

ROUTLEDGE STUDIES IN THE HISTORY OF ECONOMICS

Richard Cantillon's Essay on the Nature of Trade in General

A variorum edition

Richard Cantillon

Edited by Richard van den Berg



Richard Cantillon's *Essay on the Nature of Trade in General*

A variorum edition

By Richard Cantillon

Edited by Richard van den Berg

First published 2015
by Routledge
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

by Routledge
711 Third Avenue, New York, NY 10017

Routledge is an imprint of the Taylor & Francis Group, an informa business

© 2015 Richard Cantillon; selection and editorial matter: Richard van den Berg

The right of the editors to be identified as the author of the editorial material, and of the authors for their individual chapters, has been asserted in accordance with sections 77 and 78 of the Copyright, Designs and Patents Act 1988.

All rights reserved. No part of this book may be reprinted or reproduced or utilised in any form or by any electronic, mechanical, or other means, now known or hereafter invented, including photocopying and recording, or in any information storage or retrieval system, without permission in writing from the publishers.

Trademark notice: Product or corporate names may be trademarks or registered trademarks, and are used only for identification and explanation without intent to infringe.

British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

Library of Congress Cataloging-in-Publication Data

Cantillon, Richard, -1734.

[Essai sur la nature du commerce en général. English & French]

Richard Cantillon's Essay on the nature of trade in general : a variorum edition /
by Richard Cantillon ; edited by Richard van den Berg.

I. Commerce. 2. Economics. I. Berg, Richard van den.
II. Title. III. Title: Essay on the nature of trade in general.

HB153.C313 2015

330—dc23

2014044535

ISBN: 978-1-138-01458-9 (hbk)

ISBN: 978-1-315-79468-6 (ebk)

Typeset in Times New Roman
by Apex CoVantage, LLC



Printed and bound in Great Britain by
TJ International Ltd, Padstow, Cornwall

Richard Cantillon's *Essay on the Nature of Trade in General*

The *Essay on the Nature of Trade in General* was written in the early 1730s by Richard Cantillon, a speculator and banker who had made a vast fortune during the Mississippi and South Sea Bubbles of 1719–20. The work remained unpublished for about two decades, but when it appeared posthumously in Paris in 1755 the book was immediately recognised as a brilliant genre-defining contribution to the then emerging intellectual discipline of political economy.

A degree of mystery has always surrounded the publication of the Essay. Cantillon died under mysterious circumstances in 1734, but the work survived in various manuscript forms. This edition offers an innovative mode of presentation, displaying for the very first time all print and manuscript versions of the Essay in parallel. This allows the reader to appreciate different formulations of Cantillon's seminal contributions to a range of topics, including his circular flow analysis, monetary theory, theories of value and distribution, the role of the entrepreneur, spatial economics and international trade.

Richly annotated and accompanied by a detailed study of the historical background of Cantillon's writings, this new scholarly edition offers many fresh insights into this early masterpiece of economic theory.

Richard van den Berg is Associate Professor in the Department of Accounting, Finance and Informatics at Kingston University, UK.

Routledge Studies in the History of Economics

Volumes 1–99 are available to browse on our website: www.routledge.com/books/series/SE0341

- 100 Open Economics**
Economics in relation to other disciplines
Edited by Richard Arena, Sheila Dow and Matthias Klaes
- 101 Rosa Luxemburg and the Critique of Political Economy**
Edited by Riccardo Bellofiore
- 102 Problems and Methods of Econometrics**
The Poincaré lectures of Ragnar Frisch 1933
Edited by Olav Bjerkholt and Ariane Dupont-Keiffer
- 103 Criticisms of Classical Political Economy**
Menger, Austrian economics and the German historical school
Gilles Campagnolo
- 104 A History of Entrepreneurship**
Robert F. Hébert and Albert N. Link
- 105 Keynes on Monetary Policy, Finance and Uncertainty**
Liquidity preference theory and the global financial crisis
Jorg Bibow
- 106 Kalecki's Principle of Increasing Risk and Keynesian Economics**
Tracy Mott
- 107 Economic Theory and Economic Thought**
Essays in honour of Ian Steedman
John Vint, J. Stanley Metcalfe, Heinz D. Kurz, Neri Salvadori and Paul Samuelson
- 108 Political Economy, Public Policy and Monetary Economics**
Ludwig von Mises and the Austrian tradition
Richard M. Ebeling
- 109 Keynes and the British Humanist Tradition**
The moral purpose of the market
David R. Andrews

- 110 Political Economy and Industrialism**
Banks in Saint-Simonian economic thought
Gilles Jacoud
- 111 Studies in Social Economics**
Leon Walras
Translated by Jan van Daal and Donald Walker
- 112 The Making of the Classical Theory of Economic Growth**
Anthony Brewer
- 113 The Origins of David Hume's Economics**
Willie Henderson
- 114 Production, Distribution and Trade**
Edited by Adriano Biringh, Duncan Foley, Heinz D. Kurz, Bertram Schefold and Ian Steedman
- 115 The Essential Writings of Thorstein Veblen**
Edited by Charles Camie and Geoffrey Hodgson
- 116 Adam Smith and the Economy of the Passions**
Jan Horst Keppler
- 117 The Analysis of Linear Economic Systems**
Father Maurice Potron's pioneering works
Translated by Christian Bidard and Guido Erreygers
- 118 A Dynamic Approach to Economic Theory: Frisch**
Edited by Olav Bjerkholt and Duo Qin
- 119 Henry A. Abbati: Keynes' Forgotten Precursor**
Serena Di Gaspare
- 120 Generations of Economists**
David Collard
- 121 Hayek, Mill and the Liberal Tradition**
Edited by Andrew Farrant
- 122 Marshall, Marshallians and Industrial Economics**
Edited by Tiziano Raffaelli
- 123 Austrian and German Economic Thought**
Kiichiro Yagi
- 124 The Evolution of Economic Theory**
Edited by Volker Caspari

- 125 Thomas Tooke and the Monetary Thought of Classical Economics**
Matthew Smith
- 126 Political Economy and Liberalism in France**
The contributions of Frédéric Bastiat
Robert Leroux
- 127 Stalin's Economist**
The economic contributions of Jenő Varga
André Mommen
- 128 E.E. Slutsky as Economist and Mathematician**
Crossing the limits of knowledge
Vincent Barnett
- 129 Keynes, Sraffa, and the Criticism of Neoclassical Theory**
Essays in honour of Heinz Kurz
Edited by Neri Salvadori and Christian Gehrke
- 130 Crises and Cycles in Economic Dictionaries and Encyclopaedias**
Edited by Daniele Bensomi
- 131 General Equilibrium Analysis: A Century After Walras**
Edited by Pascal Bridel
- 132 Sraffa and Modern Economics, Volume I**
Edited by Roberto Ciccone, Christian Gehrke and Gary Mongiovi
- 133 Sraffa and Modern Economics, Volume II**
Edited by Roberto Ciccone, Christian Gehrke and Gary Mongiovi
- 134 The Minor Marshallians and Alfred Marshall: An Evaluation**
Peter Groenewegen
- 135 Fighting Market Failure: Collected Essays in the Cambridge Tradition of Economics**
Maria Cristina Marcuzzo
- 136 The Economic Reader**
Edited by Massimo M. Augello and Marco E. L. Guido
- 137 Classical Political Economy and Modern Theory**
Essays in honour of Heinz Kurz
Edited by Neri Salvadori and Christian Gehrke
- 138 The Ideas of Ronald H. Coase**
Lawrence W.C. Lai
- 139 Anticipating the Wealth of Nations**
Edited by Maren Jonasson and Petri Hyttinen, with an Introduction by Lars Magnusson

- 140 Innovation, Knowledge and Growth**
Edited by Heinz D. Kurz
- 141 A History of *Homo Economicus***
The nature of the moral in economic theory
William Dixon and David Wilson
- 142 The Division of Labor in Economics: A History**
Guang-Zhen Sun
- 143 Keynes and Modern Economics**
Ryuzo Kuroki
- 144 Macroeconomics and the History of Economic Thought**
Festschrift in honour of Harald Hagemann
Edited by Hagen M. Krämer, Heinz D. Kurz and Hans-Michael Trautwein
- 145 French Liberalism in the 19th Century**
An anthology
Edited by Robert Leroux
- 146 Subjectivism and Objectivism in the History of Economic Thought**
Edited by Yukihiro Ikeda and Kiichiro Yagi
- 147 The Rhetoric of the Right: Language Change and the Spread of the Market**
David George
- 148 The Theory of Value and Distribution in Economics**
Discussions between Pierangelo Garegnani and Paul Samuelson
Edited by Heinz Kurz
- 149 An Economic History of Ireland Since Independence**
Andy Bielenberg
- 150 Reinterpreting the Keynesian Revolution**
Robert Cord
- 151 Money and Banking in Jean-Baptiste Say's Economic Thought**
Gilles Jacoud
- 152 Jean-Baptiste Say**
Revolutionary, entrepreneur, economist
Evert Schoorl
- 153 Essays on Classical and Marxian Political Economy**
Samuel Hollander
- 154 Marxist Political Economy**
Essays in retrieval: selected works of Geoff Pilling
Geoff Pilling; Edited by Doria Pilling

- 155 Interdisciplinary Economics**
Kenneth E. Boulding's engagement in the sciences
Edited by Wilfred Dolfsma and Stefan Kestin
- 156 Keynes and Friedman on Laissez-Faire and Planning**
'Where to draw the line?'
Sylvie Rivot
- 157 Economic Justice and Liberty**
The social philosophy in John Stuart Mill's utilitarianism
Huei-chun Su
- 158 German Utility Theory**
Analysis and translations
John Chipman
- 159 A Re-Assessment of Aristotle's Economic Thought**
Ricardo Crespo
- 160 The Varieties of Economic Rationality**
From Adam Smith to contemporary behavioural and evolutionary economics
Michel S. Zouboulakis
- 161 Economic Development and Global Crisis**
The Latin American economy in historical perspective
Edited by José Luís Cardoso, Maria Cristina Marcuzzo and María Eugenia Romero
- 162 The History of Ancient Chinese Economic Thought**
Edited by Cheng Lin, Terry Peach and Wang Fang
- 163 A History of Economic Science in Japan**
The internationalization of economics in the twentieth century
Aiko Ikeo
- 164 The Paretian Tradition during the Interwar Period**
From dynamics to growth
Mario Pomini
- 165 Keynes and his Contemporaries**
Tradition and enterprise in the Cambridge School of Economics
Atsushi Komine
- 166 Utilitarianism and Malthus' Virtue Ethics**
Respectable, virtuous and happy
Sergio Cremaschi

- 167 Revisiting Classical Economics**
Studies in long-period analysis
Heinz Kurz and Neri Salvadori
- 168 The Development of Economics in Japan**
From the inter-war period to the 2000s
Edited by Toichiro Asada
- 169 Real Business Cycle Models in Economics**
Warren Young
- 170 Hayek and Popper**
On rationality, economism, and democracy
Mark Amadeus Notturmo
- 171 The Political and Economic Thought of the Young Keynes**
Liberalism, markets and empire
Carlo Cristiano
- 172 Richard Cantillon's *Essay on the Nature of Trade in General***
A variorum edition
By Richard Cantillon
Edited by Richard van den Berg

For my family, Daan, Amber and Deepi

Preface

The first time that Richard Cantillon was, quite literally, brought to public notice was in March 1718 when the *London Gazette* placed the following warning:

[A]n unknown Person, who goes by the Name of Richard Cantillon, has lately been at Edinburgh, and on the 17th Instant was at Newcastle, pretending to come from France with Orders to buy several Goods, and took the Road from that Place to Shields, from thence to Sunderland, Whitby, Scarborough, Beverly, and other Places in Yorkshire, pretending that in his way to London he was to buy Horses in that County, and that he had a Credit on Sir John Lambert, Bart. By which Means he has imposed upon several People, who have taken his Bills; This publick Notice is given to prevent his doing it any farther: And whoever can discover him, so as that he may be lectured and brought to Justice, shall receive a Reward of Ten Guineas, to be paid by the said Sir John Lambert, at his House in Mincing Lane, Fenchurch-street. All the Description that has been received of this Richard Cantillon is, that of a genteel young Man, who talks very plausible of Matters of Trade.

(*London Gazette* 18–22 March, 1718; issue 5626)

This notice captures in vivid detail an unknown but fairly typical episode in Cantillon's adventurous life. More than once this mercurial character was on the move and engaged in some speculative scheme. Born in Ireland sometime in the 1680s, he had worked in Spain as a 'creative accountant' to a British war profiteer, before setting up as a banker in Paris around 1714. Soon after the episode reported in the *London Gazette*, he would make a vast fortune during the Mississippi and South Sea Bubbles of 1719–20. Afterwards he would spend more than a decade moving around between London, Paris and other cities across Europe, all the while attempting to extricate himself from lawsuits. Even the circumstances surrounding the death of this elusive man in Albemarle Street, London, on 14 May 1734, are shrouded in mystery. It may have been Cantillon's final deceit, a staged death to give any pursuants the slip.

This book, however, is not about the man whose life has after all been studied in great detail in Antoin Murphy's landmark biography *Richard Cantillon. Entrepreneur and Economist* (1986). Instead it is about the manuscripts he worked on in the last years of his life. If, in the flesh, when practising one of his financial scams, Cantillon struck people as someone 'who talks very plausible of Matters of Trade', long after his death his powers as an economic theorist impressed the readers of his *Essay on the Nature of Trade in General* even more. Soon after its publication in Paris in 1755 the *Essai* was hailed as the best work that to date had been written on the theory of trade. And, despite later periods of neglect, modern students have recognised Cantillon's contribution as 'an imperishable masterpiece' (Shackle 1982: 779).

There is, however, also a considerable amount of mystery surrounding Cantillon's writings. It is not known whether the author intended to publish the work and, if so, whether by early 1734 he felt it was ready. When eventually his writings appeared in print in the 1750s, they were not published in a single form, but in three versions. This curious fact has motivated the attempt in the present edition to fit a large

number of pieces together of what ultimately seems an incomplete puzzle. As my work progressed I found that some aspects of Cantillon's writings are as hard to pin down as the man himself. While my admiration for this brilliant thinker only increased as I studied the various texts more closely, I also frequently felt as if I had embarked on a vain pursuit of Cantillon's own words. I certainly do not think that this edition settles all questions about the original formulations and full extent of his various views and theories. Indeed I hope it will inspire further investigations, which perhaps will lead to new discoveries. I, for one, have thoroughly enjoyed the chase.

I would like to thank Antoin Murphy for sniffing out at a very early stage that I was on Cantillon's trail and for encouraging my pursuit, and Tony Aspromourgos, Renee Prendergast, Alex Thomas, Matteo Menegatti and Nicholas Harrison for cheering me along and offering advice on my progress. I also thank staff at the Archives Nationales in Paris, the National Archives in Kew, the Nationaal Archief in The Hague, the Municipal Library in Rouen and the Northumberland Record Office at Woodhorn for their assistance, and Emily Kindleysides, Daniel Bournier and colleagues at Routledge, for their professional support. Most of all I thank Jugdeep, my wife, for giving me time and space to roam.

October 2014

Contents

<i>Preface</i>	xiv
1 Introduction	1
2 Historical backgrounds to the texts	4
2.1 The French versions	4
2.1.1 The print editions	4
2.1.2 The French manuscript versions	5
2.1.3 Variations between the French versions	10
2.2 The English versions	15
2.2.1 The Fragments in Postlethwayt's <i>Universal Dictionary</i>	16
2.2.2 Philip Cantillon's <i>Analysis</i>	21
3 The Higgs translation	31
4 The uses of this edition	32
<i>References</i>	505
<i>Index</i>	511

1 Introduction

The main facts of the peculiar reception history of Cantillon's writings are quite well known. After having remained in manuscript for about two decades, the *Essai sur la nature du commerce en général* appeared in print in Paris in May 1755. The work rapidly made an impression on the most significant authors of the then emerging discipline of political economy: Quesnay, Turgot, Steuart, Beccaria, Smith, Condillac and various lesser-known authors. But, after a few decades, interest in the *Essai* waned, to such an extent that after the French Revolution Cantillon's work was rarely read. Generally speaking, until the last decades of the nineteenth century all but a few economists stopped attaching any real significance to this work of somewhat mysterious provenance.¹

A modern fascination with the *Essai* was sparked by the publication of William Stanley Jevons's article 'Richard Cantillon and the Nationality of Political Economy' in 1881. In this groundbreaking contribution Jevons proclaimed his deep admiration for the *Essai*, hailing it as 'the cradle of political economy' and 'the first systematic Treatise of Economics' (Jevons [1881] 1931: 359–60). In this manner, Jevons, himself one of the initiators of a revolution in economic theory, established the reputation of Cantillon's work as one of the foundational texts of the discipline. Of course Jevons's remarkable reappraisal of the *Essai*'s importance was not accepted at a stroke. At first especially French and German economists and historians remained somewhat lukewarm about Cantillon's importance (see Hayek [1931] 1985: 9–10). However, during the twentieth century Jevons's assessment of the *Essai* became more widely shared. In particular, influential general histories of economic thought would customarily praise the *Essai*. To give some examples, Schumpeter (1954: 217, 223) would call it 'a great work' and 'a brilliant performance'; Blaug (1997: 21): 'the most systematic, the most lucid, and at the same time the most original of all statements of economic principles before the *Wealth of Nations*'; Ekelund and Hébert (1990: 77): 'a masterpiece' and 'the state of the art of economics before Adam Smith'.

Especially in the second half of the twentieth century, there also emerged a more extensive specialist secondary literature about particular aspects of Cantillon's work. While it is hard to do justice to this literature, some important contributions were the following: Spengler (1942) wrote about Cantillon's theory of population; Ponsard (1958), Dockès (1969) and Hébert (1981) discussed his contributions to spatial economics; Brems (1978) and Brewer (1988) focussed on Cantillon's theory of value; Bordo (1983) summarised his monetary economics; Aspromourgos (1989) studied Cantillon's theory of production and distribution; Prendergast (1991) highlighted his theory of profit; and Berdell (2009) reconstructed his intersectoral analysis. General overviews of Cantillon's work were offered, for instance, by Spengler (1954) and Brewer (1992). These various studies, and others, have generated a large number of insights and a range of alternative views about Cantillon's economics. The fact that in earlier times Marx, Jevons and Hayek, originators of fundamentally different approaches to economic theory, each expressed their admiration for the author of the *Essai* attests to the broad and seminal nature of Cantillon's contribution.²

The modern interest in Cantillon also inspired further biographical work. For a long time the investigations of Higgs (1891, 1892, 1931) remained the most reliable sources for information about the Irish

banker and speculator. But eventually Murphy's study (1986) superseded all earlier biographical research on Cantillon.

Scholarly editions that were published in the twentieth century consolidated the reputation of the *Essai* as a crucial early contribution to economic theory. The first was Henry Higgs's edition of 1931, published under the auspices of the Royal Economic Society, which presented the French text of the first print edition of 1755 alongside the first full English translation of the *Essai*. Higgs's edition became the standard text used by Anglo-Saxon readers of Cantillon for the rest of the twentieth century.³ Also in 1931 the first German translation of the *Essai* was published, prepared by Hella Hayek and introduced by her then husband Friedrich. The modern French edition, prepared by Louis Salleron for the Institut National d'Études Démographiques, followed in 1952. It was reprinted in 1997 with some corrections and with additional introductory essays and it remains the standard modern edition in French based on the publication of 1755 (Brian and Théré 1997). The modern Italian edition by Sergio Cotta and Antonio Giolitti was published in 1955.⁴

The present work differs from all previous scholarly editions in that it includes in addition to the French print edition of 1755 other versions of Richard Cantillon's economic writings. The notion that such an edition would be desirable first suggested itself to me in the summer of 2010 when I happened across a fascinating passage in the entry 'Circulation' of Malachy Postlethwayt's massive *Universal Dictionary of Trade and Commerce* (1751–55). The passage in question, here reproduced in D134 on p. 128, came at the end of an extended fragment that roughly corresponds to Cantillon's chapter 13 of part I of the *Essai*. In this famous chapter Cantillon describes the crucial role of *entrepreneurs* in the provisioning of goods within what we would call a 'market economy'. The passage in the *Dictionary*, while summing up the preceding argument very well, did not have a direct counterpart in the French text. It spoke of the economic system as a 'grand machine' of circulation, which is 'commonly carried on with uncertainty', but in which 'every thing finds its own proportion, well or ill, according to chance or caprice, without any peculiar intellectual conduct, whereby the society of commerce and circulation is governed'.

These highly suggestive formulations piqued my interest and sent me back to Higgs's famous study, included in the edition of 1931, where he had discussed Postlethwayt's 'borrowing' of fragments of Cantillon's writings. Higgs, it turned out, seemed to play down any possible differences between the French text and the fragments found in Postlethwayt's *Dictionary*, only admitting 'occasionally some small deviations from the turn of phrase' (Higgs 1931: 384). This hardly described the quite divergent ending to the fragment I had come across. If this was true for a passage I had happened upon by chance, I wondered, could it be that similar differences between the French and English texts were more common? This led me to make an initial, more systematic comparison for which a useful starting point was Higgs's appendix of 'chief parallels between Postlethwayt's *Dictionary* and Cantillon's *Essai*'. It turned out that the variations were frequent and indeed sometimes substantial.

The most obvious explanation for any such differences, I thought initially, was that Postlethwayt had made multiple alterations and additions in the process of adopting parts of a manuscript of Cantillon's work in his *Dictionary*. My opinion changed radically, however, when I started to compare the fragments from the *Dictionary* with the other English version of Cantillon's work published in the 1750s, namely, Philip Cantillon's *The Analysis of Trade and Commerce* of 1759. Starting from the beginning of the *Analysis*, I found that, from as early as the second chapter, both English texts *shared* variations when compared to the French text. To be precise, in that chapter the sequence of paragraphs in both English texts, when compared to the order of the French text, is 1, 3, 6, 7, 4, 5, while neither has a counterpart to paragraphs 2 or 8 (see E/D/A7 to E/D/A18 in the present edition). Further along in the texts I started finding passages that occur in both English versions but which do not have an obvious counterpart in the French text (see e.g. the sequence D/A206–D/A212 or D/A257–D/A259). While French paragraphs that have counterparts in one English version only or in neither were much more common, the commonalities

between the English versions in particular convinced me that the three versions were not, as has always been supposed, ultimately based on the same source.

Instead, it seems likely that the three publications were based on manuscript versions that differed from each other in substantial ways. Having arrived at this novel conclusion, and wanting to open it for examination, I presented my initial findings (in van den Berg 2012b) and decided to present the full puzzle in the form of the present work. The form of presentation chosen allows a parallel reading of the three main versions that appeared in print in the 1750s, that is to say, the French *Essai* of 1755, the English fragments from Postlethwayt's *Dictionary* of 1751–55, and large parts of Philip Cantillon's *Analysis* of 1759. In addition, the current edition attempts to record all variations between those three texts and a number of alternative versions from the same period. In the first place, there are three known French manuscript versions of the *Essai*, two partial and one complete, which all date from before the publication of the first French print edition. Second, in the years after the first print edition three more editions were published. Third, Postlethwayt plagiarised fragments taken from Cantillon in two of his other works, one published in 1749 and one from 1757. In total therefore the present edition compares eleven different texts, although with regard to any particular passage only some contain relevant content. An overview of the comparisons can be found in Table 4.1b (pp. 40–43), which also explains the coding that has been adopted to facilitate cross-referencing.

Notes

- 1 Perhaps the only important exception is Karl Marx (1818–83). Whilst his published writings refer to Cantillon relatively little, compared to the attention bestowed on other early authors, notebooks with extensive quotes from the *Essai* found in Marx's manuscripts show that he had a keen interest in Cantillon's work (see Ananyin 2014).
- 2 Of course Cantillon can neither be retrospectively called a neoclassical, nor a Marxian, nor an Austrian economist (even though some commentators have tried to do especially the latter; see e.g. Hébert (1985) and Rothbard (1995)). The temporal and spatial circulation of ideas resembles that of money and can be described with Cantillon's own favourite metaphor of a river (cf. E389). It may at times run fast or wind down, split up in different branches and fertilise different grounds. But though this may be of interest to someone downstream, it has little to do with the source.
- 3 Reprints of this edition were published in 1959 by F. Cass and in 1964 by A.M Kelley. Brewer (2001) provided a new introduction to a further reprint of the Higgs translation, and more recently the translation became freely accessible online at www.econlib.org/library/NPDBooks/Cantillon/cntNT.html.
- 4 This edition, which was in fact the second Italian translation (see p. 36), included an introduction by Luigi Einaudi. This introduction has recently been published in English translation (Einaudi 2014: 265–75).