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Keith Jennings
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"Thesis" includes 'treatise', 'dissertation' and other similar productions.
THE ECONOMIC IDEAS OF ANTONIO GENOVESI
(1713-1769)

Paul M. Augimeri

Thesis submitted in fulfilment of the requirements for the
Degree of Doctor of Philosophy
in the Faculty of Economics,
University of Sydney.

I wish to express my sincere appreciation to my supervisor, Professor Peter Groenewegen, for his always constructive and thought-provoking comments and criticisms of draft chapters of the thesis, and the many other positive ways in which he assisted me while I was researching and writing the thesis. I am all the more grateful to Professor Groenewegen for continuing to act as my supervisor after his appointment as Senior Research Fellow by the Australian Research Council in 1991.

My appreciation and thanks are also due to my associate supervisor, Louis Haddad, for his helpful advice and comments on different parts of the thesis.

A number of people gave me valuable assistance during my visit to Italy in 1987 to undertake research on Genovesi and I wish to express my thanks to them. Professor Franco Venturi and the staff made my brief stay at the Fondazione Luigi Einaudi in Turin a very worthwhile one. While in Turin, I also had fruitful discussions with Dr. M.L. Perna and Dr. V. Ferrone. In Florence, Professor E. Pil gave me the benefit of his profound knowledge of Genovesi and also donated various books and articles. My wife and I also greatly appreciated the warm hospitality he and his family provided in their home. In Naples, Professor F. Di Battista (University of Bari) was most generous and equally hospitable. To him I am particularly grateful for arranging for photocopies to be made on my behalf of the second Neapolitan edition of Genovesi's Lezioni (1768 and 1770), the more so since the photocopying was done from his own original and extremely rare copies of the work. Professor Di Battista was also kind enough to supply me with various journal
articles on Genovesi, which have proved most useful. Both Professors Di Battista and Pit have continued to correspond with me and I thank them for their interest in, and help with my research. During my stay in Naples, Dr. E. Chiosi (University of Salerno) was also most hospitable and helpful with copies of articles on Genovesi. So too was Professor R. Ajello (University of Naples), who very kindly donated a number of books. Avvocato G. Marotta of the Istituto Italiano per gli Studi Filosofici in Naples was generous enough to present me with the two volumes of Genovesi's *Scritti Economici* of 1984, edited under the Institute's auspices by Dr. M.L. Perna.

My correspondence with Dr. R. Bellamy (Cambridge University) and Dr. J. Robertson (Oxford University), the only two writers in English on Genovesi in recent years, was most rewarding, and I thank them for the interest they displayed in my research.

I offer my thanks to Michael White, Department of Economics, Monash University, who assisted me by locating a rather elusive reference to Genovesi made by W. Stanley Jevons in 1878.

My thanks also go to Dr. N. Witton, School of Modern Languages, Macquarie University, who translated a number of passages of commentary on Genovesi from German into English; for example, in Venturi 1960: 522-6.

My research was greatly facilitated by the assistance given me by members of the library staff in the University of Sydney (including the Wolstenholme Library), the Australian Catholic University, the State Library of New South Wales, the Fondazione Luigi Einaudi in Turin, the University of Naples and the Biblioteca Nazionale in Naples.
I wish to acknowledge the encouragement and support of my research by Brother Ambrose Payne, fsc, formerly Principal of Catholic College of Education Sydney (now Australian Catholic University). I greatly appreciated the special leave granted me by Brother Ambrose to enable me to travel to Italy in 1987 to carry out research on Genovesi. The following colleagues at Australian Catholic University have also been particularly supportive and helpful and to each of them I extend my thanks: Professor P. Drake (Vice-Chancellor), Professor M. Dynan (Principal, New South Wales Chapter), Mr. T. M. H. Thorpe, Dr. M. T. Piccioli and Dr. P. Chesterton.

I cannot sufficiently thank my wife, Michela, for her unflagging patience and forbearance, which were exceeded only by her encouragement and support, throughout my research and writing of the thesis. I owe her a debt of gratitude which is not easily expressed in the written word. At the same time, I would like to thank my children who, together with my wife, helped me in so many practical ways. By also providing a supportive environment at home, they contributed positively to my research and completion of the thesis.

My sister, Mrs. Tina Sidari, a resident of Rome, located and sent me various books and articles on Genovesi, and I gratefully acknowledge her practical help.

My thanks are due to the Australian government, which awarded me a Higher Education Contribution Scheme (HECS) post-graduate exemption scholarship from January 1989. The material assistance provided by the scholarship was invaluable.

Finally, I wish to thank Valerie Jones for transforming my unpolished manuscript into professional typescript in her usual unassuming, highly efficient manner.
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GLOSSARY

**Accrescimento**  
"Raising the coin" or "The Raising of the denomination of the coin" (Smith 1937: 882).

**Aggiatatori**  
Speculators.

**Annona**  
The State provisioning system, responsible for ensuring adequate supplies of grain and other foodstuffs.

**Arrendamenti**  
"Taxes of the kingdom of Naples alienated to private individuals or institutions as guarantees of loans to the State" (Woolf 1979: 481).

**Arrendatori** or **Arrendamentarj**  
Tax farmers. Owners or collectors of arrendamenti.

**Assisa**  
"An official price-list, the command price of goods; so-called from the feudal assemblies or assise which determined the price" (Merola 1963: 161, n.4).

**Carlino**  
A Neapolitan silver coin equal to 10 grani or grana. A Neapolitan ducat was equal to 10 carlini.

**Catasto**  
A cadastral or land register, based on a census, "usually including measurement, taxable value and changes in ownership of properties" (Woolf, ibid.).

**Catasto onciario**  
The catasto in the kingdom of Naples. So-called because the capitalised value of the income from land was transferred into rateable value expressed in the old money of account, the oncia.
"Loan to peasant (usually of wheat), made when price was high through seasonal scarcity, and repaid at harvest-time" (Woolf 1979: 481-2).

In Naples, the ducat was a silver coin equal to 10 carlini or 100 grani or grana. The ducat was equivalent to between 3s.4d. and 3s.7d., about 4.25 lire in 1860.

Entails, i.e. "Legal settlement of property preventing successors from freely disposing of it" (Woolf 1979: 482).

Fiscal agents.

Tenant farmers.

Ten grana (or grani) were equal to one carlino.

Equal to 0.320759 kg.

The right of primogeniture.

Share-croppers.

In Naples equal to 0.336486 hectares.

"Literally 'dead hand', property owned inalienably by (usually) religious institutions, with privileges such as tax exemptions" (Woolf 1979: 483).

A tax on occupations. In Naples the oncia was a monetary unit of account equal to 3 carlini. There was also a gold coin of this name equal to 6 ducats.

Equivalent to 0.263670 metres.

A poll tax.
Tomolo

5.75 tomolt equalled one imperial gallon.

Università

A commune, of which there were 2067 in the kingdom of Naples (Jannucci 1981: 38).

In addition to the sources indicated above, I have used the following in the preparation of the Glossary: Assante (1981: CCLXXIX-CCLXXXVCI); Carpanetto and Ricuperati (1987: viii-xd); Vaussard (1963).
CHAPTER 1
INTRODUCTION

The abbé Antonio Genovesi (1713-69), whose economic ideas are the subject of this study, belongs to that period in the history of economics which has been variously dubbed "pre-Smithian" (Schumpeter 1954: 250) and "pre-Adamite" (Blaug 1985: 10). While such terms suggest that the foundations of modern economics may be conveniently dated from 1776, the year of publication of Adam Smith's *The Wealth of Nations*, they should not serve as a basis for underestimating the significant early history of the subject. Although Smith unquestionably inherited an extensive and rich tradition of ideas in what was then generally termed political economy, at a much later date Schumpeter still found it necessary to observe: "We still underestimate pre-Smithian achievement" (Schumpeter 1954). More recently, Hutchison has rejected "the view of J.B. Say, still to be met with today, that, before Smith, there was virtually no political economy" (Hutchison 1988: 372). In contrast to Say, the great neoclassical economist Alfred Marshall is known to have stated that "we should ... go ... 'back to before Adam Smith' " (cited by Guillebaud in Wood 1982: 96). Smith's epoch-making treatise was part of what was in fact a long evolutionary process in the development of economic ideas, a process which gathered momentum in the latter part of the seventeenth century. Of particular significance in the present context is the observation that "the honors of the field of pre-Smithian system production should go to the eighteenth-century Italians", including Genovesi (Schumpeter 1954: 176-7). Genovesi has also been described as one of the "outstanding examples" of "the great Italian economic tradition which flourished during the second half of the eighteenth century" (Groenewegen and

1. Cited in Hutchison (1988: vi). I have been unable to locate this quotation in Schumpeter (1954).
It was to this tradition that W.S. Jevons referred when he observed that "the great works ... of the Italian economists" were ignored (in Cossa 1880: viii). Such accolades notwithstanding, it remains true that in most contemporary histories of economic thought in the English-speaking world Genovesi has been largely ignored. One aim of the thesis is to remedy this neglect by undertaking the first systematic examination in English of Genovesi's economic ideas. These ideas should be of interest to the student of economic thought if only because Genovesi was an early builder of an economic system, associated with his attempt to promote a comprehensive program of economic reform in the then kingdom of Naples. With respect to the latter, Genovesi has been recognised as one of the leading representatives of the Southern Italian Enlightenment and the reform movement spawned by the so-called Age of Reason in Naples.

Having stated the basic aim of the thesis, the introduction now provides an outline of the central argument of the thesis, followed by an indication of how that argument is developed in the subsequent chapters.

Central Argument of the Thesis

The thesis is based on the premise that Genovesi's economic ideas should be evaluated in the context of his vision of economic and social development in his homeland, the kingdom of Naples. Genovesi's basic objective is presented as a desire to fulfill the true purpose of his appointment to a specially created chair of Political Economy in the University of Naples, the promotion of economic and social reform in Naples through his teaching and writing. The objective of national economic reform is the *sine qua non* of Genovesi's economic ideas. The description of Genovesi as an "*economista riformatore*" (Venturi 1969: 533) points to the reformist, and hence

2. As the map in Appendix 2.3 indicates, the kingdom of Naples consisted of the regions which make up the present mainland Southern Italy.
particular, thrust of his economics, although the identification of Genovesi as the rightfyl founder of the Neapolitan "group of reformer-economists" (Villari 1959: xi) probably captures his priorities more precisely. This suggests that the practical, reformist bias of Genovesi's economics constitutes its dominant element. Once this is recognised, a valid response can be made to reservations by critics about the originality of his contribution to the development of economic thought. Villari has made one such response. While recognising that Genovesi "was not a systematic thinker, whose doctrines can be considered in the light of a major guiding principle" (Villari 1959: 130), he also warned that his economic writings "must be examined within definite limits, without demanding of them more than they are capable of offering" (Villari 1959: 101). Villari's limits can be specified by the constraints Genovesi's specific reform objective imposed; this acts as the integrating element in his economics. Without it, it is difficult to interpret the specific approach to economic phenomena Genovesi adopted. The economic backwardness of Naples was for Genovesi an observable fact which demanded urgent corrective action. This gives a substantial empirical content to Genovesi's economics, while its conclusions show strong pragmatic characteristics. It also explains why Genovesi's method is unmistakably eclectic in his search for workable solutions to the economic problems of Naples.

The characteristics of pragmatism, empiricism and eclecticism in Genovesi's economics arise from the overriding significance he attached to the reform objective. Theoretical elements are to be viewed against the background of concrete reform proposals. Indeed, it is fair to claim that for Genovesi strictly theoretical considerations were generally of less importance, and invariably took second place to the reality of urgent reform. Genovesi's explanation of his methodology in the preface to the first volume of the Lezioni (1768) demonstrates his fundamental preoccupation with issues relating to the Neapolitan economy. He indicated that in that volume he "will explain in general the practical principles of political economy
(Economia Civile), with some reference to Italian matters and even more to our Kingdom" (Genovesi 1768: 16). The emphasis on practical or applied issues goes hand in hand with what he must have regarded as the essentially didactic reason for his selection to fill the position of foundation professor of political economy in the University of Naples. This was to sketch the subject-matter of economics "on a small canvas; ... to demonstrate its elements to young people of high purpose and strong expectations, since these are the ones from whom in every nation which is currently pursuing the development of reason, one may hope for the perfect restoration of human affairs" (Genovesi 1768: 15, my italics). He also stressed that he was not writing "solely for the present generation" (Genovesi 1770: 71). Genovesi's confidence in the ability of the youth of the Kingdom to bring about needed reform - in both the short- and longer-term - was reflected in his statement at the beginning of the Lezioni that he was writing for young people, "a fact which I wish readers never to forget; otherwise they will not understand why I have deliberately avoided being profound and pretentious in these Lectures. When you are writing for youth, as I am doing, it is only appropriate to sketch the subjects and to be rather superficial" (Genovesi 1768: 15).

Genovesi's primary concern with practical issues helps elucidate his methodology: the urgency of economic reform for Naples made it necessary for him to present his young readers in particular with practical ideas whose implementation was feasible. Such practical emphasis was not abandoned in Volume II of the Lezioni, which was devoted to "a number of more subtle subjects, without whose knowledge this science [of economics] would be imperfect and lacking" (Genovesi 1768: 16). Even though this volume deals mainly with the subject of money (and related topics), it contains many references to actual economic and other problems in Naples already canvassed in Volume I; such is the imperative of reform in Genovesi's economics, an imperative greatly intensified by the severe famine the kingdom of Naples experienced in 1764.
A corollary of the argument about Genovesi's exclusive preoccupation with the economic problems of Naples, is that he never intended to formulate a general theory of economic development. By allowing the objective of urgent practical economic reform to predominate, Genovesi instead produced a specific system of economic development, tailored to Neapolitan circumstances. This thesis therefore stresses the error of viewing Genovesi's ideas as a set of heterogeneous, incongruous or unrelated ideas. It likewise rejects the frequent classification of Genovesi within the so-called 'mercantilists', something which owes much to his interpreters' concentration on his economic issues in isolation. By contrast, the position taken in the thesis is that such issues must be seen and interpreted in the context of what Genovesi conceived as an interrelated system of national economic development.

Outline of the Thesis

The general considerations presented above suggest that Genovesi's economic system needs to be grasped within the context of his vision of reform in the kingdom of Naples. In turn, the highly specific nature of Genovesi's system aimed at economic reform dictates the form of the argument which is developed in the thesis. Given the pragmatic qualities of Genovesi's economic system mentioned earlier, some historical background is required, and this is provided in the two parts of Chapter 2. In the first of these, which is largely biographical, particular attention is given to the nature of the endowment of the chair of political economy in Naples by Bartolomeo Intieri and his express appointment of Genovesi as its first incumbent. It is shown that Intieri's decision in both respects was based on his own perception of the need for economic and social reform in Naples and his belief that Genovesi's established reputation as an educator made him ideally suited to promote such reform.
The second part of essential historical background presented in Chapter 2 gives a brief outline of economic conditions in the kingdom of Naples in the eighteenth century. These conditions exerted considerable influence on Genovesi's economic ideas and explain both their reform orientation and their pragmatic, eclectic nature. Presenting material to test how accurate Genovesi was as an observer of economic problems in Naples forms part of the answer to the question whether the reality of the economic situation in the kingdom matched Genovesi's belief in the need for reform.

The core of the thesis is Part II, with its seven chapters presenting a critical examination of Genovesi's main economic ideas classified by subject-matter. The order of its subject-matter largely follows Genovesi's own treatment of the topics in question in the *Lezioni*. Given the underlying view of the thesis that the perceived need for reform in Naples influenced his economic ideas, the critical analysis of these ideas is undertaken against the background of the dominant elements and economic principles he believed capable of producing a workable and reformed national economic system. A systematic analysis of Genovesi's ideas is essential to a proper understanding of the overall system of economic development he put forward as the basis of reform. Genovesi realised the pursuit of growth and welfare objectives would promote economic reform. This is stressed at the beginning of the *Lezioni*:

As I see it, political economy has two main objectives: the first of which is that, subject to its internal resources, that is lands, climate, skills, location, etc., the nation should have the largest possible population; and the other, that it should, as far as possible, be well-off, rich and powerful.

([Genovesi 1768: 17.])

This statement of national economic objectives makes it clear that Genovesi intended to explain how Naples could best achieve greater population growth
combined with rising national wealth and living standards. Part II of the thesis therefore examines the ways in which the individual parts of Genovesi's system of economic development assist the achievement of these objectives and economic reform. A summary of these individual parts in terms of the chapters in which they are presented is useful at this stage.

Chapter 3, 'Population and Education', analyses the first of the two main aims of Genovesi's political economy just quoted, that is, that a nation should have an optimum population. It also examines the role of education in Genovesi's economic system since, in his view, it was an essential factor if a nation hoped to achieve the greatest possible wealth, the second aim of political economy. Given these two aims and his assumption that the kingdom of Naples was under-populated, it is shown that for Genovesi reform of the national economy was based on two pre-requisites. Firstly, an increase in total output was required; this was to be achieved primarily through an increase in the proportion of productive members of the population. It is shown that for Genovesi population growth and economic development are interdependent variables, suggesting that attainment of the "right population" (Genovesi 1768: 87) requires a higher standard of living. Genovesi's postulate that economic growth and development depend not only on a larger labour force associated with a rising population but on one which, being better educated, is more productive, is emphasised; he himself insisted on the need for qualitative as well as quantitative improvements in the labour force.

Chapter 4 deals with 'Wealth and Production'. It is shown that Genovesi regarded labour and land as the principal foundations of a nation's real wealth, and hence its economic development; and that he viewed the productive activity generated by these two factors in the form of agriculture, manufactures and trade as the major source of real wealth. Given its potential to increase production and employment, moderate luxury was considered another source of real wealth. In
addition, the chapter highlights Genovesi's advocacy of a high level of consumption as a further means of creating real wealth. The second part of the chapter reviews Genovesi's views on the agents of production. It stresses the part played by quantity and fertility of land, its ownership and distribution, in economic development. It shows that Genovesi aimed to achieve "the general employment of labour" (Genovesi 1768: 179), combined with increased labour productivity. Genovesi's distinction between productive and unproductive labour serves next to underline the significance of labour as a foundation in his economic system. A notion of capital was only implied in Genovesi's writings, and then only to the extent that he acknowledged it mainly as a source of increased agricultural productivity. Finally, Genovesi's call for the involvement of "gentlemen" to foster technological change and productivity improvements in agriculture, is interpreted as his recognition that an entrepreneurial function is an essential factor in production and economic development and reform.

Chapter 5 deals with Genovesi's ideas on foreign trade. These ideas are predicated on his definition of trade as "the exchange of the superfluous for the necessary" (Genovesi 1768: 353). Subsequent parts of the chapter examine particular aspects of trade, including Genovesi's argument that individual trading nations should aim to achieve the greatest possible independence. Genovesi believed that freedom of trade is not absolute and must be subject to the national interest. He therefore advocated restrictions on the freedom of trade. Although opposed to an excessive inflow of specie, Genovesi, nevertheless showed that successful economic development requires a favourable balance of trade. It is argued that the core of Genovesi's conception of trade is contained in his proposition that a nation should strive "to gain the ascendancy in its general balance of trade. Now, no one is better able to do so than our kingdom" (Genovesi 1770: 226). This further reflects the national Neapolitan influence on his economic ideas, and is of considerable relevance for assessing whether Genovesi is a 'mercantilist' author.
Genovesi's ideas on value and price are examined in Chapter 6. Initially, it is argued that, because he believed value expresses a relationship between commodities and money, he regarded the concepts of value and price as synonymous. Monetary aspects of Genovesi's theory of prices are considered in the second part of the chapter, where it is shown that his ideas were guided by the then already commonplace quantity theory of money. Also examined is Genovesi's proposition that human needs are the main determinant of value and price. Genovesi's treatment of price as an exchange ratio is demonstrated to be of limited theoretical value because it lacks the necessary ceteris paribus assumption. Consideration is also given to Genovesi's argument that justice in pricing will occur only when prices are determined naturally, that is, by public opinion; hence his opposition to legal prices and monopoly prices. Genovesi's belief that higher prices perform a necessary rationing and allocative function is examined in the final part of the chapter. Genovesi's insistence on justice in pricing and his defence of the legitimacy of high prices as a reflection of his aim to promote equitable economic development in Naples are among the more notable findings of this chapter.

Chapter 7 is devoted to Genovesi's treatment of money. It shows that his metallist conception of money led him to argue that money has intrinsic value, a conclusion explained by his belief that money serves primarily as a measure of value. Genovesi's opposition to government interference with money's intrinsic value is also examined. Genovesi strongly condemned the practice of "raising the coin" mainly because of its inflationary consequences. In addition, because goods attract money Genovesi's main concern in monetary theory was to ensure that the circulation of goods is facilitated. Since this could not be achieved without money also circulating, Genovesi advocated a uniform distribution of money. The chapter's final section examines Genovesi's ideas on the eighteenth century debate whether unlimited growth in the quantity of money was economically beneficial or harmful.
The fact that some empirical aspects of Genovesi's treatment of money are based on monetary practices or policies in the kingdom of Naples which he wished to reform is one of the more important conclusions from this chapter.

Chapter 8, 'Private Credit and Interest', continues the examination of Genovesi's monetary theory. It shows that he approved of private credit provided it is in proportion to a nation's real resources. This qualified approach to private credit was linked to his desire to prevent a recurrence in Naples of John Law's failed experiment with paper money in France of 1716-20. Genovesi's ideas on interest are shown to have arisen from its definition as "the price of the convenience which money gives" (Genovesi 1770: 227). The chapter demonstrates that, despite official church opposition to usury, Genovesi upheld the legitimacy of charging interest as a commercial institution essential to economic development in Naples. Genovesi also argued that the rate of interest could be influenced by the level of taxation, via its impact on the demand for money. Notwithstanding his belief in naturally determined interest rates, he supported officially set rates on pragmatic grounds. In his consideration of the significance of high or low interest rates, Genovesi, unlike Hume, believed the quantity of precious metals determines the rate of interest.

Chapter 9 is devoted to 'Public Finance'. The first section demonstrates Genovesi's belief in the need for government expenditure in areas such as public works, public health and education, as well as the encouragement of useful inventions and innovations. It is then shown that Genovesi's ideas on taxation were based on a postulated interdependence between a nation's taxation system and its economic activity: while punitive taxation discourages economic activity, a thriving economy generates adequate levels of taxation revenue. The chapter also shows Genovesi advocated the criteria of simplicity, equality, certainty and convenience as the basis of good, equitable taxation. Moreover, for Naples he preferred taxes on income from land as the principal, but not exclusive, source of public revenue.
Though supportive of public debt incurred to finance economic development, Genovesi opposed the excessive use of tax-farmers to generate public credit. Much of Genovesi's discussion of public debt derived from Hume's ideas on public credit. It is shown that while Genovesi displayed a generally positive attitude to public debt, he rejected "the English method" of public credit. Once again, a major conclusion of the chapter is that the normative content of Genovesi's treatment of public finance had the specific aim of promoting economic reforms in the kingdom of Naples.

Chapter 10 provides a taxonomic evaluation of Genovesi's work. It is argued that to label Genovesi a simple 'mercantilist' is to make the unwarranted assumption that his aim was to promote specific policies rather than the general economic development of Naples; this, as shown earlier, included concern for general welfare, as well as with the traditional 'mercantilist' aims of "power and plenty" (Viner 1991: 142). A comparison of Genovesi's nation-specific model of economic reform with List's *National Economy* elucidates the argument. Genovesi's relativism in the matter of economic systems suggests he envisaged a unique system for Naples; this, coupled with his own very different ideas on the contribution of productive and non-productive labour to national income, makes his classification as a Physiocrat inappropriate. The more appropriate perspective in Genovesi's economics is that he should be viewed as a national reformer. The economic dimension of Genovesi's attempt to promote national reform is examined by comparing his economic system with that of Adam Smith. Though the growth systems of both writers rely on a distinction between productive and non-productive labour, Smith's system is more strongly driven by the general principle that labour productivity is explained by the division of labour and concomitant capital accumulation. By contrast, Genovesi's major concern to provide practical solutions to concrete problems in Naples, led him to argue that economic growth requires growth of the labour force in particular, which will be achieved mainly by maximising the use of productive labour.
Chapter 11 evaluates 'The Place of Genovesi in the History of Economic Thought'. It is argued that since Genovesi's ideas as a national reformer are reflected in the growth system he proposed, his contribution to the history of economic thought can be determined by comparing his economic system with that of his Scottish contemporary, Sir James Steuart. Though Steuart, like Genovesi, is generally classified as a ‘mercantilist', he has been recognised as the author of "the one great pre-Smithian system of economics that England produced" (Schumpeter 1954: 250). This comparison of their ideas suggests that Genovesi should be accorded a place in the history of economic thought comparable with Steuart. The chapter also shows that after his death in 1769, Genovesi's influence was largely confined to the kingdom of Naples. This influence was largely reflected in the work of his disciples to further expose the economic and social under-development of the kingdom in order to promote the cause of reform. To a lesser extent, Genovesi's ideas influenced economic reform proposals in the Spanish colonies in the later eighteenth and early nineteenth centuries. Subsequent recognition of Genovesi's economic writings, even in Italy, was rather sporadic. Much of this associated his economics with very specific ideas, such as his theory of value. Examples of such specialised type of acknowledgement of his worth are visible in the writings of Jevons, Menger and Walras, and, on a different subject, in those of Marx.

The above shows how the thesis can be seen as a contribution to Genovesi scholarship. One contribution is its emphasis that Genovesi's economics must be viewed in the specific context of his aim to achieve national economic reform in the then kingdom of Naples. Another is its attempt to demonstrate that Genovesi merits recognition in the history of economic thought as an early builder of a comprehensive system of national economic development. By arguing that Genovesi's economics should not be interpreted from the narrow perspective of his presumed 'mercantilism', the thesis intends to provide a new perspective on
Genovesi’s economic ideas. Finally, the thesis intends to present the first systematic study of Genovesi’s economics which views his ideas in the context of a system of national economic development. In the absence of English translations of Genovesi’s economic writings, and of much critical assessment of, and commentary on, his work in English, the potential contribution to knowledge of Genovesi in the English-speaking world is therefore all the greater.

Some Notes on Sources

In the preparation of the thesis, the following editions of Genovesi’s works have been consulted: (a) the second Neapolitan edition of the Lezioni (1768 and 1770); (b) Genovesi’s other economic writings (as listed in Appendix 2.1) in the two volume edition by Perna (1984); (c) the second autobiography (Vita di Antonio Genovese), the Lettere familiari, and the Lettere accademiche in the edition by Savarese (1962); (d) the edition of the Diccionaria by Arata (1973); (e) an extract from the Logica per gli giovaneiti in Venturi (1962) and (f) the first autobiography (Vita di Antonio Genovese) in Zambelli (1971).

My exclusive reliance on the second Neapolitan edition of Genovesi’s Lezioni was influenced by Professor Venturi’s (1960: 518) observations that this version was, in fact, prepared and hence approved by Genovesi himself; and that the Custodí edition of the work “was based on a questionable text and ... not in conformity with the last wishes of the author”. In the event, I made use of the Custodí edition only to confirm an obvious omission from the second Neapolitan edition (see Chapter 6, fn. 12).

Reference has also been made to critical and other commentary on Genovesi mainly in journal articles by Italian scholars, including De Luca, Demarco, Galasso,
Pli, Troisi, Venturi and Villari, details of which are given in the bibliography at the end of the thesis.

Photocopies of many articles and books were obtained while I was researching Genovesi in various Italian institutions in 1987: the "Fondazione Luigi Einaudi" in Turin, the "Biblioteca Nazionale" in Naples, the Library of the University of Naples, and the "Istituto Italiano per gli Studi Filosofici" also in Naples. Various books and articles were also kindly donated or lent by the following in Italy: Professors R. Ajello, E. Chiosi, and F. Di Battista (in Naples); and Professor E. Pii (in Florence).

The Goldsmiths' - Kress Library of Economic Literature (in microform) has proved an invaluable source of reference for the thesis. This collection (which in Sydney is held in three chronological segments in the State Library of New South Wales and the Libraries of the Universities of Sydney and New South Wales) includes writings of some of Genovesi's followers, for example, Domenico Grimaldi (1770, 1780). The sources for works by other Neapolitan "reformers", such as Delifico, Filangieri, Galanti, Longano, and Palmieri, included, inter alia, the Custodi Collection and Venturi (1962).

The extended collection of books and serials in the University of Sydney Library (including Faculty libraries) has been an important source of data for the thesis. For example, the significant holdings on economic and other subjects include the fifty volumes of Custodi's *Scrittori Classici Italiani di Economia Politica*, as well as a considerable number of Italian books and serials. The library's rare book collection was the source of the 1774 edition of Galanti's *Elogio Storico del ... Genovesi*. 
Various libraries in other parts of Australia, including the National Library in Canberra, have made available books on loan and copies of journal articles. For instance, thanks to the Reid Library of the University of Western Australia, I was able to consult Galanti's *Descrizione dello Stato Antico ed Attuale del Contado di Molise* (1781) and *Giornale di Viaggio in Calabria* (1792).

Finally, my supervisor, Professor P.D. Groenewegen, has generously lent me a number of books from his extensive private library and made available copies of various journal articles.

It should be noted that, unless otherwise indicated, the translations of all excerpts from the writings of Genovesi and other Italian authors are mine; this also applies to translations from the French.
CHAPTER 2
ANTONIO GENOVESI - LIFE AND TIMES

INTRODUCTION

This chapter consists of two main parts. The first is biographical and deals in particular with Genovesi's relationship with Bartolomeo Intieri who endowed a Chair of Political Economy expressly for Genovesi. Also considered are two of the more significant issues associated with the Foundation Chair of Political Economy. The first concerns some of the possible reasons for Intieri's designation of Genovesi as the original incumbent. It is argued that, to a large extent, the choice of Genovesi was influenced by his recognised ability and established reputation as a teacher in Naples. The second issue relates to whether the "Chair of Commerce and Mechanics", as it was termed, can be regarded as a Chair of Political Economy. Since 'commerce', 'economics' and 'political economy' were generally treated as synonymous terms by Genovesi, and the 'mechanics' component stressed the benefits of technical progress and increased productivity, it is argued that the Chair Genovesi occupied was in fact a Chair of Political Economy.

The aim of the second part of the chapter is to ascertain whether economic conditions in Naples in the eighteenth century matched Genovesi's belief in the need for reform. However, this section is not meant to be a comprehensive study of the Neapolitan economy in the period in question. Given the reformist thrust of his work in respect of the kingdom of Naples, consideration of the economic and other problems perceived by Genovesi is essential because it sheds light on the nature and purpose of his economic ideas. It will be argued that Genovesi recognised certain
A. ANTONIO GENOVESI (1713-1769) - A BIOGRAPHICAL OVERVIEW

1. Early Life, Education and Academic Career

Antonio Genovesi was born on 1 November 1713 at Castiglione (subsequently re-named 'Castiglione del Genovesi'), a small village about eight miles from Salerno, south of Naples, in the then kingdom of Naples. Genovesi, the eldest of four sons, was "destined ... for the priesthood" (Genovesi 1962a: 7) by his father. After completing his early studies of Latin, the humanities and rhetoric under the tutelage of priests in Castiglione, at his father's behest Genovesi studied Scholastic-Peripatetic Philosophy for two years, and Cartesian Philosophy and Canon Law for one year.

At about the time he took minor orders (29 May 1730) Genovesi developed a romantic interest, which "lasted two years before my father became aware of it" (Genovesi 1962a: 11). As a result, he was obliged by his father to reside and continue his studies in Bucclno, some forty miles from Castiglione. Subsequently, he returned to his home town, apparently having been excommunicated for taking part "in a private play without the permission of the Archbishop" (Galanti 1774: 15).

1. Genovesi referred to himself as both "Genovese" and "Genovesi", the latter appearing on the title page of all his books. Venturi (1962: 46) cites Einaudi's argument in favour of the form ending in "e": "It is a scholarly pedantry to change the spelling of a distinguished name, hallowed by time and universal usage" (in La riforma sociale, XXXVIII (1927), fasc. 7-8, July-August, p. 380). I have adhered to the "universal usage", except where direct quotations contain the form in "e".

2. Genovesi gave both 1712 (Genovesi 1962a: 8) and 1713 (Genovesi 1971: 647) as the year of his birth. Savarese (1962: 8, fn.5) cites research by A. Potolicchio (Intorno all'abate Antonio Genovesi, Salerno 1922, p.11) which confirms 1713 as the correct year.
10. Although the decree of excommunication was revoked, it was made conditional upon his departure from Bucino. The incident was the first of Genovesi's known confrontations with ecclesiastical authority; a later confrontation set him on the path to the Chair of Political Economy in the University of Naples.

On 24 September 1735, Genovesi was ordained sub-deacon. As a result of the examination in "pure dogmatic theology" (Genovesi 1962a: 13) required for the sub-diaconate, Genovesi was invited by the Archbishop of Salerno to teach rhetoric in the seminary in Salerno, "one of the major ones in the kingdom" (Genovesi, ibid.). He held this position for two years, and on 24 December 1737 was ordained to the priesthood. The Archbishop of Salerno had planned a distinguished career for Genovesi, but the former's death in March 1738 abruptly curtailed Genovesi's hopes in this regard. In the event, in November 1738, having inherited 600 ducats from an uncle, who was also a priest, Genovesi went to live in Naples. Rejecting his father's advice to enter the legal profession, Genovesi chose "the life of a philosopher" (Genovesi 1962a: 14). In 1739, "at the request of many friends he began to teach philosophy privately" (Genovesi 1971: 660), achieving "greater success than I would have believed [possible]" (Genovesi 1962a: 14).

Genovesi's success as a private teacher of philosophy came to the attention of Archbishop Celestino Gallani (1681-1753), uncle of the renowned economist Ferdinando Gallani (1728-87). As Cappellano Maggiore, Gallani's responsibilities included the direction of the university. In September 1741, Genovesi was invited by Gallani to accept a lectureship in metaphysics in the University of Naples. In

3. For an identical ordinance imposed by St. Alphonsus Liguori on members of his own order in Naples, see Berthe 1905: 774.

4. The term Cappellano Maggiore is not readily translatable into English. Apparently, the duties of the position included responsibility for education in Naples. Genovesi (1962a: 15) praised Gallani for the reforms he effected to university education in Naples.
September 1746, on the recommendation of Gallani, Genovesi was appointed to the Chair of Ethics in the university. In 1748 Genovesi's application for the vacant Chair of Theology was the source of what became a cause célèbre in Naples inasmuch as he was accused of heresy. The basis of the charge was Genovesi's Universae christianae theologiae elementa, written in 1745 but only published posthumously in 1771. The text underlined the antithesis between reason and authority in matters of religion and theology. Notwithstanding his description of this episode in his life as a "persecution" (Genovesi 1962a: 29), Genovesi was not in fact subjected to the inquisitional process. Indeed, in retrospect he stated: "A persecution can be a very great and appropriate stroke of luck. Amongst the men I met in the midst of this persecution, one was ... Bartolomeo Intieri" (Genovesi, Ibid.). Since the latter was unquestionably the single most important influence on Genovesi's subsequent career, including his appointment to the Chair of Political Economy in the University of Naples in 1754, the relationship between the two men deserves separate attention.

2. **Intieri and Genovesi**

Bartolomeo Intieri (1678-1757), undeniably one of the most significant precursors of the Neapolitan Enlightenment, has been described as "the source of inspiration of the nascent reform movement in Naples" (Venturi 1962: 15) and "one of the key figures of Neapolitan culture" (Ferrone 1982: 115) during the first half of the eighteenth century. A Tuscan by birth, Intieri emigrated to Naples, where he was ordained to the priesthood shortly before 1703. Although his main interest was initially mathematics, for many years he managed the large feudal estates of the Rinuccini, Corsini and Medici families, the absentee Tuscan landlords, in the kingdom of Naples. His activities in this capacity included "those of inventor of, and

5. A detailed account of Intieri is given by Perna 1984: 1269-88.
experimenter with, new techniques, as well as being an able and shrewd entrepreneur" (Perna 1984: 1272). His inventions included a grain silo (Perna 1984a: 40), a 'stufa', a type of oven for drying wheat (Perna 1984: 1273-7), and a 'palorcio', a "sort of aerial ropeway" (Venturi 1962: 117, fn.1). Ferrone argues that the publication in 1716 of Intieri's *New Invention for the Manufacture of Windmills* "opened up a new chapter in the gnosiological debate which would prove to be particularly fruitful in subsequent years. Mathematics, physics, all the natural sciences were finally viewed with reference to their immediate usefulness to the human race" (Ferrone 1982: 484, my italics).

The tangible expression of Intieri's belief in technical innovation and progress, particularly in the agricultural sector, was accompanied by a seemingly unbounded faith in the ability of the kingdom of Naples to achieve an economic revival. In this regard, he wrote to Celestino Gallani in 1738 that he was "fully convinced of the significant wealth of the kingdom ... [whose inhabitants were] ... clever in everything and of first-rate talent" (cited in Ferrone 1982: 552). Moreover, at that time, as a "secret adviser to the government, he identified the kingdom's real strength mainly in the development of agriculture ... in his opinion ... the great European powers had made their fortunes by starting out from a solid national agricultural base" (Ferrone, ibid.). During the late 1730s, Intieri's attention was also focussed on the more significant economic problems of the kingdom "such as inflation and the consequences of the depreciations of the coinage effected by princes" (Ferrone 1982: 553). He also decried the imposition of duties on exports of grain and other products and opted for free trade and state assistance for commerce as "indispensable for providing an impetus for economic development" (Ferrone, ibid.). Intieri's first-hand knowledge of agricultural conditions in Naples, his practical experience as an inventor, and his vital interest in the achievement of technical and economic progress, made him well qualified to call for urgent reforms in the kingdom. When Genovest met him, "Intieri was old, rich, full of experience
and wisdom, but especially of an immense optimism and an extraordinary will to do things, to invent, to reform" (Venturi, 1962: 15). A description matching Genovesi's (1962a: 29ff). The old Intieri befriended Genovesi, as well as the young Ferdinand Gallani. The assistance he gave his protégés included access to his private library which was made part of his bequest to the University of Naples in connection with his endowment of the Foundation Chair of Political Economy.

As Venturi (especially 1959) has shown, Intieri's extant correspondence reveals his complete understanding of the grim situation of under-development in his adopted homeland, his hopes for, and vision of a prosperous kingdom of Naples and, above all, his immense optimism. The progress and learning that had been achieved in Europe since the fifteenth century were the basis of his vision, hopes and optimism. Economic progress was, in his view, predicated on fundamental social changes that could only come from widespread education. For example, in 1751 he wrote to Ferdinando Gallani:

"I nurture the hope that the Age of Gold ... may arrive in the centuries to come when learning has become more universal and has spread throughout the countryside to peasants, shepherds and similar sorts of people who are now an ugly, mean and wild rabble" (cited in Venturi 1969: 559, my italics).

Intieri was no idle dreamer. On the contrary, his hopes and ideas were guided and tempered by his practical nature and experience. The old Tuscan's ideas exerted a decisive influence on Genovesi, a fact acknowledged more than once by the latter. Not the least of Intieri's contributions to Genovesi's subsequent development as a political economist was to inculcate in the disillusioned Professor of Ethics - which Genovesi was when Intieri met him - a sense of optimism about the prospects of social progress in the kingdom, progress which, in turn, was based on demonstrated scientific and technical progress.
It is clear from Genovesi's writings (for example, 1984a, passim) that he venerated the aged Intieri. In turn Intieri did not attempt to conceal his admiration for Genovesi, including his acknowledged ability as a teacher. As Intieri wrote to a friend in 1752: "He is ... so highly regarded by our youth that it has been found necessary to have him lecture in a hall which is four times larger [than usual]" (cited in Venturi 1962: 16). Genovesi (1962a: 31) records that he was a frequent guest in Intieri's home. Moreover, it is evident that, under the influence of Intieri and his circle of "learned men" (Genovesi, ibid.), his ideas and academic interests were changing. Genovesi stated that his discussions with Intieri, were mostly "about the progress of human reason, of technical skills, of commerce, of the national economy, of mechanics and physics, since ... Intieri was an enemy both of useless abstraction and the pedantic study of words, from which men can derive no real benefit" (Genovesi 1962a: 32).

In due course, the discussion began to deal exclusively with "the national economy and mechanics" (Genovesi, ibid.). Intieri also began to argue that "there should be a Professor of Economics and Commerce in all European academies and that it was barbaric to want to follow, without any change, the literary establishments of previous times ... With the discovery of new ideas, new things, new ways of living, new ways of reasoning, or, rather, new ways of considering ideas and things, and, as a result, new sciences and ones that were infinitely more useful, attention should be directed to passing on these developments to the lowest ranks in society" (Genovesi 1962a:32-3).

6. In the Storia del commercio of 1757-58, Genovesi also acknowledged that he had "received his first and most important knowledge of this science [of economics]" from Intieri (Genovesi 1984b: 125, fn.(a)).
It was in this intellectual atmosphere that Intierl conceived the idea of "establishing, at his own expense a School of Commerce and Mechanics in our State University [of Naples], the teaching to be in Italian" (Genovesi 1962a: 33). Intierl's wish that "the teaching .... be in Italian" rather than the traditional Latin or Greek, provides yet another illustration of his progressive attitudes, his eminently practical nature and his determination that widespread education should become a reality. Intierl told Genovesi "that he wished to endow ... [the Chair of Commerce and Mechanics] with 600 ducats and to appoint a man who could be very useful to the public" (Genovesi, ibid.), and made it clear to him that he wished him to accept the post. Initially, Genovesi declined, but Intierl, undeterred, made a will in 1753 which provided an annual income of 600 ducats for the establishment of the above-mentioned school. In addition, the will stipulated that the king was to be petitioned to make Genovesi the first incumbent of the chair in question (Genovesi, ibid.).

The beginning of 1754 witnessed the appearance of the first fruits of Genovesi's association with Intierl. It was the Discourse on the True Aim of the Arts and Sciences (hereafter the Discorso), which was dedicated to Intierl. The Discorso has been rightly described as "as real manifesto of a new school" (Venturi 1969: 560) because it expressed a "new confidence in the possibility of economic progress" (Venturi, ibid.) in the kingdom of Naples. According to Genovesi, the true aim of the arts and sciences is "to benefit ... human beings" (Genovesi 1984a: 9). "Reason", he argued, "is useful only when it has become practical and a matter of reality" (Genovesi 1984a: 24). The influence of Intierl seems unmistakable in such a declaration. The Discorso eulogised Intierl's contribution, via his inventions, to technical progress in Italy. Even more important was its didactic element. Genovesi appealed to the young people of the kingdom, especially to "studious youth ... who, more than anyone else can act as the lamp for our nation" (Genovesi 1984a: 47). If
youth, he said, "looked to the true aim of learning ... it could be the greatest and most powerful means of ensuring the greatness of our nation" (Genovesi, ibid.).

Genovesi was appealing to all the youth of "the lucky provinces of this kingdom" (Genovesi 1984a: 26) since "God has given to all the divine gift of reason so that we might understand that true knowledge is not so jealous by nature that it wishes to be the exclusive property of a small number of people" (Genovesi, ibid.). Widespread education, then, a pivotal point in the Discorso, was for Genovesi an essential condition of the economic regeneration of Naples. No less significantly, the Discorso was designed to provide support for Montelatici's *Discourse on the Means Most Necessary to Make Agriculture Flourish Again*. A prosperous agricultural sector was also essential to Genovesi's plans for the economic development of the Kingdom. Arguably, the influence of Intieri is in evidence in Genovesi's emphasis on education and agriculture as conditions for economic progress.

In January 1754, following a serious illness, Intieri drew up another will, which provided that the proposed Chair of Commerce and Mechanics be endowed with an annual sum of 300 ducats and his private library (Genovesi 1762a: 35). This was followed by a petition to Charles III, in which Intieri indicated that

For the public good he wished to establish in the State University a Chair of Commerce and Mechanics and to endow it with 300 ducats; that he wished the first incumbent to be the Abbé Genovesi; that subsequent appointments were to be decided competitively, except that no monks of any order were to be eligible, but only lay brothers and priests; that lectures were to be in Italian (Genovesi, ibid.). Royal assent was given on 16 March 1754.

Genovesi gave no explanation for the reduction by half of the amount of 600 ducats originally willed by Intieri. The petition for the establishment of the Chair of Political Economy provided for a total grant by Intieri of 7,500 ducats, from which a salary of 300 ducats per annum was to be paid to Genovesi (cited in Villari 1959: 32-3, fn.4). As Professor of Ethics Genovesi received 120 ducats per annum (Genovesi 1962a: 18), and he himself indicated that the Chair of Theology carried an annual salary of 200 ducats. The proposed annual salary of 300 ducats for the new Chair was clearly a tangible expression of Intieri's admiration for Genovesi, as well as the importance he attached to the Chair of Political Economy.
Genovesi gave his inaugural lecture on 5 November 1754, and began formal lectures the next day. He records that "There was great astonishment when they heard me lecturing in Italian" (Genovesi 1962b: 90). He also observed: "My lecture-hall has always been full to the point where many have been unable to find a place... The majority are adults and from various social classes... The young students do not yet understand completely the usefulness of these subjects, and when they do not hear Justinian or Galen quoted, they are not very enthusiastic" (Genovesi, Ibid.). Genovesi indicated one of the most important results of his first three weeks of teaching: "A great deal has been set in motion by these lessons in the city and people of all ranks are asking for books on economics, commerce, technical skills and agriculture" (Genovesi, Ibid.).

The endowment of the Chair of Commercio e Meccanica by Intieri raises some pertinent questions for the student of Genovesi's life and work. The first concerns the choice of Genovesi as foundation professor. The second addresses the problems posed by the common transliteration - into Italian as well as English - of the original title of the Chair as a 'Chair of Political Economy'.

Regarding Intieri's choice of Genovesi, it has been argued that Intieri "appreciated his firm character in the midst of adversity and controversy; above all, he admired his capacity to respond to his enthusiasm and optimism" (Venturi 1969: 563). Given that the function of the first Professor of Political Economy was, as Intieri stated, to work "for the public good" (Genovesi 1962a: 35), that is, to educate a new generation who would promote and/or effect economic (and social) reform, the personal qualities attributed to Genovesi by Venturi would have appealed to Intieri. In the face of the kingdom's serious economic under-development, "enthusiasm and optimism" were essential qualities in the first professor of political economy. Moreover, Intieri must have realised that the new Chair would create "controversy". For example, the stipulation that lectures were to be in Italian was a break with
tradition; only a "firm character" like Genovesi's would enable the new professor to withstand the "controversy" that did, in fact, ensue. 8

Intieri's high opinion of Genovesi as an educator was noted earlier. The latter has been rightly described as "first and last a great teacher whose prodigious success in this capacity even his detractors have been unable to deny" (Schumpeter 1954: 177, fn.11). Since economic and social reform in Naples required the education of a new generation of young people who would undertake or facilitate such reform, one of the more important reasons why Intieri chose Genovesi was clearly because the latter possessed the required ability, as well as an established reputation as an educator. Intieri's choice of Genovesi was all the more noteworthy since there were two other Neapolitans, Ferdinando Galiani and Carlo Antonio Broggia (1698-1767), both of whom had, through their writings, demonstrated their interest and ability in political economy and were therefore, in a technical sense, better qualified than Genovesi for the position. A brief consideration of Galiani and Broggia as possible candidates is in order.

In 1743 Broggia had published a Treatise on Taxes, Money and the Public Administration of Health, possibly "the first methodical work on taxation published in Italy" (Cossa 1880: 141). However, Intieri, who had known him since his youth, would have excluded Broggia principally because their respective philosophical and economic ideas were diametrically opposed. For instance, Ferrone argues that Broggia rejected the principle of "scientific objectivity. All his political and economic thought ended up by being irreparably conditioned by that rejection" (Ferrone 1982: 8).

8. In connection with his first lecture, Genovesi (1962b: 90) wrote: "There was great astonishment when they heard me lecturing in Italian ... I had to begin by singing the praises of the Italian language, and make a frontal assault on the prejudice of Italian schools. Our ... [an unidentified person], having been told the following day about my lecture, proclaimed the merits of Greek, and concluded that you should read, write and think purely in Greek, and forget about all other languages. Here's a civil war for you!"
For the practical, scientifically and technically committed Intieri such a position was untenable. Moreover, he could not but have been dismayed by Broggia's advocacy of the unlimited extension of ecclesiastical mortmain (Ferrone 1982: 605): the latter flew in the face of the development of agriculture in the kingdom of Naples, which Intieri considered essential to the kingdom's future prosperity. Moreover, Broggia's Treatise suggested, at least implicitly, that he was opposed to "the central position of agriculture" (Galasso 1975: 344).9

About Intieri's admiration of Gallani's economic prowess there can be no doubt. He had recognised his "prodigious and wonderful" (cited in Venturi 1969: 490) talent upon the publication of his Della moneta in 1751. However, quite apart from the fact that Gallani was relatively young, his Della moneta, as Galasso notes, suggests that his major concern was with money, "that is, something rather different from the type of scholar of 'meccanica' and 'commercio' Intieri had in mind for the Chair. In Intieri's group the possibility that such a scholar would have developed in an ad hoc manner must, in all probability, have suggested itself as an obvious or natural idea" (Galasso 1975: 344-5). Moreover, Intieri must have been troubled by Gallani's scepticism and cynicism, which contrasted with his own optimism, enthusiasm for change and firm belief in the absolute necessity of, and potential for, economic reform in Naples. Again, Gallani's ready acceptance of the "procrastinating policy" (Venturi 1969: 501) of Charles III in the matter of monetary reform, revealed his lack of sympathy for the growing reform movement in Naples. Clearly, the young, sceptical Gallani was not the person to inspire or educate the new generation of youth required to bring about reform in Southern Italy.

9. That Broggia probably aspired to the Chair endowed by Intieri is evident from his subsequent allegations (which were unfounded) about Genovesi's appointment: "Mr. Intieri ... allowed himself to be persuaded by the interested words of his dear Genovesi, who induced him ... to commit 6000 ducats ... to establish ... a new chair of commerce ... with [Genovesi] having himself nominated." (From a letter of 26 March 1765. Cited in Plü 1984: 45-6, fn. 2).
Some further observations on the title of the chair founded by Intieri are also warranted. Intieri made clear to Genovesi that his interests included "commerce ... the national economy ... mechanics" (Genovesi 1962a: 32). Moreover, it was Intieri's stated hope that there should be a "Professor of Economics and Commerce in all the academies of Europe" (Genovesi, ibid.). Albeit the word 'economia' was not subsequently included in the original title, it may be argued that the implicit intention of its founder was that the Chair of 'Commercio e Meccanica' should be concerned with economic issues.

Genovesi's writings suggest that he generally regarded 'economics' and 'commerce' as synonymous, even though he sometimes spoke as if economics were subsumed by commerce. That he was indifferent to any precise distinction between the two terms is evident from his reference to "the science of economics or commerce, however you wish to call it" (Genovesi 1984b: 288). Moreover, Genovesi indicated that "the political science of commerce ... is ... entirely the economic science of [nation] states" (Genovesi 1984b: 126). Throughout his tenure of the Chair, Genovesi continued to treat 'commerce' and 'economics' as essentially synonymous terms. Significantly, his major work, the Lezioni di commercio, was given the alternative title 'd'economia civile', that is, "of political economy". The latter, he explained, was concerned with "that part [of statecraft] which includes the rules for making the nation populated, wealthy, powerful, wise and refined" (Genovesi 1768: 8).10 In his Ragionamento sul commercio in universale of 1757, the

10. Genovesi's belief that political economy could contribute to making a nation "refined" raises doubts about his alleged mercantilism, a subject examined in Chapter 10. The refinement Genovesi called for contrasts sharply with the objectives of "power and plenty" which Viner (1991: 142) attributes to mercantilism. As a concept refinement suggests various qualities or characteristics, but for Genovesi it clearly included refinement of manners and mores. See his complaint in the Discorso of 1753 that "There are lands in our Kingdom compared to which the Samoyeds could seem civilised and gentle ... Among them courtesy and refined manners have neither ideas nor words ..." (Genovesi 1984a: 55). That this problem continued to preoccupy him after he became Professor of Political Economy is demonstrated, for
"first formulation of his economic thought" (Savarese 1962: 279), Genovesi identified the function of the "science of commerce and economics" as "the solution of these four significant problems: I. to have the greatest possible population; II. the greatest possible amount of comforts; III. the greatest possible wealth; and IV. the greatest possible power" (Genovesi 1984b: 127). Moreover, "the ends of political economy" (Genovesi, ibid.) were identical to those he identified for commerce and economics.

The most reasonable conclusion to be drawn from the above is that Genovesi regarded commerce and economics (the latter variously identified; for example, as political economy) as identical terms. In this regard, the similarity of Genovesi's definition of *economia civile* (and hence of commerce and political economy) and Adam Smith's definition of political economy is worth noting. Smith regarded "political economy ... as a branch of the science of a statesman or legislator" (Smith 1937: 397) and defined it as having two objectives: "first, to provide a plentiful revenue or subsistence for the people ... and secondly, to supply the state or commonwealth with a revenue sufficient for the public services. It proposes to enrich both the people and the sovereign" (Smith, ibid.). Like Smith, Genovesi recognised the elements of "statecraft" inherent in *economia civile*. If, then, as seems obvious, Genovesi acknowledged the wealth-creating dimension of *commercio* and, what is more, regarded the term as synonymous or at least closely related to the terms "political economy", *economia civile*, and *economia*, it seems reasonable to suggest that Genovesi's Chair of *Commercio e Meccanica* reflected the scope implied by the notion of political economy.

The inclusion of the term *meccanica* in the title of the Chair founded by Intieri also merits attention. The petition made to Charles III on Intieri's behalf left no doubt that the latter wished to endow "a new chair in which Mechanics and the
elements of Commerce are to be taught" (cited in Villari 1959: 32, fn.4, my italics). However, the petition also included the stipulation by Intieri that "it was lawful for the same Professor [Genovesi] to teach freely whichever of the two above-mentioned disciplines [of mechanics and commerce] he prefers" (cited in Villari, ibid.). There can be no doubt then that Genovesi's omission of the discipline of meccanica from his university teaching was with the express approval of Intieri. In keeping with the provisions of the petition, Genovesi chose to teach "the elements of Commerce", which was probably the source of the title of his university lectures, Elementi del commercio. However, the privilege of specialising in commercio or meccanica was not accorded to Genovesi's successors to the Chair; it was laid down that "future lecturers must in the course of a two-year period successively teach the said two disciplines" (cited in Villari, ibid.). What Intieri envisaged as the general content of an academic strand in meccanica was reflected in the petition for the creation of the Chair, in which it was stated that "Mechanics ... concerns the perfection of the arts for undertaking works with greater ease, with little expenditure and in less time, whence the opulence of a State depends in large part" (cited in Villari, ibid.). It was clearly Intieri's intention that the prescribed course in meccanica would underline the contribution of technical progress and greater productivity to wealth creation; that it would complement and reinforce the decidedly economic orientation of the course in commercio. There is then considerable justification for concluding that the Chair of Commerce and Mechanics founded by Intieri was a Chair of Political Economy.

Genovesi's published works on economics are listed in Appendix 2.1; some key features of these works are noted below. Albeit written before he became Professor of Political Economy, the Discorso of 1753 underlined the potential contribution to economic progress of a thriving agricultural sector, the benefits of applied science and technical progress and the importance of widespread education. Dedicated to Intieri, the Discorso revealed Genovesi's sympathy with the ideas of the
Enlightenment: declaring his opposition to reasoning which was confined to the "abstract intellect" (Genovesi 1984a: 24). Genovesi stated: "Reason is useful only when it has become practical and a matter of reality" (Genovesi, ibid.). The *Storia del commercio* of 1757-58 is noteworthy, *inter alia*, for the extensive annotations made by Genovesi which have been termed "real essays on various economic problems" (Savarese 1962: 279). As noted previously, Genovesi's preface, the *Ragionamento sui commerci in universale* (Genovesi 1984b: 119-63), is important inasmuch as "it was the first formulation of his economic thought" (Savarese, ibid.).

The *Agricoltore sperimentato* of 1764 aimed to achieve the diffusion of agricultural knowledge and ideas. Furthermore, Genovesi (1984c: 880) insisted that agriculture should be the responsibility of "experts and gentlemen", not "helots or slaves". The publication of the *Riflessioni* of 1765 was dictated by the famine of 1764 in the kingdom of Naples. Genovesi upheld Herbert's thesis favouring the liberalisation of the grain trade as the means of avoiding future shortages, saying: the State "will do nothing, but will allow to be done" (Genovesi 1984d: 1150). Genovesi's last and major work in economics was his *Lezioni*, first published in two volumes in 1765 and 1767, respectively. In keeping with its original design as his university lectures, the *Lezioni* was an agglomeration of Genovesi's wide-ranging knowledge of economic and other issues for the immediate benefit of his students, but also with a wider, non-university audience in mind. Venturi (1969: 621) has called the *Lezioni* "a kind of encyclopaedia of all that had been discussed, thought about and done in Italy on the subject of moral theology, ethics, political theory, science and economic policy".

Significantly, the *Lezioni* was dedicated to Bernardo Tanucci, the Secretary of State from 1759 to 1776, who, more than any other, was in a position to influence and direct public policy in Naples.

A list of Genovesi's published writings on non-economic subjects after 1754 is given in Appendix 2.2. The list suggests that Genovesi did not abandon his interest in philosophy, metaphysics and ethics after becoming Professor of Political
Economy. Also evident is his interest in educating "young people". Despite their non-economic titles, some of these works bear the imprint of his economic teaching and thought. For instance, Genovesi's solution to the "question Whether the Ignorant are Happier than the Learned", the question posed in the Academic Letters, relied on basic economic and educational reform. According to Genovesi, the economic, social and moral ills of the kingdom of Naples were the product of abject poverty, need and ignorance.

4. Last Days

Genovesi occupied the Chair of Political Economy until 1768 when ill health forced him "to abandon the occupation of teaching" (Galanti 1774: 102). Galanti, a former pupil and Genovesi's first biographer, indicates that "the king granted ... [Genovesi] an annual pension of 204 ducats" (Galanti 1774: 132, n.47). Despite his declining health, Genovesi's advice continued to be sought in educational matters. For instance, following the expulsion of the Jesuits from Naples in 1767, he was called upon to provide a plan for the "establishment of a new Academy" (Galanti 1774: 91). He also "advised the King to abolish in our University [of Naples] the [vacant] Chair of Decretals" (Galanti 1774: 104), which was concerned with the teaching of Papal decrees; this recommendation reflected Genovesi's long-standing belief in the separation of Church and State. According to Galanti, Genovesi was suffering from "dropsy of the chest" (Galanti 1774: 102), from which he died on 23 September 1769.

B. ECONOMIC CONDITIONS IN EIGHTEENTH CENTURY NAPLES

As an introduction to this section, a brief overview of the kingdom of Naples is appropriate. The kingdom was established in 1734, with the Bourbon Charles III as monarch. As the map in Appendix 2.3 shows, the kingdom consisted of the
southern Italian mainland, an area of 106,000 sq. km. The rapid increase in the kingdom's population in the eighteenth century is indicated by the following table:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total (000)</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1650</td>
<td>2,850</td>
<td></td>
</tr>
<tr>
<td>1700</td>
<td>3,300</td>
<td>+ 15.8</td>
</tr>
<tr>
<td>1750</td>
<td>3,900</td>
<td>+ 18.2</td>
</tr>
<tr>
<td>1800</td>
<td>4,847</td>
<td>+ 24.3</td>
</tr>
</tbody>
</table>

Source: Carpanetto and Ricuperati 1987: 3, Table 1.

The kingdom's population was unevenly distributed. The capital, Naples, whose population grew from 220,000 in 1707 to 420,000 by the end of the century (Carpanetto and Ricuperati 1987: 17), contrasted with other cities in the kingdom, none of which had a population exceeding 30,000 (Candeloro 1956: 137). The disproportionate size of the capital vis-a-vis the rest of the kingdom moved a writer of the time to state: "There is no doubt that the kingdom of Naples is a monstrous body" (Jannucci 1981: 64). This had economic implications, since, for example, the few roads that existed were built with the needs of the capital in mind, while there was a lack of roads connecting the provinces to each other.

The kingdom's geography - the Apennines are a distinct feature - partly explained the inequality of population and regional differences in economic development. Macry notes, for instance, that "lacking the unifying effect of a modern market system, the kingdom continued to be strictly divided on the basis of its natural characteristics (mountainous regions and plains, coastal lands and valleys, irrigated and arid areas)" (Macry 1978: 270). The productive Tyrrhenian

11. Carpanetto and Ricuperati (1987: 4) note that "In Lucania, Molise and Capitanata ... there was a consistent [population] increase, while in other areas like Calabria and the Abruzzi the population fell."
plain (in Campania) and the even larger Adriatic plain (in Apulia) contrasted with economically backward regions such as Basilicata, Calabria and parts of the Abruzzi. Coupled with its inadequate roads, the kingdom's considerable geographic and economic diversity made it resemble "a large number of small local markets" (Candeloro 1956: 137).

The predominantly agricultural nature of the kingdom's economy was mirrored in its exports, a detailed account of which was given by Genovesi's contemporary, G.B.M. Jannucci (1698-1770). The list included grain and various cereals, olive oil, wine, cheese, honey, fruit; primary products such as wool, silk, linen, hemp, pitch, tar, hides, timber, marble and some minerals, and "various types of manufactures" (Jannucci 1981: 48). Jannucci observed that an annual average of 800,000 libbre of raw silk was produced, half of which was exported; however, production could have been significantly increased "if duties and [fiscal] vexations were more tolerable" (Jannucci 1981: 53). According to Jannucci (1981: 229ff.) the kingdom's imports included cloth, hosiery, hats, watches, lead, tin, salted fish, medicinal items, tobacco and many other products (Jannucci 1981: 60-3). Jannucci observed that "the [trade] balance is always to our disadvantage" (Jannucci 1981: 63).

Economic progress in the kingdom was hampered by the country's essentially feudal nature. Macry notes that "70% of the total population ... [was] subject to the economic and jurisdictional control of the barons" (Macry 1978: 272). Significant aspects of economic life were controlled by the feudal barons, most of whom lived in the capital. For instance, most of the kingdom's arrendatort (tax farmers) were feudal barons. The State-run provisioning system (the annona) was also subject to the latter's administration and influence. The need for urgent reform

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of those institutions which impinged directly or indirectly on the nation's economic life, was underlined by the prompt action taken by Charles III after his accession to the throne. For example, a decree of 1738 aimed to curb the jurisdictional powers of the barons. In 1739, a Supreme Magistracy of Trade was established to oversee economic matters. In 1740, preparations commenced for a new land register (catasto), which was to be the basis of much-needed fiscal reform. At the same time, the process of re-acquiring the arrendamenti by the State was begun. These initiatives, however, were generally ineffective, largely as a result of the active opposition of the feudal barons. Thus, the law on feudal jurisdiction was revoked in 1744. The powers of the Trade Magistracy were progressively reduced and the body quickly became "an institution devoid of relevance" (Macry 1978: 278). The catasto was never completed, and the re-acquisition of the arrendamenti was abandoned for lack of money (Carpanetto and Ricuperati 1987: 65-6). Carpanetto and Ricuperati (1987: 187) have correctly observed that "in the early 1750s" these and "other signs betrayed the dead-end to which Charles's reforming spirit had come".

The main purpose of the following discussion is to establish whether economic conditions in the kingdom of Naples in the eighteenth century justified Genovest's strong belief in the need for basic economic and social reforms in the country, and its more specific manifestations. This question is made all the more pertinent by the observation that "with certain exceptions, until 1759 the whole of the kingdom's economy grew at a rate that was not spectacular but, what matters, steady" (Villani 1972: 32). Nonetheless, during the 1760s, the Neapolitan economy experienced a crisis, culminating in the famine of 1764, which demonstrated "clearly the inadequacy of the organisation of the State and the weaknesses of the Southern [Italian] economy" (Villani 1972: 53-4). Significantly, the major economic works written by Genovest as Professor of Political Economy in which he advocated economic and other reforms in Naples, were published in 1764 and after.
It is, of course, true that the economy was experiencing natural growth; for example, as shown above, from 1700 to 1750 the kingdom's population increased by 18.2 per cent, while from 1750 to 1800 its growth rate was 24.3 per cent (Carpanetto and Ricuperati 1987: 3, Table 1). Nonetheless, Genovesi (for whom economic growth was significantly predicated on population growth) recognised that certain underlying structural and institutional features of the economy which had clearly existed before 1759 were impeding and would continue to impede its long-term prospects of growth and development. Thus, despite the steady growth achieved to 1759, there was a substantive basis for Genovesi's insistence on the need for fundamental economic reform.

The major problems dealt with by Genovesi were: the concentration of land ownership; the excessive number of priests and religious; the causes of the backward state of agriculture; the economic impact of the State provisioning system (the annona) and legal price fixing (the assisa); the limited number and quality of manufactures; obstacles to domestic and foreign trade; an inadequate infrastructure, especially in terms of roads and ports; the excessive number of lawyers; the impact of heavy and inequitable taxation on economic activity; and an education system which was far from widespread and whose curriculum had little, if any, practical or commercial relevance. Though not exhaustive, this list is indicative of the wide-ranging perspective Genovesi brought to bear in analysing the symptoms of the economic malaise of Naples. It also suggests that by highlighting fundamental structural and institutional problems, Genovesi's aim was above all to promote long-term economic development.

Since the issues listed above shed light on the nature and aim of Genovesi's economic ideas, they are now examined in turn. It should be noted that the primary sources used in the treatment which follows, include material and
argument provided by some of Genovesi's followers. Villani argues that there are risks involved in "viewing historical reality through the eyes and feelings of the reformers and illuministi" (Villani 1972: 30). Since these included a number of Genovesi's former students who shared his conviction that economic and social reform was urgently required it may be argued that the reformers and illuministi were not impartial observers of conditions in Southern Italy. This does not mean, however, that they lacked critical objectivity: the first-hand knowledge of economic conditions in different parts of the kingdom obtained and documented notably by Galanti, Domenico Grimaldi, Longano and Palmieri, serves to confirm that fundamental economic problems noted by Genovesi did in fact exist before he died in 1769 and were still in evidence after his death.

1. The Concentration of Land Ownership

Genovesi argued that the concentrated ownership of land by a relatively small number of families had undesirable economic and social consequences. As the concentration of land ownership increased, so too did the number of the "poor, beggars, slaves and hidden enemies of the republic, who will hate the government, the great, the rich and every type of labour since no one loves to work for others and to serve under oppression; the result is depopulation and the decline of all industry" (Genovesi 1768: 81-2, fn.(d)). According to Genovesi, the prospect of acquiring property was denied to the majority of citizens because "feudal law" and "the law of inalienability" (Genovesi 1768: 165) which applied to the Church's landholdings had "reduced [families] to only two kinds, PRINCES and SUBJECTS."

13. Venturi (1962) contains extracts from the works of a number of these "followers", including Filangieri, Galanti, D. Grimaldi, Longano and Palmieri, some of which have been used in the preparation of this chapter, as also Chapter 11. Recognition of Venturi's pioneering research and publications on the Italian Enlightenment has been made by, e.g. Agrimi 1967: 377. Other sources I have consulted include Filangieri (1804); Galanti (1781, 1982); Grimaldi (1770, 1780); Palmieri (1805 a,b, and c).
MASTERS and ANNEXED SLAVES" (Genovesi, ibid.). The polarisation of society portrayed by Genovesi is indicative of the impact of feudalism and the Church on the kingdom of Naples during his lifetime. The ownership of land by feudal barons and the Church is discussed below.

In 1787, Palmieri, with reference to the kingdom of Naples, drew attention to "the great lay or Church landowners who in small number own the greatest part of the land" (Palmieri 1805a: 92). Similarly, writing in 1790, Longano observed that in the Capitanata "in the great plain almost all the territory belongs to the royal court, to the barons, to holy places or to very powerful individuals ... whence it is clear that all the farmers in Apulia are either landlords or day-labourers" (Longano 1962: 386). Modern scholarship confirms that increasing concentration of land ownership was a significant phenomenon in eighteenth century Naples. For instance, "only 15 out of 1500 titled families owned three-quarters of all feudal lands, with the Pignatelli family in possession of 72 fiefs" (Woolf 1979: 46). A recent study observes that "At the start of the eighteenth century, under the rule of the Austrian viceroys, out of 1999 'lands and hamlets' (terre e casali) only 59 were not enfeoffed" (Carpanetto and Ricuperati 1987: 24). Statistics for income derived from land reveal that "The baronage owned at least 20 per cent of landed income and the Church a further 20 to 30 per cent; in some areas, such as the Basilicata, the proportion of noble landed income rose as high as 42 per cent (1806)" (Woolf 1979: 45).

The law favoured the concentration of land ownership. For example, the legal practice known as *fedecomnessi*, mentioned several times by Genovesi (for example, 1768: 114-5, 246, 253-4, 493), usually restricted the inheritance of property to the eldest son, thereby preventing the free disposal of entailed estates. The related practice of *maggiorascato* (Genovesi 1770: 124) or the right of *primogetiture*, whereby the inheritance of property was vested in the first-born, also
ensured that large estates were left intact.\textsuperscript{14} In addition, the practice known as "mortmain" usually conferred inalienable rights over property to owners.\textsuperscript{15} According to Genovesi, mortmain was mainly responsible for the limited ownership of land in Naples: "The main cause of this unequal division [of land] is the fact that nigh on two-thirds of the land is subject to mortmain, and inalienable" (Genovesi 1768: 493). Though property affected by the "dead hand" of mortmain was almost exclusively owned by religious institutions, the extent of the Church's ownership is not known. Genovesi believed the figure was of the order of two-thirds (Genovesi 1984c: 882), but the validity of this figure has been questioned by among others Villani (1968: 257) and Galasso (1977: 244-5).\textsuperscript{16} However, the latter's revised estimate of between one-fifth or one-sixth and one-third lends support to Genovesi's argument that the Church's land-holdings in the kingdom were extensive. Sectoral figures add further support. For example, it has been suggested that in the territory of Catanzaro (Calabria), the Church's ownership of property amounted to "10-12\%" (Masella 1973: 265). Ciasca indicates that "feudal estates owned by the Church had grown from 43 under the Aragons to 127 under the Bourbons. The Abbot of Montecassino, the leading baron of the kingdom, had succeeded in owning 22" (Ciasca 1933: 441). Ciasca also notes that at Matera in 1759, approximately 72 per cent of the land belonged to the Church; while in the territory of Modugno in Terra di Bari, approximately 84 per cent of land "belonged to the churches or served as the basis for the payment of annual income to them" (Ciasca 1933: 443-4).

\textsuperscript{14} The practices of \textit{primogeniture} and \textit{maggiorascato} are also mentioned by Adam Smith 1937: 361-2, 392, 539.

\textsuperscript{15} However, it has been argued that "not all land received in mortmain was lost irrevocably to the landmarket. For many smallholdings were sold, according to the testator's desires, in order to raise the necessary capital to provide an annual income for masses" (Woolf 1979: 44).

\textsuperscript{16} As Genovesi (1984c: 882) indicates, the figure of two-thirds was drawn from a petition made to Charles VI in 1712.
Some idea of the probable ownership of land by all feudal lords is also given by Clasca, who states: "In 1786, of the 2000 or so mainland comuni, some 1616 were feudal, compared to just 346 which were State property and 38 royal property ... Entire regions, like the Principato Ultra, except for Artano, were entirely feudal; ten of the 30 hamlets of Naples itself were enfeoffed to the barons ... Less than a fifth of the population was directly subject to the king; the remainder was under feudal jurisdiction" (Clasca 1933: 440-1). Giglioli also notes that "In 1789 and later, out of some 2765 towns and inhabited places in the kingdom ... barely two hundred were not feudal" (Giglioli 1903: 23). In Apulia, "More than two-thirds of the inhabitants ... were subject to feudal jurisdiction" (Massafra 1979: 85).

The strength and tenacity of feudalism as an historical institution in Southern Italy, may be gauged from the fact that though attempts were made to curb the powers and authority of feudal barons after Charles III became king in 1734, it was not until 1806 that their personal and jurisdictional rights were abolished; even then the "landed rights" (Woolf 1979: 216) of the major families remained largely intact.

Genovesi held the view that "at least two-thirds of the families [in the kingdom of Naples] are not owners of land" (Genovesi 1768: 493, fn.(a)). Hence his repeated assertion that there was an "excessively unequal distribution of land" (Genovesi 1768: 115) in Naples. Though not exhaustive, the primary and secondary data discussed above does suggest that there were probably good grounds for Genovesi's claim.

2. The Number of Priests and Religious

It is beyond question that the Church had considerable temporal power in Naples in the eighteenth century. This is clearly indicated by the concordat between
Naples and Rome of June 1741, which sought to limit the authority of the Church in economic, fiscal and legal matters. The government of Charles III interpreted the concordat broadly and, among other things, "restricted the ordination of priests to ten for every thousand souls" (Colletta 1905: 61). During the reign of Charles's successor, Ferdinand IV (1759-90), the number of priests and ordained monks was limited to five for every thousand citizens.

The official steps taken to contain the numbers entering religion suggest that Genovesi probably had good reason to complain that "Our population is barely four million, but between priests of major and minor orders as well as ordained and lay monks and nuns we have consecrated 150,000 to perpetual idleness" (Genovesi 1768: 251-2). Though probably exaggerated, the estimate of 150,000 served to underline Genovesi's essential point that ecclesiastics should not be exempt from "the general law ... of every class of men who do not produce income directly" (Genovesi 1768: 242), that is, that the number should be "AS SMALL AS POSSIBLE" (Genovesi, Ibid.), subject to the needs of the State.

Though Genovesi's criterion of what he regarded as an excessive number of priests and religious in Naples clearly had a strong economic motivation, the question arises: was the number in fact excessive? The official action aimed at limiting entry to the priesthood noted earlier, suggests it was regarded in this way by the State. Moreover, by noting that "The Church offered security, the possibility of a career, at least the advantage of a benefice" (Woolf 1979: 49), Woolf gives eminently plausible reasons why the number of priests and religious may have been greater than required to minister to the people's spiritual needs. St. Alphonsus Liguori (1696-1787), a fellow priest and Neapolitan contemporary of Genovesi, shared the latter's opinion about the number of priests in Naples, stating in 1756: 'There are, it is true, many ecclesiastics - and would to God there were less" (cited in Berthe 1905: 401, fn.1). That the number of priests and religious was probably excessive
by any reasonable standard, is revealed in comparative statistics given by Vaussard, who notes that the city of Naples "with some 123,000 ecclesiastics, including 5000 priests to serve its 400 churches and chapels ... had a proportion of about one twenty-eighth, the same as at Turin in 1755", in contrast to an estimated "one in two hundred" in France in the same period (Vaussard 1963: 73-4). Galanti, a one time student of Genovesi, estimated the number of ecclesiastics at 100,000, approximately two per cent of the population (cited in Galasso 1977: 246). A comparable figure was given by Pecchlo, who noted that around 1750 the kingdom had "23,000 nuns, 50,000 priests, 22 archbishops, and 116 bishops" (Pecchlo 1829: 303).17

There was therefore a basis in fact to Genovesi's argument that the number of priests and religious in the kingdom of Naples was excessive, a situation which probably continued after Genovesi's death. Writing in 1781, Galanti gave the following detailed list of the religious institutions in the county of Molise: "five cathedrals; seven collegiate churches; thirty-four congregations of priests; ... [thirty-two monasteries of monks of various orders] ...; three monasteries of nuns; two missionary homes; fifty-one abbeys; 136 benefices; ten granges, prebends and commendams; 53 [ecclesiastical] estates; 962 chapels" (Galanti 1781: 14). Perhaps data of this kind prompted the observation in England: "The number of convents and monasteries [in the kingdom of Naples] is astonishing" (Encyclopaedia Britannica 1797, XII: 732). Whether the magnitude of the "ecclesiastical condition" (Galanti 1781: 13) of Molise was typical of the rest of the kingdom is not known. However, Galanti's data lends weight to Genovesi's proposition that the number of ecclesiastics in the kingdom of Naples was excessive.

17. Johnston (1904: 12, fn. 1) provides the following additional data: "Serristori, a good authority, gives 47,000 priests, 25,000 monks, and 26,000 nuns; Roederer, who was well placed for knowing, the high figure of 64,000 for monks and nuns alone, Oeuvres, vi. 62; Gorani, in the year 1794, gives a total of 87,000; Blanchini says 100,000."
3. The State of Agriculture

In 1758, Genovesi observed: "It is unfortunate to think to what extent agriculture in our country ... is unknown and treated carelessly almost everywhere" (Genovesi 1984b: 835). This observation was partly based on information given to Genovesi in April 1758 by the manager of "a large fief" in Calabria who indicated "that in this province, and not only in this one ... agriculture is nothing but a mass of destructive causes of the fertility of this country: what should not be done is precisely what is done; and what should be done is either not known or left undone on account of old prejudices ... Everything is done contrary to good rules" (Genovesi, Ibid.). Direct evidence of this kind left Genovesi in no doubt about "the significant primitiveness and depressed state of agriculture" (Genovesi 1984c: 878) in Naples. This resulted from the fact that agriculture was undertaken by "the most inferior and the poorest people, who have no knowledge apart from some limited worthless experience and the tradition of their forefathers, which is no better; even when they have some knowledge they never have the attitude required to undertake improvements, fearing that failure will ruin them, and even when they dare they have nothing to spend" (Genovesi, Ibid.). In 1768, Genovesi further observed: "We have not yet improved the most important agricultural machines; and we need many necessary or useful implements" (Genovesi 1768: 515).

The foregoing indicates that the relatively backward state of agriculture in Naples identified by Genovesi manifested itself in a lack of technological progress (including a lack of investment in up-to-date capital), the absence of entrepreneurial skills, poor management practices and a general aversion to risk-taking. Some of the writings of Grimaldi, Longano and Palmieri, considered below, bear witness to the fact that these problems were indeed features of agriculture in Southern Italy in the latter part of the eighteenth century.
In 1790 Longano drew attention to the "Crudeness of agricultural equipment, and lack of required machinery" (Longano 1962: 384) in the Capitanata region. Similarly, Grimaldi observed that in Calabria agricultural machinery consisted of "a simple plough" (Grimaldi 1770: 13) which was not suited to all soils. He also complained: "There is a lack of very useful machines, which elsewhere yield a huge profit for the economy and industry" (Grimaldi 1770: 20). The backward nature of the technology and absence of investment in modern equipment were reflected in obsolete "water mills for grinding wheat [which] are the same as when they were first invented" (Grimaldi, ibid.). Moreover, "the mechanism of oil and wine presses is crude and inconvenient" (Grimaldi, ibid.). Both Longano and Grimaldi complained that correct sowing techniques were not used. According to Longano, this was a manifestation of a more serious problem in the Capitanata, "ignorance of agricultural techniques" (Longano 1962: 383). Grimaldi voiced a similar complaint in respect of Calabria: "No rule is followed in the sowing of grain, or in the relative amount to be sowed. Not even the practice of fertilising fields suitable for sowing is known" (Grimaldi 1770: 13). Grimaldi also noted that "the cultivation of olive trees, which together with mulberry trees produce the two main branches of the active and most profitable trade of the province" (Grimaldi 1770: 7) was inadequate since "these trees are also subject to the same indolence and ignorance about cultivation as mulberry trees" (Grimaldi, ibid.).

The brief discussion above supports Genovesi's belief that the kingdom's agriculture, in some areas at least, was languishing. Genovesi advocated widespread education as a means of remedying this situation. As one of the "main obstacles" (Longano 1962: 381) to the advancement of agriculture in the Capitanata region Longano listed the "Lack of education among youth" (Longano 1962a: 392). Palmieri also argued that agriculture "is the least considered and most poorly executed [art] in the kingdom. It is the only one which has neither teachers nor schools" (Palmieri 1805c: 311 fn.).
The absence of widespread entrepreneurial involvement in the kingdom's agriculture is evident. Grimaldi and Palmieri, who were both noblemen, were exceptions; so too was another nobleman, Francesco Loffredi, whose direct participation in agriculture in Potenza elicited praise from Genovesi (1962b: 174). These three noblemen conformed to Genovesi's ideal that "Agriculture must be undertaken by gentlemen and learned men" (Genovesi 1984c: 878). Undoubtedly, Grimaldi, Palmieri and Loffredi were not the only "gentlemen ... [who] are delighted to live in their country homes and to help and enlighten the peasants in every way they can" (Genovesi, ibid.). However, Genovesi's invective against absentee landlords (Genovesi 1984: 880-1; 1768: 80-1) was not without foundation. For the absentee landed nobles, life in the cities (particularly the capital Naples, with its attraction of the royal court) was preferable to a more mundane rural or provincial existence. Besides, agriculture was largely considered a demeaning occupation; Longano observed that "The ignominious idea foolishly attached to this art [of agriculture] also retards its progress" (Longano 1962: 391).

The general lack of capital formation in the kingdom's agricultural sector during the eighteenth century was undoubtedly attributable in part to the absenteeism of many landowners from their country estates. Moreover, investment by smallholders and tenants was made difficult, if not impossible, by a variety of circumstances. For instance, Genovesi noted that there was a dearth of credit in the provinces, which he put down to the relatively high interest rates of eight and nine per cent (Genovesi 1770: 140 fn.(a)). In 1792, Palmieri observed that the interest rate in the provinces was nine per cent (Palmieri 1805c: 188). Interest rates of this magnitude contrasted with the lower rate "in Holland ... of 3 per cent" (Genovesi 1770: 138, n.(a)), a figure for that country also mentioned by Smith (1937: 91). The latter noted that the lowest rate of interest in Scotland and France was five per cent (Smith 1937: 90). Chorley has noted that "Provincial credit [in the kingdom of Naples] was largely geared to the short-term needs of the agricultural community"
(Chorley 1965: 44-5). There were, however, no banks in the provinces to provide the required credit, the main sources of which were "the merchants themselves" (Chorley 1965: 45).

Loans by merchants were made via a system known in the kingdom of Naples as the *contratto alla voce*, which operated in the following way. In exchange for loans which were repayable in wheat, olive oil or other agricultural commodities at the following harvest, producers - who were usually small proprietors - would enter into a *contratto alla voce* with merchants. The agreed price (the *voce*) of wheat, for example, was fixed at the time of harvest when "prices were often 30 to 40 per cent lower than when the advance had been received" (Woolf 1979: 54). The result was that "often for a *tomolo* [of wheat] the lender demands two or three" (Genovesi 1973: 397, fn. 460A). Since the system tended to favour the merchant lenders, Genovesi condemned it as oppressive, stating: "The balance of probabilities makes the contract unjust and ruins agriculture" (Genovesi, Ibid.). The *contratto alla voce* may have "provided an important part of the working capital of the kingdom's agriculture" (Chorley 1965: 48), but by denying producers incomes based on the true market value of their products, the system undoubtedly prevented them from generating the surplus required for investment in agricultural improvements or replacements. Ferdinando Gallani who had on an earlier occasion praised the system as providing much-needed credit, subsequently denounced it because "it has done and continues to do great harm to our trade" (Gallani 1963: 331). Palmieri also described the system as "a necessary evil" (Palmieri 1805c: 188): necessary inasmuch as it acted to "remedy a more serious evil which is the lack [of credit]" (Palmieri, Ibid.).
4. **The Annona and Assisa**

The *annona* was the kingdom's official provisioning system, whose object it was to ensure that foodstuffs were supplied to the cities at relatively low prices. The *assisa* referred to the system whereby the government fixed the retail price of certain basic foodstuffs in the cities (Genovesi 1768: 377-8). Whereas both the *annona* and the *assisa* favoured city dwellers, they correspondingly discriminated against the inhabitants of the countryside by depriving them of the higher incomes which market forces would, other things being equal, have generated. Little wonder then that Genovesi (1768, Chap. XVIII) advocated the abolition of both the *annona* and *assisa* and the complete liberalisation of the kingdom's wheat trade (Genovesi 1768: 396). At the same time, Genovesi, who undoubtedly had in mind the merchants, especially those in Naples, who benefitted from the *contratto alla voce* and, in turn, the *annona* and the *assisa*, opposed the granting of "exclusive privileges" or, as he also termed them, "legalised monopolies" (Genovesi 1768: 376), especially as these affected the supply of bread in the kingdom.

That the *annona* and related issues were contentious economic and social issues is attested to by the intensive debate conducted by other writers in different Italian States in the eighteenth century. These writers included Algarotti, Bandini, Beccaria, Broggia, Cantalupo, Carli, D'Arco, Delfico, Filangieri, Gallani, Mengotti, Nerl, Paoletti, Scrofani, Vasco and Verri.  

5. **Manufactures**

Genovesi expressed dismay at the kingdom's dependence on imported manufactures (Genovesi 1768: 516). He was also critical of the quality of indigenous

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18. A summary of the main ideas of these writers on the *annona* is given in Custodi 1816, Vol. 50: 41-60.
manufactures (Genovesi 1768: 181, fn. (b)), stating, for example: "In all the metallurgical arts and those requiring workmanship, we are of little consequence (Genovesi 1768: 516). Genovesi attributed the depressed state of manufactures in Naples to the fact that "the greatest burden of taxation has fallen on the arts ...; hence, the arts have been discouraged and degraded ... The arts paid [taxes]. And that is why they dried up" (Genovesi 1770: 113).

In 1790, Palmieri echoed Genovesi's last mentioned comment as follows: "If they had planned to prevent any further production of oil and silk in the kingdom, they could not have thought of more effective means than those they used" (Palmieri 1805b: 9). Palmieri was referring to "The burden of taxes, consisting of the number of duties, the nature of the goods on which they were imposed, and the method of collecting them" (Palmieri 1805b: 10). In similar vein, Grimaldi argued that the arrendamenti (the taxes alienated to private individuals or institutions) on silk were responsible for the deterioration of mulberry plantations in the kingdom of Naples (Grimaldi 1780: 14-15). By contrast, "the cultivation of mulberry trees increased from year to year in the environs of the city of Naples, where silk is free and exempt from duties" (Grimaldi 1789; 15-16, fn.2).

Genovesi's statement that the production of wine, silk and other commodities "in our country is still done without skill, via the custom and tradition of old peasants" (Genovesi 1768: 515) was confirmed by others. In 1792 Palmieri pointed out that "the olives in most parts of the kingdom contain excellent oil; but the operations used to extract it are so senseless that they make it bad almost everywhere" (Palmieri 1895c: 238). A similar observation was made by Grimaldi: "The manner of extracting oil causes a huge loss to individuals and the State; the oil remains ordinary and unwholesome, and is sold ... mainly to make soap" (Grimaldi 1770: 18). Palmieri noted that "The same carelessness accompanies the
making of wine" (Palmieri, ibid.). Moreover, "Silk has until now been treated worse than oil and wine, and with greater loss to the nation" (Palmieri 1805c: 241).

6. Trade

Genovesi spoke scathingly of "the exorbitant customs duties and heavy taxes" (Genovesi 1768: 447) imposed on exports from Naples. He also condemned "the frequent tolls, duties and monopolies" (Genovesi, ibid.) affecting its domestic trade. He noted that "in certain counties ... the duties on exports are equal to the price of the goods leaving the country ... This was the reason why in our nation the manufactures of cotton in Lecce and Otranto, which were flourishing and in great demand, almost failed; and the saffron industry was almost reduced to nothing: as will happen to the oil industry and the manufacture of silk if attitudes do not change" (Genovesi 1768: 447-8, fn. (a)).

According to Galanti, there were no less than 122 customs barriers in the kingdom of Naples, which interfered with trade not only between provinces but within provinces (cited in Ciasca 1933: 478). Galanti also illustrated the administrative obstacles to domestic trade, noting, for example, that "The tolls from Campobasso to Naples ... are eight, in the space of 50 miles" (Galanti 1781: 68). Similarly, from Ariano in Apulia to Naples, over the same distance, a toll was paid nine times to the barons and tax collectors (Galanti, cited in Ciasca 1933: 479). Trade in some products, notably oil and silk, between different towns could be carried out only by arrendatort with monopoly rights. Wheat could not be sold between provinces without a special licence. From 1751, a transit duty of 2 per cent was levied on all tradeable merchandise moving between provinces. Goods transported to market were subject to a toll, as were flocks moved from pasture to pasture. Manufactures also faced similar domestic trading obstacles. For example, when they were transported from the capital to the provinces, they were required to
pay the customs duties of the city of Naples and the respective provinces through
which they passed or to which they were being delivered (Ciasca 1933: 479-80).
Jannucci (1981: 78) observed that "All the manufactures, that are moved from the
capital to the provinces or outside the kingdom ... are subject to an improvement tax
of from 16 to 20 per cent, from which only sweets and chocolate are exempt".

7. Infrastructure - Roads and Ports

Genovesi also argued that the kingdom's domestic trade was hampered by
its inadequate system of roads and seaports. He noted: "There are ... some
impassable roads, some ports that require reconstruction, etc." (Genovesi 1768:
245, fn. (a)). In his view, "the physical obstacles to communication between the
different parts of the State" (Genovesi 1768: 89) constituted one of the main reasons
for the depopulation of a country. In fact, the country's network of roads was
extremely small. "Until 1860, out of a total of 1848 villages in the kingdom ... 1621
had no roads whatsoever communicating with other settlements" (Podbielski 1974:
4). In 1770, Grimaldi noted that in Calabria Ultra, "the roads [are] steep, narrow,
damaged and impassable in winter; they are and will be an insurmountable
obstacle to domestic trade, to the movement of commodities throughout the province
and as a result a hindrance to foreign trade" (Grimaldi 1770: 21). In 1781, Galanti
noted that there were "bad roads and ones that are impassable in winter" (Galanti
1781: 13) in the Molise. In 1792, Galanti made similar observations about the
inferior roads in parts of Calabria and called for the construction of new roads
between certain centres in order to improve trade (Galanti 1982: 157, 233, 238). In
1787, Palmieri noted: "A great deal has been spent in the kingdom on ports and
roads ... but meanwhile the roads in many provinces are impassable" (Palmieri
1805a: 331, fn.1). To some extent, the observation on the kingdom's deficient road
system by the writers noted above, including Genovesi, reflected the priorities of
Charles III and Ferdinand IV: since their main interest was hunting, much
Infrastructure capital was used to construct hunting roads, while in the meantime "the kingdom lacked the most useful roads" (Colletta 1905: 84).

In the matter of its seaports, the kingdom appears to have fared somewhat better during the reign of Charles III. For example, according to De Rosa (1968: 337-8), between 1739 and 1745 the port of Naples was rebuilt and enlarged. Other ports that were modernised included the Apulian ports of Barletta, a major grain loading centre (1750-1) and Trani, significant for its agricultural exports (1755-9). Nevertheless, in 1787 Palmieri observed that "Gallipoli [in Apulia], the widest doorway through which money enters the kingdom, does not have a secure port and little expenditure would be required to have one" (Palmieri 1805a: 330, fn.1). Criticism of port facilities in various parts of Calabria was also made by Grimaldi (1770: 21) and Galanti (1982: 184).

8. The Legal Profession

Genovesi's main criticism of the legal profession was that the number of lawyers was excessive (Genovesi 1768: 245-9). A surfeit of lawyers ran counter to his argument that the classes "of men not producing [income] directly" (Genovesi 1768: 245) should be minimised. Given his economic motivation, it is not surprising that Genovesi sought to discourage what he perceived as a reciprocal relationship between the "number of legal personnel" and the number of lawsuits" (Genovesi 1768: 246, fn.(a)). Woolf indicates that around 1750 "in the city of Naples 26,000 people were reputed to gain a living out of the law" (Woolf 1979: 65). Vaussard estimates that at the end of the eighteenth century there were 30,000 lawyers in the kingdom (Vaussard 1963: 84).

That the number of lawyers was probably large may be inferred from the fact that eleven different types of legislation were in force in the kingdom, reflecting
the long history of Southern Italy. The types of law included ancient Roman, Lombard, Norman, Swabian, Angevin, Aragonese, Spanish Austrian, German Austrian, feudal, ecclesiastical, and Greek (Colletta 1905: 22). Woolf observes: "This tangled legacy of laws and jurisdictions protected the privileged and nurtured the legal class" (Woolf, Ibid.). In 1742, a commission was established to draw up a revised codex, which was issued in 1752. However, it was generally recognised that nothing of any real consequence was achieved because "the lawmakers had looked to the past, not the present: all the vast subject-matter, governed by recent laws, relationships and sectors of growing importance in modern life, was omitted from the document" (Valsecchi 1959: 734).

9. Taxation

Genovesi's main criticism of the Neapolitan taxation system - that it was inequitable - is epitomised in his argument that all land "SHOULD BE SUBJECT TO TAXES AND OTHER PUBLIC IMPOSTS ... THERE MUST BE NEITHER ECCLESIASTICAL NOR BARONIAL EXEMPTION WHERE REAL IMPOSTS ARE CONCERNED ... EVERYONE'S PROPERTY MUST BE SUBJECT TO TAXES IN PROPORTION TO ITS VALUE. LET INEQUALITIES BE ABOLISHED ..." (Genovesi 1768: 542-3). Genovesi indicated that he was referring not only to "government or fiscal imposts ... but principally to those which have as their source numerous intermediate powers, each of which takes its cut like a sovereign prince" (Genovesi 1768: 103). He also denounced the methods used to collect taxes and other imposts, citing "The extortions made by collectors of public incomes, duties and tolls" (Genovesi 1768: 339) and "the acts of oppression and cunning of small collectors" (Genovesi 1768: 469). These two aspects of Genovesi's treatment of taxation are discussed below.
It is significant that soon after his accession to the throne in 1734, Charles III took steps to reform the Neapolitan taxation system. For example, the basis of determining the hearth-tax (*focatico*) was revised in 1737. More importantly, a cadastral register (the so-called *catasto onciario*) was implemented in 1740. The purpose of the latter was to ensure that fiscal obligations were "shared equally and that the poor man was not burdened beyond his limited ability to pay, and that the rich man paid in keeping with his property" (cited in Assante 1981: CCXIII). The basis of the revised taxation system was a poll tax (*testatico*), payable by the head of each household or hearth. Other members were required to pay *oncet de industria*, a tax on occupations. Land and capital invested in productive activities were also taken into consideration in determining the tax base. Each community (*università*) was expected to collect revenue on behalf of the State on the basis of the above-mentioned personal and property taxes. Additional levies were made by the *università* to meet their own collective needs.

The inequitable nature of the new taxation system is apparent from the list of those who were granted exemption from the poll tax and the tax on occupations: feudal lords, ecclesiastics, those who lived 'nobly' and those who professed the 'liberal arts', not to mention other privileged categories (such as citizens of Naples, and fathers 'burdened' with offspring) (Assante 1981: CCXV). Similarly, feies and the patrimonial estates of ecclesiastics and sacred places were exempt from payment of taxes on land and other property. Given the nature and wide range of these exemptions, it is beyond doubt that the burden of taxes under the *catasto onciario* fell disproportionately on the lower classes. Thus, Genovest had good reason to complain that the land register failed to bring about a significant reform of the taxation system (Genovest 1768: 484-5, fn. (b)). The inequities resulting from the exemptions to the *catasto onciario* were illustrated at a later date by Galanti, who compared three communities of identical population size in Apulia, the Principato and Basilicata, respectively. The first, which was rich in crown lands, paid nothing;
the second, whose crown lands yielded little income, paid a poll tax of 15 *cartini* and 20 per cent of the income; the third, which had no crown lands, paid a poll tax of 4 ducats and 60 per cent of the income (cited in Assante 1981: CCXVIII). 19

As noted earlier, Genovesi also denounced what he perceived as the extortion and oppressive behaviour of collectors of various taxes. Genovesi summed up his ideas in this regard thus: "It must be taken as a certain principle, *that the more men there are who are employed as guardians and collectors of duties, tolls, customs duties, etc. of tributes, etc., the greater will be the number of thieves*" (Genovesi, 1770: 131, fn.(b)). Genovesi undoubtedly had in mind private tax farmers such as the "*arrendamentari*" (Genovesi 1768: 253) (or *arrendatori*), to whom certain excise duties were contracted for a given sum each year. The possibility of extortion arose from the fact that the *arrendatori* who, according to Venturi (1969: 423), were mainly members of the nobility or clergy, usually collected more than the amount due to the government. Though Charles III established a Committee for Repurchases (*Giunta delle ricompre*) in 1751, whose brief was to regain control of alienated incomes (*arrendamenti*), his attempt at reform failed. As a result, taxes levied in the form of *arrendamenti* could be as much as "four times greater than the treasury received" (Assante 1981: CCXII).

Galanti confirmed Genovesi's claim that collection of the *arrendamenti* was sometimes oppressive. With reference to the Molise region, he stated: "The instances of robbery and theft by the collectors of *arrendamenti* are continual ... Communities that are required to pay fiscal dues of 500 ducats, must pay as much again through acts of oppression" (Galanti 1781: 29). Galanti also noted that "In Campobasso in the past century, silk was a large industry, but it was abandoned on

19. As Assante indicates, the citation is from Galanti's *Della descrizione geografica e politica delle Sicilie*, a cura di F. Assante e D. Demarco, Napoli, ESI, 1969, Vol. 1, p. 391.
account of the harassment the citizens received from the contractors of the prohibitive duty" (Galanti 1781: 42). As already noted, Grimaldi also attributed the decline in the silk industry to the "oppression of the duty" (Grimaldi 1780: 15), the evidence for which, he stated, would be found in the "registers of the arrendamento on silk" (Grimaldi 1780: 14).

10. Education

Given his long career as a teacher and his obvious commitment to teaching, it is not surprising that Genovesi was in favour of basic, widespread education. In the Discorso of 1753, he asked: "Should it be so difficult that reading, writing and some arithmetic should become almost commonplace?" (Genovesi 1984a: 35). Achievement of this objective had positive economic implications, since, as he noted, "it could be of infinite benefit to all occupations" (Genovesi 1962b: 81). However, Genovesi insisted that if its economic benefits were to be realised, all education had to have a practical, useful orientation: "Every kind of study that is not based on nature, and does not aim at the sound usefulness of men, is a vain and harmful activity" (Genovesi 1768: 149, my italics).

An examination of the prevailing education system reveals that Genovesi had good reason to highlight the need for an alternative system that was both useful and widespread. After the Council of Trent (1545-64), education in all Catholic countries, including Italy, became almost entirely the responsibility of the Church. As Valsecchi notes, "the religious struggles and the defence of the Church against Protestantism led to the identification of cultural interests with religious interests" (Valsecchi 1967: 102). In the kingdom of Naples, the Jesuits had a virtual monopoly of the education system, which was designed for the nobility. The Jesuit ratio atque institutio studiorum, was adopted in 1599 and "education conformed to it until well into the XIXth century" (Valsecchi 1967: 104). The ratio provided for three stages in
the education process: (i) the humanities, including classical Latin and Greek, and rhetoric; (ii) three years of philosophy; and (iii) four years of theology. Even though the aim of the ratio had been to "reconcile the classical heritage with the religious imprint of the Counter-Reformation" (Valsecchi, ibid.), during the seventeenth century it began to suffer from formalism and pedantry, a lack of criticism and a rejection of contemporary culture. The exact and natural sciences like mathematics, physics and chemistry were of secondary importance: "They were conceived and taught according to the standards of antiquated tradition, in sharp contrast to the boldness of scientific enquiry, which in the seventeenth century, the age of Newton and Galileo, had opened new and fruitful horizons" (Valsecchi, ibid.).

Though Genovesi's own experience indicated that an education was not necessarily denied to members of the lower classes, it is nonetheless true that in the kingdom of Naples it was largely "the privilege of the upper classes" (Valsecchi 1967: 116).20 However, the above suggests that the curriculum did not meet the real needs of a commercial or capitalist society. Higher education was not exempt from this charge. Indeed, Genovesi felt obliged to argue that "in every university it would be necessary to establish a couple of Chairs of Mechanics, and two less of pedantries, or abstract ideas" (Genovesi 1768: 181-2).

20. Nonetheless, the foundation in Rome of "the first free people's school in Europe" in 1597 had shown that the lower classes too could gain access to education (Valsecchi 1967: 116-9). The school was established by the Spanish priest Joseph Calasanz (1557-1648), founder of the Clerks Regular of the Christian Schools, also known as the Piarists. Valsecchi (1967: 117) indicates that Piarist schools were established in various parts of the kingdom of Naples. Their aims, methods and curriculum were partly in keeping with Genovesi's ideas on education. For example, all teaching was in Italian, and arithmetic and the sciences were taught (Valsecchi, ibid.). However, despite their progressive approach to education at the time, it is unlikely that the Piarist schools would have been approved by Genovesi. When, after the expulsion of the Jesuits from the kingdom of Naples in 1767, Genovesi was asked by the government to submit a revised educational plan for a former Jesuit college, "he had already condemned both the subject-matter and methods of the teaching that was taking place in convents, seminaries and colleges run exclusively by religious orders" (Zazo 1929: 43-4).
In 1787, Palmieri observed that whereas the number of lawyers, doctors and religious was excessive, the number in agriculture, the arts and commerce was too small. He asked: "How could the result be otherwise if in the kingdom's schools only law, medicine and theology are generally taught; if in the very university of the capital, compared to the several Chairs in each of the above faculties, there is only one in commerce, which was established quite late and by a foreigner [Intieri], if agriculture and the arts do not have schools and training institutions?" (Palmieri 1805a: 37-8). In 1790, Longano noted "the lack of education of youth" (Longano 1962: 392) in the Capitanata region. He referred specifically to the lack of education in agricultural matters, stating that the resultant ignorance gave rise to "popular prejudices" (Longano 1962: 393). For example, "a change in the method of ploughing or digging, or in the equipment itself, is considered an unpardonable sin" (Longano, ibid.). That improvements to agricultural education were also required in Calabria was emphasised in 1770 by Grimaldi. Having examined in detail "all the errors of the rural economy" (Grimaldi 1770: 23) in the province, he advocated the establishment of "economic societies" (Grimaldi 1770: 24ff.) whose function was to provide basic and continuing education in agrarian matters.

CONCLUSION

Genovesi became Professor of Political Economy in the University of Naples not by design, but by chance. After his application for a Chair of Theology had been unsuccessful, Genovesi's meeting and subsequent friendship and association with Intieri, who endowed the Chair of Political Economy, proved to be a decisive turning-point in the academic career of the then Professor of Ethics.

Genovesi had an established reputation as a teacher in Naples, and it was arguably this factor above all which influenced Intieri to invite him to fill the
Foundation Chair of Political Economy which he (Intieri) endowed in 1754. Given that two other contemporary Neapolitans - Gallani and Broggia - had demonstrated their ability in economics, there is even greater reason to conclude that it was largely Genovesi's standing as an educator which prompted Intieri to choose him, albeit he lacked a background in the subject, as the Foundation Professor of Political Economy.

The chair endowed by Intieri was known as a "Chair of Commerce and Mechanics". Since Genovesi used the terms 'commerce', 'economics' and 'political economy' interchangeably to refer to the process of wealth creation, it may be concluded that the Chair he occupied was oriented towards the teaching of political economy. The purpose of the 'mechanics' component of the Chair founded by Intieri was to underline the benefits of technical progress, including the greater productivity which would result from such progress. Since the 'mechanics' strand was clearly meant to complement the wealth-creating dimension of 'commerce', it may be concluded that Genovesi did in fact occupy a Chair of Political Economy.

Genovesi's teaching and writing on economics while he was Professor of Political Economy were strongly motivated by what he perceived as the need for economic and social reform in the kingdom of Naples. His major work, the _Lezioni_, was published after 1764, the year of a disastrous famine in Naples. This event underlined the existence of major structural and institutional problems in the Neapolitan economy which hampered its long-term development. The major problems identified by Genovesi included the concentration of land ownership in the hands of the nobility and the Church; an excessive number of priests and religious; a backward agricultural sector; a State provisioning system and legal price setting mechanism which reduced incentives in agriculture; a limited range of poor quality domestic manufactures; fiscal and other obstacles to domestic and foreign trade, including an inadequate road system; an excessive number of lawyers; a taxation
system that was inequitable and oppressive; and an education system which failed to meet the needs of a modern commercial economy.

Genovesi's accuracy as an observer of economic conditions in Naples is confirmed by the writings of the eighteenth century Neapolitan reformers Giuseppe Maria Galanti, Domenico Grimaldi, Francesco Longano and Giuseppe Palmieri, as well as other scholars. Data and argument from these sources support the conclusion that economic problems in Naples, some of which are noted above, matched Genovesi's belief in the need for reform. The wide-ranging attention given by Genovesi to the economic problems of his own country clearly suggests that his purpose was to promote reform of the Neapolitan economic system as a whole and thereby its long-term economic development. His criticism of what he perceived as structural and other defects of the existing economic system must therefore be viewed and interpreted in the light of this goal.

The contemporary economic problems of Naples perceived by Genovesi are revisited in the more detailed evaluation of his economic ideas which follows. The economic problems in question form the basis of Genovesi's economic ideas, which, it will be argued in a later chapter, he regarded as essential elements of the particular economic system he envisaged for a reformed Neapolitan economy. They also provide the key to any reasonable interpretation of his place in the history of economic ideas in the eighteenth century.
1753 Discorso sopra il vero fine delle lettere e delle scienze ("Discourse on the True Aim of the Arts and Sciences").

Published together with reprints of the following works on agriculture by Tuscan writers:

1. Ubaldo Montelatici, Ragionamento sopra i mezzi più necessarj per far rifiorire l'agricoltura ("Investigation of the Means Most Necessary to make Agriculture Flourish Again"). originally published in Florence in 1752.

2. Pier Antonio Micheli, Relazione dell'erba orobanche ... e del modo di estirparla ("Report on the Weed Broomrape ... and the Method of Eradicating it"), originally published in 1723.

Cited in the thesis as the Discorso.

1757-58 Storia del commercio della Gran Bretagna scritta da John Cary ... con un ragionamento sul commercio in universale, e alcune annotazioni riguardanti l'economia del nostro Regno ("History of Trade of Great Britain written by John Cary ... with a Discourse on Trade in General, and some Notes on the Economy of Our Kingdom"). This consisted of three volumes. The Italian translation (by Genovesi's brother, Pietro) of Cary's An Essay on the State of England in relation to its trade, its poor and its taxes ... of 1695 was based on a French translation, Essai sur le commerce d'Angleterre made by George-Marie Butel-Dumont and Vincent Gournay, published anonymously in 1755. Volume II of Genovesi's Storia also contained an
Italian translation of Thomas Mun's *England's Treasure by Foreign Trade* ... of 1664. In addition to his introductory *Discourse on Trade in General*, Genovesi included a *Ragionamento filosofico sulle forze e gli effetti delle gran ricchezze* ("Philosophical Discourse on the Force and Effects of Great Wealth") and a *Ragionamento sulla fede publica* ("Discourse on Public Trust").

Cited in the thesis as the *Storia del commercio*.

**1764**

*L'agricoltore sperimentato di Cosimo Trinci con alcune giunte dell'abate Genovesi* ("The Experienced Farmer by Cosimo Trinci with Additional Contributions by the abbé Genovesi").

The original work by Trinci, a Tuscan, was published in 1726. Genovesi's contribution consisted of a lengthy *Prefazione* ("Preface"), an even lengthier appendix *Idea del nuovo metodo di agricoltura inglese* ("Idea of the New Method of English Agriculture") and a short *Memoria di agricoltura* ("Memoir on Farming").

Cited in the thesis as *L'agricoltore sperimentato*.

**1765**

*Riflessioni sull'economia generale de' grani tradotte dal francese con un discorso preliminare del signor abbate Genovesi* ("Reflections on the General Economics of Grains Translated from the French with a Preliminary Discourse by the abbé Genovesi").

The translation, by Gaetano Pacces, was of Claude-Jacques Herbert's *Essai sur la police générale des grains, sur leurs prix et sur les effets de l'agriculture*, originally published anonymously in 1753. Genovesi's
contribution took the form of a Discorso preliminare ("Preliminary Discourse") which bore the alternative title Idea dell'opera ("Idea of the Work").

Cited in the thesis as the Riflessioni.

1765 and 1767 Delle lezioni di commercio o sia d'economia civile ("Lectures on Trade or Political Economy").

The first edition of the two volumes of Genovesi's major work appeared in 1765 and 1767, respectively. The two volumes of the so-called second Neapolitan edition, the last edition known to have been revised by Genovesi himself, appeared in 1768 and 1770, respectively. This edition has been used in the thesis.

Cited in the thesis as the Lezioni.
APPENDIX 2.2
GENOVESI'S OTHER WRITINGS (AFTER 1754)

1758  *Meditazioni filosofiche sulla religione e sulla morale* ("Philosophical Meditations on Religion and Morals").

1759  *Institutiones logicae in usum tironum scriptae* "(Principles of Logic for Beginners").

*Lettere filosofiche ad un amico provinciale per servire di rischiaramento agli Elementi metafisici* ("Philosophical Letters to a Friend in the Provinces to Elucidate the Elements of Metaphysics").

1764.  *Lettere accademiche su la questione se siano più felici gl'ignoranti che gli scienziati* ("Academic Letters on the Question Whether the ignorant are Happier than the Learned").

*De iure et officiis in usum tironum libri II* ("On Rights and Duties for Beginners in Two Volumes").

1766  *Della Diceostna, o sia della filosofia del giusto e dell'onesto per gli giovanetti* ("The 'Diceosina', or the Philosophy of What Is Right and Honest for Young People").

1766  *La logica per gli giovanetti* ("Logic for Young People").

1767  *Delle scienze metafisiche per gli giovanetti* ("Metaphysics for Young People").

1768  *Institutiones metaphysicae* ("Principles of Metaphysics").
APPENDIX 2.3
MAP OF THE KINGDOM OF NAPLES

ADMINISTRATIVE REGIONS (1992)
A. Abruzzi and Molise
B. Apulia
C. Basilicata
D. Calabria
E. Campania

PROVINCES OF THE KINGDOM OF NAPLES (18th Century)
1. Apruzzo Citra
2. Apruzzo Ultra
3. Basilicata
4. Capitanata
5. Calabria Citra
6. Calabria Ultra
7. Contado di Molise
8. Principato Citra
9. Principato Ultra
10. Terra di Bari
11. Terra di Lavoro
12. Terra d'Otranto (Lecce)
The map in this appendix aims to provide an indication of the approximate location of the provinces of the kingdom of Naples in the eighteenth century. To facilitate reference, the twelve provinces (denoted by numerals) have been shown in the context of the present five administrative regions (denoted by capital letters) of mainland Southern Italy, which made up the kingdom.

It must be stressed that the indicated locations of the provinces are only approximations. Attempts to obtain an exact map of the kingdom of Naples in the eighteenth century in Sydney and the Fondazione Luigi Einaudi in Turin, Italy, proved unsuccessful.

The names of the provinces listed above are those given by Jannucci 1981, Vol. I: 37-8. Other sources used to identify the location of those provinces were:


INTRODUCTION

This chapter examines Genovesi's ideas on population and education. The treatment of these two diverse subjects in the one chapter is intended to reflect the importance Genovesi attached to both quantitative and qualitative aspects of growth in the labour force as the basis of economic development.

The analysis of Genovesi's treatment of population is divided into three sections. The first shows that Genovesi postulated a causal relationship between population growth and economic development. The second section examines his concept of the "right population" and its implications for economic development. It is shown that, *inter alia*, the achievement of the "right population" necessitates a higher living standard, which in turn requires the pursuit of self-interest. The third section deals with the problem of under-population, the predominant theme in Genovesi's treatment of population issues. It is argued that Genovesi's emphasis on this particular aspect reflected his belief that under-population was the major population problem in the kingdom of Naples.

The second main part of the chapter, dealing with education, shows that Genovesi postulated a causal connection between education and economic development. It is argued that Genovesi's proposals to reform education were motivated by what he perceived as its limited availability and education practices in the kingdom of Naples which largely failed to meet the needs of a commercially
oriented society and were thus not conducive to economic progress. It is shown that Genovesi advocated widespread education as the means of increasing labour productivity. The argument is made that to this end, Genovest encouraged applied research and the dissemination of its results, mainly by an educated middle class, reflecting his belief in the need to embody technical progress in labour.

A. POPULATION

1. Population Growth and Economic Development

One of the more prominent features of Genovesi's treatment of population is his reliance on economic factors to solve problems relating to population. It has been noted that "The originality of Genovesi's propositions lies in his having related principles and theories ... about population to the more general problem of ... political economy." (Fortunati 1956: 149). It has also been observed that "Genovesi is an economist, not a demographer" (De Vergottini 1956: 129).1 The Discorso of 1753 contains what can be regarded as a basic postulate of Genovesi's economics: the existence of a direct relationship between population size, national wealth and living standards:

"The lack of inhabitants, when the country is so fertile and favoured by Heaven, is always the main cause of its poverty. Man is a country's most precious commodity, says the wise Melon.2 This, then, is the first and foremost [commodity] to be cultivated by those who care about the public interest and by those who govern the human race, because all other [commodities] only have value because of this one" (Genovesi 1984a: 31).

1. This does not mean that Genovesi's work lacks demographic elements. For example, Genovesi (1768: 88-9) noted that "according to the usual calculations of human life, those who are born in a [given] year are at least a fifth more than those who die; thus every State should be disproportionately populated". If he did not pursue the demographic line of reasoning prompted by vital statistics of this kind, it was undoubtedly because he believed that under-population was the major population problem in Naples, and one that required an economic solution.

2. The "wise Melon" is J. F. Melon (1675-1738), a French economist cited widely by Genovesi. This reference is to his Essai politique sur le commerce of 1734.
This early formulation of Genovesi's ideas on population and economic development suggests that initially he believed economic growth was a direct function of population size. Genovesi justified his call for a greater population with the following inductive, *a fortiori* argument that the use of additional units of labour in mining generates proportionately greater output:

"As the number of men in our Kingdom has increased, so has it become proportionately ever richer and more powerful, since the more its mines have been worked the greater have they yielded proportionately. It seems paradoxical, but nonetheless true that man is such a powerful entity that, when combined with another man, he yields an amount which is not equal to the sum [of the two men], but ... to four times the sum" (Genovesi 1984a: 31-2).

The paradox noted by Genovesi is obviously the principle of increasing returns since the increased output is acknowledged to be more than proportional to the increased labour used. However, although in the early Discorso economic progress was made to depend on population size, Genovesi subsequently came to regard the objectives of population growth and economic development as interdependent. He argued: "It is impossible to have the greatest possible amenities, wealth and power if you do not have the largest population possible, nor population without the first three factors ... Almost all the evils which befall a civil State ... have their origin in people wanting to separate these two things and trying to have one without the other" (Genovesi 1984b: 127, my italics).

The "two-way" causal connection between economic development and population growth in Genovesi's economics suggests what has been termed a "circular, or rather 'spiral' process" (Lowe 1954: 137). Lowe also describes the process as one of "reciprocal causation" or a "reciprocity of cause and effect over

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3. There is no indication that Genovesi appreciated that the idea of increasing returns, which he referred to as a "paradox", might be explained by the division of labour. This is further examined in Chapter 4.
time" (Lowe 1954: 140). A brief examination of the applicability of Lowe's ideas on causation to Genovesi's assumed interdependence of population growth and economic development is in order.

Genovesi gave the following advice on the means required to achieve the greatest possible population: "Promote and bring agriculture and manufactures to perfection; increase trade, fishing, shipping; encourage men to marry; ensure that laws are obeyed; ensure that the government is wise and full of kindness and humanity; promote a wise and holy education, and you will thereby have the greatest population possible because it is impossible that given these causes, this effect will not follow" (Genovesi 1984b: 131). This statement clearly indicates that Genovesi regarded increased productive activity, together with technological progress, as a prerequisite for population growth. The expanded employment opportunities resulting from the encouragement of agriculture and other industries are the rationale for a greater population. However, the initial "turn of the spiral" (Lowe 1954: 137) or impetus provided by increased economic activity leads to a change in the direction of causation, and population growth now acts as a stimulus to further economic development. Genovesi argued that increased trade "by encouraging the circulation of products and manufactures, also fosters their consumption, and this gives an added impulse to agriculture and the arts, which leads to the creation and growth of the products required to maintain human life and to employ and thus enable very many families to live" (Genovesi 1984b: 129).

The spiral growth process described above is a plausible explanation of the causal inter-relationship between population growth and economic growth in Genovesi's economic system. For Genovesi, the growth process relies, in effect, on the strategic variables of rising consumption (via rising living standards) and increased employment opportunities, which ensure that "reciprocal causation" (Lowe 1954: 140) occurs between economic growth and population growth. In short, the
circular or spiral relationship between population growth and economic development in Genovesi's economic system, suggests that reciprocal and mutually reinforcing supply and demand responses are generated by these two growth variables (population growth and economic development), with beneficial results for both.

Although Genovesi acknowledged that other, non-economic factors such as the encouragement of marriage, law and order, good government and education are required to promote an increase in population, it was undoubtedly his assumption that increased economic activity provides a positive stimulus to population growth which led him to declare: "The solution to this political problem [of achieving the greatest possible population] is simple" (Genovesi 1984b: 131). If Genovesi appeared to oversimplify the problem of population growth it was arguably a consequence not only of his deterministic approach to economic phenomena, but also of his optimism and belief in the growth potential of the kingdom of Naples. Against this background, it is now appropriate to examine the meaning and significance of the "right population" in Genovesi's economics.

2. The "Right Population" and Economic Development

According to Genovesi, the first of the two main objectives for a nation is that "its population be as large as possible, relative to its internal resources, that is lands, climate, skills, location, etc." (Genovesi 1768: 17). Subsequently, Genovesi argued that a nation should be "as strong as possible, given the lands it occupies, its location and other circumstances ... The main basis of the strength of a nation is the multitude of families, the RIGHT POPULATION" (Genovesi 1768: 87).

4. Genovesi's "right population" has an obvious intuitive appeal. As Fairchild (cited in A. Sauvy 1969: 36) says: "If there is such a thing as over-population and such a thing as under-population, it follows that between the two there must be such a thing as just the right population".
The definition of the "right population" was also made to depend on a country's "size, climate, the fertility of its lands, its location and the skill of its inhabitants" (Genovesi 1768: 88). Genovesi's definitions of the "right population" and one that is "as large as possible" clearly refer to identical concepts since both are subject to the constraints imposed by natural conditions and a country's economic resources. De Castro has stated that because Genovesi's definition of the "right population" is tautological it cannot be differentiated from the concept of "maximum population", that is, one that is "as large as possible (De Castro 1956: 104). Genovesi made no distinction between the two terms but it may be argued that in using the term "right population" he aimed to preclude the possible misinterpretation of the term "maximum population".

The "right population" suggests the modern notion of an optimum population but the two concepts are not identical.⁵ Implicitly, the concept of the "right population" begs the question of the standard of living which determines the achievement of this goal. Genovesi provided a partial answer when he stated that the two aims of political economy are "that the nation ... be as populated as possible; and ... that it be as well-off and powerful as possible" (Genovesi 1768: 17). Elsewhere, he identified the notion of a standard of living more closely when he noted that the second aim of political economy is "the happiness of the people, that is living as securely and as well-off as possible, and with the least exposure to physical and moral evils" (Genovesi 1984b: 128).

In common with many other pre-Smithian writers, Genovesi's economic objectives were couched in aggregate, not per capita terms.⁶ There was no suggestion that income or output per head might decline as population increased.

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⁵ Strictly speaking, an optimum population is one which, given an economy's resources and technology, will maximise per capita income.

⁶ See Spengler (1960: 27) and Deane (1978: 29).
though Genovesi (1768: 88) did recognise the possibility of over-population and, hence, implicitly acknowledged that living standards could fall as population exceeded an optimal level. However, Genovesi's interest in over-population was essentially academic. As he saw it, the problem requiring a solution in Naples was that of under-population (and the poverty which characterised it), which would only be overcome by an increase in the economy's productive capacity and its living standards. A higher standard of living was, for Genovesi, an essential condition for achieving the "right population" and economic development. The means of achieving both objectives relied on a circular causation process similar to that noted earlier: increased economic development raises living standards, which, in turn, provide the basis for further economic development and rising material welfare and hence population growth. Genovesi was adamant that the amount of productive labour should be maximized, but recognised that this would not occur without suitable incentives since "man only works naturally out of self-interest" (Genovesi 1768: 57). Self-interest is a vital link in the chain of causation leading to the achievement of the "right population" since it is the basis of "the benefit derived from labour, which is the only spring that drives men to work" (Genovesi 1768: 104). Self-interest is, therefore, not only a determinant of labour productivity, but also of living standards.

For this reason, Genovesi rejected the idea that a low standard of living was mandatory in order to ensure productivity increases, saying:

"It was the belief of certain of our ancients (and I do not know if this particular conviction has yet entirely disappeared) that the people under us should be kept in the condition of slaves and beggars, and oppressed in every way, in order to compel them to work. The more one is in need, they say, the more one works" (Genovesi 1984c: 884-5, my Italics).

If Genovesi argued that there is a positive relationship between the standard of living and the propensity to work (and hence labour productivity), he was equally insistent that living standards are a determinant of the "right population". As he said: "It is not possible that ... families will increase where the poverty of the working
classes is great" (Genovesi 1768: 103). Genovesi did not deny that "poverty and need prompt and spur people to labour" (Genovesi 1770: 299). However, he clearly rejected the proposition that poverty was required to encourage people to work or to increase labour productivity.

Genovesi's relatively brief, almost parenthetical treatment of the question of over-population only serves to underline the importance he attached to under-population. Indeed, for Genovesi over-population appears to constitute a problem only insofar as it represents a potential cause of under-population and hence reduced living standards: "That call of population, population being made today by all those in government, if it is not controlled by the present rule [of the right population] can become the most terrible cause of depopulation" (Genovesi 1768: 88, fn. (b)). Acknowledging that the problem of over-population "cannot be solved everywhere in the same way" (Genovesi 1768: 125), Genovesi proposed different solutions for countries (a) "with distant colonies"; (b) without colonies but which engage in maritime trade; and (c) with neither colonies nor maritime trade (Genovesi, Ibid.). Only in relation to the third category of countries did he suggest a "Malthusian" remedy for the problem of over-population: celibacy or frequent war; and he specifically rejected homosexuality, parricide, infanticide, abortion and euthanasia as possible solutions to the problem (Genovesi 1768: 123-4). Although he did not "approve of war, a greater scourge than which I do not think can be devised by men" (Genovesi 1768: 125), he upheld the rights of countries which have exceeded their subsistence levels to "occupy vacant lands or lay claim to part of the surplus territory" (Genovesi, Ibid.) of other countries. Like Montesquieu, Genovesi may well have believed that "The right ... of war is derived from necessity and strict justice", and that "From the right of war comes that of conquest" (Montesquieu 1949, Vol. I: 133-4).
It has been observed that Genovesi's "concept of right population refers, at least implicitly, to an "open economy" (De Vergottini 1956: 134). It follows that, for Genovesi, over-population is virtually impossible for certain countries. More importantly, by assuming that, once the "right population" has been achieved, a given country's population and economy can continue to grow in a colony, that is beyond the limits imposed by the home country's resources, Genovesi implied that living standards in the home country need not decline. When the "right population" is achieved, an optimal standard of living is also realised, a conclusion reinforced by Genovesi's argument that over-population is to be avoided because it represents a potential cause of under-population and hence a decline in living standards.

The attainment of the "right population" both in time and space, is a significant problem arising from Genovesi's consideration of this phenomenon. The solution depends on demographic, economic and other factors and was not explicitly addressed by Genovesi. Implicitly, an answer is contained in Genovesi's notion of "the tendency towards equilibrium or the right proportions in every economic phenomenon, the aim being the preservation and development of man and the body politic" (cited by Lasorsa 1956: 248-9). The equilibrium implied by the "right population" results from the interaction between population growth (envisaged both quantitatively and qualitatively) and growth in the exploitation of a country's resources, its strategic location, climate and technology. Genovesi's adherence to, and faith in "Political Arithmetic" (1768: 89), his deterministic approach to

7. I have been unable to locate the source of this reference in Genovesi's economic works.

8. Genovesi does not cite Sir William Petty, whose Political Arithmetic was published in 1691. Genovesi's knowledge of this work may have been based on a French translation by Forbonnais in 1753 of Charles King's The British Merchant ... of 1713, which included Davenant's Discourses on the Public Revenue and Trade of England of 1698; this included Davenant's treatment of political arithmetic. Forbonnais' translation was entitled De l'usage de l'arithmetic politique dans le commerce et les finances par M. Davenant (Vol. I, pp. CLIX-CXCII).
economic behaviour and his firm belief in the ability of the State to effect required reform, suggest that he probably regarded the optimal equilibrium of the "right population" as attainable in some statistically precise or approximate sense. Such an interpretation is prompted by his definition of the "right population": "A country which, given its size, climate, the fertility of its lands, its location [and] the skill of its inhabitants, can nourish five million people, if it only supports two and a half [million] is half populated ... But if it should happen to have six or seven million, it would be populated beyond its ability" (Genovesi 1768: 88).

A distinctive feature of Genovesi's definition of the "right population" is his reliance on economic factors as determinants of population growth. It has been observed that "Genovesi identifies the genesis of the demographic phenomenon in the economic substratum, in the economic relations of societies" (Fortunati 1956: 158-9). The inter-relationships between economic and population phenomena are perceived "as a mechanical game of quantities rather than in a dialectical connection" (Fortunati 1956: 159), with the result that Genovesi's treatment of population growth is essentially static. However, the inherently dynamic nature of both population growth and economic development will tend to make the "right population" vary continuously over time. Variations in demographic characteristics and the factors influencing economic activity, as well as the variability of some of the factors on which the "right population" is made to depend directly by Genovesi (for example, climate, land fertility and occupational skills) will lead to fluctuations in both productivity performance and the standard of living. The "right population" will also be greater if a "country can export a significant part of the increase in production of certain goods resulting from the total exploitation of its resources" (De Vergottini 1956: 137).

The foregoing critical examination of Genovesi's concept of the "right population" suggests that it cannot easily be specified in quantitative terms, a
conclusion confirmed by De Vergottini's (1956: 136-8) analysis of the concept. While this is an apparent limitation in a statistical sense, it does not necessarily detract from the conceptual value of "the right population" in Genovesi's economics. For Genovesi, the "right population" constitutes a national economic objective which is also the means and source of economic progress. The optimal population level implied by the "right population" requires an optimal level of economic development in order to guarantee an optimal standard of living, but is itself an essential element in the process since it generates the additional labour needed to maintain the growth of the population and the economy. Genovesi's concept of the "right population" suggests that a nation cannot realise its second objective of becoming "as well off, rich and powerful as possible" (Genovesi 1768: 17) unless it also aims for a population level that is optimal relative to its ability, in terms of its natural and human resources, to achieve economic development.

Some of the analytical problems inherent in Genovesi's concept of the "right population" have been identified. Notwithstanding his recognition of the inherent dangers of over-population, the emphasis in Genovesi's treatment of population is on its growth rather than its limitation. This helps to explain why his attention was focused on under-population as the major problem to be solved in connection with the achievement of the "right population".

3. Under-population and Economic Development

The question of under-population is the predominant theme in Genovesi's treatment of population issues. There can be little, if any, doubt that his emphasis on this particular aspect was influenced by what he believed to be the situation in the kingdom of Naples, a belief confirmed by his reliance on "Political Arithmetic" (Genovesi 1768: 89). In the Lezioni the population of the kingdom was put at approximately four million in 1767 on the basis of an official estimate (Genovesi
1768: 150). However, Genovesi noted that in ancient times "there were those who believed that they [the provinces of the kingdom] supported more than seven million people: a figure which in truth is difficult to believe in our day but nonetheless not impossible, so far as I am concerned" (Genovesi 1768: 492-3, my italics). Some ten years before, Genovesi (1984b) advanced a similar argument in which he used statistical data showing that the kingdom's actual population was considerably less than its potential. Using the example of Vauban's calculations for France, he derived estimates which led him to conclude that agriculture, manufactures and trade, "when brought to their perfection", could support a population of around six million in the kingdom, compared to the then population of around three million (Genovesi 1984b: 350). Given his belief that the kingdom of Naples was under-populated, it is not surprising that the question of under-population was highlighted when he came to deal with the question of population.

Genovesi articulated the problem of under-population in terms of the major causes of depopulation, his intention being to identify the factors preventing the achievement of the "right population". He argued that the State should deal with the causes of depopulation by taking "steps to eradicate them, or lessen them, and reduce them to a minimum" (Genovesi 1768: 90). In what follows, particular attention is given to the essentially economic aspects of Genovesi's treatment of under-population.

The first likely cause of under-population considered by Genovesi is that arising from "diseases of the soil ... and plagues" (Genovesi, Ibid.). The solutions comprise a variety of practical measures designed to improve public health, and

9. The reference is to Vauban's Projet d'une dixme royale ... which appeared in several editions in 1707 and 1708.

10. The measures proposed by Genovesi (1768: 90-9) included the drainage of swamps and marshes, forest reclamation, relocation of cities to a healthier climate, an embargo on trade with infected countries, a greater emphasis on
testify to the importance Genovesi assigned to a healthy labour force in his program of economic reform. He stressed the economic advantages to be derived from improved health: "If there is neither sovereignty without taxes, nor taxes without men, and men who can toil, concern about the number and health of people must be the first article of the science of taxation" (Genovesi 1768: 93). Qualitative growth of the population was, for Genovesi, no less important than its quantitative growth, and both factors were implicitly acknowledged as essential for economic development, which he equated here with the growth of taxation revenue. It is clear that Genovesi's concern was to maximise the productive potential of a growing population, that is, "men who can toil". When combined with his emphasis on the need for education at all levels of society, Genovesi's call for action to improve the health of the labour force reveals his appreciation of two of the more significant factors in the modern idea of human capital formation.

"Land of limited fertility" is the second "great cause of depopulation" (Genovesi 1768: 99). As the means of improving land, and hence agricultural productivity as the basis for population growth, Genovesi recommended the construction of canals or dams, irrigation schemes and the use of fertilisers. Realistically, he anticipated that in some countries it may be impossible to surmount the problem of land infertility and thereby improve the productivity of the "primitive and necessary arts" (Genovesi 1768: 102); that is, hunting, fishing, mining, livestock production and agriculture. In these cases, manufactures and the "luxury" arts are to be promoted if population is to increase. For Genovesi, population growth clearly depends on economic development in the form of increased production and/or productivity, regardless of natural circumstances.

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personal hygiene, the encouragement of medicine and surgery, better hospitals and hospital services, inoculation against smallpox, and measures to control venereal diseases.
The third cause of depopulation is the possible disincentive effect of taxation and other tributes. Genovesi stated: "It is not possible that families can increase where the poverty of the working classes is great; and it [poverty] can only be great where the burdens are excessive and absorb the benefit from work" (Genovesi 1768: 103). In agreement with Montesquieu (1949, Vol. I: 208), Genovesi (1768: 104) rejected the propositions (1) that the poorer people are the greater will be their productivity; and (2) that higher taxation will generate higher labour productivity. He was consistent in his argument that rising living standards are a pre-requisite for population growth, but these standards are unlikely to improve if taxation causes poverty because "Where taxation burdens exceed the ability to pay them, the benefit of labour disappears, this being the only spring which drives men to work. What nonsense it is to suggest that man can work for anything but his own interest?" (Genovesi 1768: 104). Population growth is thus made to depend on economic conditions being conducive to the pursuit of self-interest, which in turn requires an equitable taxation system and rising living standards. The nub of Genovesi's argument is the positive relationship between economic activity and population growth. In a broader sense, however, Genovesi's argument suggests the proposition that economic development, and hence population growth, is incapable of being achieved in the absence of both equity in taxation and in the general distribution of the benefits of growth.

The primitive nature of individual and social customs or mores (costumes) was cited by Genovesi as the fourth cause of under-population, the explanation of which relies once more on economic considerations: "Customs [which are] too primitive are always linked to ignorance and contempt for methodical labour" (Genovesi 1768: 105). The solutions Genovesi proposed for implementation by "prudent legislators intent on increasing the population:" (Genovesi, ibid.) were largely of an educational nature: "... Schools of letters and sciences; ... Schools and colleges of the arts; ... by inviting ... foreigners from refined and wise nations; ... by encouraging gentlemen to
travel to cultured nations" (Genovesi 1768: 105-6). While the potentially civilising benefit of formal education is obviously important, what is particularly significant in this list is the inclusion of what is now generally referred to as the "demonstration effect" of foreign culture and industry as the source of this benefit to the home country. The potential benefit took the form of "new ideas about customs and arts" (Genovesi 1768: 106). Genovesi’s deterministic approach to economic phenomena is again apparent in his insistence that population growth depends on a minimum standard of living, which in turn depends on the propensity to work, itself a function of the level of civilisation or "costume". In the early Discorso, Genovesi identified the degree of civilisation represented by "il buon costume" in a nation as one of the main causes of its "wealth, power and happiness" (Genovesi 1984a: 50). "Il buon costume", especially as it is reflected in the work ethic, thus becomes for Genovesi a key explanatory factor of the process of economic growth. The economic significance of this variable is underlined by his proposition that "in every nation, mores are inversely related to the number of the idle" (Genovesi 1770: 159). Expressed in these quantitative terms, the propensity to work acts as a basic determinant of labour productivity, and hence of population growth, in Genovesi’s economic system.

As the fifth and last cause of depopulation, Genovesi identified the failure to uphold and encourage the institution of marriage. Notwithstanding its inherent moral dimension, Genovesi examined in detail the economic consequences and implications of this phenomenon as they impinge on population growth. Genovesi’s main argument is that since the lack of private property in the form of land discourages marriage it is a cause of under-population. In particular, the legal practices of "feude commessi" and primogeniture, by granting exclusive property rights to the first-born, and thereby encouraging the single state, "destroy the basis for the propagation of the human race" (Genovesi 1768: 114). Moreover, such testamentary practices are unfavourable to economic progress inasmuch as they "multiply the idle and poor at a single blow" (Genovesi 1768: 115).
Some of Genovesi's most trenchant criticism was directed against the extremely unequal distribution of land, a problem which he saw as applicable to all European countries (Genovesi 1768: 81 fn.(d)). He was especially critical of the excessive accumulation of land in the hands of religious orders and the Church, and approved the laws, passed by "the wisest European sovereigns to ensure their countries were not depopulated", imposing restrictions on ecclesiastical ownership of property and "the number of monasteries and benefices" (Genovesi 1768: 117). Genovesi recognised that the problem of concentrated land ownership required a broad, general solution if marriage was to be encouraged and population increased. His aim was to avoid "excessive disproportion" in the distribution of land and he referred approvingly to the "wise laws" of "the ancient Romans" (Genovesi 1768: 116) limiting the size of land holdings of the different classes.\(^\text{11}\) In keeping with his belief that self-interest is the chief motivation for economic activity, the following legal solutions he proposed rely heavily for their implementation on the operation of a free, unimpeded market for land: "The laws of monarchies must be. I. No land should be inalienable. II. Let everyone acquire [land] as he sees fit and in accordance with his ability to do so. But he must not oblige anyone to sell: every overbearing act, deceit, or force of authority should render the contract null and void ... While they [lands] are on the market, one can sooner or later hope to acquire a portion" (Genovesi 1768: 116 incl. fn.(a)).

Genovesi's opposition to the concentration of land ownership in relatively few hands can be regarded as part of his general, albeit not absolute, opposition to

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\(^\text{11}\) The Roman laws in question prohibited "the Patricians from owning more than 500 \textit{moggia} and the Plebeians more than 30 \textit{moggia}" (Genovesi 1768: 116). Genovesi did not refer to the relevant laws by name.
monopolistic practices. Here his argument was that concentrated land ownership compounds the problem of under-population by alienating productive lands from potential private ownership by individuals, who are thereby discouraged from working in their own interest and consequently precluded from marriage and procreation. The prospect of acquiring land would, he argued, "animate ... labour" (Genovesi 1768: 116).

Two characteristics of Genovesi's economics are revealed in his treatment of under-population: a marked pragmatism interacting with an unmistakable economic determinism. Genovesi's pragmatism was undoubtedly inspired by his belief that knowledge must be useful and directed to solving practical problems. Its antithesis was the "study of ideas and sterile contemplations" (Genovesi 1984a: 10) from which he had been diverted by Intieri to "thoughts more closely related to human affairs" (Genovesi, ibid.). Arguably, Genovesi's pragmatism was also the source of his deterministic approach to population problems. Almost at the beginning of the chapter on population in the *Lezioni*, he stated: "Nothing in the world, either in the physical or moral domain, happens without cause" (Genovesi 1768: 88). By implication, the problem of under-population was amenable to basic institutional and structural reforms which had economic dimensions. Once the causes of under-population had been ascertained, there was no doubt that practical measures could be implemented to solve the problem. These two characteristics - pragmatism and economic determinism - help to explain the detailed practical policy recommendations made by Genovesi to promote economic development and hence population growth.

12. Genovesi refers to such practices with a variety of terms, e.g. "monopolio" (1984d: 1150; 1152-4; 1164); "ius exclusivo" (1984b: 844-5); "ius prohibendi" (1984d: 1152); "jus prohibendi" (1768: 376)
B. EDUCATION

Although one chapter of the *Lezioni* (1768) is devoted to the subject of education, a more significant expression of the rationale of Genovesi's approach to education is given in his early *Discorso* (1753), a work of seminal importance in Genovesi's economic thought. The book was essentially an appeal for the use of reason in the practical service of mankind: "Reason is useful only when it has become a matter of practice and reality" (Genovesi 1984a: 24). Since reason is "the universal art" (Genovesi 1984a: 12), a widespread basic education was called for, which included the study of "agriculture, the theory of commerce, natural history, mechanics and similar most useful sciences" (Genovesi 1984a: 46) and the diffusion of useful knowledge to the lowest orders of society.

If Genovesi stressed the need for education to be widespread and useful, it was because he realised that a nation's economic progress depends on the productive skills of its inhabitants. The acquisition of the skills appropriate to the commercially oriented society Genovesi had in mind was, however, unlikely to occur in an uncivilised society. Interpreting Genovesi, Bellamy notes: "It is not the development of society as such which produces the improvement of human customs and manners, but the influence of the latter which leads to the former" (Bellamy 1987: 289). Genovesi's stadial theory of social development was based on the proposition that economic progress is impossible without corresponding progress in civilised behaviour, a theme particularly evident in his *Academic Letters on the Question Whether the Ignorant are Happier than the Learned*, first published in 1764. Genovesi argued that, in the final analysis, ignorance and poverty were

13. Genovesi's stadial theory, described in the *Lezioni* (1768: 140-9), consists of seven stages: 1. hunting and fishing; 2. stock-raising; 3. agriculture; 4. mining and metallurgy; 5. manufacturing; 6. foreign trade; 7. "the last stage, where humanity can be said to have reached its highest level, is that in which not only do the ... arts ... flourish ... but also good letters and the sciences". Pfl (1984: 230-3) provides a brief analysis of this theory.
responsible for economic under-development: "It is poverty, it is abject poverty, it is need, it is ignorance which ... depopulates nations, gradually impoverishes both small and great, and finally the Sovereign" (Genovesi 1962c: 488). Rejecting the indifference to economic progress and the inactivity implied by the idea of a bountiful nature (Genovesi 1962c: 485) and proclaiming instead that "life ... is nothing but action" (Genovesi 1984a: 44) and "the law of Nature is the law of labour" (Genovesi 1768: 86), Genovesi underlined the social importance of education and training in life-sustaining skills: "Provide instruction in the arts ... So long as these are lacking or are rudimentary and scarce, or hindered, there will always be a large number of people who are starving, dying of cold ...: and these people will be thieves, crafty, treacherous and wild: but only out of necessity" (Genovesi 1962c: 485-6). For Genovesi, then, education and training constituted the essential link between civilisation and economic progress, tangible evidence of the latter being reflected in the work ethic: "Mores that are too primitive are always linked to ignorance and contempt for methodical labour" (Genovesi 1768: 205). Pll has correctly observed that "Genovesi discerned that renewal [in the kingdom of Naples] hinged on the enterprise of education" (Pll 1984: 39). This section examines the nature and characteristics of the relationship between education and economic development in Genovesi's writings.

1. Education and Economic Development

Genovesi postulated a distinct causal connection between education and economic development since "No State will ever be wise, rich or powerful if it lacks education" (Genovesi 1768: 127). The economic importance of education is reflected both in labour productivity and hence population size. Genovesi identified "the lack of knowledge of agriculture, of the manufacturing arts and of commerce" as one of the main causes of depopulation "because it withdraws one's sustenance and, to that extent, the multiplication of the species" (Genovesi 1768: 89). Accordingly, he
regarded the achievement of the "right population" and its education as inseparable objectives: "It is necessary that in the State, as well as promoting the population, efforts be made to educate the people properly both in mind and body and to provide them with the means to support themselves" (Genovesi 1768: 126). The economic importance of education was articulated even more forcefully when Genovesi (1768: 126-7) acknowledged that although he believed education is essential for population growth, a nation's population may nonetheless increase without this factor. However, such countries "may well be said to have increased in terms of semi-humans, but not in strength" (Genovesi, ibid.). Implicitly, the missing "strength" referred to by Genovesi includes the economic potential foregone when a growing population lacks education; a denied potential especially reflected in the inferior quality of the workforce. Since, in Genovesi's economics, population growth is made to depend largely on economic development, education becomes an indispensable condition of population growth inasmuch as he regarded it as probably the major determinant of increased productivity.

An added requirement for economic development was stipulated by Genovesi: "Well animated and regular labour ... must provide abundantly for all those things which fulfill our needs, comforts and the pleasures of life" (Genovesi 1768: 127). The significance of labour in Genovesi's economics will be examined in Chapter 4. Here it suffices to note that, together with population, labour constitutes the essential basis of his system of economic development. Labour, he argued, is "the foundation of the Nation" (Genovesi 1768: 337) and "the wealth of a nation is always a direct function of the total amount of labour" (Genovesi 1768: 255). A distinctive feature of Genovesi's treatment of labour is his description of it as "the capital of all people, of all families and of every nation" (Genovesi 1768: 280). What Genovesi meant by conceptualising labour as "capital" was not elucidated, but given the importance he attached to education, public health and the increased remuneration of members of the labour force, the term suggests, as noted earlier, the modern idea
of human capital formation. Genovesi's insistence on an appropriately educated work force reflects his understanding of the need to embody technical progress in labour, in the form of improved productive skills, as the means of increasing the productivity of human capital. Education, in accordance with prescribed criteria, thus becomes for Genovesi a form of investment in economic progress. For him, it is human, more so than physical, capital which is the basis of economic development; and it is the multiplication of such capital, quantitatively and qualitatively, and its manifestation in the form of productive labour, which Genovesi regarded as the primary function of education.

Two particular aspects of Genovesi's educational philosophy reveal his strong belief in education as a means of developing and improving the productive capability of the population. These are (1) his call for a basic education to be made available to a larger proportion of the population; and (2) his insistence that education be useful. In an implied reference to the situation in the kingdom of Naples, Genovesi stated: "Reading, writing and arithmetic ... arts [which are] required to refine and increase reason and order it, are either still equally unknown in the civil order, or are held in very little regard" (Genovesi 1768: 504). Hence, a basic education should be provided "not only to gentlemen, but also to artisans, and the most comfortably-off peasants, and some women" (Genovesi 1768: 504). One of the advantages of the teaching of reading, writing and arithmetic was that "they would improve the arts and make them more accessible, more widespread and more useful" (Genovesi 1768: 505).

14. Genovesi (1984b: 374-5) was opposed to laws which prescribed that "sons should always follow the same profession and occupation as their fathers and that they could never emulate and aspire to superior occupations and professions". The notion of mobility in a professional, if not in a strict productivity, sense which Genovesi upheld suggests another feature of the modern idea of human capital formation.

15. This statement is not explained and is difficult to reconcile with Genovesi's (1984a: 35) earlier expressed hope that "reading, writing and some arithmetic should become almost commonplace".
Genovesi imposed an essential condition on the basic education he
prescribed for Naples: all teaching and learning, including the books used, were to
be in Italian, not the traditional Latin, a practical reform clearly intended to facilitate
the education process and thereby provide greater opportunity for a wider section of
the population to gain access to, and understanding of basic knowledge and
skills. Genovesi justified his proposed reform to increase literacy and numeracy
in his native land by noting that, among other benefits, these basic skills would
"improve the arts, and hasten their adoption, make them more widely known and
more useful. This is the advantage which the Tuscan have over us, and [which] the
French and English have over all the nations of Europe" (Genovesi 1768: 505). For
Genovesi, progress in the productive arts was synonymous with economic progress:
the arts, together with agriculture and trade, were the foundation of the European
nations and "the real source of true wealth" (Genovesi 1770: 87; 95).

A central feature of Genovesi's characterisation of education is that it should
be functional and useful, an attitude summed up in his prescriptive "Instruct the
brain and the hands" (Genovesi 1962c: 486). In the Discorso he expressed the hope
"that there should be academies in which, together with tradesmen and peasants,
mathematicians and physicists would participate who would give them useful
lessons (Genovesi 1984a: 35-6, my italics). On this matter, Genovesi was
uncompromising: "Every study which is not based on nature, and which is not
directed to the sound utility of men, is a vain and harmful activity" (Genovesi 1768:
149). Largely because of the situation in Naples, Genovesi's attention was focussed
on the "useful sciences" (for example, Genovesi 1768: 260; 1770: 128), especially the
"mechanical sciences", which were of direct relevance to production techniques. He

16. Teaching in Italian was an express condition of Intieri's endowment of
Genovesi's Chair of Political Economy in 1754. In a letter written in October
1738, Intieri referred to Latin as a "great waste of time" (Cited in Ferrone
noted: "We have been left far behind the other nations in real physics, in natural history, in the geometric sciences, in the mechanical sciences, and in many others that concern physical man" (Genovesi 1768: 513).

Genovesi also argued that welfare institutions should provide a useful education for their dependents. In accordance with what he termed "true economic wisdom", he stated: "Found homes for the poor, but make them work, make them learn the arts, make them be useful to themselves and the public ..." (Genovesi 1768: 280). Genovesi probably envisaged that these institutions would be modelled on their English counterparts, the so-called "workhouses" (for example, Spengler 1960: 49; Furniss 1957: 85ff.). It was clearly English practice which inspired his call for the establishment of trade schools ("Case d'Arti") (Genovesi 1768: 281) in which orphans, foundlings, and the like could be taught a useful occupation. Emphasising that such children must be both "maintained and educated" (Genovesi, ibid.). Genovesi acknowledged the example of "The English who have many of these institutions where boys or girls who have no one to maintain or educate them are ... instructed in some art and trade" (Genovesi, ibid.)

Genovesi stated that "the first law of this education is to accustom them [the children] early [in life] to ... methodical and regular labour" (Genovesi 1768: 281-2). In recommending a useful education for the poor and other disadvantaged members of society, he appealed to "the principle ... of the MINIMUM NUMBER OF IDLE, a fundamental principle of Economics" (Genovesi 1768: 268). Employment and education of the poor had an economic function: by implication, their education was designed to increase their productivity; and their employment, as Genovesi noted, "would increase the general income of the nation" (Genovesi 1768: 268).

17. Genovesi gave no other details about these institutions. They may have been similar or identical to the "school[s] of industry" mentioned by Furniss (1957: 108).
Genovesi's emphasis on the need for useful studies and sciences was clearly aimed at the improvement of labour productivity. Although he did not use a term corresponding to productivity, he was clearly aware of the phenomenon, albeit in an aggregate, rather than a per capita sense:

Ignorance of agriculture and the arts reduces the wealth of the nation since it reduces the total amount of labour and the value or worth of things that are produced through it. And that it does diminish the quantity of labour is clear from this, that ignorance delays and halts all our operations and leads to our achieving little over a long period (Genovesi 1984b: 143).

As the means of increasing productivity, Genovesi specified the need for schools of agriculture and all the mechanical (arts), in far greater numbers than all the schools of theory, which usually turn out idle contemplators and not operators and producers of those things through which human life is improved and [individuals are made] better off (Genovesi, ibid.).

In the same context, Genovesi acknowledged that although "practical schools" cannot function without theoretical schools, the two should be linked and "made to undertake some useful activity in order to ensure that they are not a vain occupation" (Genovesi, ibid.).

The importance Genovesi attributed to a useful or practical education as a factor in economic growth is also mirrored in his other proposals for educational reforms or innovations. He stressed the primacy of schools of "agricultural mechanics" (Genovesi, ibid.), the benefits of which are increased land fertility and labour productivity. Such schools, Genovesi argued, should also be sources of technical progress inasmuch as they are potential sources for the "invention or improvement" of various types of capital equipment which will help to "improve and accelerate work done on the land" (Genovesi 1984b: 144). Genovesi's interest in promoting agricultural mechanics had an economic purpose and was designed to increase the international competitiveness of the Neapolitan economy. He stated:
"In agriculture, the arts and agricultural machines we [in Naples] are still very much below many wise nations. Hence, wouldn't a society which encourages agriculture and agricultural mechanics with rewards be of great benefit?" (Genovesi 1768: 331).  

Genovesi recognised that the potential benefits of the mechanical sciences were not restricted to agriculture. His belief in the national economic advantages to be derived from the practical study and application of these sciences led him to recommend that "In all Universities there should be established several Chairs of Mechanics, and two less in [areas involving] pedantry or abstract Ideas" (Genovesi 1768: 181-2). Genovesi's advocacy of mechanics stemmed from his recognition that, together with the "science of motion", it was the foundation for manufacturing techniques (Genovesi 1768: 181).

Genovesi also proposed that academies, similar to English and Florentine models, be established in the kingdom of Naples in which "mathematicians and physicists would participate" and give "useful lessons" to "tradesmen and peasants" (Genovesi 1984a: 35-6). At the same time he acknowledged the need for applied research as a basis for increased productivity:

18. The society was to be modelled on "a society of gentlemen in Dublin" (Genovesi 1984b: 196 fn. (a)), established "for the study, expansion and improvement of agriculture and manufactures" (1768: 329), and similar bodies in Edinburgh and France (1768: 330). The potential for technical progress and productivity gains in Naples from having economic societies based on the Dublin model in particular was stressed by Genovesi: "And in effect if we had similar societies here in the capital [Naples] or in the provinces, to what extent could we not improve and increase our manufactures?" (Genovesi, ibid.).

19. Genovesi did not name the English academies to which he referred. The Florentine academy, which Genovesi stated had been "recently opened in Florence" (Genovesi 1984a: 36) was the "Accademia det Georgofili", opened in 1753.
Could not the learned young men of our provinces undertake the noble task of individually examining the commodities and arts of their region, and investigating and suggesting in the vernacular, ways of increasing and improving them? (Genovesi 1984a: 36).

Genovesi stressed the need for technological progress in the kingdom of Naples and advocated the establishment in Naples of

An academy of learned men which would serve the interests of the Kingdom as a whole and to which experts from all the provinces and especially enlightened young men ... would and could communicate the useful observations and discoveries which they had made in the various provinces, and were still making, on multiplying, improving and bringing to perfection commodities, commerce and the arts ... I think it is incredible how much benefit our nation could obtain from such a seed-bed of sciences and talents. (Genovesi 1984a: 48-9).

Genovesi's proposal suggests he envisaged a national body whose principal task would be to collect, presumably evaluate and then disseminate the results of applied research throughout the kingdom. The express purpose of such research was educational and also intended to increase productivity, that is, "to animate the lowest members of society to agriculture and the arts ... and to communicate the most useful rules to the ignorant" (Genovesi 1962b: 80).

Genovesi realised that the technological change in agriculture required for economic development in Naples could only be disseminated by educated members of society. This function he allotted to an educated middle class (ordine mezzano) which comprised "priests, monks, professors of letters, jurists, and all private gentlemen" (Genovesi 1768: 124). According to Pii (1984: 272, fn. 120), the heterogeneous middle class envisaged by Genovesi reflected "the reality in the kingdom of Naples". It is arguable that Genovesi, a pragmatist in economic development, had in mind a "literal translation" of G.V. Gravina's (1664-1718) "ordo medius" and Melon's "ordre moyen". Pii (1984: 272, fn. 120) also suggests the possible influence of
matters, recognised that the existing situation in Naples lent itself to promoting economic reform: the particular representatives of the middle class he envisaged would, more than likely, have had regular contact with a wide cross section of the population, and many "private gentlemen" were landowners and hence employers of labour. With reference to the middle class, Genovesi observed: "Their influence in the State is great. They are the mandarins who advise the noblemen and manage the lower classes" (Genovesi 1768: 82). Accordingly, he argued that in order "to manage the latter" (Genovesi 1768: 83), members of the middle class should "know the principles of the arts" (Genovesi, ibid.). Genovesi also stressed that because "the happiness or misery of a State depends on the actions of this middle class" (Genovesi, ibid.), its members should be the best educated in the sciences ... of things and calculations of things" (Genovesi, ibid., my italics).

Genovesi underlined the potential economic benefits of having educated "gentlemen" who would exercise what amounted to an entrepreneurial function in agriculture. He observed, for instance, that "by studying agriculture, natural history, the mechanical sciences, etc." (Genovesi 1768: 260, fn.(a)), and, by implication, animating the productivity of peasants, "Gentlemen could confer ... great benefit on our nation" (Genovesi, ibid.), a benefit manifested, albeit indirectly, in the "general revenue (rendita generale)" (Genovesi, ibid.). In the Discorso of 1753, Genovesi appealed to his fellow priests in the kingdom of Naples to "learn about those things that are necessary to enlighten our peasants and artists in the practice of their occupations and to encourage them to work" (Genovesi 1984a: 45). In an argument which echoed his call for educated "gentlemen", as noted above, Genovesi stated:

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Hume's term "middle rank" in the "Essays and the History of England" on Genovesi's ideas about a middle class.

21. The idea of an entrepreneurial function in Genovesi's economics is discussed briefly in Chapter 4.
If we [priests] were willing ... to learn about agriculture, the theory of commerce, natural history, mechanics, and other such most useful sciences, and to cause the fruits of that enlightenment to penetrate to the lowest orders of society ... we could confer on our kingdom that advantage which only with difficulty could it receive from any other section of its inhabitants (Genovesi 1984a: 46).22

Genovesi clearly believed an educated middle class should contribute to the achievement of the "highest level" of a society's economic development in which, as noted previously, "not only do the ... arts ... flourish ... but also good letters and the sciences" (Genovesi 1768: 147-8).23 The following observation in his Academic Letters sums up Genovesi's ideas on the education not only of gentlemen, but of the middle class as a whole:

As long as gentlemen, who are created to guide the poor, are afraid of true knowledge and are opposed ... to the splendour of the sciences ... we will be uncouth and wild (Genovesi 1962c: 497).

CONCLUSION

The preceding discussion of Genovesi's ideas on population and education has shown that these two variables both explain and are explained by the significance Genovesi attached to economic development. According to Genovesi, achievement of the ultimate population objective, the "right population", is impossible without economic development, which in turn depends on an increase in population. The interdependence of economic development and population growth parallels a circular or spiral growth process termed "reciprocal causation" (Lowe 1954: 140). Given Genovesi's emphasis on the importance of self-interest as a motivation for increased labour productivity, it is clear that a rising standard of

22. As a role model, Genovesi may have had in mind the Tuscan priest Ubaldo Montelatici (1692-1770) whose Investigation of the Means Most Necessary to Make Agriculture Flourish Again of 1752 was reprinted in the volume containing Genovesi's Discorso. Montelatici was the founder of the Accademia dei Georgofilli in Florence in 1753.

23. See note 13 above.
living constitutes a major explanatory variable in his assumed interdependence between economic development and population growth. Rising living standards are, therefore, essential if a country experiencing under-population is to achieve the "right population".

For Genovesi, achievement of the "right population" and its education are inseparable objectives since it is the duty of the State not only to promote population growth, but also "to educate the people properly ... and to provide them with the means to support themselves" (Genovesi 1768: 126). The essential purpose of education in Genovesi's economics is to increase economic development by improving labour productivity. This accounts for his emphasis that a growing population, including the poor and other disadvantaged members of society, should also be a productive one and should therefore possess useful skills. Genovesi's encouragement of applied research and the dissemination of the results to all levels of society also reflects his appreciation of the need to embody technical progress in labour in the form of improved productive skills as the means of increasing labour productivity and economic development. Central to Genovesi's ideas on education - and economic progress - is his proposition that the dissemination of technical progress requires the involvement of an educated middle class.

The major population issue examined by Genovesi was under-population. There is no doubt that this emphasis resulted from his belief that the kingdom of Naples was, in fact, under-populated. Genovesi's over-riding concern with the problem of under-population in the kingdom provides a logical explanation for his policy recommendations aimed at promoting both economic development and population growth in his native land. Similarly, the basis of Genovesi's explicit criticism of, and proposals to reform education, was the limited availability and essentially unprogressive education practices in the kingdom of Naples, practices which had rendered the economy internationally uncompetitive, especially vis-à-vis
England. The pragmatism of Genovesi's proposed educational reforms reflected his conviction that economic development in the kingdom would be promoted via the greater productivity generated by a growing and increasingly skilled workforce and a technologically progressive economy. Genovesi's empirical and largely pragmatic treatment of population and education, combined with his practical policy recommendations for reforms in these areas, clearly demonstrates that his economic ideas were significantly influenced by, and geared to the solution of fundamental development problems in the kingdom of Naples.
CHAPTER 4
WEALTH AND PRODUCTION

INTRODUCTION

The title of this chapter reflects a basic proposition in Genovesi's economics: that wealth - real wealth - is generated only by production, indeed that real wealth and production are synonymous. This chapter analyses the two items mentioned, that is, Genovesi's concept of wealth and the nature of production as the basis of wealth. The chapter is in two parts. Part 1 focuses on Genovesi's designation of "primary" wealth as true wealth, and then examines what are identified as the principal sources of this wealth, namely land, labour, agriculture, manufactures, trade, and consumption. Part 2 examines the characteristics of the factors of production, which, according to Genovesi, are essential for the creation of wealth. Particular attention is given to land and labour, on which, it is argued, Genovesi based his model of economic reform and development. It will also be shown that Genovesi recognised the productivity-enhancing benefits of embodied technical progress in the form of physical capital, including social capital. Finally, it will be demonstrated that the success of Genovesi's proposed economic reforms is predicated on the essential contribution to agricultural productivity of an entrepreneurial or organisational factor.

A. WEALTH

1. Wealth - The "Second Aim of Political Economy"

The "wealth and power of the nation" were identified by Genovesi as the "second aim of political economy" (Genovesi 1984b: 133). Genovesi stressed the
essential link between the achievement of wealth and "all that is necessary for life ... since you cannot almost ever achieve one without pursuing both [aims]" (Genovesi, ibid.). In short, economic development and wealth creation were seen to be inseparable national economic objectives. Genovesi made it clear that by wealth he meant real wealth, inasmuch as "The sources of the things on which we live are ... 1. agriculture, 2. manufactures, 3. fishing\(^1\), 4. shipping [trade]" (Genovesi ibid.).

The implied distinction between real and monetary wealth is made explicit in Genovesi's classification of wealth as "primary" and "secondary wealth" (Genovesi 1770: 115; 306), which are discussed below.

2. **Primary and Secondary Wealth**

For Genovesi, "real [wealth]" (Genovesi 1770: 118) and "primary wealth" are synonymous. He described the latter as "the products of the earth, animals, manufactures of necessity and convenience, iron, steel and some copper" (Genovesi 1770: 306). "Secondary wealth" or "symbolic wealth" (Genovesi 1770: 115) includes money and "conventional wealth" such as "gold, silver, precious stones and pearls" (Genovesi 1984b: 511). The aim of Genovesi's elaborate treatment of the subject of wealth was to demonstrate "the ways in which nations can become industrious and grow wealthy" (Genovesi 1770: 270).\(^2\)

For Genovesi, these goals were achievable only through the creation of primary wealth, mainly as a result of the mobilisation of labour, especially in agriculture.

\(^1\) Although Genovesi (1768: 153) recognised fishing as a source of real wealth, calling it the "pastoral industry of the sea", he argued that "in a country which can become rich through its agriculture and pastoral industry, fishing should only take third place".

\(^2\) For example, the *Storia del commercio* includes a long "Philosophical Discourse on the Power and Effects of Great Wealth" (1984b: 503-27). Genovesi included an expanded and amended version of the "Discourse" in the *Lezioni* (1770: 270-342) under the title "Discourse on the Use of Great Wealth in Relation to Human Happiness".
Genovesi was concerned to show that "The excessive desire for money has in many ways damaged the mores ... of all nations" (Genovesi 1770: 307). As noted in Chapter 3, Genovesi argued that a country's mores influence its economic development through the attitudes of individuals and society to labour. In effect, he postulated an inverse relationship between excessive wealth and the propensity to work (Genovesi 1770: 297). The thrust of his rejection of excessive secondary wealth was clearly that human effort, both intellectual and physical, is a pre-requisite for the generation of primary wealth. Genovesi's ideal was clearly that the "virtue" (Genovesi 1770: 306) of those in government and their subjects will produce mores which lead to "the arts being esteemed and cultivated, and idleness and luxury ... treated as shameful" (Genovesi, ibid.). If Genovesi condemned idleness - which he did on many occasions - he did so because he regarded it as diametrically opposed to the positive work ethic needed to generate primary wealth.

Genovesi argued that "The real strength of a State" is based among other things on "the good cultivation of its lands; the thriving nature of the arts; the greatness of its public works, such as cities, ports, bridges, roads, temples, monuments, canals for communication, etc." (Genovesi 1770: 305). In short, a nation's strength depends to a large extent on its level of economic development, including the nature and contribution of its infrastructure capital which, he argued, will promote the "circulation" of commodities, that is, primary wealth (Genovesi 1770: 130).

Realistically, Genovesi acknowledged the need for some secondary wealth: "Gold, silver and precious stones esteemed by people, which are useless in a real

3. Genovesi's attitude to indolence - and labour - is perhaps best summarised in his own prescriptive observation "Every country that wishes to march towards its happiness should have as its first rule, THAT EVERY MAN WHO PRODUCES NOTHING, EITHER DIRECTLY OR INDIRECTLY, FOR [HIS] COUNTRY IS A HARMFUL ANIMAL" (Genovesi 1768: 68).
sense ... must be instruments of exchange and therefore in sufficient quantities for the right [amount of] trade" (Genovesi 1770: 307. fn.(a)). Elsewhere, he elucidated this statement, specifying that a nation needs only "a small amount of secondary wealth" (Genovesi 1770: 326), a requirement explained by the fact that "an excessive amount of money is harmful to trade and the arts" as well as "to itself" (Genovesi 1770: 327ff.). The subject of money in Genovesi's economics is more fully examined in Chapter 7. Here it may be noted that his adherence to the Quantity Theory of Money, coupled with empirical evidence, led him to argue that "too great a quantity of money harms primary wealth ... Wherever money has exceeded the proportions it must have with primary wealth, and with the degree of trade, it has gradually ruined the nation" (Genovesi 1770: 328-9). The guiding principle for Genovesi was that since "the circulation of money ... causes a small amount to be the equivalent of a great deal" (Genovesi 1770: 340), the quantity of money (secondary wealth) should never exceed the value of primary wealth.

3. **Sources of Wealth**

The main purpose of Genovesi's distinction between primary and secondary wealth was to show that the "real sources of real wealth" (Genovesi 1770: 95) are to be found in land and labour and the productive activity generated by these factors in the form of agricultural products, manufactures and, through these, trade. Genovesi's treatment of these sources of wealth, together with his identification of consumption as a further source, is examined in this section.

(a) **Land**

Genovesi stated that the chief sources of wealth are land and labour: "The wealth ... of a nation ... is a function of the size and fertility of the lands it occupies, of the population and the amount of labour" (Genovesi 1984b: 134). The
fundamental significance of land for wealth creation was emphasised on several occasions. For instance, in the *Riflessioni* of 1765, Genovesi stated:

> It is known and always has been known by everybody that the real wealth whereby a nation subsists, grows and becomes powerful and famous ... is only that which is provided by well cultivated land (Genovesi 1984d: 1145, my italics).

Genovesi believed that in order to produce primary wealth, maximum use must be made of a country's productive land. He argued: "In a country that is wisely cultivated, and abounding in people, not one palmo of land capable of producing something should be left uncultivated" (Genovesi 1768: 160-1). If Genovesi stressed - implicitly at least - that the maximum economic rent should be extracted from land suitable for agriculture, his reason was plainly that such an objective was in accordance with his broad aims of both maximum economic development and the attainment of the "right population".

Genovesi's recognition of the need for extensive cultivation of land in order to create primary wealth is reinforced by his observations on the need to increase its productivity or fertility and to ensure that its legal distribution, either through ownership or leasing arrangements, does not render land inalienable and thereby reduce or eliminate its production potential. As previously indicated, these and other aspects of Genovesi's treatment of land as a factor of production will be examined in the second main part of this chapter on "Production".

(b) *Labour*

The contribution of labour to wealth creation is one of the most distinctive features of Genovesi's economics. Indeed, the basis of his economic ideas and policies for economic development, lies in his emphasis on the need to maximise the quantity and quality of labour. Whilst it is true that he regarded the achievement of the "right population" as a country's main or primary objective, he left no room for
doubt that a nation's real wealth depends on those members of the population who contribute to the production process. Genovesi stated: "The strength and wealth of the State does not have its origin in the number of men of which it is made up, but in the number of working hands so that no State is weaker than that in which there are many men but the working hands are few" (Genovesi 1984b: 364). Arguing that the "art of making money" is to be found "in the circulation of real things" (Genovesi 1770: 99), Genovesi emphasised that "There is no other way of making money than HONEST LABOUR" (Genovesi, ibid.). He made it clear that by honest labour he did not mean, for example, the expenditure of human effort on the mining of precious metals since, for example, this could lead to a nation "abandoning agriculture and manufactures. ... or dying of hunger" (Genovesi 1770: 107-8). The exclusion by Genovesi of miners of precious metals from the ranks of those engaged in "honest labour" serves to qualify his statements that labour, presumably all labour, is "the capital of all people" (Genovesi 1768: 280) and the "only great and certain source of wealth and income for the Court" (Genovesi 1768: 468). The problem this qualification raises can be resolved by recognising that Genovesi's purpose was to emphasise that the pursuit of primary wealth is the real basis of national wealth. This suggests that for Genovesi honest labour includes all activities which contribute to the production and distribution of primary wealth.

Genovesi distinguished between labour which contributes directly and indirectly to national wealth. Labour employed in the primary or "fundamental arts" of "hunting, fishing, livestock raising, agriculture and mining" (Genovesi 1768: 150-1) generates wealth directly in the sense that the arts in question are the sole "producers of materials" (Genovesi 1768: 150); implicitly, only the above-mentioned labour is productive. All other labour is unproductive, despite its contribution to wealth. Genovesi stated: "The unproductive classes either improve the materials prepared by the creative occupations or contribute to luxury, or rule, teach, and guard the arts in general, and enjoy their benefits" (Genovesi 1768: 184-5).
Implicitly, "unproductive" labour only creates wealth indirectly. Genovesi categorised those who make only an indirect contribution to wealth as those who "do not perform mechanical arts", stating:

These, albeit they do not produce any direct income, and live, like every other class of persons equally off the primary arts, nevertheless ... are most necessary either to defend those who work, to govern them, to teach them, or to support them. Thus it is that, provided they do their duty, they help to increase the revenues of the nation (Genovesi 1768: 240, my italics).

The criterion adopted by Genovesi was that this type of activity may "not produce any direct income, but is nevertheless very useful for supporting and increasing the total amount of labour" (Genovesi 1768: 240, my italics).

Genovesi's main interest was to maximise the amount of labour which contributes directly to wealth creation.4 He argued that the size of "every ... class of men which does not yield directly" should be subject to "the general law ... of the LEAST POSSIBLE: that is, it should not be greater than the needs ... of the State. Because if it is excessive, it weakens revenues both by taking people away from the occupations which produce [revenue directly] and by increasing outlays uselessly" (Genovesi 1768: 242). Genovesi supported his proposition that the amount of labour which contributed directly to a nation's wealth should be maximised by arguing that when allowance is made for the members of the population in the kingdom of Naples "from whom no income is derived", only a quarter of the population will in fact generate income for the nation (Genovesi 1768: 259). This led him to conclude "that each of the persons who work must create income for almost

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4. Genovesi (1984b: 526) praised Pope Benedict XIV (who in 1748 reduced the number of religious holidays) for "the nineteen working days he has helped us gain in the kingdom of Naples". Genovesi (ibid.) estimated that the total amount of labour time would increase by nineteen million working days each year, though there is no indication that this was exclusively direct labour time. For a similar idea, see Cantillon (1931: 95), who "shews that Countries which have embraced Protestantism ... have also the advantage of having suppressed a great number of Holy Days when no work is done in Roman Catholic countries".
four people" (Genovesi, Ibid.). He arrived at this conclusion by excluding as sources of income, women, children, the aged, invalids, priests and religious, the proprietary class and others living on annuities, pensions and "occupations which yield no [direct] income", soldiers, vagrants, criminals and prisoners (Genovesi, Ibid.).

Of particular interest is Genovesi's statement that "it is necessary to subtract at least four of the secondary arts which do not yield an income to the State but to the persons [themselves]" (Genovesi, Ibid., my italics). The "arts" specifically referred to were "the tailor, the shoemaker, the bricklayer, etc. and all the people in domestic services" (Genovesi 1768: 259, fn.(a)). Genovesi's explanation reflects his belief that certain "professions", including a number of secondary occupations, are "unproductive" (Genovesi 1768: 259-60, fn.(b)). Clearly, he did not necessarily identify the production of all private incomes as leading to the production of a significant proportion of a nation's total income. At best, his argument appears to be that in a general sense some of those engaged in the secondary arts and all who do not practise the "mechanical arts" fulfil an ancillary and therefore indirect function in the creation of primary wealth and hence national wealth. Genovesi was in no doubt that labour employed in the primary arts is the principal creator of wealth; indeed he argued that the quarter of the productive population responsible for the creation of wealth in the kingdom of Naples consisted of practitioners of the "primary arts" (Genovesi, Ibid.).

This brief examination of Genovesi's treatment of labour as a source of wealth demonstrates that his conception of labour in this regard was restricted by

5. Arguably, Genovesi's reasoning was based on Cantillon's proposition that "the Labour of 25 grown persons suffices to provide 100 others ... with all the necessaries of life according to the European standard" (Cantillon 1931: 87).
his conviction that real wealth is "created" only by the primary arts. Labour employed in manufacturing "creates" wealth only insofar as it assists in the "exporting of the surplus" (Genovesi 1768: 179). In fact, Genovesi stated that "manufactures that are consumed domestically are not income for the nation but the manufacturers" (Genovesi 1768: 258, fn. (a)).

Reference has already been made to an analogous differentiation by Genovesi of private income and a nation's total income and it is obvious that he did not necessarily equate the creation of real wealth with the creation of national income. This is despite his implicit acknowledgment, that manufacturers - apparently not all - who, "like all other occupations live off the primary [arts]" (Genovesi 1768: 179), add value to primary products and therefore contribute to the "general revenue" (Genovesi, Ibid.). The concept of the circular flow of national income found no place in Genovesi's economics, albeit he recognised that "Everything is connected in the civil body, and just as in the tubes of the animal body the circulation of fluids maintains its life and vigour, so is there a communication of goods among all the arts, which makes for a civil body that is flourishing and strong" (Genovesi 1768: 183). Genovesi's use of this analogy from physiology was as close as he came to appreciating that all labour is a source of wealth.

6. Genovesi's proposition that real wealth is "created" only by the primary arts raises the issue whether or not his treatment of production was influenced by his French contemporaries, the Physiocrats. The only member of the school specifically referred to by Genovesi (1768: 416-7; 521) is Mirabeau the Elder, whose L'Ami des hommes (1756, 1758, 1760) Genovesi knew. However, this work "does not strictly belong to physiocratic literature, for it ignores the fundamental doctrine of the school" (Gide and Rist 1948: 23, fn.2). It is possible that Genovesi's ideas on wealth creation were influenced by those of Cantillon (to whose Essai of 1756 Genovesi (1984b: 138) referred), who began the Essai as follows: "The Land is the Source or Matter from whence all Wealth is produced" (Cantillon 1931:3). The question of a physiocratic influence on Genovesi is further examined in Chapter 10.
(c) **Agriculture, Manufactures and Trade**

Genovesi's identification of agriculture, manufactures and trade as sources of wealth was based, at least in part, on his belief that real or primary wealth entails the production of material goods. Although his appreciation of the role of labour in wealth creation was somewhat limited, he suggested that the raw materials or products derived from agriculture and other primary arts, the alteration or modification of raw materials into manufactures, and the export of surplus primary and manufactured goods constitute the basis of a nation's wealth. Genovesi was adamant that

The real, sound, lasting way of making money for a nation ... the art which is the only one approved by God and Nature ... [is] agriculture, manufactures, and maritime trade: the only right ways to draw money from nations rich in [precious] metals and poor in things represented by metals, and to assist them with products, which is the greatest value of trade, and must be its sole aim (Genovesi 1770: 108-9).

According to Genovesi, money per se has limited power to generate production, a conclusion in keeping with his rejection of secondary wealth as the basis of a nation's wealth. This led him to conclude that money is not essential for real economic activity. He explained:

There are nations which have no idea of ... symbolic wealth: one can therefore live, and even nations as a whole can, without gold, silver, or diamonds; but you cannot live without food, clothing, accommodation, and warmth. Thus the things that are necessary for life attract money with absolute necessity, which is not true of money in respect of things, which are only drawn from it out of hypothetical necessity (Genovesi 1770: 109-10, my italics).

Genovesi did not elucidate his distinction between absolute and hypothetical necessity; what follows is therefore a suggested interpretation. It is absolute necessity which generates, through labour, the production of agricultural and manufactured products, as well as exportable merchandise, all of which comprise real wealth. Thus absolute necessity may be said to give rise to the money required
for the exchange of absolutely necessary commodities. By contrast, money may not
generate real wealth since the "necessities" it represents may not be essential to life,
but merely supposed or imaginary, that is, "hypothetical" and hence not necessities
in a real sense. It is reasoning of this kind which undoubtedly explains, or at least
clarifies, Genovesi's statement that "Poverty and need hasten and provide a stimulus
to labour, and cause parsimony, temperance and justice to be loved. With these
virtues you always have care, or wealth is acquired (Genovesi 1770: 299, my italics).

The criterion of absolute necessity is arguably the single most important
factor in Genovesi's listing of agriculture, manufactures and trade, respectively, as
the first, second and third sources of a nation's wealth (Genovesi 1984b: 133ff.). As
noted earlier, Genovesi postulated an inevitable connection between the
procurement of "all that is necessary for life" (through agriculture, manufactures,
fishing and trade) and the creation of national wealth. Genovesi's analysis of
agriculture, manufactures and trade suggests that he viewed necessity as the
essential determinant of production and hence wealth. With reference to agriculture
he stated: "Agriculture is the first source which, more than all the others put
together, supplies us with all that is needed for our subsistence ... It gives us the
foodstuffs that are of absolute necessity for human life, and it supplies us with the
raw materials for manufactures" (Genovesi 1984b: 133, my italics). Given its
function of providing the basic necessities, the productivity of agriculture is
indissolubly linked to population growth and labour productivity. As Genovesi
stated: "The wealth ... of a nation ... is a function of the extent and fertility of the
lands it inhabits, of its population and the amount of labour" (Genovesi 1984b: 134).
Manufactures as a source of wealth were also defined by Genovesi as "manufactures
of necessity" or "manufactures of pure need, such as clothing, household furniture
and the tools required for the arts by each family, depending on their situation"
(Genovesi 1984b: 140). The quantitative significance of necessary manufactures
was underlined by Genovesi: "The annual expenditure individuals make on
manufactures which they need, without wishing to live in luxury, including under the term manufacture the labour of all the arts which we cannot do without ... is at least one sixth of their annual needs, or thereabouts" (Genovesi, ibid.). Genovesi clearly regarded the proportion of annual expenditure on essential manufactures as a parameter of wealth creation since he concluded: "Assuming manufactures of pure necessity cost civilised nations a sixth of their annual expenditure, it follows that they alone can feed a sixth of the inhabitants and hence that a nation which was totally lacking in them would have a sixth fewer inhabitants than it could have if it cultivated those arts" (Genovesi 1984b: 141). The essential nature of Genovesi's argument regarding wealth creation is revealed by his emphasis on agricultural and manufactured necessities: real wealth is created by production aimed at satisfying needs; a growing population will have correspondingly greater needs, which will be satisfied by increased agricultural and manufactured production and hence real wealth.

Trade, the "third source of a nation's wealth" (Genovesi 1984b: 146), also provides for people's needs since it is "the exchange that is made of the superfluous for the necessary". In the context of trade, Genovesi (ibid.) defined needs broadly to include "necessary goods ... convenience [goods] and ... luxury [goods]". Though opposed to "excessive luxury, [which] reduces the nation's wealth" (Genovesi 1984b: 137), Genovesi was clearly in favour of trade in all three types of goods, especially foodstuffs and manufactures. He approved, albeit with reservations, of luxury which "originates or is made in our country" (Genovesi 1984b: 159, my italics), since "it promotes the consumption of products, both those of nature and the arts; and by promoting this consumption it generates earnings for farmers and artists, and by generating earnings it animates farming and the arts, and in consequence provides the means of existence and thus increased population" (Genovesi, ibid.). Genovesi argued that domestic production should provide the basis for satisfying the reasonable needs for luxury items within a country. Moreover, a country's surplus
production can include some luxury goods to provide for "very moderate external luxury" (Genovesi 1768: 237). Subject to this qualification, Genovesi recognised the wealth-creating potential of the export of luxury items: "If the luxury arts serve to provide materials for external trade they are a great source of wealth. Firstly since they are maintained by foreigners; and secondly because they maintain many domestic arts" (Genovesi 1768: 238). Given his cautious approach to luxury goods, it is clear that the superfluous items in Genovesi's definition of trade were meant to consist principally of agricultural and manufactured goods which can be identified as necessary or convenience goods. Genovesi said as much: "These [luxury] arts are not the big basis of trade, but rather the primary and the manufacturing [arts]" (Genovesi 1770: 328). Genovesi reasoned that if "the luxury arts grow excessively, unless they are supported by a large overseas trade, the primary arts begin to decline" (Genovesi 1768: 237, fn.(a)). He concluded that the law should not "give ... [the luxury arts] preference over the primary arts, except where the latter cannot thrive, and trade takes the place of agriculture" (Genovesi 1768: 239). Genovesi's obvious relativism and pragmatism in the face of inherent structural national characteristics does not, however, diminish his essential advocacy of agricultural and manufactured goods as the mainstays in a country's program of wealth creation.

(d) Consumption

With the obvious intention of emphasising that, although production is the chief source of wealth, it cannot be regarded as an end in itself, Genovesi underlined the importance of consumption as a source of wealth: "Every law which is opposed to consumption is destructive of the wealth and income of the nation and the sovereign" (Genovesi 1984b: 321). While he conceded that "Sumptuary laws which put a brake on luxury" (Genovesi 1768: 226) are in the public interest, he was adamant that they should not disadvantage a country's economic base. This would occur if such laws were "aimed at making those who are capable of spending save
their money; because in this case it happens that the consumption of foodstuffs and domestic manufactures falls, and as a result the industry which supports the body politic is weakened" (Genovesi 1768: 226-7). Although Genovesi clearly favoured the moderate consumption of luxury goods, he indicated that his reasons for doing so were not based on Mandeville's proposition that "there are ... vices that are beneficial to civil society" (Genovesi 1768: 193). Instead, he recognised that some luxury is both socially and economically beneficial in a civilised society, inasmuch as it "is not only useful, but necessary to the culture, diligence, refinement and also virtue of nations, and to support certain arts, without which people are uncouth or in debt to foreigners" (Genovesi 1768: 194).

Genovesi summarised his stance on consumption by indicating its relationship to the economic and national objectives he regarded as significant: "Where consumption is greatest, there the land is always well cultivated and consequently there you have the maximum number of men and very great wealth" (Genovesi 1984b: 349). Despite its apparent implication, it is doubtful whether Genovesi was advocating maximum consumption, except in an aggregate sense, and then only of foodstuffs, convenience goods and a limited amount of luxury goods. Although he acknowledged that "high consumption" of domestically produced foodstuffs and other goods is economically advantageous, Genovesi stated:

I do not mean to confuse gluttony with luxury, because the former is always harmful, even if it increases consumption of our foodstuffs, since the glutton alone consumes what, if it were economically distributed, could be sufficient for many, and in this way he denies subsistence to many and as a result tends to depopulate the State (Genovesi 1984b: 376).

At the individual level, Genovesi clearly rejected excessive consumption. He did, however, favour a reasonable, if unspecified, standard of living for members of the workforce, saying: "In the main, men work to exist and to live in comfortable circumstances" (Genovesi 1768: 164). A minimum standard of living (and level of
consumption) was inherent in the pleasure-pain calculus which caused individuals to pursue their own self-interest (Genovesi 1768, Chap. II). As Genovesi observed: "One works ... indifferently if he lacks the comforts of life" (Genovesi 1768: 182). Thus, the material standard of living of workers and their propensity to consume were, for Genovesi, essential to individual and national productivity.

B. PRODUCTION

The first part of this chapter served to underline a fundamental proposition of Genovesi's economics: that the real wealth of a nation is created only by production. Particular aspects of Genovesi's treatment of the factors of production he identified as the agents of wealth creation can now be examined. Although he did not, strictly speaking, use a classificatory schema, four specific factors or agents are discernible in Genovesi's examination of production: land, labour, capital and entrepreneurship. This Marshallian categorisation serves as the basis of the analysis in this section. It is clear that Genovesi regarded land and labour - not necessarily in that order - as the two principal factors of production on which wealth depends. Particular attention is therefore paid to these two factors. In the matter of capital, although Genovesi generally used the Italian "capitale" in relation to human labour, he revealed an appreciation of the potential productivity gains from physical capital. It is appropriate, therefore, to examine Genovesi's use of the notion of capital, including that of social or infrastructure capital, bearing in mind that it is not specifically identified as a factor of production in his writings. Finally, entrepreneurial skills were acknowledged by Genovesi as an essential factor in production. Whether entrepreneurship (or "organization" (Marshall 1920: 115) ) can be regarded as an "agent of production" in the same sense as ... land, labour and

7 See Marshall (1920: Book IV, Chap. I: 115ff.). The term "entrepreneurship" is used in place of "organisation" since it reflects Genovesi's ideas on the entrepreneur as an agent of technological change and productivity improvements more precisely.
capital" (Schumpeter 1954: 557, fn. 7) is a matter of debate. However, Genovesi's proposals for reform of what he perceived to be a significantly underdeveloped economy, the kingdom of Naples, indicate beyond doubt that he regarded the entrepreneur as a necessary agent of technological change and productivity improvements. This fact alone provides justification for an examination of Genovesi's conception of entrepreneurship as a separate factor or element of production.

1. Land

Genovesi's treatment of land as a factor of production shows that he was principally concerned with two broad issues: (i) quantity and fertility of land; and (ii) its ownership and distribution. These issues are considered below.

(a) Quantity and Fertility of Land

According to Genovesi it is axiomatic "that everything which diminishes either the quantity or fertility of lands, or reduces the population or the total amount of labour, tends to impoverish and weaken the nation, and that everything that increases these things also increases its wealth and power" (Genovesi 1984b: 134). For this reason, he recommended that practical measures be taken to increase the quantity of land: "Reclaim lagoons and swamps and cultivate them, clear useless forests, promote the farming of uncultivated areas ..." (Genovesi 1984b: 135). Genovesi argued that the "significant return" from such ventures justified the "large outlays" (Genovesi, ibid.) involved. He acknowledged that the expenditure required on such projects is likely to generate risk averse behaviour and act as an obstacle to all improvements; but he argued that "there is no undertaking of this kind in which it is not necessary to spend before you reap" (Genovesi ibid.). At least implicitly, Genovesi was propounding the need for relatively large investment to improve existing land resources. He indicated that unless there is a positive attitude to such
investment (though he neither used this term nor alluded to foregone consumption as its substantive basis): "We will think only of the present, without caring either at all or hardly about the future, and this is to think uneconomically" (Genovesi, ibid.). Genovesi clearly recognised that the large-scale investment to increase the amount of potentially productive land which he envisaged required a time frame which acknowledged the possibility of future, not immediate, returns. Similarly, he argued that the sunk costs of such investment are an inevitable part of economic progress: "The ... rule is to spend and to be prepared to lose all the initial expenses. No art was ever improved except in this way" (Genovesi 1962b: 173).

Genovesi was just as concerned to show that a nation's population growth (Genovesi 1768: 99) and wealth (Genovesi 1984b: 135) depend on the fertility or productivity of its land resources. He stated: "Soils that are too dry or too light diminish the wealth of the nation because, by not cultivating them, it is necessary to subtract the area they occupy from the total amount of the nation's land; or, if they are cultivated, they do not yield in proportion to the amount of labour" (Genovesi 1984b: 135). Genovesi's proposed measures to upgrade the quality of existing land demonstrate his appreciation of the need for, and potential benefits of investment in economic development via productivity improvements. He stressed that technical progress via "the perfectioning of agricultural mechanics" (Genovesi 1984b: 143) can be a source of "the [greater] fertility of land", which "is like multiplying the quantity of land, causing a small amount to yield as much fruit as a large amount used to give without such assistance" (Genovesi 1984b: 143-4). Genovesi's belief in the potential benefits of technical progress on land productivity was made concrete when he listed the "implements ... towards the invention or improvement of which

8. Genovesi (1984b: 136) acknowledged the need to experiment with the English method of using salt to exterminate insects and called for "the price of the salt used for this purpose to be reduced" as an incentive to the adoption of the idea.
agricultural mechanics should be inclined" (Genovesi 1984b: 144). The particular aim of Genovesi's encouragement of technical progress in the form of specified inventions and innovations was to stimulate land development and productivity in the kingdom of Naples. His realisation of the significant role of such progress for the kingdom's economic development is perhaps best reflected in his admission, ten years after listing the practical inventions required to increase land and agricultural productivity, that "We have not yet improved the most important agricultural machines; and we need many necessary or useful implements (Genovesi 1768: 515).

(b) Ownership and Distribution of Land

It was mentioned in Chapter 2 that concentration of land ownership in the kingdom of Naples was one of the principal causes of under-development in the kingdom; in Chapter 3 it was shown that Genovesi identified extremely unequal distribution of land as a cause of under-population and hence under-development. Some of the main features of Genovesi's economic case for a less unequal distribution of land are contained in the following statement.

The excessively unequal distribution of lands reduces the wealth of the... I. Because everyone farms his own [land] better than another's. II. Because the more land an owner has, the less carefully will he always manage it, and the less diligent will he be ... Hence, this excessively unequal division of land diminishes the quantity of land and the total amount of labour, and one and the other reduces the comforts and wealth of the State (Genovesi 1984b: 136-7).

Clearly, Genovesi made the productivity of land - and agriculture - depend on two factors. Firstly, ownership of the land must be vested in the farmer himself since

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9. The list of implements included "all those which can be used to 1. improve and accelerate work on the land ... 2. sow seed economically and with a better distribution of the seed ... 3. cut and gather crops. 4. thresh ... 5. facilitate the movement of products ... 6. ... store grains inexpensively and without fear of losing them ..." (Genovesi 1984b: 144-5).
the latter's self-interest will ensure that maximum, effective production is achieved.

As he explained:

It is too well-known how much difference exists between cultivating one's own farm and working another's property. The desire for profit and the hope of improving one's lot... are great reasons to animate one to do hard work... Those peasants who own their own farms are always the... most industrious. They do not think only about their present profit but project their thoughts into the future, and as a result contrive to improve and perpetuate their fields. (Genovesi 1984c: 881).

In arguing that sound production cannot be expected from those who "toil on another's holdings" (Genovesi, ibid.), Genovesi raised a fundamental issue of economics, the extent to which property rights act as a stimulus to economic development. On this issue he was uncompromising: "You do not farm where there is no land; and you do not wish to farm where you do not have a direct interest in the property" (Genovesi 1768: 166, my italics).

Genovesi's call for owner-operated farms was conditional upon such farms being of relatively small size (that is, capable of being worked by a sole owner-farmer), the second factor on which he made land and agricultural productivity depend. By arguing, as noted above, that "the more land an owner has, the less carefully will he always manage it", Genovesi, in effect, postulated an inverse relationship between the size of land holdings and farm output. This idea is implicit in his claim: "I know that where the lands are divided with the least inequality, one can cultivate better and have greater abundance, experience famines less often, have a greater population, the great will become richer, and the sovereign more powerful" (Genovesi 1984c: 882). To guarantee that production from land was maximised, Genovesi proposed a legal solution with economic implications, whose aim was to generate the maximum amount of productive land: "The main concern must be to ensure that lands which are acquired again are not inalienable, and that
those that are inalienable are granted perpetual leases in lots of reasonable size” (Genovesi 1768: 254).

By inalienable land, Genovesi referred to properties that were subject to various legal encumbrances such as feodecommessi, primogeniture and mortmain and hence not subject to the commercial or exchange process. That land should not be inalienable is a basic parameter of Genovesi’s approach to its utilisation as a factor of production. Its corollary is that in an economy aiming to increase its development, the acquisition of land should be a universal right. Genovesi stressed that undesirable socio-economic consequences such as mendicancy and vagrancy as well as “extreme poverty” can result, “in certain States”, from “the greater proportion of lands having been withdrawn from the number of exchangeable things and from commercial circulation” (Genovesi 1768: 283). This led him to state emphatically: “Therefore, I have as a primary law of Economics: THERE MUST BE NOTHING IN A CIVILISED NATION WHICH IS NOT SUBJECT TO COMMERCIAL CIRCULATION” (Genovesi ibid.). Just as the self-interest of the owner-farmer explains Genovesi’s argument that ownership of land should be accessible to all, and should on this account be subject to market processes, so also does it explain his recommendation regarding the granting of “perpetual leases on estates that are in the hands of those who cannot or should not be farmers” (Genovesi 1984c: 883). This proposal was clearly intended by Genovesi to make lands “alienated” by the church and other landowners, particularly absentee landlords, more freely available for commercial farming. Genovesi was opposed to absentee landownership, arguing that “it is impossible that [the property] will not be ruined if it is farmed by share-croppers (mezzaioli) or tenant farmers (fittaioli)” (Genovesi, ibid.).

In Genovesi’s proposals for reforms to the system of land ownership and distribution are discernible the marked influence of the situation which prevailed in the kingdom of Naples in the mid-eighteenth century. The reforms proposed were
essentially of an institutional nature but with an ultimate economic objective, the
encouragement of economic development via the expansion of agricultural activity.
Genovesi's proposals also highlight the interdependence of economic and other
variables in his economics and his deterministic approach to economic behaviour:
by making land more freely available, the pursuit of self-interest ensures that
commercial agriculture, the source of all products and the basis of manufacturing
and trade, will prosper and thereby promote a greater population and hence
national wealth.

2. Labour

(a) "The General Employment of the Nation"

Since labour is the "only great and certain source of wealth" (Genovesi 1768: 468), maximising the employment of the nation's population is, for Genovesi, an
unquestioned assumption which is clearly articulated in the objective of "the general
employment of the nation" (Genovesi 1768: 179). The importance of achieving this
objective is perhaps best illustrated by the attention he devoted to the "employment
of the poor and vagrants" (Genovesi 1768: ch. XIII passim). Arguing that such
employment will "increase the general income of the nation" (Genovesi 1768: 268),
Genovesi stressed that the aim should be to strive for the "LEAST NUMBER OF IDLE
PEOPLE, a fundamental principle of Economics" (Genovesi, ibid.). The availability of
employment opportunities was not questioned, undoubtedly because Genovesi
believed there were ample opportunities in an under-populated nation such as the
kingdom of Naples. The essential problem was to minimise unemployment,
specifically the number of "involuntary" (Genovesi 1768: 268) and "voluntary
beggars" (Genovesi 1768: 270). The former included "those who are incapable of
working, such as children, the decrepit elderly, the sickly, the crippled, those who
do not find work, etc." (Genovesi 1768: 268). Genovesi characterised voluntary
beggars as "a large crowd of idlers" and ascribed their condition "more to moral than
physical causes" (Genovesi 1768: 270). He regarded welfare assistance to voluntary
beggar as a "Public injustice, because it diverts people from useful labour; and the more generous the hand of the benefactors, the more individuals does it attract to an indolent life" (Genovest 1768: 272). The long-term economic and social consequences of an open-handed attitude to charity are that "In the long-run this brings about the decline of private and public incomes; thus it generates public poverty; and where there is public poverty everyone becomes a cheat, a swindler, a thief, an assassin, a murderer, an arsonist" (Genovest, ibid.). Since charity was a potential source of "the disorder of the State", Genovest asked: "Is it soundly-based charity to wage war on [one's own] nation?" (Genovest, ibid.). Genovest also argued that such "charity is self-destructive ... The reason is that as the idlers multiply, the general income eventually fails. The result of this is that the wherewithal to provide aid eventually fails" (Genovest 1768: 273).

Whilst Genovest was in favour of "public workhouses" (Genovest 1768: 276), he rejected the creation of charitable institutions, "even on compassionate grounds" where these constitute "foundations for indolence ... Because compassion must not harm the State" (Genovest 1768: 278-9). In this regard, the influence of natural law on Genovest's economic ideas is apparent. He argued that in the past "true Economic Science was not understood ... It was thought that incomes could be increased in a way that was contrary to Nature, that is by increasing the number of the indolent, when the [number of] working hands should have been increased" (Genovest 1768: 280). Genovest argued that

True economic wisdom would have dictated, found homes for the poor, but make them work, make them learn the arts, make them be useful to themselves and the public; don't let them entice the nation to allow them to become voluntary paupers (Genovest, ibid.).

Although Genovest's attention was focussed mainly on voluntary idlers and vagrants, he insisted that the involuntary poor should, as far as possible, contribute to economic activity since "There is no person of any status in the world who cannot
honestly carry on a trade" (Genovesi 1768: 282). For example, as noted in Chapter 3, he argued that orphaned or abandoned children should be taught a trade. Genovesi's discussion of "the general employment of the nation" as an objective was animated by his belief in what he termed a "FUNDAMENTAL LAW ... THAT IN A CIVIL BODY THERE SHOULD BE NO ONE WHO IS NOT USEFUL FOR SOMETHING, WHENEVER THEY ARE ABLE" (Genovesi 1768: 275). The obverse of this "law" was Genovesi's blunt denunciation of idleness as "the most shameful of all occupations" (Genovesi 1768: 282).

In advocating "the general employment of the nation", Genovesi recognised the potential benefits of the division of labour. Although this notion is often associated with Smith, according to Spiegel (1983: 15, 227) it can be found in Plato and Mandeville, with whose writings Genovesi was familiar. Genovesi did not use the Italian term corresponding to the English "division of labour", but merely identified its practical implications:

The primary arts are assisted and sustained by the secondary ones in two ways: the first is by providing implements or conveniences to those practising the primary arts, whereby they increase their output and the common advantage (Genovesi 1768: 179, my Italics).

Genovesi elaborated this idea, underlining the increased productivity resulting from the division of labour:

Having certain conveniences already made causes those engaged in the primary arts to be less impeded [in their work] and they attend to their [own] occupation more gladly and provide us with a greater abundance of food-stuffs and materials (Genovesi 1768: 183, my Italics).

Genovesi's appreciation of the potential economic benefits of the division of labour was limited specifically to certain occupations, for example, "carpenters, bricklayers, shoemakers, tailors, etc." (Genovesi 1768: 183) and obviously influenced by his belief that "all the secondary arts, just like all other professions, only live off the
primary [arts]" (Genovesi 1768: 179). Nevertheless, the isolated notion of the possibility of increasing labour productivity via the division of labour, provides another example of an insight of an essentially practical nature in Genovesi's economics. Further aspects of Genovesi's treatment of labour productivity are examined in the next section.

(b) The Productivity of Labour

Genovesi's concern with the productivity of labour stemmed from a basic proposition of his economics that "the wealth ... of a nation ... is a function of ... the total amount of labour" (Genovesi 1984b: 134). As shown in Chapter 3, Genovesi's emphasis on education aimed to engender and improve productive skills throughout society as the means of increasing the "total amount of labour". A major obstacle to productivity improvement was, Genovesi stated, "ignorance of agriculture and the arts" which "delays and halts all our activities and in this way leads to our achieving little over a long period" (Genovesi 1984b: 143, my italics). However, while education was seen as the main vehicle for promoting labour productivity, Genovesi recognised the need to inculcate positive attitudes to the idea of "methodical work" (Genovesi 1768: 132)\(^{10}\) as the basis for generating greater productivity from labour. To this end, Genovesi argued that "the mainspring of the arts, the opulence, the happiness of every nation, is il buon costume and virtue" (Genovesi 1768: 307, my italics). The "buon costume" to which Genovesi referred is the good customs or mores of individuals in a civilised society and "is the basis of bona fides; bona fides is the spirit of the arts and commerce" (Genovesi 1768: 285, fn. (a)). The good mores of individuals are necessarily reflected in "virtue", especially "that kind of virtue which is habit, usage, discipline, art" (Genovesi 1768: 291). It is such virtue which underlies the "methodical work" Genovesi regarded as the basis of increased production and productivity.

\(^{10}\) Genovesi referred to "methodical work" a number of times, e.g. 1768: 275, 282, 473, 486, 510, 524.
Genovesi believed was of greater consequence for his proposed economic reforms. Implicitly, Genovesi recognised the significance of labour productivity when, as noted in Chapter 3, he observed that in the mining industry, increases in manpower yield proportionately greater returns. However, apart from noting the "paradoxical" (Genovesi 1984a: 31) nature of what was clearly the concept of increasing returns, Genovesi simply used the phenomenon to justify his call for a greater population in the kingdom of Naples. Given his objective of achieving economic reform and development in Naples, it is understandable that he did not pursue the theoretical implications of the concept of increasing returns; the practical implication of achieving proportionately greater output from a growing labour force was of greater relevance to his objectives.

This section on Genovesi's approach to labour productivity may be concluded by recalling the point made in Chapter 3, that he regarded self-interest as a major determinant of labour productivity. Genovesi's notion of self-interest was grounded in his belief in the relative freedom of the arts, "all of which must be as free as possible in the civil body; and this is possible so long as it does not harm the total amount of labour" (1768: 157, fn.(b) ). The freedom of which Genovesi spoke extended to individuals, who were contrasted with "Slaves [who] only work for others, and therefore by force and thus as little as possible. Hence they do not yield as much as they could" (Genovesi, ibid.). Increased productivity requires the freedom of the individual to pursue his self-interest, which is mirrored in "the desire to gain, which is a most powerful stimulus in human minds" (Genovesi 1984b: 157). Genovesi stressed that the prospect of receiving a return for one's labour is the basis of greater productivity: "It is a false principle ... that the less one earns, the more one works; since for what other reason would we make the effort?" (Genovesi 1768: 333). He also stated that "The second way to encourage and promote industry ... should be to increase the intrinsic and natural reward for labour, namely the earnings of the worker" (Genovesi, ibid., my italics). Increased remuneration (and the
Genovesi's concern was, inter alia, that the vices which include an "uncouth mind, an intemperate way of life, and injustice" will "damage and dry up all the sources of labour" (Genovesi 1768: 299). He stressed the harmful effects of these vices on production and productivity: "The backwardness of agriculture and all the arts is a constant reason why these activities either do not make progress or why they achieve little and badly; and this reduces the income which one can and should hope for" (Genovesi 1768: 299-300). Genovesi argued implicitly that merely "increasing the number of working hands" will not guarantee productivity increases:

Because it is not enough for a nation to have farmers, manufacturers ...; but it is necessary, in addition, that they know how to do their duty well and to want to do it diligently and expeditiously. Experience shows that two men of equal strength but unequal knowledge and who are unequally motivated, in a given time do not therefore do an equal [amount] of work (Genovesi 1768: 284-5).

The theme of labour productivity forms part of Genovesi's argument on the potential benefits of improvements in "agricultural mechanics" (Genovesi 1984b: 143). "Of necessity", Genovesi argued, one of its "two great advantages" is "the achievement of a great deal in a short time and with few hands" (Genovesi 1984b: 143-4). This, he stated, "constitutes an increase in the total amount of labour, that is to do in a short time that which, without such equipment, would otherwise have been done only in twice the time, three times the amount or whatever other time" (Genovesi, Ibid.).

It is a distinctive feature of Genovesi's economic ideas that he stressed the implications of technical progress for labour productivity but these were not analysed in terms of their likely impact on population. In brief, Genovesi did not recognise the possibility that increased labour productivity might, in fact, reduce the size of the "right population". However, in a situation of under-development and the under-population he assumed existed in the kingdom of Naples, such considerations would have had theoretical rather than the practical or applied significance.
improved standard of living it implies for labour) was for Genovesi an economic necessity relative to the desired increase in labour productivity. Increasing the returns to labour via productivity growth was also in the national interest for, as Genovesi noted, "the poorer a nation is, so much less does it yield to the Court" (Genovesi 1768: 281).

3. Capital

As noted earlier, Genovesi used the Italian term "capitale" largely in relation to labour, a usage which suggests the more recent idea of human capital. Given that for Genovesi economic development depends largely on labour, it might well be argued that whereas Adam Smith viewed the accumulation of physical capital as the main source of economic growth, Genovesi relied principally on the accumulation of human capital. Nevertheless, it can reasonably be argued that the idea of physical capital is implied in Genovesi's work. In view of the economic importance he attached to agriculture, Genovesi's almost exclusive emphasis on the need for capital equipment in the area of what he termed "agricultural mechanics" (Genovesi 1984b: 143) is self-explanatory. The essential feature of Genovesi's treatment of the implicit notion of physical capital in agriculture is that it is a necessary input or adjunct to the process of productivity improvement for both land and labour. The productivity of capital itself is thus mediated through these two factors of production; there is no explicit indication in Genovesi's writings that capital per se is a source of productivity in its own right.

Genovesi stressed the need for up-to-date capital equipment and argued that "those who ... discover a new implement or new machine; those who make old ones easier and quicker to use" (Genovesi 1768: 319) should be rewarded by the State. However, inventions and innovations were unlikely to emanate from "private individuals" since they were "held back by the force of old prejudices, or uncertain
about the outcome or ... their sole preoccupation is with the present” (Genovesi 1984b: 145). Accordingly Genovesi advocated government promotion of what he probably envisaged as institutionalised research. As he explained: "For great talents ... no motivation is as efficacious as a school and some prizes" (Genovesi, ibid.).

The concept of infrastructure capital is also inherent in Genovesi's economic writings. Arguing from the premise that "the size of domestic trade is the greatest source of wealth and power of the nation and the sovereign" (Genovesi 1984b: 150-1), Genovesi recognised the need to facilitate the circulation of goods. To this end, he called for the "construction of convenient roads, for rivers to be made navigable, for communication canals to be excavated, for the invention or improvement of transport equipment, etc."11 (Genovesi 1984b: 150). Any attempt to summarise the implied notion of physical capital in Genovesi's economics must acknowledge that the author's ideas in this area are essentially at the intuitive or practical level. It is obvious that Genovesi's economic system is built on land and labour as the main factors of production. Capital, as portrayed by Genovesi, merely serves to augment the productivity of these two key factors. Since he implicitly assigned it a subsidiary or ancillary role, Genovesi failed to recognise that by increasing productivity, capital earns a rate of return which is independent of the returns to land or labour.

4. Entrepreneurship

Genovesi's proposals for economic reform, especially of the agricultural sector, include what he clearly regarded as the essential input of what, in modern terminology, may be thought of as entrepreneurship; indeed, Genovesi's

11. There are other implied references to infrastructure capital in Genovesi's works, e.g. 1768: 245, in. (a). 459; 1770: 130, 305, 354.
"entrepreneur" strongly suggests what Marshall probably had in mind as the principal function of the factor of production he termed "organization". The need for active involvement of agricultural entrepreneurs arises from what Genovesi termed the "backwardness and degradation of agriculture" in the kingdom of Naples (Genovesi 1984c: 878). He traced the cause of this state of affairs to the lack of essential knowledge and skills on the part of peasants, their negative attitude to risk-taking and their lack of the required finance:

To whom is agriculture left? To the lowest and poorest people who, besides never having any knowledge other than a little bad experience and the tradition of their forefathers which is no better, even when they know [what to do] never have the spirit to undertake any improvements for fear that a bad result will ruin them; and when they do have the courage, they have no money to spend (Genovesi, Ibid.).

As indicated in Chapter 3, Genovesi's proposed entrepreneurs formed part of the nation's "middle class" (Genovesi 1768: 82), which included "private gentlemen" (Genovesi 1768: 134). "Agriculture", he stressed, "should ... be an occupation for gentlemen and learned people" (Genovesi 1984c: 878). These, he argued, are qualified by reason of their education and knowledge of the latest world agricultural developments, which enable them to exploit "the opportunities and insights which nature itself provides" (Genovesi, Ibid.). Moreover, they are more likely to be a source of investment in agriculture because "They can more easily have the money to spend" (Genovesi, Ibid.).

The above suggests that for Genovesi, the education of peasants was a necessary but not sufficient condition for agricultural and economic development; the active participation of entrepreneurial "gentlemen" was seen as a crucial factor in that development. As Genovesi said,
Until the gentleman learns to love agriculture and studies it, doing his best to help the peasants with new ideas, the lands will always yield very little" (Genovesi 1768: 81).

In short, the "gentleman's" function was to act as an agent of change and hence technical progress. The entrepreneur Genovesi envisaged was based on the role model to be found in England and Tuscany. Genovest stated categorically: "Agriculture in England and Tuscany owes its greatness to the class of gentlemen" (Genovesi 1768: 81). As part of his solution to what he saw as a dearth of entrepreneurial skills in the kingdom of Naples, Genovest relied on the two pivotal elements of his proposals for economic reform: labour and learning. For example, he spoke, with obvious disparagement, of "idle gentlemen" (Genovesi 1768: 264) and argued that by acquiring a knowledge of agriculture and other "useful sciences" they could contribute to national wealth: "Thus gentlemen could confer ... this great benefit on our nation by studying agriculture, natural history, the mechanical sciences, etc. This is how they could play their part in the overall amount of general revenue" (Genovesi 1768: 260, fn. (a)).

The influence of the situation in the kingdom of Naples on Genovest's ideas about the required role of entrepreneurs is unmistakable. As he stated in 1764:

I am all too convinced that the good of our country must be expected from this kind of knowledge and action on the part of our gentlemen and barons. The greater part of the lands of this Kingdom are under their jurisdiction; if they then start becoming their masters and fathers, what advantage can we not be assured of from them? (Genovesi 1962b: 174).

CONCLUSION

The distinction Genovest made between primary and secondary wealth can be seen as complementing his argument that the first aim of political economy should be the achievement of the "right population". In identifying primary or real wealth (and rejecting secondary wealth) as the second aim of political economy,
Genovesi further elaborated his thesis that population growth depends on economic development, and vice versa. In short, Genovesi argued that the necessities of life for a growing population will be forthcoming only if primary wealth is created in the form of agricultural and manufactured products. Such production must necessarily generate the superfluous merchandise required for trade ("the exchange ... of the superfluous for the necessary" (Genovesi 1984b: 146)). Since the production of agricultural and manufactured goods and, through these, trade constitute the embodiment of real or primary wealth, high productivity is required, especially from land and labour, the chief sources of wealth.

According to Genovesi, the objective of the "right population" is predicated on that population comprising the greatest possible "number of working hands" (Genovesi 1984b: 384) as the basis for production, via "honest labour" (Genovesi 1770: 99), of primary wealth. Genovesi's main concern was that the amount of labour which contributes directly to the creation of wealth be maximised, that is, labour engaged in the primary arts, the only category which "creates" real wealth.

Genovesi's consideration of agriculture, manufactures and trade as sources of wealth was influenced by his belief that it is goods which attract money, rather than the reverse. Underlying this proposition is the idea that the production of agricultural and manufactured goods is prompted by the "absolute necessity" associated with the demand for the necessities of life. The fact of "absolute necessity" as the basic motivation for production helps to explain Genovesi's emphasis on the productivity of agriculture and the resultant emphasis on labour productivity as essential to the achievement of the objective of population growth. As a logical consequence of the criterion of absolute necessity as the basis of primary wealth creation, Genovesi adopted a cautious approach to the luxury arts, albeit he approved, with reservations, of luxury when it contributes to domestic employment and hence population growth.
Although Genovesi's proposals for economic reform and development highlight productive activity, he acknowledged the importance of consumption as a factor contributing to the creation of wealth. This is in keeping with his argument that increasing labour productivity should be accompanied by a rising standard of living.

Four separate factors of production are discernible in Genovesi's treatment of the production process: land, labour, capital and entrepreneurship. Genovesi clearly favoured large-scale investment to increase the amount of potentially productive land. At the same time, he advocated technical progress, especially in the form of "agricultural mechanics" (Genovesi 1984b: 143), to improve land fertility. No less importantly, given the place of self-interest as a basic motivation for economic activity, Genovesi insisted that agricultural productivity will not be achieved unless farmers are given the opportunity of acquiring land. His proposals for institutional reform to the system of land ownership and distribution reflect his perception of the concentration of land ownership in the kingdom of Naples during his lifetime.

Genovesi's definition of labour as the "only great and certain source of wealth" (Genovesi 1768: 468) explains a basic assumption of his economics: that the employment of the nation's population should be maximised. Hence, he was opposed in general to welfare measures (assistance to the poor, poor relief) which promote voluntary and involuntary mendicancy and vagrancy. Genovesi also stressed the significance of labour productivity, as a basic determinant of which he identified individual and social mores. The positive manifestations of a nation's mores are to be found in a favourable attitude to "methodical work" (Genovesi 1768: 132). Because of its impact on labour productivity, technical progress in agriculture was also seen as equivalent to an increase in the amount of labour. Genovesi made
incidental references to the division of labour and increasing returns to labour. However, these concepts had a purely practical significance, reflecting Genovesi's concern with the problems of Naples, and consequently their theoretical implications for labour productivity were not explored.

The idea of physical capital is only implicit in Genovesi's economics. Such capital is treated as a separate factor of production only to the extent that it serves as an adjunct to the improvement of land and labour productivity. Genovesi also recognised the role of infrastructure capital as a factor which facilitates the circulation of goods and hence the creation, through trade, of wealth.

As one of the principal means of overcoming the backward and depressed state of agriculture in the kingdom of Naples, Genovesi stressed the potential contribution of entrepreneurial activity. In contrast to peasant farmers, the capitalist gentleman-farmer fulfilling the role envisaged by Genovesi was seen as having the necessary knowledge and skills, a positive attitude to risk-taking and the required access to finance to enable him to undertake productivity improvements affecting both land and labour.

The discussion in this chapter has highlighted diverse aspects of Genovesi's fundamental thesis that economic development depends, to a significant degree, on the creation of primary wealth through production of agricultural and manufactured goods. Genovesi's concern to promote economic development largely through population growth led him, as a necessary consequence, to promote the two factors land and labour, which were essential to the achievement of these two objectives. The comprehensive proposals and prescriptions put forward by Genovesi to maximise both land and labour productivity were the articulation of his belief in the need to maximise production and hence primary or real wealth.
CHAPTER 5
FOREIGN TRADE

INTRODUCTION

This chapter is concerned with Genovesi's economic ideas on foreign trade, and consists of five sections. The first section explores some of the implications of his definition of trade as the "exchange ... of the superfluous for the necessary" (Genovesi 1984b: 146), a definition which is at the heart of his ideas on trade. Genovesi's argument that nations should try to achieve the greatest possible independence is discussed in the second section, together with its corollary that interdependence is to be minimised. The third section deals with Genovesi's argument that freedom of trade, by which he meant "the circulation [of goods]" (Genovesi 1768: 373), should always reflect the national interest since "trade must be of service to the State" (Genovesi 1768: 371). Separate attention is given in this section to the grain trade, to which Genovesi believed maximum freedom should be accorded. Genovesi's thesis that trade should be in the public interest provides the basis for the argument of the fourth section, which examines the restrictions he considered should be imposed on the freedom of trade, and the reasons for Genovesi's essentially protectionist stance. The fifth and last section considers the significance of the balance of trade in the context of Genovesi's ideas on foreign trade. Although, as shown in the first part of that section, he critically evaluated different methods of calculating it, Genovesi's real interest in the balance of trade lay in its policy implications, which are dealt with in the second part. It will be argued that while Genovesi believed a favourable balance of trade was essential for the economic prosperity of the kingdom of Naples, he rejected the idea associated with mercantilism that the inflow of specie from foreign trade should be maximised.
A. DEFINITION OF TRADE

Trade was defined by Genovest (1984b: 146) as "the exchange which is made of the superfluous for the necessary". If Genovest required an official imprimatur for this definition, it was provided by the French King Louis XV (1710-1774) in an edict of July 1764 "regarding the freedom of grains to leave and enter the kingdom [of France]". An Italian translation of this document formed part of the Neapolitan edition (1765) of Herbert's *Essai sur la police des grains* to which Genovest contributed an "Idea dell 'Opera o Discorso Preliminare". As argued in Chapter 4, the idea of necessity is a significant explanatory variable in the process of real wealth creation described by Genovest. Since trade is also a source of wealth, the theme of necessity constitutes a basic element in Genovest's definition of trade. This is highlighted in his elucidation of the definition in the following terms:

It is true that sometimes the less useful is exchanged for the more [useful], and what gives pleasure for what is useful, and not infrequently what is useful for what gives pleasure, and also something necessary for a whim ... All this is trade: but in that event all that we wish to exchange is considered superfluous relative to our present need; and everything for which it is exchanged becomes necessary (Genovest 1768: 347).

Genovest's conception of trade is grounded in anthropological and moral rather than economic phenomena. Since human beings are motivated by the desire to avoid pain, he argued that the acquisitive spirit, that is, "the natural cupidity of

1. The word "superfluous" translates the Italian "soverchio", the noun mainly used by Genovest to refer to excess production. Given its largely physiocratic connotation, the noun "surplus" has been avoided, where possible, as the rendition of "soverchio", but it has been used adjectivally. Smith (1937: 415) referred to the "surplus part of the produce" as well as "superfluities", while Hume (1955: 14) spoke of "exporting what is superfluous at home". Melon (1739:8), the source of Genovest's definition, defined trade as "the Permutation of what is superfluous ... for what is necessary."

2. An Italian translation of the royal edict is in Perna 1984d: 1135-8. Trade is defined there as the "exchange of the superfluous for the necessary which is so in conformity with the order established by divine providence".
the human heart ... when well regulated", can be used "for public benefit" in the form of trade (Genovesi 1768: 342). The justification for this is that "not all cupidity is a vice ... To desire things is to wish to exist with the least amount of pain; to desire someone else's property, or to desire an excessive amount is the vice" (Genovesi 1768: 342-3, fn.(a)). Reasoning of this kind underlies Genovesi's classification of goods "in accordance with the three classes of our needs; and these are [goods] of necessity, of convenience, and of pleasure and luxury. In the same way, there are three kinds of goods, necessary, useful and pleasurable" (Genovesi 1768: 345). Since individuals' needs and wants are greater than the means available to satisfy them "we all try to exchange what we have in excess [of our requirements] with what we believe we lack; and the more our needs grow and become more complex, as happens in large and civilised nations, so does this process intensify" (Genovesi 1768: 346-7).

In Genovesi's view, the "necessary" on which his definition of trade is based, is not limited to biological or basic necessities but encompasses a broad range of needs and wants. Moreover, he clearly recognised the inevitability of growth in demand in civilised societies. When taken in conjunction with Genovesi's definition of trade, this begs an obvious question: are the superfluous products required for trade merely a residual quantity whose size depends on consumption or demand in the exporting country? Genovesi's implicit answer is in the negative since he assumed that trade will serve as the catalyst for the required surplus production:

If a nation has no trade, it must be obvious that all the other factors which arouse and stimulate labour and the arts ... lose all their vigour; because how can you expect that men will be spurred on to increase the products of the arts and improve them when there is no outflow\(^3\) of any kind, or very little, which will entice their avidity? Since where this is missing ... it is unlikely that there will be the determination and labour to procure surplus [production]. Trade is thus like the driving spirit of talent, industry and the

3. The English noun "outflow" translates Genovesi's "scolo" which he defined (1770: 355) as "the trade with other nations".
It is the mainspring of all the strength, the producer of wealth and greatness of the body politic (Genovesi 1768: 343).

This statement leaves no doubt about the relationship Genovesi envisaged between productive activity in general, surplus production in particular and foreign trade: the latter depends directly on a deliberately 'planned' surplus over domestic requirements; hence Genovesi's emphasis on the need for a fully employed economy, widespread education and training, a pronounced work ethic, greater productivity and technological progress and the involvement of gentiluomini in agriculture. Genovesi's aim was to overcome the mentality whereby "occupations and practical skills are viewed only from the perspective of subsistence and pure need" (Genovesi 1984b: 156). By contrast, "When everything one does is viewed with the eye of a trader, and if individuals seek their own advantage to the greatest possible extent, everyone will endeavour to have the superfluity with which to trade" (Genovesi, ibid.).

The need for surplus merchandise as the basis of trade was justified by Genovesi specifically in terms of English experience, the demonstration effect of which significantly influenced his economic ideas and his proposals for economic reform in Naples. That Genovesi never doubted England's success as a trading nation resulted "from exporting what is superfluous" (Genovesi 1984b: 153) is mirrored in his detailed discussion of the "Rules on which the English have established and maintain their trade" (Genovesi 1984b: 153ff), which are shown in Appendix 5.1. Genovesi argued that the validity of these rules was confirmed by the fact that before 1689, the English did not regard agriculture "as a business" (Genovesi 1984b: 156) and consequently "suffered from serious famines" (Genovesi, ibid.). Following the Corn Bounty Act of 1689, England became a major producer

4. See, for example, Genovesi 1768: 348-9. The article by Sampaoli (1951) is also relevant. Genovesi's "prophecy" regarding the rejection of English rule by the then American colonies (Genovesi 1768: 361, fn. (a) ) underlines his interest in things English.
and exporter of agricultural and manufactured products. Genovesi stressed that superfluous goods were "the most abundant and the richest material of foreign trade", and that "in all nations which desire to achieve their true wealth and greatness agriculture and manufactures [must] be considered a business" (Genovesi, ibid.).

Opinion on Genovesi's definition of trade is divided. Whereas De Luca (1970: 457) states Genovesi defined trade "correctly", Troisi (1941c: 751) and Villari (1959: 120) consider the definition "very restrictive". These conflicting opinions undoubtedly reflect contrasting views of the basis and aims of foreign trade. For Genovesi, the interests of the domestic economy were the principal focus of its foreign trade, and this may account for the differing opinions, just noted, about his definition of trade. Even an ardent free-trader like Adam Smith - which Genovesi was not - recognised that "The principal benefit of foreign trade ... is the carrying-out of surplus produce for which there is no demand and bringing back something for which there is" (Smith 1937: 415). In arguing that "Capital in home trade ... supports more productive labour than capital employed in foreign trade" (Smith 1937: 352), Smith ably defended the priority interests of the domestic economy. Genovesi put a similar argument when he stated that "internal trade is the foundation of foreign [trade] and ... no nation ... can aspire to have any foreign trade whatsoever ... if it has not solidly established its internal trade" (Genovesi 1984b: 149).5

The above suggests that Genovesi and Smith were of like mind in stressing the priority of the domestic economy where foreign trade was concerned. Genovesi's emphasis on the need to maximise the amount of productive labour, examined in Chapter 4, is clearly linked to his approach to trade. Indeed, he was quite explicit

5. For his ideas on internal trade, see Genovesi 1984b: 149-52.
that the amount of foreign trade should be an inverse function of a nation's ability to achieve economic self-sufficiency (Genovesi 1768: 167-8, fn. (a)). He stated: "It may appear to some people that I do not have a high regard for foreign trade. And to speak clearly, I have only ever measured its worth in terms of necessity" (Genovesi 1768: 167, fn. (a), my italics). For Genovesi, then, the primary function of foreign trade was to make up for the deficiencies in the ability of different countries to meet their own needs; in short, countries could provide for their mutual unfulfilled needs by trading surplus goods. This essentially inward-looking approach to foreign trade was probably the basis of the criticism made by Troisi and Villari, noted earlier, that Genovesi's definition of trade is "very restrictive".

Genovesi's implicit assumption that the requirements of the home market must be met before trade can take place raises the question of the size of the surplus likely to be available for export. De Luca has noted: "Since he [Genovesi] on the one hand looks forward to a considerable increase in the country's population, and on the other he wishes to see the population itself satisfied in its main needs solely from internal production, the superfluous - that which 'overflows', that which 'can be subtracted from our needs', as Genovesi expresses it - ends up being a very small affair" (De Luca 1977: 95). If the amount of surplus merchandise available for export was not one of Genovesi's concerns, it is probably because he believed increased exports would stimulate domestic production, thereby ensuring that the superfluous goods required for trade would never be lacking.

Genovesi's eclectic adoption and use of a definition of foreign trade which highlights the need for excess production in the exporting country (not to mention its trading partners) can be appreciated only if the main aims of his program of economic reform are recalled, that is, to promote above all the right population and ensure its full employment by fostering the growth of agriculture and manufactures in the kingdom of Naples. In turn, these aims serve to explain his proposition that
internal trade, that is, the satisfaction of demand in the domestic market, is the foundation of foreign trade. On this point, Genovesi was very explicit: "It is thus obvious that if you do not have good internal trade you cannot have any foreign trade, because you cannot have anything superfluous where agriculture and manufactures are languishing" (Genovesi 1984b: 149). In short, there is, for Genovesi, an essentially causal relationship between domestic production, internal trade, superfluous merchandise and foreign trade. As will be argued in the following section, this relationship acts unquestionably as a determinant of the independence and interdependence of nations engaged in trade.

B. THE INDEPENDENCE AND INTERDEPENDENCE OF TRADING NATIONS

In the matter of foreign trade, Genovesi advocated a high degree of self-sufficiency as a national objective. Indeed, he assumed that such an objective was the foundation of public economic policy:

One knows that the first rule of economics which Sovereigns should have is **THAT THE NATION, OF WHICH THEY ARE HEADS, SHOULD DEPEND ON OTHERS IN EVERYTHING THAT PERTAINS TO ITS NATURAL AND CIVIL LIFE AS LITTLE AS POSSIBLE:** **THAT IT SHOULD BE THE DEBTOR OF EVERY OTHER [NATION] TO THE LEAST POSSIBLE EXTENT.** The whole of economics must stand on this pivotal point (Genovesi 1768: 174).

However, he recognised that for a civilised nation, "complete [economic] independence" (Genovesi 1768: 175) is impossible and potentially harmful to domestic industry. His argument turned partly on his distinction between the impact of total self-sufficiency on "passive" and "active" trade, which he defined as follows: "Active trade is that which the nation does when it itself transports its superfluity to other nations ...; passive trade is what it does when it exports and imports, without transporting any goods itself" (Genovesi 1768: 355). Genovesi held that "if passive trade is destroyed, active trade cannot fail to feel the blow, and hence domestic industry in general" (Genovesi 1768: 175). Genovesi's point was clearly
that the demise of the exporting activity associated with passive trade must, rather obviously, have repercussions on active trade.

Genovesi made the further point that a nation stands to benefit from progress, including presumably scientific and technical advances, made in other countries. A nation which is totally independent of other nations would "deprive itself of the enlightenment (lumino) of other peoples; and in this way it would in time have the greatest need of any nation to depend on them" (Genovesi 1768: 175-6). Although he did not quote Hume in this context, Genovesi was probably alluding to Hume's recognition of the demonstration effect as one of the main benefits of foreign trade. Hume stated: "Where an open communication is preserved among nations, it is impossible but the domestic industry of every one must receive an encrease from the improvements of the others. Compare the situation of GREAT BRITAIN at present, with what it was two centuries ago ... Every improvement, which we have since made, has arisen from our imitation of foreigners" (Hume 1955: 78). Hume's claim that England's economic development and prosperity owed much to its "imitation of foreigners" could not but have impressed on Genovesi the need for "the enlightenment of other peoples" as a condition for the success of the economic development he envisaged for the kingdom of Naples.

Notwithstanding his argument that nations are and must be interdependent, Genovesi emphasised that any interdependence must be minimised: "The third [question], which must be considered the most important, since [no nation] is unable to depend [on others] for nothing, [is]: for what must one endeavour to depend on them?" (Genovesi 1768: 176). Genovesi's response focussed on the benefits likely to accrue to the exporting nation's productive capacity and potential: "My reply is that [we must depend] on them in those things which make us their debtors and slaves to the least possible extent; and which most serve to give momentum to our industry and improve our knowledge" (Genovesi, ibid.). A
country's dependence on other nations should be limited to "foodstuffs or materials which cannot be produced by the soil or which, if cultivated, would yield less than products [that are] more necessary; and for the less common luxury arts" (Genovesi 1768: 177).

Genovesi clearly acknowledged that the lack of specific endowments is a valid basis for international trade, a proposition he elaborated when he argued that

Trade in foreign exchange must exist in Europe as long as there is need for reciprocal trade in foodstuffs and manufactures. In fact, the location of these regions and their internal condition is such that it can well be said of them, non omnis fert omnia tellus; because some of the things that are lacking will originate elsewhere, and they will be forever lacking in other countries ... Besides this, the talents of certain climates are better suited to certain arts than others ... Thus there arises among them a reciprocal need and a necessary trade (Genovesi 1770: 202).

This concession notwithstanding, and despite his acknowledgement that the international division of labour was a valid basis for trade, Genovesi insisted that foreign trade must be based on the principle "DEPEND AS LITTLE AS POSSIBLE [ON OTHER COUNTRIES]" (Genovesi 1768: 192). As the following quotation shows, he implicitly acknowledged the potential benefits of trade based on differential productivity among nations: "Someone says, for a Bohemian glass I pay a half less than it would cost me if they were made in the kingdom of Naples; this is for him a powerful reason to oppose its production. If we, that man says, wished to grow tobacco here ... every pound would cost us double; thus, he concludes, it is advantageous to obtain it from foreigners" (Genovesi 1984b: 386). In the event, Genovesi's insistence on minimising one's dependence on other nations predominated: he rejected the reasoning in the above quotation as "false", arguing that even if it "were true", it would still "be to our advantage to export products, and

6. Arata (1973: 391, fn. 414bis) notes: "The citation is inaccurate; the passage is: 'Omnis feret omnia tellus', Virgil. Bucolics [Eclogues]. IV, 39'. However, Genovesi clearly intended to convey exactly the opposite meaning, i.e., 'not every nation bears everything'.
to have some of those types of production that we lack" (Genovesi, ibid.). There was an added reason for maximising exports and minimising imports. In an unmistakable reference to Mun, Genovesi argued: "Exporting our products increases them, and this increases the value of the lands. What do I care therefore if I, who want fresh bread every morning, have to pay a little more for it, if this has greatly augmented the value of my lands? If I bought it more cheaply, my lands would yield less" (Genovesi, ibid.). Genovesi's ideas on the role of higher prices as a stimulus to economic activity are discussed in Chapter 6. The remainder of Genovesi's argument highlighted the additional benefits individuals and the nation as a whole can derive from increased exports, including the impact of higher export prices on the incomes of other members of the community:

Is everyone a landowner? No, certainly not, but those who are not and who live off some occupation will see the cost of their labour grow together with their salaries in almost the same proportion in which the value of lands increases, and decrease in proportion to the reduction in the values of lands and foodstuffs (Genovesi, ibid.).

Although where foreign trade was concerned Genovesi's aim was to advance the interests of the home country, he acknowledged that his arguments in favour of relatively non-dependent exporting countries presented "a difficulty". He asked:

As the nations which are in temperate climates and have lands that are fertile in everything will also occupy the arts and will place themselves in the position of not depending on any other, what will happen to those others to whom there is nothing left but the arts, inasmuch as they are unable to produce foodstuffs on account of the climate or through lack of lands? (Genovesi 1768: 177).

7. The reference is to Chapter V, "Forraign Trade Is the only means to Improve the price of our lands", in Mun's England's Treasure by Forraign Trade (1949), originally published in 1664.

8. Genovesi added, inter alia, that "The quantity of money increases and thus makes all items of industry easier and more expeditious ... Even though you pay more for our manufactures and worked products than foreign goods might cost you, this money, however, remains and circulates in the nation, and in ways that you do not see returns to you with great benefit" (Genovesi 1984b: 386-7).
Genovesi answered partly by reiterating that he was not advocating "an absolute independence, something impossible and harmful" (Genovesi 1768: 177-8). Perhaps more importantly, he argued, at least implicitly, that every nation possesses the resources with which to produce some of its economic requirements: "It is false [to claim] that there are nations to whom the land and the sea cannot provide the means to exist, if they are wise and industrious. Where foodstuffs are lacking, hunting, fishing and mining will make up for [this lack]" (Genovesi 1768: 178, my italics).

Genovesi's statement reflects his faith in the ability of apparently any nation to achieve a degree of economic independence by striving for the maximum productivity which would result from its being "wise and industrious". But the question still remains: would such a nation at the same time be able to produce the surplus merchandise required for trade in order to maintain and even raise its standard of living? The answer is problematical and depends on factors such as the country's actual and potential resource capability, the desired standard of living, the size and rate of growth of the population, and other variables which contribute directly or indirectly to economic development. Genovesi's optimism would, however, dismiss the objections of those who, confronted with his injunction to nations to "depend as little as possible" on other nations, argue: "It can't be done" (Genovesi, 1768: 474, fn.[a]). As always, England, "this industrious nation", was the leading exemplar of economic achievement since "not only does [she] not depend on others

9. The phrase "It can't be done" was used by Genovesi (1768: 87, 103, 166, 312, 401, 474-5) to counteract the obstructionist attitudes and scepticism he realised militated against economic change and progress. Genovesi (1984b: 475) postulated that when the various "economic rules" on trade "have become common to all European nations", a general "trade equilibrium" could be said to have occurred. Of particular interest is Genovesi's argument that, for a variety of reasons such as natural and other factor endowments, some countries will be more prosperous as trading nations than others. In a pointed reference to the kingdom of Naples, he asserted: "We could be one of these nations".
except in the least possible way, but besides this has made very many others depend on her and contribute to make her rich and powerful" (Genovesi 1984b: 382). Against this background, the principle of maximum economic independence was analysed in the light of the possible improvement of the economy of the kingdom of Naples. Genovesi stated: "If we would like to apply these matters to our Kingdom, it will be clearly realised how far we are still from attaining the greatest possible independence from foreign nations, that in fact we depend on them for what should be our strong point[s]" (Genovesi 1984b: 383). Genovesi argued that the "climate and land we inhabit" are such that even though Naples must depend on foreign trade for certain products, "we would have so many of our products to give that the general balance of trade would always lean in our favour" (Genovesi 1984b: 384). This is, in fact, the point of the proposition, noted earlier, that the principle of minimum dependence of other nations is the "first rule of economics", which led Genovesi to warn his Neapolitan readers: "If this rule ... is not fixed in our minds, we will always be tributaries of other nations and instruments of their wealth and power, and hence always poor" (Genovesi, Ibid.).

If in his treatment of foreign trade the predominant criterion for Genovesi was the principle of minimum interdependence among nations, this criterion was subsumed in what was ultimately the motivating idea and objective of all his economics, the national interest, which is discussed in the following section.

C. FREEDOM OF TRADE AND THE NATIONAL INTEREST

Genovesi asserted that "The spirit ... of trade is only that of conquests. Among barbarians, people are conquered; among trading nations, wealth" (Genovesi 1768: 363). He emphasised that he was using the term "conquests" figuratively, saying: "Why does one trade if not to acquire?" (Genovesi 1768: 363, fn.(a)). The spirit of acquisition that is trade can only "be developed ... and activate and
invigorate the nation” with the aid of “two great stimuli, that is protection and freedom, albeit controlled” (Genovesi 1768: 363). Protection was to be provided by the State in the form of “trade treaties” and “naval fleets” (Genovesi, 1768: 363-4). However, Genovesi stressed that freedom was of greater importance than protection for trade since “with freedom, ... [trade] grows and thrives and protects itself; but without freedom it does not thrive” (Genovesi 1768: 363). Genovesi illustrated the historical and functional necessity of freedom for successful trade by upholding the fundamental rights of individuals to engage in private enterprise:

The English and Dutch [East India] Companies, which have become so great, and which are not alone in protecting themselves but are protected by the State, were all founded by private merchants, without having at the outset anything more than a Charter from their sovereigns and very few privileges (Genovesi 1768: 364-5, my italics).

Despite his belief in the pursuit of one’s own self-interest, Genovesi advocated a qualified freedom to engage in international trade. This helps to explain why initially he defined “freedom of trade” mainly in terms of what it is not, rather than in terms of what it is. Genovesi indicated that “by freedom of trade” he did not “mean an absolute power of traders to export and import every type of merchandise, without any restriction” (Genovesi 1768: 370). That the most successful trading nations, “namely England, Holland and France, have imposed heavy restrictions on importing and exporting goods” (Genovesi 1768: 371) lent weight to his argument. Genovesi also invoked the rules of English trade, as set out in Appendix 5.1, to support his argument: for instance, he asked: “To import foodstuffs or manufactures which discourage domestic [products], thereby ruining the foundations of trade, could this be called freedom of trade?” (Genovesi, ibid.).

Genovesi’s apparently ambivalent attitude to foreign trade is explained (and justified) by the proposition that “trade must be of service to the State, not the State to trade” (Genovesi 1768: 371, my italics); in short, both freedom of trade and curbs
on that freedom must be in the national interest. The national interest is arguably the guiding principle of Genovesi's political economy and explains the normative scope of his ideas on the freedom of trade. Genovesi stressed that the Latin maxim "Salus publica summa lex esto" (that is, "Let the public welfare be the supreme law") is "a natural law" (Genovesi 1984b: 861). For Genovesi, society is certainly made up of individuals who pursue their "own self-interest" (Genovesi 1768: 51), but these same individuals are also obliged to "procure ... the common happiness" (Genovesi, ibid.). The "natural and civil happiness" of "the body politic" is just as much an aim of "civil authority" as its "preservation" and "the ease and comforts of life" of the people (Genovesi 1768: 45). The national interest thus extends over the gamut of social welfare in one's own nation; this is the basis of Genovesi's rule "That the foreigner is not to be aided at the expense of one's own country" (Genovesi 1973: 133). This, however, cannot be interpreted to mean that Genovesi's concept of the national interest is based on, or synonymous to an aggressive nationalism or economic triumphalism; rather, it considers the welfare (including material standard of living) of individuals in the home country as its first priority. Argument of this kind must therefore cast serious doubt on the traditional and uncritical characterisation of Genovesi as a 'mercantilist', an issue discussed more fully in chapter 10.

Genovesi's use of the national interest as the criterion for international trade serves as a background to his detailed elaboration of "the real freedom of trade", as follows: "The soul and essence of trade is nothing but the circulation [of goods]. Freedom [of trade] therefore consists of this circulation and movement not being hindered or weakened without [some] public benefit" (Genovesi 1768: 373). The seven "principal" conditions Genovesi (1768: 373-9) analysed as necessary to optimise the circulation of goods exhibit distinct elements of economic liberalism.

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articulated especially in his emphasis on competitive behaviour. Genovesi recommended "that a free right be allowed for the export of those foodstuffs which are abundantly forthcoming in the country, and the manufactures that are produced there" (Genovesi 1768: 373). This will stimulate production of the required surpluses since the potential "profit ... develops ... a very great will to work, trade and become wealthy" (Genovesi 1768: 373-4). Such capitalistic behaviour by individuals is in the national interest since

Although people who wish to grow wealthy think only of their private interest, nonetheless in so doing they work to the public's advantage by enriching the nation as a whole (Genovesi 1768: 374).

As Spiegel (1983: 225-6) has noted, the idea of a harmony of private and social interests was part of the intellectual property of the eighteenth century. Genovesi, with his background and lifelong interest in moral philosophy, was no stranger to the idea.11

Genovesi stressed that because "competitive advantage is the spring which drives trade ... the export duties ... of the trading nation must not be so great that they eliminate its advantage over others in competition with them" (Genovesi 1768: 374-5). Accordingly, the collection of trade duties should be greatly simplified since "time is the most precious thing trade has" (Genovesi 1768: 375). Thus, trade should not be subject to harassment since "the main skill in the area of political economy is to ensure that men do not lose their taste for the occupations they are engaged in. It is a fatal blow to the State when people derive more satisfaction from idleness than work" (Genovesi, ibid.). Predictably, Genovesi's main concern was that

11. Genovesi was familiar with the writings of the third Earl of Shaftesbury (1671-1713) (e.g., Genovesi 1768: 34, 51, 66) who, according to Spiegel (ibid.), incorporated the idea of a harmony of private and social interests, together with "the notion that the pursuit of private interests would be beneficial to society ... in the mainstream of eighteenth-century British philosophy".
a vexatious tributary system should not be permitted to harm domestic employment prospects. Genovesi was also opposed to the "exclusive privileges" granted to "legalised monopolies since these privileges always favour individuals against the public good. In addition, they eliminate competition and hinder the improvement and expansion of the arts" (Genovesi 1768: 376). Genovesi's general rejection of monopolistic selling practices also led him to condemn legal price setting "when the items are in the hands of many" since this practice "likewise greatly harms the real freedom of trade which by its very nature is jealous" (Genovesi 1768: 377). Apart from being "diametrically opposed to the freedom to sell or buy", legal price fixing invariably resulted in the deliberate "adulteration" of the products affected, in hoarding and black market prices (Genovesi, ibid.).

1. The Grain Trade

The extent of Genovesi's belief in the freedom of trade and the competitive behaviour arising out of that freedom, is amply illustrated by his treatment of the "freedom of the provisioning system (Annonal)" which he considered the "principal foundation of the freedom of trade" (Genovesi 1768: 380). Genovesi's examination of the topic was prompted by the serious famine which devastated the kingdom of Naples in 1764. Citing "Monsieur Melon and other learned French men moved by reason and the examples of the English", Genovest argued that "the most frequent cause of famines are abundant harvests, where the law prohibits the freedom of trade [in grain] with other nations" (Genovesi 1768: 384). He reasoned that crop failure which leads to "sterility" is less to be feared since "rather than cause the farmer to lose heart, it encourages him through the increase in the price of foodstuffs; whereas abundance, without a proportionate sale, oppresses him on account of the low prices and brings about the ruin of agriculture" (Genovesi 1768:

12. The last part of the statement is probably based on Hume's essay "Of the Jealousy of Trade" (1758). See Rotwein (ed.) 1955: 78-82.

For Genovesi, it is the self-interest of farmers, manifested in "the avidity for profit" (Genovesi 1768: 391) which acts as the chief motivation for productive activity. By promoting their own self-interest, farmers will, Genovesi repeated, promote the national interest: "Thus, those who toil must be allowed to make a profit to ensure that the sources of life of individuals and the community do not dry up" (Genovesi 1768: 392). Having already asserted that "time is the most precious thing trade has" (Genovesi 1768: 375), Genovesi argued that profits are unlikely to be earned by producers unless "foodstuffs and manufactures ... circulate and flow everywhere with the greatest possible speed. This flow yields profit; and profit animates the arts" (Genovesi 1768: 392). Genovesi was not advocating monopoly profits; in fact, he explicitly rejected the probable monopolisation of the grain industry that would result from the establishment of large granaries (magazzini) since "in a thousand ways it would lead to agriculture losing all its spirit and activity" (Genovesi 1768: 394). Rather he envisaged the profits to be made in a competitive market for grain without legal restrictions inasmuch as the government "WILL DO NOTHING, BUT ALLOW TO BE DONE" (Genovesi 1768: 395). Genovesi's case for allowing the grain trade to operate in an unregulated environment appealed to the profit motive, reflecting the self-interest of producers, as its rationale. (Genovesi 1768: 395-6).

Of particular interest is the theoretical content of his proposed general solution to the recurring problem of famines. The main elements of a free market mechanism were delineated: competition among sellers motivated by self-interest and profit-seeking, the freedom (that is, absence of coercion) of buyers and sellers, naturally determined prices, and the absence of both government intervention and monopolistic profiteering. This theoretical analysis of the grain trade was justified by Genovesi thus: "There never was, is not, nor ever shall be a doctrine true in theory which is not also most true in practice" (Genovesi 1768: 397). According to Genovesi, "theories ... lacking in data ... are ... equally false in theory and in
practice" (Genovesi, ibid.). The empirical "data" Genovesi used to substantiate his theory of a free market for grain, was the experience of other countries. With respect to England, he observed: "From 1689 when they granted freedom to the grain trade ... not only have they been free of famines, but they have enriched themselves at the expense of foreigners" (Genovesi 1768: 400). However, since the English Corn Bounty Act of 1689 was "An act for the encouraging the exportation of corn", the freedom in the grain trade mentioned by Genovesi was clearly limited. Genovesi noted that the French grain trade had also been liberalised in 1764, and that Spain and other countries were "moving in this direction" (Genovesi, ibid.). He concluded: "Are we [in Naples] to be the last to be stirred?" (Genovesi, ibid.).

The unchecked freedom Genovesi advocated for the grain trade, including its liberal importation, suggests that he intended the international market for grain to conform to the ideal of free trade in the modern sense of the term. If famines were to be avoided, such trade was in the national interest since "grain is a foodstuff necessary to all peoples. You can well do without a suit but not without a loaf of bread" (Genovesi 1768: 396). As an objective or criterion of public policy, the national interest will tend to reflect the perceived needs of the nation and may, as a result, vary with changing needs or attitudes or apparently incompatible or irreconcilable national goals. That the dictates of the national interest may be subject to variation, even in the same broad field of activity, is implicit in Genovesi's categorical statement, noted earlier, that "trade must be of service to the State, not the State to trade". The section which follows shows that in the pursuit of the national interest the freedom of trade accorded by Genovesi to industries other than grain, is subject to significant restrictions.


15. However, as the Edict of Louis XV (see note 2 above) indicates, the freedom of the French grain trade was a qualified one, e.g. import duties of between one and three per cent, and a maximum export duty of half a per cent (see Perna 1984: 1137).
D. RESTRICTIONS ON FREEDOM OF TRADE IN THE NATIONAL INTEREST

Genovesi's liberal attitude to the grain provisioning system "as the main basis of the freedom of trade" (Genovesi 1768: 380), was in marked contrast to the protectionist elements contained in his "General rules of foreign trade" (1768: 418f). The various restrictions on imports and exports postulated by Genovesi were justified by his proposition that a nation can obtain the finance required for trade only by selling its superfluous goods (Genovesi 1768: 418). Reasoning of this kind was behind Genovesi's arguments favouring measures which ensured export income exceeds import outlays. Arguably, the balance of trade and its impact on the domestic economy were, for Genovesi, the sole determinants of his aim to protect the home economy and at the same time to ensure its growth. Further aspects of Genovesi's approach to the balance of trade are examined in the following section. Here it suffices to note his argument that "a State which exports a great deal ... has a large ... income" (Genovesi 1768: 420); if its income exceeds its outlays "it continues in arts, wealth, population and power in proportion to the excess of income over outlays" (Genovesi, ibid.).

The majority of the restrictions on trade Genovesi advocated reflect the English rules of trade shown in Appendix 5.1. For instance, a nation should "not export the raw materials used in the arts which originate there but the products worked up from those materials and manufactures" (Genovesi 1768: 421). The proposition that an exporting nation should maximise the value added to its raw materials was clearly intended to promote its employment: the alternative is to allow "ignorance of the arts and idleness to take root" (Genovesi 1768: 422). Genovesi was emphatic that the kingdom of Naples could increase its income from its wools and silks, "the raw material of very rich arts and both now necessary" (Genovesi 1768: 422), by converting them into manufactures for export. This
practice, he observed, "has, more than all others, contributed to the growth of English trade" (Genovesi 1768: 423).

Just as he was opposed to exports of domestic raw materials, Genovesi was in favour of their importation "where we lack any kind of manufacture through lack of raw materials" (Genovesi 1768: 428). This, he argued, will "maintain the vigour of the arts and ... provide the substance required for useful employment to the poor and idle: which should be the main concern of the art of political economy" (Genovesi 1768: 428-9). The protection of domestic employment also explains Genovesi's opposition "to the importing of those goods which hinder the consumption of domestic ones, or which harm the progress of domestic manufactures or agriculture" (Genovesi 1768: 429). Since, as he argued, they will result in "the lack of sustenance for men and families ... imports of this kind are the cause of poverty and depopulation" (Genovesi, Ibid.). Only when the greater part of such goods are imported as part of a country's entrepôt trade, "as is done by the Dutch and other peoples" (Genovesi 1768: 430), is there likely to be some benefit to the nation. Genovesi's aim to safeguard and increase domestic employment is also evident in his argument that a nation's own shipping and crews should be used to re-export imported foreign merchandise (Genovesi, Ibid.).

Genovesi's restrictive attitude to foreign trade (the grain trade is the exception) is attenuated by the last of his "general rules of foreign trade", which states that "competitive advantage is the soul of trade" (Genovesi 1768: 431). This advantage derives from reduced "transport costs", from "the low level of export duties" and from "all those regulations whereby time is acquired" (Genovesi 1768: 431). Genovesi indicated the magnitude of the duties he considered necessary to protect domestic industry. The rates quoted had been "promulgated a few years before" in Hungary. The maximum export duty was to be 5%; "foreign manufactures and materials, which are not in the country, pay very small duties ... Foreign manufactures and materials, which are not necessary
431-2). The result is that "goods end up costing less; and that which costs less can also be sold more cheaply; and whoever sells things that are equally good more cheaply is assured of always having an advantage" (Genovesi 1768: 432). Genovesi's purpose was clearly to show that a nation should complement its restrictive trade policies with a policy designed to enhance its exports, and hence its balance of trade. This final outcome was made explicit by Genovesi when he stated that "a nation which can do so, should gain the ascendancy in the general balance of trade" (Genovesi 1770: 226). Some aspects of Genovesi's treatment of the balance of trade, together with its implications for Naples, are examined in the next section.

E. THE BALANCE OF TRADE

1. Methods of Calculation

Genovesi's ostensible purpose in examining the balance of trade in detail (1770: Chapter XII) was to determine how it might best be calculated. As a first step, he rejected as inapplicable "to whole nations" the method based on annual records of the annual value of exports and imports because "it is almost impossible to obtain exact lists of the quantities" of these two variables or "to know exactly the prices of imported or exported goods" (Genovesi 1770: 215). The rate of exchange, "the method most commonly accepted today" (Genovesi 1770: 217), was "the least uncertain way of knowing if the trade done by a nation is beneficial or harmful" (Genovesi, ibid.). Notwithstanding the fact that "this type of balance is vague and very general", Genovesi stated that it provided enough information "to a policy-maker to take the most appropriate actions either to preserve trade or revive it; which is the aim of the balance" (Genovesi, ibid.). The significance of the rate of exchange for Genovesi is revealed in his statement that it "is the true barometer of the state of trade in a nation" (Genovesi 1770: 205). This proposition was seemingly because there are enough domestic ones, pay very high duties, of 30 and 40%" (Genovesi 1984b: 474).
the result of his acceptance of the definition of "the rate of exchange" postulated by Forbonnais\textsuperscript{17}: "It is a temporary compensation of the currencies of two different states engaged in reciprocal trade; which compensation is in inverse proportion to their debts" (Genovesi 1770: 199). Genovesi explained the barometric function of exchange rates:

In that nation where exchange rates are low, there are many credits; and where exchange rates are high, there are many debts. But a nation’s credit derives from what it exports, and its debt from what it receives from another; thus a nation where the exchange rates are low, has sent out more than it has received, and where they are high it has received more than it has sent out (Genovesi 1770: 206).

Although Genovesi acknowledged Hume’s\textsuperscript{18} opposition to this "general doctrine" (Genovesi 1770: 207), he insisted that if a nation is in debt, action should be taken to make it a creditor of its trading partners (Genovesi 1770: 211). The remedy Genovesi prescribed was increased exports of commodities and manufactures, which in turn required that "the arts and trade be promoted" (Genovesi, ibid.). Moreover, according to Genovesi, if a nation is severely in debt, such that its exchange position is seriously disadvantaged, it is always better "to pay in currency, if possible, than to use foreign exchange" (Genovesi 1770: 212), because the high level of foreign exchange will hinder trade, specifically by encouraging imports and discouraging exports.

\textsuperscript{17} See Forbonnais, \textit{Elémens du Commerce}. Seconde partie, Leyde: Chez Briasson et al., MDCCLIV, p. 26: "Le prix du change peut être défini en général une compensation momentanée des monnoles de deux pays, en raison des dettes réciproques".

\textsuperscript{18} The reference is to Hume’s essay "On the Balance of Trade" (in Rotwein (ed.) 1955: 60ff.). Perna (1984: 139, fn. 21) indicates that Genovesi had access to different French translations of Hume by J.-B. Le Blanc and E. Mauvillon.
Genovesi also referred to the method used by Child (1630-99) to calculate the balance of trade, that is, "the examination of trade itself in its instruments and causes. and this over many years" (Genovesi 1770: 217). By determining the number of vessels used to export a country's products, the number of sailors and merchants involved, and "the degree of perfection and diffusion achieved by the arts and agriculture" (Genovesi 1770: 218), the success or failure of foreign trade can be established. However, as Genovesi noted, Child counselled against a ready acceptance of data supplied by merchants since, for various reasons which include "the bad conduct of certain individuals, such as their negligence, their limited ability or their luxury", the information may not truly reflect the "strength of trade" (Genovesi 1770: 219).

A further method cited by Genovesi was that proposed by an unnamed "writer on economics" who argued that "the shortest and most certain way of balancing, for a nation without [gold or silver] mines, is to calculate often the amounts of gold and silver monetised and processed which are in the State" (Genovesi 1770: 220). The same writer contended that "one can identify the quantity of gold, and silver and precious stones on the basis of three points: 1. through the state of the prices of the things it represents; 2. through that of purchases and sales; 3. through the degree of luxury" (Genovesi 1770: 221). However, Genovesi did "not believe that in arriving at an exact calculation, or thereabouts, of the quantity of this wealth, one encounters less difficulty and obscurities than there are in the other methods mentioned" (Genovesi 1770: 220-1).

It is arguable that Genovesi's interest was not in theoretical refinements of the balance of trade - in fact, he gave no indication of what he considered to be the

19. The reference to Child is to his "Traité sur le commerce ... traduit de l'anglois [par V. de Gournay et G.F.-M. Butel-Dumont], Amsterdam et Berlin, Jean Neaulme, 1754. De la balance du commerce, pp. 312-63" (Perna 1984: 285, fn.5).
most satisfactory method of calculating this variable - but rather in empirical aspects which would serve as appropriate guide-lines for policy decisions. As the following sub-section indicates, Genovesi was ultimately concerned to show that the kingdom of Naples should aim to achieve a favourable balance of trade.

2. Policy Implications

Genovesi concluded his consideration of different methods of calculating the balance of trade by recommending an eclectic approach to its determination:

All these methods are such that although they are partly defective, nonetheless they throw light on each other. If a general balance is calculated in this way for many consecutive years, it is then easy to enquire into the reasons for the prosperity or decline of the State (Genovesi 1770: 224).

"A careful policy-maker", Genovesi suggested, should obtain information on, among other things, "the state of exports and imports", on "the amount of trade", on population changes, and "the quantity of money in circulation" (Genovesi, ibid.). To reinforce its normative implications, Genovesi, using Child as his source, summarised "the aim of all this examination [of the calculation of the balance of trade]" under four headings:

The first ...that trade be regarded and preserved as the main concern of every nation, especially maritime ones. The second, that every effort be made to ensure that the number of those employed in manufacturing be maintained ... or increased. The third, that the primary capital of nations and trade, that is agriculture, be increased and improved. Finally, that foreigners be persuaded to consider it to be in their interest to trade with said nation (Genovesi, ibid.)

Genovesi contributed an additional point of his own: that "tax revenue (finanze) be regulated in accordance with the nation's landed estates in order that the [fiscal] burdens be suited to the ability [to pay] of each part of the civil body" (Genovesi 1770: 224-5). Genovesi never had any doubt that inequitable tributary impost
Inevitably had a disincentive effect on labour, domestic industry and hence the balance of trade.

Genovesi derived "three important theorems" (Genovesi 1770: 225) from his survey of the balance of trade, which indicated that since a nation with an unfavourable balance is always at an economic disadvantage, a favourable balance can be the only objective of foreign trade policy. In the first theorem, he argued that an excess of imports over exports must be paid for "either in currency or in credits against a third [nation]" (Genovesi 1770: 226). Secondly, the outflow of specie from a country, or its indebtedness to a foreign country, constitute "losses, one of the money, the other of what it [the nation] could have earned by exporting its goods" (Genovesi, ibid.); a country in this situation incurs an additional loss "because needing money, it has to sell [its few exports] hastily to its disadvantage" (Genovesi, ibid.). Genovesi's belief in the need for a favourable balance of trade led him to argue that a country's economic development depends on such a balance:

In a nation which pays its trade balance in the above-mentioned way, agriculture and the arts enter into a decline; and by contrast, one that earns the balance makes the following gains. Firstly, every year it acquires a greater amount of currency. Secondly, it makes a profit from its exports ... In the third place, it promotes agriculture and manufacturing with the sales it makes. Finally, its population becomes bigger every year, and consequently the State grows in strength and wealth" (Genovesi, ibid.).

For Genovesi, whose ideas on foreign trade were guided by criteria such as the injunction "depend as little as possible [on other countries]" (Genovesi 1768: 192) and the proposition that "the spirit ... of trade is only that of conquests" (Genovesi 1768: 363), only one conclusion was possible: a nation should aim "to gain the ascendancy in the general balance of its trade" (Genovesi 1770: 226). Genovesi's assertion "Now no one is better able to do so than we [in the kingdom of Naples]" (Genovesi, ibid.) leaves no room for doubt that the aim of his investigation
of the balance of trade was to show that Naples should strive for a favourable balance.

A qualification regarding Genovesi's belief in the need for a positive trade balance is appropriate. Prlbram has rightly noted that Genovesi "definitely rejected the balance of trade concept and the policies connected with it" (Prlbram 1983: 87). In fact, Genovesi did not suggest that one country's gain can only be at another's expense. To the contrary, he acknowledged that international trade had been of mutual economic benefit to nations: "In truth, if one reads history carefully, it will be seen on every page that the trade, the talent, the spirit and the arts of the nations proceed at the same pace" (Genovesi 1768: 403). Again, invoking Montesquieu (1949, Vol. I: 316-7), Genovesi stated that one of the fruits of trade is to "bring peace to trading nations ... Firstly, because war and trade are diametrically opposed things ... Secondly, because trade unites nations with mutual interests, which cannot exist except in common peace" (Genovesi 1768: 406). Furthermore, he stressed that "the spirit of trade is the spirit of conquering wealth, not countries or persons, which is that of war" (Genovesi 1768: 406, fn.(a)).

That "beggar my neighbour" policies did not accord with Genovesi's conception of foreign trade is further evidenced by the implicit limits he imposed on a nation's favourable balance of trade. He stated: "An excessive quantity of money not only does not help to promote the necessary arts, and with this trade, but in fact it has the great power to enervate and destroy them" (Genovesi 1770: 327). In this context, Genovesi did not refer specifically to the balance of trade but his statement clearly implies his rejection of the proposition that the inflow of specie from trade should be maximised. Indeed, elsewhere he declared his opposition to an excessive inflow of specie because of its inflationary effects and the resultant adverse impact on a country's competitiveness and trade:
That country where the [quantity of] money grows excessively must have more than do many neighbouring countries. And because where the [quantity of] money grows, so too does the relative price of labour and of all work grow proportionately, and hence of foodstuffs and manufactures, it follows that this nation is left behind competitively; it therefore makes fewer sales, and as a result it must decline in respect of the arts and trade (Genovesi 1770: 333).

The proof of history was sufficient for Genovesi:

Before America was discovered ... there was less gold and silver in Europe; and nonetheless the arts did not flourish any the less ... After the discovery of America and the Cape of Good Hope ... navigation greatly expanded and the scope of trade grew, and hence the arts. But this did not happen through the power of money, since the discovery can be attributed to greed, the quest for empire ... and the growth of the arts to greater sales (Genovesi 1770: 327, my italics).

The example of Spain and Portugal, which had experienced significant inflows of gold and silver from the New World, but whose economies were in decline, also testified to Genovesi's claim that an excessive amount of money was inimical to trade and implicitly that the generation of excessive specie was not the objective of foreign trade (Genovesi 1770: 328). In fact, Genovesi agreed that, if not entirely, "certainly in part", the decline of the Spanish economy "must be attributed precisely to the large quantity of these metals" (Genovesi, ibid.).

CONCLUSION

The definition of trade as "the exchange ... of the superfluous for the necessary" (Genovesi 1984b: 146) is the key to understanding Genovesi's ideas on foreign trade. The definition underlines his belief that a nation should, as far as possible, provide for its own needs from its domestic resources, and that "internal trade is the foundation of foreign [trade]" (Genovesi 1984b: 149). Since, because of different natural and other factor endowments, no nation can supply all its own requirements domestically, it must generate surplus production in order to obtain other "necessary" goods through foreign trade. Arguably, economic development
(and population growth) depends on the availability of superfluous merchandise, which will be achieved only through the full employment of labour and other resources.

The "first rule of economics" (Genovesi 1768: 174), that a nation should achieve optimal self-sufficiency, was a corollary of Genovesi's definition of trade. Although he recognised that a nation stands to benefit from the scientific and technological progress of other nations, he stressed that international interdependence (implicitly in terms of the domestic economy's merchandise imports) must be minimised. Genovesi's exclusive concern for the primacy of the domestic economy led him to limit the possibility of trade occurring between nations on the basis of their differential productivity.

Genovesi's nationally-oriented focus in regard to foreign trade is explained by one of the main criteria of his economic ideas, the national interest, which led him to argue that the freedom of trade he advocated is not an absolute freedom. On the one hand, Genovesi recognised the benefits to society flowing from the pursuit of self-interest and competitive behaviour in foreign trade, particularly in the grain trade. Here Genovesi believed the national interest requires an unregulated market environment as the certain means of guaranteeing uninterrupted grain supplies. On the other hand, in the name of the national interest, he advocated restrictions on imports and exports which threaten productive activity, including the full employment of labour, in the exporting nation. In this context, the national interest was articulated in terms of the balance of trade - necessarily favourable - as the means of ensuring a nation obtains the specie required for trade via its sales of superfluous goods. Ideally, the nation should maximise its income from trade by exporting only processed products or manufactures and importing mainly raw materials; this will promote its national objectives of full employment, population growth and economic development.
Genovesi attenuated his protectionist approach to foreign trade (the grain trade excepted) by arguing that competition, as reflected in the lowest possible cost of exports, should prevail among trading nations. For him, protection of domestic industry and competition in international trade were, in reality, the two sides of the same coin resulting from the pursuit of the national interest, since both were intended to generate a favourable balance of trade. The national interest also led Genovesi to recognise the possible inflationary and other destabilising effects of an excessive inflow of export income on the domestic economy and, in due course, its trade. He favoured limited specie inflow, albeit this seemed to run counter to his proposition that a nation should maximise its export income. Genovesi's insistence on limited specie inflow, coupled with his argument that the national interest must consider the material welfare of individuals in the home country, casts doubt on his usual classification as a 'mercantilist'.

The seemingly irreconcilable dichotomy of protection and competition in Genovesi's ideas on foreign trade is ultimately explained by his argument that a nation's objective should be "to gain the ascendancy in the general balance of its trade" (Genovesi 1768: 363). This objective constitutes a synthesis of Genovesi's conception of foreign trade and underlines the influence of the economic problems of the kingdom of Naples on his thinking. His treatment of foreign trade suggests clearly that the principles he enunciated were guided by his main aim of promoting the economic and population growth of Naples. Given that Naples had "land [that is] fertile and rich in all the materials of trade" (Genovesi 1768: 533), Genovesi's conclusion that "no one is better able" than Naples "to gain the ascendancy" in its balance of trade, was inevitable.
Although Genovesi referred specifically to the "British Merchant" and "the very wonderful work of Mr. Joshua Gee" as the source of these "rules" (Genovesi 1984b: 153). Perna indicates that "in the statement of the nine principles, Genovesi followed, with some variants, the scheme of the entry Commerce ... by Forbonnais in ... the Encyclopédie" (Perna 1984: 153, fn. 34). Set out below are the rules or principles of trade given by Forbonnais (translated from the French by the writer of the thesis) and King's "Maxims". King's The British Merchant was "translated freely from the English as Le négociant anglais" by Forbonnais (1753) (Groenewegen 1987: 396).
Forbonnais

1. Exporting the superfluous is the surest profit a nation can make.

2. The most beneficial way to export superfluous products derived from the land is to work them up beforehand or make them into manufactures.

3. The importing of foreign raw materials for use in manufactures, rather than bringing them in already worked up, saves a great deal of money.

4. The exchange of goods for goods is generally advantageous, except when contrary to these principles.

5. The importing of goods which prevent the consumption of those of the country or harm the progress of its manufacturing and farming, necessarily causes the ruin of a nation.

6. The importing of foreign goods of pure luxury is a real loss for the State.

7. The importing of items of absolute necessity cannot be considered an evil; but a nation is no less impoverished as a result.

8. The importing of foreign merchandise for subsequent re-export, produces a real benefit.

9. That trade is profitable which hires out its vessels to other nations.

Source: Forbonnais
MDCCLIII: 695-6.

King

1. The Exportation of Manufactures is, in the highest degree, beneficial to a Nation.

2. The Exportation of Superfluities, is so much clear Gain.

3. The Importation of foreign Materials to be manufactur'd by us, instead of importing manufactur'd Goods, is the saving a great deal of Money.

4. The exchanging Commodities for Commodities, is generally an Advantage.

5. The Imports of Goods which are re-exported, leave a real Benefit.

6. The letting Ships to Freight to other Nations, is profitable.

7. The Imports of things of absolute necessity, cannot be esteemed bad.

8. The importing Commodities of mere Luxury, is so much real Loss as they amount to.

9. The Importation of such Goods as hinder the consumption of our own, or check the progress of any of our Manufactures, is a visible Disadvantage, and necessarily tends to the ruin of multitudes of People.

Source: King 1743: 5.
INTRODUCTION

This chapter consists of eight sections. The first deals with Genovesi's conception of value and price and shows that he regarded the two concepts as synonymous. It is argued that this conclusion stems from the proposition that in a monetary-oriented economy all value expresses a relationship between commodities and money. Since "money ... [is] the sign and representative of all that has value" (Genovesi 1770: 14), monetary aspects of his theory of prices are examined in the next section, where it is demonstrated that Genovesi's treatment relied on the so-called quantity theory of money. The third section is devoted to what may be regarded as the main thesis of Genovesi's theory of value and price, that human needs are the principal determinant of value and price. The analysis shows that Genovesi's treatment of needs is anthropological and psychological in its orientation and substance, and appeals to "natural instincts" (Genovesi 1770: 6) as its basis. According to Genovesi, needs may be rational or irrational; his reasons for regarding the need for gold in a civilised society as irrational are considered. Section D examines Genovesi's ideas on other factors which may determine prices. It is argued firstly that since quality factors influence needs subjectively, such factors according to Genovesi are potential determinants of prices. Consideration is then given to the influence exerted by the quantity of commodities and labour on prices. It is shown that although Genovesi recognised relative scarcity accounts for the apparent contradiction between low-prices and high-utility goods and labour, he elected to explain the paradoxical relationship theocentrically. Lastly, it is shown
that costs were used by Genovesi to explain price fluctuations, albeit he did not propound a "cost of labour" theory of value.

Genovesi's treatment of price as an exchange ratio is then considered. It is argued that the theoretical scope of his analysis is limited by a lack of the necessary ceteris paribus assumptions. The section which follows analyses Genovesi's proposition that only when prices are determined naturally by public opinion, can justice in pricing be said to have occurred. The next section on "Legal Prices and Monopoly Prices" emphasises Genovesi's opposition to all prices that are not naturally determined. However, it is shown that he favoured the stabilisation or management of prices, when these are considered too high or too low, via action to influence the available quantities of certain commodities. The final section is devoted to "The Role of Higher Prices" in Genovesi's theory of value and price. It is shown that he favoured higher prices, when necessary, inasmuch as these perform a necessary rationing function, and also act as signals to stimulate economic activity.

A. GENOVESI'S CONCEPTION OF VALUE AND PRICE

At the beginning of Volume II of the Lezioni, Genovesi indicated that the real purpose of his examination of the concept of value was to throw light on "the nature, the force, the use and the effects of money" (Genovesi 1770: 1). Hence, his enquiry into value was not an end in itself. The relationship between money and value, he argued, was the result of natural causes which were responsible - in what Genovesi implied was a long, evolutionary process - for "the civic custom, all the laws regarding contracts, prices, weights, measures, coins, the signs of money, and finally all trade" (Genovesi 1770: 2). Genovesi's emphasis on natural causes and factors pervades his treatment of value and price, and helps to explain his ideas on how prices should be determined, as well as his opposition to price regulation and monopoly prices.
Although Genovesi acknowledged that various Italian words signifying price and value, namely "prezzo, pregio, stima, valuta, valore ... are used most promiscuously in our country" (Genovesi 1770: 3), he made no distinction between the two concepts. In fact, he stated that they are identical, "Price being the same as the value one places on something" (Genovesi 1973: 198). As shown later, Genovesi equated the two concepts on the grounds that because all value derives from human need, price or exchange value and use value are, ipso facto, identical.

Genovesi's conception of value and price was clearly influenced by his analysis of the development over time of metallic money as a medium of exchange. He distinguished between "two sorts of prices, one called proper (volgare), the other eminent (eminente), taking the word price as the measure of value" (Genovesi, ibid.). The proper price, he explained, "is when one thing values the other, as, for example, so many sheep for so many cows ..." (Genovesi, ibid.). For Genovesi, the proper price represented the exchange value generated by the process of barter, which "was the manner of negotiating among ancient peoples, before the use of money was found" (Genovesi 1973: 198, my italics). He stressed that all exchange under a system of barter is "controlled by common need, which is the source of the public esteem of everything" (Genovesi 1973: 198-9). Implicitly, according to Genovesi, the proper price reflected both use value and exchange value before metallic money was invented.

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1. These five Italian words may be rendered in English as 'price', 'worth', 'esteem', 'valuation' and 'value', respectively; thus, as Genovesi suggests, they may be used interchangeably. The requirement of a clear English translation means that these meanings have not been strictly adhered to.

2. The translation of Genovesi's "volgare" as "proper" follows the translation in Sewall (1968: 42) of Puffendorf's pretium vulgare as "proper price". The reference to Puffendorf (whose work Genovesi knew; see, for example, his 1973: 444) is to his Of the Law of Nature and Nations (Oxford 1710), Book V, Ch. 1, section 3, pp. 368-9.
Genovesi argued that as commercial life became more complex, "it was no longer convenient or possible to trade with the proper price alone" (Genovesi 1973: 199). Over time, gold, silver and copper acquired, and grew in, value and eventually came to be regarded as "guarantees ... and representatives of everything" (Genovesi, ibid.). The result was that the proper price evolved into the eminent price; the latter Genovesi explained thus: "Those things which acquired the nature of the common sign of prices were called eminent price" (Genovesi 1770: 25-6). Put differently, the eminent price was "the value of the signs" (Genovesi 1770: 26, fn.(a)), by which he meant the prices represented by metallic money. Genovesi's belief that the evolutionary process which led to the adoption of metallic money "was a necessary effect of nature and time" (Genovesi 1770: 25, fn. (b) ) serves to explain why he concluded that in a monetary-based economy, all value should be measured by an exchange ratio involving a commodity or service on the one hand, and money on the other. Thus, Genovesi's so-called "theory of prices" (Genovesi 1984d: 1161) is not a theory of value in real terms since he explicitly rejected the latter concept as appropriate only to exchange through barter.

Given his emphasis on the value inherent in the exchange process, it is natural that he should have rejected the idea of absolute or intrinsic worth, arguing that the Italian words for price and value noted earlier "are words of relationship, not absolute [terms], provided they are not taken to refer to the intrinsic goodness and essence of things" (Genovesi 1770: 3). This was the starting point for Genovesi's formulation of a theory of prices in relative terms. However, despite his recognition of the importance of money prices as a measure of value, he dismissed the idea that the customary expression of prices in monetary terms is a true standard of value, since money too has relative value. Genovesi acknowledged that "because money has become the sign and representative of all that has value" (Genovesi 1770: 14) the prices of commodities and labour may reflect fluctuations in the quantity and price of money. The qualification regarding money as a standard, as distinct from a
measure, of value reflects Genovesi's objective of determining an invariable yardstick for the value of all things, including money, though, "among cultured nations, the proximate term or the rule and measure to which [the words prezzo, pregio, stima, valuta and valore] are related, is money, or that which serves as money; but the remote and ultimate [criterion] to which all things are related, and with this also the value of money, is none other than man himself" (Genovesi 1770: 3).

The predominance of human beings (including their needs and wants) in Genovesi's subjective theory of prices is examined in a later section. Firstly, however, given that Genovesi propounded a theory of value in which, as just noted, "money ... [is] the sign and representative of all that has value" (Genovesi 1770: 14), it is necessary to consider monetary aspects of his theory of prices.

B. THE RELATIONSHIP BETWEEN MONEY AND PRICES

As part of his examination of the "theory of prices", Genovesi asked:

What does it mean ... that the prices of things are sometimes higher and sometimes lower relative to money? ... And why, in these last three hundred years, have the prices of all things and labour services and the arts and occupations risen by around eight times more [than they were originally]? (Genovesi 1984d: 1165, my italics).

This section argues that the answers to these questions reflect Genovesi's interpretation of what eventually came to be known as the quantity theory of money, although he made no reference, implicit or otherwise, to a theory of this name. The basis of Genovesi's interpretation of the quantity theory was his treatment of money (metallic money) like any other product, whose price was influenced by fluctuations in the quantity of gold and silver (Genovesi, ibid.).

3. This may reflect Locke's (1823:36) statement: "Money therefore, in buying and selling, being perfectly in the same condition with other commodities, and subject to all the same laws of value ..."
Genovesi’s argument that the economic behaviour of goods and metallic money is identical was the source of his proposition that the prices of goods and labour are related to those of gold and silver. He explained: “Because money has become the sign and representative of all that has value, it follows that the price of things and labour can rise or fall directly in proportion as the price of gold and silver rises or falls; and this is termed a relative increase or reduction” (Genovesi 1770: 14). A consequence of Genovesi’s attitude to money and precious metals revealed by this quotation is his assumption that any change in the prices of commodities and labour will be \textit{in proportion} to changes in the price of the precious metals. The implications of this assumption for Genovesi’s interpretation of the quantity theory of money are discussed below.

The previous quotation prefaces a clear formulation by Genovesi of the quantity theory of money as a \textit{causal} relationship between the quantity of money and prices: “When the quantity of gold and silver rises, the relative price of things and labour also rises; and when the quantity of gold and silver is lacking, the price of exchangeable things likewise falls, but [only] relative to gold” (Genovesi, ibid.). The apparent sequence of events which explains the direct relationship between a change in the amount of money and the resultant change in prices postulated by Genovesi, is illustrated by the example of an increase in the quantity of gold and silver. When this occurred, according to Genovesi its value or price would fall; since the value of money has fallen and, with it, its purchasing power, the relative price of commodities must rise. Thus, the initial increase in the quantity of precious metals can be said, in terms of Genovesi’s own reasoning, to have ‘caused’ higher commodity and labour prices.

While the characteristic of causality is essential to Genovesi’s interpretation and application of the quantity theory, it is not a requirement of the strict quantity theory of money; neither does it not form part of Locke’s statement of the theory,
one with which Genovesi was certainly familiar. Starting from the example of an "island separate from the commerce of the rest of mankind" (Locke 1823: 48) with a given quantity of money, Locke argued: "Any quantity of that money ... would serve to drive any proportion of trade, whether more or less; there being counters enough to reckon by, and the value of the pledges being still sufficient, as constantly increasing with the plenty of the commodity (Locke, ibid., my italics). The first part of Locke's quotation contains a quantity theory of money, which says nothing about a causal relationship between the quantity of money and prices. However, since the notion of causality can be inferred from the second part of the quotation, Locke's entire statement lent itself, albeit erroneously, to the possible interpretation that there is a causal nexus between the quantity of money and the value and quantity of commodities and labour. Although there is good reason to believe that Locke's ideas influenced Genovesi's formulation of a causal relationship between money and prices, reinforcement of the idea was, in all likelihood, provided by other writers. Hume, for instance, argued that "the high price of commodities ... is a necessary consequence of the increase of gold and silver" (Hume 1955: 37). Cantillon conveyed the same idea: "Everybody agrees that the abundance of money or its

4. Genovesi was acquainted with Locke's writings on money, and referred to them, e.g. in 1770: 41. Perna (1984: 122, fn. 6) suggests Genovesi used the following translation: Pagnini, G. e Tavanti, A. [a cura di], Ragionamenti sopra la moneta, l'interesse del danaro, le finanze e il commercio scritti e pubblicati in diverse occasioni dal signor Giovanni Locke, tradotti per la prima volta dall'inglese ... Firenze, Andrea Bonducci, 1751, 2 vols. The translation included Locke's Some Considerations of the Consequences of Lowering the Interest and Raising the Value of Money (1691) and his Further Considerations concerning raising the Value of Money (1695).

5. Hegeland (1951: 26) notes: 'The fundamental content of the quantity theory is mentioned in the first part of the statement: the quantity of money as such has no importance (within certain limits). The latter part of the statement is interesting, however, because it assumes a causal relationship opposed to what is included in the common presentation of the quantity theory. It is a good illustration of the view that the problem of causation has nothing to do with the main proposition of the quantity theory and is an entirely different question'.

6. Genovesi (1984d: 1166) observed: "According to the calculations of Mr. Hum [sic] ... the quantity of gold and silver which has reached us from America amounts each year to nine million pounds sterling, or thereabouts."
increase in exchange, raises the price of everything. The quantity of money brought from America to Europe for the last two centuries justifies this truth by experience” (Cantillon 1931: 161). Both Hume and Cantillon argued their case on empirical grounds, as did Genovesi, who clearly had no doubt about the historical validity of the proposition that the quantity of money determines the price level. For Genovesi, a direct causal link between money and prices was confirmed by the fact, for example, that "Before the discovery of America when the supply of gold and silver was very small compared to what it is today, the prices of everything ... were very low" (Genovesi 1770: 15).

As has already been argued, the causal relationship between money and prices posited by Genovesi is not, strictly speaking, inherent in or essential to the quantity theory of money. This is obvious from an examination of the equation of exchange (or, more precisely, the quantity identity) normally used, in the form derived by Irving Fisher\(^7\), to express the theory. Symbolically, \( MV = PT \), where \( M \) represents the money stock or supply; \( V \) the velocity of circulation of money; \( P \) the average price level; and \( T \) the output of goods and services. The expression \( MV = PT \) merely states that the money stock multiplied by its velocity of circulation (\( MV \)) is identical to the total value of transactions (\( PT \)). It is clear that, only by making certain assumptions about its four variables, can the equation become a behavioural theory. Thus, if \( V \) and \( T \) are assumed to be constant in a given period, it would necessarily follow that a change in the volume of money (\( M \)) must be accompanied by a proportional change in the price level (\( P \)) in order to ensure the continued equality between the two sides of the equation.

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7. Fisher (1911) expressed the quantity theory as an equation \( MV = PT \). It has been shown in the text as an identity, \( MV = PT \), simply to emphasise that, strictly speaking, the equation is a truism.
Genovesi did not, however, make the assumption that the relationship between the stock of money (M) and the price level (P) is subject to a *ceteris paribus* condition in respect of the variables V and T. In the case of T, the quantity of goods, a partial explanation is suggested by the "reason" Genovesi gave for "this economic mystery" (Genovesi 1770: 15) of a positive relationship between the quantity of money and the level of prices:

> Since everything that has a price can be exchanged with every other thing of some value, it represents that other. Thus, not only are the precious metals signs of things and labour, but, in reciprocal fashion, things and labour are the signs of gold and silver (Genovesi, ibid.).

By equating the money stock (M) and the quantity of goods and services (T), Genovesi's argument suggests that relative prices or values are determined by changes in either of these variables. Implicitly, then, the relationship between M and T is such that a *ceteris paribus* condition in respect of T would appear to be superfluous.

Although Genovesi (1770: 126) acknowledged the significance of "the velocity of circulation" of both "money, the sign of marketable goods" and "the things represented by it", he made no assumption about its behaviour in his treatment of the quantity theory of money. This is despite his recognition of the economic impact of the velocity of circulation of money in the following statement: "It is then clear that that money which circulates four times in the same year produces an effect four times greater than if it circulated only once" (Genovesi 1770: 69). This statement suggests Genovesi did not believe V, the velocity of circulation, was necessarily

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8. Monroe (1966: 218) states: "Genovesi draws his inspiration from Montesquieu", who argued (1949, Vol. I: 375): "In the same manner, as money is the sign and representative of a thing, everything is a sign and representative of money."

9. Locke (1823: 23) had argued: "This shows the necessity of some proportion of money to trade: but what proportion that is, is hard to determine; because it depends not barely on the quantity of money, but the quickness of its circulation". Cantillon (1931: 131) also observed: "Thus it is always necessary in estimating the amount of money in circulation to take into account the rapidity of its circulation".
constant. It is therefore all the more surprising that he did not investigate its implications for the relationship he postulated between a change in the quantity of money (M) and level of prices (P). In particular, a variable velocity of circulation of money might have underlined the need for the postulated relationship between M and P to be made subject to a *ceteris paribus* qualification. Such a condition is used elsewhere by Genovesi in the Italian version ("tutte l'altra cose eguali") of Cantillon's "tout autres choses étant égales" (Cantillon 1931: 190). By not specifying this condition in the context of his treatment of the relationship between the quantity of money and prices, Genovesi left his analysis of the relationship open to the objection that a varying velocity of circulation could produce the same effect on prices with a given quantity of money. Critical comment of this kind must, however, be set against what was for Genovesi an essentially empirical proposition, proved beyond doubt by the force of history, that a steady, secular increase in prices in Europe, had followed the influx of precious metals after the discovery of America.

The foregoing has suggested that the causal relationship between money and prices postulated by Genovesi is open to question, if only because it purports to express a universal economic law without specification of the strict conditions governing the behaviour of related variables. No less questionable is the proposition that a change in the quantity of money will lead to a *proportionate* change in prices.

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10. See Genovesi 1984b: 475. Genovesi was well aware of the nature and implications of the *ceteris paribus* condition in respect of the quantity of money, as the following shows: "Men in general regard those nations which, *all other things equal*, have a larger quantity of money as greater and happier; and as weak and miserable those that have less ..." (Genovesi 1770: 304, my italics).
This is inherent in the relationship between money and prices posited by Genovesi: "Whenever the quantity of signs or money grows, the relative price of things and labour grows proportionately; and conversely whenever this quantity of signs falls, the relative price of things and labour falls" (Genovesi 1770: 21). One source of this idea was undoubtedly Hume's statement that "the prices of commodities are always proportioned to the plenty of money" (Hume 1955: 33). However, this proposition makes no inference about a causal relationship between the quantity of money and prices; nor does it suggest that changes in the amount of money will be accompanied by proportionate changes in prices. Another likely influential source was Montesquieu, who illustrated the argument of a proportional relationship between changes in the volume of money and the price level with the following hypothetical example. If, he said, the quantity of gold and silver rose "in the proportion of 1 to 20" prices would rise by the same proportion. But if the quantity of commodities rose "as 1 to 2" the proportionate price rise would be "only 1 to 10" (Montesquieu 1949, Vol. I: 380).

Genovesi's rather mechanistic, cause-effect argument regarding proportionate price changes is subject to the obvious qualification, noted earlier, that without the necessary ceteris paribus assumption, the postulated outcome is not guaranteed. The necessity of such an assumption is underlined by an examination of the objections made by Cantillon to the proposition that exactly proportionate price changes are an inevitable consequence of changes in the quantity of money. Cantillon argued that if foreigners in England were "to have introduced as much money into circulation there as there was before" (Cantillon 1931: 177), the additional money would not be distributed evenly throughout the economy, with the result that only some prices would rise, and then only at varying rates, depending on the impact of the increased money stock on consumption. For instance, he indicated that "Market prices will rise more for certain things than for others however abundant the money may be" (Cantillon 1931: 179).
As interpreted and applied by Genovesi, the so-called quantity theory of money could perhaps more appropriately be described as a quantity theory of prices since his purpose was to show that variations in the quantity of money affect prices directly.¹¹ Having briefly examined the implications of changes in the quantity of money for prices, Genovesi concluded:

When the price of things and labour increases it is not always the case that products and workers are lacking, provided it is not a sudden and unexpected increase; because this can occur, as already noted, as a result of the growth of the quantity of signs, that is to say gold and silver. And in turn, when the prices of things are low you cannot always conclude that this originates in great abundance, since it can arise from the lack of [monetary] signs (Genovesi 1770: 16-17).

The quantity theory of money was thus only one aspect of Genovesi's explanation of the way prices are determined. He also argued that prices may rise or fall as a result of changes in needs and the quality and quantity of commodities and labour. These topics are examined in later sections.

C. NEEDS AS THE PRINCIPAL DETERMINANT OF PRICES

Genovesi argued that the ultimate source of value must be related to "man himself" (Genovesi 1770: 3). He emphasised that "Nothing has worth and value where there are no human beings and where it is not somehow related to them" (Genovesi 1770: 3-4). Elsewhere, he stated: "Price is ... the valuation in which we hold something. But can one value anything other than what is of use to us? And can anything be of use to us unless we have need of it? Thus, human needs are both the source and the principal standard of prices" (Genovesi 1984d: 1161). By making human beings the final arbiters of price and value and indicating that use

¹¹ Hegeland (1951: 33) uses the term "quantity theory of prices" to refer to Montesquieu's version of the quantity theory.
value or utility of commodities and labour was the basic value concept of his economics, Genovesi laid the foundation for a subjective theory of value. This subjective conception of value was translated into exchange value or price, an operational reality which he identified as a measure of need: "Our needs are the primary source of the price of everything ... Price is nothing but the power to satisfy our needs" (Genovesi 1770: 5).  

Genovesi provided a corollary to this definition, and added a qualification which recognised implicitly that the available quantity of commodities and labour is also a determinant of prices: "The only things that have no value are those which either have no power to satisfy our needs; or if they do, they are such that through the order of this world they are never lacking to anyone, as happens by chance in the case of air, water, etc." (Genovesi, ibid.). Although he clearly acknowledged the influences of relative scarcity on prices, Genovesi, as the following quotation indicates, placed greater emphasis on needs as the main determinant of value and prices: "Where it is lacking, water itself is the most valued and the most highly priced thing of all ... And we know how dear is air, and how it is fought over and sold in populated cities ... There is thus no value where there are no needs" (Genovesi 1770: 5, fn.(a)). Genovesi's statement underlines the central thesis of his theory of prices: that the reference point and ultimate criterion for determining exchange value must be human beings and their needs. Relative scarcity was thus regarded by Genovesi as a necessary but insufficient condition for determining the price of commodities and labour. Since price is directly related primarily to need, he was able to argue "that the value of things is proportional to the power they have to satisfy our needs. A thing that can satisfy more needs ... has a higher price ... than that which can ... only satisfy few needs" (Genovesi 1770: 8-9). This quantitative...
approach to the essentially qualitative phenomenon of needs also has a hierarchical dimension. As Genovesi observed, "a thing capable of satisfying the greater need is valued more than that which is only capable of satisfying a lesser need" (Genovesi 1770: 9). Moreover, that Genovesi believed the degree and duration of satisfaction yielded by things is related positively to their valuation, is suggested by his statement that "the things that satisfy us better, and for a greater period, are valued more than those which satisfy us less and for a short time" (Genovesi, ibid.).

Genovesi's identification of human needs as the basis of his theory of prices is explained by what may be termed his psychological, anthropocentric approach to the analysis of price and value. In view of its important underlying role in Genovesi's theory of prices, this topic merits separate attention.

1. Needs, Instincts and Prices

Genovesi's belief that price and value have their origin in human, subjective factors is reflected in his detailed examination of the "three classes" of human "needs" (Genovesi 1770: 5) as the basis for elaborating his assertion that "nothing has a price if not relative to our needs" (Genovesi 1770: 8). According to Genovesi, needs are hierarchical and may be divided into three categories, comprising what "we lack in order to exist ... to exist without privation ... and to live in a genteel way and give ourselves distinction" (Genovesi 1770: 6). The first two classes of needs, sometimes termed "natural needs", are created by "nature, the enemy of all pain" (Genovesi, ibid.).

13. Genovesi's statement may be compared to a similar statement made by the French writer Condillac in 1776: "Since the value of things is based upon need it is natural that a more keenly felt need should endow things with greater value, while a less urgent need endows them with less". See Condillac 1948, Vol. 2: 245. The translation is in Gide and Rist 1948: 66.

14. Trotsi (1941b: 346), for example, states that Genovesi based "his theory on psychological presuppositions". Pf (1984: 216-25) also examines "L'antropologia genovesiana".
the third kind, "luxury needs", is motivated by the demonstration effect "of what is better, and from living a social and cultured life" (Genovesi, ibid.). All three needs noted above are prompted by "natural instincts" (Genovesi 1770: 6), which led Genovesi to distinguish between "animal" and "human needs" (Genovesi 1770: 7). Animal needs comprise natural needs and instincts which drive humans and animals to engage in self-preservation and minimise pain. Human needs are "peculiar to reasoning and calculating beings" (Genovesi, ibid.) and are of two kinds "private and civic" (Genovesi 1770: 8). The former "arise from our private inclinations" (Genovesi, ibid.), while civic needs - Genovesi instanced money as an example - arise from living in a civilised society subject to government. All needs come within the purview of "natural instincts", not merely biological or psychological needs.  

The purpose of Genovesi's detailed examination of the nature of, and relationship between the full gamut of human needs and instincts was to show that the "pricing of the things and labour that are traded" is explicable "more in terms of natural instinct than calculations" (Genovesi 1770: 9). However, in arguing that human needs are "peculiar to reasoning and calculating beings" (Genovesi 1770: 7), Genovesi raised the possibility that human instincts may lead to desirable or undesirable, rational or irrational needs. This issue is examined below.

2. Rational and Irrational Needs and Prices

That needs may be rational or irrational can be illustrated by reference to the anthropological roots of Genovesi's explanation of needs as the source of value and prices. Genovesi noted that various countries which have had "no trade with the..."

15. Although Genovesi generally used the term "bisogni", i.e. needs and/or wants, he also used the word desiderio (1770: 129 and 130), which translates as "wish" or "desire". He stated that "needs beget desires" (1770: 130), but this interesting distinction was not analysed further.
European nations ... all ... prefer an ounce of iron to a pound of gold, since for them iron is a basic necessity" (Genovesi 1770:9, fn. (a)). The behaviour of primitive or less developed societies appears to be the sole basis for Genovesi's conclusion: "Here is the origin of price" (Genovesi 1770: 10, fn.(a)). Since, for Genovesi, price originates in need, he inferred that economically useful goods such as iron should be more highly valued than gold, which is of limited practical use. Implicitly, he argued that the price ratio or proportion which represents the positive relationship between the needs of human beings and the latter's valuation of different commodities and labour, may reflect irrational behaviour. Genovesi stated: "These savages therefore think more soundly than nations whose substance seems to be the auri sacra fames (the terrible desire for gold)" (Genovesi, ibid.).16 He invoked the support of Aristotle17 who "was amazed that it [gold] had, even though it has no physical application, been able to climb to the level of esteem to which it has risen" (Genovesi, ibid.).

Genovesi's objective was patently to show that because the need for gold is irrational, so too is its high value and price. In civilised nations, gold clearly ranks high in the general hierarchy of needs, including Genovesi's "private" and "civic" needs noted above. The high price of gold is therefore explained in terms of the needs which, Genovesi argued, arise from "natural instincts". However, in the subjective (and moral) sense intended by Genovesi, the need for gold is irrational because, according to him, it originates in "private inclinations" which are "vicious" (Genovesi 1770: 8). A similar argument can be made on behalf of primitive tribes or nations in whose hierarchy of needs iron has a high, and gold a low, ranking. Since the need for iron arises out of "private inclinations" which in this case are "virtuous".

16. The Latin quotation, unacknowledged by Genovesi, is taken from Vergil's Aeneid 3, 57.

17. Genovesi did not indicate the source in Aristotle. I have not been able to locate the reference in his Nicomachean Ethics or Politics.
(Genovesl, ibid.) in the sense that iron serves what Genovesl regarded as a useful purpose, it is a rational need. In showing that the prices of goods and services can be based on rational or irrational needs, Genovesl had an ulterior motive, to emphasise that the irrational behaviour resulting from the need for gold, will militate against a nation's economic development. The strong opposition voiced by Genovesl against "secondary wealth" and his counter-arguments in favour of real productive activity as the basis of generating primary wealth, were examined in Chapter 4. Here it suffices to note that he postulated an inverse relationship between the quantity of precious metals a country possesses and its "arts". The following quotation sums up his belief in this proposition and suggests the probable basis for his largely negative attitude to the need for gold and its value:

In the interior of Africa and in America many nations were found to be rich in gold and silver, but either with no single art, or completely without arts. And the reason is that nowhere in the world do gold and silver serve or can serve as tools of the arts. The Peruvians and Mexicans had much gold; but the tools of the arts were of stone, timber and animal bones (Genovesl 1770: 326).

Genovesl cited approvingly the opinion of "a great man" (unidentified) who argued that the statement, "Gold is the most valuable thing", is, in part, "originally the child ... of indolence" (Genovesl 1770: 10, fn.). For Genovesl, such a statement merely reinforced his conviction of the irrational nature of the need for gold - irrational because it is inimical to the creation of real or primary wealth via "HONEST LABOUR" (Genovesl 1770: 99).

D. OTHER DETERMINANTS OF PRICES

Although he regarded needs as the main determinant, Genovesl argued that prices are "in direct proportion to the effectiveness, quality and durabillty of goods and labour and in inverse proportion to the quantities of those goods and labour"
1. **Quality and Prices**

Genovesi's subjective theory of exchange value, with its particular emphasis on needs, accounts for the direct relationship he postulated between the quality of commodities and labour and their price: "And the reason is always the greater or lesser relationship which such qualities have with our needs and pleasures" (Genovesi, 1770: 11). Qualitative influences on prices manifest themselves in the duration of needs and the durability of products and labour; by the latter, Genovesi was, more than likely, alluding to quality aspects of workmanship. He argued that those things which are "capable of satisfying our needs for a longer period" (Genovesi 1770: 12) are better appreciated and therefore generate higher prices.

Graziani took issue with the proposition that "the quality of things exercises an influence on value" (Graziani 1898: 108), arguing that "quality as quality has no power whatsoever, but only insofar as it succeeds in changing either the final degree of usefulness of wealth directly, or indirectly by changing its production cost or the state of demand and supply" (Graziani, ibid.). Another Italian scholar, Troisi, observed: "In effect, Genovesi seems to make the quality of a good appear to be an element in its own right" (Troisi 1941b: 343). It is worth noting that Locke also examined the influence of quality on prices, stating: "It is not the being, adding, increasing, or diminishing or any good quality in any commodity, that makes its price greater, or less; but only as it makes its quantity, or vent, greater, or less, in
proportion one to another" (Locke 1823: 41). He made the further point that "the adding an excellency to any commodity [does not] raise its price, unless it increases its consumption" (Locke Ibid.).

Locke and Graziani were clearly at one in rejecting the idea that quality influences price or value. Genovesi's position was, however, that since human needs are the basis of all value, the consumption of goods (and labour) necessarily incorporates quality aspects of commodities and services, whose ultimate significance is articulated in prices which mirror their position in the consumer's hierarchy of needs and wants. To the extent that quality factors act to influence, subjectively, the needs and wants of consumers, such factors must be recognised as potential contributors to the determination of prices. Thus, as Troisi suggests, quality may, in Genovesi's eyes, be a separate factor, but it is one which nevertheless forms part of his essentially subjective conception of needs, in which value has its main origin.

2. The Quantity of Commodities and Labour in Relation to Prices

Genovesi assigned a subsidiary role to the quantity of commodities and labour in his analysis of price formation. This can be explained by what he clearly regarded as the paradoxical relationship between the low price of these factors and their high utility value. He observed that "we give a higher price to ... luxury items and a lower one to ... necessities, although the latter are of greater use to us". (Genovesi 1770: 12, my italics). His explanation relied on relative scarcity, since "you will find incomparably more grain, oil, wine ... and ... farmers ... than ... precious stones ... architects, sculptors, painters, etc." (Genovesi, Ibid.). This

18. From his presumed knowledge of Locke's Considerations of 1691, Genovesi would have been aware of the English author's ideas on the subject of quality and its relationship to prices.
practical insight was not supplemented by an explanation in economic terms; instead, Genovesi offered what can only be termed a supernatural explanation by attributing the paradox "to the great providence of God, who has so made the world and ordered it, that the elements should produce more of those things of basic necessity, than of convenience and luxury. And besides this, he has formed the nature of men in such a way that it is easier ... to be a good farmer ... than a great mathematician ... etc." (Genovesi 1770: 13).19

Genovesi's theocentric explanation of the origins of abundance and scarcity, provides an instance of what Bellamy (1987: 298-9) has referred to as his presupposition of "a total philosophy of the created order of nature, hinging on a metaphysics and natural theology of design ..." as the basis of his "moral philosophy".20 This may help to throw light on why Genovesi did not refer explicitly to relative scarcity as a factor which is no less significant than needs in determining prices.21 If a supernaturally ordained natural order is considered a datum, it requires neither explanation nor justification; nor does its manifestation in the form of relative scarcity. Nevertheless, argument of this kind must be tempered by the observation that Genovesi recognised the practical implications of scarcity for prices. He noted that "sometimes the Dutch, in order to maintain the price of cinnamon and

19. De Luca (1970: 57) claims that in this context Genovesi made use "in substance of the concept of 'marginal utility' ". Genovesi was certainly aware of the paradoxical nature of the high (low) utility - low (high) exchange value relationship, but this implicit recognition of the so-called paradox of value is as far as he went.

20. As Zambelli (1972) has argued, notwithstanding his quip in February, 1754, (i.e. before he took up the chair of political economy) that "your metaphysician is about to become a merchant" (Genovesi 1962b: 78), Genovesi's entry to the world of commerce and political economy did not necessarily constitute a break with, or rejection of his former interest in, and concern with philosophical, metaphysical or theological matters. The list of Genovesi's non-economic works after 1754 (Appendix 2.2) lends weight to Zambelli's argument.

21. As far as can be determined, Genovesi, unlike Gallani (1963: 39), did not use the term "rarità" or an equivalent word to denote "scarcity".
pepper, fearing that the excessive quantity would lower it, have dumped a large quantity of these [spices] at sea. The court of Peking, and that of Japan have had some gold mines sealed to maintain the price of this metal" (Genovesi 1770: 12-13, fn.(b)).

As shown later, the actions of the Dutch and others to stabilise prices by limiting the quantities of commodities, apparently met with Genovesi's approval; not so any attempt to fix prices directly or arbitrarily.

According to Genovesi, relative prices are also influenced by the extent to which commodities are permitted to participate in the exchange process. Genovesi argued that "The use and disuse which makes [products] circulate, or stops their circulation, increases or reduces prices" (Genovesi 1770: 17). This can result from "the monopolisation of commodities, which conceals them, and by avarice, which buries money" (Genovesi, ibid.). In the event, commodities and money "no longer form part of the general mass [of products], which constitutes one of the terms of the exchange ratio which is called value" (Genovesi, ibid.). In this quotation, Genovesi implicitly recognised the importance of the quantity of products as a factor in price determination. The above also reveals Genovesi's opposition to practices such as hoarding which limit the availability of goods and hence raise prices artificially. This is in contrast to his stipulation that, in order to be just, prices must be naturally determined, an issue considered in a later section.

3. Costs and Prices

Variations in costs were used by Genovesi to explain price fluctuations. Specifically, he argued that prices may vary "absolutely and relatively" (Genovesi 1770: 13). The former occurs when taxes and duties rise or fall; relative changes are "in proportion to the burden of those taxes" (Genovesi, ibid.). In regard to the

22. Adam Smith (1937: 491) also referred to the destruction of spices by the Dutch "in order to keep up the price".
latter, Genovesi argued that a rise in taxes will increase the cost of basic commodities, "and the artist, having greater need, will wish to increase the price of labour proportionately" (Genovesi 1770: 13, fn. (1)). Genovesi inferred that provided relative prices, including the price of labour, remain constant, there is "neither loss nor gain" in purchasing power. He stated: "The basis of complaint should thus be that as the price of grain rises, the price of labour in the arts does not rise proportionately" (Genovesi, ibid.)

Genovesi did not elaborate his real-wage maintenance policy in the face of increasing prices of basic commodities. He was, seemingly, more concerned with the implications for wage justice of price rises than with the analysis of rising wage costs and their effect on the available quantity of commodities and labour. Troisi argues that Genovesi's thought suggests the notion of supply, the basis of which is "the cost of labour, from which the quantity and quality of available factors are derived" (Troisi 1941b: 349). It may certainly be argued that the idea of the cost of labour is implied in Genovesi's proposition that prices are inversely related to the quantity of labour; likewise, that prices are directly related to the quality of labour. However, as noted earlier, Genovesi regarded "needs" as the dominant factor in price determination, while the relative quantity of commodities and labour was assigned a subsidiary role, possibly because, as also noted previously, Genovesi assumed it was supernaturally determined. Genovesi was content to suggest a subjective theory of

23. Genovesi (1770: 55) expressed his concern on this issue by indicating, with reference to the kingdom of Naples: "In the country-side, the worker today normally receives the same pay of 60 years ago for the same toil. Here is a great cause of public mendicancy".
value, unlike his contemporary Galiani, whose *Della moneta* of 1751 he commended (Genovesi 1770: 2, fn.(a)). In addition to his subjective theory of value, Galiani argued that "labour ... alone gives value to things" (Galiani 1963: 47)\textsuperscript{24} Genovesi insisted, however, that "Man does not give value to things and labour except for the need he has of them" (Genovesi 1770: 4).

Elsewhere, Genovesi\textsuperscript{25} considered the impact of an increase in the cost of living on labour costs and the associated product prices, but his analysis was aimed solely at demonstrating that the ultimate effect would be a reduction in international competitiveness for the nation in question, with dire consequences for its industries and employment.

**E. PRICE AS AN EXCHANGE RATIO**

As noted previously, Genovesi indicated that prices are determined by needs and the quality and quantity of commodities and labour. He gave the following formal definition of price:

Price is a most composite ratio: because it is in direct proportion to needs, and their seriousness and duration; in direct proportion to the effectiveness, quality and durability of goods and labour services and in inverse proportion to the quantities of those goods and labour services (Genovesi 1770: 12).

Perhaps the most distinctive feature of this definition is the absence of a *ceteris paribus* condition. Thus, contrary to Genovesi's assertion, there is no guarantee that, as needs grow or decline, prices will move in a corresponding fashion. Similarly, without the *ceteris paribus* qualification, price will not necessarily diminish when the quantity of goods and labour declines. Genovesi appeared to

\textsuperscript{24} Galiani's treatment of labour is in his *Della moneta* (1963: 47-51).
\textsuperscript{25} See Genovesi 1984b: 519.
recognise the need to hold constant a given variable when specifying the likely movement of another variable. As the following quotation shows, the impact on price of falling or rising "needs" postulated by Genovesi, depends on a constant quantity of "things":

This ratio can well vary to infinity as a result of variations in the terms. Inasmuch as if needs decline, but the things capable of satisfying them remain at the same level, the price falls proportionately; because we value less the thing of which we have less need; and conversely, if needs increase, while the quantity of things remains the same, the price increases proportionately; because you always value more the thing whose need is greatest (Genovesi 1770: 10).

It may be objected immediately that despite the fact that he made one variable constant, Genovesi did not define price as an exchange ratio between needs and the quantity of goods and labour which is necessarily subject to the limitation of other things being equal. This problem is also inherent in his further elaboration of the definition of price as an exchange ratio in the form of two numerical examples which, for expository convenience, are reproduced below in tabular form.

<table>
<thead>
<tr>
<th>Needs (units)</th>
<th>Proportionate Change (percent)</th>
<th>Available Quantity (units)</th>
<th>Price per unit</th>
<th>Proportionate Change (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>-</td>
<td>10</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>20</td>
<td>+100</td>
<td>10</td>
<td>8</td>
<td>+100</td>
</tr>
<tr>
<td>30</td>
<td>+100</td>
<td>10</td>
<td>12</td>
<td>+100</td>
</tr>
</tbody>
</table>

Source: The above table is not in Genovesi, but, except for the proportionate changes in columns 2 and 5, includes actual numerical data in Genovesi 1770: 10. In Table 1 and Table 2 (below), "Needs" translates Genovesi's "bisogni" and "Available Quantity" his "cose".
TABLE 2

<table>
<thead>
<tr>
<th>Needs (units)</th>
<th>Available Quantity (units)</th>
<th>Proportionate Change (percent)</th>
<th>Price per unit</th>
<th>Proportionate Change (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>10</td>
<td>-</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>10</td>
<td>20</td>
<td>+100</td>
<td>2</td>
<td>-50</td>
</tr>
<tr>
<td>10</td>
<td>40</td>
<td>+100</td>
<td>1</td>
<td>-50</td>
</tr>
</tbody>
</table>

Source: With the exception of the proportionate changes in columns 3 and 5, the numerical data is taken from Genovest 1770: 10-11.

The basis of Genovest's argument, as shown in both tables, was that, holding one quantity variable constant, price will always change in a constant proportion, albeit not necessarily in the same proportion by which "needs" (Table 1) or "available quantity" (Table 2) have changed. The data in these examples might be interpreted as indicating an awareness on Genovest's part of the requirement of a *ceteris paribus* assumption as a necessary condition of his postulated relationship between price and "needs" (Table 1) on the one hand, and price and "available quantity" (Table 2) on the other. The objection that the exchange ratio defining price is not subject, as a whole, to the analytical requirement of a *ceteris paribus* formulation has already been noted. The result is that Genovest's analysis is open to the reservation that the determinants of "needs" (Table 1) may change over time, despite the fact that the "available quantity" remains unchanged. A similar reservation may be made in respect of the analysis in Table 2: even though "needs" may be assumed constant, the determinants of the "available quantity", whose behaviour is not constrained by a *ceteris paribus* condition, may also vary over time.

There is an added problem in Genovest's definition of price as an exchange ratio: the assumption of a constant *proportionate* change in price both when "needs change (Table 1) and when the "available quantity" changes (Table 2). This rather mechanistic assumption by Genovest clearly overlooks the possibility of differing...
relative price elasticities (in respect of the amount of "needs" or the "available quantity") for different commodities and labour. In both a theoretical and practical sense, it is patently difficult to maintain, as the data in Table 1, for example, indicates, that if "needs" increase by, say, 100 per cent, the price will also rise by a constant 100 per cent. Similarly, with reference to Table 2, it is impossible to argue categorically that should the "available quantity" rise by, say, 100 per cent, price will fall by a constant 50 per cent. Troisi (1941b: 344-5), who rightly questions Genovesi's proclivity towards "cause and effect relationships", states: "The concept of proportional variation, which occurs so often in the works of Genovesi, is too simplistic because it fails to consider the complexity of economic relationships".

F. NATURALLY DETERMINED PRICES, PUBLIC OPINION AND JUST PRICES

Genovesi's ideas on value and price owed much to his ideas on contracts, "which were invented for the sole reason of trade" (Genovesi 1973: 196). Genovesi apparently regarded value and price as synonymous simply because trade or commerce must involve mutually advantageous exchange based on the needs of the contracting parties. This last principle in particular is borne out in the following passage from the *Diceostina*, which, among other things, reveals the influence on Genovesi's thinking of Aristotle's concept of "equivalence" in exchange transactions, as well as the notion of "'commutative' justice" suggested by natural law:


27. Schumpeter (1954: 60) explains that by "'commutative' justice" he is referring to Aristotle's "preoccupation with the ethical problem of justice in pricing". Aristotle examines the issues of justice and injustice in Book V of the *Nicomachean Ethics* (1952: 376-87).
Those who trade ... do not wish to receive less than they give, nor to give more than they receive. Thus, the first regulatory natural law of every exchange contract is perfect equality between what one gives and what one receives ... The equality to maintain in contracts is that of value ... THE EQUALITY OF PROPORTION, as Aristotle calls it, and that means that what you give me should serve my needs, just as what I give serves yours (Genovesi 1973: 197).

The stipulation by Genovesi of adherence to the requirements of natural law in exchange transactions is absolute: to flout this law is to create injustice. To illustrate, Genovesi denounced the practice of hoarding, as a "kind of injustice" (Genovesi 1770: 17), and one which lessens "dolo malo (deceitfully) that term of the ratio of prices which nature has enlarged, and this to impose a cunning inequality in contracts" (Genovesi, ibid.). The basis of Genovesi's objection to hoarding was that its interference with the availability of commodities led to exchange on an unequal basis. Since prices should be set freely and in accordance with the dictates of natural law, "those who hide ... foodstuffs necessary to life to increase the price are wicked through the law of nature" (Genovesi 1770: 17-18, fn. (b)). Genovesi insisted that "since prices are born of ratios and physical proportions which are independent of men, no human law could make them rise or fall, without doing violence to nature" (Genovesi 1770:22, my italics).

Although the idea of a 'natural price' is implied in Genovesi's analysis, he did not use the term; neither did he suggest that naturally determined prices are, like the "natural price" of Adam Smith, "the central price, to which the prices of all commodities are continually gravitating" (Smith 1937: 58). Prices determined by nature are, for Genovesi (and Smith), simply prices arrived at without any attempt to interfere with the free synchronization of needs and the quantities of commodities and labour. When prices are set in this way, "they always rise or fall in a just way: because rising or falling through having natural causes, they rise or fall in agreement with nature" (Genovesi 1770: 21, my italics). Given his subjective theory
of value, no justification is needed for the aggregation, by Genovesi, of the needs of individuals, the source of all value, into a kind of collective need as the proper yardstick for the determination of prices in general. Genovesi stated:

Since prices, values, valuations, etc. are born from the very nature of things and men, they can have no surer rule than the public opinion of peoples. Price is the child of need: now who could know my need better than I myself? A family's need is felt by the family, and that of a nation by the whole nation (Genovesi 1770: 18-19).

The "public opinion" approved of by Genovesi as the sole criterion for determining exchange value has a parallel in the "communis aestimatio" of the Scholastics, or what Meek (1956: 12) refers to as "the common agreement or estimation of the community". Implicitly, common or community estimation ascribes value to commodities or labour in keeping with the natural hierarchy of needs and wants; that is, basic necessities, comforts and conveniences, and luxuries. Varying attitudes to the hierarchical importance of commodities and labour mean that public opinion will allot different values to these factors through time and space. Genovesi acknowledged the possibility of backward and forward movement of commodities in the hierarchy of needs and wants. For instance, he observed that over time "some useful and convenient products" have moved "into the category of necessities", and "luxury goods" have moved into the category of "useful and then necessary [goods]" (Genovesi 1984d: 1162). "Free public opinion" had operational significance for Genovesi since he equated it with "public markets" (Genovesi 1973: 393, fn. 427A). Pitt (1984: 182) notes that for Genovesi "the value of

28. Prtbram (1983: 24) states "that the communis aestimatio was basic to the determination of the just price".

29. The importance of "public opinion" for Genovesi is summed up in his statement (1770: 21): "Public opinion, provided it is free, is always a certain rule of the true level (quantitas) of prices; because it is born of the opinion and common valuation of things and of the circulating [monetary] signs; and public opinion and its valuation of products which can be seen and touched by all, is always true or close to the truth".

30. It was shown earlier that Genovesi classified needs in this way.
a thing is closely tied to the use value of the thing itself ideally recognised by the
community, not determined by the market". The evidence Genovesi himself
provided, however, suggests that he sought to ensure that all transactions,
including market transactions, should be characterised by a completely unfettered
process of deliberation or exchange: as he put it, "public opinion" should be "free,
not forced, nor choked in the throat" (Genovesi 1770: 20). If this essential freedom
in exchange relationships was present, Genovesi would clearly have acknowledged
the identical nature of "public opinion" and "public markets".

Genovesi's insistence that prices should "rise or fall in a just way"
(Genovesi 1770: 21) was noted above. It suggests that, like Aristotle's, Genovesi's
objective was to identify what Schumpeter (1954: 61) calls "a canon of justice in
pricing". If it is accepted that Genovesi's ideas on value and price were subject to
the influence of those of the Greek philosopher, it is reasonable to conclude that,
following Aristotle, he regarded "social values" or prices as "just values". "Social
values" may be assumed to approximate the prices determined by public opinion or
community valuation in a public market situation. The idea of commutative justice
is thus inherent in Genovesi's proposition that prices should be set by public
opinion. This is, of course, in accordance with the point noted earlier, that "the first
regulatory natural law of every exchange contract is perfect equality between what
one gives and what one receives" (Genovesi 1973: 197). Only in this way can the
exchange value in contracts lead to the mutual satisfaction of the needs of the
contracting parties.
Genovesi's opposition to legal price fixing or any artificially determined prices arose from his conception of nature as the source of need and hence value. He stated: "It is nature which gives us needs, thus it is nature which makes us value the things that serve our needs, and therefore it is nature which determines prices" (Genovesi 1984d: 1163). Genovesi observed that, confronted by nature's propensity to generate shortages or surpluses, human agencies are, in any case, powerless to alter the resultant price changes (Genovesi, ibid.). Accordingly, he proscribed government intervention to determine prices inasmuch as "civil law ... cannot touch the relationships of nature without ruining the arts and causing great disorder" (Genovesi, ibid.). Genovesi drew attention to the inevitable consequences of legally set maximum or minimum prices. Despite their legal status, such prices, he argued, either cannot persist or they will be circumvented: such is the significance of nature and natural forces in Genovesi's conception of the pricing mechanism. For instance, he stated that a legal minimum price for surplus wheat cannot "last against the abundance of nature" (Genovesi 1984d: 1164) and suppliers will eventually accept a lower price. Referring to Naples, he noted: "We have legal prices for fish. But I have always seen it sold for less than the fixed price, if an abundant catch has succeeded in breaking the dams of the law" (Genovesi, ibid.). Similarly, in the event of a grain shortage, "the needy ... will buy illegally and at a higher price than they would have done if the law had allowed nature to take its course" (Genovesi, ibid., my italics).

Genovesi's emphasis on the disequilibrating impact of legal prices on the available quantities may also be noted. Implicitly, naturally determined prices (those set by public opinion) are the sole means of achieving the quantities required to satisfy the needs of individuals. Although Genovesi did not indicate whether such quantities

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31. Genovesi used the term assisa (e.g. in 1768: 427) or, in the plural, assise (1973: 202) to refer to legal prices. As Merola (1963: 161, fn. 4) notes, the "assisa" was "an official price-list, the command price of goods; so-called from the feudal assemblies, or assise, which determined the price"
represent some notional kind of equilibrium, the implicit idea of equilibrium quantities of products associated with naturally determined prices in Genovesi's economics cannot be discounted, for in another context he stated categorically: "Nature ... always proceeds to equilibrium" (Genovesi 1770: 125).

It was observed earlier that Genovesi cited approvingly the actions taken by the Dutch and other nations to stabilise or manage prices by controlling the available quantities of certain commodities. He was emphatic that "the only way that is in the power of men to make certain prices that are too high fall, or to raise certain ones that are too low, is to increase or reduce the products" (Genovesi 1973: 198). Although Genovesi did not explain the circumstances in which, or give reasons why, prices might be considered either too high or too low, he proved to be entirely pragmatic in his policy prescriptions for overcoming the problem of excessively high or low prices. For example, he suggested that "If the price of grain ... is too high, additional grain will be obtained; and if it is too low, exports will be facilitated" (Genovesi, ibid.). Of necessity, the determination of prices in this way must be seen as contradicting Genovesi's earlier stipulation that prices be naturally determined via public opinion. Genovesi did not, however, attempt to reconcile his seemingly contradictory position in the matter of price determination. It must therefore be concluded that he did not consider the manipulation of quantities of commodities as being against nature. By contrast, he opposed any attempt at legal price fixing, as the following reveals: "Only these operations are rightly appropriate to the force of civil law. Every other, being violent, works against what is proposed; and that is to say, it makes what is cheap dear, and what is dear cheap "(Genovesi, ibid.).

Genovesi objected to monopoly prices for essentially the same reason which prompted him to oppose legal prices. He stated:
Since the wickedness of certain people can induce a monopoly in certain products, and prevent nature from demonstrating its true proportions, human law must be on its guard against this, and severely punish this sort of public injustice (Genovesi 1770: 22-3, my italics).

A monopoly, he argued, interferes with "the perfect rights of the human race" (Genovesi 1770: 23) to determine their own prices, via public opinion, which is "the indicator of the nation's needs" (Genovesi 1984d: 1163). Genovesi noted that "public opinion (where there are no prohibitive rights) is always certain, provided it is given some space and time to spread ... But if the law grants prohibitive rights, public opinion fails to express itself, or becomes a monopoly, and deceives the law-maker" (Genovesi, ibid.).

Genovesi summed up his objections to monopoly prices (and legal prices) and left no doubt that the basis of these objections was his application of natural law to economic behaviour. He stated:

A monopoly, by concentrating products in few hands, acts as if it had reduced the quantity; whence it happens that private opinions become public opinions and prices are higher than those nature produces. Monopolies are prohibited by all laws because, being fraudulent, they are prohibited by the law of nature (Genovesi 1973: 202).

Genovesi's rejection of prices that are not determined naturally by public opinion is apparent in his question: "Why then is it that in certain countries the civil law at the same time as it forbids monopolies grants fixed prices (assise) which are only a legal monopoly? It is an economic contradiction" (Genovesi, ibid.).

H. THE ROLE OF HIGHER PRICES

Genovesi favoured the high prices which might result from allowing naturally determined prices to prevail, and thereby acknowledged the inherent rationing function of prices based on public opinion. He argued: "Growth in prices
when there are shortages of products is a great remedy against ruin" (Genovesi 1984d: 1164). For instance, "A man who lives on five *tomoli* of grain will, if the price doubles, take care to live on half the amount. And even though one will not grow fat, one can live on half the original amount" (Genovesi, ibid.). The higher price performs a rationing function because "all these halves that are saved will act as a security for the nation for the whole year" (Genovesi, ibid.).

Genovesi also advocated higher prices when these serve to promote economic activity. Significantly, his most emphatic statement (1984d: 1143-76) in this regard dates from 1765, his immediate, and longer-term, aim being to show how public policy could prevent a recurrence of the famine of 1764 in Naples. The general viewpoint he sought to counteract held that "Free trade in grain, since it is the cause of heavy exports, makes its prices rise, and this is a kind of perpetual scarcity" (Genovesi 1984d: 1160). Genovesi stressed that widespread benefits would result from higher prices, since "It will be to the advantage of the merchants, landowners, and farmers. The profit is common [to all of these] and agriculture only derives strength from it" (Genovesi, ibid.). High prices thus act as signals or indicators since "Price is a most certain sign (*indice*) of the amount of marketable things" (Genovesi 1768: 427), with the result that production is stimulated. Moreover, these price signals are the source of what amounts to an income diffusion process which benefits "the whole of the body politic" (Genovesi 1984d: 1160). Genovesi's argument was that lower prices will not be beneficial to "the populace if the gentleman cannot spend and indulge in luxuries" (Genovesi 1984d: 1161); if instead "the latter can spend freely, a quarter more in the ordinary price will be a gain for the porter, the footman ... and all artists, who will find work more easily and be better paid" (Genovesi, ibid.). Genovesi made no attempt to analyse the implications of higher prices for income distribution.
The viewpoint noted earlier which Genovesi aimed to alter also reflected the clash between residents in the capital and rural interests regarding the prices paid and received, respectively, for essential commodities, especially grain. The residents of the capital sought to "ensure that in the face of ... [their] requests the price of grain in the provinces does not rise" (Genovesi 1984d: 1167). Genovesi observed that it was commonly but incorrectly held "as an economic rule" that in order to prevent "the owners of wheat in the provinces from becoming powerful and causing the price to rise" (Genovesi ibid.), large quantities should be imported, even in plentiful years. Genovesi objected that to keep prices low in this way was "a fatal blow to the arts, that is to say to the general income of the nation" (Genovesi, ibid.).

The basis of Genovesi's objection was that keeping prices low reduced production and increased unemployment. A slightly higher price for wheat was of benefit to both the capital and the provinces inasmuch as the incomes of the royal family and upper class "are all derived from the provinces" (Genovesi 1984d: 1168). Thus, "agriculture cannot suffer a loss without those [incomes] failing" (Genovesi, ibid.).

Arguably, Genovesi's defence of higher prices - when demanded by circumstances - was in keeping with his active encouragement of population growth and agriculture in the kingdom of Naples, topics already examined in Chapters 3 and 4, respectively. Genovesi's theory of prices recognises (albeit it does not allow for the possible influence of other factors assumed in a ceteris paribus condition) that the increased needs of a growing population will lead to higher prices, since "The same things which, where there are few people, have a small and low price, have a very great and high price where there is an abundant population" (Genovesi 1770: 4).
Genovesi acknowledged that his treatment of value was meant to throw light on the nature and behaviour of money. The basis of his theory of value and price is that the two concepts are identical since "Price ... [is] the same as the value one places on something" (Genovesi 1973: 198). The development of societies from a primitive to a civilised state was accompanied by the creation of metallic money, "the sign and representative of all that has value" (Genovesi 1770: 14). Whereas, when barter was practised, things were valued and priced in terms of each other, the progress of nations to complex economic and social relationships led to the evolution of a medium of exchange and a more convenient measure of value - metallic money. Genovesi's theory of prices and value is thus a monetary based and monetary oriented theory.

The influence of money on Genovesi's ideas on price and value is reflected in his adoption of the quantity theory of money as a theory of price determination. Genovesi argued that there is a direct, causal link between the quantity of money and the level of prices; changes in the quantity of money are also directly related to price changes. The quantity theory was, for Genovesi, largely an empirical proposition. Partly for this reason, its analytical scope and significance in his theory of prices are limited by his failure to recognise the impact of the velocity of circulation of money, and generally by the lack of the necessary ceterts paribus assumptions. Genovesi's adherence to the quantity theory is also characterised by his insistence on proportionate price changes as an inevitable consequence of changes in the quantity of money.

Although money is an important aspect of his theory of prices, Genovesi correctly regarded it only as a sign of value: money may be a measure of value, but it is not a standard of value; the true standard "is none other than man himself"
On this foundation, Genovesi built a subjective theory in which needs were regarded as the principal source of value. The subjective nature of Genovesi's theory is emphasised in his analysis of the influence of "natural instincts" (Genovesi 1770: 6) on human needs, which may be rational or irrational. The need for gold (compared to an economically useful metal like iron) is irrational because it arises from "private inclinations" that are "vicious" (Genovesi 1770: 8). As such, it is harmful to the economy inasmuch as it discourages the "HONEST LABOUR" (Genovesi 1770: 99) whereby real value is created as the basis of satisfying instinctive but essentially rational needs. Genovesi's theory of value and price contained an implicit warning to the kingdom of Naples that economic development did not depend on the accumulation of secondary wealth.

Genovesi implicitly recognised the influence of relative scarcity by arguing that prices are also determined by the quantity of commodities and labour. Variations in costs also contribute to fluctuating prices, but Genovesi did not develop this argument into a cost of labour hypothesis. Genovesi was clearly concerned on the one hand with the implications of price rises for wage justice, and on the other with the impact of increases in the cost of living on a nation's industries and employment and consequently its international competitiveness. Genovesi's analysis of inflationary aspects of prices and costs is limited to considerations of this kind.

Genovesi's definition of price as an exchange ratio is limited by the absence of the ceteris paribus qualification needed to specify in strict terms the relationship he postulated between needs and the quantity of commodities and labour. Genovesi's assumption that prices always change by a constant proportion when needs or quantity change, also limits the analytical scope of this definition. The theory of value and price postulated by Genovesi is not really a theory of exchange
value in the sense that it expresses the value of one commodity relative to another; only in the case of barter is there a "proper price" denoting real exchange value.

According to Genovesi, all prices must be naturally determined since natural law requires that exchange be mutually advantageous to the parties concerned. Since prices (and value) arise out of human needs, the satisfaction of all needs via the process of exchange necessitates prices that are just. In order to achieve justice in pricing, community involvement, expressed as public opinion in public markets, is mandatory. Only in this way will prices rise or fall naturally. Restrictions on the free availability of goods countermand the natural determination of prices. Thus, practices such as hoarding, which raises prices and is a "kind of injustice" (Genovesi 1770: 17), are to be condemned. If Genovesi upheld the setting of prices in accordance with nature as the means of ensuring equity in exchange relationships, he was no less adamant that legal price fixing or any artificially determined prices, including monopoly prices, are against nature and therefore unjust.

Genovesi acknowledged that relative abundance may conflict with the maintenance of prices at a reasonable level. Managing the quantities of certain commodities, in order to stabilise their price, was therefore seen as a viable solution. But this solution did not extend to permitting imports in order to lower the prices of domestically produced goods. Genovesi denounced any policy which was likely to militate against continued and growing employment in the kingdom of Naples.

Although Genovesi insisted on the need for naturally determined prices, he argued that such prices should, if necessary, be allowed to increase, implicitly by natural means. Higher prices were seen by Genovesi as having a rationing function. They also acted as signals to promote economic activity. Genovesi's advocacy of higher prices may be regarded as yet another of his policy prescriptions for
promoting economic growth, especially the employment and agriculture associated with the greater population he recommended, in the kingdom of Naples.
CHAPTER 7
MONEY

INTRODUCTION

This chapter, together with that on "Private Credit and Interest" which follows, examines Genovesi's ideas on various issues related to the theory of money, a subject given detailed treatment in the second volume of the Italian author's *Lezioni* (1770: passim). Section A deals with "The Definition of Money", which demonstrates Genovesi's belief in the metallic nature of money. This particular orientation serves as the basis of his examination of "The Value of Money", discussed in Section B. Genovesi distinguished between the intrinsic value of money and its extrinsic value. His conception of the third value of money, that is, interest, is considered in Chapter 8. Particular emphasis is placed in section B2 on "The Intrinsic Value of Money", which elaborates Genovesi's metallist approach to money. Section B3 argues that Genovesi's metallist conception of money may be explained largely by his attributing to money almost exclusively the function of a measure of value.

Section C, entitled "Public Policy and the Intrinsic Value of Money", deals with the normative implications of Genovesi's findings on the intrinsic value of money. *Inter alia*, this demonstrates Genovesi's opposition on equity grounds to the setting by governments of a legal or extrinsic value of money at variance with its intrinsic value. Section D investigates what had been a major, contemporary monetary problem in the eighteenth century, the practice of "raising the numerary [or legal] value of money" (Genovesi 1770: Chapter IV passim). Genovesi's treatment of this topic is essentially a consideration of the 1730s debate on this issue between
the two French economists Melon and Dutot, though it is clear that in general Genovesi condemned the practice of "raising the coin" (Smith 1937: 882).

Section E is entitled "The Circulation of Money and Goods". It shows that since Genovesi regarded the ability of goods to attract money as being more powerful than the reverse proposition, his main concern was to ensure that the circulation of goods is facilitated. Notwithstanding the greater significance accorded to the circulation of goods, Genovesi argued that this phenomenon is related to, and must be complemented by the appropriate circulation of money. To this end he advocated "The Uniform Distribution of Money", dealt with separately in section E1, which in turn is predicated on the uniform distribution of land. The last section of this chapter, entitled "The Quantity of Money - a Postscript", extends earlier consideration of Genovesi's ideas on the quantity of money, including the treatment of the quantity theory of money in Chapter 6, by examining some questions frequently debated in the eighteenth century, particularly whether unlimited growth of the quantity of money was, or was not, beneficial to the economy.

This chapter attests to the importance Genovesi attached to the topic of money, perhaps because his normative approach to monetary questions was inspired by his attempts to induce monetary reforms in the kingdom of Naples.

A. THE DEFINITION OF MONEY

Genovesi prefaced his own definition of money by noting that "As to its being a measure of prices, or rather an instrument for measuring the value of things, this [function] belongs solely to money, inasmuch as it is money stamped with a certain numerary value, not because it is gold or silver" (Genovesi, ibid.). Genovesi's differentiation of the intrinsic value of money (in terms of its metallic nature) from its extrinsic value (or civil function as a measure of value) is a distinctive feature of
his treatment of money. It is therefore given more detailed attention later in this chapter.

Genovesi did not provide an abstract, conceptual definition of money, but one in terms of the specific nature and characteristics it exhibited in the kingdom of Naples:

In our country it may be defined thus: *It is a piece of metal of a specified weight and purity, of a given denomination, which has a given numeraire value, with an official imprint, which serves as an instrument to measure the value of everything and all labour that is traded* (Genovesi 1770: 42).

Although he acknowledged the potential benefits of paper money (an aspect of his treatment of money which is considered later), Genovesi clearly regarded only metallic money as "real money (vera moneta)" (Genovesi 1770: 69). Arguably, the reason was largely historical. Genovesi suggested that "before money was coined", gold and silver acquired a "universal" value (Genovesi 1770: 27). Eventually, "money made of these metals ... combined in itself the values and needs of everything with the result that by relating the proportion of money to a single commodity, one could easily derive the values of all other things" (Genovesi, ibid.). This interpretation of the search through time for a measure of value was the basis of Genovesi's emphatic conclusion: "Thus the value of money is based on that of metals, and is inseparable from it" (Genovesi, ibid.). Genovesi further underlined his metallist approach to money by declaring: "If gold were to lose its value, as I have no doubt it must if people continue to excavate it, can't you see that there would be no more money made of gold?" (Genovesi 1770: 27-8).

Although the idea of scarcity as the underlying reason for the use of gold and silver as money (at least in the essentially European environment he envisaged) is implicit in Genovesi's statement, he made no reference to it in this particular context. Elsewhere, having observed that "for the present trade among the European
nations, it is only silver which constitutes its substance, its basis and a certain measure [of value]" (Genovesi 1770: 45). Genovesi stated: "The reason for this use has been that the amount of silver provided by nature is in a certain manner halfway between the abundance of copper and the scarcity of gold" (Genovesi 1770: 46).¹ Genovesi's belief in the metallic nature of money, finds its clearest expression in the considerable attention he devoted to the intrinsic value of money, which is examined in the following section.

B. THE VALUE OF MONEY

1. The Three Values of Money

Genovesi divided the value of money into three categories: "One natural and intrinsic, the other civil and numerary, and the third, [the value] of its use and convenience" (Genovesi 1770: 43). The intrinsic value refers to "the value of the metal" (Genovesi 1770: 39) and "is always a composite ratio in inverse proportion to the quantity of these metals, and in direct proportion to the needs one has of them" (Genovesi 1770: 40). Particular attention is given to Genovesi's ideas on the intrinsic or natural value of money in the following sub-section. The "civil and numerary" value of money reflects its "legal and extrinsic value" (Genovesi, ibid.) and "follows on from its intrinsic value, unless reasons of State demand otherwise" (Genovesi, ibid.). Genovesi's main interest in the legal value of money was in its "accrescimento" (Genovesi 1770: 56), that is, as Adam Smith called it, "Raising the coin", or more fully, "The raising of the denomination of the coin" (Smith 1937: 882).

Money also has a third value, "the value of the convenience which others derive for the uses of trade; and this is appropriately called usury (usura) or [to use a] less

¹ Genovesi's main interest in the intrinsic value of money probably accounts for his minimal reference to the characteristics of money inherent in precious metals such as gold. In one such reference, he alluded to the inconvenience of barter as the source of money, a characteristic which necessitated that money be "easy to handle and easily carried" (Genovesi 1770: 29, fn. (b)).
odious word, *interest*" (Genovesi 1770: 40). Genovesi's ideas on interest are examined in Chapter 8.

2. **The Intrinsic Value of Money**

Genovesi's main purpose in examining the intrinsic value of money was to refute the "patently false and dangerous" opinion "that the value of money is purely arbitrary and in no wise intrinsic" (Genovesi 1770: 28). Instead, he aimed to show "that money has intrinsic value, like everything else that is of use to us, and is therefore controlled by natural proportions, like the value of all other commodities" (Genovesi 1770: 32). Genovesi had an ulterior motive, since through his examination of the origins of money, he believed "it will be clearly understood that civil law cannot give money the value it likes, but must give it that [value] which corresponds to its intrinsic worth, or its absolute value" (Genovesi, Ibid.). If the law does otherwise, "It removes coins from trade and stops all trading no differently than it removes products from commerce if through price fixing it gives them an excessively higher or lower price than is inherent in the ratio of their quantity and quality to our needs, which alone sets prices" (Genovesi, Ibid.).

Because Genovesi regarded the divergence of the intrinsic value of money from its extrinsic value as inimical to trade, he also perceived it as threatening the foundations of that trade, that is, the broad spectrum of economic development and growth suggested by his objectives of population growth, widespread employment and expansion of the agricultural and rural sector. In particular, Genovesi was concerned with the likely adverse effects of the extrinsic value of money being set above its intrinsic value. In what follows, his thesis "that money has intrinsic value like everything else that is of use to us" (Genovesi 1770: 32) is examined.
The intellectual basis of Genovesi's defence of the intrinsic value of money is to be found unmistakably in natural law, as the following demonstrates:

In all exchange contracts based on value ... the intention of the one who gives is always to receive the equal of what he gives. This equality between what is given and what is received ... is what constitutes the justice of contracts. Even the very least inequality is always an injustice (Genovesi 1770: 23).

The moral principle that all exchange relationships must have regard to reciprocal value, informs Genovesi's idea that money must have intrinsic value. This idea, it may be argued, derived from, or was strongly influenced by, Genovesi's treatment of money as just another commodity, an approach which amounts to the application of the process of barter to money. This is undoubtedly the basis of Genovesi's idea that only metallic money constitutes "real money" (Genovesi 1770: 69). Since one real commodity exchanges for another termed money, the latter performs the function of a measure of value and it is this which largely explains Genovesi's insistence that money has intrinsic value. In turn, his emphasis on the function of money as a measure of value reflects the Aristotelian notion of "equivalence" in all exchange transactions, including those involving money. Such transactions necessarily originating in the mutual needs of the contracting parties. Thus, the intrinsic value of money reflects the usefulness of money as well as other traded commodities to the parties concerned. The criterion of usefulness was singled out by Genovesi when he traced the origin of the intrinsic or natural value of money. Genovesi clearly had in mind the practical or functional usefulness of commodities, but implicitly acknowledged that usefulness may also exist as a subjective phenomenon. In consequence, some goods may be useless in a practical sense but still have intrinsic value deriving from the needs they satisfy or fulfil subjectively.

Genovesi's argument that both useful and useless things may have intrinsic value can be explained by noting, as he did, the over-riding influence of needs as the
ultimate determinant of value. The point was made in Chapter 6 that, according to Genovesi, although some needs such as that for gold, may be considered irrational, these can be of overwhelming importance in a given hierarchy of needs. Genovesi had no doubt that apparently irrational needs may be ranked on a par with conventional (and hence apparently rational) needs represented by natural or basic necessities and comforts. The need for gold and silver is no less a need for that: put simply, gold too has value because there is an expressed need for it:

It is true that our needs [for precious metals], on which their value is based, are not among the chief ones in our nature. Nevertheless, those who believe that they excite us less than those principal [needs] are deceiving themselves (Genovesi 1770: 36).

By highlighting the significance of needs, Genovesi stressed what was for him the principal source of intrinsic value; but as the following quotation shows, he did not - indeed he could not - overlook the associated fact of scarcity, albeit the latter was only implied: "And because needs are the true source of value, which is called intrinsic, it follows that these metals have intrinsic value, just like everything else, and they will have so long as they can serve as luxury goods" (Genovesi, ibid.).

Genovesi's proposition that money has intrinsic value parallels his explanation of the origin and determinants of value in general examined in Chapter 6. As noted there, Genovesi defined price or value formally as a "composite ratio" which "is in direct proportion to needs ... and in inverse proportion to the quantities of ... goods and labour services" (Genovesi 1770: 12). In similar fashion, the intrinsic value of metallic money was identified as a direct ratio of needs (as reflected in the amount of exchangeable commodities) and indirectly of "the quantity of these metals" (Genovesi 1770: 40). From a purely technical stand-point, the reservation expressed in the previous chapter about Genovesi's price or value ratio also applies to the ratio defining the intrinsic value of money, that is, that it lacks a ceteris paribus condition. If, as Genovesi argued, the intrinsic value of money results from
the relationship between the utility of, or need for, money and its relative scarcity, it follows that unless related factors governing either of these phenomena or variables are assumed constant, the ratio postulated for the value of money is, strictly speaking, indeterminate. Thus, if, for the sake of argument, a change occurred in the conditions relating to the need or demand for money - say, a change in population - the new value of money could be derived only if its quantity remained unchanged, thereby fulfilling the ceteris paribus requirement.

3. **Money as a Measure of Value**

Perhaps the most striking aspect of Genovesi's "theory" of money is his almost exclusive conception of money as a measure of value. As noted earlier in connection with his definition of money, Genovesi held that the principal function of money is "to measure the value of everything and all labour that is traded" (Genovesi 1770: 42). Of course, money is also the "sign and representative of all that has value" (Genovesi 1770: 14). Thus, in its capacity as a "sign", money also serves as a medium of exchange, but this aspect of money was of secondary importance to Genovesi, despite the fact that this is its main and indisputably most important function. It may, of course, be posited that in Genovesi's economics the exchange function of money is subsumed in its function as a measure of value. After all, money was invented to overcome the problems of payment or exchange inherent in barter, whereby trade had become "very difficult and very slow" (Genovesi 1770: 25). However, notwithstanding his recognition that the creation of metallic money increased the convenience and speed of exchange, Genovesi made no attempt to analyse its function as a means of exchange. Instead, he concentrated on its role as a measure of value, for reasons examined in this and the previous chapter; these reasons bear brief repetition. In Genovesi's view, trade and commerce must involve

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2. Before Genovesi, Montesquieu (1949, Vol. I: 374) observed that "Money is a sign which represents the value of all merchandise."
mutually advantageous exchange based on the needs of the contracting parties, a proposition which owes much to Aristotle's concept of "equivalence" in exchange transactions, as well as the notion of "commutative justice" suggested by natural law. Since "perfect equality" should characterise "every exchange contract", Genovesi argued that equality in exchange relationships must be based on the value of the commodities exchanged. This is one of the ideas behind his proposition that money must have intrinsic value: money was invented to overcome the problems of barter, not to suppress its underlying principle that commodities which satisfy needs should be exchanged for one another. Money must therefore have a value which enables the requirement of "equivalence" in exchange to be calculated, a requirement fulfilled by the use and common acceptance of precious metals over many centuries.

If the function of money as a measure of value predominates in Genovesi's treatment of money, it is undoubtedly because he believed ethical considerations about money are of equal, if not greater significance than economic ones; the influence of Aristotelian ethics and natural law on Genovesi's ideas has previously been noted. In relation to the economics of value, Genovesi acknowledged that the use of gold as money is based on its scarcity. The implications of this acknowledgement were not, however, explored; for instance, by recognising that any scarce commodity could function as money, both as a medium of exchange and as a measure of value. One has the distinct impression that gold and silver (and to a lesser extent, copper) were preferred by Genovesi as a monetary measure of value because custom and usage, influenced by scarcity, had historically conferred this function on these metals.

Consideration of Genovesi's emphasis on the function of metallic money as a measure of value necessarily raises the question whether paper money also has this function. If Genovesi rejected paper money as not constituting "real money"
(Genovesi 1770: 69), the major reason was arguably because such money lacks intrinsic or real or natural value, which therefore precludes its use as a measure of value. As previously observed, according to Genovesi money is the "sign and representative of all that has value" (Genovesi 1770: 14), which suggests explicitly that paper money also measures value. However, such an interpretation appears unwarranted, for Genovesi's position was implicitly that only "real money", that is metallic money, is a "sign" or measure of value, because only money of this kind has intrinsic value.

This conclusion gains support from Genovesi's recognition of the beneficial economic effects of paper money, which are, however, only considered to be indirect. Alluding to the collapse in 1720 of the Banque Générale (subsequently the Banque Royale) founded by John Law in 1716, Genovesi suggested another plausible reason for his refusal to recognise paper money as "real money". He stated:

Representative paper [money] does not of itself and directly increase the wealth of the nation, but rather through its effects, that is because it increases circulation and industry, whence true wealth originates (Genovesi 1770: 69).

The impact of paper money on economic activity is indirect because it "serves to increase the circulation of gold and silver, and as a result the circulation of the things represented by these metals" (Genovesi, ibid.). However, whether paper money stimulates economic activity directly or indirectly, it still acts as a medium of exchange, which suggests that it is not essential that money have intrinsic value under all circumstances. The requirement that "real money" possess intrinsic value in order to ensure just and equitable exchange prevented Genovesi from recognising that by mediating and promoting trade, paper money also measures, or is a "sign" of the value of the commodities exchanged.
C. PUBLIC POLICY AND THE INTRINSIC VALUE OF MONEY

Genovesi's proposition that money has intrinsic value led him to argue that public policy makers must strive to set a legal or extrinsic value of money which reflects its intrinsic value. The aim of this section is to examine normative aspects of Genovesi's consideration of the intrinsic value of money.

Genovesi emphasised that the intrinsic value of money is, in a sense, inescapable because

Since men could not prevent the relationship between 1 and 10 being what it is, or make it equal to the relationship of 1 to 20, unless they had the power to increase or reduce the terms, so too, where the quantity of gold and silver is given on the one hand, and the amount of exchangeable commodities on the other, they cannot prevent the [two] quantities among themselves and their like parts from having the ratio they have (Genovesi 1770: 50).

The crux of Genovesi's argument is that the value and price of money and goods are naturally determined phenomena, and should not therefore be set arbitrarily (Genovesi 1770: 51). As noted previously, money, in Genovesi's conception, is simply another commodity and since all commodities must determine their reciprocal prices naturally - as happens under a system of barter - all "arbitrary price fixing operations" (Genovesi, ibid.) are unwarranted, regardless of the commodity. To set arbitrarily the price or value of one, creates an imbalance in what is a natural relationship between the two. Genovesi underlined the consequences of any attempt "to give a price to money or things that is not in accordance with the true proportion of nature" (Genovesi, ibid.):

3. The argument in this passage is reminiscent of Montesquieu's (1949, Vol. 1: 379): "Thus the prince or magistrate can no more ascertain the value of merchandise than he can establish by decree that the relation 1 has to 10 is equal to that of 1 to 20".
It follows ... that either products disappear if money is set higher than the natural proportion demands, or that money disappears if it is set lower: just as with exchangeable things, a price higher than the natural proportion causes money to vanish; [while] a lower price causes things to disappear (Genovesi 1770: 51-2).

This argument requires elucidation. Genovesi can only mean that, in the case of money, its value is artificially or arbitrarily greater than required by the "natural proportion" determined by the quantity of tradeable commodities in conjunction with the quantity of money, money will be preferred to goods; the greater demand for money will thus generate a shortage of goods, with the distinct probability of hoarding and disappearance of the latter. Conversely, if the value of money is lower than required, goods will be preferable to the now under-valued money, which will result in a shortage of money, again with the likelihood of hoarding and disappearance of money. Mutatis mutandis, similar arguments are, as Genovesi indicated, applicable to the price of "exchangeable things" when the price deviates from its "natural proportion".

The discussion above indicates that, for Genovesi, the "natural proportion" which determines the intrinsic value of money has the status of an immutable economic principle. This was confirmed empirically since "When Louis XIV [of France] fixed the relationship of gold to silver at 15 to 1, gold disappeared" (Genovesi 1770: 52). Moreover, "in our nation [the kingdom of Naples], when in 1764 the price of grain was fixed at a lower level than the proportion of that year warranted, grain immediately floundered" (Genovesi, ibid., my italics).

Genovesi's argument that the intrinsic value of money must constitute the basis of public policy decisions on its legal value, also relied on his conception of money and things as representatives of each other. Since there is a direct relationship between "the quantity of exchangeable goods" and "the value of money"
(Genovesi 1770: 52), a change in the quantity of goods will produce a corresponding change in the value of money, indicating a change in the latter's purchasing power; for instance, when the quantity of goods rises, since the available money supply will now buy more, its value or purchasing power has risen. In putting forward policy proposals regarding the intrinsic and extrinsic value of money, Genovesi's purpose was to ensure that the purchasing power of money reflects its true or intrinsic value. Genovesi's concern in this regard had social implications since he argued: "Those who live on wages and life-time incomes, though each year they receive the same amount of money ... do not receive the same value each year, but sometimes more, sometimes less, depending on whether things and metals increase or decrease" (Genovesi 1770: 53). Since the purchasing power of wages had declined, wage earners had, in Genovesi's view, been treated unjustly:

Since the value of the representatives has fallen ... it follows that in order to live without privation and in the status in which they are through the public right of civil societies, those who live on wages have need of at least six times the amount of representatives they needed four hundred years ago; and twice the amount that was required a century ago (Genovesi 1770: 53, fn. (a)).

Genovesi condemned a system of fixed wages in the face of the deteriorating purchasing power of money, arguing that "to maintain the same occupations, without increasing the wage, is to be unjust" (Genovesi, ibid.).

Genovesi made it clear that his preoccupation was less with economic and more with social considerations, notably, as the above quotation indicates, with the payment of a just (that is, a real) wage. It is of interest to note that Genovesi introduced the notion of equilibrium into his discussion of justice, referring as he did to "that equilibrium between the representatives [money] and the things

4. See Chapter 6, fn. 23. Genovesi clearly believed that the failure to maintain the purchasing power of wages had disturbed the individual (and social) "equilibrium ... which justice demands" (Genovesi 1770: 53, fn.(1)).
represented, which justice demands" (Genovesi, ibid.). 'Equilibrium' in this context arguably denotes that "perfect equality between what one gives and what one receives" which Genovesi regarded as "the first regulatory natural law of every exchange contract" (Genovesi 1973: 197). As suggested in Chapter 6, it is possible to discern in Genovesi's ideas the influence of Aristotle's thinking on commutative justice, whereby the values in any exchange between two parties should be "just values". Gordon (1975: 68) observes that in his quest for "the just solution" in exchange, Aristotle was in fact "dealing with the conditions of social equilibrium". There is good reason to conclude that the exchange "equilibrium ... which justice demands" postulated by Genovesi accords with the type of social equilibrium attributed to Aristotle by Gordon.5

The achievement of just wages and incomes was, in effect, the main purpose of the various arguments made by Genovesi on the determination of the intrinsic value of money by civil authorities. His essential proposition was that if the value of money was not "in accordance with the true proportion of nature" (Genovesi 1770: 51), a serious divergence between its intrinsic or natural value and its extrinsic or legal value would result. Thus, Genovesi was plainly questioning the validity of the legal devaluation of money which, by not reflecting the true relationship or natural "proportion" between needs and the quantity of money on which its intrinsic value was based, led to a reduction in the real value of wages and incomes and hence

5. Gordon (1975: 68) observes that "Aristotle is dealing with the conditions of social equilibrium, i.e. the just solution," and refers at the same time to "Aristotle's stress on the need for the exchange of equivalences between households as a condition of social equilibrium". The just satisfaction of needs of all members of society was also Genovesi's objective, an idea which undoubtedly articulates what Gordon (ibid.) refers to as "Aristotle's isolation of relative demands or needs as key elements in the working of 'proportionate reciprocity'". Genovesi (1770: 51) also referred to the intrinsic price of money (and goods) as one that is in keeping with the true natural proportion between needs and the quantity of money. The idea of price as a "natural proportion" suggests what Gordon (1975: 69) refers to as the achievement of "just terms of trade", again an objective he attributes to Aristotle in connection with the notion of a "social equilibrium, i.e. the just solution".
living standards of those concerned. Genovesi's ideas on actions taken by governments to raise the legal value of money are next considered.

D. RAISING THE LEGAL VALUE OF MONEY

Any treatment of the intensively and extensively examined subject of money by an Italian economist in the eighteenth century, especially in its latter half, cannot fail to consider what Venturi (1969: 445) has called "the central topic of the age, inflation". Genovesi is no exception. However, the basis of his examination of the augmentation of a nation's specie was the writings of the French writers Melon and Dutot who had engaged in a lively debate in the 1730s on "An old question about the raising of the numerary value of money: and it is whether such an increase benefits the people and the Sovereign" (Genovesi 1770: 56). The official objective of "raising" the legal value of money was to devalue the currency via its debasement. This involved the introduction of a new coinage in which the precious metal content of the old coins was reduced, thereby giving the new coinage a value in excess of that of the precious metals it now contained. Melon favoured the practice of "raising the coin" (Melon 1739: 254), mainly on the grounds that, by alleviating a nation's debts, it "would be a most useful expedient for putting trade and industry in motion" (Genovesi 1770: 56-7). By contrast, Dutot objected that "every augmentation of the numerary value beyond the right ratio is harmful both to the Sovereign and the people" (Genovesi 1770: 57).

Genovesi argued against Melon that since a nation's debts will always match its credits, "the nation in general ends up by gaining nothing directly" (Genovesi, ibid.) from augmentation. Moreover, Genovesi implied that debtors are not of equal economic status. Those who exist on a day-to-day basis via the sale of their labour or goods are disadvantaged by the practice of augmenting the specie (Genovesi 1770: 60), whereas "those with ready money" stand to benefit (Genovesi, ibid.). The
implied inflationary consequences of augmentation were outlined by Genovesi, who stated: "In every nation, according as the numerical value of money grows, so too does the price of commodities, manufactures and labour services grow. Inasmuch as men, who are seeking perfect equality in their trading, as soon as they become aware of the increase in the numerary value [of money], also for their part try to increase the price of their commodities, manufactures and labour services, and every other tradeable thing" (Genovesi 1770: 59-60). Demonstrating once more his aim to ensure that the remuneration of labour was just, that is, in line with the intrinsic value of money, Genovesi noted the possibility that real incomes will decline in the wake of augmentation, since, as he said: "artists and manufacturers will be dissatisfied with their old pay rates, which others will wish to maintain intact" (Genovesi 1770: 61).

Genovesi argued that, in addition to its inflationary impact, debasement is accompanied by a heavy inflow of foreign currency seeking to profit from the legal augmentation. According to Genovesi, "this gain will be a loss for the nation" (Genovesi, ibid.) since the nation "will become a debtor to foreigners and in consequence the [foreign] exchange will turn to its disadvantage, as via the experience of many years, the same Dutot has shown" (Genovesi, ibid.). As shown in Chapter 5, Genovesi agreed with Dutot that foreign exchange is "the true barometer of the state of trade in a nation" (Genovesi 1770: 205). Genovesi argued that, so far as foreign trade is concerned, a high domestic exchange rate will ultimately confer debtor status on a nation, an outcome contrary to his stated objective that a nation should aim to achieve a favourable balance of trade.

6. Genovesi was probably alluding to Dutot's (1739: 4) extensive treatment of "whether those expedients of raising the Money be advantageous or hurtful to our trade. To find out this I trace the course of foreign exchange between Paris on the one hand, and London and Amsterdam on the other, these being the two cities with which we traffick most, and that from the first of January 1709, till the beginning of April 1717. And passing over the cloudy period of Mr. Law's scheme, I resume my examination at the Month of August 1723, and end with the year 1734."
Genovesl also pointed out that the manifestation of Gresham's Law, albeit he did not use this term, would compound the negative effects of augmentation, because, among other things, "the old money would disappear with very serious harm to trade and industry" (Genovesl 1770: 61). He stated that the practice of raising the legal value of money and the application of Gresham's Law had been economically harmful to "almost all the European nations ... and chiefly to our kingdom" (Genovesl 1770: 62, my italics). Genovesl's preoccupation with the economic problems of his own nation was underlined when he indicated that he would not "confirm these propositions" since "there would be someone upset by my evidence" (Genovesl, ibid.). Arguably, the most important of those he wished not to offend was Tanucci, the Neapolitan Secretary of State and dedicatee of the *Lezioni*, who, *inter alia*, had in 1747 presided over what has been described as a "more or less disguised devaluation which ... ended up by falling above all on the poorest classes, eliminating for the wealthiest every threat of an increased or better distributed taxation" (Venturi 1969: 487-8).

E. THE CIRCULATION OF MONEY AND GOODS

Genovesl's treatment of the circulation of money and goods centred on the reciprocal relationship which, he argued, exists between money and goods. Put simply, "Money will multiply goods and industry; and goods and industry will multiply money" (Genovesl 1770: 122). The basis of this reciprocal, interactive relationship between industry and money was elucidated:

In proportion as money grows ... the attractive power of commodities and manufactures grows; and in reciprocal fashion, as commodities and manufactures grow, their attraction of money grows. Therefore, in every nation, the force of industry is proportional to the quantity of money and the things represented by money (Genovesl 1770: 122-3).
The greater "attractive power" of goods was also stressed by Genovesi: "Money is attracted by commodities and manufactures, and with greater force than it draws the latter" (Genovesi 1770: 124). This proposition provided the basis for the particular meaning he gave to the term "circulation". Before defining this term, Genovesi reasoned that:

Since money is the sign of marketable goods, that is of primary wealth, it follows that it cannot circulate without the things represented by it also circulating ... Thus, if you want money to circulate, it is necessary ... to facilitate the circulation of products (Genovesi 1770: 126).

In arguing that "things can circulate without their signs circulating" (Genovesi, ibid.), Genovesi demonstrated the influence of a system of barter on his particular conception of trade, that is, that products tend to attract money more powerfully than money attracts goods. The trade of civilised nations, which was his main concern, is implicitly a modified form of barter in which, according to Genovesi, one real commodity is exchanged for another, but in this case, representative commodity. These or similar ideas are behind Genovesi's following definition of circulation and its velocity:

Circulation is nothing more than the rate of exchange of what is superfluous with what is lacking. The velocity of circulation is the rate of exchanges in a given period. Thus the velocity is greater or smaller in inverse ratio to the periods [in question] ... Secondly, the amount of circulation is a composite ratio of the velocity and the quantity of goods circulating (Genovesi 1770: 126-7).

In this context Genovesi was clearly not primarily concerned with the circulation of money but with that of goods. However, as part of his consideration of paper money, Genovesi dealt with the idea of circulation as it affects money directly, stating.

7. Genovesi's statement has a parallel in Adam Smith's (1937: 407): "And though goods do not always draw money so readily as money draws goods, in the long-run they draw it more necessarily than even it draws them."
The money which circulates four times in the same year, produces an effect four times greater than if it circulated once only. In this way, two million which circulate four times in a year, would have as much power to keep men occupied in industry, as eight million would have if these performed a single circulation (Genovesi 1770: 69).

Some theoretical aspects of Genovesi's treatment of the velocity of circulation of money were examined in Chapter 6, where, on the basis of the passage just quoted, it was observed that he obviously did not regard \( V \), the velocity of circulation of money, as constant. Unfortunately, no further comment on the relevance of the velocity of circulation of money qua money, in his economics can be made since Genovesi did not explore its economic implications; for example, its possible determinants or likely behaviour over time. The most plausible explanation for this omission is Genovesi's belief that the ability of goods to attract money outweighs the ability of the latter to attract goods. Moreover, since for Genovesi, as noted previously, "money is the sign of marketable goods" (Genovesi 1770: 126), "it follows", as he said, "that it cannot circulate without the things represented by it also circulating" (Genovesi, Ibid.). Given the predominant position Genovesi accorded to the circulation of goods, "it follows that according to the number of circulations there are, so are the effects of money" (Genovesi 1770:127).

The proposition that there is a positive relationship between the turnover of goods and that of money, was illustrated using two hypothetical examples: on the one hand, a country "with no circulation, that is without any domestic trade" (Genovesi, Ibid.), and on the other, "a nation in which there is the greatest possible circulation, both in regard to the amount and the velocity" (Genovesi 1770: 128). The significance of the circulation of goods for Genovesi is borne out by his two hypotheses. These "demonstrate clearly that, relative to their size and internal strength, those nations in which the circulation [of goods] is largest are wealthier,
greater and more powerful; and those where it is smallest, less wealthy, less great and less powerful" (Genovesi 1770: 128-9).

Genovesi indicated that "the circulation [of goods] depends on two sources. I. on demand (desiderio), \textsuperscript{8} II. on the ability to exchange" (Genovesi 1770: 129). The main factors which increase circulation include a multiplicity of needs and wants ("civilised peoples have more needs and wants"); the availability of "superfluities"; an adequate infrastructure, for example, "navigable rivers ... good and secure roads ... good ports"; "many free markets"; "legitimate freedom of trade"; and "the profit from trading" (Genovesi 1770: 130-1). Genovesi's conception of circulation, in this context, as pertaining exclusively to that of goods, means that conclusions regarding the circulation of money must be inferred. If, as he claimed, the propensity of goods to attract money exceeds that of money to attract goods, it may be argued that the circulation of money will proceed \textit{pari passu} with that of goods; so too will the velocity of circulation of money. The sole specific reference made by Genovesi to the velocity of circulation of money, noted earlier, is couched in simplistic terms: the same appraisal is applicable to the circulation of goods, with the notable difference, as just noted, that Genovesi gave a detailed list of the factors and conditions which may promote or hinder such circulation.

The circulation of goods to which Genovesi referred was initially confined to domestic or internal circulation, reflecting the first of Genovesi's "Maxims pertaining to the domestic trade of nations" (Genovesi 1984b: 149): "that domestic trade is the basis of external trade and that there is no nation that can aspire to have any foreign trade (and I mean useful and profitable trade) whatsoever if it has not well established and consolidated its domestic trade" (Genovesi, ibid.). The priority given

\textsuperscript{8} The Italian "desiderio" is not synonymous with the English economic term "demand" except in a general sense. In the absence of an adequate English synonym, its rendition as "demand" in the present context is unavoidable.
to domestic conditions, so far as the circulation of goods is concerned, was further emphasised when Genovest amplified the list of factors which will increase circulation. Significantly, demand for luxury items heads the list: "Luxury ... increases circulation: because it increases needs and creates new ones; and therefore it augments demand and gives momentum to the circulation [of goods]" (Genovest 1770: 134). Implicitly, Genovest commended the actions of "great policy-makers concerned with a country's domestic trade and promoting every kind of industry [who] consider it necessary that the capital city be very large and flourishing, on the assumption that luxury materials come from the provinces, so that there may be a reverse flow, without which the provinces eventually wither; and that there are no restrictive rights (jus prohibitus) which stop the momentum of the provinces" (Genovest, ibid.).

The second proposition aimed at promoting circulation "is that the spirit of trade diffused throughout every part of a nation increases circulation; because as well as increasing the superfluous, it produces the desire to become wealthy, and hence stimulates industry" (Genovest, ibid.). The "spirit of trade" envisaged by Genovest would, he argued, be favoured by the existence of "public confidence" together with "trading companies, provided they are so varied that they do not form a monopoly" (Genovest 1770: 134-5). The requirement of public confidence was for Genovest a major one. For example, he called for reforms to the legal system, "especially in the matter of trade, where every delay constitutes serious harm" (Genovest 1770: 135), arguing that where legal abuses are allowed to exist, "it is impossible for people to trust each other, which freezes circulation" (Genovest, ibid.). The economic importance of public confidence was underlined by Genovest:

9. See Chapter 4, where it was shown that Genovest was in favour of the moderate consumption of domestic luxury goods, since these contribute to employment, production and population growth.
Nothing is more essential to a large and speedy circulation and for reinvigorating every sort of useful industry than PUBLIC CONFIDENCE (FEDE PUBBLICA) (Genovesi 1770: 146).

The elaborate attention Genovesi (1770, Ch. X) gave to this topic was prompted by his belief that the rapid circulation of goods (and money) requires a congenial, supportive legal and social environment. Public confidence or trust is the cohesive element which enables members of society to engage in mutually beneficial exchange relationships. Genovesi argued that without this trust, "there is no certainty of contracts, nor any force of law, nor confidence between human beings. Because contracts are bonds and so too are ... civil laws" (Genovesi 1770: 147).

Genovesi identified three kinds of public confidence - moral, economic and political - as the "foundations of a civil society, of the arts, of industry, of the spirit of the nation, of trade, of public peace, and prosperity" (Genovesi 1770: 150). He argued that the "absence of public confidence " (Genovesi 1770: 190) "brings in its train not only disrepute at home, but foreign [disrepute] as well in respect of those nations with which we trade; whence eventually the outflow [of products] fails and the stimulus to industry; and this produces a general [economic] freeze and squalor in the nation" (Genovesi, ibid.). Genovesi rejected the suggestion he attributed to Mandeville that, in the absence of public trust, "all that is required to sustain the arts and industry are need and the cupidity for wealth" (Genovesi 1770: 190).10

Genovesi implied that when public trust is missing, motivation of this kind cannot act as positive economic incentives, "because this need and cupidity, when they are only impelled by fraud and deception, will lack the means to become operative, and those who are oppressed will love idleness more than labour" (Genovesi 1770: 190-1). Reference was made in Chapter 4 to the significance Genovesi attached to self-interest as a required stimulus to economic activity. The comments just noted,

10. For instance, Mandeville (1934: 44) stated: "Fraud, luxury and pride must live. Whilst we the benefits receive: Hunger's a dreadful plague, no doubt, Yet who digests or thrives without?"
however, suggest rather clearly Genovesi's stipulation that the pursuit of self-interest must be subject to the dictates of the moral, economic and political trust inherent in the concept of public trust or confidence.

The above indicates that although Genovesi recognised economic development cannot take place without money, he believed the efficient, effective circulation of goods is of greater importance in stimulating economic activity than is the circulation of money. The ability of goods to "attract" money more powerfully than money attracts goods, depends in large part on the existence of favourable social, legal and other institutional conditions, not the least of which is the nature and degree of the individual and community trust which characterises the processes of production and exchange. Money is, however, unlikely to be attracted by goods and thereby act to stimulate economic activity if it is concentrated in few hands and, in general, poorly distributed. The negative economic consequences of hoarding money, and the positive benefits of distributing it uniformly, were stressed:

To accumulate a great treasure would be to dry up ... the bases of tax revenue. Nothing is more useful for stirring labour to action than the greatest possible uniform distribution of the representative signs (Genovesi 1768: 453-4).

Genovesi's ideas on the "uniform distribution of money" are examined below.

1. The Uniform Distribution of Money

According to Genovesi, a reciprocal relationship exists between the circulation of goods and the distribution of money. The aim is to achieve a "uniform distribution of money" (Genovesi 1770: 142), by which

I do not mean an equal amount [per head], which (if it were possible) would mean certain ruin, and a destructive evil of the very force of money, but ... rather a proportionate equality, that is 1. That there is almost no family that does not have enough to animate its industry, be it large, small or very small. 2. That if at present [money] is not distributed, it has the power at all times to be distributed with proportionate equality (Genovesi 1770: 142-3).
Genovesi's reiteration of the Aristotelian criterion of 'EQUALITY OF PROPORTION' (Genovesi 1973: 197) in trading or contractual relationships, discussed in Chapter 6 and earlier in this chapter, may be noted. Its repetition in the context of Genovesi's call for money to be distributed uniformly serves to underline the significance of certain tenets of natural law in his economics. Genovesi did not hesitate to translate natural law into civil law.11 Here, in order to "produce that uniform distribution" (Genovesi 1770: 124), he posited the need for legislation to ensure "that lands be divided with less inequality" (Genovesi, Ibid.) which, inter alia, necessitated changes to inheritance laws; and that commercial activity and trade "be as free as they can be" (Genovesi, Ibid.). Genovesi stressed that, when it is not obstructed, "nature ... always moves to equilibrium" (Genovesi 1770: 125) and will therefore "give you an almost equal distribution of properties, industry and money" (Genovesi, Ibid.). The equilibrium to which Genovesi aspired would undoubtedly contribute to the "social equilibrium" noted previously.

Although Genovesi believed, for historical reasons reinforced by the authority of Aristotle, that "lands [cannot] be divided with perfect equality" (Genovesi 1770: 136-7),12 he also presented economic argument in support of his thesis that money and land should be uniformly distributed. The uniform distribution of land is, as already noted, a pre-requisite for the uniform distribution of money. Genovesi emphasised that the uniform distribution of land and resultant ownership will

11. An example of Genovesi's interest in, and emphasis on natural law is contained in his Dicesina in Chapter XVI "On the Justice of Exchange Contracts" (Della giustizia dei contratti permutatorii) (Genovesi 1973: 212-22).

12. Genovesi argued that such equality is "morally impossible, as the actions of the Romans demonstrated through the outcomes of the agrarian laws: and Aristotle shows it plainly in the second book of his Politics, where he subjects to a rigorous and subtle examination the two ideal republics, one of Plato, the other of Phaleas the Milesian, in which the aim was to establish equality of property" (Genovesi 1770: 137). Genovesi was alluding to Aristotle's examination of two extremes: Plato's desire "to abolish private property" (Aristotle, Politics, p. 439) and Phaleas' ideal state based on an "equal distribution of property" (Aristotle, Politics, p. 440).
increase land productivity by making it "yield at least twice the amount that lands
farmed by non-owners yield" (Genovesi 1770: 125). The reasoning must be seen in
the context of his argument that goods or commodities will attract money. Thus,
Genovesi's assertion that greater productivity will result from distributing lands
uniformly lends greater weight to his proposition that the uniform distribution of
money must be predicated on the uniform distribution of land.

Whereas Genovesi opposed the idea that lands should be divided equally as a
precondition of the uniform distribution of money, he supported the proposition
"that manufactures in every part of the state be promoted" (Genovesi 1770: 137) as a
positive step towards the uniform distribution of money. Indeed, he argued that if
"the general freedom of manufactures" (Genovesi, ibid.) be combined with the
uniform distribution of land, "you will have the problem [of distributing money
uniformly] completely solved" (Genovesi, ibid.). To this end, he recommended firstly
spending on domestically produced luxury by the rich "as a just restitution by those
who have superfluous resources to those with needs" (Genovesi, ibid.); secondly, the
greatest possible exclusion of foreign manufactures to prevent money leaving "one's
own country" (Genovesi 1770: 138).

Given his rather protectionist approach to trade - Genovesi's "Restrictions on
freedom of trade in the national interest" were examined in Chapter 5 - it must be
asked what Genovesi meant by "the general freedom of manufactures" as a condition
for achieving the uniform distribution of money. Certainly, he did not mean
unrestricted freedom of imports, for this patently ran counter to the national
interest as he perceived it. The freedom he advocated was arguably the absence of
impediments, of whatever origin, to domestic manufactures and exports. In
economic matters, freedom was clearly regarded by Genovesi as a relative term and
always subject to what was conceived as the national interest.
According to Genovesi, evidence of the uniform distribution of money was reflected in a strong circulation of goods and money, a flourishing agriculture and manufactures, and a low interest rate "relative to the degree of trade" (Genovesi 1770: 138). Genovesi explained his qualified approach to interest rates: "I say relative to the degree of trade because the same could occur through the stagnation [of money] in a few hands, where there is no trade, nor a great need of money" (Genovesi 1770: 138-9). Given his objective of lower interest rates, as well as the diffusion of "idle money" and a greater circulation of goods (Genovesi 1770: 139), Genovesi argued that unless prospective lenders regard their "funds (capitale)" (Genovesi, Ibid.) as being secure, and prospective borrowers are certain about the cost of loans, money will not be converted into loans. Where certainty characterizes borrowing and lending, money will circulate; and "the greater is the amount of money in circulation the more does its price fall, that is interest rates" (Genovesi 1770: 139-40). The result is that "money flows throughout the State with the greatest possible circulation; now money can never circulate without the things represented [by it also] circulating" (Genovesi 1770: 140).

The strength of Genovesi's belief in the need to achieve the greatest possible circulation of money, and hence goods, is mirrored in his pragmatic suggestion that a "National Register (Archivio publico)" (Genovesi, Ibid.) be established. This, he argued, should provide for the detailed recording of "the landed property of all families, the annual incomes of whatever nature and sort, credits, etc., domestic burdens, debts, obligations, etc." (Genovesi, Ibid.). Genovesi asked, and provided the answer to, a rather pointed question aimed at bolstering his call for a National Register: "Why in the provinces of this Kingdom [of Naples] are interest rates ... to be seen at 9 or 8 per cent? Because since money lies idle in the Capital it does not return there" (Genovesi 1770: 140, fn.(a)). 13 His belief (or assumption) that money

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13. Genovesi's claim contrasts with a contemporary observation: "Much money arrives here [in Naples] from the provinces ... Such money does not, however,
tended to stagnate in the national capital was sufficient reason for Genovesi to advocate: "In our country, everything should be registered, and in the capital [Naples] as a priority" (Genovesi 1770: 140).

Genovesi clearly favoured the disclosure of a nation's real and monetary assets to promote the uniform distribution of money. Lower interest rates, by encouraging economic activity, would, in his view, foster the circulation of goods and hence the even distribution of money. These two objectives were, as previously noted, mutually reinforcing, a point stressed by Genovesi: "A great deal of circulation and a significant distribution of money are reciprocal affairs" (Genovesi 1770: 138). Genovesi did not hesitate to reaffirm the idea contained in the proposition just noted: "The circulation [of goods] enriches the State; ... Money uniformly distributed to the greatest possible extent increases the circulation [of goods]" (Genovesi 1770: 141). In actual fact, Genovesi appeared to argue that the circulation of goods is the catalyst for the process of mutual reinforcement associated with the distribution of money, which accords with his fundamental proposition, noted earlier, that goods have a certain magnetic power, so to speak, which attracts money. Thus, he suggested that a nation's major concern should be to increase its "primary wealth" (Genovesi, ibid.). This it would do by fostering its foreign trade ("the outflow of domestic trade"), its domestic trade ("the soul of industry") and its industry ("the main spring of circulation") (Genovesi, ibid.). The principal means, therefore, of promoting circulation and industry were seen to be: domestically, "the security of credits and freedom of commodities and manufactures"; externally, "the legitimate freedom of exports and favourable export duties, in order to have a competitive advantage, an all-powerful spring for foreign trade" (Genovesi 1770: 141-2).
As the above indicates, although achievement of the uniform distribution of money was made to depend on economic criteria, notably the growth-oriented process implicit in the maximum circulation of goods, it also relied on institutional reforms, for example, in respect to land tenure. Nevertheless, economic and institutional factors were probably considered less important than the changes in individual and social attitudes and behaviour which Genovesi clearly regarded as essential to promote the desired distribution of money in a uniform manner. Genovesi argued that the uniform distribution of money "occurs in those countries" where, for instance, "one's freedom and right to life are respected ... where the trustworthiness of contracts is sacred ... where brigandage is suppressed ... where no family believes it has the right to live by extortion, etc." (Genovesi 1770: 143).

F. THE QUANTITY OF MONEY - A POSTSCRIPT

Almost as an afterthought, Genovesi considered the "important question recently raised among economists" whether, if money is distributed uniformly and the circulation of goods is at a maximum, "it is necessary to maintain its [money's] quantity within certain limits or if it is true that the more it grows, the more beneficial it is" (Genovesi, Ibid.). Genovesi cited the view expressed by Hume and Mirabeau, "together with many others that if money grows excessively, it

14. The need for reform to the system of land tenure in the kingdom of Naples was probably the most basic of all the reforms proposed by Genovesi. He stated: "Let us assume that our kingdom including the capital has 800,000 families. Let the lands be divided in such a way that there is no family that does not have a portion. Then the fruits of the land, together with some secondary arts, will provide a livelihood for everyone ... The poor, if there are any, will be reduced to a minimum; and these same will easily find employment in the secondary arts and those few luxury arts that must exist to sustain the latter and to balance distributive justice. I give you this theorem as already proved" (Genovesi 1962c: 489-90).

15. The reference to Hume is probably to his statement in 1955: 34, cited later in the text. The following statement by Mirabeau in his L'Ami des hommes is pertinent to Genovesi's argument: "If you consider gold ... as the necessary medium, if you consider it as having to be among you in proportionate quantity to that of the materials whose production and perfection it must
weakens industry, trade and the circulation [of goods], and of itself tends to ruin the State" (Genovesi 1770: 143-4). The contrary view, expressed by "many other learned men" was "that no matter what the quantity and measure of money is, it can only do good" (Genovesi 1770: 144).

Initially, Genovesi hypothesised that "if money grows beyond measure in only one European nation", it is true, as Hume said, that "it ruins trade there" (Genovesi, ibid.). Genovesi was undoubtedly alluding to Hume's statement that "the greater plenty of money, is very limited in its use, and may even sometimes be a loss to a nation in its commerce with foreigners" (Hume 1955: 34). Genovesi indicated that trade is harmed because of the relative distortion of the inflationary impact on the single economy produced by the greater quantity of money. Moreover, "excessive secondary wealth" weakens industry because "a monied man" tends to "believe he possesses everything and is therefore exempt from all labour" (Genovesi, ibid.). Given its priority as a factor in his proposed economic reforms, it is unnecessary to comment on Genovesi's repeated insistence on the potential economic harm of a diminished work ethic.

Genovesi's second hypothesis was that "if money were to grow equally in all the nations of Europe" (Genovesi, ibid., my italics), the quantity of money, whatever its size, would be of benefit, "because it would not lead to diversity among the manufactures of different nations, since if the amounts [of money] are equal, you will never alter the state of affairs in order to add equal amounts: and if they are in a given proportion, by adding proportionate amounts" (Genovesi 1770: 144-5).

The above-mentioned arguments by Genovesi lack the necessary ceteris paribus condition which would serve to qualify the relationship he postulated accelerate, you will be right." (Mirabeau 1756, Vol. I, Part 3: 185). The idea of a "proportionate quantity" of gold suggests the limited quantity of money Genovesi argued was Mirabeau's objective.
between an increase in the amount of money and the resultant outcome. The necessity of such a condition is heightened by Genovesi's apparent inference that an international monetary equilibrium exists, which would be undisturbed if each country's money supply were increased "equally". In an effort to solve his nation's economic problems, Genovesi was keen to identify, wherever possible, cause-effect relationships, but the validity of conclusions based on such relationships are clearly subject to assumptions made about the behaviour of other variables. Far from being a pedantic theoretical device, the specification of \textit{ceteris paribus} is an analytical necessity.

Arguably, the second part of Genovesi's last statement noted above reflects the influence of his conception of the so-called quantity theory of money, particularly the implications of proportionate changes in the amount of money, which were examined in Chapter 6. Here Genovesi assumed that if the various national money supplies in Europe were "in a given proportion" to each other, the addition of "proportionate" amounts would, again, not upset the prevailing international equilibrium. As noted in Chapter 6, Genovesi assumed, without the necessary \textit{ceteris paribus} condition, that changes in the quantity of money will be accompanied by proportionate changes in prices. He appeared to argue that, since prices would change by the same proportionate amount in all countries, there would be no deleterious international inflationary effects arising from the initial proportionate increase in the quantity of money. Cantillon's objections to the proposition that changes in the quantity of money will cause proportionate changes in prices, noted in Chapter 6, suggest that presumably simultaneous proportionate increases in the money supply of different countries are not economically neutral in the sense that the price level of each country is affected by the same proportion.

The second reason Genovesi gave to justify the alleged benefits of an equal increase in the amount of money in all nations was that "since the large quantity [of
money] reduces its price proportionately, super-abundant [secondary] wealth could never produce more idlers than [would] moderate [wealth]" (Genovesi 1770: 145). The first part of this argument is subject to the same kind of reasoning by Genovesi as that relating to proportionate increases in the quantity of money noted above. Genovesi clearly inferred that the value of money will fall proportionately as its quantity increases equally in all countries; there will also be a generalised international reduction in the purchasing power of money, with the result that no country gains or loses at the expense of another. Thus, because the industry - and employment - of each country is in no way diminished there will be no increase in the number of the unemployed - the "idlers" referred to by Genovesi. Since, for Genovesi, the impact on labour and employment of changes in any economic or non-economic variable is a major criterion, it must be concluded that he favoured, perhaps somewhat unrealistically, changes in the quantity of money on a national basis, the effects of which would be reciprocally self-cancelling among the various countries concerned.

CONCLUSION

Genovesi's treatment of money was based on his commodity conception of money, whereby he argued that only money with intrinsic value is "real money" (Genovesi 1770: 69). Since intrinsic value derives, in part, from human needs, precious metals used as money possess such value because historically they have fulfilled a need for an acceptable measure of value in the civilised world, where trade through barter is impractical. Because money's intrinsic value is "controlled by natural proportions" (Genovesi 1770: 32), attempts by civil authorities to give it a divergent legal value can cause economic disruption. If, for instance, the legal value of money exceeds its intrinsic value, goods are likely to disappear from circulation; conversely, if the legal value is set below the intrinsic value, it will cause the flight of currency.
The most serious consequence of the divergence of the extrinsic from the intrinsic value of money, is its potential negative impact on the purchasing power of money. Thus wages and incomes which are not adjusted upwards when the "natural proportion" which determines the intrinsic value of money declines, thereby reducing the value of money, are unjust because they cause hardship and a lowering of living standards. The "natural proportion" between needs and the quantity of metallic money on which the intrinsic value of money depends, has its sources in natural law; the criterion of justice is therefore inherent in Genovesi's argument that the intrinsic and extrinsic values of money should be identical.

Strictly speaking, the expression for the "natural proportion" which identifies the intrinsic value of metallic money as a direct ratio of needs and an indirect ratio of the quantity of money, is subject to the reservation that it lacks a *ceteris paribus* condition. In the absence of this condition, which ensures that one variable is held constant, while the other changes, the intrinsic value of money cannot reliably be determined.

Genovesi's metallic conception of money was partly due to his almost exclusive conception of money as a measure of value. This is partly attributable to the influence of Aristotle's notion of "equivalence" in exchange transactions. To achieve "perfect equality" in "every exchange contract" (Genovesi 1973: 197), necessitates an appropriate measure of value. According to Genovesi, the intrinsic value of metallic money fulfills the required measurement function ideally, and is one that is recognised and accepted as such by civilised nations.

Genovesi's rejection of the common practice of "raising the coin" was in keeping with his opposition to any value of money which does not reflect its intrinsic value. In general, he objected to the practice on the grounds that it "causes more
[economic] harm than benefit to the nation" (Genovesi 1770: 61), including the tendency to generate inflation, thereby reducing the real income of labour.

A major function of money is to facilitate trade. The circulation of money required for trade is more likely to take place when it is recognised that the power of goods to attract money is greater than the power of money to attract goods. Thus, the factors which increase the circulation of goods were given greater prominence by Genovesi than those which promote the circulation of money. The emphasis Genovesi gave to the circulation of goods is in line with his thesis that the source of a nation's prosperity is its primary (or real) wealth, not its secondary (or monetary) wealth. A feature of Genovesi's examination of the factors which influence the ability of goods to attract money is the importance he attached to the existence of favourable social, legal and other institutional conditions, including the degree of public trust or confidence underlying the exchange process.

Since money is unlikely to be attracted in the amount required for trade and economic activity if it is concentrated in few hands, Genovesi advocated its uniform distribution, by which he meant "a proportionate equality" (Genovesi 1770: 142) among families. Genovesi recognised the necessity of actual or potential funds or liquidity to animate the industry and industriousness of labour at all levels. The possession of some monetary assets, however, required, as a pre-requisite, the possession of real assets in the form of land, which, Genovesi argued, should also be uniformly distributed. Fulfilment of this condition was designed to ensure that direct ownership of some land will lead to improved productivity, including labour productivity motivated by self-interest.

Genovesi's ideas on the permissible quantity of money in a nation were influenced by his implicit belief in a kind of international monetary equilibrium. This led him to argue that excessive monetary growth in one nation is undesirable
because of its inflationary impact and harmful effect on the work ethic. His further argument that an *equal* growth in the quantity of money in *all* European nations would be beneficial, is open, *inter alia*, to the analytical objection that *changes* in the quantity of money will not necessarily be accompanied by *proportionate* changes in prices.

Arguably, certain empirical aspects of his examination of money were based on monetary practices or policies in the kingdom of Naples observed by, or known to Genovesi either during his life-time or from history. The definition of *metallic* money adopted by Genovesi is a case in point. Again, the alleged "injustice" caused by the declining value of money to those on fixed incomes is based on his perception of actual events in the kingdom. Although his discussion of problems caused by raising the legal value of money was obviously based on the earlier debate in France between Melon and Dutot, Genovesi did not disguise the fact that the practice had caused "evils ... chiefly in our kingdom" (Genovesi 1770: 62). Yet again, in calling for the circulation of goods to be facilitated, Genovesi was implicitly advertlng, *inter alia*, to the problem of the many tolls and the associated physical barriers, including the inadequate road system, which obstructed and hampered the flow of goods in the kingdom. Moreover, the requirement that land should be uniformly distributed (as a pre-requisite to the uniform distribution of money) reflected a commonly held view that the ownership of land in the kingdom was highly concentrated, and, perhaps more importantly, that large landed estates were not being used effectively to increase agricultural production. It is no coincidence that, in calling for the creation of a "National Register" (Genovesi 1770: 140), Genovesi advocated that "in our country, everything should be registered, and in the capital [Naples] as a priority" (Genovesi, ibid.). At the same time, he believed (or assumed) that relatively high interest rates in the provinces were caused by the "stagnation" of money in the capital, thereby discouraging economic activity in the provinces. Given his regular citation of what he perceived to be problematical factors which were directly or
indirectly related to the phenomenon of money in his own nation, it may be argued that Genovesi's analysis of money had deliberate implicit and explicit normative implications for the economy of the kingdom of Naples. There can be little doubt that this was motivated by his determination to promote economic reforms in the kingdom.
CHAPTER 8
PRIVATE CREDIT AND INTEREST

INTRODUCTION

This chapter continues the examination of Genovesi's ideas on the theory of money begun in Chapter 7, by considering the specific issues of private credit and interest (Genovesi's main emphasis on public credit is dealt with in Chapter 9). The first part of the chapter shows that, in general, Genovesi favoured provision of private credit, on the condition that the amount provided was in the proper proportion to a nation's natural or productive resources. The limitation imposed on private credit was arguably an attempt by Genovesi to prevent a recurrence in his own country of John Law's failed experiment with paper money in France in the years 1716-20.

Genovesi's essentially monetary theory of interest is examined in the second part of the chapter. It is shown that his ideas on interest derived from his definition of the phenomenon as "the price of the convenience which money gives" (Genovesi 1770: 227). This is the basis of his argument (which invokes economic, moral and theological considerations) that it is legitimate to charge interest on money. Genovesi's defence of the legitimacy of charging interest, made in the face of a papal decree of 1745 to the contrary, reflects his attempt to introduce necessary commercial institutions to the kingdom of Naples as part of the economic reforms he proposed. Consideration is also given to Genovesi's proposition that while the quantity of metallic money is inversely related to the rate of interest, the latter may also be determined by the level of taxation, which influences the demand for money. Genovesi's reasons in favour of legally determined interest rates are also examined.
to demonstrate that, notwithstanding his belief in naturally determined interest, he supported official intervention on pragmatic short-term grounds. Genovesi's ideas on the significance of high or low interest rates are also considered. It is shown that he disagreed with Hume's thesis that "the rate of interest ... is not derived from the quantity of the precious metals" (Hume 1955: 48). Genovesi argued instead that interest rates are a reflection of the demand for, and supply of money relative to each other.

A. PRIVATE CREDIT

The broad subject of credit was regarded by Genovesi as sufficiently important to warrant three chapters in the Lezioni (1770: Chapters V, VI, VIII). His main interest was in "public credit", though it is evident that he does not use the term 'public' to refer exclusively to the credit associated with government debt. What Genovesi called "purely domestic" public credit "comes from three sources, [public] banks, trading companies and debts of the [royal] court" (Genovesi 1770: 77). This suggests that the term "public credit" was used by Genovesi as something of a blanket term to include both credit for private activity and what is clearly public credit in the sense that this represents the debts of government. As far as it is possible to distinguish the two precisely in the context of Genovesi's treatment, private credit is examined in this chapter. Public (or government) credit is examined in Chapter 9, which deals with public finance.

Genovesi argued that a system of credit which is "well understood and skilfully managed ... is one of the greatest springs for bringing trade to its perfection" (Genovesi 1770: 71-2). He agreed with Dutot\(^1\) that "credit ... is such a stimulus to trade and so effective that, without credit, trade is merely a corpse" (Genovesi, ibid.).

Every nation should therefore aim to establish "the greatest possible credit, and maintain it most scrupulously and jealously" (Genovesi 1770: 72-3). Genovesi defined "credit in general" as "the ability to use another's means as your own" (Genovesi 1770: 73). Since credit "is always proportional to the degree of security offered by the debtor" (Genovesi 1770: 73), the best security a nation can offer is its real resources: "If a nation has many natural endowments or many manufactures; if it has arts and good mores; if it is prudent and industrious, it has good credit" (Genovesi 1770: 74). Genovesi distinguished between various types of "public credit": "foreign credit, originating however in domestic credit" (Genovesi 1770: 76); "credit which concerns the nation both domestically and externally" (Genovesi, ibid.); and "credit which is purely domestic" (Genovesi 1770: 77). The first is defined as "the personal general credit of one nation relative to the others with which it trades or can trade" (Genovesi 1770: 74). The sources of this type of credit are "many individuals" and "public trust" (Genovesi, ibid.). The few details given by Genovesi suggest he was referring to a form of private credit.

The source of the second type of credit listed above is a nation's "coins" (Genovesi 1770: 76). Arguing that "coins have a very great power to attract all commodities" (Genovesi, ibid.). Genovesi noted that if ... [coins] are of the "correct weight and acceptable alloy, credit will be based on the most wonderful real and personal securities" (Genovesi 1770: 77). Genovesi, who elsewhere distinguished between primary (or real) and secondary (or monetary) wealth, referred to a nation's sound coinage as a real security for the probable reason that, as shown in Chapter 7, he regarded only metallic money as real money: hence coins constitute a

2. Genovesi (1770: 74-5) added: "In order to make a nation credit-worthy and achieve the degree of trade of which it is capable, it is necessary to establish and cultivate good mores, mutual confidence, and security. Thus a strict education, regulations and laws which subject manufactures and contracts to the general law of public trust, severe and prompt penalties against those who violate the trust of contracts, are absolutely necessary to a nation's trade".
commodity or real resource. Consequently, coins are part of a debtor's "capital funds", which Genovesi argued "constitute real security and the real property of the debtor" (Genovesi 1770: 73). The third type of "public credit" noted above originates in "[public] banks, trading companies and the debts of the [royal] court" (Genovesi 1770: 77). The last source mentioned in this quotation plainly refers to the debts of government and is dealt with in Chapter 9. Genovesi's treatment of the first two sources suggests these are more appropriately thought of as referring to private credit and are therefore examined below.

Genovesi identified "public banks in Genoa, Rome, Holland, Paris, London, etc." (Genovesi 1770: 64) as a source of what he referred to broadly as "paper money" (Genovesi 1770: 63), a term which comprises various credit instruments. According to Genovesi, public banks dealing in paper money "increase the instruments of trade" (Genovesi 1770: 77). He indicated that "The basis of these banks and their credit, are their real and personal securities. The real ones consist of their currency and real estate: and personal ones in the fact that the [royal] court is the guarantor" (Genovesi, ibid.).

Since, as noted earlier, Genovesi believed "credit is always proportional to the degree of security offered by the debtor" (Genovesi 1770: 73), he stipulated "that paper money not exceed the real securities [in the form of currency and landed property] or the amount of trade the nation can generate" (Genovesi 1770: 78). This, he stated, should be a legal requirement and the law should also ensure "that industry and the trade at whose relief this credit is aimed, is animated, facilitated, and protected" (Genovesi 1770: 79). Genovesi's belief in the necessity of credit to promote the trade undertaken by private merchants is mirrored in his proposition that "if this trade continues to grow, bank money can increase in the same proportion" (Genovesi 1770: 78). Genovesi advanced mainly historical reasons for his suggested limitations on the volume and expansion of "bank money", by which
he meant paper money. Having argued, as noted in Chapter 7, that "Representative paper [money] does not of itself and directly increase the wealth of the nation" (Genovesi 1770: 69), Genovesi indicated that "the volume of this paper [money] must be kept within certain limits in order to ensure it is beneficial" (Genovesi 1770: 69-70). The amount of paper money "must not exceed the real wealth it represents: because by doing so it begins no longer to represent anything, and consequently falls into disrepute, whence instead of accelerating the circulation of money and commodities, it halts it" (Genovesi 1770: 70). Genovesi had before him the example of the collapse in 1720 of the "Bank of Paris" (Genovesi, ibid.) founded by John Law in 1716. He undoubtedly believed like Melon (a one time secretary of John Law), that "the abuse [of Paper Credit] ... is always to be feared" (Melon 1739: 266).

Genovesi noted:

The Banque Générale and Royale of Paris in little more than two years had issued notes to the value of 2,696,000,400,000 lire. *France was worth little more.* This bank debt therefore had as its basis more the personal security of the [royal] court than real [assets] (Genovesi 1770: 74, fn.(a), my italics).

Genovesi had no doubt that the French bank "collapsed only on account of the immense volume of notes" (Genovesi 1770: 70) it had issued without the backing of "real wealth". The basis of this conclusion was his argument that there is an implicit natural proportion\(^3\) between the quantity of paper money in a nation and its resources:

> Since these paper [bills] serve to promote the industry and trade of men, they must not exceed the *proportion* between them and the number [of people] and their skills or the [geographical] location of the nation and the degrees of trade of those who comprise the State (Genovesi, ibid., my italics).

3. Genovesi made emphatic reference to "the dictum of Aeschylus [*Eumenides 532*] ... THE GODS HAVE ONLY GIVEN COMPLETE POWER TO PROPORTIONAL MEANS" (Genovesi 1770: 96).
Trading companies were, according to Genovesi, also a source of private credit since it is certainly not possible that there will be a large amount of trade in a nation unless such companies exist. Because the capital funds of private merchants can never be so extensive as to permit them to venture into large-scale trade, to cover their starting-up expenses and losses, and to help them over the hurdles which traders from other nations or pirates may put in their way (Genovesi 1770: 79).

Credit was generated via "the shares which individuals take in these companies" (Genovesi, ibid.). Citing the "great example" of the "Dutch East-India Company" (Genovesi 1770: 80), Genovesi emphasised the commercial reliability of these companies by indicating the security they offered their shareholders: "The real securities of this credit are the business capital and its size; the personal securities are the diligence, punctuality and knowledge of those who employ this capital, and make it work with interest" (Genovesi, ibid.). Even so, on the basis of his criterion of proportionality, Genovesi cautioned that, in the early stages at least, trading companies may over-extend the credit they issued and thereby face the risk of collapse:

At the outset, the capital funds of trading companies must not be too large; they increase progressively in proportion to the expansion and intensity of trade. Because when they are excessive, since the income cannot match the capital funds, the company falls into disrepute, and either fails or is dissolved (Genovesi 1770: 70).

Genovesi listed two other sources of "paper money" (Genovesi 1770: 63) or credit. He noted that "letters of exchange" (Genovesi 1770: 64), generally believed to be a Jewish invention, were credit instruments which "multiply" the amount of money "in foreign trade" (Genovesi, ibid.). The "pawn shops (Monti ... di Pieta)" (Genovesi 1770: 66) founded in Italy at the beginning of the sixteenth century were a further source of private credit. These institutions issued securities known as "Pledges of credit (Feddi di credito)" (Genovesi, ibid.) and led to the establishment of...
"private banks ... [which] increased the quantity of [monetary] signs and the promptness of trade" (Genovesi, Ibid.).

Genovesi's largely favourable attitude to "paper money" and hence private credit was noted earlier and also in Chapter 7. His position was that while private instruments of credit may not constitute "real money" (Genovesi 1770: 69), they do in fact increase "the wealth of the State" by promoting "circulation and industry, whence true wealth originate" (Genovesi, Ibid.). In this particular context Genovesi's interest was with the circulation of money, whose velocity, he argued, is increased by paper credit. Genovesi suggested that "the whole mystery of paper money" is explained by the fact that "it produces the benefit that real money would produce, whose turnover would be augmented" (Genovesi, Ibid.).

Notwithstanding his acknowledgement of the potential economic benefits of private credit, the above indicates that Genovesi regarded it as having an essentially auxiliary or supplementary role vis-à-vis metallic money, even, it may be argued, a subordinate function in relation to such money. This conclusion is suggested by Genovesi's treatment of the subject of paper money or credit, which was patently conditioned by the spectre of John Law's failed experiment with paper credit in France in 1720. It is this incident which undoubtedly accounted for his insistence that paper money "must not exceed the real wealth represented by it" (Genovesi 1770: 70) or the proportion it bore to a nation's natural or productive resources. Genovesi's general rule of proportionality in regard to paper money or credit was clearly meant to apply both to individual economic units and the economy as a whole. The latter application acquired even greater significance when Genovesi examined Hume's ideas on public credit, a subject which is dealt with in the following chapter.
B. INTEREST

1. Definition

Although Genovesi tended to use two terms interchangeably to refer to interest, that is, "usury (usura)" and "interest (interesse)", he acknowledged that the latter had a "less odious" (Genovesi 1770: 40) connotation. However, the two terms are not synonymous "because, properly speaking, interest should be the *lucrum cessans* and *dannum emergens*; and usury the value of the convenience which money gives to the recipient" (Genovesi 1770: 228, fn.(a)). Recognition that the arguably negative compensation principle inherent in the foregone gain or profit suggested by *lucrum cessans* on the one hand and in the idea of damage suffered suggested by *dannum emergens* on the other, makes of interest *qua* interest something very different from the more positive idea of compensation for the benefit conferred by *usura*. However, Genovesi did not pursue the distinction. In what follows, therefore, the English term *interest* is used in a general sense to convey Genovesi's undifferentiated *interesse* and *usura*.

Genovesi defined interest as "the price of the convenience which money gives" (Genovesi 1770: 227). Money - invariably a commodity in Genovesi's conception - provides "a certain annual benefit in rents, loans, exchange rates and other contracts. This benefit ... is called the *interest* and *usury of money*" (Genovesi 1770: 227-8). Though Genovesi himself accepted as certain that money does yield a benefit which justifies the payment of interest on loans, he considered it necessary to investigate the validity of this proposition. He showed that, historically, the fluctuation in interest rates reflected the relative scarcity of money. He noted, for instance, that "in earlier times, when the amount of money was very small and its value high, people were content to demand 12 and 10 per cent ... But then, little by little, as the amount of gold and silver grew beyond [their] needs, interest rates also
fell, sometimes to 6, to 5, to 4 and finally to 3 per cent" (Genovesi 1770: 229). On the
basis of this empirical evidence, Genovesi concluded

> The interest on money is in practice always in proportion to the quantity of
money in circulation and ... is to be taken as a price, which, like all others,
rises or falls as an inverse ratio of the quantity of the commodity and directly
in relation to needs (Genovesi 1770: 229-30).

Interest, for Genovesi, is thus nothing other than the *price of money*, and
consequently subject, *mutatis mutandis*, to some of the problems, notably those
arising from the absence of a *ceteris paribus* condition, inherent in his definition of
price as an exchange ratio as noted in Chapter 6. In defining interest as a price,
Genovesi followed Locke, who described it as "the price of the hire of money" (Locke
1823: 4). Genovesi's monetary theory of interest is clearly mirrored in the following
four issues he examined at some length in the *Lezioni* (Genovesi 1770: Chapter XIII,
passin): "1. Whether money really has a benefit which can be exacted lawfully ... 2.
The real causes whereby this benefit sometimes rises and sometimes falls. 3.
Whether ... the greater or smaller amount of money alone, without any other civil
reason, causes interest to be higher or lower. 4. What high or low interest rates in
a particular nation signify" (Genovesi 1770: 230). These four questions contain the
essence of Genovesi's ideas on interest and are examined in the remainder of this
chapter.

2. **The Benefit of Money and the Legitimacy of Lending on Interest.**

Initially, Genovesi contended that Platonic and Aristotelian reasoning about
interest rates was defective. Plato and Aristotle\(^4\) had argued that "since money is of

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\(^4\) Gordon (1975: 51) suggests it is incorrect to argue that Aristotle condemned
interest on money because money is "'barren metal' ... It is clear that the
condemnation of interest-taking by Aristotle turns on a supposed distortion
of the social function of money. The argument by way of genetic analogy is
not his".
its nature sterile and unfruitful, it is against natural law to wish to exact the benefit it does not give" (Genovesi 1770: 232). This kind of argument, Genovesi said, is a "pure paralogism. Because interest is not expected or collected as a benefit of money but rather as the price of the convenience and utility it gives to the one who takes it on loan" (Genovesi, ibid.). The significance of the convenience provided by money was underlined by Genovesi: "To state that convenience has no price is to abolish all contracts based on value, and to throw the nations back into the chaos of ancient times" (Genovesi, ibid.).

Genovesi's ideas on what he saw as the interdependence of convenience and interest rates were clearly influenced by his notion of a pleasure-pain dichotomy, the "driving principle of both persons and political bodies [and] the prime source of the Arts and Sciences" (Genovesi 1768: 52; and Chapter II, passim). This pleasure-pain calculus was behind "the maxim, that whoever enjoys convenience, must experience some inconvenience proportionately" (Genovesi 1770: 233). This rule had its origins in his proposition, noted in Chapter 6, that "the origin of every price of things or labour derives from no source other than the convenience and utility which things afford us" (Genovesi, ibid.).

Genovesi made his case for regarding convenience as justification for exacting interest on money partly by analogy. If, he argued, one leases, say, a home or a carriage, the benefit derived is nothing but convenience and pleasure for which "it has always been, and is still, considered right to be able to demand interest on the lease, even if it is called recompense" (Genovesi, ibid.). Genovesi rejected the suggestion that the "recompense" just noted "is received for the using up [of leased property]: because in the first place it is never received on a proportionate basis; and besides, it is also received ... from the leasing of things that are barely, if at all, used up, as is the case with vases made of gold, silver, crystal, etc." (Genovesi, ibid.).
This parallel argument led Genovesi to conclude: "This must be the reason why civil laws have authorised interest on money" (Genovesi, ibid.).

Genovesi took issue with those who contended that since leased goods are only produced at a cost and are used up in the process of consumption, "their use [should] be paid for: which they do not believe can be said about money" (Genovesi, 1770: 234). He objected that "nothing costs as much [to produce] as [metallic] money" (Genovesi, ibid.), which presumably justified a payment for its use, though Genovesi did not make this point explicitly. Moreover, since, "like everything else" (Genovesi, ibid.), money must be purchased, Genovesi implied that just as a charge is levied for the use of goods on hire, so too should a charge be permitted for the use of money on loan. In reply to the further argument that "when property is leased, it remains that of the lessor; but when on loan, it passes to the borrower" (Genovesi, ibid.), Genovesi stated that the related question whether the person receiving the property uses it up deliberately or not is entirely irrelevant to the issue of interest on money. He stressed that the using up of a good on loan is not the real reason for requiring a monetary recompense; the sole criterion must be the convenience derived therefrom:

Interest ... is paid ... solely for the convenience. Now either one must say nothing has a price or price is born from the convenience which things or labour afford us. And if this is true, as it is most true, every convenience has its price (Genovesi, ibid., my italics).

Since, as noted earlier, Genovesi believed "the interest on money ... is to be taken as a price" (Genovesi 1770: 229-30), his conception of interest is merely an extension of his theory of price or value. As shown in Chapter 6, Genovesi's treatment of prices is characterised, inter alia, by a marked normative approach, which relies heavily on the tenets of natural law and justice. Genovesi's moral or ethical approach to price determination also forms part of his treatment of interest rates. He was concerned that "quite often there is no proportion between the
convenience given by money and the interest rates paid for it. Because when they are too high, besides going outside the rule of prices, they are unjust, they absorb all the property of an individual in a short time, they create an infinite number of beggars and throw States into confusion" (Genovesi 1770: 235). The solution to unnaturally high interest rates was, according to Genovesi, to be found in the vigilance of the law, but with due regard to natural law:

The law must be watchful that interest rates on money do not overstep the rule of prices that nature itself gives us. Civil law cannot and must not eradicate the right and the law of nature. Now no price of anything is born of the mere whim of someone else: *it is the nature of needs which fixes the value of everything* (Genovesi 1770: 235-6, my italics).

As Genovesi explained, needs will be influenced by a variety of factors, which will, in turn, influence interest rates: "This same nature, the reason for contracts, the circumstances of the times, of places, and of people, must be the factors that determine the interest on money. To act against this rule is undoubtedly unjust" (Genovesi 1770: 236). Genovesi recognised implicitly that such a statement might lend itself to the interpretation that human needs *per se* warrant the making of interest-free loans. This is ostensibly why he appended the qualification: "But this rule cannot eliminate the value of the convenience money gives" (Genovesi, ibid.).

The obvious significance of "the convenience money gives" as the basis of his theory of interest becomes all the more evident when Genovesi, the former professor of ethics, indicates that "In order to understand this theory better, it is necessary that we delve a little into the morality of this subject, even though it may seem foreign to our purpose" (Genovesi, ibid.). A feature of Genovesi's consideration of the morality of charging interest on money, is his attempt to prove that the practice can be lawful largely by pointing to the exceptions when it is not. Most of his examination of the moral implications associated with charging interest consists of argument against exacting interest in given circumstances; it follows logically that,
such exceptions aside, interest is not only defensible, but, according to Genovesi, imperative. Genovesi's main emphasis is on what he refers to as a "pure loan (puro mutuo)" (Genovesi, ibid.). In this case, interest should not be required because "a [pure] loan is a contract of pure beneficence and the most sincere friendship; it is thus a kindness. Now kindnesses are not subject to being priced, nor are they given on interest ... This is ... against natural law" (Genovesi, Ibid., my italics). Genovesi invoked the authority of Scripture to illustrate the meaning and validity of a "pure loan", arguing that "the rule that which you want done to you, you shall do to others is not only a rule of the Gospel, but also of nature and of the common reason of men" (Genovesi 1770: 241). Accordingly, if someone "is in great need, ... kindnesses of this kind must be gifts, not sales" (Genovesi, ibid.).

Genovesi observed that "real reasons for a [pure] loan or contract of beneficence" (Genovesi 1770: 237) would necessarily be a "definite need of our help, that is the need for basic necessities or an essential amenity" (Genovesi 1770: 238). The criterion of "needs", the fundamental criterion of his theory of value and price, as shown in Chapter 6, was thus regarded by Genovesi as a purely relative factor when the payment or non-payment of interest is being determined. This relativity of needs led him to postulate the existence of "only two kinds of contracts ... exchange [contracts] and [pure] loan [contracts] or ... contracts based on value (contratti estimatori) and contracts involving no payment ([contratti] gratuiti)" (Genovesi 1770: 240). The relative nature of needs suggests, however, that "those who have no definite need of our help ... and who have less than us, or as much as we ourselves"

5. Turgot's (1977: 159) "examination and refutation" of the relevance of Scripture in relation to "the legitimacy of interest" are worth noting: "The mistaken arguments discussed above partly derive from misinterpretations of passages from the Scriptures: namely, the saying of Jesus in Luke, chapter VI, verse 35, and some passages of the Mosaic Law from the Old Testament. These passages are irrelevant to the problem".

Genovesi 1770: 238-9) should not be exempt from paying interest; as Genovesi indicated, there is no moral or theological objection to this requirement since "in these cases we are not strictly obliged to lend them those conveniences" (Genovesi 1770: 239). Genovesi recognised this might suggest interest can "be collected from a pure loan, contrary to what was said above" (Genovesi, ibid.). He rejected this proposition, arguing that a "pure loan" must be interpreted as a "mutual [arrangement] by virtue of natural law" (Genovesi, ibid.). Such loans are distinguished by the fact that they are "contracts involving no payment, that is [contracts] of pure kindness; because through the law of nature they must be mutual (reciprocal) among all men" (Genovesi 1770: 240).7

Genovesi's final ethical argument in favour of interest on money had a decidedly polemical intent, inasmuch as it addressed what was in his day a sensitive theological issue. The Papal Bull Vix pervenit of 1745 had declared the opposition of the papacy to the requirement of interest on money. Appealing to "the voice of REASON" (Genovesi 1770: 241), Genovesi questioned the validity of the "difficulty" identified "by theologians ... I. That the doctrine of interest is contrary to Biblical doctrines" (Genovesi 1770: 241-2). Briefly, Genovesi inferred that the following Old Testament passage should not be taken literally: "You shall not lend upon interest to your brother ... to a foreigner you may lend upon interest" (Genovesi 1770: 243).8 According to Genovesi, the intended meaning of the first part of this admonition is that: "You shall not lend upon interest to your POOR brother" (Genovesi, ibid.). This led him to argue: "[Deuteronomy] did not consider interest to be contrary to the right and law of nature" (Genovesi, ibid.). In an obvious attempt to make his point in theological terms, Genovesi added that the law of nature and the law of God

7. Genovesi (1770: 240) observed that in the language of the "jurists", pure loans are "innoxiae utilitatis", that is, they are free from gain or profit, and as well as acts of charity, "comprise all those loans which help others in their needs, albeit they cause us some trouble and harm to our property".

cannot conflict. Hence, the charging of interest on money in certain circumstances
may be said to have divine sanction since "God does not annul the law of nature;
because God can neither annul nor deny his own self" (Genovesi, ibid.). Genovesi
concluded that throughout the Old Testament, any condemnation of the
requirement of interest on money should be interpreted to mean "YOU HAVE THE
RIGHT TO LEND ON INTEREST TO YOUR BROTHERS: the exception provided they
are not poor" (Genovesi, ibid.).

Genovesi applied similar reasoning to "the main reference" (Genovesi 1770: 244) on the charging of interest in the New Testament, that is, Christ's injunction,
according to Luke (6: 35), "do good and lend, expecting nothing in return". Genovesi
argued that "this precept is ... in conformity to the first part of the law of
Deuteronomy" (Genovesi 1770: 245). By implication, the "law of Deuteronomy" was
the amended version given by Genovesi whereby only the genuinely poor are exempt
from paying interest.

Thus far, Genovesi's purpose was to demonstrate, using economic and non-
economic arguments, that money does have a benefit and that lending on interest is
justifiable in particular circumstances. He supported his case by indicating the
economic consequences of not allowing interest to be levied:

Such a law could inflict great damage to the arts, to industry and the whole
of trade, and create more beggars than it removed through [making] loans
free-of-charge, provided the law achieved its goal and did not instead cause
interest rates to rise (Genovesi, ibid.).

The reason, Genovesi argued, was to be found in the impact which a policy of
granting interest-free loans would have on the circulation of money:

Since money has become the sign of the products that are in trade, it cannot
be made to have little worth without at the same time causing its circulation
to be stopped and retarded ... Now by depriving money of the price of the
convenience [it yields], you have taken away half its value and made it something of little account (Genovesi 1770: 247).

Genovesi's emphasis on monetary aspects of interest is arguably in keeping with his particular emphasis on money as a measure of value, as shown in Chapter 7. In the last quotation above, Genovesi indicated that one of his main concerns about interest-free loans was that these deprive money of "half its value". For Genovesi, as noted previously, money had not only an intrinsic and extrinsic value, but also a third value, interest. Thus, although the statement that the loss of interest represents half the value of money, should probably be taken as a general, rather than a precise, estimate of the loss of value involved, it undoubtedly reflected Genovesi's thinking noted earlier, that goods attract money - implicitly, money whose overall value is authentic and realistic in the sense intended by Genovesi - with greater force than money attracts goods. Since, moreover, money is essential to trade and industry, traded goods are unlikely to attract money whose value has been significantly reduced (for this is really the point Genovesi was making when he argued that interest on money could be charged); hence the consequent negative repercussions on a nation's productive and commercial activity anticipated by Genovesi when this situation occurs.

Genovesi also argued that the levying of interest is made necessary by the motive of gain or profit. He stated: "We are all drawn by gain, even when we are very virtuous" (Genovesi, ibid.). He illustrated this piece of economic psychology by arguing that all individuals possess "those three main common INSTINCTS of human nature: 1. The instinct which leads us to maintain our existence. 2. The instinct which leads one to seek the amenities of life. 3. The instinct to seek distinction" (Genovesi 1770: 247 fn.(a)). Hence, there is no one who is "completely unselfish" (Genovesi, ibid.). As suggested below, this kind of reasoning provides confirmation of Genovesi's emphasis on interest being paid on consumption, rather than production loans. He argued that the natural instinct or drive to seek gain,
through self-preservation or other motives, should be articulated by public policy, which should permit the collection of interest on money, faltling which two negative outcomes are likely: "When civil law, instead of regulating this gain in accordance with the law of nature, wishes to extirpate it completely, there will be no one who wishes to give his money [on loan] to others; and if he does give it, it will be [done] secretly and deceitfully" (Genovesi 1770: 248).

Genovesi indicated the undesirable consequences of not allowing lenders to receive interest on loans:

The first makes money stagnate in private coffers, whence circulation and trade will come to fail proportionately. The second will, instead of reducing interest rates, make them worse, and will introduce certain interest rates under other names (Genovesi, ibid.).

Genovesi's concern that money stagnating in private coffers will harm the circulation of goods and trade generally, underlines the monetary emphasis in this theory of interest. Specifically, it reveals his belief that, in the main, interest is required to generate sufficient loans for the purpose of consumption: the function of potential gain or profit, that is, interest, on a loan, is to ensure money is available to oil the wheels of trade, especially domestic trade. About the possible motive for gain or profit through production, that is, the relationship which exists between interest and investment, Genovesi said very little, and this in the context of his examination of public debt. A farmer, he suggested, "will pay four or five per cent in interest, and earn twenty [per cent] through improvements to his holdings and their products" (Genovesi 1768: 465). The cost of money for investment - interest - is thus related to potential returns - profits - but Genovesi did not explore the implications of the obvious interdependence of profit and interest as Hume - whose writings, including the Essays of 1752, were well known to Genovesi - had done before him. Had Genovesi done so, he may have concluded that a functional relationship exists
between the presumably high rate of interest paid and the high profit earned by his hypothetical farmer.

Genovesi was also concerned that, by not allowing lenders to receive interest on loans, the practice of disguising interest charges will be encouraged. This, he suggested, may take the form, inter alia, of "missed profit (lucro cessante), accruing damage (danno emergente), capital risk (pericolo di capitale)" (Genovesi 1770: 248). Genovesi seemed to regard these forms of interest as abuses (because the related loans were made "secretly and deceitfully") resulting from the absence of an officially approved system of interest. It will be recalled, however, that he distinguished albeit only parenthetically, between interesse (which comprised, as he noted, lucrum cessans and damnum emergens) and usura ("the value of the convenience which money gives" (Genovesi 1770: 228), fn.(a)). In the event, as also previously noted, he conceived of, and defined interest solely in terms of its connotation as usura. But, as suggested earlier, Genovesi's interesse and usura are simply interest viewed from different perspectives; that is, interesse stresses the idea of compensating the lender for foregone profit or damage suffered (an opportunity cost concept of interest); while usura emphasises the positive notion of interest as compensation for the benefit derived by the borrower from the loan. Thus to justify interest, as Genovesi did, in terms of potential profit, should lead to the conclusion that the compensation principle inherent in the concept of interest can take different forms, but still make interest on a loan legitimate.

3. The Causes of Changes in the Interest Rate

The brevity of Genovesi's treatment of this topic is testimony to his belief that interest is simply another price - the price of money - and therefore subject to the same factors responsible for changes in prices. He stated:
It is ... useless to rack one's brains looking for other reasons to justify the benefits and interest on money which civil law concedes in all nations. The real reason is only, and can be no other than that of the convenience [afforded by money]. Therefore, the origin of price is the origin of interest rates: and every price is the child of convenience (Genovesi 1770: 237).

Genovesi postulated a direct relationship between changes in interest and "the degree with which convenience rises and falls" (Genovesi 1770: 248). In turn, since "convenience is the child of need, interest rises or falls directly in line with degrees of need" (Genovesi, ibid.).

Genovesi’s postulate of a direct relationship between needs and interest rates was supplemented by his argument that interest rates, like other prices, bear an inverse relationship to the quantity of money (Genovesi 1770: 248-9). The proposition that the demand for money is inversely related to its supply, relied on Genovesi’s argument that the quantity or supply of money must be interpreted exclusively in a relative rather than absolute sense. This argument is examined later.

Genovesi indicated that "after the discovery of America and trade with Africa ... the quantity of money has ... grown in comparison to former times ... What wonder is it then that interest rates have kept on falling of their own accord?" (Genovesi 1770: 257). Nonetheless, he recognised that the inverse relationship between interest and the quantity of money is subject to several qualifications. The first of these arose from the concomitant growth of luxury and trade during the same period: that is, following the discovery of America and the rounding of the Cape of Good Hope "the degrees of reduction [of interest rates] have not been in proportion to the growth of the amount of precious metals" (Genovesi 1770: 257-8). Genovesi’s observations on the offsetting effect of increased luxury and trade on what would, in his view, have otherwise been steadily declining interest rates, suggest the existence of a notional shifting demand (or "needs") function for metallic
money. Though Genovesi did not examine the analytical implications of falling interest rates, his argument clearly lends itself to interpretation of this kind. Perhaps more importantly, the implied demand function underlines the problem caused by Genovesi's failure to make propositions such as that specifying the inverse relationship between the quantity of money and interest rates, subject to a *ceteris paribus* condition.

The second qualification relates to the effect of taxes and duties on interest rates. As noted in Chapter 6, Genovesi attributed higher prices to government imposts, among other things. In the context of his treatment of interest, Genovesi referred to "taxation" as "the political atmosphere" (Genovesi 1770: 259), which, like "air", generates upward pressure on "the prices of everything, and likewise of money" (Genovesi, ibid.). Genovesi argued that higher taxation and the resultant inflation will increase the demand for money "to pay taxes and duties as well as to have necessary, convenience and luxury goods" (Genovesi 1770: 200). Consequently, "the price of gold and silver, that is [the price] of money, grows (Genovesi, ibid.). Genovesi concluded that "without this pressure [of higher taxes] interest rates would perhaps have become twice as low as they are today" (Genovesi, ibid.). That they had fallen was "on account of the excessive supply [of gold and silver] relative to the pressing force of taxes" (Genovesi, ibid.).

Genovesi's observations suggest an interesting interaction between the demand of metallic money and its supply as the means of accounting for the level of interest rates resulting from increased taxes. By applying this kind of analysis, it can be seen that initially, in the absence of taxation, and assuming an existing demand function for money, interest rates would have been determined largely by the supply of metallic money. However, following the imposition of taxation, the rising pressure on interest rates caused by the increased demand for money (represented by a demand function shifting in an upward direction) was, to some
extent, offset by the downward pressure emanating from significant increases in the supply of money.

The emphasis given by Genovesi to the impact of taxation on the determination of interest rates prompted him, as shown below, to modify his earlier and somewhat dogmatic postulate of an inverse relationship between the quantity of money and the rate of interest:

It follows from all this ... that the decline in the value of money, and therefore of interest rates, is not always inversely related to the quantity of gold and silver, since it is partly influenced by that burden of political atmosphere [taxation], as stated above (Genovesi 1770: 260).

4. Should Interest on Money be Set by Law?

In canvassing the question of the most appropriate method of setting interest rates, Genovesi asked "Whether it is appropriate to fix interest rates on money by law, or to allow them to be determined by public opinion, as happens with all marketable goods" (Genovesi 1770: 249). These alternatives were considered in 1691 by John Locke\(^9\), who, as Genovesi noted, "was of the opinion that on no account should interest rates on money be fixed by law, but left to public appraisal and opinion" (Genovesi, ibid.). According to Genovesi, Locke had two main reasons for opposing the reduction in the interest rate proposed by the English parliament, the first being that "The benefit of money must be regulated by the nature of things, just like the price of everything that is in trade" (Genovesi 1770: 251); the second, that "The reduction in interest rates harms creditors, and is thus capable of filling the nation with poor people; because when interest falls from 6 to 3 [per cent], for example, a person who had 600 ducats of income, ends up having 300, that is half as much" (Genovesi, ibid.). Though Locke objected to the lowering of interest rates

\(^9\) See, for example, Locke (1823: 4): "The first thing to be considered is, 'Whether the price of the hire of money can be regulated by law?"
by governments, Genovesi argued that "when it is done without regard to any private interest, [it] is full of useful wisdom" (Genovesi 1770: 255, my italics).

Genovesi suggested that official action to lower the interest rate can encourage "many to take another's money [on loan] and employ it in some profitable industry" (Genovesi 1770: 255). Perhaps more importantly - since this was a major objective of his proposed economic reforms - a lower interest rate would lead to a reduction in the number of the idle by increasing employment opportunities. Genovesi stressed "that the first heading of political economy is to endeavour to reduce the idle to the smallest possible number" (Genovesi, ibid., my italics). To achieve this objective: "It is therefore necessary to give men the tools with which to busy themselves, and to make them savour the pleasure of working, which you do by providing them with the opportunity of profit" (Genovesi, ibid.).

The above indicates that, explicitly or implicitly, Genovesi identified employment, capital investment and profit as factors which would result from the reduction in interest rates he envisaged. However, his exclusively monetary conception of interest, combined with the priority he gave to maximising the size of the labour force, precluded his examination of real-capital aspects of interest. The latter were clearly suggested by his prescription of the necessary "tools" of trade, as well as the rate of return inherent in the notion of profit Genovesi stipulated as essential if the number of the idle was to be reduced.

A further observation regarding the likely impact of lower interest rates is appropriate. Genovesi favoured a reduction in interest because it would lead to a

10. The qualification imposed by Genovesi on an official reduction of interest rates is partly elucidated by his observation that "Locke had not understood that the reduction that was being considered was a compromise between the monied and rentiers in favour of those who maintained the nation; and this oversight made him say a host of things that do not get to the heart of the matter" (Genovesi 1770: 254).
greater consumption of money. Implicitly and of necessity, Genovesi assumed the existence of a "needs" or demand schedule for money which was not subject to change, and which also denoted a negative relationship between interest and the amount of money; explicitly, he assumed the availability of money was increasing. Only by assuming, as just noted, that the implicit "needs" schedule for money was not subject to change could Genovesi postulate lower interest rates when the availability of money increased. However, such an assumption was unlikely to be borne out in practice. Genovesi himself recognised that the "convenience" on which interest is based originates in the "greater or smaller intensity and extent of the need one has ... of money [which] are derived from only two sources, trade and luxury" (Genovesi 1770: 253). As tastes, fashions, and other such factors change, especially in relation to luxury, Genovesi implicitly suggested the "needs" schedule would also rise, with increased interest rates being the likely result. These had the potential to dampen the expansionary outcome anticipated by Genovesi as a consequence of reduced interest rates.

Genovesi also favoured low interest rates because these led to lower international prices, with increased competitive advantage for the country or countries concerned. As shown in Chapter 5, Genovesi regarded such an advantage as essential for achieving a favourable balance of trade. Low interest rates vis-à-vis other countries had the added advantage of ensuring a nation retains its sovereignty and independence since "neighbouring countries ... [cannot] fill it with their [cheaper] money and gradually through their incomes and capital funds, transform that State into a tributary, as it were, with the people being seriously oppressed" (Genovesi 1770: 256). Genovesi argued that "this was partly the case of the English in respect of the Dutch" (Genovesi, ibid.) but he was no less concerned that the "kingdom [of Naples] is ... in such great debt to the Genoese and the Tuscans for this reason in particular, since our elders, as well as our serene ancient sovereigns,
contracted great debts with those two nations ... both because these had a greater supply of money and were lending it at a lower rate of interest" (Genovisi, ibid.).

The above explains why Genovisi argued in favour of official intervention in setting interest rates. Moreover, there can be no doubt that his advocacy of interest rates at a level sufficiently low to promote employment, to give the nation a competitive advantage in international markets, and ensure its economic and political independence and self-determination, was motivated by his aspirations for the kingdom of Naples. The position taken by Genovisi in regard to the legal determination of interest rates (which was apparently confined to ensuring the rates were sufficiently low to promote economic activity) was notwithstanding his acknowledgment that there was some scope for interest rates, like other prices, to be determined naturally. Referring to the position taken by Locke, Genovisi observed: "It is beyond all doubt that interest rates on money are regulated and determined both by the nature of things, no differently to the value of everything that is in trade, and by the political atmosphere [that is, taxation] which he [Locke] did not consider" (Genovisi 1770: 260-1).

It may be noted that nowhere did Genovisi make explicit reference, as Locke did, to "the natural interest of money" (Locke 1823: 9) or "the natural price of money" (Locke 1823: 11). The reason is presumably that Genovisi considered taxation more powerful than the "nature of things" as a determinant of interest rates in practice. For example, he described "taxes and duties" as "a universal and perennial cause, and in fact a perennially growing cause ... which makes the price of everything and all labour rise" (Genovisi 1770: 258). Moreover, Genovisi revealed a sceptical attitude to naturally determined interest rates when he argued that "certain things which are usually done slowly by nature and over a long period, can be done by art and human prudence with greater benefit in a very short time ...

There is wisdom in those laws through which the good we stand to obtain after very
many years have elapsed, anticipates nature without doing violence to it" (Genovesi 1770: 261).

Genovesi's scepticism about naturally determined interest rates was plainly engendered by his belief that a comparatively low interest rate is a key determinant of economic progress and must therefore be both calculated and implemented promptly. It is therefore not surprising that he rejected Locke's proposition that interest rates should be arrived at naturally. The economic problems of Naples were perceived by Genovesi as requiring urgent solutions; that they might be amenable to long-run solutions was not part of his agenda for reform.

In reply to the claim that interest rates would vary because of "the different circumstance of places, of trade and the times" (Genovesi, Ibid.) and could not therefore be fixed by law, Genovesi argued that the variability would be resolved by an average legal rate being struck. He countered the additional argument that a legal interest rate was not possible because interest rates may fall continually or rise unexpectedly, by reiterating his belief in immediate solutions to existing problems, saying: "A law only aims to remedy the present evil with certainty, and the future [evil] with the greatest probability" (Genovesi 1770: 262).

Genovesi's pragmatic espousal of a short-term approach to the setting of interest rates was complemented by his recognition that, given the importance of taxes as a determinant of interest, taxation and interest rates should both be determined by government:

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11. For instance, "If interest rates somewhere were two per cent and elsewhere 6 [per cent] the law would regard 4 [per cent] as the arithmetic mean" (Genovesi 1770: 261).
If, as I believe, interest rates on money follow more the extent of the burden of taxation than that of the amount of gold and silver, both ... taxation and interest rates must be in the same hands, and balance at the same time (Genovesi, ibid.).

Clearly, Genovesi believed the short-term interest rate would anticipate and approximate the long-term naturally determined rate. However, given his assertion that the government should determine both taxation (which, he acknowledged, would impact on the demand for money) and the interest rate, it is questionable whether the regime of low interest rates he considered necessary for economic development, would eventuate. The method of setting interest on money in the short term proposed by Genovesi could not be other than an arbitrary exercise which only fortuitously reflected the long-term equivalent natural rate.

5. The Significance of High or Low Interest Rates

The purpose of Genovesi's consideration of the significance of high or low interest rates was to question the thesis of his contemporary, Hume, that "The rate of interest ... is not derived from the quantity of the precious metals" (Hume 1955: 48). Genovesi's own thesis was that "Where interest rates are low, there is a large quantity of money; and a small quantity where interest rates are high" (Genovesi 1770: 262). The basis of Hume's argument was that empirically the postulated inverse relationship was not borne out. Genovesi cited Hume's example that in Batavia and Jamaica the interest rate was "10 per cent, even though the quantity of money is very great" (Genovesi 1770: 263). Similarly, in Spain and Portugal, where gold and silver were abundant, the interest rate was 6 per cent. "By contrast, in Holland, where there are no gold or silver mines, either in the metropolis or the colonies, interest rates have nonetheless for a long time remained at 3 per cent" (Genovesi, ibid.). Genovesi's counter-argument centred on his interpretation of the quantity of money in relative, rather than absolute, terms. He explained: "When one
says a great or small amount of money, it is not really said absolutely but rather in relation to the needs one has of it, and the taxes and duties one has to pay" (Genovesi 1770: 264).

Genovesi disagreed with Hume on the amount of money in Batavia and Jamaica, and argued to the contrary that in both places "the need [for money] is great ... and duties are heavy" (Genovesi 1770: 263-4). In short, according to Genovesi, it is the demand for money for trade and commerce, including transactions involving luxury items and the payment of taxes, that indicates whether the quantity of money in a country is large or small. He argued that although one country may have a greater money supply than another, if in that country "there is a lot of trade and luxury and heavy taxes and duties" (Genovesi 1770: 264), its money supply will in fact be small. This reasoning stemmed from Genovesi's definition of interest on money as "always a direct composite ratio of needs and the weight of taxes and duties and an inverse ratio to the quantity of money" (Genovesi 1770: 269). When this definition is read in conjunction with the previous example, the following interpretation can be applied to Genovesi's argument; if, for example, the demand for money (the numerator) increases while the quantity of money (the denominator) remains constant, the greater demand for money will, relatively speaking, reduce the amount of money available to satisfy the greater demand and, other things being equal, the interest rate must rise.

A relatively small amount of money may, Genovesi suggested, also result from its poor distribution. (As shown in chapter 7, he considered the uniform distribution of money to be of greater economic significance than its quantity). Genovesi argued that Spain and Portugal did not possess large quantities of money, because the amount each had "is in few hands and is not therefore [uniformly] distributed: in this matter one should pay more attention to the distribution [of money] than its quantity" (Genovesi 1770: 264). The limited distribution of money,
coupled with the fact that "those two nations are in great need of foreign commodities and manufactures" and moreover "their taxes and duties are extremely heavy" (Genovesi, Ibid.), thus served to explain the higher interest rate in Spain and Portugal since, relative to the greater demand for money, the available quantity had fallen.

The low rate of interest in Holland was explained by Genovesi:

In Holland, where money through the arts, the nature of the trading companies, the volume of trade, and popular freedom, is wonderfully spread among almost all the members of the republic, and more always remains than leaves the country, and moreover the taxes and duties are not as severe as in other nations, the interest rate must be low (Genovesi, Ibid.).

Clearly, in Holland the available money supply was not under pressure, so to speak, from the demand side, largely because its distribution was more appropriate. Interest rates were, then, even with a large supply of money, certain to be low.

In considering the significance of high or low interest rates, Genovesi concentrated on factors which account for the demand for money. Hume, he said, argued that "Interest ... arises from the convenience, or rather is the price itself of convenience" (Genovesi 1770: 266). Rising or falling interest rates thus indicate "the greater or smaller intensity, and the greater or smaller extent of the convenience" (Genovesi, Ibid.) money yields. These degrees of convenience are an expression of needs, which are in turn derived from trade and luxury. Genovesi agreed with Hume, but added, "He omitted the third [source], taxes" (Genovesi 1770: 267). Hume, Genovesi noted, was emphatic that luxury is the chief cause of increasing rates. Recalling his own earlier definition of luxury as: "The attention and effort to be distinguished in one's class through the way one lives, and to emulate the upper classes" (Genovesi 1770: 268), Genovesi illustrated his belief in a positive relationship between the level of interest rates and the demand for luxury items. He
noted that "in popular republics", where class distinctions are relatively unimportant, the amount of "luxury is always small" (Genovesi, ibid.); hence, other things being equal [a condition implied in Genovesi's "when some other cause does not increase ... [interest rates]" (Genovesi, ibid.), the demand for money is small and interest rates low. By contrast, in "monarchical states", where class distinctions are pronounced, interest rates tend to be high, in line with the greater amount of money demanded for spending on luxury goods (Genovesi, ibid.).

Genovesi warned, however, that "sumptuary laws", whose aim is "to curb luxury", are likely to be in conflict with "taxation" (Genovesi, ibid.) if the burden of taxes and duties is not also reduced. This had implications for any policy aimed at reducing interest rates:

When the law of reduction [of interest on money] is general, it follows that it is never observed unless luxury is curbed in proportion to the lowering [of interest] and there is also a reduction in taxes and duties from which the need for money originates, through which interest rates rise (Genovesi 1770: 268-9).

Consequently, if, for example in monarchies, there is resistance to official efforts to impose curbs on luxury, and individuals have heavy taxation commitments, attempts will be made, presumably by both borrowers and lenders of money, to evade "the laws of reduction [of interest]" (Genovesi 1770: 269), the end result being that interest rates "must increase more and more" (Genovesi, ibid.). Genovesi's argument that governments cannot aim to reduce the demand for money (by reducing expenditure on luxury) while they are simultaneously maintaining that demand (through heavy taxation), underlines and reinforces his statement, noted earlier, that "taxation and interest rates must be in the same hands" (Genovesi 1770: 262).
Genovesi's analysis of the significance of high or low interest rates may now be summarised. The interest on money will reflect the demand for money, including the demand arising from taxation and expenditure on luxury. (Implicitly, the propensity to consume necessities and the essential conveniences of life must have been regarded as reasonably constant by Genovesi.) While interest rates are directly related to the demand for money, they are also inversely related to the quantity of money. Thus, according to Genovesi, high interest rates signify the existence of a relatively small amount of money, relative, that is, to the demand for money in those particular circumstances. Conversely, low interest rates indicate that the quantity of money relative to demand is large. Genovesi's definition of interest as a direct ratio of the demand for money and an inverse ratio of the quantity of money requires that, subject to the necessary \textit{ceteris paribus} condition, both these factors be taken into account simultaneously when considering the significance of high or low interest rates.

CONCLUSION

Genovesi approved of credit in general as essential to economic development. This was based on his belief that credit (for example, in the form of paper money) will promote both the circulation of goods and "actual money" (Genovesi 1770: 80) and thereby economic activity. Genovesi's approval was, however, subject to the qualification that credit be in proportion to "the real wealth it represents" (Genovesi 1770: 70). A significant influence on Genovesi's thinking about credit was the failure of John Law's experiment with paper credit in France in 1716-20, which Genovesi attributed to the fact that the credit in question lacked the necessary real backing. This sentiment he shared with most of his contemporaries.

By arguing that interest is "the price of the convenience which money gives" (Genovesi 1770: 227), Genovesi propounded an essentially monetary theory of
interest, in contrast to Hume's real-capital or loanable funds type theory. One of his main aims, especially in view of the opposition by the Catholic Church to interest in the eighteenth century, was to show that charging interest on money is lawful. Only in the case of a "pure loan" (Genovesi 1770: 236), that is, an act of kindness or charity, could it be argued that interest should not be exacted. The levying of interest on money was justified by the motive of profit. Without interest, money for loans required for economic activity would not be forthcoming; and if it was, it would be in a disguised form, and at higher rates than would have occurred if interest on money had been officially sanctioned. Though Genovesi held the view that interest rates and the quantity of money are inversely related, he acknowledged that demand factors also influence the determination of interest on money. Such factors include the demand for money for expenditure on luxury and trade, as well as for taxation. Genovesi accordingly revised his previous categorical postulate of an inverse relationship between the quantity of money and the rate of interest to allow for the impact on the latter of the demand factors noted above.

Genovesi's opposition to naturally determined interest rates was based on his belief that a comparatively low interest rate is a key determinant of economic development and must therefore be calculated and implemented promptly by official action. Genovesi's pragmatism in this regard is accentuated by his further argument that, since taxation obligations influence interest rates, the determination of these two variables should be in the same hands.

Genovesi disputed Hume's proposition that "The rate of interest ... is not derived from the quantity of the precious metals" (Hume 1955: 48). He argued that the quantity of money must be interpreted in relative, rather than absolute terms; that is, a given quantity of money must be considered large or small only relative to the demand for it. Thus the rate of interest will depend on both the demand for, and the available quantity of money.
Genovesi's spirited defence of the legitimacy of charging interest was prompted by his knowledge that official (including religious) opposition to the practice in the kingdom of Naples was responsible both for what he perceived as disguised interest rates which were higher than necessary and for the hoarding of money, with the same result. His emphasis on the uniform distribution of money (Chapter 7) as a factor contributing to Holland's low interest rates (and implicitly its resultant economic success) also suggests Genovesi's desire to promote reforms in Naples in related areas, including the greater distribution of land as a pre-requisite for the uniform distribution of money. Genovesi's belief in low interest on money as a key determinant of economic activity (including in particular the circulation of goods) also explains his sceptical attitude to naturally determined interest rates, an attitude arguably inculcated by what he regarded as the backward state of the Neapolitan economy. The kingdom's economic problems were perceived by Genovesi as requiring urgent solutions. Hence his argument that interest rates should be set officially and implemented promptly.
INTRODUCTION

This chapter examines Genovesi's ideas on public finance. The first part of the chapter is devoted to his treatment of public expenditure. It is shown that, according to Genovesi, possible areas of expenditure reflecting his criterion of "need" are public works (infrastructure capital), public health and education. Also considered is Genovesi's argument that public recognition of worthwhile contributions to economic progress should be an object of public expenditure.

The second main part of the chapter considers Genovesi's approach to public revenue with particular reference to taxation. It is shown that, given his basic postulate of the interdependence of a nation's taxation system and its economic activity, Genovesi's objective, at least implicitly, was to achieve a real taxation system, that is, one which fosters economic growth. This led him to argue that a punitive taxation system will discourage economic activity, whereas adequate taxation revenue is dependent on a thriving economy. This is followed by an examination of the following criteria of taxation used by Genovesi: simplicity, equality (based on a proportionate system), certainty, convenience and economy. It is shown that Genovesi favoured taxes on income from land as the principal source of public revenue, but, unlike the Physiocrats, he did not advocate their use as a single tax. Also examined are Genovesi's ideas on other taxes, which include what he termed "a reasonable poll-tax", production taxes (that is, taxes on "the arts and trade"), consumption taxes, and domestic tolls and duties. The final section on public revenue shows that Genovesi advocated the use of export duties to protect and hence promote domestic economic activity.
The final part of the chapter examines Genovesi's ideas on public or government debt. It is argued that though he was in favour of such debt being incurred to promote economic development, he was opposed to its financing by fiscal agents. Also examined as the major aspect of his consideration of public debt is Genovesi's treatment of Hume's ideas on public credit. It is shown that Genovesi's generally positive attitude to public debt was tempered by his unqualified opposition to what he referred to as "the English method" of public credit.

The conclusion suggests that the normative content of Genovesi's treatment of public finance had the particular aim of promoting economic reforms in the kingdom of Naples. For instance, it is argued that Genovesi's advocacy of taxation on the income from land reflected his objective of establishing a sound basis for the future agricultural, and hence economic, prosperity of the kingdom.

A. PUBLIC EXPENDITURE

1. Introduction

As the following quotation reveals, Genovesi envisaged a broad role for government, whose embodiment is the sovereign:

The concern for promoting population, education, and hence letters, schools and the arts; the concern for the economy and trade; legislation and jurisdiction over all members of the body politic; command over the army, in peace and war; and briefly every other concern necessary for public tranquillity and security, all these concerns, I say, belong to the sovereign (Genovesi 1768: 49).

With reference to public outlays, he stated: "There is a limit to the expenditures of the State: its need" (Genovesi 1768: 458). According to Genovesi, government must strike a balance between "niggardliness" and "extravagance" (Genovesi 1768: 458-9). The former, "by burying the signs representing goods, ends up stopping commerce
and the arts" (Genovesi, ibid.); the latter can "overburden taxation and corrupt people" (Genovesi 1768: 458). The areas of public expenditure identified by Genovesi are examined below.

2. **Public Works**

Genovesi's attitude and approach to expenditure on public works are perhaps best summed up in his observation "No great undertaking ever became public without the intervention of the sovereign" (Genovesi 1768: 101). The force of historical example lent weight to his advocacy of government expenditure on public works. Genovesi noted, by way of example: "All the Emperors of Peru ... distinguished themselves by opening up roads to trade in the provinces and by digging canals to irrigate land that was infertile through lack of water" (Genovesi 1768: 100). Genovesi clearly believed some public expenditure should be devoted to what is now generally termed social or infrastructure capital; for instance, "to build and maintain public highways ... [to] the construction of port facilities" (Genovesi 1768: 459). Elsewhere, as noted in Chapter 4, Genovesi called "for rivers to be made navigable, [and] for communication canals to be excavated" (Genovesi 1984b: 150-1). Genovesi's aim that public works projects should guarantee and accelerate the physical movement of goods, "the essence of trade" (Genovesi 1984b: 149), was examined in Chapter 7.

3. **Public Health**

The relationship postulated by Genovesi between economic activity and taxation revenue, led him to argue that the government should engage in expenditure on public health. This proposal is all the more significant because it underlines the role of population (and labour-force) growth in Genovesi's model of economic growth. Genovesi stated: "If there is neither sovereignty without taxes nor
taxes without men, and men who can toll, concern about the number and health of people must be the first article of the science of taxation" (Genovesi, 1768: 93, my italics).

In this regard, Genovesi called for a program of inoculation against smallpox, following the example of the English, French, Dutch, "and some Germans" (Genovesi 1768: 94). Genovesi's belief in the need for government expenditure on public health is further confirmed by his observation that: "Some years ago, the King of Denmark ... had hospitals built, where the children of the poor are inoculated and treated at the expense of the [royal] court" (Genovesi, ibid., my italics). The treatment of venereal diseases was also, Genovesi said, "no longer to be considered an object of medicine alone, but one of the most important [objects] of civil government" (Genovesi 1768: 98, my italics).

4. Education

Genovesi regarded education as an important object of government expenditure. He agreed with Aristotle that "education ... is a public right" (Genovesi 1768: 137). At the same time, he was critical of private education - which in his time meant education by clergy and religious - arguing that this explained why it was "in a bad way in many European nations" (Genovesi 1768: 138). Stressing that "one of the most jealously guarded concerns of sovereigns should be the schools" (Genovesi 1768: 173), Genovesi stated: "In a civilised nation there should be no village without ... [a public school]" (Genovesi 1770: 158). As shown in chapter 3, Genovesi conceived of education in broad terms. Thus, in keeping with "true economic wisdom", it should include the establishment of "homes for the poor" (Genovesi 1768: 280), where the latter may "learn the arts ... [and] be useful to

1. See Aristotle Politics, Book VIII: 542: "It is manifest that education ... should be public, not private".

themselves and the public" (Genovesi, ibid.). Furthermore, Genovesi recommended that "trade schools (Case d'Artë)" (Genovesi 1768: 281) be established in which orphans, foundlings and the like should be both "maintained and educated" (Genovesi, ibid.).

5. Other Public Expenditure

Genovesi did not confine public expenditure to the various activities noted above. He also promoted the idea of public celebrations or occasions, at government expense, at which "domestic manufactures are used, because these do honour to the arts" (Genovesi 1768: 459). Similar functions should be held at which "recognition is given to farmers and shepherds" (Genovesi, ibid.). Genovesi agreed with Cicero\(^2\) that "Honos allit artes", that is "Honour nurtures the arts" (Genovesi 1768: 318). Indeed, according to Genovesi, "it is a rule of nature, and of the whole of human history" (Genovesi, ibid.). This idea had economic significance for Genovesi for he said: "Public prizes are made for those who know how to be useful to the body politic" (Genovesi 1768: 306). Among the reasons he gave as being worthy of public recognition, Genovesi listed the generation of useful inventions and innovations, and the introduction of new ideas from other countries. Those responsible, he said, should receive "proper honours and prizes" (Genovesi 1768: 319) from the government. It has been argued that "In the last analysis social economies function because individuals do what has to be done to make them function. But why do they do it? What motivates them? What is the source of economic drive?" (Grossman 1974: 23). This same author suggests that the answers to his questions are to be found not only in material incentives, but also in "moral incentives" (Grossman 1974: 24) of the kind proposed by Genovesi. Public "need" may have been Genovesi's criterion for determining public expenditure, but he clearly believed such

\(^2\) See Cicero Tusculane Disputationes, 1, 2, 4.
need should be conceived broadly. As he said: "One can think of much that is good and useful for those who love the arts, and for the happiness of the State" (Genovesi 1768: 459).

B. PUBLIC REVENUE

1. Introduction

Earlier chapters have revealed that taxation is a recurrent theme in Genovesi's economics. By way of introduction to Genovesi's ideas on taxation - the most important aspect of his consideration of public finance - some recapitulation of these previous references seems appropriate. In chapter 3 it was shown that, according to Genovesi, excessive taxation discourages population growth, while raising the level of taxes reduces labour productivity. Chapter 5 considered Genovesi's argument that inequitable tributary imposts can, by discouraging domestic industry, adversely affect a nation's balance of trade. The analysis in Chapter 6 demonstrated that prices may vary in an absolute or relative manner as a result of taxes of duties. Finally, Genovesi's treatment of the interest on money, examined in Chapter 8, revealed his proposition that taxation, via its effect on the demand for money, acts as a determinant of interest rates. There can therefore be no doubt that for Genovesi taxation has a pervasive effect on economic behaviour and the economy in general. His ideas on this important subject can now be examined in more detail.

2. Taxation and Economic Activity

The interdependence between taxation and economic activity postulated by Genovesi has been stressed by several authors, for instance Troisi (1942) and
Genovesi stated: "It is the taxation system which urges on or halts trade" (Genovesi 1768: 438). He also made it clear that the level of public revenue depends on the level of economic activity. Thus, "industry and labour" are identified as the "only certain source of the wealth of taxation revenue" (Genovesi 1768: 447). Again, bearing in mind that he regarded labour as the foundation of economic activity, Genovesi argued: "There is no taxation revenue where there are no men to use their hands. And there is little where there are few people, or [where there are] many but [these are] dispirited, carefree, lazy, and distracted from labour" (Genovesi 1768: 456). Implicitly, economic growth is essential for the growth of taxation revenue, a fact emphasised by Genovesi when he stated: "The only good way to increase public funds ... is to promote the arts, industry and trade" (Genovesi 1768: 461). Given the role of economic activity in generating public revenue, he argued that since "the capital of a sovereign is the lands of his kingdom and the inhabitants" (Genovesi 1768: 452), the nation's tax base must be identified and judiciously managed. He asked: "Can a tax farmer (Finanziero) avoid knowing exactly the area of the lands and their [productive] power; the nature of the inhabitants, ... the arts they practise ... the state of the arts and industry; the way they live, their mores ...?" (Genovesi, Ibid.).

The economic - and sociological - survey Genovesi proposed would, he argued, enable the government to determine "how much landed estates will yield; so that excessive [taxation] activity will not damage them and make them yield less subsequently" (Genovesi, Ibid.). Genovesi's inference is clear: excessive taxation will be self-defeating inasmuch as the undue exploitation of a nation's taxable capacity will inevitably harm or destroy its real tax base. He argued implicitly that the long-term consequences of taxation cannot be ignored; it should not be the case, he suggested, that "for present gain one should be deprived of future gain" (Genovesi

Accordingly he explored the various ways he believed "the capital base of taxation can be damaged" (Genovesi 1768: 468). These include, firstly, all internal tolls and duties which "stop the movement of raw materials" (Genovesi, ibid.). Such imposts "frustrate the labour of the citizens, the only great and certain source of wealth and income for the court; because what animates labour is the prompt and speedy circulation [of goods]" (Genovesi, ibid.). Other burdens, mostly of a tributary nature, which diminish the tax base and the revenue from taxation are those which impede the export of superfluous products; harassment by "little tax collectors" (Genovesi 1768: 469); inordinate fines imposed on those unable to meet tax obligations; a corrupt legal system, including protracted litigation; "taxes on indeterminable industry" (Genovesi 1768: 473); legally fixed prices, which "cause the circulation [of goods] to be hindered" (Genovesi, ibid.); and lastly, "treating merchants like monopolists because ... this discourages and stops the outflow [of products]" (Genovesi, ibid.). Genovesi's essential point was that "everything which dampens or injures labour, the arts and trade, *damages and vitiates the basis itself of tax revenue*" (Genovesi, ibid., my italics).

Genovesi's insistence that a taxation system may discourage economic activity, especially through its disincentive effect on labour, thereby reducing public revenue, undoubtedly accounts for his predilection for land taxes as the major source of taxation revenue. According to Genovesi, land taxes (discussed in more detail later) are based on a certain, tangible factor, whereas taxes on human productive effort are uncertain (Genovesi 1768: 484). Given his argument that a taxation system has the potential to reduce, and even destroy the propensity to work, it is appropriate to consider the significance for Genovesi's ideas of what has been termed Hume's notion of "tax stimulation" (O'Brien 1975: 242), an idea with which Genovesi was familiar. Hume examined and tended to agree with "a prevailing maxim, among some reasoners, that every new tax creates a new ability in the subject to bear it, and that each encrease of public burdens encreases
proportionably the industry of the people" (Hume 1955: 83). Genovesi agreed with Hume, but argued that the suggested stimulatory effect on labour effort will only result from higher consumption taxes. A consumption tax, "by making living somewhat more difficult, increases in that same proportion the industry of workers" (Genovesi 1768: 478). However, elsewhere Genovesi appeared to contradict this clear acknowledgement that higher taxes, albeit restricted to the consumption type, will stimulate productive effort. Citing Montesquieu⁴, he branded as "false ... and pernicious" (Genovesi 1768: 103) the "maxim" that "the greater are the tax burdens, the more does one work" (Genovesi 1768: 104). Genovesi was unquestionably alluding to excessive taxation, for he said: "Where [tax] burdens exceed the ability to pay them, the benefit of labour disappears" (Genovesi, ibid.). Consumption taxes do not fall into this category since being "the least burdensome ... they are paid with a kind of indifference which accords better with nature" (Genovesi 1768: 477). The concession Genovesi made in respect of higher consumption taxes and their likely encouragement of labour does not, of course, alter his fundamental thesis that inordinate taxation tends to discourage productive effort.

The interdependence Genovesi postulated between taxation and economic activity implicitly suggested his objective was to achieve a real system of taxation; that is, one which fosters economic growth. Given that he saw labour as the single most significant factor in the growth process, as shown in Chapter 4, he was uncompromising about the need to promote positive attitudes to labour, particularly "systematic labour" (Genovesi 1768: 275). Genovesi did not hesitate to reiterate his basic thesis about labour when discussing harassment by collectors of duties: "The main art in the matter of Economia Civile is to ensure that men do not lose their taste for the occupations they practise. It is a fatal blow to the State to make people

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⁴ See Montesquieu (1949, Book I: 208): "Some have concluded from the poverty of those petty states that in order to render the people industrious they should be loaded with taxes."
consider themselves more satisfied in idleness than in labour" (Genovesi 1768: 375). In Genovesi's view, a nation's taxation system is a potential offender in this regard. Hence his aim to ensure that "you [do not] burden excessively [with taxes] the working part of the nation, which is the source of real wealth" (Genovesi 1770: 92).

3. Criteria for Taxation

The taxation criteria Genovesi considered appropriate are either specifically identified or implied in his discussion of different aspects of taxation. The simplicity of a taxation system is a basic requirement for Genovesi, who observed "that the art of the tax farmers has become that much more useless, in fact harmful, the more it has become refined and removed from the simplicity of nature" (Genovesi 1768: 451). The increasing proliferation and complexity of taxes and tax collection methods in "various [unidentified] nations" (Genovesi, ibid.) led him to state: "Here is a prophecy of a very learned and patriotic French man. If the methods of the new tax farmers are not abolished but go on gaining strength and becoming widespread, Europe will before very long become like Tartary" (Genovesi 1768: 451, fn. (a)). This quotation demonstrates Genovesi's belief that a taxation or tributary system without limits is capable of reducing an otherwise civilised nation to a backward, primitive condition. The relationship between taxation and economic activity in Genovesi's economics bears repeating: his concern was that "where [tax] burdens exceed the ability to pay them, the benefit of labour disappears, this being the only spring which drives men to work" (Genovesi 1768: 104). He made it clear that he was not alluding solely to the potentially stifling effects on economic activity of "burdens of the government, or fiscal ones, as they are called in our country" (Genovesi 1768: 103). These, he acknowledged, "in the greater proportion of European nations are

5. One such country was France, where an "unwieldy and irrational welter of taxes ... had grown up in an entirely unsystematic way" (Schumpeter 1954: 204).
the smallest and lightest part of those that have to be borne" (Genovesi, ibid.).
Rather, it is "mainly those which come from thousands of intermediate powers, each
of which takes its cut as if it were a Sovereign" (Genovesi, ibid.). Genovesi did not
elucidate this statement but he was undoubtedly referring, inter alia, to the
exactions of feudal lords and barons, rentiers, and collectors of internal duties and
tolls in the various Italian republics and beyond; in short to a complex tributary
system in marked contrast to the simple and centrally administered system he
proposed.

Implicitly Genovesi recognised that the criterion of simplicity in taxation may
conflict with that of equality, or what is now generally termed equity or fairness. The
following example reveals Genovesi's appreciation that the attempt to rationalise
disparate taxes may lead to what is, in this case, a highly regressive tax:

In 1441 ... all, or most of the small headings of taxation were combined into
a single one, that is one ducat per hearth since this was believed to be a
simple and easy method. The first shortcoming of such a law was the
inequality of the burden which obliged the poor to pay as much as the well-to-
do (Genovesi 1768: 470-1, my Italics).

This example suggests that, for Genovesi, equality or equity in taxation should be
based on ability to pay. This criterion was presumably behind Genovesi's argument
that public revenue should be derived principally from taxes on income from land
rather than an individual's effort or industry.

It is worth noting Genovesi's argument that the benefits received by a
particular section of the business community provide justification for taxation in
accordance with ability to pay. He stated: "It is right that the arts and trade, which
sovereignty protects, should also contribute what they can to the maintenance of the
empire and the State" (Genovesi 1768: 476, my Italics). There is no indication that
the benefits per se are considered grounds for taxation, regardless of ability to pay.
Nonetheless, the quotation implicitly suggests Genovesi's belief that the idea of a quid pro quo might constitute a criterion for taxation. The notion was not, however, developed by Genovesi, whose economic objective was to ensure that arbitrary taxes not be permitted to reduce productive activity. This serves to explain his greater interest in factors which have a bearing on ability to pay a tax, rather than in ones which reflect its payment in return for benefits received.

Of necessity, Genovesi's consideration of equality as a criterion of taxation, suggests the pertinent question: how is the tax burden to be distributed in a just or fair manner? The clearest indication given by Genovesi is that this objective will be achieved by a proportionate system of taxation. He made explicit reference to taxes paid "in accordance with the law of proportion" (Genovesi 1768: 480) or "distributed in exact proportion" (Genovesi 1770: 185, fn. (1)). On his own admission, Genovesi's thinking reflected his belief in "the dictum of Aeschylus ... THE GODS HAVE ONLY GIVEN COMPLETE POWER TO PROPORTIONAL MEANS" (Genovesi 1770: 96). The idea of proportion thus appears to be regarded by Genovesi as a self-evident truth or criterion which is equally applicable to taxation. For Genovesi, equality in taxation is mirrored in proportionate taxation. In this, he was not alone. Adam Smith, for example, also argued that "The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities ... In the observation or neglect of this maxim consists, what is called the equality or inequality of taxation" (Smith 1937: 777, my italics).

Genovesi advocated a taxation system which is also characterised by certainty and convenience. He argued:

6. See Aeschylus Eumenides 532.
For an artist who earns 100 [units of income], if a [tax of one] tenth is capable of freezing his industry (which does not seem likely to me), a twentieth will not be excessive. But ... every artist will willingly pay a tenth, and even two [tenths], provided it is two, and not ten, provided, I mean to say, it is once a year and you allow them the freedom to decide on the means of payment (Genovesi 1768: 476-7, my italics).

If taxpayers are free to decide on the method of payment, and, moreover, the latter is restricted to once a year, the criterion of convenience is clearly fulfilled since taxpayers' compliance costs are minimised. Furthermore, the prescription of certainty is implied in Genovesi's requirement that a given tax will be levied once, and once only, in a given year. With intended hyperbole, he underlined his opposition to anything that smacks of arbitrariness in taxation:

[Assume] ... that silk pays a tenth for the land, another [tenth] as a commodity, a third [tenth] as a circulating material, a fourth [tenth] as spun yarn, a fifth [tenth] as a fabric, a sixth [tenth] as a dyed cloth, a seventh [tenth] as a worked product, an eighth [tenth] as an export, and do you expect that the artist will work? (Genovesi 1768: 477, my italics).

In Genovesi's view, the function of certainty in taxation is to ensure that, by eliminating the disincentive effect on labour engendered by arbitrary levies, productive activity is promoted or at least not discouraged. For Genovesi, this is unquestionably the ultimate test of a good tax.

One further criterion of taxation is identifiable in Genovesi's examination of taxation, namely that of economy in the generation and collection of a tax. Genovesi's argument was based on the analogy that when "private families" transport their harvest to storage they should do so with "the least possible expenditure"; to do otherwise "is surely not economy. It costs a great deal and yields little" (Genovesi 1768: 480). Genovesi continued: "The same should be done if possible in collecting the taxes and other incomes of the court. The shortest route should be chosen and the one which makes the people pay less and yields more to the sovereign" (Genovesi, ibid.). The criterion of economy in taxation is clearly
linked to that of convenience, as well as equality, since "When people pay [taxes] in accordance with the law of proportion, they must be given the freedom to pay in the way that for them is the shortest and easiest. To make it longer, is to make them pay more, without the Sovereign gaining any advantage from it" (Genovesi 1768: 480). Arguably, Genovesi's call for the criteria of convenience and economy, as well as simplicity, certainty and equality in taxation, was partly motivated by his opposition to what he perceived as the unwarranted growth in the number of tax collectors. This, he argued, was counter-productive inasmuch as it oppressed taxpayers and industry and reduced taxation revenue (Genovesi, ibid.).

In the extensive literature on the development of taxation principles, not to mention the history of economic thought, it is de rigueur to use as a reference point Adam Smith's well-known "four maxims with regard to taxes in general, (1) equality, (2) certainty, (3) convenience of payment, and (4) economy in collection, which have recommended themselves to all nations" (Smith 1937: 777-9). This quasi-convention is a valid one, if only because it serves as a reminder of Smith's own indebtedness (which he himself acknowledged) to others for his basic ideas on taxation. A salient observation is made by Schumpeter (1954: 205): "Italian sources, both earlier and contemporaneous ones, can be indicated ... for the 'canons of taxation' ... that ... essentially anticipate those of A. Smith." Genovesi is clearly one such source.

4. Specific Types of Taxes

(a) Land Taxes

According to Genovesi, "land taxation and its imposition based on the [productive] power and income of land, is the most divine method [of taxation] in temperate countries, and where there is agriculture and trade" (Genovesi 1768: 484-5, fn. (b) ). This proposition is an application to an entire nation of the "rule for a
private steward ... to collect the rent on his estates in proportion to the area, goodness and income of the land, and not on the basis of the tenant farmer's skill" (Genovesi 1768: 484). These quotations suggest Genovesi envisaged a proportionate tax determined by the productivity of land, as measured by its yield and rent. However, he did not elaborate his concept of land taxation, though it is implied it will conform to the criteria he prescribed as noted previously. One has the impression that the "divine" status conferred on land taxation by Genovesi makes its imposition unquestionable and hence imperative. He stated: "The lands must pay [taxes] (and all of them, without exception an inch)" (Genovesi 1768: 484). The importance Genovesi attached to the requirement that, in the interest of justice, all land should be subject to taxation, is confirmed by the fact that it constitutes the emphatic conclusion to the first volume of the _Lezioni_ (1768). There, with specific reference to the kingdom of Naples, he stated:


Genovesi believed these propositions constitute a "fundamental law of nations" (Genovesi 1768: 543) and one which will stimulate industry and the arts. Without this law, "every other provision to resurrect the State is useless" (Genovesi, Ibid.).

7. Genovesi's maxims on public finance are based on the "example of a private and wise father of a family" (Genovesi 1768: 451). He acknowledged that "Blesfeld [sic] believes the politician should always greatly fear such comparisons" (Genovesi 1768: 451, fn.(b)). The reference is to the German writer on political science, J.F.Blefeld (1717-70). Genovesi's statement has a parallel in Smith (1937: 424): "What is prudence in the conduct of every private family, can scarce be folly in that of a great kingdom."
He considered the possible objection that taxes on the rent from land are unlikely "to provide for all the needs of government ... because if you burden them [the lands] disproportionately, you will extirpate agriculture, and hence simultaneously destroy the primary capital base of tax revenue" (Genovesi 1768: 476). This notwithstanding, he emphasised that "the land can and must pay" (Genovesi, ibid.). To this end he posited the need for laws to reduce the unequal distribution of land. In addition, he insisted all land must be made subject to the process of exchange and must cease to be "the agrt vectigales of foreign nations" (Genovesi, ibid.), that is, lands which are subject to taxes levied by foreigners. The tributary aim of these last two measures is self-evident. Firstly, since no land is withheld from potential agricultural production by inalienable rights such as mortmain, taxation revenue from land rent will be maximised. Secondly, since all income from land will devolve to domestic rather than foreign governments, domestic taxation revenue will be increased.

In connection with his statement, noted earlier, that land taxation "is the most divine method [of taxation] (Genovesi 1770: 485, fn.(b) ), Genovesi cited as the apparent main source of his ideas on such taxation the work of the French writer, Vauban, whose Projet d'une dîme royale appeared in 1707. Of his Projet, Vauban said that it is one "which reduces the revenues of the king to a geometric proportion, by imposing a ROYAL TITHE on everything that bears revenue" (Vauban 1933: 237). Its title notwithstanding, Vauban's "royal tithe" was not, as Coornaert (1933: xxxi) observes, strictly speaking a "single tax (impôt unique)" but rather a " contribution général" comprising "four capital bases (fonds)" (Coornaert 1933: xxx). Genovesi adopted the first of these fonds as the basis of his proposal for land taxation: a levy "generally on all products (fruits) of the land, of whatever nature they may be" (Vauban 1933: 35). To this extent, Genovesi's idea for taxation on the rent derived from agricultural production bears a strong affinity to only part of Vauban's Projet.
It must be stressed that unlike his French contemporaries, the so-called Physiocrats, Genovesi did not advocate a single tax inasmuch as he stipulated that "the lands must pay taxes" only "after a reasonable poll-tax" (Genovesi 1768: 484). (The latter is considered later). As noted earlier, Genovesi was unsympathetic to the idea of combining "all, or most of, the small headings of taxation ... into a single one" (Genovesi 1768: 470). He added: "This same plan was considered by some zealous French patriots last year and it caused a tremendous uproar in that country" (Genovesi 1768: 470, fn. (b)). Nevertheless, although he rejected the specific idea of a single tax espoused by the Physiocrats, Genovesi implicitly endorsed the principle on which it relied, that is, that land, or, more precisely, agricultural rent should constitute the basis of the taxation system. His belief in land taxation is articulated in his statement that if, as noted earlier, certain reforms are implemented, for example, if lands are divided "less disproportionately" (Genovesi 1768: 476), farmers and landowners "can, in ordinary cases, easily pay a

8. The Physiocrats also advocated taxation based on "net product", not gross production as Vauban's and Genovesi's taxation system implies.

9. The "French patriots" were not identified by Genovesi. Since this statement appeared in the first edition of Volume I of the *Lezioni* (1765: 348, fn.(a)), the reference may have been to the debate in France in 1764 on the freedom of the country's grain trade. On the other hand, on the basis of the footnote just noted, PH (1984: 168, fn.7) argues that "in refuting the single tax on land, Genovesi must have had information about Quesnay's sect". Given that Genovesi was writing the *Lezioni* in the early 1760s, the "uproar" he mentioned may have referred to the storm created by Mirabeau's scathing attack on the French system of tax-farming in his *Théorie de l'impôt* which led to his arrest, imprisonment and exile from December 1760 to February 1761 (see Fling 1908). Mirabeau's book expounded the physiocratic idea of a single tax on the net product of land. The question whether Genovesi was influenced by the Physiocrats is considered in Chapter 10.
tenth, and in extraordinary cases, two [tenths]; because whoever can live on 100
units of income can live on 90 and even 80" (Genovesi, ibid.). The relatively low
normal rate of taxation of ten per cent on the income from land, was clearly meant
to ensure that lands are not "burdened beyond proportion" (Genovesi, ibid.), thereby
discouraging agricultural activity and "destroying the primary capital base of
taxation" (Genovesi, ibid.).

(b) "A Reasonable Poll-Tax"

Genovesi made the following solitary statement about the imposition of a
poll-tax: "After a reasonable poll-tax, the lands must pay ... not the skill of
individuals" (Genovesi 1768: 484). What he envisaged as "reasonable" about the tax
was not stated. Genovesi could not have failed to note Hume's unfavourable
assessment of such taxes: "In general, all poll-taxes, even when not arbitrary, which
they commonly are, may be esteemed dangerous" (Hume 1955: 86). At the same
time, Genovesi's fellow countryman Broggla had argued that in order to be "just",
taxes should be imposed "geometrically rather than arithmetically ... on the whole of
society" (Broggla 1804: 42); thus "however moderate they may be, one should rarely
rely on poll-taxes" (Broggla, ibid.). Even Vauban had proposed a Projet de Capitation
in 1694, but only as a wartime, and hence temporary, measure.

Notwithstanding the extent of intellectual opinion against poll taxes, it is
possible that Genovesi conceived a "reasonable" poll-tax as being a graduated tax,
for which there were a number of known precedents in Europe. For instance, in

10. Genovesi did not defend land taxation on the grounds of its incidence as
Locke (1823: 55) did when he said: "Taxes, however contrived, and out of
whose hands soever immediately taken, do, in a country where the great
fund is in land, for the most part terminate upon land." Neither did he take
issue with Hume's statement (1955: 87) to the contrary: "It is denied, that
all taxes fall ultimately upon land." Genovesi did not refer to his Neapolitan
contemporary Broggla (1698-1767) in his chapter on taxation in Volume I of
the Lezioni (1768). Broggla (1804: 46) had advocated, inter alia, a tax of one-
tenth on "the certain income from land".
1697 the French government had introduced "a classified poll tax known as the capitation or capitation graduée (Seligman 1914: 50)\textsuperscript{11} Seligman (1908: 22) also notes that "a graduated poll tax" formed part of the taxation system of the republic of Florence in 1480. Such a tax was imposed in England in 1379 (Dowell 1965, Vol. 3: 3). This was similar to the French capitation graduée of 1697, inasmuch as "taxpayers were classified and charged according to their rank, condition in life, and property" (Dowell, ibid.). The data presented by Dowell (1965, Vol. 3: 7) shows "the last poll tax" in England, imposed in 1698, was also a graduated one.

It is conceivable that Genovesi did not have in mind a poll-tax in its strictest form; that is, one which levies "a fixed charge on the population of a country at so much per head, such as the capitatio humana of the Roman system" (Dowell 1965, Vol. 3: 3). This conclusion follows from his rejection of a hearth tax imposed in 1441, whose "first shortcoming ... was the inequality of the burden, which obliged the poor man to pay as much as the well-to-do" (Genovesi 1768: 470-1). Given the regressive nature of this hearth tax, it is unlikely that Genovesi would have envisaged a poll-tax which had the same inherently unjust characteristic. The more likely case is that he believed the poll-tax should take the form of a graduated tax, whose progressive structure would have satisfied Genovesi's requirement that "just" taxes must be "distributed in exact proportion" (Genovesi 1770: 185, fn. (a)). The idea that a proportionate tax can also be a progressive tax, is not contradictory. As Seligman argues; "Strictly speaking ... the distinction ought to be drawn, not between proportion and progression, but between two kinds of proportion - regular proportion and a progressive proportion" (Seligman 1908: 2-3). A poll-tax in accordance with the latter, that is, a graduated poll-tax, would probably have been judged by Genovesi as being "a reasonable poll-tax".

\textsuperscript{11} Seligman (1914: 50) explains: "This was a kind of class tax ... the tax was imposed on individuals according to their social status, the rate for all members of the same class being identical. There were twenty-two classes, the tax ranging from one livre to two thousand livres."
(c) **Production Taxes**

As noted previously, Genovevi argued that "the arts and trade, which sovereignty protects, should also contribute what they can to the maintenance of the empire and the State" (Genovevi 1768: 476). If, *inter alia*, the criteria of certainty and convenience are observed, "every artist will willingly pay a tenth, and even two [tenths]" (Genovevi, Ibid.). The ordinary limit of one tenth prescribed by Genovevi on taxes levied on artists (and presumably those engaged in trade) implicitly underlines his call for a just sharing of tax burdens: it was noted above that he proposed the same tax rate for income from land. Genovevi saw this as the means of correcting "the old defect of taxation, a defect throughout Europe, of making tax obligations fall more heavily on the arts than on properties and estates, and this to favour the large landowners, a defect which makes slaves of the arts, and freezes them to death" (Genovevi 1768: 485, fn. (b)).

There is a difficulty in Genovevi's requirement that the arts and trade should, as noted above, "contribute what they can" in the form of taxation revenue. In an apparent contradiction of the above argument, he made it clear that "the skill and industry of individuals" (Genovevi 1768: 484) are uncertain phenomena and should not therefore be subject to taxation. The difficulty can be resolved only by assuming that Genovevi believed taxes on the arts and trade should be levied only when there is a shortfall from taxation on the income from land. This interpretation is based on the fact that Genovevi's discussion of this particular category of taxes forms part of his reply to the question: "But someone will say, where do you set the limit to taxation?" (Genovevi 1768: 475). Genovevi may, therefore, have envisaged such a tax as an extraordinary measure only, together with taxes on consumption, examined below.\(^\text{12}\)

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12. The possibility that Genovevi regarded production taxes as extraordinary ones is increased by his observation that land taxes may not "provide for all the government's needs in peace and in war" (Genovevi 1768: 476).
(d) **Consumption Taxes**

In reply to the argument that taxes on income from land and on the arts and trade may not yield sufficient revenue, Genovest stated: "The surest means and the most useful as well, is to impose taxes which we call duties (Gabelle) on consumption of the most common things, such as bread, olive oil, wine, salt, etc." (Genovest 1768: 477). Genovest defended consumption taxes as being "the least burdensome" (Genovest, ibid.). They are therefore paid "with a kind of indifference, which is more in accordance with nature" (Genovest, ibid.). Thus, in contrast to "taxes which are paid in large sums", (Genovest, ibid.) they do not "oppress those who live from one day to the next" (Genovest 1768: 477-8).

Genovest stressed that consumption taxes must be imposed so that "they fall on those who consume not on those who work: or if they do fall on those who work, it should be in their capacity as consumers. This is the art of the English" (Genovest 1768: 477, fn.(a) ). This qualification reflects Genovest's general aim that labour, and hence economic activity, should not be adversely affected by taxation. This probably accounts for his proposition that taxes are to be levied on consumption only in exceptional circumstances.

(e) **Tolls and Duties**

Given, as noted in Chapter 7, his belief in the prompt and speedy circulation of goods, particularly within a nation, Genovest favoured "a small number of duties and tolls ... [which] has a marvellous influence on circulation" (Genovest 1770: 131). This contrasts with the historical fact of "frequent tolls and duties" which halted circulation and contributed to the "dying out of industry and labour, the only certain source of wealth and taxation revenue" (Genovest 1768: 447). He stressed that

Every toll, duty and internal tax which halts the circulation of raw materials required by the arts or manufactures, worsens the capital base of taxation revenue, frustrating the labour of the citizens, the only great and certain
source of wealth and income ... because the soul of labour is the prompt and speedy circulation [of goods] (Genovesi 1768: 468).

Implicitly Genovesi was critical of tolls and duties because they fail the "convenience" test of a good impost. He argued that "many people ... would be happy to pay a carlino once only, rather than half the amount ten times and in ten different places. And the reason is that time is the most precious thing trade has; and these delays cause it to be lost, almost always with serious damage" (Genovesi 1768: 375).

According to Genovesi, tolls and duties are also not economic imposts (though he did not use this term) inasmuch as they may contribute nothing to public revenue. He did not "believe that collectors of duties are such good people that they do not make their office a worthwhile one. Thus, duties, tolls, etc. in many places end up being doubled, and sometimes tripled, in terms of what is paid; of which nothing returns to public revenue, and trade is hard pressed" (Genovesi 1768: 375, fn. (al)).

(I) Export Duties

Genovesi's treatment of export duties under the heading of public finance rather than foreign trade may be explained by his implicit aim, noted earlier, of devising a real system of taxation. His fundamental criterion of taxation was that it should not militate against domestic employment and productive activity. Genovesi was not opposed to all export duties, but adopted a pragmatic (and consistent)\(^\text{13}\) attitude to them. To safeguard and foster domestic industry and employment, domestic raw materials should be subject to high export duties; and, for the same

\(^{13}\) Genovesi's attitude to import duties was in keeping with his protectionist, pro-employment approach to export duties. Referring to Hungary's import policy, he noted: "Manufactures and foreign raw materials, which are not available in the country, pay very low duties" whereas those "that are not necessary because there are enough domestic ones, pay very high duties of 30 and 40%" (Genovesi 1984b: 474).
reason, domestic manufactures should be subject to low export duties. By promoting domestic economic activity, export duties applied in this manner generate public revenue indirectly through the resultant greater employment and production. Genovesi's protective conception of export duties is illustrated below.

Genovesi noted with implicit approval that in Hungary "no export duty on national manufactures is greater than 5%" (Genovesi 1757-58: 474). This was in marked contrast to the fact that "In certain countries ... export duties equal the price of the things that are exported and for the same economic error" (Genovesi 1768: 447, fn.(a)). Genovesi's underlying and main concern was with the impact of "exorbitant [export] duties" (Genovesi 1768: 447) on the Neapolitan economy. These were "the reason why in our nation cotton-wool manufactures in Lecce and Otranto, which were really flourishing and highly sought after, almost failed, and the saffron industry was reduced to almost nothing; just as the olive oil industry and silk manufactures will decline if a different attitude is not taken" (Genovesi 1768: 447-8, fn.(a)).

The following additional example from Neapolitan experience serves to underline the protective effect Genovesi envisaged for higher duties on raw materials and lower duties on manufactures:

In our country, due to the ancient export laws, raw silk pays a cartino [= 10 grana] per pound; silk manufactures ... around 54 grana a pound. This means, don't work, let foreigners work and live. Good policy would have been, raw silk, 54 grana a pound when exported: worked silk 10 [grana]. This maxim would enrich the nation and the Sovereign: it would remove beggars; it would reduce crimes (Genovesi 1768: 186-7, fn.(b)).

14. On the basis of this example, Troisi (1942: 118) argues that Genovesi "condemns export duties". As argued here, however, Genovesi believed export duties should be applied selectively to protect the domestic economy.

15. The importance of the silk industry in the Neapolitan economy was noted in the second part of Chapter 2. According to Chorley (1965: 181), "out of an average annual volume of 297,504 libbre [of silk exports], 118,648 were of seta lavorata [thrown silk] and 178,855 were of seta grezza [raw silk]. This may reflect the relative impact of the export duties mentioned by Genovesi."
Genovesi's attitude to export duties may be summed up in his own words:

Every tax burden which hinders the export from the State of the superfluity of animals, commodities and manufactures, reduces the capital base and in time diminishes taxation revenue. And the reason is that it reduces and discourages labour, without which there are no incomes, either for individuals or the government (Genovesi 1768: 468-9).

By way of concluding this section, it may be argued that the detailed attention Genovesi gave to the requirements for a sound, equitable taxation system mirrored his concerns about the disordered, inequitable system in the kingdom of Naples. This was examined in Chapter 2 as part of the consideration of "Economic Conditions in Eighteenth Century Naples", mainly under the headings of "Taxation" and "Trade".

C. PUBLIC DEBT

1. Public Debt and Economic Development

Genovesi acknowledged the potential economic benefits of incurring public debt by drawing a parallel between "a wise father of a family" and a "wise and faithful tax farmer" (Genovesi 1768: 465). The former, he said, "will incur debts if these are necessary to ... improve his estates" (Genovesi, ibid.). A similar approach should be taken to public debt: "If in order to promote agriculture, fishing, the arts, and trade it is necessary to spend, you should not say, there is no money... It would be to misunderstand the art of making a profit. 'Who will pay the interest?' one says. The capital fund. The money that is spent ... is paid from the capital, but it is paid with profit" (Genovesi 1768: 465-6). Genovesi's assumption of a potential return on investment financed through debt creation which exceeds the rate of interest led him to argue that the kingdom of Naples should raise "four million in new debts" to establish, inter alia, "wool, silk, linen, hemp and cotton factories" (Genovesi 1768: 466, fn. (a)). Genovesi observed that Colbert (1619-1683), minister
of finance under Louis XIV, "incurred debts to support the [woollen] factory in Abeville, to expand trade and to accustom the French to industry" (Genovesi 1768: 466). The "essential condition" imposed by Genovesi on the creation of public debt in this context is that "When the creditors of the debts are the citizens themselves ... the [royal] court is itself a creditor" (Genovesi 1768: 466, fn. (a)). By making the government a creditor, he presumably wished to ensure that private "investors" had a secure guarantor. However, Genovesi's unmistakable optimism towards public debt (in this instance, at least) was tempered by his belief that to allow the debt to be financed by "fiscal agents" (Genovesi 1770: 81) is detrimental to economic development. This issue is examined below.

2. **Public Credit and the Financing of Government Debt**

Genovesi identified "the debts of the [royal] court and the government" (Genovesi 1770: 80) as a source of public credit. He noted that in England, negotiable "Exchequer bills (Biglietti dello Scacchiero)" (Genovesi 1770: 67) were used for this purpose. "Life-time annuities" (Genovesi, ibid.) also represent a form of government credit. Genovesi stated that "the creditors of these sums, who in our country are called fiscal agents (fiscalarj), consignees (consegnataraj), and creditors of the court, constitute an important class" (Genovesi 1779: 81). The growth of this class was a source of concern to Genovesi since "the greater the increase in the [number of] families who live off this sort of credit, the greater the shortage of those who through their industry make the landed property of the State productive" (Genovesi 1770: 81-2).

The manifest orientation of Genovesi's political economy towards productive activity mainly in the form of agricultural and manufactured commodities led him to assert: "It is not the rentiers, as the French call them, who maintain the State, but farmers, shepherds, spinners, weavers, fishermen, seamen, etc." (Genovesi 1770:
To allow the number of such creditors to grow excessively - thereby causing the ranks of those who produce tangible goods to decline - is, according to Genovesi, self-defeating since "It tends to weaken public revenues" (Genovesi, ibid.). As a result of the reduction in "the revenues of the court ... there can be no escaping methods of debasing [the coinage]" (Genovesi, ibid.), whose aim is to reduce the debts of the State via the ensuing devaluation. Genovesi noted that the 'raising of the coin' to which he referred was a common practice: "One can see every year some great examples of this throughout the whole of Europe. These examples prove that there is no income that is less secure than that of these rentiers" (Genovesi, ibid., fn.(b), my italics). Genovesi's implicit argument was that a nation which resorts to public debt must ensure sufficient public revenue is generated - via real production and hence taxation - to finance and discharge the debt. Notwithstanding the fact that his economic system was predicated on population growth, Genovesi assumed, somewhat statically, that as the number of rentiers grows, the number of producers (the major source of public revenue) will decline. His conclusion was thus inevitable: public debt financed through fiscal agents must eventually lead to debasement, a solution to which, as shown in Chapter 7, he was opposed.

Genovesi's ideas on the potentially favourable impact of public debt on economic development, and his reservations about its financing through fiscal agents, reflect his optimism on the one hand and the influence of the situation in the kingdom of Naples on the other. Nonetheless, perhaps his most important ideas on the question of the public debt are enunciated in his examination of Hume's treatment of public credit. The remainder of this chapter is devoted to this aspect of Genovesi's consideration of public debt.
3. Hume's Ideas on "Domestic Public Credit"

Genovest supplemented the presentation of his ideas on public credit in the *Lezioni* (1770) with a detailed examination of Hume's ideas on the subject (Genovest 1770: Chapter VII). Although he expressed some reservations about the latter's ideas in this area (for instance, "the greater part [of what he said] only applies to England" (Genovest 1770: 83)), Hume, Genovest said, throws "a great deal of light on this important subject" (Genovest, Ibid.). The aim of this section is to determine what Genovest's consideration of Hume's ideas on public credit, reveals about his own.

(a) *Ancient versus Modern Public Credit*

According to Genovest, Hume considered ancient economies (as well as eighteenth century Asian economies) wiser than modern ones since they stored up treasure against future needs; whereas modern governments rely on public credit "for every need ... and in this way burden themselves excessively with debts" (Genovest 1770: 83-4). Hume argued that the balance of advantage lay with the ancient system used to raise public credit inasmuch as "A war ... was reason for opening the public treasury. This filled the nation with new money and encouraged Industry and trade; but under the present system a war does exactly the opposite, since it absorbs the nation’s money and ruins industry and trade" (Genovest 1770: 88-9).16 Genovest's qualified approval of the ancient method of generating public credit may be explained by his opposition to treasuries and the resultant hoarding, which, as noted in Chapter 6, he condemned on the grounds that, *inter alia*, it interfered with the process whereby the "natural proportion" which the intrinsic value of money represents, is determined. An essential part of this process, as

16. The corresponding passage in Hume (1955: 91-2) is: "According to ancient maxims, the opening of the public treasure, as it produced an uncommon affluence of gold and silver, served as a temporary encouragement to industry, and atoned, in some degree, for the inevitable calamities of war."
shown in Chapter 7, is the ability of freely circulating goods to attract money, which helps to drive and promote trade and economic activity. To the extent that money is hoarded in a treasury, trade and economic activity are adversely affected. Hence Genovesi’s disapproval of "the great treasuries of the courts in those nations which cannot be great and wealthy except through the arts and maritime trade" (Genovesi 1770: 89-90): to siphon off money into a treasury is to impound an essential element that can make such nations "great and wealthy". Arguably, Genovesi was less concerned with the ancient method of creating public credit, and more with demonstrating that the productive and trading activity of modern nations is a more economically rational source of such credit.

The modern method of creating public credit was, in fact, "the English method" (Genovesi 1770: 90), to which Genovesi expressed his unqualified opposition on the grounds that

If it continues, it must finally ruin the nation. The interest on 132 million [pounds sterling] amounts every year to four million pounds sterling, which can be paid in what manner other than by taxes and duties? Now through the destiny of all nations, taxes fall heavily on the primary arts and manufactures (Genovesi, Ibid.).

Genovesi was clearly dismayed by the sheer magnitude of England’s public debt as well as by its significant increase in the hundred years since "the arrival of William [of Orange] in 1668 [sic]" when "it was less than a million and a half" (Genovesi 1770: 97, fn.(b)). The eventual "ruin" Genovesi foresaw for England was attributable both to the problem posed by the task of servicing an ever-increasing debt and the disincentive effect of higher taxes and other imposts on labour and national production. He agreed with Hume "that taxes which must be levied in order to pay
the interest on public debts, oppress workers and craftsmen, and thereby dry up the
source of public opulence" (Genovest 1770: 91).\footnote{17}

In place of the ancient and modern methods of raising public credit examined by Hume, Genovest proposed the following rule formulated by an anonymous Englishman: "That the annual expenditure of [royal] courts should not exceed the annual revenues: and that if it is necessary to spend more on the defence of the State, it will always be better to increase the revenue of the same kind proportionately until the crisis is over, rather than incur debts" (Genovest 1770: 90).\footnote{18} Genovest defended his 'balanced budget' approach to government financial transactions by saying that "Where public needs are concerned, everyone tightens his belt and pays more willingly [for present needs] than he would for past needs" (Genovest, ibid.). Genovest raised an interesting and relevant issue regarding the psychology of the national debt and its repayment. The issue cannot be explored here, but it can be said that whether the growth of public indebtedness places "an intolerable burden on future generations" (Baumol 1988: 197) has been a long-standing debate in economic literature.\footnote{19}

\footnote{17} The corresponding passage in Hume (1955: 96) is: "The taxes, which are levied to pay the interests of these debts, are apt either to heighten the price of labour, or be an oppression on the poorer sort."


\footnote{19} Groenewegen (1990: 296-7) provides a brief discussion of "the burden of the public debt" and refers to some of the relevant modern literature (1990: 299, n.17).
(b) Some Arguments Against Public Credit

Genovesti described as "most sensible" (Genovesti 1770: 91) three arguments by Hume opposing public credit on the grounds of its potentially adverse economic effects. Hume argued firstly that as public credit grows, "the nation's capital city ... grows ... in the number of ... indolent people [it has]" (Genovesti, ibid.). The cause is the flow of money from the provinces to the capital and its conversion to "paper credit", which leads to "a desertion of the provinces" and an increase in the number of speculators (Aggiatatori)" (Genovesti, ibid.).20 The objective of reducing indolence, discussed in Chapters 3 and 4, is an underlying, recurrent theme in Genovesti's economics, reflecting his aim of achieving a fully employed, totally productive economy. The potential contribution of agriculture to this aim - and its discouragement by the system of credit creation - is conveyed by Genovesti's endorsement of Hume's statement that "the great sums, levied in the provinces to pay the interest [on national debts]" (Hume 1955: 95) cause the migration "of people and riches to the capital" (Hume, ibid.). How "all the money in the provinces ... is converted into paper-credit" is not explained by Genovesti (or Hume), but this is of less importance than Genovesti's preoccupation with the increased and questionable speculative activity which accompanies it. Hence his condemnation of "the industry of speculators [which] is always one of those that not only does not yield anything except on a personal basis, but oppresses industry that does yield" (Genovesti 1770: 92).

Hume's second objection to public credit was that "the greater part of the nation's public stock falls into the hands of idle people, who produce nothing real for the State" (Genovesti 1770: 91)21 Genovesti's particular emphasis on the creation of

20. The corresponding passage in Hume (1955: 95) is: "It is certain that national debts cause a mighty confluence of people and riches to the capital, by the great sums, levied in the provinces to pay the interest."

21. The corresponding passage in Hume (1955: 96) is: "The greater part of the public stock being always in the hands of idle people, who live on their
real, that is, primary, wealth via agriculture, manufactures and trade was previously noted, as also his insistence that "HONEST LABOUR" is the only way for a nation "to make money" (Genovesi 1770: 99). By denouncing the "useless and inactive life" of idle people" (Hume 1955: 96) who receive an income without being engaged in any tangible production, Hume underscored what is probably the foundation of Genovesi's economic ideas, both positive and normative, that a nation should aim to maximise the size (and quality) of its labour force.

The third of Hume's arguments was "that taxes which must be levied in order to pay the interest on public debts, oppress workers and craftsmen, and thereby dry up the sources of public revenue" (Genovesi 1770: 91).\(^2\) Genovesi's emphasis on the need for "HONEST LABOUR", which by definition assumes a working environment that minimises the disincentives to its achievement, was matched by his antagonism to any attempt to place excessive burdens on "the labouring section of the nation, which is the source of real wealth" (Genovesi 1770: 92).

The last two arguments noted were reinforced by Genovesi's citation of the objection made by Hume to the reason given by Melon\(^2\) to support public credit, that "it is like transferring money from the right hand to the left; which leaves the person neither richer nor poorer than before" (Hume, ibid.). Genovesi refuted Melon's view by noting that "when you burden to excess the labouring section of the nation ... and transfer all the wealth to the idle sections, it will no longer be true that the nation acquires as much from one section as it loses from another" (Genovesi, revenue, our funds, in that view, give great encouragement to an useless and unactive life." Here I have translated Genovesi's "fondt" as "public stock" to accord with Hume's original.

\(^{22}\) See note 17 above.

\(^{23}\) Melon (1739: 329) stated: "The Debts of a State are Debts due from the right Hand to the left."
Ibid.). Genovesi agreed partly with the argument he attributed to Locke, that "it does not matter to the State whether money belongs to this or that person" (Genovesi, ibid.). What does matter, however, is that "Whoever has the money uses it in that industry which yields [real wealth] for the nation" (Genovesi, ibid.).

(c) The Paradox of Increased Debt and Prosperity

Hume's "new paradox, that public incumbrances are, of themselves, advantageous, independent of the necessity of contracting them" (Hume 1955: 92), was conveyed by Genovesi as follows: "The greater are the debts of the [royal] court, the more does the nation become prosperous and powerful" (Genovesi, ibid.). Genovesi made it clear that, like Hume, he did not support the paradox. He explained that under the credit system established by John Law, "it was necessary to deposit all the [metallic] money of those nations [England and France] in the bank" (Genovesi, ibid.). This entailed the daily accreditation of bills or "bank-stock", as Hume (1955: 93) called them, which were becoming increasingly worthless on account of "their excessive quantity" (Genovesi 1770: 93). This was the basis of the claim - and the paradox - that increased government debt led to greater wealth for the nation. The essentially speculative activity which generated the paradox was summed up by Genovesi:

It was being said ... that ... everybody should become creditors and ... employ their money usefully. Thus, they wished to make people rich in their dreams, while they tried to make them poor in reality (Genovesi, ibid., my italics).

Hume attacked the proposition that the creation of public credit through speculation on "bank-stock" would generate national wealth, on the grounds that "money used in this way destroys almost all the foundations of industry, because those who put it

24. Locke (1823: 27) stated: "Whether the money be their own, or they be indebted so much, or more, it matters not."
to work in a bank, being content to live on the interest, remove the heart from every useful industry" (Genovesi, ibid.).

In agreement with Hume, Genovesi reiterated that economic progress depends on the creation of real wealth: "Money is never useful to a nation unless it is used to increase the farmers, manufacturers, the merchant navy, and other skills that are useful and productive of human comforts" (Genovesi, ibid.). The activity which is responsible for producing real wealth is in marked contrast to the speculative activity (whose ultimate and most telling symbol for Genovesi was Law's "Parisian system" (Genovesi 1770: 95)) which, according to Genovesi, militates against real wealth being created (Genovesi 1770: 95-6).

(d) "Paper-credit" and Public Credit

According to Hume, the main reason for the popularity of paper-credit and paper money is that "It gives vigour and promptness to circulation, and this in turn, to industry" (Genovesi 1770: 94). Hume's admission that he did not understand the meaning of the word "circulation" (Hume 1955: 92, fn.) provided Genovesi with the opportunity to emphasise firstly that "The circulation which benefits the State and which must be facilitated, since it is the certain source of wealth, is not that of [monetary] signs, which of themselves can do nothing, but rather that of commodities and manufactures" (Genovesi 1770: 94). Secondly, that "even though bank bills, or other kinds, circulate at whatever velocity you like, they will never make the things represented circulate without any other motive cause" (Genovesi 1770: 94-5). He insisted that paper money and credit do not create wealth since "the wealth usually attributed to the circulation of paper-credit, is either non-existent but only imaginary: or it must be ascribed solely to the circulation of goods" (Genovesi 1770: 95). Moreover, "the sole negotiation of paper bills which

25. The reference to Hume appears to be to the passage cited in note 21 above.
those who are called *speculators* perform, of itself produces nothing in a real sense" (Genovesi, Ibid.). Despite his condemnation of the speculative activity associated with paper-credit, Genovesi argued that a true understanding of "the force of this word *circulation*" (Genovesi 1770: 96) requires recognition of the complementary relationship that exists between the circulation of goods and that of money. Thus, Hume's reflections on public credit "should have been measured against the dictum of Aeschylus ... THE GODS HAVE ONLY GIVEN COMPLETE POWER TO PROPORTIONAL MEANS" (Genovesi, Ibid.).

Genovesi emphasised that "you will never prevent a correct and speedy circulation of [monetary] signs from leading to, and facilitating the circulation of ... commodities" (Genovesi, Ibid.).

In this context, Genovesi did not exclude paper money from the "signs" to which he referred, and this was ostensibly the point of his comment that Hume should have used the criterion of "proportional means" in his consideration of the nature of circulation. The last quotation makes it clear that Genovesi regarded the circulation of money, including, presumably, paper money, as necessary for, or at least beneficial to trade. Thus, while he regarded the circulation of goods as more important, he stressed that "Circulation exclusively through barter is difficult, slow and small; and the same Mr. Hume also calls money *the oil of the cart of commerce*" (Genovesi, Ibid.).

Genovesi inferred that Hume, "wishing to inveigh against the abuses of paper bills" (Genovesi 1770: 96-7), had over-reacted to the potential dangers of paper-credit. As noted earlier, Genovesi's position, on his own admission, was that some paper-credit acts as a stimulus to trade.

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26. See note 6 above.

27. This is Genovesi's rendition of Hume's (1955: 33) "Money ... is the oil which renders the motion of the wheels more smooth and easy."
(c) **The Demise of the Credit System**

The "last reflection" on public credit by Hume considered by Genovesi was "that the credit system is such that it cannot last" (Genovesi 1770: 97)\(^{28}\) Following Hume, Genovesi argued that whereas the accumulation of public debt "leads to infinity ... it is precluded by the finite nature of human affairs, which means that of necessity sooner or later it ends up completely in ruins. There is no geometric proof more certain than this" (Genovesi, ibid.). Genovesi's empirical evidence in support of his argument that public debt, inevitably grows exponentially (for this is what his "geometric proof" suggests) was based on the growth of England's public debt, as noted earlier, to "132 million pounds sterling" (Genovesi 1770: 97). Genovesi was less sanguine than Hume about the impending demise of the English system of public credit. For despite his examination of "three variants of the demise" (Rotwein 1955: ix-xvii) of public credit,\(^{29}\) Hume asserted: "One would incline to assign to this event a very near period ... had not our fathers' prophecies of this kind been already found fallacious, by the duration of our public credit, so much beyond all reasonable expectation" (Hume 1955: 105, fn.2).\(^{30}\)

Genovesi's pessimism about "the credit system" (Genovesi 1770: 97) is explained by his manifest concern about what he saw as the exponential growth in England's public debt. Arguably, the magnitude of that debt implicitly contradicted the maxim of proportionality emphasised by Genovesi (for example, 1770: 96). If John Law's bank collapsed because it failed to maintain the correct proportion

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28. In fact, Hume (1955: 102) considered two possibilities: "Either the nation must destroy public credit, or public credit will destroy the nation".

29. The three variants examined by Hume (1955: 103, 104, 106) were that public credit will "die of the doctor", suffer a "natural death", or a "violent death".

30. Smith also referred to "the ruinous expedient of perpetual funding" (Smith 1937: 873). He argued that "Bankruptcy is always the end of great accumulation of debt", adding that "Raising the coin has been the usual method of disguising bankruptcy" (Smith 1937: 882). But he acknowledged that "Great Britain seems to support with ease, a burden which, half a century ago, nobody believed her capable of supporting" (ibid.).
between its paper-credit and real assets, by analogy nations which failed to ensure the right proportion between their public debt and real wealth risked the same outcome. The implied warning for Naples contained in this analogy was possibly the real point of Genovesi's examination of Hume's ideas on public credit.

**CONCLUSION**

Genovesi believed public expenditure should be determined by "need". Accordingly he approved of expenditure on public works (including infrastructure capital), public health and education. Public recognition of contributions to economic progress was also seen as a worthy object of government expenditure.

A basic postulate of Genovesi's ideas on public revenue is that taxation and public revenue are mutually interdependent. This interdependence reflects Genovesi's aim to achieve a real system of taxation, that is, one which fosters economic growth. A nation's taxation system can be responsible for the success or failure of its economic performance, but the converse is also true: the level of taxation revenue depends on the level of economic activity. Since the latter is responsible for generating public revenue, judicious management of a nation's tax base is essential with a view to ensuring a long-term and continuing source of revenue for the government. This requires, *inter alia*, the avoidance of any practice, fiscal or otherwise, which is likely to hinder the speedy circulation of products domestically or the export of superfluous goods.

Genovesi appeared to agree with Hume that increased taxation may stimulate labour effort. However, it is clear that his apparent agreement was
restricted to the stimulatory effect resulting from consumption taxes, which are "the least burdensome" (Genovesi 1768: 477) of taxes. If taxation imposes an excessive burden on labour, "the benefit of labour disappears" (Genovesi 1768: 103).

As appropriate taxation criteria, Genovesi identified the simplicity of a taxation system; equality, which is based on ability to pay and therefore necessitates a proportionate system of taxation; the certainty and convenience of taxation, factors whose objective is, inter alia, to eliminate arbitrariness in taxation; and economy in the generation and collection of taxes. For Genovesi, these taxation criteria were motivated by moral as well as economic factors. Thus, a taxation system should be just, but also soundly based economically in the sense that it fosters the interdependence of economic growth and the growth of public revenue.

Genovesi favoured taxation on the income from land as the main form of taxation for a land-rich country, without indicating whether the tax should be based on net or gross income. Unlike the Physiocrats, he did not propose a single tax, though implicitly he endorsed the principle that agricultural rent should constitute the basis of the nation's taxation system. Genovesi also prescribed the imposition of "a reasonable poll-tax" (Genovesi 1768: 485), but it is possible that he envisaged a graduated form of the tax. This possibility stems from his argument that "just" taxes must be "distributed in exact proportion" (Genovesi 1770: fn.(a)).

It cannot be established beyond doubt whether Genovesi believed production taxes should be paid as an ordinary or extraordinary measure. It is likely that he envisaged such taxes should be paid only when there is a shortfall in the taxation revenue derived from agricultural rent. Consumption taxes should be levied only in exceptional circumstances. Even though they are "the least burdensome" (Genovesi 1768: 477), taxes on consumption should be made to fall on workers only "in their capacity as consumers" (Genovesi, ibid.).
Genovesi was generally opposed to tolls and duties inasmuch as these hinder the circulation of products. By contrast, he favoured export duties which serve to protect the domestic economy, notably by promoting the employment of labour.

In principle, Genovesi approved of some public debt. However, given his aim of promoting real economic activity, he opposed public credit generated by rentiers and other fiscal agents, which occurs at the expense of the productive members of society. Genovesi’s opposition to hoarding of any kind, examined in Chapter 6, accounts for his rejection of treasuries as a means of creating public credit. Hoarded money interferes with the "natural proportion" which should exist between money and goods and thus affects economic activity adversely.

Genovesi favoured the idea of an annually balanced government budget. He was ostensibly opposed to “the English method” (Genovesi 1770: 90) of public debt creation on the grounds that it leads to mounting debt-servicing charges which must be financed by taxes on industry. The result is counter-productive because it reduces “public opulence” (Genovesi 1770: 91). For much the same reason, and in agreement with Hume, Genovesi denounced the speculative activity associated with public credit creation as practised in England. In addition, he opposed it because “the greater part of the nation’s public stock falls into the hands of idle people who produce nothing real for the State” (Genovesi 1770: 91). Genovesi’s sympathy was at all times with 'HONEST LABOUR” (Genovesi 1770: 99) which, being "the source of real wealth" (Genovesi 1770: 92) should not be burdened to excess. Still in agreement with Hume, Genovesi rejected the paradoxical view that public debt (along English lines) and economic prosperity are positively related, largely because it involves speculative, not real activity.
Genovesi's general pessimism about the longevity of "the [English] credit system" (Genovesi 1770: 97) was engendered partly by what he saw as the exponential growth of English public debt, partly by his apparent belief that nations will fail to ensure the right proportion is maintained between their public debt and real wealth. For Genovesi, it is likely that the latter had a clear parallel in John Laws's failed experiment with paper credit in France in 1720. It is suggested that the ambivalence Genovesi demonstrated in respect of public credit reveals a tension between his approval of the phenomenon in theory, and his strong reservations about it on the basis of its limitations in practice, especially in its English form, limitations which ran counter to his ideas for achieving real economic growth and reform.

Genovesi's insistence that "ALL LAND IN THE STATE ... [MUST] BE SUBJECT TO TAXES" (Genovesi 1768: 542) was specifically directed at the kingdom of Naples. It reflects his belief that fiscal reform was required if the interdependence he postulated between the taxation system and economic activity was to operate in the interest of economic progress in Naples. Genovesi's ideas on public expenditure also reflect, in part, what he saw as required public works in the kingdom in the interest of promoting the circulation of goods and hence economic growth; for example, the building and maintenance of roads and the construction of port facilities.

The emphasis in Genovesi's economics on the creation of real wealth accounts for his argument that the economic ills of Naples were partly attributable to the excessive growth of public credit. He stated: "One of the causes of the decline in the primary arts in this our kingdom of Naples, and of its trade, has been, I believe, the fact that from the time of Charles V onwards, too many fiscal families have been created, who have, when the need arose, sold the capital [fondi] of the [royal] court ... This has produced an imbalance between the section that creates
goods and that which does nothing but devour them" (Genovesi 1770: 82, fn.(a), my italics).
CHAPTER 10
GENOVESI - MERCANTILIST, PHYSIOCRAT, OR REFORMER?

INTRODUCTION

The last seven chapters have dealt with Genovesi's economic ideas. This chapter addresses the debate contained in the literature on Genovesi about the manner in which his system of ideas is most appropriately classified. A broad taxonomic evaluation of Genovesi's work is an important part of a correct, balanced understanding of Genovesi's contribution to economic thought. A problem in the above-mentioned debate is one that is inherent in any analysis of pre-Smithian economics, that is the general temptation to regard post-Scholastic "economists" as mercantilists. Genovesi's work has not been exempt from this convenient, but often arbitrary method of classification. However, in his case the problem of classifying his ideas is made more difficult by the question posed by some whether he was subject to the influence of his French contemporaries, in particular of the Physiocrats.

The questions asked in this chapter about the most appropriate way to classify Genovesi's ideas are prompted by what is assumed to have been the real objective of his teaching and writing, to promote reform of the Neapolitan economy. Given this objective, it may be argued that to identify Genovesi as a 'mercantilist' is to disregard the broad, comprehensive nature of his proposed reform program. In short, to label Genovesi a 'mercantilist' is to make the unwarranted assumption that his aim was to promote specific policy issues rather than the general economic development of Naples. The universalist mercantilist approach adopted by the majority of commentators on Genovesi to the classification of his ideas contrasts
with what was his conception of the wealth creation process most suited to the needs of his own nation. A comparison of Genovesi's nation-specific model of economic reform with Friedrich List's *National System of Political Economy* lends weight to the argument that the classification of Genovesi as a 'mercantilist' is inappropriate.

The second section examines some of the evidence relating to the debate about the presumed influence of physiocratic ideas on Genovesi's. The conclusion reached in the chapter is as follows. Given Genovesi's view that the particular conditions of a country dictate the need for an economic system specifically suited to those conditions, the physiocratic system as the basic guide for his proposed reform of the Neapolitan economic system would not have been acceptable to Genovesi. The earlier comparison of Genovesi's approach to economic development with List's *National System of Political Economy* reinforces this conclusion. It is, however, conceded that Genovesi's physiocratic tendencies, to the extent they exist, can be interpreted as reflecting the influence of common sources on both his work and that of the Physiocrats.

The first two sections indicate that rejection of the classification of Genovesi as a 'mercantilist' or Physiocrat is based on the premise that Genovesi's purpose was to promote reforms that would ensure the total economic development of the Neapolitan economy. Hence the conclusion that the most appropriate classification on Genovesi is as a national economic and social reformer. A comparison of his economic system with that of Smith reveals that both their reform-oriented systems focus attention on labour. However, although both distinguish between productive and unproductive labour, Smith emphasised labour productivity, dependent on capital accumulation and especially the division of labour, as the leading cause of the wealth of nations. By contrast, Genovesi's major concern to provide practical solutions to concrete problems in the kingdom of Naples, led him to stress the
amount of labour productively employed should be as great as possible relative to non-productive employment. Although Genovesi alluded to the division of labour and recognised the beneficial effects of machinery and equipment on labour productivity in agriculture, he did not postulate a functional relationship between the three factors which might have served, as in the case of Smith, as a general principle of economic growth and development and hence reform.

A. GENOVESI - A MERCANTILIST?

The circumstantial evidence favours the depiction of Genovesi as a 'mercantilist'. In particular, his first economic publication after he became professor of political economy in November 1754 included an Italian translation of Thomas Mun's *England's Treasure by Forraign Trade* of 1664, which Schumpeter describes as "the classic of English 'mercantilism'" (Schumpeter 1954: 356). Adam Smith must also have regarded it as representative of 'mercantilist' ideas inasmuch as he quoted from the book in his discussion "Of the Principles of the Commercial or Mercantile System" (1937: 400-1). The literature on Genovesi since the nineteenth century, and among Italian and non-Italian commentators alike, also reveals a high degree of support for his designation as a 'mercantilist'. However, there is no consensus on the nature and extent of Genovesi's presumed mercantilism. At one extreme, he is portrayed as an unqualified mercantilist; at the other extreme as a "refined" mercantilist; and by yet another set of commentators as a "moderate" mercantilist. Francesco Ferrara (1810-1900), for example, was uncompromising about Genovesi's


2. A representative list includes (a) the Italians Barbagallo (1947), Carpano (1954), Cossa (1892), De Castro (1956), De Luca (1956), Ferrara (1852), Gangemi (1956), Gobbi (1884), Grizziotti Kretschmann (1968), Iracl Fedele (1956), Luzzatto (1948), Troisi (1937), Villari (1959); and (b) the non-Italians Bousquet (1927), Hutchison (1988), Ingram (1914), McCulloch (1845), Oncken (1902), Pribram (1983), Spann (1930), Stangeland (1904), Wilson (1959, 1967).
mercantilism, stating: "His theories derived completely from the mercantile system" (Ferrara 1852: ix). This extreme position is shared by another Italian writer, who states: "Antonio Genovesi lives in the atmosphere of ... and speaks the language of the 1700s. But in essence beyond the conventional formulas of his century, there are to be found in him attitudes that are typical of seventeenth century mercantilism" (Iraci Fedele 1956: 174). The British classical economist J.R. McCulloch (1789 - 1864) also regarded Genovesi as an unqualified mercantilist, describing the _Lezioni_ as "one of the best that has been written on the narrow and hollow principles of the mercantile system, and without the author having any clear idea of the real sources of wealth" (McCulloch 1938: 64).

The generally unqualified conception of Genovesi's supposed mercantilism by the commentators quoted above contrasts with the qualified approach taken by others. For example, Cossa said of Genovesi that he "is the most illustrious and the most moderate among the Italian mercantilists" (Cossa 1892: 258), an opinion shared by De Vergottini (1956: 129), Gangemi (1956: 212) and Ingram (1914: 71-2). Wilson has also described Genovesi as "an enlightened and moderate mercantilist" (Wilson 1967: 550). Pribram includes Genovesi among those who "represented in many respects the most advanced type of refined mercantilist reasoning" (Pribram, 1983: 88, my italics). Economists in this category "based their proposals of economic policy on utilitarian considerations, rejecting the policies derived from the balance of trade idea" (Pribram, ibid.). Pribram's reference to Genovesi's "refined mercantilist reasoning" is of special interest because it suggests, _inter alia_, the point discussed below, that the fundamental concern of Genovesi's economics, notably in the _Lezioni_, is not with particular 'mercantilist' policy issues, but rather to explain in particular the mechanism whereby wealth is created.

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3. Given Genovesi's statement about the real sources of wealth (i.e., agriculture, manufactures and trade, e.g. in 1770, Chapter VIII) it must be wondered how well McCulloch knew the _Lezioni_.
The diversity of views regarding the nature and extent of Genovesi's presumed mercantilism may be explained by the fact that "[the] interpretation [of the literature of mercantilism] has varied from age to age, from country to country and from writer to writer" (Wilson 1958: 120). The mercantilist "literature" is rightly distinguished by Wilson (ibid.) and Schumpeter (1954: 335ff.) from "mercantilist practice" (Schumpeter 1954: 336). As both these authors show, this literature deals with specific policy issues such as the balance of trade, and the interpretation of the economics of writers in what might be termed the post-Scholastic, pre-Smithian period is almost invariably based on their adherence to one or more such policy issues. The depiction of Genovesi as a mercantilist by Ferrara and Cossa is based on his proposition that an active trade balance should be pursued in order to promote domestic industries and employment. The interpretation of Genovesi's economics via particular policy issues is further reflected in Cossa's description of the Neapolitan economist as a moderate mercantilist inasmuch as he advocated complete freedom for the grain trade. Clearly, the degree of Genovesi's presumed mercantilism is made to depend on the extent of his conformity to an implicit list of particular criteria which are assumed to reflect mercantilist policy.

The variability of interpretation of Genovesi's mercantilism is unsatisfactory and must cast doubt on the validity of the criteria used to evaluate his economics, at least by some writers. It may be objected that to interpret Genovesi's economics by reference to one or more policy issues - mercantilist or otherwise - is to view its scope and purpose from a narrow and hence inappropriate perspective. Such an approach fails to examine those policy issues within the essential context of the general or total program Genovesi conceived in order to solve what was the crucial problem of his economics, the economic backwardness and underdevelopment of the kingdom of Naples.
A good illustration of this mistaken approach to the interpretation of Genovesi's economic ideas is provided by Cossa, who clearly fails to appreciate the essential unity of purpose inherent in the *Lezioni*, preferring instead to regard them as a series of disparate, unrelated issues. He states: "Genovesi's *Lezioni* are a collection of monographs and not a real *treatise* ... The different arguments are related by the proximity of the *pages*, rather than by that of the *ideas*, as Ferrara superbly expressed himself" (Cossa 1892: 258). It stands to reason that on the basis of one or more such "monographs", in this case Genovesi's treatment of the balance of trade, Cossa cannot but label Genovesi a mercantilist, however moderate a mercantilist his liberality in the matter of the grain trade may make him.

Genovesi's objective of overcoming the economic under-development of Naples suggests that he was concerned to present a *comprehensive* program of reform designed to achieve that objective. At the beginning of the *Lezioni* he made it clear that his interest was in the broad objective of economic growth and social welfare. He stated that "the main aims of political economy" (Genovesi 1768: 17) are that a nation should have "the RIGHT POPULATION" (Genovesi 1768: 87) and should maximise its "well-being, wealth and power" (Genovesi 1768: 17). The remainder of the *Lezioni* must therefore be interpreted in the light of the total program of economic growth and development envisaged by Genovesi. For him, population growth, to take a specific issue, is part of the process of creating the real wealth on which "well-being, wealth and power" depend: it is not an end in itself. In fact, as shown in Chapter 3, population growth and real wealth are mutually interdependent. Perhaps more importantly, the inclusion of "well-being" as an economic objective must raise doubts about Genovesi's alleged mercantilism. The pleasure-pain dichotomy underlying his economics, led him to emphasise "well-being and ease" and the provision of "amenities" (Genovesi 1768: 45) as the second objective of civil government. The achievement of wealth and power is therefore to be seen as necessarily contributing to social welfare. Genovesi's economic and social objectives
are clearly not identical to the "power and plenty" which Viner (1991: 142) suggests were the objectives of mercantilism.

The *Lezioni* may, as Schumpeter (1954: 177, fn.11) observes, be "an unsystematic system of the whole range of his economic thought," but nonetheless the work represents an early attempt to identify the parameters of a system of economic growth and development. Indeed, "Nobody had, when they appeared, published as comprehensive a presentation of the utilitarian welfare economics that the epoch was evolving" (Schumpeter, ibid., my italics). Significantly, Schumpeter chose to analyse Genovese's economics under the rubric of seventeenth and eighteenth century "systems" (Schumpeter 1954: 167ff.). This is indicative of his holistic approach to Genovese's economic ideas, the result being that the latter's presumed mercantilism is not made the basic point of reference in Schumpeter's assessment of Genovese's contribution to the development of economic thought. Schumpeter states: "The 'mercantilist' elements in Genovese's teaching only prove the realism of his vision" (Schumpeter 1954: 177, fn.11). Although the exact nature of Genovese's "vision" is not elaborated, there can be no doubt that Schumpeter was referring to the comprehensive proposals for economic reform in Naples contained in the *Lezioni*. Galasso (1975: 353) supports this view when he argues that the "development model worked out by Genovese for Southern Italy is founded on his vision of a community as economically self-sufficient as possible and tied to a gigantic process of agricultural revival". Implicit in Schumpeter's brief evaluation is the proposition that Genovese's "vision" is not amenable to an interpretation on the basis of its individual elements but in light of its overall conception. Schumpeter plainly rejects the notion that Genovese should be located historically in that arguably convenient classificatory scheme which the concept of mercantilism represents. His aim is rather to prompt a reasoned, balanced evaluation of the Italian's economic ideas in the total framework of the reformed economic system Genovese proposed for Naples.
Galasso and Schumpeter are clearly of like mind on the question of the classification of Genovesi's economic ideas. Galasso believed the latter's most important contribution as professor of political economy was to gather "around himself and after him that band of young intellectuals who in the second half of his century debated in Naples the problems and ideas of economic and social reform" (Galasso 1975: 345). On this basis he argues: "One would move far from the very spirit of this success, if ... one saw in Genovesi the economist above all a theoretician and doctrinaire, debating whether his thought should be defined as late-mercantilist or pre-phystocratic and eclectic or otherwise. As a matter of fact, his economic thought was animated by a practical will ... biased towards bringing about action ... to be carried out at Naples and for Naples, which must be assumed to be the most authentic feature of his inspiration" (Galasso, Ibid., my italics). The significance of reform as a dimension of Genovesi's economic thought is considered in the final part of this chapter.

Galasso's observations highlight the conceptual problem inherent in the universalist approach taken by those who categorise Genovesi as a 'mercantilist'. By definition, this approach regards 'mercantilism' as an umbrella term and disregards individual or empirical qualifications, of the kind noted above in relation to Genovesi, which invite a critical assessment of the appropriateness and validity of the use of the term itself. The differing views and qualifications about Genovesi's presumed mercantilism, discussed briefly above, clearly suggest that some commentators have reservations about the application of the undiluted term 'mercantilist' to Genovesi. The qualifications made to Genovesi's 'mercantilism' are arguably an attempt to attenuate the undesirable connotations of this term, but this in no way alters the universalist mercantilist interpretation of Genovesi's economics. The problem lies with the uncritical use of the term 'mercantilist' as a mode of classifying the majority of pre-Smithian economists. An alternative approach to this
A realistic consideration of Genovesi's economic ideas, along the lines taken by Schumpeter and Galasso, indicates that Genovesi pragmatically sought to devise a national program of economic reform which addressed the specific needs of Naples. This must be the central criterion of any interpretation of Genovesi's economic ideas. Not only is it a necessary criterion of interpretation, but also a sufficient criterion, which stands independently of any 'mercantilist' criteria. The analysis made by Carpano of Genovesi's ideas on foreign trade illustrates this point. Carpano argues that "A small and weak nation like the kingdom of Naples, could certainly not fail to follow the common trend. If the other nations adopted an aggressive trade policy towards it, it had to adopt a similar policy in order not to be overcome by an antagonistic power. Thus, Genovesi could not fail to be a supporter of a trade policy whose aim was to promote an active trade balance via the encouragement of exports and restriction of imports: he could not, in short, not be a mercantilist" (Carpano 1954: 501, my italics). Carpano acknowledges the importance of the 'national' criterion for an understanding of Genovesi's economic ideas on foreign trade, saying: "Genovesi's general theory of foreign trade was not universally applicable: it aimed to establish a network of regulations with a view to promoting the trade of his own country with other nations and to protect it against the encroachment of the latter. It could therefore be designated a national theory of foreign trade" (Carpano 1954: 505). However, Carpano's conclusion that the "national" orientation of Genovesi's ideas on foreign trade makes him a 'mercantilist' is unwarranted: as argued above, a single policy issue, such as the balance of trade in this case, is the sole basis for Carpano's definition of Genovesi as a 'mercantilist'.
Genovesi's distinctly 'national' approach to economics may be said to have a parallel in the later work of the German economist Friedrich List (1789-1846), *The National System of Political Economy* of 1841. List understood "political economy" to refer to "that science which limits its teaching to the inquiry how a given nation can obtain (under the existing conditions of the world) prosperity, civilisation, and power, by means of agriculture, industry and commerce" (List 1885: 119). While List looked forward to an ideal world where "true freedom of trade" (List 1885: 127) occurs among nations of equal economic status, he recognised that in reality "an infinite difference exists in the condition and circumstances of the various nations" (List 1885: 175). Hence, "It is the task of national economy to accomplish the economical development of the nation, and to prepare it for admission to the universal society of the future" (List, ibid.). Since the economic interest of the nation predominates, the protection of its industry against foreign competition is, according to List, justifiable, depending "on the special circumstances of the nation and the condition of its industry" (List 1885: 309). When allowance is made for the obvious conceptual, spatial and temporal differences between the work of Genovesi and List, their common criterion of the national interest as the essential source of their ideas on economic development can be acknowledged. If List evinced a relativist attitude towards such development, the same may be said about Genovesi, whose relativism (discussed in the next section) was such that he had no hesitation in putting the interests of his own country first.

The national dimension of Genovesi's economics is perhaps nowhere better illustrated than in his treatment of foreign trade. In Chapter XXII of the *Lezioni* (1768), which is devoted entirely to the economic situation in Naples, Genovesi was

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4. However, since List (1885: 127) believed freedom of trade was possible, but only among nations that were "equally well developed," he did not consider any nation's protectionist policy a necessarily permanent state of affairs.
emphatic that the priority in foreign trade must be the protection of domestic employment rather than enriching the nation. He stated:

For us, trade which is well understood and well regulated is necessary in every way, not in order to grow wealthy ... but to support ourselves and to employ our poor; not to conquer but to preserve what we have (Genovesi 1768: 536).

Thus, whereas he allowed that "the basic rule of such trade" (Genovesi, ibid.) should permit freedom in the export of superfluous merchandise, he insisted that the nation must "AS MUCH AS POSSIBLE OBSTRUCT FOREIGN GOODS WHICH DISCOURAGE THOSE WHICH ORIGINATE OR ARE PRODUCED IN OUR COUNTRY" (Genovesi, ibid.). Genovesi's protectionist attitude, which is motivated by the national interest, readily earns him the title not of mercantilist, as Carpano suggests, but rather that of nationalist because, like List's, his protectionism was simply one element, albeit an integral one, in a total program aimed at promoting economic development in the kingdom of Naples.

B. GENOVESI - A PHYSIOCRAT?

The question asked in this section is prompted by two issues raised in the literature on Genovesi: first, whether Genovesi was influenced by the Physiocrats, who, since their "school" flourished from circa 1756 to 1770, were his contemporaries; second, whether, as one scholar argues, Genovesi, independently of the Physiocrats, developed ideas which paralleled those of Quesnay's school.

The direct evidence from his own writings does not support the case for a physiocratic influence on Genovesi. The sole reference by Genovesi to a member of the school was to Mirabeau's L'Ami des hommes of 1756 (Genovesi 1768: 416-7;
Writers such as Frisella Vella (1956) and De Luca (1956) argue that Genovesi's writings reflect the influence of the Physiocrats. Schumpeter, however, adopts a cautious, qualified approach to the question, saying: "Some serious foreign scholars, particularly the leading Italians - among them Genovesi ... - were indeed friendly. But so far as analysis and not policy is concerned, this friendliness meant little more than occasional lip service to specifically physiocratic tenets and should not mislead us into calling them physiocrats" (Schumpeter 1954: 224). Another writer states that Genovesi "seems to have known little about [the Physiocrats]" (De Castro 1956: 85). The uncertainty about the influence of physiocratic ideas on Genovesi is underlined by the mutually contradictory opinions given by the Italian scholar, Troisi, who in 1937 stated: "Genovesi was not subject to the influence of the Physiocrats and kept well away from their one-sided principles" (Troisi 1937: 222). Four years later the same author argued: "Without doubt, Genovesi was also subject to the influence of the physiocrats" (Troisi 1941a: 237). For instance, Troisi discerns Genovesi's "agreement with the Physiocrats" (Troisi 1941a: 238) in the matter of prices so far as the provisioning system (the annona) is concerned inasmuch as Genovesi prescribed that here "the State ... 'will do nothing but allow to be done' by the initiative of individuals and the 'physical quantities' established by needs and [the quantities of] things" (Troisi, ibid.). However, Genovesi's apparent "agreement with the Physiocrats" on the need for a free market in grain may be explained as reflecting earlier sources, notably Botsguilbert (1646-1714) and Herbert (1700-58). An Italian translation of the latter's 1755 Essai générale des grains ...

5. Meek (1962: 15-18) provides an account of "The Interview" in July 1757 at Versailles between Quesnay and Mirabeau, which "the Physiocrats were later to regard as marking the birth of their school" (Meek 1962: 15).

6. The two citations are from Genovesi 1768: 395 and 1770, Chapter I.
was included in Genovesi's * Riflessioni* of 1765, in which Genovesi advocated free trade in grain. Like Boisguilbert\(^7\) and Herbert, Genovesi was in favour of higher prices for, and the free export of grain as the means of ensuring the required incentives for its continued production and the avoidance of famine. The "*bon prix* (proper price)" advocated for grain by Quesnay (1971b: 300)\(^8\) was predicated on the achievement of the same objectives and helps to explain his maxim that "abundance [of grain] and dearness is opulence" (Quesnay, Ibid.). There are then justifiable grounds for claiming that, so far as the grain trade was concerned, Genovesi, like Quesnay and the physiocratic school he founded, owed this approach to that of both Boisguilbert and Herbert.

Gangemi supports the case in favour of a physiocratic influence on Genovesi, citing as a reason the latter's belief "in the pre-eminence of agriculture" (Gangemi 1956:213). However, this argument has no validity since, as has been rightly observed, "concern with agricultural conditions does not make a writer a physiocrat" (Schumpeter 1954: 204, n.6). In any case, the primacy of agriculture can be identified as a major feature of the earlier work of Boisguilbert and Herbert, with whose writings Genovesi was familiar. Moreover, the primacy of agriculture was probably an unquestioned assumption among Intieri's intellectual circle,\(^9\) of which Genovesi had become a member before becoming professor of political economy in 1754. Given Intieri's personal interest in agricultural matters and his belief that the future source of economic prosperity for Naples lay in agriculture,\(^10\) it is more than

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8. The translation of Quesnay's *bon prix* as the "proper price" is that of Meek 1962: 41.

9. In his autobiography, Genovesi (1962a: 32) made reference to this "small but brilliant circle", which included Ferdinando Gallanzi.

10. This statement is based on observations made by Ferrone (1982: 552), who quotes from letters written by Intieri to Celestino Gallanzi (the *Cappellano*
likely that when Genovesi took up the chair of political economy he was in no doubt about the priority that should be accorded to agriculture. To attribute the origins of Genovesi's ideas on the primacy of agriculture exclusively to the Physiocrats, as Gangemi does, clearly ignores the influence of other sources, noted above, which pre-dated Quesnay's articles Fermiers (1756) and Grains (1757) in the *Encyclopédie*.11

Villari rejects outright the possibility that Genovesi was influenced by the Physiocrats, arguing instead that apparently identical physiocratic ideas in Genovesi's writings "are already in nuce in the *Ragionamento sul commercio in universale* ... published in 1756, the same year in which the entries *Fermier* [sic] and *Grains* appeared [in the *Encyclopédie*]" (Villari 1968: 248). For the sake of precision, it should be noted that the first volume of the Italian version of Cary's *Storia del commercio*, which contains the *Ragionamento* in question, appeared in 1757, not 1756 as Villari states. Moreover, the entry *Grains* was not published until November 1757. Thus, if these chronological constraints are taken into consideration, it is possible to agree with Villari that, so far as the *Ragionamento* is concerned, Genovesi was not subject to the influence of the physiocratic ideas contained in Quesnay's *Grains*. With reference to Quesnay's 1756 article *Fermiers*, there is nothing in Genovesi's work to indicate his indebtedness to this; for example, there is no trace of Quesnay's specific views on the advantages of *la grande culture* or *la petite culture* in his writings.12

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11. Various references by Genovesi (e.g. 1984b: 310) confirm his readership of the *Encyclopédie*. Pfl (1984: 168) states that Genovesi "does not seem to use the entries *grains* or *fermier* [sic]," but he gives no evidence for this assertion.

Villari explains those concepts in Genovesi's *Lezioni* which he regards as having physiocratic overtones as "parallel experiences" (Villari, ibid.). For example, he argues that a "comparison of the writings of Quesnay (... particularly ... the entry Grains) and Genovesi's *Lezioni*" shows "they contain an identical judgement on the freedom of trade" (Villari, ibid.). Villari's argument against a physiocratic influence on Genovesi on the basis of this example, gains support from the fact that freedom of trade had been advocated by, among others, Josiah Child (1630-99), whose work Genovesi knew. But like Child and unlike the Physiocrats, Genovesi advocated a "free trade" which, in its foreign context, was, with the exception of grain, subject to significant restrictions.

The above argument by Villari is probably of less consequence than his further claim that one of Genovesi's "original concepts" (Villari 1968: 247) included the essentially physiocratic concept of the *prodult net*. Villari argues thus: "Let us take, for example, the Genovesian formula of real income (reddito reale) ... according to which a nation requires not abundance of money but a large stock of goods of every kind whose use and consumption leaves each year a residual (called product (prodotto) ) to the making of which all social classes contribute. Well then, this product is nothing but the physiocratic *prodult net* extended to all sources of production and not arising exclusively from agriculture" (Villari 1968: 247-8). Villari's claim that Genovesi independently developed a concept akin to the


14. Villari does not indicate the source in Genovesi for this term, which I have not found in any of the latter's economic writings.

15. A close reading of the *Lezioni* (1768 and 1770) and his other economic writings failed to reveal any use by Genovesi of the Italian term *prodotto* in the sense of "residual" indicated by Villari. If Genovesi had used the term, as claimed by Villari, it would have resembled Smith's net produce or Ricardo's net revenue, i.e. economic surplus after all expenses have been deducted from total product. The lack of a theory of cost in Genovesi's economics, as noted in Chapter 6, makes Villari's claim even more unlikely.
Physiocrats' *produit net* may be refuted by noting that the concept refers to the economy's annual disposable surplus (or net product) generated exclusively by the primary sector. A critical factor in the generation of the *produit net* is the assumed *exclusive productivity* of the primary sector, including agriculture. Since this proposition is refuted by Villari, his claim regarding a Genovesian equivalent of the physiocratic *produit net* is conceptually and technically untenable. Most importantly, the *prodotto* attributed to Genovesi by Villari (a term never used in Genovesi's writings\(^\text{16}\)) must, if it is to have any affinity to the *produit net* of the Physiocrats, ultimately be shown to have an impact on the advances which determine annual reproduction and hence economic growth.\(^\text{17}\) Villari does not indicate how the *prodotto* he sees in Genovesi's work would influence annual reproduction and economic growth. If by the *prodotto* Villari means the "superfluous" which, according to Genovesi (1768: 347), is required for trade, it must be stressed that this bears no resemblance to the physiocratic *produit net*, whose sole function is to determine annual reproduction.

Genovesi does not postulate the exclusive productivity of the primary arts in the physiocratic sense that these alone generate a net product which serves as disposable surplus. Moreover other factors essential to the generation of net product do not occur in Genovesi's writings. These include firstly a theory of capital accumulation as the source of annual reproduction and further growth in the *produit net*; secondly, a theory of distribution of the *produit net* among different classes, including landlords, the class on whom capital accumulation and hence economic growth depends. This suggests that there is no basis for the claim made

\(^{16}\) See note 15 above.

\(^{17}\) Spengler (1960: 59) rightly observes: "In physiocratic theory, the growth of the entire economy is governed by the progress of annual reproduction, and this in turn is governed by the rates at which advances are made. In a sense, then, the agricultural surplus [the *produit net*] is the dynamic, growth-generating factor to which other branches of the economy accommodate themselves".
by Villari that a concept resembling the Physiocrats' *produit net* forms part of Genovesi's economics.

Genovesi did distinguish between the productive and non-productive sectors of the economy, stating that only the "primary arts" (Genovesi 1768: 179) are "producers of substances, not of alterations alone" (Genovesi 1768: 151). The primary arts include "hunting, fishing, pastoral activities, agriculture and mining" (Genovesi, ibid.), which are regarded as productive inasmuch as they produce income directly. It may be argued that the distinction Genovesi made between productive and non-productive activities reveals an affinity to the exclusive productivity claimed for the primary sector by the Physiocrats. However, although Genovesi indicated that the non-productive classes live "at the expense of the primary arts" (Genovesi 1768: 185), in contradistinction to physiocratic thought he believed that the non-productive classes do in fact contribute to the creation of extra wealth and income. For instance, he argued that "the secondary arts, by living off the primary arts, of themselves produce only the extra amount they cause the primary arts to produce with the help they give them" (Genovesi 1768: 183). Moreover, the "classes of men who do not practise the mechanical arts ... though they produce no direct income and live, like every other class, off the primary arts ... also help to increase the nation's income" (Genovesi 1768: 240). In the event, the similarity between the conception of productive and non-productive classes or labour by Genovesi and the Physiocrats, is extremely limited. In the final analysis, it is necessary to reiterate that nowhere does Genovesi indicate, implicitly or explicitly, that the primary arts generate anything resembling the *produit net* of the Physiocrats.

The preceding discussion leaves unanswered the question whether Genovesi's ideas were subject to the influence of physiocracy, and, if so, to what extent. It is arguable that, even if Genovesi had been familiar with the physiocratic
economic system, he would have rejected it as inappropriate for the peculiar problems of Naples. As he stated:

There will be certain systems suited to England, which would not be good for France; and others [suited to] Tuscany, which could be harmful to the State of Milan. Thus it is as well to read everything but it is necessary to sift in order to choose (Genovesi 1962b: 178).

Genovesi supported his reluctance to adopt the economic systems devised by "other wise nations" (Genovest, ibid.) and his resultant eclectic approach to such systems by arguing that "their rules must be used like doctors' prescriptions, that is, having regard to the climate, the location, the strength of the States, the nature and power of the talents of the inhabitants" (Genovesi, ibid.). In this, as noted earlier, his relativist approach to economic development resembles that of List.18

Genovesi's implicit rejection of physiocracy as an organic system and his specification of the criteria against which the application of particular elements of different economic systems to a given country should be evaluated, suggest that he envisaged a unique economic system for Naples. His perception was that the system required to promote economic growth and development in Naples required fundamental change to existing economic and social practices and institutions. Genovesi's task, both as teacher and writer, was to promote reform, an aspect of his work discussed in the following section.

18. Genovesi's ideas on the relative nature of economic systems may have been influenced by the Neapolitan Giambattista Vico (1668-1744), whom Genovesi (1770: 7) identified as "one of my late teachers". In his New Science, Vico propounded a philosophy of history which underlined the significance of evolutionary change in social institutions. Vico's "vision of a continuous dynamic process of change" (Haddad 1983: 18) suggests his historical relativism.
This section is based on the premise that the most appropriate way to consider and evaluate Genovesi's work is from the perspective of his role as a would-be reformer of the kingdom's economy. By considering his economic ideas from the standpoint of the reforms he proposed, it can be shown that Genovesi's purpose was to devise an economic system tailored to the special needs of Naples and one which would ensure its future economic development. This was in keeping with his argument, noted above, that the particular conditions and circumstances of a country should influence the determination of the economic system best suited to its needs.

Genovesi's role as a reformer is considered by several writers to be of sufficient importance to merit inclusion in a summary description of the Neapolitan economist. For instance, Troisi (1937: 184) calls him an "economist and reformer". Similarly, Venturi (1969: 533) dubs him an "economist reformer". The characterisation of Genovesi as an "economist reformer" is an apt and accurate summing up of his main intellectual activity and objectives from the publication of his seminal Discorso of 1753 until his death in 1769. Indeed, the dual status of economist and reformer may be said to have been implicitly conferred on Genovesi by Intieri when he indicated that the chair of political economy he was endowing expressly for Genovesi was "out of love for the public good" (Genovesi 1962a: 35). A consequence of this dual status is that Genovesi's interest and concern were mainly with applied rather than theoretical aspects of economics, his aim being to put forward realistic, workable proposals for economic reform. Villari observes: "What is one of his fundamental characteristics should not be forgotten. that is, his ties to the concrete problems of the kingdom's economy and the search for solutions which, if their premises were derived from principles of a general nature, aimed nonetheless
to be valid especially in relation to the particular conditions of the country" (Villari 1959: 62).

The principal policies proposed by Genovesi with a view to reform were examined in detail in Chapters 3 to 9 and are summarised below. The creation of real wealth over time, and hence increased economic growth and development, requires the optimal growth of population. Qualitative improvement of the population must also be achieved through education, with an emphasis on useful knowledge. Allied to the increase in the quantity and quality of the population is the maximisation of employment. But in order to increase real wealth, this policy requires that the productive members of society (who produce wealth and income directly) be at a maximum, while its non-productive members (who produce income indirectly) be kept to a minimum. Accordingly, the primary arts should be the chief area of employment. Technical progress and investment are essential to increase agricultural productivity; so too is the participation of otherwise idle "gentlemen". Since "the wealth of a nation is always in proportion to the total amount of labour" (Genovesi 1768: 255), labour should not be discouraged in any way, least of all by oppressive taxation. Moreover, because self-interest is the principal motivation for labour, the ownership of land is essential to the continued progress of agriculture and economic development. Seemingly high but naturally determined prices (as opposed to artificially low prices) are also necessary to promote the self-interest of farmers. The nation's total money supply should be kept within the bounds required to maintain economic activity. At the same time, there should be a uniform distribution of money, which will only be achieved if the self-interest of farmers is advanced by appropriate measures such as ownership of land. Though prices should generally be determined naturally, interest rates should be set by law at a level which ensures finance is available for economic activity. Freedom is "like the soul of trade" (Genovesi 1984b: 367), but this freedom is circumscribed by the national interest, which requires that domestic employment be safeguarded. Thus,
while domestic trade should be free from all impediments, foreign trade is subject to
the principle that a nation should "depend as little as possible" (Genovesi 1768: 192)
on other nations for imports which threaten its employment. Similarly, exports of all
but superfluous unworked raw materials should be prohibited. A minimum
standard of living must be achieved as a necessary incentive to labour. Thus, the
consumption of domestic products should not be discouraged by sumptuary laws.
The production of luxury goods domestically is also favoured because these are a
source of employment, foreign trade and wealth. Finally, government has an active
role in the economy in areas such as public works, education and health. However,
while it must intervene to ensure a positive balance of trade is achieved, in respect
of the grain trade, both domestic and foreign, "it will do nothing but allow to be
done" (Genovesi 1768: 395) by individuals acting in their own interest.

The question arises: on the basis of his policies and proposals for reform,
what particular outstanding feature or features are revealed about the economic
system Genovesi envisaged for Naples? Without doubt, labour constitutes the focal
point of Genovesi's economics. One of his main objectives was to show how "the
general employment of the State" (Genovesi 1768: 183) could be achieved in the
kingdom of Naples. Although he envisaged population as the basic source of a
nation's growth, Genovesi stressed that "the strength and wealth of the State does
not originate in the number of men of which it is composed, but in the number of
working hands" (Genovesi 1984b: 364). In a more formal sense he noted: "The
wealth of a nation is always in proportion to the total amount of labour" (Genovesi
1768: 255). Genovesi's repeated allusions to the necessity of "methodical labour" (for
example 1768: 132, 275, 282, 473, 486, 510, 524) and his numerous other
references to labour attest to the significance he attached to labour as the chief
source of economic growth and development.
While it cannot be argued that for Adam Smith labour is similarly the main focus of his economic system, at the beginning of his *Wealth of Nations* he made it clear that labour was the starting point for his analysis of the process of wealth creation, saying: "The annual labour of every nation is the fund which originally supplies it with all the necessaries and conveniences of life" (Smith 1937: lvii). A comparison of the approach taken to labour by Genovest and Smith in their respective economic systems is therefore appropriate, the more so since Smith, like Genovest, was partly motivated by what he perceived as the need for reform.\(^{19}\)

Smith argued that a nation's annual per capita income is determined by two factors, the productivity of labour and the proportion of "productive" to "unproductive labour" (Smith, 1937: 314). Increased labour productivity results from the benefits conferred by "the division of labour" (Smith 1937:3), including the use of capital equipment. However, although "the improvement of the dexterity of the workman" (Smith 1937: 7) and "saving the time commonly lost in passing from one sort of work to another" (Smith 1937: 8) are cited as advantages of the division of labour, "the application of proper machinery" (Smith 1937: 9) is the factor which Smith unquestionably considered to be the most powerful potential source of "universal opulence" (Smith 1937: 11). The importance Smith attached to capital as an essential requirement of increased labour productivity is underlined by his distinction between productive and unproductive labour (Smith 1937: 314ff.). The two types of labour are distinguished by the fact that the former "produces a value" (Smith 1937: 314); "manufacturers", for example, produce a "vendible commodity", whereas service industries are "unproductive of any value" (Smith 1937: 314-5).

\(^{19}\) Max Lerner observes: "He did not start with truths about human behaviour and the natural order, and arrive at economic liberalism. John Maurice Clark suggests that his system can be best understood in terms of what he was reacting against. And it is true that Smith's system of thought took its shape from his intense reaction against the elaborate apparatus of controls which the surviving feudal and mercantilist institutions were still imposing on the individual. The need for removing these controls was Smith's underlying theme" (see the "Introduction" to Smith 1937: xi).
Smith went on to argue that a nation could increase its annual production "by increasing either the number of its productive labourers, or the productive powers of those labourers who had before been employed" (Smith 1937: 326, my italics). In either case, "an increase of capital is necessary" (Smith, Ibid.). Since, as Smith put it, "the whole annual produce ... [is] the effect of productive labour" (Smith 1937: 315), a nation which aimed to improve its material well-being could not escape the need to exploit the potential benefits of capital accumulation. This was made all the more necessary by the fact that "Both productive and unproductive labourers, and those who do not labour at all, are all equally maintained by the annual produce of the land and labour of the country" (Smith, Ibid.).

The above suggests that although for Smith labour was the basis of his economic system, his main concern was to show that economic growth depended on increased labour productivity. The labour force as such was not the key to, or the catalyst of, economic growth. That role belonged to capital accumulation, which was essential if greater labour productivity was to follow from the increase in specialisation resulting from the division of labour. Capital accumulation was also vital because "the proportion ... between the productive and unproductive hands" (Smith 1937: 317) and hence the degree of labour productivity in the economy depended on the extent of saving from "annual produce" (Smith, Ibid.) as the basis of that accumulation.

The main feature of Genovesi's treatment of labour is his distinction between productive and unproductive labour, albeit the meaning of this terminology differs from Smith's. According to Genovesi, productive labour is confined to the primary arts, which produce income directly; other occupations (which Genovesi regarded as non-productive) produce income indirectly, and "live, like every other class of persons on the primary arts" (Genovesi 1768: 240). Given that only productive
labour generates income directly, Genovesti argued that a country should aim to employ productively the greatest proportion of its labour force. This was in accordance with "The general law ... of every ... class of men which does not generate income directly ... [the law] of THE SMALLEST POSSIBLE NUMBER" (Genovesti 1768: 242). A number in excess of the nation's requirements "weakens revenues ... by removing people from the occupations which produce" (Genovesti, ibid.). Genovesti had an ulterior motive, to overcome the problem of idleness in the kingdom of Naples. For example, with reference to the non-productive class of priests and religious, he stated: "We who are barely four million, between priests of major and minor orders, together with secular priests, lay brothers and nuns, have consecrated 150,000 to idleness for the entire year" (Genovesti 1768: 251-2). Genovesti clearly assumed that a reduction in non-productive labour would lead to an increase in the productive class, and hence direct income.

Terminological differences aside, the above suggests that Genovesti and Smith took a similar approach to the function of productive labour in their respective economic systems: the proportion of such labour should necessarily be maximised. Here, however, the comparison between the two ends. Firstly, although Genovesti recognised the productivity-enhancing benefits of the division of labour (Genovesti 1768: 183), its further implications as a source of economic growth were not explored. Secondly, although the role of capital equipment - specifically with reference to what he termed "agricultural mechanics" (Genovesti 1984b: 143) - in increasing labour productivity was also implicitly grasped by Genovesti, it cannot be claimed that his work contains a concept of physical capital, let alone capital accumulation. Genovesti noted that one of the inevitable "two great advantages" resulting from "bringing agricultural mechanics to perfection" (Genovesti, ibid.) is "to increase the total amount of labour, that is to do in a short time that which, without such equipment, would only have otherwise been done in double or triple time or whatever other period" (Genovesti 1984b: 144). The enhancement of labour
productivity in agriculture by means of capital equipment may be seen as reinforcing Genovesi's proposition that since the primary arts alone produce income directly, employment in this area should be maximised. However, further analysis of the relationship between, and economic significance of capital for labour productivity and wealth creation, was not undertaken by Genovesi. His list of "the implements towards the invention or perfectioning of which agricultural mechanics should lean" (Genovesi, Ibid.) contrasts with Smith's systematic, insightful analysis of capital accumulation in the context of his treatment of productive and unproductive labour. Perrotta observes correctly that in Genovesi's work "there is no analysis of accumulation but rather a general vision of economic and civil progress not yet expressed with rigorous economic categories" (Perrotta 1982: 180). This progress is based on Genovesi's fundamental proposition, noted earlier, that "the wealth ... of a nation" depends on "the total amount of labour" (Genovesi 1984b: 134). The point of departure for both Genovesi and Smith was a postulated relationship between labour and wealth creation. Smith derived general principles of wealth creation and annual reproduction based on his ideas about the division of labour, capital accumulation and the relative proportion of productive and unproductive labour. Smith's achievement was that he "succeeded admirably in welding facts and theoretical technique together" (Kuhn 1963: 371). For Genovesi, however, it sufficed to show that the total amount of labour and hence national wealth are augmented by the increased labour productivity resulting from factors such as education, the division of labour and the use of capital equipment. In view of the detailed attention he gave to education, it is arguable that he ranked this above all other factors as the source of increased labour productivity; in short, he regarded human capital (Genovesi emphasised that "labour is the capital of everyone" (Genovesi 1768: 280)) as more important than physical capital. For Genovesi, physical capital was clearly one source of economic growth. For Smith, it was the crucial source of such growth.
The central argument of this section is that labour is the key variable of Genovesi's economic system and hence the main variable on which his program of economic reform was predicated. If, unlike Smith, Genovesi did not explore the analytical potential of his proposition regarding the positive relationship between labour and wealth creation, the explanation lies in his concern to provide practical solutions to concrete problems. By contrast, Smith sought to delineate the underlying general principles of wealth creation which are universally applicable. This is not to deny that Genovesi - at least in the early part of his career - recognised the possible benefits of a set of generally accepted economic principles. To the contrary, his first published economic work after he became professor of political economy was clearly an attempt to produce such a list, that is, in his *Ragionamento sul commercio in universale* of 1757. This, as its title indicates, was meant to have universal validity, but within its pages Genovesi's relativist approach to solving economic problems was already evident: he concluded the work by expressing the hope that the kingdom's earlier success as a trading nation would return. Genovesi's attention to Neapolitan economic problems became progressively more pronounced in his subsequent economic works, especially after the famine of 1764, underlining the main argument of this section that he is best characterised as a national economic reformer.

CONCLUSION

Many evaluations of Genovesi's work as an economist have concluded that he should be classified as a mercantilist. However, since most writers on Genovesi almost invariably concentrate on one or more specific policy issues such as the balance of trade, it is arguable that this judgement is based on a limited assessment of the real purpose and scope of his writings. Evaluating his work from a narrow perspective fails to recognise that disparate policy issues form part of a comprehensive program intended by Genovesi to overcome the under-development of
the kingdom of Naples. Because Genovesi's aim was to promote reform of the economy as a whole, the correct interpretation of Genovesi's economic ideas requires a more holistic approach, that is a consideration of those ideas as elements of a total system or model of economic reform. This alternative 'systems' approach to the evaluation of Genovesi's work suggests that to classify him as a mercantilist is unjustified. Genovesi's relativism in the matter of economic systems is more akin to List's approach in his *National System of Political Economy*, where a nation's specific requirements are regarded as the principal criterion and determinant of its development strategy.

It is equally doubtful whether Genovesi can be classified as a Physiocrat. Various seemingly physiocratic ideas in Genovesi's work reflect a common influence of earlier authors on both Genovesi and the Physiocrats. There is no basis to the argument that the pre-eminence of agriculture in Genovesi's economic system reflects a physiocratic influence since "concern with agricultural conditions does not make a writer a physiocrat" (Schumpeter 1954: 204, n.6). In any case, Genovesi may have gleaned the notion of the primacy of agriculture from Intieri. Genovesi's proposition that "all the secondary arts" live off "the primary arts" (Genovesi 1768: 183), although resembling physiocratic perspectives, is not an identical concept. According to physiocracy, the exclusive productivity of primary industry has the correspondingly exclusive and strict meaning that such industry is the sole source of the *produit net* and hence of the capital required for annual reproduction. Notwithstanding the argument made by Villari, such a concept is not to be found, either implicitly or explicitly, in Genovesi's writings.

Classing Genovesi with the Physiocrats may also be criticised because it goes against the grain of Genovesi's policy thrust. He believed all economic systems needed to be specifically adapted to the particular conditions and circumstances of a given nation, including the kingdom of Naples. Genovesi strongly held the view that
a country's economic development is a unique phenomenon, a view resembling List's position in his *National System of Political Economy*. Genovesi's uncritical acceptance of the physiocratic model would have conflicted with such a view.

Since Genovesi's main objective was to promote economic reform in the kingdom of Naples, it may be argued that the most appropriate classification of Genovesi is quite simply as a national economic reformer. Consideration of his economic ideas from the standpoint of the reforms he proposed, indicates that Genovesi's purpose was to devise an economic system tailored to the special needs of Naples. Further consideration of the main features of Genovesi's economic system shows that these are justified or explained by what he perceived as the role and function of labour. A comparison of Genovesi's economic system with that of Smith, indicates that the latter's principal objective was to show how labour productivity might best be enhanced. According to Smith, only "productive ...hands" (Smith 1937: 317) generate economic value, and their productivity can be increased by promoting greater specialisation through the division of labour. Improved labour productivity will not, however, be achieved without capital accumulation, the key to growth in Smith's economic system.

Although Genovesi argued that "the wealth of a nation" depends on "the total amount of labour" (Genovesi 1768: 255), he stressed that it is the total amount of productive labour (productive in the sense that it produces income directly) which generates wealth and growth. Hence his aim to maximise the amount of productive labour. Genovesi was aware of the productivity-inducing potential of the division of labour, but did not explore its further implications for economic growth. Similarly, he recognised the role of capital equipment as a source of increased labour productivity. However, in contrast to Smith's treatment, the division of labour and the concept of capital are practical notions in his economics and ones which he did not attempt to integrate into a systematic account of how they combined to promote
labour productivity and hence economic growth. Arguably, Genovesi regarded capital equipment as one source of economic growth, but considered education of greater significance. In the event, Genovesi's economics lacks the notion of capital accumulation, which, according to Smith, was the indispensable source of economic growth.
CHAPTER 11
THE PLACE OF GENOVESI IN THE HISTORY OF ECONOMIC THOUGHT

INTRODUCTION

One of the main conclusions of Chapter 10 was that Genovesi's economic ideas are most appropriately considered from the perspective of the economic reforms he sought to promote in the kingdom of Naples. The initial argument of this chapter is that Genovesi's ideas as an economic reformer should be evaluated in the light of his proposed system of economic development. Since his contemporary, Sir James Steuart, also produced a system directed at achieving economic development, it is suggested that a comparative study of the early (in the sense of pre-Smithian) attempts of both writers to build systems aimed at achieving economic development provides a useful basis for assessing Genovesi's place in the history of economic thought.

The second part of the chapter considers the influence of Genovesi's ideas. It is argued that the main influence he exerted was as an economic and social reformer in the kingdom of Naples. This influence was especially in evidence after his death when a number of his disciples, largely through their writings, took up the cause of reform he had promoted. It is also argued that Genovesi's ideas had some influence on a number of proposals for economic reform in Spanish colonies at the end of the eighteenth and beginning of the nineteenth centuries.

The final part of the chapter surveys the degree of recognition given to Genovesi in various countries since his death. The point is made that in Italy recognition of his work as an economist has been sporadic, and, given the criticism
of his ideas by some Italian economists (for example, Ferrara), not always favourable. It is also shown that occasional recognition has been given to a number of Genovesi's individual economic ideas in France (for example, by Walras), in English-speaking countries (for example, by Jevons), and in German-speaking countries (for example, by economists as diverse as Marx and Menger.)

A. NATIONAL ECONOMIC REFORM AND ECONOMIC DEVELOPMENT

In previous chapters it has been argued that Genovesi's economic ideas must be considered in the light of what he perceived as the need for economic reform in the kingdom of Naples. Genovesi's belief that his ideas on reform should be translated into practical proposals for economic growth and development was evident in the early Discorso (1753). There, following Xenophon,¹ he argued that "all the causes of the wealth and greatness of a nation ... [are] five: government, the nature of the soil, the location, the number of inhabitants and their industry" (Genovesi 1984a: 26). According to Genovesi, economic progress is the aim of "economics" and "political economy" (Genovesi 1984b: 127). As he said, "the science of commerce and economics" aims to provide "the solution to these four great problems. I. to have the greatest possible population. II. to have the greatest possible amount of amenities. III. the greatest possible wealth. IV. and the greatest possible power" (Genovesi, ibid.). Adding amenities to these objectives makes Genovesi's perspective somewhat wider than the summary view of "power and plenty" advanced by Viner (ibid.) as representing the essential aims of mercantilists in general.

Genovesi has been aptly described as "one of the first analysts of an underdeveloped economy" (Harris 1981: 424). The application of what he regarded as general principles of economic development to the specific situation in Naples

¹. See Xenophon De vectigalibus 1, 2, 3.
suggests that, in an evaluation of his place in the history of economic thought, his ideas should be considered from a development perspective. Another early writer on economic growth and development was his Scottish contemporary Sir James Steuart (1713-80), whose *An Inquiry into the Principles of Political Economy* of 1767 (hereafter referred to as the *Inquiry*) has as "its dominant theme ... the problem of growth and development" (Skinner 1966: lxxxvi). Although Steuart is sometimes characterised as "the last of the great mercantilists" (Anderson and Tollison 1984: 465), his *Inquiry* has been described as an "attempt to produce a single great conceptual system" (Skinner 1981: 21) and "a systematic treatise" (Chamley in Skinner, ibid.).

Schumpeter's recognition of the comprehensive nature of Genovesi's economic system, noted previously, is complemented by his praise of Steuart's *Inquiry* as "the one great pre-Smithian system of economics that England produced" (Schumpeter 1954: 250). The remainder of this section considers some of the main ideas of Genovesi and Steuart on economic development, concluding with a brief assessment of the place which should be accorded Genovesi, vis-à-vis Steuart, in the history of economic thought.

Both Genovesi and Steuart postulated a 'stages' theory of economic development. Genovesi's seven-stage theory shows the gradual evolution of societies from a primitive state to one in which the application of science to production techniques promotes economic and social progress (Genovesi 1768, Ch. VII). Just as his Baconian vision of an ideal economy being a scientifically-based one aims to show how a civilised nation can best provide for its material wants, so does Steuart's, for whom a "principal object of ... [political oeconomy] is to secure a certain fund of subsistence for all the inhabitants" (Steuart 1805: 3). Steuart's three-stage theory aimed to show how an economy evolves from a "pre-agrarian" to an "agrarian" and finally an "exchange economy" (Skinner 1966: lxv-lxvi). Unlike Genovesi's, whose seven-stage theory is dealt with in a single chapter, Steuart's theory forms the general and specific subject-matter of his *Inquiry*. Thus, in order to
compare the ideas of the two writers on economic development, it is necessary to go beyond the schema of their respective stage theories to a consideration of their more specific proposals for promoting economic development.

For both Genovesi and Steuart, population growth is the basic factor making for economic growth and development. Both writers, however, took a qualified approach to the expansion of population. Genovesi's argument that "Population is always proportional to the degree of sustenance" (Genovesi 1768: 186), underlay his proposition that a nation must aim for the 'RIGHT POPULATION' (Genovesi 1768: 87), a requirement discussed in Chapter 3 above. Steuart had a similar view. Stating that "inhabitants" must be "mutually serviceable one to another ... and to the society in general", he argued: "I think it is absurd to wish for new inhabitants without first knowing how to employ the old" (Steuart 1805, Vol. I: 78). Steuart's implicit concern that involuntary unemployment may have negative consequences for economic development did not enter into Genovesi's considerations. The latter clearly assumed a growing population will be accompanied by expanding employment opportunities.

For Genovesi, economic development requires maximum employment, a proposition shared by Steuart whose "statesman should make it his endeavour to employ as many of every class as possible" (Steuart 1805, Vol. I: 86). Genovesi stated that "the strength and wealth of the State does not originate in the number of men of which it is composed but in the number of working hands" (Genovesi 1757-58: 364). Similarly, Genovesi and Steuart both denounced idleness. Steuart declaring: "Laziness is the greatest of all obstacles to labour and industry" (Steuart, 1805, Vol. I: 44). For Genovesi the idle "are always the real plague of bodies politic" (Genovesi 1768: 498-9).

Genovesi's and Steuart's common belief in the need for full employment of labour, and their corresponding objection to idleness, help to explain their approval, albeit qualified, of luxury. Arguing that it should be restricted to the upper class,
Steuart stated: "Luxury among those who live upon a revenue already got, and who by their rank in the state, are not calculated for industry, has the good effect of affording bread to those who supply them" (Steuart 1805, Vol. II: 19). Genovesi argued that, provided it is contained within certain limits, luxury can be considered "a means of diffusing, bringing to perfection and stimulating the arts ... and providing a living for those families who have no capital other than their labour" (Genovesi 1768: 225).

Both Genovesi and Steuart recognised the importance of machinery as a factor contributing to economic development. As noted previously, Genovesi advocated technical progress in order to increase labour productivity, and emphasised the productivity-enhancing role of agricultural machinery (Genovesi 1984b: 143ff). Steuart too considered "every method of augmenting the produce or assisting the labour and ingenuity of man, as of the greatest utility" (Steuart 1805, Book I: 164), and acknowledged "the advantage and improvement acquired by the introduction of machines" (Steuart 1805, Vol.I: 166). However, neither writer developed notions of capital accumulation as a factor in economic growth and development. In the event, neither addressed the related concept of saving in the context of such accumulation, though both recognised the adverse effects of hoarding on circulation and hence economic activity. Genovesi's treatment of hoarding and circulation was examined in Chapters 6 and 7 above. Steuart observed that "When large sums are locked up, they produce nothing" (Steuart II: 28, cited in Hutchison 1988: 342).²

² I have not been able to locate Hutchison's quotation from Steuart in the text of either the 1805 edition of his Works or in Skinner's 1966 abridged edition of the Inquiry.
The concept of the division of labour did not play a major role in Steuart's political economy. As noted earlier, Genovesi was aware that it contributes to labour productivity, but it has no analytical significance in his work.

Genovesi and Steuart agree that economic progress requires the production of surplus merchandise, which the former terms the "superfluous" (Genovesi 1768: 147), and the latter a "surplus" (Steuart 1805, Vol. I: 153) or "superfluity" (Steuart 1805, Vol. I: 36). According to Genovesi, superfluous goods are the basis of trade, which he defined as "to exchange the superfluous for what is necessary" (Genovesi 1768: 347). For Steuart, population growth and economic development depend on the quantity of "superfluity" produced: "A people ... who have an industrious turn, will multiply in proportion to the superfluity produced by their farmers" (Steuart 1805, Vol. I: 35-6). In the two-sector economy postulated by Steuart, the "free hands [manufacturers] ... live upon the surplus of the farmers" (Steuart 1805, Vol. I: 62). In Steuart's exchange economy, "reciprocal wants" (Steuart 1805: Vol. I: 36) ensure that the manufacturers will encourage the production of superfluous food by increasing their own output. Genovesi conveyed a similar idea when he argued that the "secondary arts" assist the "primary arts" by contributing to "the outflow of the superfluous, thereby supporting those who have produced it, and making them feel the benefit so that they are encouraged to continue" (Genovesi 1768: 179-80).

Both Genovesi and Steuart recognised the potential benefit of foreign trade to economic development. Genovesi argued that it is guaranteed "to enlarge the nation and make it wealthy" (Genovesi 1768: 147). By providing for the "outflow of the superfluity of the nation, it likewise acts as a stimulus and spur to the arts, both primary and secondary" (Genovesi, ibid.). Genovesi invariably assessed the value of trade from the perspective of the domestic economy. For instance, he argued in its favour partly "because it employs many families and provides them with a living at the expense of foreigners and not of the nation" (Genovesi, ibid.). The protection of
domestic employment is also one of the main objectives of Steuart's policy on foreign trade. The answer to his question "What is the proper Method to put a Stop to a foreign Trade in Manufactures, when the Balance of it turns against a nation?" (Steuart 1805, Vol. II: 1) relies on his belief that a nation should maintain a favourable balance of trade. He stated: "It is ... a general maxim, to discourage the importation of work, and to encourage the exportation" (Steuart 1805, Vol. II: 2). However, foreign trade was considered by Steuart as merely a transitional stage in a nation's economic evolution, a stage preceded by "Infant" trade and followed by "Inland Trade" (Steuart 1805, Vol. I: 398). Thus, the protectionist approach advocated by Steuart must not be taken as a permanent condition.

Genovest and Steuart agree on the need for government intervention to promote economic development. Steuart's "Statesman" is the embodiment of "the legislature and supreme power, according to the form of government" (Steuart 1805, Vol. I: 2). Though he imposed limitations on his activities, Steuart's statesman has an ubiquitous brief, being required, for example, to create "reciprocal wants ... in order to bind the society together" (Steuart 1805, Vol. I: 36); to ensure the employment of "as many of every class as possible" (Steuart 1805, Vol. I: 86); to regulate the rate and distribution of marriage (Steuart 1805, Vol. I: 97); "to keep all [free hands] employed" (Steuart 1805, Vol. I: 106); to ensure "moderation" in the "risings and sinkings" of "work [that is, supply] and demand" (Steuart 1805, Vol. I: 298); "to establish Trade and Industry upon a lasting Footing" (Steuart 1805, Vol. I: 346).

For Genovest, government, which is variously entrusted to "the Sovereign" (1768: 507), a "Legislatore" (Genovest 1768: 149), and a "Politico" (Genovest 1768: 189), has a diversity of economic functions, some of which were noted in Chapter 9 (Genovest 1768: 186-7). Arguably no less powerful than Steuart's "statesman", Genovest's sovereign is given "The responsibility for promoting the population,
education and with this letters, schools, the arts; the responsibility for the economy and trade; legislation and jurisdiction over all members of the body politic; command over the armies in peace and war; and briefly every other responsibility necessary for public tranquility and security" (Genovesi 1768: 49). Genovesi and Steuart are not, however, in total agreement on the nature and extent of government intervention. For instance, as noted previously, Genovesi advocated freedom in the grain trade, insisting that government "WILL DO NOTHING BUT ALLOW TO BE DONE" (Genovesi 1768: 395). In the event, he was opposed to public granaries (Genovesi 1768: 392ff.) By contrast, Steuart stressed the need for "granaries in years of scarcity", and "in years of plenty ... bounties which promote exportation" (Steuart 1805, Vol.II: 211).

The significant role of government in promoting economic development postulated by Genovesi and Steuart tends to overshadow their explicit recognition of the necessary role of self-interest as a factor in the process. For Steuart, "self-interest is the ruling principle of my subject" (Steuart 1805, vol.I: 219), but the economic self-reliance this implies does not become what has been termed "a pervasive principle" (Spiegel 1983: 216) of his work, partly because Steuart did not consider self-interest "the universal spring of human actions" (Steuart, Ibid.). Perhaps more importantly, Steuart clearly believed that, for the sake of the common good, the self-interest of individuals requires the active supervision of an apparently sceptical statesman. He stated: "The best way to govern a society ... is for the statesman to form a system of administration, the most consistent possible with the interest of every individual, and never to flatter himself that his people will be brought to act in general, and in matters which purely regard the public, from any other principle than private interest" (Steuart 1805, Vol.I: 220). The public interest, and a vigilant statesman to safeguard that interest, are unquestionably the dominant factors in Steuart's political economy.
Genovesi also acknowledged the economic significance of self-interest, saying: "Man does not operate naturally except out of self-interest" (Genovesi 1768: 57). But though he enunciated a principle which foreshadowed Smith's belief in the harmonisation of private and public interests (an idea, however, which had a number of antecedents), for Genovesi the notion of self-interest has greater relevance as a factor which motivates labour than as a general economic principle. The importance of labour in Genovesi's economics was underlined in Chapter 10, whose choice of this variable was undoubtedly influenced by his belief that "pain" is the "prime mover" of economic behaviour (Genovesi 1768: 52). According to Genovesi, the ability to overcome the "pain" associated with labour "is the great principle which causes the sciences, the virtues, the arts, trade, the opulence and real strength of the State to flourish" (Genovesi 1768: 68). On this pseudo-Epicurean basis he postulated that in order to overcome the discomfort of "HONEST LABOUR" (Genovesi 1768: 99), the motivation of individuals cannot be ignored inasmuch as "Man does not operate naturally except out of self-interest" (Genovesi 1768: 57). However, though Genovesi recognised that public and private interests can and do coincide, it is the public interest which dominates his ideas. Not surprisingly, his "politico", who closely resembles Steuart's "statesman", "must, in the government of a nation, always aim at the overall good" (Genovesi 1768: 225).

This extensive comparison of the main Ideas of Genovesi and Steuart on economic development may be concluded by noting that both writers dealt with other relevant subjects such as money and coinage, interest on money, exchange, etc.

3. Genovesi (1768: 374) stated: "And though people in wishing to grow wealthy only think of their private interest, nonetheless by enriching themselves they work to the public advantage by making the whole nation wealthy." In a footnote (ibid.), he added "A rule kept by the English, and in 1764 put into practice in France in respect of grain." In his Dissertation de la nature des richesses of 1707, Boisguilbert had stated: "All are occupied night and day with their own particular interests, but, at the same time, although it is what they care about least, they are contributing to the general good, while, nevertheless, attending to their own individual utility" (cited in Hutchison 1988: 112).
public credit and taxation, although not always in the same way. Examples of such
differences include, *inter alia*, their treatment of the quantity theory of money.
Though both stressed the importance of money for trade, Steuart rejected the
quantity theory, saying: "Increase the money, nothing can be concluded as to
prices, because it is not certain that people will increase their expenses in
proportion to their wealth" (Steuart 1805, Vol. II: 103). By contrast, as noted in
Chapter 7, Genovesi upheld the essential principle of the quantity theory, arguing
that "when the quantity of the signs, that is of money, rises the relative price of
things and labour rises proportionately" (Genovesi 1770: 21).

The purpose of comparing Genovesi's and Steuart's ideas on economic
development is to raise the question whether, like Steuart, Genovesi merits a more
prominent place in the history of economic thought than his writings are usually
given. Posed in this way, the answer clearly depends on the place accorded to
Steuart in that history. Some contrasting opinions can be recalled. Like Genovesi,
Steuart is usually classified as a 'mercantilist', even to the extent of being termed
"the Apotheosis of Mercantilism" (Anderson and Tollison 1984: 456). On the other
hand, his early attempt to build a total economic system has been praised by
Chamley, Schumpeter and Skinner, as noted above. The *total* approach taken to
Steuart's Inquiry by these three commentators contrasts markedly with the more
usual dismissal of Steuart's work as 'mercantilist', an assessment which
undoubtedly results from focussing exclusively on single issues or policies in his
Inquiry. Skinner notes that one of the earliest reviews of this work warned precisely
against a selective reading of its content, since "a *diminished* view of it must appear
confused and indistinct and every *separate part* imperfect" (cited in Skinner 1981:
37). 4 A further basis for assessing Steuart's work (and one that is most relevant for
his comparison with Genovesi) has been provided by Sen who suggests that he

4. The review appeared in the *Monthly* for 1767.
should be viewed as a "pioneer theoretician of social welfare economics" (Sen 1957: 152). The sympathetic evaluation of Steuart's attempt to construct a specific economic system by Schumpeter and Skinner in particular, suggests that, in the history of economic thought, Steuart merits greater recognition than he has thus far received. As the preceding discussion has shown, the comprehensive economic system constructed by Genovesi contained ideas on economic growth and development which parallel Steuart's. It can therefore be argued that Genovesi merits a place in the history of economic thought comparable to Steuart's. As noted in Chapter 10, Schumpeter argued in respect of Genovesi's _Lezioni_ that "nobody had, when they appeared, published as comprehensive a presentation of the utilitarian welfare economics that the epoch was evolving" (Schumpeter 1954: 177, fn.11). This complements his encomium of Steuart's _Inquiry_, noted above, as "the one great pre-Smithian system of economics that England produced" (Schumpeter 1954: 150). It is also worth noting that Cossa described Genovesi's _Lezioni_ as "a mixture far preferable to anything compounded by his learned Scotch contemporary [Steuart]" (Cossa 1893: 235). This further assessment serves to reinforce the present argument that Genovesi's attempt to construct a broad-based economic system, albeit specifically applicable to Naples, merits no less attention than Steuart's attempt to build a general system.

A case for according Genovesi's early contribution to economic system building a place in the history of economic thought may also be made by considering his ideas, together with those of Steuart, relative to those of List. In Chapter 10, it was argued that because of their common predominant concern with the national interest, Genovesi's model of economic development is comparable to List's *National System of Political Economy*. Given his equally significant emphasis on the national interest, it has been observed that Steuart's "attention centers on what List was to call 'national economy'" (Spiegel 1983: 216). The foreshadowing of List's conception of "national economy" by both Genovesi and Steuart lends weight to the argument
that, like Steuart's, Genovesi's work is deserving of recognition in the history of economic thought.

B. GENOVESI'S INFLUENCE

1. The Kingdom of Naples

The argument in this subsection is that Genovesi's main influence was as a reformer in the Kingdom of Naples, not in the sense that his economic ideas exerted a discernible influence on government policy but rather that he inspired a reform movement whose members sought to promote economic and social progress in the Kingdom. It is to the known representatives of the reform movement, "the disciples of Genovesi,5 the second generation of [Neapolitan] Enlightenment reformers" (Venturi 1972: 200) that one must look for evidence of the influence of Genovesi's ideas on economic reform.

The second part of Chapter 2, dealing with economic conditions in Naples in the eighteenth century, included data on different parts of the kingdom provided by some of Genovesi's disciples intent on reform. Genovesi's disciples included M. Delfico (1744-1835), G.M. Galanti (1743-1806), D. Grimaldi (1735-1805), F. Longano (1729-96) and G. Palmieri (1721-93). The most significant impact of Genovesi's work on these five men, whose proposals for reform are considered below, is reflected in their efforts, partly noted in Chapter 2, to gather first-hand knowledge about economic and social conditions in various regions of the kingdom. Genovesi deplored the fact that the kingdom of Naples was "far behind other nations" in, among other

5. Since there are no records of those Genovesi taught, his disciples were not necessarily former students. Of those considered below, Delfico, Galanti and Longano are known to have attended his economics lectures, while Grimaldi may have done so. If Palmieri experienced Genovesi's teaching directly, it was probably during the 1740s, i.e. before Genovesi became professor of political economy. Given Filangieri's birth in 1753 and Genovesi's retirement from university teaching in 1767, it is unlikely that he could have been a pupil of Genovesi in a literal sense.
things, "natural history", stating: "Would you believe that there are lands about which we know nothing in a small country [like ours]?” (Genovesi 1768: 513).

Another writer, G. Filangieri (1753-88), may be added to the list - a non-exhaustive one - of Genovesi's disciples noted above. Although in his short life Filangieri did not, unlike the five above-named, advocate reform specifically in reference to Naples, his major work, The Science of Legislation of 1780, reflects the influence of Genovesi's ideas on economic and social reform as well as conditions in Naples on his own ideas. Moreover, the inclusion of Filangieri in the list of those selected for particular attention in the thesis is in keeping with the work of Venturi (for example, 1962), whose pioneering work on the Italian Enlightenment has been justly acclaimed, for instance in the two-volume The Age of Enlightenment. Historical Studies on Eighteenth Century Europe in Honour of Franco Venturi (1985). Among Venturi's criteria for identifying the six writers named above as "enlightened reformers" (Venturi 1962: xvi) is the fact that, in advocating economic and social reform, they were influenced in varying degrees by Genovesi's ideas. Croce (1970: 162) also notes that "by the power of his ideas ... Genovesi won many followers, who carried something of his intelligence and volition into every corner of the Kingdom".

Some of the specific issues in which Genovesi's ideas on reform may be said to have influenced those of Delfico, Filangieri, Galanti, Grimaldi, Longano and Palmieri are discussed below.

As noted in Chapter 4, Genovesi advocated widespread ownership of land as a fundamental reform measure in Naples. Galanti proposed the same measure as the means of improving agriculture in the Molise region, saying: "The first rule ... for putting agriculture in a happy condition in our country must be to exempt farming from the oppressions of the owner, by making the right of ownership general and common" (Galanti 1781: 60). Similarly, Longano drew attention to the concentration of land ownership in the Capitanata, asking a question Genovesi himself would have
endorsed: "How can a man possibly become attached to a piece of land which is not his own?" (Longano 1962: 386). A major theme in Defilco's uncompromising Discourse on the Tavoliere in Apulia ... of 1788 had distinct Genovesan overtones, the right to ownership of land, not by large landowners but by those prepared to work it in their own, and the national interest. The question of land ownership and Genovesi's insistence that large estates be divided up and made available commercially were also dealt with by Defilco in his Reflections of the State of Fiefs of 1790.

Genovesi also argued that institutional practices such as primogeniture, as well as "the excessively unequal distribution of land" (Genovesi 1768: 87) and the concentrated ownership of land by the Church were all impediments to "the right population" (Genovesi 1768: 87). Inter alia, Filangieri analysed various "obstacles" to population growth which paralleled Genovesi's consideration of the impact of concentrated land ownership and wealth on that growth. The affinity between Filangieri's and Genovesi's argument is underlined in Chapter III of the former's Science of Legislation, which addressed the basic issue of property rights under the heading "Small number of landowners, huge number of non-owners: first obstacle to population" (Filangieri 1804: 52ff.) The relationship between concentrated land ownership and population growth was further explored by Filangieri in Chapter IV, entitled "Many large owners, few small owners: second obstacle to population" (Filangieri 1804: 68ff). In Chapter V, dealing with the "Exorbitant and inalienable wealth of ecclesiastics: third obstacle to population" (Filangieri 1804: 79ff.), the writer argued: "Let us ensure that the reform impacts rather on their number and above all else on their wealth. This is the real obstacle the priesthood puts in the way of population progress in almost the whole of Europe today" (Filangieri 1804: 88-9). It is impossible not to discern the echo of Genovesi's insistence (one of

6. For these references to Defilco's writings, see Venturi 1962: 1171ff. Nuccio (1967) also refers to Genovesi's influence as a reformer on Defilco's ideas.
many): "Reduce benefices and ecclesiastical property to the right amount of need and the exorbitant number of those who rush into [the Church] will come to an end" (Genovesi 1768: 263). Again, following Genovesi (1768: 103-4), Filangieri cited "Excessive tributes, intolerable duties, and the violent manner of exacting them [as the] fourth obstacle to population" (Filangieri 1804: 90ff.).

Genovesi's advocacy of the need for reform of the inequitable system of taxation and other tributes was reiterated by several writers. Galanti noted, for instance, that in certain areas of Molise the peasant "pays [tribute] ... on the tools of production" (Galanti 1781: 19). Again, like Genovesi, he had no doubt that arbitrary taxation acted as a disincentive to labour, noting: "From every thirty grana of value of his miserable industry he sometimes pays 5 grana, sometimes 6, 8, 10, 12, 16. His poll-tax is sometimes 10 carlini, sometimes 15, 30, 40. What wonderful distribution! And then we are amazed to see the most fertile districts deserted" (Galanti 1781: 81-2). Nonetheless, Galanti admitted that the "county of Molise is the least oppressed. In the Calabrias and the province of Lecce, there are communities where the peasant pays 22 on every 30 grana" (Galanti 1781: 82). Referring to the Capitanata, Longano noted the "excessive pressures of civil burdens", decrying, like Genovesi, the imposition of taxes "on the arms of the peasant" (Longano 1962: 390).

Genovesi argued for the freedom of domestic trade, stressing the need for "the greatest possible speed" in the "movement of commodities and manufactures" (Genovesi 1984b: 149), while at the same time drawing attention to the "impassable roads" in the kingdom (Genovesi 1768: 245, fn.(a)). Similarly, Galanti observed that the grain trade "is oppressed by the bad roads and tolls" (Galanti 1781: 66); he noted, for example, that from Campobasso to Naples, a distance of "50 miles", eight tolls were exacted (Galanti 1791: 68).
As noted in Chapter 3, Genovesi (1768, Chapter VI) stressed the need for education to improve the quality of labour and its productivity. Galanti also pointed to the fact that "the lack of education makes apparent the ignorance that is generally seen to hold sway in the province [of Molise]" (Galanti 1781: 34). This undoubtedly helped to explain why "at present in this province there is a very great deal of farming, but with little art and care" (Galanti 1781: 52). Similarly, Longano lamented the "lack of education in the youth" of the Capitanata (Longano 1962: 392). Like Genovesi, he indicated the emphasis should be on practical rather than theoretical studies. Grimaldi followed Genovesi in advocating the formation of "economic societies" (Grimaldi 1770: 14ff.) to fulfil an educational role, including the dissemination of "new agricultural knowledge" (Grimaldi 1770: 40). According to Venturi (1962: 339), Longano, in his Collection of Economic Essays ... of 1779, also recognised the vital role of "those economic societies which Genovesi had so recommended and promoted ... [as] an ... instrument ... of renewal".

Previous chapters have highlighted the importance Genovesi attached to agriculture as the basis of his proposals for a reformed Neapolitan economy. This was also a major concern of the reformers, including Grimaldi, whose family in Calabria had commercial interests in olive oil and silk production which he actively promoted. Starting from Genovesi’s premise that Calabria “could be the Peru of this kingdom, so fertile is the land and so mild and beautiful the climate” (Genovesi 1984b: 835; Grimaldi 1770: 10), Grimaldi’s writing and involvement in practical affairs were devoted to changing the acknowledged backwardness of agriculture in the region. The influence of Genovesi’s ideas on those of Grimaldi is evident in the latter’s efforts to improve agricultural production techniques, including the use of the most appropriate capital equipment, for instance, in his Essay on the Rural Economy of Further Calabria (1770: 12ff.). According to Longano, the "most serious obstacles" to agriculture in the Capitanata included, inter alia, a "shortage of labour" (Longano 1962: 381-2), an observation also made by Genovesi: “In our kingdom
there are ... uncultivated lands for lack of labour" (Genovesi 1768: 245, fn.(a)). Other obstacles comprised a "lack of knowledge of agricultural matters", "the crudeness of rural implements and the lack of necessary machinery" (Longano 1962: 383-6), both factors addressed by Genovesi. For example, the latter complained: "We have not yet improved the most important agricultural machines and we require many necessary or useful implements" (Genovesi 1768: 515). Moreover, "many things in this very necessary art [of agriculture] ... are in our country done haphazardly ... Either we do not have agricultural theories or we have barbaric ones" (Genovesi, Ibid.). The indolence (poltroneria) of peasants was seen by Longano (1962: 394) as another obstacle to progress in agriculture. The numerous references to indolence ("the most shameful of all professions" (Genovesi 1768: 282)) in Genovesi's writings speak for themselves.

Other obstacles to agriculture noted by Longano included "the lack of freedom in the export of superfluous grain" and the "evil influence of monopolisers of grain" (Longano 1962: 388-90). Genovesi likewise observed that "restrictive laws ... by preventing the outflow [of grain], end up ... discouraging agriculture" (Genovesi 1768: 382). Moreover, he was opposed to public granaries on the grounds that these would lead to the introduction of "a [legal] grain monopoly, which in many ways would ensure that agriculture would end up losing all its spirit and activity" (Genovesi 1768: 394). The significant agreement between the agricultural problems noted by Longano and Genovesi cannot arguably be attributed to an independent parallel treatment. With good reason, Longano, chosen by Genovesi to replace him in the chair of political economy, has been described as the one who "better than many others embodies the teaching of Genovesi" (Venturi 1962: 333).

When Galanti inveighed against "the lazy, inane mentality of the provincial gentry" (in Venturi 1972: 222), he may well have been recalling Genovesi's statement: "Agriculture will always be backward and will always yield less than the
public hopes for so long as the wise and the gentlemen are not actively involved in it" (Genovesi 1984c: 880). Genovesi attributed the economic decline of Spain partly to the growth of "an idle nobility" (Genovesi 1984b: 359). Genovesi's call for the involvement of gentlemen in agriculture was taken up not only by Galanti but other reformers. The high-born Grimaldi, for example, acknowledged the need for a "happy revolution" and invited "barons and bishops" to "adopt the custom of English gentlemen in cultivating and making their own lands worthwhile" (cited in Venturi 1962: 417). Palmieri's encouragement of the upper class to participate actively in economic affairs is an important theme in his ReflectIDons on Public Happiness relative to the Kingdom of Naples of 1787. Himself a nobleman, Palmieri deplored the fact that "The noble class, which should be distinguished by the greater benefit it affords society, is distinguished by its uselessness and inaction. In our land, nobles only find employment in the army, the law and the church" (Palmieri 1805a: 45). He reiterated Genovesi's proposition that "In ... England, noblemen enjoy their sojourn in the country and in applying themselves to agriculture" (Palmieri 1805a: 51).

The foregoing does not, and, given the limitations of space, cannot purport to represent an exhaustive coverage of the similarities between Genovesi's ideas and those of the Neapolitan reformers chosen for consideration in this section. Neither does it claim that Genovesi's ideas were the only ones to influence the reformers in question. The intellectual and social ferment of the latter part of the eighteenth century fostered an eclecticism to which the Neapolitan reformers, including Genovesi, were not immune. Nonetheless, the above indicates that a number of Genovesi's ideas influenced, in varying degrees, the reformers discussed here. Taken as a whole, their separate calls for reform indicate that to a considerable extent they were reiterating Genovesi's proposals for reform. Of particular significance is the fact that these reformers emphasised practical aspects of reform identified by Genovesi, rather than his essentially theoretical ideas. With reference, for instance,
to Palmieri's writings, it has been noted that "it is not by chance that one does not find in his writings any exposition of the theory of value, of money or of interest. He dealt with population, labour, and trade in so far as these matters derived from his examination of the reality that was Naples" (Nuccio 1968: V-VI). Even Filangieri, arguably the most intellectually inclined of the reformers considered here and the one least directly concerned with specifically Neapolitan problems, examined practical "obstacles" to population growth, which, as shown above, closely resembled Genovesi's treatment of the causes of under-population in Naples. If, to take another example, Filangieri advocated "the uniform distribution of money" (Filangieri 1804: 394) as a national objective, he was probably reiterating the identical proposal made by Genovesi (1770, Ch. IX). Venturi has correctly observed that "Genovesi dominates the horizon of his [Filangieri's] economic vision" (Venturi 1962: 617).

The impetus given by Genovesi to the reform movement in the kingdom of Naples was relatively short-lived, irrespective of whether 1794 (when the trials of the Jacobin conspirators took place) or 1799 (the fall of the Parthenopean Republic) is assumed to be the year in which the movement's increased momentum after Genovesi's death was effectively spent. It has been argued that "With the conclusion of the 1780s and the beginning of the last decade of the century ... the best season of the reforms comes to an end: the hopes placed by intellectuals and economists in the sovereign-legislator either grow weak or, more often, give way to more radical prospects of revolution" (Di Battista 1990: 535). In view of its brevity and ultimate tragic outcomes, it is tempting to dismiss the reform movement Genovesi inspired, and hence his influence, as a failure or of little consequence. It may nonetheless be argued that, to the extent that he did inspire a generation of intellectuals who confirmed and elaborated the reality of economic under-development in the Kingdom and furthered the case for reform in their writings, Genovesi's influence was of short but effective duration.
2. Spain

The hypothesis has been advanced that Genovesi's economic ideas "had a greater impact and success where the problems of economic development were closer to those of Southern Italy" (Venturi 1962:40). The reception of Genovesi's work in Spain provides some confirmation of this hypothesis.

In 1785-86, a three-volume Spanish translation of the *Lezioni* made by Victoriano de Villava (1775-1802), the *Lecciones de comercio o bien economia civil...* (Madrid: D. Joaquin Ibarra) was published. Though he assumed the role of critical commentator as well as translator of the *Lezioni*, Villava apparently did not inhibit the acceptance of Genovesi's ideas in Spain and the Spanish empire. The reprint of Villava's translation in 1804 suggests a continued interest in those ideas in Spain. More importantly, the publication in 1793 of Villava's *Discurso sobre la mita de Potosi* (Discourse on the Enforced labour of the Potosi) provides unmistakable evidence of the impact of Genovesi's ideas on the reformist and humanitarian philosophy of the Spanish author. The *Discurso* contained a firsthand account of the exploitation of indigenous slaves working in the Potosi (then in upper Peru, now in Bolivia), the fabled silver mines of the Spanish empire. Villava invoked Genovesi's ideas "on nations rich in mines" (Genovesi 1770: 123) to explain the glaring inequalities between rich and poor in the Potosi. In this particular context, Genovesi was trying to show that though, "by its very nature" (Genovesi, ibid.), money tended to attract goods, it did so "not so much through its amount, as through its uniform distribution, which, when it is hindered, not only does not enrich that nation, but makes it poorer" (Genovesi, ibid., my italics). Villava cited Genovesi

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to show that "the uniform distribution of money and its circulation make States wealthy, populated and powerful; and the stagnation and infinite inequality between the many and the few, dries up the nation, produces petty tyrants and paves the way for oppression ... and numerous other inequities" (Genovesi 1770: 123-4). Genovesi's graphic depiction of the social consequences of failing to distribute money uniformly prompted Villava to observe: "It seemed as if Genovesi had seen the Potosí" (Villava 1793, cited in Venturi 1969: 641). According to Venturi, Villava's translation of the Lezioni was used to inform both sides of the ensuing debate in Spain about the value of imposing a European-type civilisation on the indigenous population of the Potosí.

From all accounts, the influence of Genovesi's ideas was greater in colonial Spain than in Iberian Spain, most notably in Argentina. Chiaramonte (1964) and Venturi (1962; 1969) both attest to the influence of Genovesi's ideas on Manuel Belgrano (1770-1820), an Argentine general and revolutionary hero, who played a leading role in the events culminating in Argentina's Declaration of Independence from Spain in July 1816. However, Belgrano's economic ideas were part of his pre-revolutionary intellectual formation and had no discernible influence on his later political activities.

According to Chiaramonte, "Genovesi's influence extends to Mariano Moreno [1778-1811], the most prominent figure of the [Argentinian] Revolution of May [1810]" (Chiaramonte 1964: 129). Moreno has also been described as "the intellectual and political leader of Argentina's movement for Independence" (New Encyclopaedia Britannica, 1989, vol. 8: 318). Moreno's Representacion de los hacendados ("Petition of the landowners") of September 1809 attacked the restricted Spanish Navigation Acts and advocated free trade between Argentina and other nations. Chiaramonte shows that this document suggests Moreno was familiar with the Lezioni, probably via Villava's Spanish translation noted above. However, he
argues that Genovesi's influence on Moreno's ideas is limited because "a wider and almost absolute free trade principle suggests rather the [latter's] reading of Adam Smith and other liberal economists" (Chiaramonte 1964: 130).

Most importantly, the influence of Genovesi's economic ideas in Argentina was reflected in two anonymous works written in 1793 and 1794. These documents have been described as "the first significant event in the history of Argentinian economic thought" (Chiaramonte 1964: 120). The first, referred to generally as "The Petition of the farmers" (Chiaramonte, ibid.), was an appeal to the Spanish crown to permit the export of agricultural products from Argentina. Chiaramonte shows that "entire paragraphs of the Petition of 1793 - in effect the whole of the theoretical argument - are nothing but a literal translation of certain pages of the work of Genovesi [in the Lezioni]" (Chiaramonte 1964: 121). The main source in Genovesi is his "Digression on the Freedom of the Annona, as the Main Foundation of the Freedom of Trade" (Genovesi 1768: Chapter XVIII). The detailed comparison made by Chiaramonte (1964: 121-2) of passages from the Petition and Genovesi's chapter on the anonna leaves no room for doubt about the influence of the latter's ideas on the unknown writer or writers of the Petition of 1793.

The second of the above-mentioned documents, that of 1794, is the so-called Memorial ("Petition") written on behalf of landowners to promote the cause of beef exports from Argentina. Chiaramonte (1964: 123) hypothesises that, in view of the literal use, again, of portions of the Lezioni, the Memorial of 1794 and the Petition of 1793 were composed by the same author. Whatever their authorship, the Petition and the Memorial provide ample evidence of the imprint of Genovesi's ideas on both documents.

The preceding discussion suggests that Genovesi's economic ideas exerted some influence in the Spanish empire. In Argentina, in particular, his ideas clearly
informed and animated the growing pressure for economic and social change in the
late eighteenth and early nineteenth centuries. Most notably, two acknowledged
seminal documents of Argentinian economic thought, the Petition of 1793 and the
Memorial of 1794, attest to the fundamental influence of a number of Genovesi's
ideas. To the extent, then, that Genovesi's ideas acted as paradigms for the solution
of practical economic problems in Argentina in particular, the Spanish case provides
some confirmation of Venturi's hypothesis concerning the greater impact of those
ideas in countries with problems similar to those of Naples.

C. THE DEGREE OF RECOGNITION OF GENOVESI

Though, as argued in the previous section, the influence exerted by Genovesi
was somewhat limited, being manifested principally in the reform movement he
inspired in Naples, recognition of his work has generally been more in evidence. The
treatment in this section does not purport to be exhaustive, but merely indicative of
the extent to which Genovesi's economic work, in part or whole, has been recognised
in Italy and other countries.

1. Italy

Various editions of Genovesi's Lezioni published in Italy from 1769 onwards
suggest that interest in this his major work continued there for some time after his
death. On the basis of three separate editions published in Bassano in 1769, it has
been concluded that "the book sold well, a fact of potential importance to the history
of economic thought in Italy" (Barucci and Carpenter 1985: XVII). These were
followed by further editions in Bassano in 1788 and 1803. The years 1803 and
1804 saw the inclusion of the Lezioni (and other of his works) in volumes VII to X of
Custodi's fifty volume series Scrittori Classici Italiani di Economia Politica, published
progressively in Milan between 1803 and 1816. Further editions of the *Lezioni* appeared in Milan in 1820 and 1824-25. The last known edition of the *Lezioni* was prepared in Turin in 1852 by Ferrara as part of his *Biblioteca dell'Economista* (Series 1, vol. III).  

Recognition of Genovesi's work has not always been explicit in the sense that his ideas have been acknowledged as the source of another's. For instance, A. Zanon's (1696-1770) concept of the "right population" was drawn from Genovesi's *Lezioni*, since, using Genovesi's own words, he stated: "Il primo fondo della robustezza di uno stato è la moltitudine delle famiglie, la giusta popolazione" (Zanon 1804: 367. Genovesi 1768: 87). Although Zanon did not acknowledge Genovesi as the source, he was clearly indebted to him for his basic idea on an optimum population. This is in contrast to the example of the Tuscan, F. Paoletti (1717-1801), who cited Genovesi in support of his proposed reforms to achieve the equitable division of church property (Paoletti 1804: 285), and also invoked his authority to defend the right of the sovereign to control public education (Paoletti 1804: 345-6). Similarly, another Italian writer, T. Gibellini (1735-1816), acknowledged Genovesi's *Lezioni* as a major source of his own *Elementi d'economia civile* of 1805 (Barucci and Carpenter 1985: 297).

In 1829 Genovesi was described as "the redeemer of Italian minds" (Pecchio 1829: 123). However, the reception accorded to Genovesi's work has not always been favourable. In Venice, he was referred to as "the most wonderful talent in Italy", whose concentration on economic problems had brought about "a revolution

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8. Troisi (1937: 217, fn. 112) indicates that in a papal decree of 23 June 1817, Genovesi's *Lezioni* were placed on the *Index Librorum Prohibitorum* until such time as they were corrected ("donec corrigantur"). Genovesi's anticurialism or regalism, which led him to advocate the confiscation of Church estates, was the basis of the papal ban on his major work. To what extent this sanction impeded the dissemination of the *Lezioni* in Italy in the nineteenth century is a matter of speculation.
in the way of thinking" (cited in Venturi 1969: 632). In Milan, C. Beccaria, in his inaugural lecture as Professor of Cameral Sciences in the Palatine Schools in January 1769, called Genovese "the founder of this science [of economics] in Italy" (Beccaria 1971: 376). But the same Beccaria was critical of the Lezioni, describing them as "far from complete" and "prolix" (Beccaria 1971: 357). Moreover, the text was "better suited to the quite different circumstances and the laws of the kingdom of Naples than to local circumstances and the laws of our province [Lombardy]" (Beccaria, ibid.), an interesting judgement in the light of the stress this thesis has placed on the specific national flavour of Genovese's work. Beccaria's remarks were echoed by another of Genovese's contemporaries, the Piedmontese G.B. Vasco (1733-1796), who commended the Lezioni only in respect of Chapter XXII of the first volume, which was inspired by Genovese's hopes and aspirations for economic reform in Naples. The Milanese economist Pietro Verri also shared the negative attitude of Beccaria and Vasco to Genovese's Lezioni. Whereas at first this work moved Verri to address him as an "illustrious patriot", by 1779 he was saying that "Genovese was neither clear, nor profound, nor did he have firm principles" (cited in Venturi 1969: 635).

The unfavourable reception of Genovese's economic work by some Italian commentators was not confined to the eighteenth century. For instance, the influential Sicilian economist, Ferrara (1810-1900), described by Schumpeter (1954: 177, fn.11) as a "thoroughgoing free-trader", dismissed the Lezioni as "a book that was born decrepit" (cited in Nuccio 1974: 148). Another leading nineteenth century Italian teacher and writer on economics, L. Cossa (1831-1896) concluded that Genovese "the most learned among Italian economists of the [eighteenth] century summed up the older learning on the subject, but did not help in its progress"

Luzzatto has accused Genovesi of lacking "great originality of thought" (cited in Nuccio 1974: 149). Similarly, Tagliacozzo says of Genovesi's work that it "is lacking in any significant interest from the strict point of view of the theory of economic doctrines" (Tagliacozzo 1937: LIX, cited in Nuccio 1974: 150).

The above largely negative evaluation of Genovesi's economic work by both contemporary and later generations of Italians must be seen in the context of what has been a sporadic rather than sustained interest in, and recognition of his work in Italy. Several extensive bibliographies relating to Genovesi's work, though not exclusively to his economic writings (for example, Nuccio 1966: CLIX - CLXXXIV; Villari 1959: 189-99), tend to support this proposition. The Italian scholar Troisi published a series of articles on different aspects of Genovesi's economics between 1937 and 1942. Renewed interest in the economic work of Genovesi was provided by the commemoration of the bicentenary (1954) of the inauguration of his chair of political economy. This event gave rise to a number of books and articles on Genovesi's economics, for instance, D. Demarco (a cura dI), Studii in onore di Antonio Genovesi nel bicentenario della istituzione della cattedra di economia of 1956; and L. Villari, Il pensiero economico di Antonio Genovesi of 1959, which served to acknowledge his contribution to population growth and other aspects of economics. However, Villari's analysis did not extend to the second volume of the Lezioni, and his appraisal of Genovesi's work is therefore limited in scope. Perhaps more importantly, the work of the historian Franco Venturi (for example, 1959, 1960, 1962, 1969, 1972) on the Southern Italian Enlightenment has helped to clarify the role of Genovesi as an "economista riformatore" (Venturi 1969: 533) and highlight his significance as the catalyst of the southern reform movement in the latter part of the eighteenth century.

The year 1984 witnessed the publication of a book by Eluggero Pii, entitled Antonio Genovesi, Dalla Politica Economica alla "Politica Civile", which was devoted
largely to Genovesi's political thought. In May 1985, a conference, "Antonio Genovesi: Philosophy and Reforms", was held at Vico Equense (near Naples). Regrettably, the conference proceedings have not been published. However, the major recent initiative in Italy which provides recognition of Genovesi's contribution to economics, is the progressive publication of his economic writings under the aegis of the Instituto Italiano per gli Studi Filosofici of Naples. To date, the Institute has issued two volumes containing his works with the exception of the Lezioni, as follows: M.L. Perna (a cura di), *Antonio Genovesi, Scritti Economici* (1984). An edition of the *Lezioni* by M.L. Perna is to be published in 1992.

2. France

In the years immediately after his death in 1769, Genovesi's work apparently aroused some interest in France. However, though Jean-Claude Pingeron, editor of various journals, announced in April 1770 that the appearance of a French translation of the *Lezioni* was imminent, this expectation was not realised.

Occasional recognition of Genovesi occurred during the nineteenth century. For instance, the *Biographie Universelle Ancienne et Moderne* (begun in 1810) included an entry by the Italian F.S. Salfi (1759-1832), who said of the *Lezioni*: "It is the first book which, in Italy and especially in the kingdom of Naples, aroused interest in, and a taste for political economy" (Salfi 1967, Vol. XVI: 186). J.-A. Blanqui (1798-1854), successor to J.B. Say's chair of political economy in the *Collège de France*, though he had reservations about Genovesi's economic ideas, said of him: "The most celebrated of the Italian economists is unquestionably the Professor Genovesi, who may be justly considered the rival of Adam Smith, if not in

10. A critical summary of the papers presented at the conference is provided by Di Battista 1985: 282ff.

correctness of doctrine, at least in the impulse he gave to the teaching of the science in all Italy" (Bianqui 1880: 523). The *Dictionnaire de l'Économie Politique* of 1852 contained an entry by C.J. Garnier (1813-81), also a professor in the *Collège de France*. Though Garnier gave no evaluation of the *Lezioni*, acknowledgement of Genovesi was implied by his inclusion in the *Dictionnaire*, which, according to its title page, purported to contain details of "writers who have most contributed to its [political economy's] foundation and progress" (Coquelin et Guillaumin, 1852). Elsewhere, Garnier saw fit to cite Genovesi in support of his own ideas on public finance, as follows: "When the tax is imposed on productive capital, on the tools of production, Industry slows down, and, as Genovesi says, one sees the source itself of tax revenue break down and fall apart" (Garnier 1858: 17). Garnier also upheld Genovesi's definition of price as a phenomenon which has "limits planted by nature and not by the whim or force or the avarice of men" (Genovesi 1770: 11).12

Of unquestionably greater interest is the verdict of the French economic theorist, Léon Walras (1837-1910), who acknowledged the historical significance of Genovesi's ideas on value with respect to relative scarcity. Though Walras did not make reference to the *Lezioni*, he obviously had in mind Genovesi's treatment of value in Volume 2 (1770, Ch. I). He cited from J.J. Burlamaqui's *Éléments du droit naturel* of 1821, adding: "This is the doctrine of scarcity. Abbé Genovesi taught it at Naples towards the middle of the eighteenth century" (Walras 1954: 204). Walras's recognition of Genovesi was qualified by his subsequent statement that it was his father, Auguste Walras (1801-66), who "made it [the doctrine of scarcity] an integral part of economics" (Walras, ibid.). Hence, the claim made by Hutchison (1988: 405, fn.3) that Walras regarded Genovesi as one of his predecessors is dubious to say the least.

12. This reference is given by Troisi 1941: 239, fn.1. Apart from his *Éléments de Finances* (1858), other works by Garnier were not available for consultation in Australia.
Other references to Genovesi by French writers suggest a sporadic and relatively minor interest in his work. Block, for example, cited Genovesi’s opposition to an increase in population beyond that "required by the state of affairs" (Block 1897: 657); while his historical significance as the incumbent of the "first chair of political economy" was recognised by Rambaud (1909: 259). In his Essay on the Evolution of Economic Thought, Bousquet, albeit critical of the Lezioni, examined it as one of "the precritical systems", describing it as a "remarkable work for the period in which it was written" (Bousquet 1927: 29).

3. English-speaking Countries

In the English-speaking world, recognition of Genovesi has been rather limited. McCulloch’s derogatory remarks in the nineteenth century about Genovesi’s alleged mercantilism, noted earlier, contrast with H.D. Macleod’s (1821-1902) acknowledgement of the Italian’s contribution to subjective value theory (Macleod 1872: 327: also 1896). Jevons mentioned Genovesi when answering his own question, "What is Value?" (Jevons 1878: 96). In distinguishing between value in use and value in exchange, Jevons stated: "We may now see how true was the remark of Genovesi, the Italian economist, that 'Exchange consists in giving the superfluous for the necessary'" (Jevons 1878: 97). Jevons’s purpose was to stress that, in the event of there being a demand for goods by the parties to an exchange, both parties stood to gain "because what each receives in exchange is much wanted and has high utility" (Jevons, ibid.).

In his analysis of Pre-Malthusian Doctrines of Population ... of 1904, Stangeland presented a summary of Genovesi’s ideas on population and

13. Genovesi’s definition is: "Il Commercio adunque è per appunto cambiare il soverchio pel necessario" (Genovesi 1768: 347).
depopulation. Similarly, Monroe's treatment of Monetary Theory Before Adam Smith of 1923 contains many references to, and occasional analysis of various aspects of Genovesi's ideas on money, including its evolution, its relationship to economic activity, the quantity theory, debasement, and circulation.

Occasional reference to Genovesi is to be found in some texts on the history of economic thought. For instance, Stark (1944: 14) suggests that the American Henry Carey (1793-1879) "is said to have shown a special similarity [to Genovesi]" because of their common ideas on, among other things, the benefits of population growth and protection of the domestic economy. Another writer, Haney, recognized Genovesi as one of the "relatively important names" (Haney 1949: 832) in early Italian economics, and as a proponent of the subjective theory of value (Haney 1949: 607). Schumpeter's acknowledgement of Genovesi's contribution has already been noted (Schumpeter 1954: 177, incl. fn.11). Recently, Hutchison has described Genovesi as "an important contributor to the Italian tradition in value theory, though he was a learned rather than an original writer" (Hutchison 1988: 405, fn.3).

As noted in Chapter 1, Genovesi has also been identified as one of "the outstanding examples" of "the great Italian economic tradition which flourished during the second half of the eighteenth century" (Groenewegen and Halevi 1983:8). His ideas on the "right population" (Genovesi 1768: 87) have also been highly commended by E. Heimann, who compared Genovesi's ideas with the theory of Malthus and concluded: "This is the most modern, and indeed the most scholarly, approach to the problem. Unfortunately, Genovesi did not elaborate his thesis, and Malthus's own discussion, owing to his polemical purpose, fell far short of it" (Heimann 1945: 85, my italics).

In 1985, Robertson presented a paper entitled "David Hume and Antonio Genovesi: Promoters of Economic Development in Scotland and Naples" at a
conference entitled "Antonio Genovesi: Philosophy and Reforms" held in Italy. In 1987, Bellamy published a paper with the title: "‘Da metafisico a mercatante’ - Antonio Genovesi and the development of a new language of commerce in eighteenth-century Naples". The year 1987 also witnessed the publication of a detailed review by Robertson of the texts on Genovesi by Perna (1984) and Pit (1984). These papers, by political scientists, are of special interest because they are the only papers written on Genovesi in English in the last decade.

4. German-speaking Countries

Recognition of Genovesi in Germany followed soon after his death, with the appearance of a German translation of the two volumes of the Lezioni in 1772 and 1774, respectively.\(^{14}\) The translation by August Witzmann was widely disseminated in Germany inasmuch as it was "cited as an obvious and well-known text in August Ludwig Schlotzer, Briefwechsel meist historischen und politischen Inhalts, Vierter Theil, Heft XIX-XXIV, Göttingen, 1779, p. 117" (Venturi 1960: 526, fn.23). Genovesi's *Storia del commercio* of 1757-58 also appeared in a German translation by Christian Anton Wichmann in 1788.\(^{15}\) According to Tribe (1988: 108), the German teacher and writer L.B.M. Schmid recommended Genovesi's writings in his


\(^{15}\) The German version was entitled: *Anton Genovesi oekonomisch-politischer Commentarius zu Joh. Cary historisch-politischen Bemerkungen über Grossbritanniens Handel und Gewerbe*, Heinsius, Leipzig, 1788. (See Venturi 1969: 636, fn.4). The German interest in Genovesi's economic ideas is also reflected in another translation reputedly begun but not completed by the philosopher Johann George Sulzer in the 1770s. On this, see Venturi 1960: 526.
Lehre von der Staatswirthschaft of 1780. Tribe (1988: 134) also notes that "Cameralistic literature regularly cited the texts of ... Genovesi [among others].

Though he did not refer to Genovesi, List's brief account of German history in his National System of Political Economy helps to explain why a translation of the Lezioni into German in the 1770s may have been considered relevant. List emphasised the active encouragement of agriculture and industry in Germany by Frederick the Great (1712-1786), noting, for example, that "the national industry was considerably advanced by ... the restrictions laid upon the exportation of raw material" (List 1885: 84). Frederick's policy of protecting and promoting the domestic economy and domestic trade by, for example, a "customs tariff" (List, ibid.) had a parallel in the ideas of Genovesi on domestic trade (Genovesi 1768: 355-6). Similarly, Genovesi's protectionist policy would have received the approval of Frederick, inasmuch as it postulated that "the first rule of economics which Sovereigns must have is THAT THE NATION OF WHICH THEY ARE THE HEAD, SHOULD DEPEND ON OTHERS ... AS LITTLE AS POSSIBLE" (Genovesi 1768: 174).

No less importantly, in the Lezioni, as noted earlier, Genovesi emphasised the need for a powerful sovereign, calling him, for instance, the "supreme and independent Moderator for the public happiness" (Genovesi 1768: 20), and assigning him a wide range of responsibilities and authority. Genovesi's conception of a sovereign with manifold powers could not have been lost on the German commentator who stated in the Allgemeine Deutsche Bibliotek of 1773 that "Genovesi's economic works could stand equally with the writings of James Steuart and the French Physiocratic. We have nothing in Germany which can be set against his work" (cited in Venturi 1969: 636-7). It is arguable that the German writer who compared Genovesi's work to that of Steuart and the Physiocrats, was also implicitly comparing, against the background of Frederick's enlightened despotism, Genovesi's conception of a powerful sovereign with Steuart's interventionist "statesman" and the absolute monarchy favoured by the Physiocrats.
The widely read Karl Marx (1818-1883) cited Genovesi in *Capital* (1867) in connection with the basic proposition that "Use-values must ... never be looked upon as the real aim of the capitalist; neither must the profit on any single transaction. The restless never-ending process of profit-making alone is what he aims at" (Marx 1952: 72, my italics). Genovesi had made the following statement, which Marx clearly interpreted as providing confirmation of his own: "The merchant holds in little esteem the profit already made, and constantly has his eyes on the profits of the future" (Genovesi 1768: 426, my italics).

Genovesi was also cited twice by Marx in his *A Contribution to the Critique of Political Economy* of 1859, in connection with his analysis of commodities and precious metals. The first such citation was made in connection with what Marx termed "the universal commodity" (Marx 1970: 48). He stated: "The same term [universal commodity] is used by Genovesi" (Marx, ibid., fn.). The second reference to Genovesi by Marx in his *Contribution* was of greater importance to his argument, inasmuch as it concerns gold, "the material symbol of physical wealth ... the direct incarnation of universal labour, and as regards its content the quintessence of all concrete labour" (Marx 1859: 124-5). Marx stated: "All prices of commodities signify definite amounts of gold; They are thus merely notional gold or notional money, i.e. symbols of gold, just as, on the other hand, money considered as a token of value appeared to be merely a symbol of the prices of commodities" (Marx, ibid.). The postulated interchangeable nature of gold and commodities was clearly seen by Marx as having a parallel in Genovesi's observations "Not only are precious metals tokens of things ... but alternatively things ... are also tokens of gold and silver" (Genovesi 1770: 15).

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16. Marx was possibly alluding to the term "prezzo universale" used by Genovesi (1770: 27), which is not, however, translatable as "universal commodity". Verri (1986: for example, 41, 43, 47) used the term "universal commodity".
Carl Menger (1840-1921) also mentions Genovesi’s work. However, his references are little more than recognition of Genovesi’s contribution to the early literature on relative scarcity, subjective value and money. Arguing that “money may, if one desires, be called a measure of prices” (Menger 1950: 277), Menger included Genovesi “among the writers who trace back the origin of money exclusively or predominantly to the need ... for a measure of 'exchange value' or of prices” (Menger 1850: 277, fn. 24). Together with Law and Turgot, Genovesi was also cited by Menger as opposing “the theory that traces the origin of money to a contract between men” (Menger 1950: 318). This is an important element in Genovesi’s argument that value (as subsequently measured by prices denominated in money) arose out of human (that is, subjective) need.

CONCLUSION

The economic and social reforms Genovesi proposed for the kingdom of Naples were embodied in his ideas on economic growth and development. Both Genovesi and his Scottish contemporary Sir James Steuart constructed early (in the sense of pre-Smithian) systems aimed at economic development. The comprehensive nature of Steuart’s economic system suggests his work is deserving of greater attention by economists than has generally been given to one traditionally designated as a ‘mercantilist’. A comparison of Genovesi’s comprehensive economic

17. Hutchison (1988: 405, fn.3) calls Genovesi one of Menger’s "predecessors". But Schumpeter (1951: 86) says of Menger that he “was nobody’s pupil. In fact he had only one forerunner who had already recognized his basic idea in its full significance - namely, [H.H.] Gossen [1810-58]”. Schumpeter (ibid.) acknowledges that “there are ... many hints of a subjective theory of value ... from the scholastic school onwards, especially by Genovesi and Isnard, and then again by some German theorists during the first decades of the nineteenth century.” But he insists that "Menger’s theory belongs entirely to him - to him and to Jevons and Walras" (Schumpeter 1951: 87). This suggests that Hutchison’s claim that Genovesi was one of Menger’s "predecessors" cannot be taken seriously.
system designed to foster economic progress in Naples with Steuart's system provides grounds for arguing that Genovesi merits a place in the history of economic thought comparable to that of Steuart. Further comparison of these two early systems of economic development with that of Friedrich List lends weight to this argument, inasmuch as the priority given by Genovesi and Steuart to fostering the growth and development of the domestic economy may be seen as foreshadowing the German's concept of "national economy".

The influence of Genovesi's ideas on national economic development was exerted mainly on those disciples who, through their writings in particular, promoted economic and social reform in the kingdom of Naples after his death. To the extent that they drew attention to the economic under-development of Southern Italy and/or denounced institutions and practices which militated against economic progress, various works by some of the leading Neapolitan intellectuals such as Delfico, Galanti, Grimaldi, Longano, Filangieri and Palmieri, reflected the direct or indirect influence of Genovesi's principal aim of achieving economic and social reform. To a lesser extent, a Spanish translation of Genovesi's Lezioni influenced a number of would-be reformers in Spain and its colonies in the late eighteenth and early nineteenth centuries.

Whereas it must be concluded that Genovesi's influence as an "economist reformer" was short-lived and hence of limited scope, recognition of his contribution to economic ideas since his death has continued, albeit sporadically, not only in Italy, but also in France, English-speaking and German-speaking countries. Positive acknowledgement of Genovesi's economic ideas in Italy has been very limited, and seems to owe much to the criticism directed at the Lezioni by Ferrara in particular in the nineteenth century. Genovesi's preoccupation with the economic problems of the kingdom of Naples rather than with more general issues of economic theory has undoubtedly contributed to this limited interest. An apparent revival of
interest in Genovesi's economics has occurred in Italy, which may be dated from 1954, the bicentenary of the chair of political economy. This includes the publication of an Italian edition of his economic works, other than the Lezioni, in 1984; an edition of the Lezioni is to be published in 1992. Reference to Genovesi by writers such as Jevons, Marx and Menger may be interpreted as limited recognition of his contribution to specific aspects of economics. Of Genovesi's individual ideas, those on value and scarcity appealed in particular to the three economists associated with the marginal revolution: Jevons, Menger and Walras. Genovesi's concept of "the right population" has also been recognised as an important pre-Malthusian idea on the subject of optimum population size.

In the English-speaking world, only one writer, Schumpeter, appears to have recognised what was probably Genovesi's main contribution to economics, that is, his attempt, especially in the Lezioni, to construct a specific but comprehensive system of national economic development designed to assist economic reform in the kingdom of Naples. Genovesi's relativism regarding economic systems and his emphasis on national economic development are in this sense comparable to the work of Friedrich List and Henry Carey. As one of the first to recognise the need for a systematic approach to questions of economic growth and national development, Genovesi merits a more important place in the history of economic thought than he has thus far been accorded.
CHAPTER 12
CONCLUSION: TOWARDS A NEW VIEW OF GENOVESI'S ECONOMICS

The thesis has now completed its objectives as set out in the Introduction. Before discussing its findings in this final chapter, it is appropriate to highlight two major aspects of this analysis of Genovesi's economic ideas. The first recapitulates Genovesi's ideas on the type of economic growth and development he envisaged, the second his proposals for economic reform. These two aspects of his economics reflect the underlying thrust of the thesis: Genovesi devised an economic system designed to achieve economic growth and development, whose realisation in the kingdom of Naples necessitated fundamental economic reforms. The chapter then reiterates the major findings of the thesis.

Given his emphasis on the importance of labour in the growth process, an emphasis comparable to that of Smith, the basic growth factor in Genovesi's economic system is population, limited to the "right population" (Genovesi 1768: 87) by reference to quality as well as quantity. Though desirable for its own sake, a greater population is also a necessary source of labour since "the wealth of the State does not originate in the number of men of which it is composed, but in the number of working hands" (Genovesi 1984b: 364). For Genovesi, labour, and the productivity therefrom in the form of agriculture, manufactures and trade, is the main source of economic growth. However, quantitative growth of the labour force is insufficient for wealth creation; increased labour productivity is also needed. This is achieved through education, without which individuals "will either do nothing or do it badly" (Genovesi 1768: 129). Genovesi's emphasis on the qualitative improvement of the labour force suggests the notion of human capital as a significant growth factor in his economics. Since only productive labour produces income directly, greater
growth is achieved by maximising the amount of this type of labour, and minimising unproductive labour, which produces income indirectly.

Land is also a source of growth. Given that self-interest is the major economic incentive, making the ownership of land accessible to a greater number of citizens also promotes growth. Hence, "no land should be inalienable" (Genovesi 1768: 116). Although a concept of physical capital is really only implied in Genovesi's economics, it is recognised, together with technical progress, as a factor which contributes to growth by increasing the fertility of land and the productivity of labour (Genovesi 1984b: 143-4). Infrastructure capital, mainly in the form of roads and ports, is another positive growth factor, inasmuch as it facilitates domestic and foreign trade. In addition, an entrepreneurial factor, suggested by Genovesi's emphasis on the role of "gentlemen" landowners (Genovesi 1768: 81), promotes economic growth by increasing agricultural productivity.

Although Genovesi emphasised factors which augment production and hence growth, he recognised that increased consumption must complement production; increased population and rising living standards are part of the process. As he stated: "Where consumption is greatest, there the land is always well farmed and consequently there you have the greatest number of people and very great wealth" (Genovesi 1984b: 349). A favourable trade balance can also be seen as contributing to growth since it "promotes agriculture and manufactures ... The ... [nation's] population becomes larger every year and accordingly ... it increases ... in wealth" (Genovesi 1770: 226).

Genovesi implicitly recognised the need for government to foster economic growth via expenditure in areas such as public works, health and education. For instance, he considered education a "public right" (Genovesi 1768: 137) and hence the responsibility of government. Similarly, since there are no "taxes without men,
and men who can toil, concern about the number and health of people must be the first article of the science of taxation" (Genovesi 1768: 93). Genovesi also supported the need for public debt to finance economic growth.

The extensive economic and related reforms proposed for the kingdom of Naples by Genovesi follow from the above. Genovesi's belief that the kingdom was under-populated led him to recommend measures to overcome obstacles to population growth. Since, for example, an unhealthy environment discourages population growth, Genovesi advocated, *inter alia*, pest control, land reclamation and inoculation against smallpox; irrigation schemes were needed to improve land fertility. If population growth was to be achieved, the just remuneration of labour was also required. In this regard, Genovesi advocated a real-wage maintenance policy, that is, labour should be compensated for inflation arising from an increase in the price of essential commodities such as grain. Since an unjust taxation system militates against population growth, reform of the taxation system was needed to make it equitable. Moreover, ownership of land was essential to promote agriculture and hence population growth; the system of land distribution therefore required reform to reduce the concentration of ownership.

The health and other reforms just noted were intended to encourage both population growth, growth of the labour force and labour productivity. However, reforms to the education system were also needed to achieve the last objective. Education should be widespread (though not necessarily universal) and useful in the sense that it equipped students to participate in the labour force. The objective of increased labour productivity necessitated a greater emphasis on new and improved capital equipment, especially in agriculture. To this end, "schools of agriculture and all the mechanical [arts]" (Genovesi 1984b: 143) oriented towards practical applications were necessary, rather than purely "theoretical schools, which usually produce idle contemplators, not workers and producers of those things.
whereby life is improved and made more comfortable" (Genovesi, ibid.). The function of such schools was to generate and diffuse technical progress. The prevailing system of absentee landlords in Naples also required reform inasmuch as "gentlemen" landowners were, in Genovesi's view, to provide the entrepreneurial input needed to raise labour productivity in agriculture.

Greater freedom in trade, subject to the national interest, was essential, particularly in the grain trade. Since domestic trade was the basis of foreign trade, removal of all barriers to the internal free movement of merchandise was imperative. The encouragement of exports necessitated lower export duties, as well as improved roads and ports.

Equitable economic development required all prices to be naturally determined; only then could prices be described as just. Consequently, reform of the system of determining prices was called for, including the proscription of monopoly and legal prices. In the further interest of wage justice, the practice of "raising the coin", which was inherently inflationary, also required reform. The failure to limit the availability of private credit had potentially inflationary consequences; reform of the system was therefore necessary to ensure such credit was in proportion to the nation's real resources.

Notwithstanding the church's official stance against usury, the institution of a system of naturally determined interest rates was essential to the successful functioning of the Neapolitan economic system. Reform of the tax collection system in the kingdom of Naples was also necessary; though supportive of public debt to finance economic growth, Genovesi opposed the excessive use of tax-farmers to generate public credit.
The foregoing has shown that Genovesl's ideas were motivated by his belief in the need for economic growth in the kingdom of Naples, the realisation of which required extensive structural and other reforms. Genovesl's predominant concern to provide workable solutions to economic problems in the kingdom as a whole, is the basis of the first main conclusion of the thesis: his work is most appropriately described as that of a *national* economic reformer. While the designation of Genovesl as a reformer is not new, the emphasis given here to his role as a "*national* economic reformer" is argued to more accurately portray his contribution as Professor of Political Economy in Naples. This perspective contrasts with the limited view commonly adopted in the interpretation of Genovesl's economic ideas and hence may be seen as one contribution to the understanding of his significance as an economist. So far as Naples was concerned, Genovesl's vision was no less *national* than List's in respect to Germany in the nineteenth century. The same may be said of Henry Carey, who has been likened to both Genovesl and List, and who evinced an equally national fervour in his "great vision" (Schumpeter 1954: 516) of an autonomous United States economy.

The interpretation of Genovesl's economic ideas within a framework of national reform is explained and justified by his own admitted historical relativism. Since for Genovesl an economic system was a unique entity, it required unique rather than general solutions to its problems. To economists such as Ferrara and McCulloch, the essentially relative, specific nature of Genovesl's economics was apparently irrelevant. By evaluating his ideas from the perspective of the universal applicability of classical free trade principles, such critics failed to appreciate that Genovesl's perspective was in fact the national one designed to promote economic reform in the kingdom of Naples. The discussion of Chapters 3 to 9 shows that Genovesl's ideas on population and education, wealth and production, foreign trade, value and price, money, private credit and interest, and public finance, though usually enunciated in general terms, can ultimately be seen as an attempt to
provide specific solutions to economic problems of a national character. His examination of population (Genovesi 1768: Ch. V), for example, was devoted largely to "the main causes of depopulation" (Genovesi 1768: 89ff). That these were derived from Neapolitan experience and were to be applied to the situation in Naples was never in doubt, for Genovesi (who believed the kingdom's population was only four million (Genovesi 1768: 150)) agreed with those "who have held that ... [the kingdom] could support more than seven million people" (Genovesi 1768: 492).

Again, Genovesi's remarks on education in the kingdom were made expressly with a view to reforming all levels of education in the nation, where "there are still to be found in large part, our ancient and barbaric and not only useless, but harmful studies" (Genovesi 1768: 512). Even in the area of price determination, Genovesi's treatment was arguably directed to correcting a major problem in Naples. Genovesi stated that prices were determined "with justice" only when they were "in accordance with nature" (Genovesi 1770: 21). Consequently, "it is a huge mistake in economics to issue edicts which fix prices" (Genovesi 1962b: 169). This principle was applied directly to Naples: "These edicts serve to create famine. A legal price (assisa) produces two evils; one is to cause commodities to be hoarded; the second is to make them leave the country stealthily. We saw both of these things in this year [1764] of misery" (Genovesi, Ibid.). The range of actual structural and institutional problems in the kingdom of Naples identified by Genovesi which were considered in the second part of Chapter 2, serves to emphasise that the imperative of reform for him was a national one.

The argument so far provides the basis for the second main conclusion of the thesis: that Genovesi's work merits substantial recognition in the history of economic thought as an early and significant comprehensive economic system aimed at achieving national economic growth and development. Although his work fails to provide a completely formal analysis of an economic system, the essential characteristics of an economic system qua system are contained explicitly or
implicitly in Genovesl's economic ideas. This can be demonstrated by its following qualities. Firstly, economic decision-making was shared by governments and private interests. In this regard, it was shown in Chapter 11 that Genovesl advocated government intervention to promote economic growth. Moreover, as noted in Chapter 5, Genovesl upheld the principle of freedom in the grain trade, stating that governments "WILL DO NOTHING, BUT ALLOW TO BE DONE" (Genovesl 1768: 395). Freedom was also identified as essential to "Agriculture, the Mother Art" (Genovesl 1768: 303). In a broader sense, Genovesl defended freedom as the most important requirement for trade (Genovesl 1768: 364), albeit such freedom was constrained by the national interest.

It is also clear that Genovesl was aware of the need for suitable incentives to economic performance, arguing: "Man does not operate naturally except out of self-interest" (Genovesl 1768: 57). Greater productivity for him depended on material incentives; as he stated: "When there is an increase in profit, the first and main mover of all industry, it is inevitable that you will work harder" (Genovesl 1768: 426). Profit was "the intrinsic and natural reward of labour ... it is always the bait (esca) of those who work" (Genovesl 1768: 333). Genovesl also argued that, in addition to monetary rewards, public honours should be used by governments to stimulate invention and innovation (Genovesl 1768: 317ff).

As shown in Chapter 4, the importance of property rights was also recognised by Genovesl as essential to the economic system he devised. Genovesl was uncompromising in this regard: "You don't farm where there is no land; and you don't want to farm if you don't have any part in ownership" (Genovesl 1768: 166). Finally, as noted in Chapter 6, Genovesl's insistence on justice in pricing and his defence of the legitimacy of high prices, suggest his appreciation of the need for a rationing and allocative mechanism in an economic system. Perhaps he also recognised implicitly that if "public opinion" (Genovesl 1770: 21) was to determine
prices, an appropriate mechanism was essential in an economic system in order to provide the information the market process needed to function effectively.

The basic characteristics of an economic system listed in the previous three paragraphs are indicative of the nature of the development process envisaged by Genovesi for the kingdom of Naples. These all revolve around Genovesi's key factor in economic development, that is, labour. His emphasis on self-interest as the principal economic incentive, the right to own land (which necessitated its more equal distribution in Naples), and substantial economic freedom, were clearly designed to promote the cause of labour and hence development; equitable economic development was also guaranteed if prices were determined by "public opinion", and hence in accordance with natural law. As the main factor in economic development, the quantitative and qualitative growth of labour was essential; this was to be achieved via population growth and education. A growing labour force and one that was more productive necessitated, among other things, an equitable taxation system, that is, one that did not act as a disincentive to labour. Foreign trade was also to have regard to the interests of domestic labour. In addition, a uniform distribution of money and low interest rates were intended to advantage labour by encouraging economic activity. This brief summary of his economic system demonstrates that Genovesi conceived of his economic ideas, as examined in Chapters 3 to 9 above, as the components of a complete, interconnected system designed to foster economic development principally by promoting a greater and more productive labour force.

The comparison made in Chapter 11 of the economic systems of Genovesi and Steuart, showed that the aim of both writers was to present a comprehensive account of the main factors required for economic development. How well they achieved this aim is still a matter for debate; for example, Schumpeter says of Genovesi's major work, the Lezioni, that it was "an unsystematic system of the whole
range of his economic thought ... and, what is worse, the argument frequently lacks rigor" (Schumpeter 1954: 177, n.11). In the context of assessing Genovesi's importance as an economic thinker, however, Schumpeter's negative appraisal of the Lezioni is of less importance than his subsequent recognition that "nobody had, when ... [the Lezioni] appeared, published as comprehensive a presentation of the utilitarian welfare economics that the epoch was evolving" (Schumpeter, ibid.). Though not restricted to the Lezioni, the notion of public welfare or, as Genovesi sometimes simply called it, 'happiness', is one of the conceptual foundations of this work. Genovesi argued that "the whole body politic ... is obliged to do ... all it knows and can for the common prosperity ... That every family and individual is obliged to ensure ... the common happiness" (Genovesi 1768: 51). In the early part of the Lezioni, Genovesi demonstrated in a separate chapter how the various classes "can contribute to the order and opulence of the State, and hence to their own and the public's happiness" (Genovesi 1768: 76). It is noteworthy that "opulence" is not desired by Genovesi as an end in itself, but for the general benefits it confers on society. Genovesi left no doubt that the welfare of society as a whole was among "the main aims of political economy" (Genovesi 1768: 17). As well as postulating that a nation should have an optimum population, he indicated that it should be "as comfortable, well-off and powerful as possible" (Genovesi, ibid.). Given the aims specified by Genovesi, it is difficult to argue that he believed the objectives of an economic system were limited to the acquisition of "power and plenty", as Viner (ibid.) so aptly summarised the essentials of mercantilism. This has implications for assessing Genovesi's economics as 'mercantilism', an issue treated in a later conclusion.

The Lezioni confirms the comprehensive nature of Genovesi's attempt to specify the essential elements of the economic system he envisaged for Naples, including, as it does, the issues of population, education, agriculture, manufactures, labour, trade, taxation, public credit, prices, money and interest. Given that both
Genovesi and Steuart simultaneously but quite independently devised systems of economic development, it is arguable that Genovesi's work in this regard deserves at least the same recognition in the historical literature as has been accorded to Steuart. It has been suggested that the latter should "be called a pioneer theoretician of social or welfare economics" (Sen 1957: 152). In view of his comparable aim to produce an economic system whose ultimate objective, as noted above, was "the public's benefit and happiness" (Genovesi 1768: 319), it is arguable that Genovesi merits similar attention in the history of economic thought.

The third main finding of the thesis is that the traditional description of Genovesi's work as 'mercantilist' is inappropriate. This follows in fact from the previous arguments. Giving prominence to one or more of his policies or ideas such as population growth or the balance of trade has, with few exceptions, been the basis of depicting Genovesi as a 'mercantilist'. However, such a perspective fails to recognise that Genovesi's objective was to devise an inter-related economic system aimed at economic reform in Naples. It was suggested in Chapter 10 that a more comprehensive approach to his economic ideas leads to rejection of the frequent judgement of Genovesi as a 'mercantilist'. Such an approach is implicit when viewing Genovesi's work in its national context. The national orientation of Genovesi's work as a reformer stressed in the thesis thereby calls into question his designation as one of the many 'mercantilist' writers.

That interpreting Genovesi's work as 'mercantilist' is unwarranted is reflected in the qualifications applied by some commentators who described him sometimes as either a "moderate", or a "refined" mercantilist. The implicit denigration of Genovesi as a 'mercantilist' writer has also unquestionably contributed to the failure of many historians of economic thought to recognise and enquire more closely into the broad, national scope of his economic ideas. By contrast, Steuart, who has been labelled the "Apotheosis of mercantilism" (Anderson and Tollison 1984: 456), has not...
suffered quite the same fate. As previously noted, Skinner, among others, has focussed attention instead on: "Steuart's attempt to produce a single great conceptual system" (Skinner 1981: 21). This thesis makes the case for a similar reassessment of Genovesi's work.

The case against identifying Genovesi with 'mercantilist' thought also comes from the explicit welfare objective he specified as a necessary concern of political economy. Chapter 11 showed that according to Genovesi the aims of political economy were to provide "the solution to these four great problems. I. To have the greatest possible population, II. To have the greatest possible amount of amenities. III. The greatest possible wealth, IV. and the greatest possible power" (Genovesi 1984b: 127). Inclusion of "amenities" among these aims suggests that Genovesi's perspective extended beyond the traditional 'mercantilist' aims of "power and plenty" assigned to them by Viner (ibid.). Genovesi emphasised the interdependence of the above aims, saying: "It is impossible to have the maximum amount of amenities, wealth and power without achieving the greatest possible population, nor population without the first three" (Genovesi, ibid.). In short, economic development necessitated higher living standards, which, Genovesi argued, would be manifested in greater consumption (Genovesi 1984b: 159). Genovesi also stressed that greater productivity could not be achieved "without good health, and ... without amenities" (Genovesi 1768: 182). Indeed, "these amenities place English agriculture far above French agriculture, and in this same proportion the revenue from agriculture" (Genovesi 1768: 182, n.(a)). The welfare aspects of Genovesi's "pubblica felicità" (Genovesi 1768: 76) are also conveyed in his denunciation of the proposition "that people are more industrious the more they are beggarly, wretched and poor, that is, hardened to doing without and hence apathetic to every amenity" (Genovesi 1768: 57). This dismal scenario of abject poverty and its ultimate physical and psychological consequences contrasted with the alternative Genovesi advocated: a labour force enjoying the benefits of its productivity by consuming the amenities of
life and anything but apathetic to them. The welfare objective of Genovesi's political economy adds a dimension to Genovesi's proposed system of national economic reform which, as Genovesi indicated, was essential to its successful operation. This lends weight to one of the main propositions of this thesis, that Genovesi's aim to achieve national economic reform precludes his uncritical classification as a 'mercantilist'.

There is a moral dimension in Genovesi's treatment of economic behaviour which casts further doubt on his 'mercantilist' inclinations. Although Genovesi acknowledged repeatedly that "No man works except out of self-interest" (Genovesi 1962b: 172), he observed: "Nothing is truer: the first motive power of the arts, of the opulence, of the happiness of every nation, is good mores and virtue" (Genovesi 1768: 307). Genovesi stated: "I am obstinate in my belief that you cannot have economics or politics or the arts or industry or anything good unless you have a sound and enlightened virtue" (Genovesi 1962b: 177). Genovesi insisted that "It is useless to think about the arts, about commerce, about government, if you don't think about reforming morals" (Genovesi 1962b: 178). In 1765, he wrote to a friend: "My aim would be to see if I can leave my fellow Italians a little more enlightened than I found them ... and also a little more inclined to virtue" (Genovesi, Ibid.). Clearly, Genovesi intended the moral improvement of individuals and society to be part of the process of economic development. Indeed, it may be argued that a morality of economic behaviour is implicit in purely formal aspects of his economics; for example, in the requirement that, to be just, prices must be naturally determined. The failure to recognise or acknowledge the existence of an implicit or explicit moral dimension in Genovesi's economics has arguably contributed to his common designation as a 'mercantilist'.

Finally, the thesis can claim to be the first systematic study of Genovesi's economics which views his ideas in the necessary context of a system of economic
growth and development. In this way, it can be conceived as a major contribution to Genovesian scholarship. This assertion recognises that Genovesi's economic thought has been previously examined in some detail, especially by the Italian scholar Troisi in a series of articles published between 1937 and 1942. However, though he observed that Genovesi's "economic doctrine ... forms a fairly organic system" (Troisi 1941a: 215), Troisi never attempted a synthesis of Genovesi's economic ideas as a system of national economic development along the lines suggested here. The same may be said of De Luca's survey of Genovesi's economic ideas in his Economic Science and Social Policy in The thought of Antonio Genovesi of 1970. Although he referred to "Genovesi's program of social and economic development" (De Luca 1970: 94), De Luca's main concern was to analyse the former's individual economic ideas. This exclusive approach led him to highlight, for example, "mercantilist concepts" in Genovesi's treatment of international trade (De Luca 1970: 63ff.) and their "absurdity" (De Luca 1970: 63 and 65). In the event, De Luca made no attempt to integrate Genovesi's specific economic ideas into an interrelated system of national economic development. Clearly, De Luca did not share Schumpeter's view that "the 'mercantilist' elements in Genovesi's teaching only prove the realism of his vision" (Schumpeter, ibid.).

Other post-Second World War studies of Genovesi's economics by Italian writers, especially Demarco (1956) and Villari (1959), have also emphasised specific aspects of his work at the cost of directing attention away from the appropriate context of Genovesi's ideas in his total system of economic development. The commemorative volume edited by Demarco, Studies in Honour of Antonio Genovesi in the Bicentenary of the Establishment of the Chair of Economics, included contributions by different Italian writers, but this publication was not a systematic study of Genovesi's economic ideas. For example, although it contained several papers relating to Genovesi's treatment of population, none dealt with his ideas on value, price and money. Similarly, despite its wide-ranging title, Villari's The
Economic Thought of Antonio Genovest represents only a partial coverage of that thought and cannot therefore be considered a systematic study. Aside from a very brief reference in a concluding footnote (Villari 1959: 130-1), the "exclusively theoretical problems" (Villari 1959: 130, fn.) examined by Genovest in the second volume of the Lezioni (1770) were not addressed by Villari.

While more recent work by Piì (1984) in Italian, and Robertson (1985, 1987) and Bellamy (1987) in English, suggests renewed interest in Genovest's ideas, their perspective is largely that of the political scientist. It is possible that the publication of a critical edition of the Lezioni in 1992, the first reissue of this work since 1852, together with Genovest's other economic writings edited by Perna and reprinted in 1984, will stimulate further Genovestian scholarship by economists. However, to realise its potential such research must recognise, as the thesis has done, that an authentic and realistic interpretation of the economic work of this early Italian "economist reformer" requires a broad, national perspective which takes into consideration the impact of his contemporary economic and social situation in the kingdom of Naples on his ideas.

Arguably, the most important finding of the thesis is that Genovest's economics is amenable to analysis and assessment precluded by his designation as 'mercantilist'. The thesis has therefore emphasised the reform and national development context of Genovest's economic ideas, and argued that the welfare and moral objectives he proposed should be an important aspect of any evaluation of those ideas. This constitutes a significant departure from the more common practice of interpreting Genovest's work as an economist from the narrow perspective of a presumed 'mercantilism' on his part. If this thesis has helped to correct the fundamentally misleading impression about Genovest's ideas resulting from the application of 'mercantilist' preconceptions to his work, and shown that a very different view of his economics is possible, it will have achieved its objectives.


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