnay’s view was also encouraged by the great importance that 18th century authors attached to agriculture. In the previous centuries, it had progressed very little, because of the strong opposition of the landlords to any modernisation.

On the other hand Quesnay expresses a very common attitude, which tends to consider land and the primary sector as the only real source of wealth (this attitude probably explains why he had so many followers even after Smith’s criticism). The same attitude is very frequent in ancient authors - especially in Aristotle and his pupils, in Cicero (cited at length by Quesnay) and the Roman tradition, in the Christian Fathers and in late humanists²³.

¹³ Le Trosne 1777, ch. V.1, 574. See also Quesnay 1766c, 892. Cp. Weulersse 1910, I, 272-7.

¹⁴ Baudeau 1767-70, 846.

¹⁵ Baudeau 1771, ch. 1, 657-63. See also Le Mercier 1767, ch. 17, 597-607; Le Trosne 1777, V.3-10, 577-92; VI.5. 609-13. Dupont 1815-16, 399.

¹⁶ Quesnay 1766c, 892. Baudeau 1767-70, 847. Le Trosne 1777, ch. V.1, 574. See also Mirabeau 1769-71, vol. I, 38. Cp. Weulersse 1910, I, 272-7.

¹⁷ Quesnay 1766c, 897. See also Q. 1756, 455; 1766b, 806.

¹⁸ Le Mercier 1767, ch. 10, 536-43. Le Trosne 1777, ch. II, 521-8.

¹⁹ Cp. Faccarello 1986, ch. 1.

²⁰ See Serres 1600. Sully 1638; 1662. Cp. Weulersse 1910, 1-2, 5.

²¹ Quesnay 1767, note to maxim IX, 964-5.

²² See Denis 1904, 140-41.

²³ See again Quesnay 1767, note to maxim IX, 964-5; and also Perrotta 2004, 24-5, 29-30, 37-9, 79 and ch. 5.

*

In the same year of Smith's *Wealth of Nations*, the abbé de Condillac published *Le Commerce et le Gouvernement*. The basic theory of this book is physiocratic: land is the only source of wealth; the farmer is the only worker who produces more than what he consumes; the artisan produces only what he himself consumes²⁴.

Although Condillac is not really concerned with surplus or exchange value, he is concerned with utility. And even though artisans do not add new value to the product, they add wealth because the latter depends on utility. There is no doubt, says the author, that artificers add utility to raw materials and increase the ability of these materials to satisfy our needs. The wealth which derives from agricultural labour (landed wealth) only refers to our natural needs, and cannot be extended beyond them. On the contrary, mobile wealth, which is produced by manufactures and commerce, satisfies our artificial needs. Since the latter have no limits, mobile wealth can be accumulated²⁵.

Here Condillac, under the influence of Graslin, takes a path which drives him very far from Quesnay. In the exchange - he says - we give a good less useful to us for a good more useful. Thus, although the relative values of the goods exchanged do not vary, the respective utilities vary, because they increase for both exchangers. Then exchange increases the general utility (i.e. wealth) of society²⁶.

Condillac draws important consequences from his thesis. First, commerce as such acquires a great importance in his analysis (not only commerce of agricultural goods, as it is in the physiocrats). Commerce is the stream that carries goods from the place where they are superfluous to another place where they have more value²⁷. On the other hand, financial merchants get rich without enriching the state²⁸. Besides - being a utopian, as his brother Mably - Condillac criticises luxury goods: they subtract wealth to the production of necessities²⁹.

Then, while Condillac previously stated that only agricultural occupations are productive, in 1776, influenced by Graslin, he maintains that all jobs are productive "when all things go on properly" (whilst in the periods of disorder great riches are wasted)³⁰. With the exception of proprietors who do nothing, all citizens get their wages from one another, i.e. from those to whom they sell their products³¹. Also merchants and artisans contribute to the production of wealth. A society which lives just on agriculture is poor. Even the public administration and the clergy contribute to the growth of wealth. The richest nations are those who have any kind of jobs³².

Thus Condillac adopts a subjective concept of value. Because of this he was greatly praised by neo-classic authors³³. Subjective value was by no means new in the 18th century³⁴. However Graslin and Condillac's versions will be the most influential in the following literature.

4. Adam Smith

²⁴ Condillac 1776, I.6, 255a; I.9, 261b-62a.

²⁵ Ibid., I.1, 244b-46a.

²⁶ Ibid., I.6, 254b-57a; I.9, 262b. Cp. Graslin 1767, I.2, 13.27; I.5, 48-58. See also Lebeau 1903, ch. 1; Meoli 1961, ch. 2.

²⁷ Condillac 1776, I.6-7, 256b-58b; I.30, 318b

²⁸ Condillac 1758-65a, X.4, 169b.

²⁹ Ibid. 1758-65a, X.4, 168a-69b; 1758-65b, IV.9, 113b-16a; 1776, I.27, 309b-10b.

³⁰ Condillac 1758-65a, X.4, 169b. See also Condillac 1776, I.7-10, 258b-63b. Cp. Graslin 1767, I.2, 25; I.10, 111.

³¹ Condillac 1776, 259b.

³² Ibid., I.7, 258a; I.29, 314b-15a.

³³ See Schumpeter 1949, II.3.4.c, 175-6, who refers the comments made by Jevons and McLeod. See also Gide and Rist 1909, 52.

³⁴ For a survey of subjective value in the 18th century, see Tagliacozzo 1937, pp. XL-LI.

The great majority of Enlightenment authors were anxious to extend productive labour in order to foster accumulation. As a consequence, they saw the waste and ostentatious luxury practiced by the aristocrats as the main obstacle to accumulation. It was an unproductive use of wealth. As Pietro Verri denounced, the aristocrats' way of life subtracted wealth to the annual reproduction process³⁵. Aristocracy's incomes did not derive from profits, but from rents. And their use was parasitic like their source. The stringent economic analyses of the Enlightenment's authors on this point are enriched by a noble moral tone. Such a struggle against waste found in Smith its champion.

Smith introduces the theme in the chapter devoted to the accumulation of capital (book II, ch. 3). In the feudal economy, he says, the part of produce invested as capital was very little, while the greatest part of it was wasted, as income, in ostentatious luxury consumption³⁶. This is why the feudal economy was so poor. The vast majority of workers, employed by the aristocracy in various services, was unproductive. On the contrary, in modern economies a great part of the produce is invested and the majority of people are productive labourers who produce more and more profit. What decides about the wealth of a country is the proportion in which the produce is employed as capital or consumed as income, i.e. the proportion between productive and unproductive workers (II.3.4-8). The author particularly insists on the unproductive nature of the numerous menial servants maintained by the rich (II.3.1, II.3.7).

Smith sets the morality of a frugal and affluent society, with great investments and numerous productive workers, against the corruption of the aristocratic society, living in luxury and idleness, and surrounded by poverty (II.3.9-13). The inhabitants of the cities with an extended trade are active and industrious, he says, while those of the cities where a court resides become "idle, dissolute, and poor" (II.3.12). Prodigality makes society poor, whilst parsimony makes it rich (II.3.14-20). Patten writes that Smith – although he never cited James Steuart – greatly appreciated his treatment of the balance between demand and production, which leads to the same conclusions³⁷.

Generally Smith's followers (except for the German ones) and even historians have neglected this great vision, founded on history, of the issue of productive labour. They have ignored the struggle undertaken by Smith and the other Enlightenment's authors against the parasitic customs of the aristocracy which hindered European development. Deprived of these basic elements and unawares of the pre-Smithian long debate, historians have often reduced the question of productive labour to little more than a logical puzzle. On turn, such an impoverishment of the issue focused the attention on the formal aspects of Smith's analysis and overrated its contradictions.

Let us see the analytical problems raised by Smith's approach. Firstly, the author changes the definition of productive labour proposed by Quesnay, but keeps the latter's separation between usefulness and productive nature of occupations. He is not worried about the inherent contradiction of such a separation (how can it be that some useful occupations do not contribute to the production of social wealth?). On the contrary, he ignores the category of "indirectly productive", proposed by Genovesi, and provides a radical version of this paradox³⁸. He writes: "The labour of some of the most respectable orders of the society is, like that of menial servants, unproductive of any value". For example, the sovereign, public officers, soldiers "are maintained by a part of the annual produce of the industry of other people. Their service, how honourable, how useful and how necessary so ever, produces nothing for which an equal quantity of service can afterwards be procured" (II.3.2). In the same class, he adds, must be ranked "some of the gravest and most important, and some of the most frivolous professions". Here Smith repeats very closely one of Petty's lists of unproductive jobs (see above), without citing the source: "churchmen, lawyers, physicians, men of letters of all kinds; players, buffoons, musicians,

³⁵ Cp. Perrotta 2004, ch. 11. On the specific opposition between waste and productive labour, see the authors mentioned at pag. 237.

³⁶ Smith uses the term "revenue" in the sense of income (see Cannan 1929, 47).

³⁷ Patten 1899, 239-42. Cp. Steuart 1767, b. 2, chs.10 and 15.

³⁸ Probably Smith did not read Genovesi, whose books are not present in his library (see Mizuta 1967).

opera-singers, opera-dancers, etc.” (ibid.). Then there are occupations very useful but unproductive, since they do not produce value.

Productive labour, the author explains, is the labour “which adds to the value of the subject upon which it is bestowed” (II.3.1). This is the case of the manufacturer, whose labour adds “to the value of the materials which he works upon, that of his own maintenance, and of his master’s profit”. The labour of the manufacturer “fixes and realises itself in some particular subject or vendible commodity, which lasts for some time at least after that labour is past. It is “a certain quantity of labour stocked and stored up” (ibid.). For this reason also artisans are productive (II.3.18, II.3.41).

On the contrary, the services of the menial servant, like those of the actor, the orator or the musician, “generally perish in the very instant of their performance” (II.3.1). The same holds for public professions. Here the effect of the labour of one year - in terms of protection, security and defence - “will not purchase” the same things for the next year; because, “like the declamation of the actor [...] or the tune of the musician”, “the work of all of them perishes in the very instant of its production” (II.3.2)³⁹.

In the chapter devoted to physiocracy, Smith makes his view even clearer. After perfectly synthesising that theory (IV.9.1-28), he states that its main mistake is to believe that artisans, manufacturers and merchants are sterile (IV.9.29)⁴⁰. He concedes that agricultural workers are more productive because they produce, beside the funds which sustain them, also a rent (a concession for which he has been reproached)⁴¹. But, he says, this does not mean that the other workers are sterile; as it is not sterile a marriage which produces only a son and a daughter (IV.9.30). Artisans, manufacturers and merchants cannot be confused with menial servants, whose product vanishes as soon as their activity finishes. On the contrary, the labour of the first fixes and realises itself into some vendible commodity. Then they increase social wealth, because their products are durable; whilst the consumption of a menial servant or a soldier only subtracts wealth to society (IV.9.31-32).

However, Smith goes beyond the narrowness of formal definitions when he puts forward a powerful statement about the real way of increasing labour productivity. Such an increase, he says, derives either from the increase in worker’s ability or from mechanisation. “But the labour of artificers and manufacturers, as it is capable of being more subdivided, and the labour of each workman reduced to a greater simplicity of operation than that of farmers and country labourers, so it is likewise capable of both these sorts of improvements in a much higher degree” (IV.9.35).

Marx wrote that Smith gives two different definitions of productive labour, as if it was only one. According to the first definition, productive labour is that which exchanges itself with capital; according to the other, it is the labour which produces some durable (physical) modifications. But, Marx objected, if a teacher gives a profit to his entrepreneur without producing any physical object, his labour is not less productive than that of a manufacturer. Much earlier Germain Garnier had made the same case about a theatre manager⁴².

To be precise, Smith – while relying on the increase in profit, and especially on manufactures, for the advance of accumulation - never confined productive labour to the production of profit. Nevertheless Marx is right: Smith does not believe that services and intellectual labour can be productive⁴³. The Scottish author even repeats and explains in details Petty’s thesis that

³⁹ Curiously enough St. Basil (as early as 4th century) preceded Smith in preferring labour applied to material transformation rather than dance and music, because – he says - the result of the first lasts after its performance (see Gordon 1989, 106).

⁴⁰ In this chapter Smith always mentions these three categories together. Probably he considers merchants as productive because they intervene on material commodities in many ways (not because they produce a profit, as Garbero 1980 maintains: 23n).

⁴¹ By Gide and Rist 1909, 69-71.

⁴² Marx 1861-63, ch. 4.3-4, 273-97. Garnier 1802, 176.

⁴³ See also Taylor 1960, 95.

durable goods are preferable to “things which are consumed immediately” (II.3.38-42). This view even suggests a physical, rather than an economic concept of accumulation.

It is true that, as Meek notes, accumulation of Smith’s time was essentially based on material production. Roncaglia rightly adds that agriculture and manufacture, that are the bulk of material production, were then the driving force of capitalism, thus of productive labour⁴⁴. However Petty himself, who initially showed an idea of accumulation as physical storing up, had overcome this view. Petty not only puts the production of wage goods, food included, among the most productive, but he always enlists natural scientists among the productive workers (whilst Smith does not mention them), and says that studies can increase the productivity of cultivation (see footnotes above). Genovesi, too, sees farther than Smith about the contribution of intellectual jobs to development (see above).

Smith’s reference to material production in the definition of productive labour had negative effects in the following decades. It favoured the criticism of his own supporters. Today we can say that Smith’s approach is extremely effective against his critical targets (waste of the aristocracy; parasitism; physiocratic analysis) but depends too much on the polemics of his time.⁴⁵ In the end, it does not explain the development process in the long-run.

The comments on Smith form the greatest part of the later literature on productive labour. For the most of time, they interest the reader more about the attitude of the comment’s author than about Smith’s attitude (with some exceptions). Thus we will examine them in future articles devoted to this literature.

5. The debate on physiocracy

As early as the 1760s a keen confrontation starts between followers and critics of physiocracy. Before the French Revolution the attention was focused on the physiocrats’ economic policy. However Arriquíbar, for instance, is also concerned with theory. He criticises Mirabeau’s *L’Ami des Hommes*, because – he says – not only agriculture but also industry is productive.⁴⁶ Like all the 18th century Spanish authors, Arriquíbar is obsessed by the long-lasting Spain’s backwardness, caused by the lack of manufactured production, and maintains the necessity of industrialising the country⁴⁷.

Pietro Verri, too, defends the productive nature of both agriculture and handicraft⁴⁸. However, Verri believes that not only public administration but also commerce and transports – although very useful - are not productive, being activities of pure mediation. On the other hand, he defends landlords and their “utility” for society⁴⁹. The productive nature of industry, against the physiocrats, is also stated by Isnard⁵⁰. Storch reminds Graslin’s objection to the physiocrats: if land is the only source of wealth, how could industrial and commercial countries survive? To which Turgot replied making a difference between productive nations and waged nations; a childish distinction, comments Storch⁵¹. Longo - like Boisguilbert, Cantillon and Quesnay - founds the economic process of society on the proprietors’ surplus. However, he uses pre-physiocratic categories: all occupations are “necessary” insofar as they produce either things (peasants and artisans), or services (merchants, professionals)⁵².

After the breakdown of the *ancien régime* the debate on physiocracy centers more on the general theory and on productive labour (although some author still uses physiocratic categories

⁴⁴ See respectively Meek 1951, 351-2; Roncaglia 2001, 132.

⁴⁵ According to Schumpeter 1949, III.6.5.a, 630, Smith wanted to contrast both the physiocratic idea of productive labour confined to agriculture and the mercantilist view of productive labour confined to manufacture’s exports.

⁴⁶ Arriquíbar 1764-70, I.3.6-7, 106-10.

⁴⁷ See them in Perrotta 2004, 142-4, 191-2.

⁴⁸ Verri 1771, section 3, 21-6.

⁴⁹ Ibid., sections 24, 204-5; 29, 238-9.

⁵⁰ Isnard 1781, for. ex., p. XIII.

⁵¹ Storch 1815, vol. I, 116-17fn.

⁵² Longo 1773, 340-42.

for political purposes)⁵³. In actual fact most of the literature devoted to productive labour in 18th century's last years and in the first two decades of the 19th is a comparison between Quesnay's and Smith's approaches, as Meek and Steiner – among others - have shown.⁵⁴

In 1797 John Gray (not to be confused with the homonymous Ricardian socialist, who wrote some decades later) maintains that artificers and manufacturers are sterile - although less sterile than menial servants – like a barren field which returns only the seed sown into it (pp. 10-12). Manufacture does not increase national income, although it increases the country's goods (pp. 37-38). Gray repeats the physiocratic thesis that the only valid tax is that on rents (pp. 64-65).

According to Meek, Gray uses the physiocratic theory “not to defend but to attack the landed interests”. Indeed he states that, while manufacturers are anyway useful, landlords are a burden on society, because now land rent is separated from the original purpose of the defense of the state.⁵⁵ William Spence too is a follower of physiocracy (he writes in 1807-08). But his arguments are rather banal⁵⁶.

The Scottish moral philosopher Dugald Stewart, who wrote the first biography of Smith, in his *Lectures on Political Economy*, while apparently conceding something to Smith, effectively repeats Quesnay's arguments⁵⁷. He states the “pre-eminence” of agriculture (pp. 255, 260). The latter feeds all laborers and “reproduces a surplus in addition to its value” (p. 264). On the contrary, the artificer, however useful, “adds nothing to the materials of his labour but the value of his own subsistence” (pp. 260-262).

The same holds for the manufacturer and the merchant. Their wages “are a mere transference of wealth” (p. 265). They only give “a greater exchangeable value” (p. 65), “the portion of that produce which he is continually consuming being always equal to the same value which he is continually producing” (p. 261). “The corn which the farmer produces is the free gift of nature and costs nothing to society; [whilst] the manufacturer only changes the form of his commodity” (p. 263).

Again: “the gains of the merchant are but a transference, not a production of riches. The same thing may be said of every species of industry, the object of which is to modify the productions of the earth, without increasing their quantity” (pp. 266-267). This holds independently from the utility or necessity of a certain labour, so that even the plough-wright is sterile, as Baudeau states, not less “than a lace-maker or an embroiderer” (p. 278).

However the young economists of Stewart's time were critical about physiocracy. According to Steiner, in 1819 the attention to physiocracy dropped suddenly, at least in France, because of the publication of Ricardo's *Principles*. The same authors who had compared Quesnay and Smith – Garnier, Ganilh, J.-B. Say – now turned to compare Smith with Ricardo, while physiocracy, from a theory, turned to be a doctrine of the past. So that a few years later Say could state that physiocracy “est maintenant complètement abandonné[e], et je ne connais plus une seule personne qui [la] soutienne” (“is now completely abandoned, and I don't know one single person who supports it”)⁵⁸.

6. 18th century followers and critics of Smith

Historians generally agree that soon after the *Wealth of Nations* the progressive attitude of the Enlightenment decayed rapidly and the cultural climate changed sharply. This trend deepened after the French Revolution. The authors who comment Smith on productive labour seem now to have in mind new social strategies.

⁵³ This is the case of the Russian prince Golicyn (1796, p. 227), who extends the “accusation” of being sterile to all the *third state*, in polemics with Sieyès and the French Revolution.

⁵⁴ See Meek 1951, Steiner 1995, 221. According to Steiner, physiocracy was discredited during the French Revolution but later had a revival.

⁵⁵ Meek 1951, 355.

⁵⁶ Spence 1807, 27-37; 1808, 105-8, 135ff.

⁵⁷ Stewart 1809-10.

⁵⁸ Steiner 1995, 24-27 (quotation, p. 27). For a vast survey of German authors about physiocracy and Smith in 18th and early 19th century, see Cossa 1892, 295-325.

Some authors are faithful to Smith's treatment of the question. In 1792 Tramontani supports manufactures, which – contrary to agriculture - can feed an unlimited population. He also defends luxury production and sciences, which are not – he says - at the bottom in the ranks of economic activities⁵⁹. Biffi Tolomei criticizes those who believe that value is produced only by agriculture, not by manufacture⁶⁰.

Jeremy Bentham follows Smith very close. He condemns prodigality and unproductive classes, who add nothing to social wealth, and distinguishes four kinds of occupations: those totally unproductive (menial servants in excess, musicians, etc. often mentioned); production of goods for fast consumption (luxury food, etc.); production of durable goods (dressing, furniture, and building); production of goods which serve for farther production, independently from their durability⁶¹.

The ponderous three-volume work of Lüder is written on Smith's footsteps, as the sub-title explains⁶². About Smith's statement that he who has many workers at his dependence grows rich, while he who has many menial servants grows poor, Lüder reminds the Fugger, who had been rich as merchants and poor as Counts (pp. 256-267). Unproductive workers are maintained mainly by rent and profit, but also by the consumption of productive workers and by the taxes paid by the latter (pp. 260-261). Lüder is effective in treating the luxury and idleness of the city-capitals: Warsaw, "the new and the old Rome"; and Naples, where "pomp and ostentations live together with extreme poverty" (264). "Industry – he states – only creates; but it is thrift that accumulates" (p. 266). He adds that the export of money (to buy foreign luxuries) is the effect, not the cause, of a country's decadence (268-270). However it is preferable to spend in durable luxury goods - which give work to the poor, according to the old idea - than in immediate consumption (pp. 271-279).

However, other authors are skeptical about Smith's analysis on productive labour. In 1796 Germain Garnier criticizes it. Also non material products, he writes, are sold and give a "profit", although in their case there is not the entrepreneur's mediation. Then the labour that produces them is productive⁶³.

But such a wise notation drives Garnier to more radical statements, in which the difference between capital and income - that is the very core of Smith's analysis - disappears. In 1802 he publishes a French translation of the *Wealth of Nations*, accompanied by extended comments. In Note XX, devoted to our theme, Garnier confirms that it is not the proportion between capital and income in society that determines the proportion between productive and unproductive labour. The latter depends on custom and on industrial development (p. 177).

He mixes arguments of different nature. All occupations are productive in so far as they give enjoyments (p. 171). Also domestic work is productive because prevents goods from deterioration (p. 172). And: why the violin-maker should be productive and the violin-player unproductive? The same holds about the difference between the confectioner who satisfies my taste and the musician who satisfies my hearing; or a road-builder and a magistrate of roads (pp. 172-174). Why the maker of ornaments should be more productive than a professional who provides an artistic enjoyment (pp. 178-179)?

Here Garnier opens an approach - the casuistry of productive or unproductive occupations - which became very popular. He often confuses individual utility and social utility. Then he goes back to the physiocratic thesis that agricultural labour is more important because it produces a surplus⁶⁴.

In the second edition of his translation (1822) Garnier re-writes completely the Note on productive labour (now it is the 49th). He repeats his casuistic arguments: many menial servants fix

⁵⁹ Tramontani 1792, 293-4.

⁶⁰ Biffi Tolomei 1792, 61.

⁶¹ Bentham 1801b, 285; 1801a, 139; see also 1801a, 138; 1800, 237.

⁶² Lüder 1800-04. The sub-title is "Reworked in accordance with Adam Smith". The pages cited are in vol. 1, ch. 4: 255-79.

⁶³ G. Garnier 1796, 38-9; 1802, vol. V, 175-6.

⁶⁴ Garnier 1802, vol. V, 183ff. See also his Preface in the first vol. of the 1802 edition.

their work on material objects; many wage-earners do not; many non-material jobs are linked to the production of material products (pp. 132-135); not all material products can be accumulated (p. 131); etc. His basic idea is that any product has value if there is a consumer who pays for it (p. 132). In the end, he states, both types of labour (productive or unproductive) are limited by the extension of needs. Thus society does not gain by extending one of them at the expenses of the other (p. 127).

Germain Garnier is the blueprint of most of the criticisms raised during the classical period. However, well before his last comments, authors like Sismondi, J.-B. Say, Lauderdale, etc. commented Smith's conception of productive labour with a different view. They were in a completely new cultural environment, determined by the forcible rise of factories. Their development model was no more concerned with luxury and waste. It was concerned with subsistence wages, increase in population, profit accumulation. A new perspective was now open to the analysis of productive labour.

7. Conclusions

Maybe our reader is now thinking: "Why should we bother about a wrong distinction, which does not help in understanding real economy? Insofar as a certain labour can to get an income, it is anyway productive". Such an idea, accepted by most economists, implies some neoclassical principles: exchange and prices (not production and consumption) are the basis of economic processes; microeconomics and individual behaviour determine the macro-processes, while the reverse does not happen. In the end this approach also implies that growth is the natural effect of free trade, and economic policy only consists in removing the obstacles to the spontaneous market forces.

However the economists who used the distinction productive/unproductive labour had evidently another view. They were mainly concerned with development, even when treating of exchange and prices. They were convinced that development generally requires a public policy explicitly aimed at it. Their analyses wanted to find out which sectors of production were more dynamic and more useful to development; then which sectors deserved to be more supported.

The original approach to the question – that of Petty, Cantillon, Hume, Genovesi and many others – wanted to increase employment by enlarging the more productive sectors, above all manufacture. They also aimed at diminishing the burden of priests, lawyers, literates and other professionals, when their number was in excess in respect to social necessity.

The physiocrats were committed to develop agriculture, which was then trapped – in France and elsewhere - in a pre-modern social economy. Smith – like Verri and other Enlightenment authors – wanted to increase modern production by reducing the luxury of the aristocrats, which wasted capital and labour in a parasitic consumption. Classical economists had the common aim of fostering profit production at the expense of rent.

The distinction revived in the 1940s, up to the 1970s, because of the radical turn of capitalist economy in the 1930s: that is, the intervention of the state to protect and promote accumulation and support demand. Smithians and Marxists, especially, asked themselves whether public employees or workers of the state companies contributed to profit production or not; whether the growing intervention of the state was supporting accumulation or parasitism.

Finally, the present crisis puts the question of unproductive labour in yet another way (the general increase in demand is no more a sufficient remedy). Let us hint to just two examples. Firstly, today, in western economies, most of the traditional production sectors undergo a permanent excess of supply. Does the production in excess promote or hinder development? Does it hide into itself unproductive labour? If so, how can we relocate these workers in more productive sectors? Secondly, what about the activities of unbridled financial speculation, which largely overcome the world production? Is that too productive labour?

References

Arriquibar, Nicolás. 1764-1770. *Recreación política* Part 1: 1764, part 2: 1770, published posthumously in 1779, reprinted in Bilbao: Inst. Vasco de Estadística, no date.

- Baudeau, Nicholas. 1767-1770. *Explication du Tableau économique à Mme. de ****. In Daire 1846, pp. 822-876.
- 1771. *Première introduction à la philosophie économique; ou Analyse des états policés*. In Daire 1846, pp. 657-821.
- Bentham, Jeremy. 1800. *Abstract or Compressed View of a Tract entitled Circulating Annuities...* In B. [1952], vol. 2, pp. 201-423.
- 1801a. *The True Alarm. A View of Paper Money ...* In B. [1952], vol. 3, pp. 61-216.
- 1801b. *Defence of a Maximum...* In B. [1952], vol. 3, pp. 247-302.
- [1952] *Economic Writings*, ed. by W. Stark. 3 vols. Royal Economic Society, London, Allen & Unwin.
- Biffi Tolomei, Matteo. 1792. *Esame del commercio toscano ...* Firenze, P. Allegrini.
- Cannan, Edwin. 1929. *A Review of Economic Theory*. London, King & Son [1930].
- Cicero (*Officies*) [1850]. *Three Books of Offices, or Moral Duties*. London, Bohn.
- Condillac, Étienne Bonnot de. 1758-1765a. *Cours d'études pour l'instruction du Prince de Parme. Histoire Moderne*, partly in C. [1947-1951], vol. 2.
- 1758-65b. *Cours d'études pour l'instruction du Prince de Parme. Histoire Ancienne*, partly in C. [1947-51], vol. 2.
- 1776. *Le Commerce et le Gouvernement ...* In C. [1947-51], vol. 1.
- [1947-51] *Œuvres philosophiques*. Paris, P.U.F.
- Cossa, Luigi. 1892. *Introduzione allo studio dell'economia politica*. Milano, Hoepli.
- Daire, Eugène. 1846, ed., *Physiocrates*. reprint Genève, Slatkine Reprints, 2 vols. in one, 1971.
- Denis, Hector. 1904. *Histoire des systèmes économiques et socialistes. Le fondateurs*, vol. I. Paris, Giard et Brière.
- Dupont de Nemours, Pierre-Samuel. 1815-16. *Correspondance avec J.-B. Say*. In Daire 1846, pp. 394-424.
- Faccarello, Gilbert. 1986. *Aux origines de l'économie politique libérale: Pierre de Boisguilbert*. Paris, Anthropos.
- Garbero, Piero. 1980, ed., *Lavoro produttivo e lavoro improduttivo*. Torino: Loescher, Introduzione, pp. 9-61.
- Garnier, Germain. 1796. *Abrégé élémentaire des principes de l'économie politique*. Paris, H. Agasse (Fondazione Einaudi)
- 1802. *Notes du traducteur*, vol. 5 of *La richesse des nations par Adam Smith* Paris, H. Agasse, note XX, pp. 169-201 (Goldsmith's L.)
- 1822. *Notes du traducteur*, vol. 5 and 6 of *La richesse des nations par Adam Smith*. Paris, Agasse, note XLIX, vol. 6, pp. 120-40 (Goldsmith's L.).
- Genovesi, Antonio. 1765-1767. *Delle lezioni di commercio o sia di economia civile*. Revised edition: Milano, 1768-1770, ed. by Francesca Dal Degan. Milano, Vita e Pensiero, 2013.
- Gide, Charles - Rist, Charles. 1909. *Histoire des Doctrines Économiques et Sociales depuis les Physiocrates jusq' à nos jours*. Paris, Larose.
- Golicyn, Dmitri. 1796. *De l'esprit des économistes*. Brunswick, no publisher (Fondazione Einaudi).
- Gordon, Barry. 1989. *The Economic Problem in Biblical and Patristic Thought*. Leiden et al., Brill.
- Graslin, J.J. Louis. 1767. *Essay analytique sur la richesse et sur l'impôt*. Paris, Geuthner, 1911.
- Gray, John. 1797. *The essential principles of the Wealth of nations, illustrated in opposition to some false doctrines of dr. Adam Smith and others*. London, T. Becket.
- INED (ed.). 1958. *François Quesnay et la Physiocratie*, Paris: Inst. National d'Études Démographiques, 2 vols. Vol. 2, pp. 393-1005. It collects Quesnay's works.
- Ingram, John. 1888. *A History of Political Economy*. Revised ed. Reprinted in New York, A. Kelley, 1967.
- Isnard, Achille Nicolas. 1781. *Traité des richesses*. Londres, Fr. Grasset, 2 vols. (Fondazione Einaudi).
- Lebau, Auguste. 1903. *Condillac économiste*. Paris, Guillaumin.
- Le Mercier de la Rivière, Pierre-Paul. 1767. *De l'ordre naturel et essentiel des sociétés politiques*, last 18 chapters (out of 44) published in Daire 1846, pp. 445-641.
- Le Trosne, Guillaume-François. 1777. *De l'intérêt social*. In Idem, *De l'ordre social*, reprinted in München, Kraus, 1980, pp. 489-724.
- Longo, Alfonso. 1773. *Istituzioni economico-politiche*. In C. A. Vianello, ed., *Economisti minori del Settecento lombardo*. Milano, Giuffrè, 1942.
- Lüder, August Ferdinand. 1800-1804. *Ueber Nationalindustrie und Staatswirtschaft. Nach Adam Smith bearbeitet*, Berlin, H. Fröhlich, 3 vols. (British L.).
- Marx, Karl. 1861-1863. *Theorien über den Mehrwert* (Theories on Surplus Value). Italian trans. Roma, Editori Riuniti, I vol., 1972.

- Meek, Ronald. 1951. "Physiocracy and Classicism in Britain", *Economic Journal*, now in Idem, *The Economics of Physiocracy*. London, Allen & Unwin, 1962, pp. 345-63.
- Meoli, Umberto. 1961. *Il pensiero economico di Condillac*. Milano-Varese, Ist. Ed. Cisalpino.
- Mirabeau, Victor. 1769-1771. *Les Économiques*. 3 vols. Amsterdam, no publisher (Fondazione Einaudi).
- Mizuta, Hiroshi. 1967. *Adam Smith's Library: A Supplement to Bonar's Catalogue with a checklist of the whole library*. Cambridge, Cambridge U.P.
- Patten, Simon. 1899. *The Development of English Thought. A study on the Economic Interpretation of History*. London-New York, Macmillan.
- Perrotta, Cosimo. 2004. *Consumption as an Investment. The 'fear of goods' from Hesiod to Adam Smith*. New York-London, Routledge.
- Petty, William. 1662. A Treatise of Taxes... In Petty [1899] I.
- 1672. Political Anatomy of Ireland. In Petty [1899] I.
- 1676. Political Arithmetick, posthumous. In Petty [1899] I.
- Economic Writings*. 2 vols., ed. by C.H.Hull 1899, reprint in New York, Kelley, 1963 and 1964 (it does not report the 1899 publisher).
- Quesnay, François. 1756. *Fermiers*, article of the *Encyclopédie*. Paris, INED, 1958, pp. 427-58.
- 1757. *Grains*, article of the *Encyclopédie*. Paris, INED, 1958, pp. 459-510.
- 1766a. *Réponse au mémoire de M. H. sur les avantages de l'industrie et du commerce ...* Paris, INED 1958, pp. 749-58.
- 1766b. *Analyse de la formule arithmétique du Tableau économique...* Paris, INED 1958, pp. 793-812.
- 1766c. *Sur les travaux des artisans. Second dialogue*. Paris, INED 1958, pp. 885-912.
- 1767. *Maximes générales du gouvernement économique d'un royaume agricole*. Paris, INED 1958, pp. 949-76.
- Roncaglia, Alessandro. 2001. *La ricchezza delle idee*, English trans. *The Wealth of Ideas*, Cambridge, Cambridge U.P. 2006.
- Schumpeter, Joseph A. [1949]. *History of Economic Analysis*. First published 1954, reprint London, Routledge, 1997.
- Serres, Olivier de. 1600. *Le théâtre d'agriculture et mesnage des champs*. Paris, Huzard, 2 vols. 1804-1805.
- Smith, Adam. 1776. *An Inquiry into the Nature and Causes of the Wealth of Nations*. Ed. by Edwin Cannan, London, Methuen, on-line ed. Library of Economics and Liberty 1904.
- Spence, William. 1807. *Britain Independent of Commerce*. In Spence [1822], pp. 1-92.
- 1808. *Agriculture the Source of the Wealth of Britain*. In Spence [1822], pp. 93-192.
- [1822]. *Tracts on Political Economy*. London, Longman & Co.
- Steiner, Philippe. 1995. "Quels principes pour l'économie politique? Charles Ganilh, Germain Garnier, Jean-Baptiste Say et la critique de la physiocratie", *Économies et sociétés*, 1-2/1995, pp. 209-30.
- Steuart, James. 1767. *An Inquiry into the Principles of Political Oeconomy*. Ed. by A. Skinner, Chicago, Chicago U. P., 1966, 2 vols.
- Stewart, Dugald 1809-10. *Lectures on Political Economy*, 2 vols. (8th-9th vols. of his *Collected Works*), ed. by W. Hamilton in Edinburgh, T. Constable. 1st vol., 1855, b. 2, ch. 1 "Of productive and unproductive labour" (Goldsmith L.).
- Storch, Heinrich (Henri). 1815. *Cours d'économie politique*. Paris, Aillaud, Bossange, Rey & Gravier, 5 vols., 1823-25.
- Sully, Maximilien de Bethune, duc de. 1638; 1662. *Mémoires des sages et royales économies d'Etat...* vol. I: Amstelredam (Amsterdam), Cleartimelee et Pistariste, 1638; vol. II: Paris, Courbé, 1662 (Fondaz. Einaudi).
- Tagliacozzo, Giorgio, ed. 1937. *Economisti napoletani dei sec. XVII e XVIII*. Bologna, Cappelli, Introduzione.
- Taylor, Overton H. 1960. *A History of Economic Thought*. New York, et al., McGraw-Hill.
- Tramontani, Luigi. 1792. *Voto...* (to the Accademia dei Georgofili, Florence), attached to Biffi Tolomei 1792, pp. 285-96.
- Verri, Pietro. 1771. *Meditazioni sulla economia politica*. P. Custodi ed., parte Moderna vol. XV, Milano, Destefanis, 1804, reprint Roma: Bizzarri, 1966.
- Weulersse, Georges. 1910. *Le mouvement physiocratique en France (de 1756 à 1770)*. 2 vols., Paris, F. Alcan.
- Wood, Diana. 2002. *Medieval Economic Thought*. Cambridge, Cambridge U.P.