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The Nature of Physiocratic Society:

An Attempted Synthesis of the Beer-Ware Interpretations

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INTRODUCTION

CONFLICTING INTERPRETATIONS of Physiocracy exist. Especially important in the literature on Physiocracy is the disagreement between the interpretations by Max Beer and Norman J. Ware (1). These two interpretations are presented and evaluated below. To the knowledge of the present writer, the conflict between these two views has not been resolved in the literature (2). A significant effort has been made by Raymond S. Franklin (3) to provide insights into the conflict of interpretations. Franklin's primary purpose, however, was to refute Beer and to sustain Ware. Ronald L. Meek (4) also tended to agree with Ware, as does the present writer; but this approach by itself does not necessarily constitute a resolution of the conflicting interpretations. The insights provided by Franklin and Meek are instrumental in laying the basis for a resolution of the conflict. A suggested resolution is presented as the conclusion to this article.

I

BEER'S INTERPRETATION

BEER ARGUED that Physiocratic theory depicted a neo-medieval society. "[Francois] Quesnay's main endeavour . . . was to re-create a medieval society which should be of greater permanency and excellence than the old one had been (5)." Joseph J. Spengler summarized much of Beer's interpretation:

This society was to be headed by a pious king, subject to the laws of nature, which were to be interpreted for him by a council of jurists in the same manner as the laws of God were interpreted for medieval kings by the spiritual lords and canon lawyers. This society was to consist of three estates: (a) the nobility and the clergy, to be charged with secular and religious administration and to be supported out of the net product; (b) the cultivators of the land, to be responsible for the support of the State and the subsistence of the population, and to be entitled only to their own sustenance; (c) the unproductive tradespeople and merchants, whose moderate reward was to be fixed, not by statutory control, but by the more effective device of free competition (6).

In support of his interpretation, Beer remarked that the neo-medieval society of Physiocracy is:

a static society, as medieval society was, prior to the rise of the mercantilist balance of trade and the spread of manufacture. Its wealth is limited by the annual yield of agriculture and is distributed according to the status of the three estates. There is no dynamic class pressing on its limits, or disturbing the stable equilibrium: there is no urge for expansion. The growth of the population is dependent on the annual produce. There are no inventions. The craftsmen are working in the workshops, either their own or provided by the nobility and abbots. They are fashioning the things which the proprietors, the clergy, and the other inhabitants need. . . . There is no laying up of pecuniary riches or treasure; the inhabitants are spending their incomes as they receive them. . . .

The ideal realm is a rationalized medieval society which deals out distributive justice to the various orders. . . . This realm, through its economic liberty, allows commutative justice, equality of exchanges to be the rule between vendor and buyer. . . . It is a neo-medieval society, which negates mercantilism, rejects the balance of trade policy, and corrects some of the shortcomings of old medieval society, which knew no liberty for the villein in his tillage, nor free play of supply and demand to determine the *justum pretium*, the just and good price between buyer and seller (7).

II

WARE'S INTERPRETATION

WARE (8) HELD that the Physiocrats developed a system of economic and social reforms designed to solve the special agricultural problems of 18th century France and to serve the needs and interests of the newly-established commoner landowners. Ware maintained that these new landowners became prosperous through the governmental bureaucracy and eventually superseded the nobility as the landowners of the nation. They invested huge sums in agriculture and bought the estates of bankrupt nobles. They still retained their bourgeois ideas of profit-making, however, even though they imitated the nobility in other ways and assumed an aristocratic point of view toward their own status. This group of commercially-minded landowners with middle-class preconceptions did not look upon their lands as hereditary claims to income alone. They felt that the land must yield a surplus or a profit.

Ware interpreted the Physiocratic doctrines of free trade, the single tax, and the sole productivity of agriculture as the products of and apologetics for a special class-interest which the Physiocrats considered to be the interest of France as a whole. He suggested that at least some of the Physiocrats and their followers were not professional political

economists but rather officials of the French bureaucracy who had prospered and who had risen to the status of landowners.

According to Ware, Physiocratic theory and the accompanying social movement (albeit unsuccessful until the French Revolution) grew out of the particular needs of this new, commoner landowning class under a bankrupt king and an outdated fiscal system. Quesnay was, indeed, a liberal reform philosopher whose suggestions arose from a historico-sociological context and involved problem-solving, (9) and many of the followers of Quesnay were commercially-minded landowners who possessed a mixture of middle-class and aristocratic preconceptions. It should be pointed out, however, that neither Quesnay nor the Marquis de Mirabeau, the two fathers of Physiocracy, came from bourgeois families. Quesnay was neither a major landowner nor was he dependent for his income on the returns of land (10). People, however, need not be members of a class to favor it; for example, Karl Marx was not a member of the proletariat, and Adam Smith was not a businessman.

Quesnay did criticize both the aristocracy (the proprietors and the irresponsible nobility) (11) and the middle-class manufacturers (the sterile class) (12). He did ask the landlords to pay a very high price in the form of the single tax for their exalted position in the community (13). But Quesnay also defended the landowners' right to the revenue from land. Quesnay made the landowners the cultural heroes of the society by giving them sole credit for clearing and preparing the land for cultivation (*avances foncières*), for maintaining the land (*dépenses foncières*), and for supervising agricultural enterprise (14). He saw only land (or Nature) as truly productive (15). The landowners were the guardians of the land and of its productivity (16).

Quesnay's defense of the landowner carried some of the same kind of emotional zeal that Marx later put into the doctrine of the surplus value created by laborers. It justified a power system and privileged treatment for landowners. Since society's very existence and prosperity depended on land, the landowners had to be given a return in order to induce investment in land and to provide funds for its improvement. The institution of private property had to be maintained in order to encourage agricultural production.

Quesnay did not ask the landowners to pay such a heavy tax when one considers the privileged position that was planned for them. In Quesnay's ideal society everybody was to live at the subsistence level (17) except the landowners and other worthy members of the proprietary class who

were supported out of the revenue, namely, the State and the Church (18). This means that only this small elite group in the proprietary class would have benefitted from science and technology. Quesnay's privileged group would have received everything above the subsistence level for the masses. His agricultural theory of value and his single tax were untenable, but granting him his utopia, his position was perfectly logical because the landowners would have monopolized all the economic surplus of society and so they alone would have had the incomes out of which to pay the single tax.

III

THE CONFLICT OF INTERPRETATION

BEER WAS PARTLY CORRECT in saying that Quesnay wanted to return to the past. Quesnay was impressed with the contrast between the confusion of human society and what appeared to him to be the harmonies of the natural order (19). Believing he had discovered the rational, natural, biological laws of a science of political economy (29), Quesnay felt that if he could win people over to his point of view, they would give up all of man's blundering, arbitrary and unenlightened interference (21). At the same time, he wanted to return to the halcyon days when men were not vexed with problems such as those current in his time (22). This is consistent with the way mores and traditional values influence people; they teach that man's well-being is due to his strict observance of the laws and commandments received out of the distant and legendary past. If man will follow the received "prosperity code" all will be well; if he falls away from and transgresses the code, then calamity will befall him.

This is not the entirety of the issue, however. Quesnay fervently believed that agriculture should be prosperous, profitable and expanding (23). He believed in economic development, as economists say today. He saw the function of government to be relatively simple: establish and maintain the conditions of the natural order and enforce the natural laws and rights of man. Most of these laws related to property rights, competition, free trade, and to the unhampered right of the farmer-entrepreneur to attempt to make a profit (24). Once the conditions of the natural order have been established in the positive order, government should refrain from interfering (unless and until economic maladjustments developed) and trust enlightened self-interest in the competitive economy to effect order. If maladjustments developed, then government should take appropriate action to restore the conditions of the natural order and the rule of the natural laws, so that competition could prevail again.

The laws (biological and Newtonian) of science and Nature vouch for and guarantee the efficacy of the Physiocratic system. Both science and Nature endorse the social hierarchy and the supporting ideology of Physiocracy. This was not the philosophy of feudalism. It was the philosophy of a pecuniary society (25).

Ware may have been mistaken in trying to tie this new ethos as tightly as he did to the new, commoner landowning class, but he was correct in calling attention to the capitalistic orientation of the Physiocrats. These ideas tended to identify Physiocracy with the new secularism, new liberalism and new capitalism of the age. At the same time, the feudal commitments and preconceptions of Physiocracy were just as strong, if not stronger.

Since both of the characteristics—feudal preconceptions and a capitalistic orientation—were present in Physiocratic theory, it is quite possible and not surprising for Beer and Ware to perceive different things, ignore what did not fit their own point of view, and interpret Physiocracy as differently as they did. Yet both elements are there and must be reckoned with. These points provide the foundation for resolving the Beer-Ware conflict.

IV

CONCLUSION: RESOLUTION OF THE CONFLICT

THIS DISCUSSION can now be brought to a close with a proposed resolution of the conflicting interpretations of Beer and Ware. Meek and Franklin have provided the key; their central ideas on this point are quoted here in juxtaposition:

The society which the Physiocrats visualized, in short, was indeed a 'capitalist' society in the broad sense, but a capitalist society in which the landowning classes, by accommodating themselves to the new conditions, would be able to retain their old positions of predominance (26).

The search for status by the agrarian members of . . . [the] *nonveaux riches* did not lead to an open attack on the values promulgated by the *ancien régime*. Instead, challenges to the existing institutional arrangements expressed themselves as surreptitious compromises and under the cover of feudal manifestations. . . . This context accounts for the reason the Physiocrats could appear like medievalists in modern garb. But more accurate is the opposite assertion—that they were quite modern in medieval garb (27).

Viewing the conflicting interpretations of Beer and Ware in light of the above remarks suggests a resolution. Beer it seems, was unable to penetrate the veil of medievalism and the "cover of feudal manifestations;" therefore, he interpreted Physiocracy as an attempt to create a neo-

medieval society. Ware, on the other hand, ignored or failed to see the significance of the "surreptitious compromises" and the "cover of feudal manifestations" in which Physiocratic theory was clothed, and he overlooked important features of the socio-historical context previously discussed. He failed to see that since the Physiocrats believed agriculture to be the most likely and most promising activity for the application of capitalistic methods of production, their argument for agricultural capitalism was in reality a plea for capitalism per se. As a result, he mistook the agricultural capitalism of Physiocratic theory to be the essential meaning of the theory; therefore, he interpreted Physiocracy as essentially a rationalization of the economic interests of the new class of commoner landowners. This "rationalization" was in reality the Physiocrats' argument for capitalism in the form of agricultural capitalism and in the guise of "surreptitious compromises" and "under the cover of feudal manifestations."

A resolution is further effected and strengthened by noting that both Beer and Ware were partly correct but that each overstated his case. It is true that Quesnay wanted to return to the halcyon days of the past. Beer saw this, but he overemphasized it to the exclusion of other features of Physiocracy. It is also true that Quesnay was arguing for the establishment of capitalistic methods of production and economic organization in the only area of French economic life which seemed promising to him, namely, agriculture (28). Ware saw this capitalistic and secular orientation in Physiocratic theory, but he overstated his case by linking Physiocracy as closely as he did to the economic interests of the new class of commoner landowners.

Neither Beer nor Ware utilized the best social science analysis available in interpreting Physiocracy. Quesnay was attempting to work within what modern social scientists call the context of the culture, taking into account and utilizing both the ceremonial-ideological aspect and the technological-instrumental aspect of culture. Interpreting Quesnay's theory and proposals in modern social science (culturological) terms, the following point emerges. He did not argue for the new ideology that was purely utopian and hence unattainable, nor for an ideology that was attainable only through bloody revolution, nor for a new social system totally without ideology (which is unrealistic nonsense). Quesnay instead showed wisdom in attempting to suggest and to bring about social change by developing a new ideology that was much like the old but that also was more appropriate to, more nearly consistent with, and more permis-

sive (less restrictive) of the emerging technological system than the older, existing ideologies (29).

This is similar to John Maynard Keynes's attempt to save capitalism by changing it enough and in such a way as to make it consistent with the requirements of mature capitalism, while retaining the predominance of the capitalist, the businessman and the investor. This approach is congruent with the institutionalist's general notion or theory of social change and progress—that is, attainable social change consists of developing a new ideology that is acceptable and at the same time more appropriate to, more nearly consistent with, and more permissive (less restrictive) of the evolving technological-industrial system.

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1. See Joseph J. Spengler, "The Physiocrats and Say's Law of Markets, I-II," *Journal of Political Economy*, 53 (September and December, 1945), pp. 327-28, n. 116.
2. Ware's interpretation was mentioned and brushed off with a trivial argument in Henri Woog, *The Tableau Economique of Francois Quesnay: An Essay in the Explanation of Its Mechanism and a Critical Review of the Interpretations of Marx, Blimovic and Oncken*, Staatswissenschaftliche Studien, Neue Folge, Band 7 (Bern, Switzerland: A. Francke A. G. Verlag, 1950), pp. 13-14.
3. "The French Socio-economic Environment in the Eighteenth Century and Its Relation to the Physiocrats," *American Journal of Economics and Sociology*, 21 (July, 1962), pp. 299-307.
4. Ronald L. Meek, *The Economics of Physiocracy: Essays and Translations*, University of Glasgow Social and Economic Studies, No. 2, New Series, published by George Allen & Unwin Ltd. (Cambridge: Harvard University Press, 1963), pp. 392-98.
5. M. Beer, *An Inquiry into Physiocracy* (New York: Russell & Russell Inc., 1966), p. 167.
6. Spengler, *loc. cit.*; cf. Beer, *op. cit.*, pp. 167-68.
7. Beer, *op. cit.*, pp. 169-70.
8. Norman J. Ware, "Physiocrats: A Study in Economic Rationalization," *American Economic Review*, 21 (December, 1931), pp. 607-19; see also Spengler *loc. cit.*, and Meek, *loc. cit.*
9. Meek, *op. cit.*, pp. 22-27 and 370.
10. The definitive biography of Quesnay is that by Jacqueline Hecht, "La vie de Francois Quesnay," in *Francois Quesnay et la physiocratie* (Paris: Institut National d'Etudes Démographiques, 1958), Vol. I, pp. 211-94.
11. "The proprietors are useful to the State only through their consumption; their revenue exempts them from labour; they produce nothing; and if their revenue was not circulated among those in the remunerative occupations, the State would be depopulated through the greed of these unjust and treacherous proprietors. Laws would be passed against these men, who would be useless to society and withholders of the fatherland's wealth." F. Quesnay, "Taxation," in Meek, *op. cit.*, p. 104.
12. "The nobility and the clergy have demanded limitless exemptions and immunities." F. Quesnay, "Second Economic Problem," in Meek, *op. cit.*, p. 190.
13. "The merchant tries to buy at the lowest possible price and to sell at the highest possible price, so as to make his gain as high as possible at the expense of the nation: his individual interest and that of the nation are opposed." F. Quesnay, "Analysis of the Arithmetical Formula of the *Tableau Economique* of the Distribution of Annual Expenditure in an Agricultural Nation," in Meek, *op. cit.*, p. 164; see also F. Quesnay, "Corn," in Meek, *op. cit.*, pp. 72-73.

13. "But this public revenue of 800 millions, directly comprising *two-sevenths* of the territory's net product, would seem excessive to the landed proprietors. Their ignorant greed has never allowed them to understand that taxes ought to be taken only from the revenue of the land. . . . They are convinced that if they give directly *one-tenth* of the revenue of their land they are paying their share of public contributions in full." Quesnay, "Second Economic Problem," in Meek, *op. cit.*, p. 190; see also Quesnay's conclusion on p. 202.

14. "The proprietors, who make none of the advances and do none of the work of cultivation at all, so that we cannot include them in the *productive class*, nevertheless began by making the first advances [*avances foncières*] necessary to put their land in a cultivable state, and still remain charged with the maintenance of their patrimony. . . . The social order necessarily presupposes this third class of citizens, who originally laid the foundations of cultivation, who are its guardians, and who as *proprietors* distribute the net product." F. Quesnay; "Dialogue on the Work of Artisans," in Meek, *op. cit.*, p. 205.

"The proprietors may also be regarded as men who produce through the direction and improvement of their property." F. Quesnay, "Men," in Meek, *op. cit.*, p. 98.

15. "*The land is the unique sources of wealth.*" F. Quesnay, "General Maxims for the Economic Government of an Agricultural Kingdom," Maxim III, in Meek, *op. cit.*, p. 232; see also Quesnay, "Dialogue," in Meek, *op. cit.*, p. 209.

16. Quesnay, "Dialogue," in Meek, *op. cit.*, p. 205.

17. "The level of wages, and consequently the enjoyments which the wage-earners can obtain for themselves, are fixed and reduced to a minimum by the extreme competition which exists between them." Quesnay, "Second Economic Problem," in Meek, *op. cit.*, p. 194.

"If you compare the gains received by the workers who make industrial goods with those of the workers whom the husbandman employs in the cultivation of the land, you will find that the gains in both cases are confined to the subsistence of these workers." Quesnay, "Corn," in Meek, *op. cit.*, p. 73.

18. "Landed property provides subsistence to those who are engaged in cultivating it, and procures revenue for the sovereign and proprietors and tithes for the clergy." Quesnay, "Men," in Meek, *op. cit.*, p. 96.

"The net product of landed property is distributed to three proprietors—the State, the possessors of land, and the tithe-owners." Quesnay, "General Maxims," Note on Maxim V, in Meek, *op. cit.*, p. 238.

19. "The host of contradictory and absurd laws which nations have successively adopted proves clearly that positive laws are often apt to deviate from the immutable rules of justice and of the natural order which is most advantageous to society." "Transgressions of natural laws are the most widespread and usual causes of the physical evils that afflict men." F. Quesnay, "Natural Right," in Meek, *op. cit.*, pp. 45 and 48; see also pp. 52–53.

20. See Quesnay, "Dialogue," in Meek, *op. cit.*, p. 204.

21. "The man endowed with intelligence has the special privilege of being able to contemplate and understand them, so as to draw from them the greatest possible benefit, avoiding any rebellion against these supreme laws and rules." "It is only the understanding of these supreme laws which can ensure the continuing peace and prosperity of an empire; and the more a nation applies itself to this science, the greater will be the sway of the natural order in it, and the more correct will its positive order be." "If the torch of reason illuminates the government, all positive laws harmful to society and to the sovereign will disappear." Quesnay, "Natural Right," in Meek, *op. cit.*, pp. 50, 54, and 55; see also Quesnay, "General Maxims," Maxim II, in Meek, *op. cit.*, p. 231, and Quesnay, "Analysis," in Meek, *op. cit.*, p. 154. It should also be noted that from the beginning of 1767 the Physiocrats had at their disposal Baudeau's journal, *Ephémérides du Citoyen*, and they used this journal for the singular purpose of winning people over to their point of view; see Meek, *op. cit.*, p. 32.

22. See Quesnay, "Corn," in Meek, *op. cit.*, pp. 83–84 and 87; also F. Quesnay, Extract from *Rural Philosophy*, in Meek, *op. cit.*, p. 149, where he refers to the administration of M. de Sully.

Meek said: "There is indeed a certain sense in which Physiocracy was a reflection of

the contemporary reaction against Colbert and Law, and a sigh for the golden age of Sully. . . . The degree of impoverishment caused by a long succession of wars was such as to encourage the belief that things must have been better at some time in the past. . . . It is no doubt true that the Physiocrats often exaggerated the glories of the past." Meek, *op. cit.*, p. 369.

23. See Quesnay, "General Maxims," Maxims III, VI, IX, and XII, in Meek, *op. cit.*, pp. 232, 233, and 234.

24. See Quesnay, "General Maxims," Maxims II, IV, VIII, XIII, XVI, and XXV, in Meek, *op. cit.*, pp. 231, 232, 233, 234, 235, and 237.

25. "The whole magic of well-ordered society is that each man works for others, while believing that he is working for himself." F. Quesnay, Extract from *Rural Philosophy*, in Meek, *op. cit.*, p. 70.

"No man who lives in society provides for all his needs with his own labour; he obtains what he lacks through the sale of the produce of his labour. Thus everything becomes exchangeable, everything becomes wealth through the medium of mutual trade between men." Quesnay, "Corn," in Meek, *op. cit.*, p. 83.

26. Meek, *op. cit.*, p. 395.

27. Franklin, *loc. cit.*, pp. 302-303.

28. See F. Quesnay, "Grains," in *François Quesnay et la physiocratie*, Vol. II, pp. 459-510, especially pp. 470 and 476-77; F. Quesnay, "The 'Third Edition' of the *Tableau Economique*," in Meek, *op. cit.*, p. 131; Quesnay, "General Maxims," Maxims XII and XV, in Meek, *op. cit.*, pp. 234 and 235.

Meek said: "The relative prosperity of certain northern provinces where agricultural entrepreneurs had been particularly active was such as to lead to speculations about the possibility of extending the new methods over the whole of the country. And the relative prosperity of Britain, where the agricultural revolution had proceeded much further than in France, was such as to afford a solid basis for these speculations. . . . The improvements in productivity in the northern farms had much the same 'demonstration effect' on Quesnay as the improvements in productivity in the Glasgow factories were having at about the same time on Adam Smith." Meek, *op. cit.*, p. 369.

29. Cf. the view expressed by Meek, *op. cit.*, pp. 368-69, 385, and 397-98.

In evaluating Quesnay's work as a whole, Rogin remarked: "A normative theoretical model which is not susceptible of being translated into the realm of historical fact is not a scientific theory, but a utopian one." "Though physiocratic theory had the great merit of addressing itself to some of the outstanding evils of the *ancien régime*, it provides an interesting illustration to the effect that the significance of an economic theory is contingent on the choice of attainable objectives. Thus a high measure of prescience is called for regarding the dominant social tendencies in the community to which the theory is directed." Leo Rogin, *The Meaning and Validity of Economic Theory: A Historical Approach* (New York: Harper & Brothers, 1956), pp. 49-50.