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Friedrich August von Hayek, *“Richard Cantillon”*
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About This Title:

Such was Hayek’s interest in the writings of Richard Cantillon, whom he believed had had a number of “Austrian insights”, that he introduced the German translation which appeared in 1931. This is a translation of that introduction by Hayek.

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Richard Cantillon¹

Introduction and textual comments written for Hella Hayek's 1931 German translation of Richard Cantillon's *Essai*²

I

In economics, just as in other sciences, it is by no means an exceptional occurrence to find that, no sooner has a "new" doctrine made its mark, than earlier, completely forgotten writers are discovered who perceived those newly accepted ideas with brilliant insight in their own day and set them down in their writings. In our field Oresmius, Monchretien, Barbon, Rae, W. F. Lloyd, Cournot, Jennings, Longfield, and Gossen are just a few of the best known instances of this kind. In scarcely any field, however, will one find a case similar to that of Cantillon's *Essai sur la nature du commerce en général*, which, having greatly influenced the molding of a science and fully articulated it for the first time, was at once entirely forgotten and remained in obscurity for roughly a century until, re-discovered by accident, its second emergence proved sensational. Other, no less exciting aspects were opened up by the research which led to this achievement. The contemporaries who witnessed the publication of this book in 1755 had but a vague and partly incorrect knowledge of its author, who had died twenty-one years previously, and yet even in its latent form as manuscript the work had exerted a subterranean influence which can only now be appreciated.

Quite apart from its thoroughly strange history, this work, as the now undisputed accomplishment of Richard Cantillon, who died in 1734, is of extraordinary interest in its own right. W. S. Jevons, who rediscovered the *Essai*, was scarcely exaggerating when he entitled it the "Cradle of Political Economy," the bicentenary of whose existence as an independent discipline we can therefore now celebrate. Outside of Germany the importance of the *Essai* is practically unquestioned. Why it is still rather unknown in this country and why a German translation needs to be justified can be explained by unpropitious circumstances, fully in keeping with the fortunes of the book, into which we shall enter in due course.

The rediscovery of Cantillon's *Essai* is due to the fact that it is one of the few works quoted by Adam Smith. In the eighth chapter of Book One of *The Wealth of Nations*, Smith, without preliminary reference but rather presuming acquaintance on the part of his reader, suddenly adverts in his discussion of wages to

Cantillon, [who] seems, upon this account, to suppose that the lowest species of common labourers must everywhere earn at least double their own maintenance, in order that one with another they may be enabled to bring up two children; the labour of the wife, on account of her necessary attendance on the children, being supposed no more than sufficient to provide for herself. But one-half the children born, it is computed, die before the age of manhood. The poorest labourers, therefore, according to this account, must, one with another, attempt to rear at least four children, in order that two may have an equal chance of living to that age. But the necessary maintenance of four children, it is supposed, may be nearly equal to that of one man. The labour of an able-bodied slave, the same author adds, is computed to be worth double his maintenance; and that of the meanest, cannot be worth less than that of an able-bodied slave. Thus far at least it seems certain, that, in order to bring up a family, the labour of the husband and wife together must, even in the lowest species of common labour, be able to earn something more than what is precisely necessary for their own maintenance; but in what proportion, whether in that above mentioned, or in any other, I shall not take upon me to determine.^{[2](#)}

The only economic treatise bearing the name Cantillon, to which one might have related that passage at the time, was a very mediocre publication, the full title of which was “An Analysis of Trade, Commerce, Coin, Bullion, Banks, and Foreign Exchange, Wherein the true Principles of this usefull Knowledge are fully but briefly laid down and explained, to give a clear idea of their happy consequences to Society when well regulated. Taken chiefly from a Manuscript of a very ingenious Gentleman deceas'd, and adapted to the present situation of our trade. By Philip Cantillon, Late of the City of London, Merchant. London, Printed for the Author and sold by... MDCCLIX.”

That book, however, does not contain any passages to which Smith, in making these remarks, could have been referring. On the other hand, in contemporary French economic literature, particularly the writings of most of the Physiocrats, one could encounter references to a different source, an anonymous *Essai sur la nature du commerce en général*, commonly attributed to a de Cantillon, which does in fact (on page 43) contain the passage which was quite inaccurately reproduced by Smith. This work, which appeared in French in 1755 while purporting to be “Traduit de l'Anglois” also bore the false imprint “A Londres, chez Fletcher Gyles, dans Holborn.”^{[3](#)}

The fact that the *Essai* was widely read can be deduced from the many quotations found in the French literature of the second half of the eighteenth century and a fortiori from the fact that the 1755 edition was followed by two further editions. The first of these is similar in format with smaller type, so that it comprises 432 pages (427 numbered) compared to the original 436 (430 numbered). The second occurs as a reprint in Volume Three of an anthology edited by Eleazar Mauvillon, father of the German Physiocrat Jakob Mauvillon, which is variously entitled “Discours Politiques,” after Hume's “Political Discourses” in Volume One, or “Les Intérêts de la France,” after Goudar's tract in Volumes Four and Five.^{[4](#)} In addition, an Italian translation by F. Scottoni appeared in 1767.^{[5](#)}

It was this French *Essai* which, while writers prior to Jevons's research continued to attribute it in error to Philip Cantillon, was held in high esteem among the Physiocrats and which Adam Smith got to know when he was introduced to that circle in 1765. The first of them to name Cantillon was Viktor Riquetti, Marquis de Mirabeau, as distinct from his famous son, Count Honoré Gabriel Mirabeau, generally known simply as Marquis Mirabeau. The reference to Cantillon occurs in his *Ami des Hommes*, which followed, in 1757, two years after Cantillon's *Essai*.⁶ It is of two-fold interest, for while it represents one of the most important sources for a biography of Cantillon, it also entails a singular story of its own, which will concern us later. For the moment let us reflect on a later remark of Mirabeau's concerning Cantillon, which throws light on his own relations with the other members of the Physiocratic school.

In the course of expressing his views on population, which formed the subject of "Ami des Hommes," Mirabeau wrote to Rousseau on July 30, 1767:

I derived my original and indeed my only views on this subject from Cantillon's *Essai sur la nature du commerce*, which I possessed in manuscript form for almost sixteen years.... Never did Goliath stride into battle with greater confidence than I, looking for a man who, I was told, had had the temerity to write on the margin of my book: "The child has been suckled on poor milk, the strength of his constitution often sets him right in the result, but he does not understand anything of the principles". My critic did not spare me but told me to my face that I had put the cart before the horse and that Cantillon as founder of political science was an ignoramus. Such slanderous words led me to look upon the man who uttered them as a fool, but the consideration that argument thrives upon contradiction induced me to hold my tongue. I broke off the discussion and by evening was fortunately in a position to revert to the question with a calm mind. 'then it was that Goliath's head was split open.'⁷

When Mirabeau wrote these lines he had, as we shall see, completely altered his earlier views and was transformed from being an admirer of Cantillon to being an equally enthusiastic follower of Quesnay, without ever having adequately understood either one or the other. He managed, in fact, in the continuation of the passage just quoted to impute to Cantillon the exact opposite of his expressed views, while Quesnay's assessment of Cantillon—for the context implies that it was Quesnay—can indeed be explained by the misleading formulation of Cantillon's views in Mirabeau's book. Apart from that, the derogatory remark came undoubtedly not from Quesnay but from Mirabeau himself.⁸ In any case the record indicates that it was the book inspired by Cantillon which sparked off Mirabeau's acquaintance with Quesnay, around which the Physiocratic school later developed.

However, a year before that discussion, which took place in 1757 about four months after the appearance of "Ami des Hommes," Quesnay himself had quoted with approval some passages from Cantillon's *Essai*, remarking that that author had properly grasped the basic truths. The occasion was an article entitled "Grains," which Quesnay provided for the first edition of d'Alembert and Diderot's *Encyclopédie Methodique*.⁹ J. C. V. de Gournay, who is acclaimed as the other great Physiocratic figure, published no independent work, but we know that he recommended "above all a thorough reading of Cantillon's *Essai*, an excellent though neglected work."¹⁰

In the twenty years from 1756 to 1776, when the Physiocratic school flourished, we find Cantillon mentioned again and again. Turgot linked him with Montesquieu, Hume, Quesnay, and Gournay as one of the great writers who had surpassed their predecessor Melon.¹¹ ¹² The *Essai* was known to Dupont de Nemours, Morellet, Mably, Graslin, and Savary.¹³ ¹⁴ As early as 1762 passages from the *Essai* on the relationship between gold and silver (pages 371–381) were being quoted in Johann Philip Graumann's *Gesammelte Briefe von dem Gelde*.¹⁵ James Steuart quoted from the distorted "Analysis of Trade" of Philip Cantillon.¹⁶ In his inadequately appreciated "Du Commerce et du Gouvernement," which appeared in the same year as Adam Smith's *Wealth of Nations*, Condillac described the *Essai* in laudatory tones as one of the best books on the circulation of money which he had come across and which he had taken as the point of departure for his own analysis.¹⁷ At this point the name of Cantillon disappeared all at once from the economic literature.¹⁸ The later classical writers, for whom it was convenient to associate the reference in Adam Smith with the inferior English publication of Philip Cantillon, appear—perhaps with the exception of Malthus—not to have known him. They would of course, have encountered substantial parts of his work in the pages of his plagiarizers, whom we shall come to later.

One seeks in vain for Cantillon's name even in Blanqui's history of economic thought and until 1870 one finds only spasmodic references to him, Ganilh being a case in point.¹⁹ Eugène Daire devoted some scattered footnotes to him in his edition of the Physiocrats, while Cantillon is once again correctly identified in Julius Kautz's 1860 account of political economy and its historical development as a "transitional link between the Mercantilists, the Physiocrats, and the Smithians, ranked among the actual founders of political economy particularly because of his originality and independence of comprehension and presentation."²⁰ At this juncture it is well to recall a point that has been lost sight of since the rediscovery of Cantillon, namely, the fact that Wilhelm Roscher always paid tribute to Cantillon's importance. Relatively few other early authors are as frequently mentioned in Roscher's "Foundations of Economics," while in his history of political economy he credits Cantillon's *Essai* with "containing in essentially perfected form many of the main traits and most important achievements of the Physiocrats."²¹ It is presumably due to Roscher's influence that Fr. von Sivers in his 1874 essay on "Turgot's Place in the History of Political Economy" offers a detailed appreciation of Cantillon, many of whose pronouncements he quotes with the utmost praise.²² Meanwhile, writing in France four years previously, Léonce de Lavergne, that fine historian of his country's eighteenth-century economic literature, had indeed begun his review of the Physiocratic school by naming Cantillon and Gournay as its forerunners, saying in particular of Cantillon's *Essai* that "this book, though it was barely the size of a duodecimo volume, anticipated all the theories of the Economistes."²³

Notwithstanding the increasingly frequent references to Cantillon in the 1870's, the honor of recognizing the true stature of Cantillon and of assuring him his proper place in the history of economic thought must be reserved for W. St. Jevons. Jevons's essay on "Richard Cantillon and the Nationality of Political Economy," published in 1881 in the *Contemporary Review*, achieved recognition for Cantillon at least in the English and French-speaking countries, but above all it clarified the question of authorship

and signposted the way for subsequent research concerning Cantillon.²⁴ Practically everything that we know about Cantillon is due either directly to Jevons or to the researches of Higgs, which he inspired. Suffice it to recall here his summing-up of Cantillon's achievement:

The *Essai* is far more than a mere essay or even collection of disconnected essays like those of Hume. It is a systematic and connected treatise, going over in a concise manner nearly the whole field of economics, with the exception of taxation. It is thus, more than any other book I know, *the first treatise on economics*. Sir William Petty's *Political Arithmetic* and his *Treatise of Taxes and Contributions* are wonderful books in their way, and at their time, but, compared with Cantillon's *Essai*, they are merely collections of casual hints. There were earlier English works of great merit, such as those of Vaughan, Locke, Child, Mun, etc., but these were either occasional essays and pamphlets, or else fragmentary treatises. Cantillon's essay is, more emphatically than any other single work, "the Cradle of Political Economy."²⁵

Jevon's essay opened the way for a torrent of writing on Cantillon. The *Dictionary of National Biography*, Palgrave's *Dictionary of Political Economy*, and a supplementary volume of *Nouveau Dictionnaire d'Economie Politique* devoted space to him?"^{26 27 28} In the years which followed, J. K. Ingram, R. Zurkerlandl, and especially A. Espinas discussed him in their doctrinal histories.^{29 30 31} In the first edition of his *Principles of Economics*, Alfred Marshall made a widely noted remark about Cantillon to the effect that he "was very acute and in some respects much ahead of his time. But he seems to me wanting in solidity."³² More importance attaches, indeed, to the researches of Stefan Bauer and especially to those of Henry Higgs, who, following clues which Jevons had uncovered but was unable to pursue because of his sudden death, brought some very interesting facts about Cantillon and his work to light.³³ These appeared in 1891 in the second number of Volume One of the *Economic Journal*.³⁴

Through the initiative of Harvard University there appeared in the following year an additional reprint of the *Essai*, which, Palgrave's *Dictionary* tells us, had become "one of the rarest works of economic literature."³⁵ This edition, not quite a facsimile but as close to the original as could be achieved without creating special type, has also been out of print for years and it seems that few copies made their way to Germany.

The very favorable reaction to and admiration of Cantillon's *Essai* in England and France was by no means restricted to the small circle of his discoverers and biographers, and his status as at least one of the founders of our discipline is beyond dispute. One could adduce much evidence of this point: suffice it to recall that H. S. Foxwell associates the main stages in the development of political economy with Petty, Cantillon, Ricardo, and Jevons, while in recent years E. Cannan has affirmed that Jevons's enthusiasm for Cantillon was not in the least exaggerated.^{36 37} But even in France Cantillon is scarcely less appreciated, notwithstanding the initial resentment towards him which presumably followed when Jevons, in restoring him to prominence, advanced England's claim over that of France to being the home of political economy.³⁸ Take, for example, the attitude of Ch. Gide. In his history of economic doctrine, which he co-authored with Ch. Rist, and which really begins with

the Physiocrats, Gide followed his fleeting reference to Cantillon with a footnote stating: "Cantillon, who had gone unmentioned for more than a century, has in recent years become very fashionable again, like many other newly discovered precursors. The influence on the Physiocrats which one ascribes to him is exaggerated."³⁹ However, in a contribution on French economics to Volume Two of Palgrave's *Dictionary*, Gide explicitly describes Cantillon's *Essai* as the first systematic treatment of political economy and adds: "in this work practically the entire subject matter of modern political economy is dealt with in a very lucid and definite manner."

In Germany, as we have seen, there were special circumstances which inhibited an equally rapid acceptance of Cantillon's status. At the time when the rediscovered *Essai* was being discussed in England and France, the leading German authority on French economics of the period in question, A. Oncken, was a particularly keen admirer of and expert on the Physiocratic school. Just as a good biographer must have a somewhat exaggerated liking for his subject, in Oncken's case his attachment to the Physiocrats seems to have entailed a certain bias towards the man who was represented to him, quite justifiably, as the actual founder of the Physiocratic doctrine.

For this reason and perhaps arising from his personal view of what constituted the main tasks of economics, Oncken unhesitatingly rejected this claim advanced on behalf of Cantillon, and when he later wrote his history of economic thought, a widely read standard German work on economics before Adam Smith, his verdict on Cantillon was so unfavorable that a serious interest in the latter may well have been ruled out in Germany.^{40 41} The relevant passage, which discredited Cantillon in the eyes of many German readers, is so characteristic of both Oncken's position and the basic understanding of economics, which led to Cantillon's being ignored in Germany, that it is worth quoting here. Oncken writes:

From all of that it may be concluded that, while both doctrines [those of Cantillon and the Physiocrats respectively] have certain points in common, there is too much missing to justify calling Cantillon "the father of Physiocracy" and hence the originator of economics as a science. The latter claim founders especially by reason of the lack of a moral philosophical basis, such as suited Quesnay's as well as Smith's system. Cantillon was an acute thinker and was extraordinarily well educated for his time, but for all that he was a mere merchant, like North, Child, and later Ricardo. He was not the founder of a science.

In a different context Cantillon might well have been satisfied to be bracketed in this way with Ricardo, but, given the prevailing attitudes in German economic circles at the time, the verdict assured his subsequent neglect. Oncken's influence is reflected most clearly in the remark of a certain Mr. Oberfohren to the effect that "it is really incomprehensible that such a rather mediocre and incoherent publication could be stamped as one of the most influential pre-Physiocratic works!"⁴²

In such a situation it could not matter much that individual researchers such as W. Lexis, F. J. Neumann, and—presumably influenced by the latter—O. von Zwiedineck-Südenhorst fully endorsed particular propositions of Cantillon.^{43 44 45}

That applies even to J. Schumpeter, who, in his brilliant "Epochen der Dogmen- und Methodengeschichte," hit the nail on the head, when he wrote:

Pride of place is reserved, however, for Cantillon, whose *Essai* can be looked upon as the first systematic working of the field of economics. It bears the stamp of the scientific mind. The individual problems are permeated by unified explanatory principles and together go to make up a comprehensive analysis of great design. The narrow confines of earlier trains of thought are broken down. Rudimentary blunders are avoided, those arising from deficient skill in handling tools of analysis just as much as those resulting from an undue burden of philosophy.[46](#)

Nonetheless, it is no exaggeration to say that Cantillon is known only by name to most German economists today. The astonishment evoked by my desire to bring out a German edition of his work bears eloquent testimony to this fact.

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II

Concerning the contents of the *Essai*, not much needs to be said.⁴⁷ For initial guidance, the three parts into which the book falls, may be informally entitled “On Wealth or Production,” “On Exchange,” and “On International Trade” respectively. Beyond that, and without attempting to offer a coherent summary of Cantillon's thoughts, one may be permitted to draw the reader's attention to some characteristics of his method and some particularly noteworthy theories contained in his treatise.

To begin with, there is the very definite meaning which the author attaches to the words “nature” and “natural,” the former occurring in the title itself. Incidentally, in terms of title and general range of subject matter the treatise has much in common with other works, that appeared around 1735, such as those of Melon and Dutot.^{48 49} In particular, Cantillon consistently uses the expression “natural” in the sense of a cause and effect relationship—in other words, as a scientific causal explanation—and as such it occurs about thirty times in the *Essai*. Closely related to this is his conscious and unremitting pursuit of “pure theory,” of explanation of relationships divorced from value judgments, which is particularly remarkable for a writer of his time. For this reason he frequently breaks off a discourse with the remark that “this is outside my subject”—for example, when the question prompts itself as to whether prices could also be influenced by an attempt on the part of entrepreneurs to cheat their customers (page 70), or when he eschews discussion of the question as to whether a state is better off with a small but well-nourished population or with a large but badly-nourished one (page 113). Other instances are his refusal to enter into motives which could prompt ministers of state to debase the coinage (page 392) and, very conspicuously, when, adopting a modern attitude in place of the contemporary one, he considers the practical desirability of certain taxes beyond his terms of reference (page 210). Indeed, the main reason why Cantillon's *Essai* influenced only a small, select group may lie in his single-minded desire to articulate relationships, to add neither reform proposals nor ethical considerations to his framework, but rather to explain soberly and free of all metaphysical speculation the status quo; added to this was his somewhat cumbersome French.

Within the confines of his theoretical analysis Cantillon wields its most important tool, the method of isolating abstraction, as we would call it today, with true virtuosity. He displays familiarity with the device of the *ceteris paribus* clause, as had indeed some other writers before him, with the device of the “isolated state” and the progression from monopoly to more complicated cases in explaining price formation (pages 60–61, 59, and 76 and 131 respectively). He repeatedly excludes the effects of accidental circumstances in order to avoid over-complicating an already complex problem (pages 112 and 350).

The best-known feature of the *Essai* is presumably the sentence with which the first chapter begins, and in which Cantillon's basic tenet is presented in its most compressed form, namely, the relationship between wealth, “which is nothing but the maintenance, convenience, and superfluities of life,” and its twin and equal sources,

land and labor. This entirely psychological concept of wealth, by far the most important though also most overlooked element in that famous sentence, is an extraordinary achievement on Cantillon's part, and it is so decisive for his standpoint that a modern French scholar cannot be considered far wrong when he describes Cantillon as a precursor of the modern Hedonists.⁵⁰ Without necessarily being a party to what is, perhaps, a rather daring verdict, one does well to bear this definition in mind when we read Cantillon's discussion of value and prices.

It is unnecessary to dwell here on the introductory Chapters II through VI of Part One, which deal with the formation and stratification of human society and the emergence of private property.⁵¹ Attention must be drawn, however, to the ensuing Chapters VII and VIII, which, together with Chapter XV of part One, contain Cantillon's exceptionally interesting population and wage theory, which has provided a specific focus for numerous subsequent studies.⁵² His population theory is of interest not only because, as Jevons suggested, it anticipates in a nutshell the core of Malthusian population theory, but because the relationship, in fact, goes deeper than that. The passage in Smith that appears to have triggered off Malthus's own research interest bears an almost literal similarity to the corresponding formulation in Cantillon's *Essai*.⁵³ In this connection Higgs reminds us—just to show how far, with a little imagination, Cantillon's influence can be pursued—that Malthus in turn inspired the revolutionary work of Darwin.⁵⁴

Cantillon's wage theory is integrally linked with his theory of value. The latter is a standard of living theory, which in turn evolves directly out of the population theory. That Cantillon devotes so much space to the wage theory reflects his belief that it holds the key to what Petty looked upon as the most important problem of political arithmetic, namely, the par or equation between labor and land, which is the foundation of Cantillon's cost theory of value. G. Pirou has summed up his assessment of this theory of value as follows:

In Cantillon we are confronted, for the first time in the history of economic doctrine, with a lucid, coherent, and well-constructed theory. The extent of its originality and novelty, compared with earlier theories in general and with Petty's theory in particular, can best be appreciated in terms of the following three aspects: (1) As regards the problem of *normal value*, Cantillon does not confine himself to casual or occasional remarks: he puts the question directly and openly and attempts to give a satisfactory answer. (2) In examining the disturbing factors that prevent the market price from agreeing with the normal value he strives in the most thorough and profound manner to attach rigorous scientific meaning to the concepts of supply and demand, and also to bare the mechanism by which variations in the quantity of money affect the price. (3) Finally and most importantly, Cantillon relates the two resulting theories to one another in the course of elucidating how, inhibiting factors notwithstanding, the deviation of market price from normal value is never very great, thanks to an economic force that tends incessantly to restore agreement. This viewpoint expressed by Cantillon is all the more remarkable because it is entirely devoid of providentialist or teleological content. It is no exaggeration to say that, in this respect, Cantillon is a precursor of the economic equilibrium theorists.⁵⁵

While endorsing the concluding point of Pirou's remarks as entirely justified, we would like to add briefly to it for fear of a possible misunderstanding. The achievement of Cantillon's value and price theory derives its significance first and foremost from the fact that, instead of being satisfied to establish some rules and formulae, say for the "normal" relationship between the value and price of different goods, he consistently attempts to show what forces and process are involved, according as the normal relationship is necessarily restored. Suffice it to refer, for example, to the process of market price formation, the second chapter of Part Two (page 155), which is directly reminiscent of the famous horse fair example of Böhm-Bawerk.

Before we proceed to the subsequent sections of the *Essai*, it is necessary to highlight a further point from the first part, which, besides showing us how rigorously scientific Cantillon's conceptual framework was, is particularly noteworthy because it is the earliest exposition of a basic economic phenomenon, namely the role which he ascribes to the entrepreneur (Chap. XIII).⁵⁶ In Cantillon's view, which is also the modern one, an entrepreneur is anyone who is a risk-bearer and whose income consists not of ground rent or wages but of profit. Not only in this juxtaposition, but indeed in many other points also, we find Cantillon anticipating a classification of income groups which was later to become conventional. This is true, for example, of the recurrent distinction, based on English usage, between the three rents which the leaseholder must generate—the actual ground rent, which goes to the owner; the wages to cover his own sustenance and that of his laborers; and his entrepreneurial profit, to which Cantillon adds, as an extra source of income, the interest received on money lent.⁵⁷

The final chapter of Part One, which is devoted to the value of precious metals and the emergence of coinage, forms the basis for his development of the monetary theory which occupies most of Part Two and even extends into Part Three. This theory constitutes, without doubt, the supreme achievement of a man who was the greatest pre-classical figure in at least this field and whom the classical writers themselves in many instances not only failed to surpass but even failed to equal. In the present context it must suffice to highlight some salient points, a procedure which is now feasible, thanks to the existence of a detailed assessment in P. Harsin's fine history of monetary and financial doctrine in France from the sixteenth to the eighteenth century, as well as in other works to which the reader is referred.⁵⁸ In his monetary theory Cantillon was apparently influenced in many respects by John Law, whom, however, he never mentions. This is seen clearly in his attitude toward John Locke, with whom he comes to grips several times and whose conventional theory of the origin of money he rejects in common with Law; likewise he explicitly rejects Locke's argument that the value of precious metals is determined by social consent. Law, whose importance as a monetary theorist nowadays tends to be obscured by his errors, none of which Cantillon shares, was, however, clearly surpassed by the latter. Among the achievements which distinguish Cantillon from other founders of monetary theory, may be counted his criticism of Locke's naive quantity theory, in place of which he gives us a detailed account of the process by which an increase in the quantity of money successively affects the prices of different goods. This account is found in the magnificent sixth chapter of Part Two and has been justifiably described

by Jevons as one of the most wonderful things in the book. No less remarkable is his account, elaborating on Petty's approach, of what determines the velocity of circulation of money, "where one finds unequivocally stated for the first time that the velocity of circulation of money is as important as its quantity in determining its value."⁵⁹ Equally outstanding are his description of the functioning of a dual currency, in the context of which he criticizes the measures taken by Newton at the time of the English coinage reform in 1717, and finally his doctrine concerning exchange rate, which, in Jevons's opinion has never, not even in Goschen's well-known book, been treated with more perspicuity and scientific accuracy.^{60 61}

The final two chapters of Part Two of the *Essai* also deserve attention, for they contain a rather well developed theory of interest, one which even Böhm-Bawerk, remarkably enough, overlooked: here the opinion that money begets interest is clearly refuted (an achievement for which Hume usually receives credit), and the effects of a temporary reduction in the rate of interest, brought about by an increase in the quantity of money, is accurately described. Following upon the discussion of exchange rates and dual currency, we find, finally, in Part Three a detailed description of the banking system, in which Cantillon explains, for example, the special circumstances which cause a banker to hold a cash reserve greater or less than the usual ten percent of his liabilities. With that we have covered the main points to which we wished to draw the reader's attention.

There is, however, a further point, which deserves to be singled out. In the first quarter of the *Essai* Cantillon repeatedly refers (on pages 9, 19, 25, 46, 50, 56 and 59) to an appendix in which are contained calculations, the results of which he used in the text. This appendix, which allegedly was seen together with the manuscript, is in none of the published versions and hence is lost. Its loss is regrettable, for it must have contained unique statistical data collected by Cantillon himself. It is, however, probable that Cantillon, having mentioned the appendix only in the Part One of his *Essai*, never succeeded in completing it and hence did not publish the work himself.

Finally, a brief word about Cantillon's place in the history of economic thought. We are not concerned here with the relatively unimportant question as to whether Cantillon was primarily a Mercantilist or a Physiocrat; indeed, by almost dominating the discussion, this question led many writers to miss the real significance of Cantillon. No reader of the *Essai* will fail to see that the basic ideas of the Physiocrats are to be found in Cantillon (see especially pages 9, 29 ff., 37 ff., and 78 ff.), and Quesnay himself has testified that he drew his inspiration mainly from Cantillon. Anyone interested in the relationship between Cantillon's views and those of the Physiocrats and the Mercantilists will find a detailed comparison in the already frequently quoted book by Legrand.⁶² Looking at it from a different point of view, it seems to me that Cantillon's importance derives directly from the fact that he stood apart from the schools. Like Petty before him, this gifted independent observer, enjoying an unsurpassed vantage point in the midst of the action, coordinated what he saw with the eyes of the born theoretician and was the first person who succeeded in penetrating and presenting to us almost the entire field which we now call economics.

Accordingly, Cantillon represents in my view one of the important stages, and in many respects perhaps even the primary stage, in the straight developmental path of knowledge, from which the disciples of the "schools" have always deviated in one way or the other. The Physiocrats and, like them, at least some of the later classical writers, were thus hindering rather than promoting progress, while the great strides were always made outside the schools and mostly in opposition to them. In terms of really original insights of permanent value to our discipline, Cantillon offers us more than any other author writing before 1776, the year in which the works of Smith and Condillac appeared, and hence more than the Physiocrats, even though their presentation of the circular flow—which one could validly describe as a systemization of Cantillon's ideas—had greater visual impact and proved more influential for the time being. Whether one therefore calls Cantillon *the* founder of economic science or not, is a matter of little consequence. Determining the point of origin of a science always involves a high degree of arbitrary choice. The fact that we must rank him as one of the great scholars of our discipline will hopefully not be doubted by any reader of the *Essai*. The actual extent of his influence on the development of economic science is, of course, another question and one which is extremely difficult to answer. Before attempting to do so, let us record the little that is known of Cantillon's life and the history of his manuscript from the time of his death until its publication.

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III

Knowing so little of the circumstances of Cantillon's life is by no means our greatest difficulty in seeking to convey what kind of person he was. Far more annoying is the fact that a large part of the traditional information concerning him can be shown to be unfounded. Hence, almost every literary effort devoted to him has proved ill-fated. Even otherwise scrupulously meticulous writers, when they came to write about Cantillon, were led into error and mis-statement. There was scarcely any aspect left for which several mutually exclusive claims did not prevail.⁶³

Higgs is the only really trustworthy source, and even the earlier accounts are dependable only so far as that they were endorsed by him. The fact that Cantillon's life, in spite of this, is still largely cloaked in darkness may be attributable partly to the not unusual propensity of people in his profession to shun the glare of publicity. Nevertheless, what we do know about Cantillon gives us a starting point, no matter how strange it is that Higgs, having searched through hundreds of contemporary memoirs and diaries, had to report that he could not find a single mention of Cantillon's name and that none of the writers who followed Higgs' lead in taking up the case of Cantillon succeeded in adding anything to our knowledge of his life.⁶⁴ Indeed, P. Harsin, one of the finest experts on French financial history of that period, has only recently expressed his astonishment that the French sources have nothing further to contribute.⁶⁵ It is scarcely necessary, therefore, to say that what follows is essentially a summary of already known facts.⁶⁶

A detailed account of the milieu in which Cantillon lived would, unfortunately, be out of place in the present context. A number of references to particularly informative and little-known works on the subject are given in the accompanying note.⁶⁷ The circumstances we have referred to serve also to justify the form which our account takes, for its purpose, in bringing together methodically the most important available information, is to offer a basis for further research.

Our earliest account of the book occurs in the well-known literary correspondence which Baron Friedrich Melchoir von Grimm, together with Diderot and others, conducted with princely houses in Germany and which was published a great many years later. Grimm wrote on July 1, 1755:

A month ago appeared a new work on Commerce entitled *Essai sur la Nature du Commerce en général* in a fairly large duodecimo volume. This book has not been translated from the English, as is stated with design upon the title page. It is a work originally composed in French by an Englishman, M. de Cantillon, a man of condition, who finished his days in Languedoc, where he had retired and had lived many years.⁶⁸

Grimm then gives a detailed account of the contents, which in modern print, amounts to almost six pages. In his next letter, fourteen days later, Grimm augments his report as follows:

M. de Cantillon, of whom I had the honor to speak to you in my last letter, mentions several times in his work on the nature of commerce another work, which he regards as supplementing the former and which contains, in particular, various ingenious and interesting calculations. This latter work, one is assured, has been lost and all efforts to recover it have proved unsuccessful. The admiration, which the first volume deserves, can serve only to increase our regret at the loss of the second.

A further fourteen days later, on August 1, Grimm finds it necessary to correct his account of Cantillon's person:

I was ill-informed concerning the person of M. de Cantillon, when I had the honor to write to you of his excellent work on Commerce. Cantillon, an Englishman and a man of intellect, as, indeed, his book proves him to be, established a bank in the time of the Regency, in Paris, where he had immense credit. In the early days of the system, Law summoned him to his presence and said to him: "If we were in England, we would have to negotiate with one another and come to some arrangement; in France, however, as you know, I can say to you that you will spend the night in the Bastille if you don't give me your word that you will have left the Kingdom within twelve twenty-four hours." Cantillon thought for a moment and then replied: "Very well, I shall not go but shall help your system to success." Accordingly, he took a large amount of the paper, which he immediately placed with all the exchange brokers, and thus floated the loan. A few days later he set off for Holland with several millions. Some people assert that he was in good standing with the Princesse d'Auvergne. It is commonly said that he perished in a fire in his house in London in 1733. The fact is that the fire was extinguished easily enough and that they found Cantillon stabbed. The fire appears to have been raised to conceal the crime, and this affair gave rise to many rumors at the time.

This can be supplemented by the second contemporary account of the publication of the book, which is contained in the 1755 volume of Fréron's *Année littéraire*.⁶⁹ In the third letter, dated August 4, 1755, of Volume Five, the detailed account of the book begins, just as in Grimm's case, with the statement that the *Essai* was not really a translation:

It was written in French, and it is the English themselves who have translated it into their language from the original of M. de Cantillon. He was an Irishman who was for many years a Banker in Paris and died tragically in a fire here. A man of great intellect, he associated with people of the highest social standing and was a special friend of Lord Bolingbroke. It is not known through whom or how the manuscript came to be published or why its publication was delayed for twenty years. Neither is it known why the calculations, which several persons claim to have seen in manuscript form, were suppressed at the time of printing.

Fréron also had to correct his account of Cantillon. When the list of contents of the volume in question was being drawn up and the book of the late "fameux banquier" was being referred to, a note was appended to the effect that

it was incorrect to state that he died in a fire in Paris. He had returned to his native England in 1733 or 1734. Shortly afterwards he was robbed by a man-servant, who, to cover up his deed, set the house on fire. The latter was discovered, arrested and executed in London. M. Cantillon had married his daughter to my Lord Bulkeley, Lieutenant-General in the French Service, Chevalier des Ordres du Roi, brother of Madame la Maréchale de Berwick. Madame Bulkeley died at Paris six or seven years ago.

These partly contradictory statements, the corrected versions of which were themselves inaccurate, comprised practically our entire knowledge of Cantillon up to the time of Higgs's research. Even the two great French biographical dictionaries, the *Biographie Universelle* and the *Nouvelle Biographie Generale* simply reproduce these statements.⁷⁰ A reader conversant with the gossip of the time might have recalled a passage in the letters of Horace Walpole in which, under the date April 25, 1743, we read:

Lord Stafford is come over to marry Miss Cantillon, a vast fortune, of his own religion. She is the daughter of Cantillon, who was robbed and murdered by his cook some years ago, on which occasion the latter burned the house down. She is as ugly as he; but when she comes to Paris and wears a great deal of rouge, and has a separate apartment, who knows but she may be a beauty.⁷¹

In a footnote the editor of the letters comments that Cantillon was a Parisian wine merchant and banker, who was involved in the Mississippi company with Law and who later brought his riches to England and settled down there. In May 1734 (on May 14, to be exact) a number of his servants, led by the cook, plotted to murder him, knowing that he had substantial sums of money in the house. Having killed him, they set the house on fire, but the flames were easily extinguished and the stabbed body found. The cook fled by sea, while three of his accomplices were charged with murder but later acquitted. This account was apparently taken from contemporary weekly newspapers, as Jevons, who later tracked them down, was able to confirm.⁷² The marriage mentioned by Walpole is recorded in the genealogical reference books, which tell us that on July 8 or 26, 1743, Henrietta, the daughter of Richard (or Philip) Cantillon, a Parisian banker, married William Mathias, Earl of Stafford, and, following his premature death seven years later, she married Robert (Maxwell), Baron (later Earl of) Farnham, on October 11, 1759, but died on August 30, 1761, at the age of 34 years.⁷³

The third contemporary account of Cantillon consists in the already quoted remarks of the elder Mirabeau in his famous *L'Ami des Hommes*, published in 1757, two years after the *Essai* appeared, and—as it later turned out—far more closely related to the latter work than Mirabeau himself would have led one to believe. In the very preface, Mirabeau refers to Cantillon's *Essai*, without naming it explicitly. With a view to excusing the rather unsystematic construction of his book, Mirabeau mentions a change of plan which had become necessary in the course of the work:

I began it in the form of a free commentary on an outstanding work which I possessed in manuscript form and intended to publish. Publication took place, however, before I

had commenced the third section; this made me decide to alter the form of my project and to publish under my own name the scattered and hitherto abandoned fragments which I had committed to paper.⁷⁴

Subsequent remarks by Mirabeau in the course of his text indicate that it was Cantillon's *Essai* to which he had referred. Having quoted from Chapter XV of Part One of the *Essai*, he continues:

These words are taken from Cantillon's work, printed last year. He was uncontestedly the most competent man ever known in this field. His opus, which became submerged in the deluge of similar works brought on by present-day fashion, is but one-hundredth part of the entire work of that brilliant man which perished with him in a most extraordinary and tragic disaster. The opus is itself truncated, since the appendix, to which the author frequently referred and which contained all his calculations, is missing. He had translated the first part himself for the benefit of one of his friends, and on the basis of this manuscript it was printed more than twenty years after the death of the author.

He develops his basic principle in a series of chains of reasoning, so well interlocked as to prove inescapable. They should be looked at by those who dispute his principles. I would have had to repeat them in full or in part; but, on the one hand, I am not disposed to plagiarize, while, on the other, everything in the work is so interrelated, that no thought can be plucked out singly. At the same time, the apathy which led to such a peerless work being lost in the crowd may undoubtedly be attributed to its aridity as a piece of reading.^{75 76}

Mirabeau's protest that he was not disposed to plagiarize Cantillon was, indeed, not unwarranted. It would undoubtedly appear that at least the legal owners of Cantillon's manuscript at the time had reason to fear that this was precisely his intention. As is clear from his letter to Rousseau, which we quoted, Mirabeau had the manuscript in his possession for no less than sixteen years. When Alfred Stern, in his *Das Leben Mirabeaus*, drew attention to this point, he prompted Stefan Bauer, in the first instance, to enquire about Mirabeau's manuscripts in the National Archives in Paris, where he found in due course what he believed to be a copy of the manuscript of the *Essai*.⁷⁷ It was only when Henry Higgs carefully scrutinized the manuscripts ascribed to Cantillon that they proved to be not a true copy but rather an abbreviated version of the *Essai*.⁷⁸ It contained several alterations, which were apparently calculated to hoodwink the reader as to the true authorship of the work, but it also carried a preface, from the title of which it appears to have been addressed to the Duke of Noailles and which, in Higgs's opinion, reflected all the characteristics of Mirabeau's style. From the complete version published by Higgs, we reproduce here the following passage in which Mirabeau presents what purports to be his own work, in terms which bear a strong resemblance to those he used in respect of Cantillon in his *Ami des Hommes* and which we already quoted:

Kindly forgive the arid style of the *Essai*; convinced that, in treating of this subject, one can scarcely go far enough in suppressing one's imagination so as to proceed step by step, and at the same time lacking confidence in my ability to act accordingly, I

went to the opposite extreme. May I add that this is but a short excerpt from a longer and complete treatise, but, having jettisoned the greater part in order to get finished, I have disrupted the continuity of the work. However, it had to be brief, and if there is any point, which you would wish to pursue in detail, you know the author.

In the text of the *Essai* that followed, the passages which were altered or dropped were predominantly those which would have betrayed an expert knowledge not to be expected from Mirabeau, while occasionally, as if to allay suspicion, some hint is given as to how the author acquired his information. The extent, if any, to which Mirabeau made use of this revised text is not known. That his motives, as Higgs suggests, were dishonorable can scarcely be doubted.

The second manuscript is perhaps more interesting. It is a closer copy of the first half of the *Essai* (extending to the beginning of Chapter VI in Part Two), which was written down apparently by one of Mirabeau's secretaries. A running commentary in the form of marginal notes, added by Mirabeau himself in the first part of this manuscript, evolved in time into the *Ami des Hommes*. After the appeal to Epicureans, which prefaces this work, and attached to which is the veiled reference to the manuscript of Cantillon's *Essai*, we now encounter some words in recognition and appreciation of the latter, in which, quite remarkably, the original reference to "M. Cantillon" is deleted and simply "*cet homme*" left standing. The following is a translation of part of this extensive passage, which Higgs printed in full:

It is now time to do justice to one who deserves it. Among the many works on industry and trade, which appeared in recent times, and many of which I have read with satisfaction, I sensed, though they contained many useful notions, a lack of precision of principle. At last there fell into my hands a rare manuscript, the only relic of the immense works of one of the ablest men Europe has ever produced. I should have named this man with pleasure [originally: 'This man is M. Cantillon'] and my debt to him is such, that I feel obliged to render him the service of handing down to posterity his name and some account of his industrious life, such, at any rate, as would bestow upon his work the authenticity which a deserves. However, a reading of his work suffices for that purpose. To pursue the other points would, I am assured, annoy his family. Purely on the basis of this allegation, without investigating it and independently of its truth or otherwise, I shall desist. Even though I should think less of those who would take offense, for me the very possibility of offending someone was enough to restrain my pen, a sacred instrument in honest hands, but a poisoned dagger in the hands of one with deranged mind or corrupt heart.

Hence, I say simply that it is the work of one of the leading men of genius in trade in this century. Excessively active, his profound erudition embraced everything bearing on the subject. He foresaw the complete course of the fatuous system of Mr. Law, and, compelled by circumstances to take part in it, he quitted the theatre of this astonishing revolution, leaving his correspondent with orders in advance as to the different stages of the cycle which the catastrophe would run. This fact is not lightly stated. Its details have come out before one of the leading tribunals of Europe. Men like him knew how to keep clear of the crash of this colossal and frail edifice and to make good pickings from its ruins. It was easy for him to profit from the financial

crisis which broke out almost simultaneously in nearly the whole of Europe, in Venice, Amsterdam and England. But, a genius at heart as well as in mind, he always looked upon gold as a slave and made wealth subservient to his tastes and curiosity, without thinking of acquiring it till there came to him some new fancy or some occasion to follow his leaning to generosity. Given over to occasional passions like all ardent souls, his chief were always independence and liberty. Cosmopolitan, or rather equally a citizen everywhere, he had houses in seven of the principal cities of Europe and the least knowledge to acquire or calculation to verify made him cross the Continent from one end to another. One of his friends told the that he found him one day at home in Paris in his dressing gown with Livy on his desk. "I am going", he said, "to make a little trip. There has always been a blunder as to the value of the coins with which the Romans ransomed their city from the Gauls. No matter whether the opinion is true or false, the interpreters are asses, and I am going to get some definite views on the matter. One of these coins is in the collection of the Grand Duke and I am going to verify its weight and alloy". At this moment the horses arrived and he took leave of my friend to get into the coach. In these voyages he made certain of everything, got out of the carriage to question a labourer in the field, judged the quality of the soil, tasted it, drew up his notes, and an accountant whom he always took with him put them in order when they stopped for the night. A mass of precious manuscripts perished with him by a remarkable and deplorable catastrophe. This surviving sketch can only serve to increase our regret about the rest. This fragment came into my hands by a kind of theft subsequently announced by the person for whom the translation was made.[79](#)

Mirabeau then goes on to say that he hesitated to publish the work because it lacked the supplement and, in addition, because "the author" (originally: "M. Cantillon") had first written it in his native language and then translated it, without exercising particular care, for the use of a friend, with the result that it was rather cumbersome in its phrasing. He had originally planned to revise the text but had to come to the conclusion that it is impossible "to lay a hand on the works of great men, when one is not at least on a par with them." Rather than confine himself to commenting on the text, he had subsumed it into his own work and, in doing so, altered the title, since there was already a surfeit of "Essais sue la commerce."

As the quotation from the preface to *Ami des Hommes* showed, Mirabeau's plan was frustrated, even before he had completed his task, by the prior publication of the *Essai* by others. Even so, when *Ami des Hommes* finally appeared, purporting to be a completely independent work, it bore many traces of Cantillon's influence and Higgs tells us that the unpublished manuscripts contain further evidence of this influence.[80](#)

Mirabeau was not the only person, however, who attempted to use the manuscript before the *Essai* was published. As Jevons pointed out, two English authors, M. Postlethwayt and the established monetary theorist J. Harris both unscrupulously plagiarized Cantillon following the appearance of the French edition.[81](#) [82](#) [83](#) A few years later E. Cannan discovered that the same Postlethwayt had as early as 1751, that is four years before the publication of the *Essai*, transcribed long passages from it verbatim in the first volume of his *Universal Dictionary of Trade and Commerce*.[84](#) [85](#) In fact, a prospectus relating to the same Dictionary, which preceded it by two

years, contains passages which are unequivocally taken from Cantillon's *Essai*.⁸⁶ We cannot say with certainty whether Postlethwayt had in hand the French translation or indeed the original English manuscript, which contemporaries assumed had perished with Cantillon. It was probably the latter, because, in the first place, it is known that the French manuscript was for many years in Mirabeau's possession; secondly, certain errors in the French text do not occur here; and, finally, because the "papers of a most gifted, deceased gentleman," from which Philip Cantillon's already mentioned "Analysis of Trade" was admittedly derived, can scarcely be anything else but the original English manuscript of the *Essai*, still in existence in 1759.⁸⁷

In addition to those persons for whom firm evidence exists, there were probably many more who knew the manuscript of the *Essai*, of which presumably several copies were available. This is supported at least by the statement of Fréron concerning a number of persons who claimed to have seen the appendix. It is only on the basis of what little we know about the circle in which Cantillon moved, that we can hazard a wild guess as to what subsequently became of the manuscript.

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IV

We know as little about Cantillon's origins and person as we do about the fate of his writings. It is true that Jevons found the already cited accounts of his family in genealogical publications. However, on closer inspection their contents prove to be so much in conflict with established facts about Cantillon that it would be better to forego using them at all. The only thing certain is that the Cantillons were settled in Ireland for centuries and that several members of the family emigrated to France, at the latest in the company of James II, when, towards the end of the seventeenth century, the Stuarts were driven out of England. One Richard Cantillon, clearly not the economist but rather, according to the unreliable genealogy, his cousin, a wounded veteran of the Battle of the Boyne between the followers of James II and those of William of Orange in 1690, was established by at least 1705 as a banker in Paris and as such was a confidant of the large group of English Catholics who gathered there round the son of James II, the "Old Pretender." Details of various business deals of this Richard Cantillon have been recounted by Higgs, in particular a not unproblematic case of a lottery run for the benefit of the emigrant Benedictines from Ireland.⁸⁸

The first reference to our own Richard Cantillon followed upon the death of his cousin on August 5, 1717. The latter had contracted debts far in excess of his assets, so that some of his creditors had to be satisfied, at first with twenty-five percent of their claims. But in March 1720 "M. Cantillon, who in the lifetime of the chevalier Cantillon was known by the name of Richard Cantillon junior, graciously offered to pay all the creditors of the deceased the three-fourths which were wanting to their satisfaction in full, though he was himself one of the creditors for a large amount;... and carried his offer out... being impelled thereto by no reason known to us beyond that of doing honour to a person whose name he bore."⁸⁹ There are, however, some grounds for considering it likely that even prior to 1717 the real owner of the bank was not the invalid veteran but rather our own Richard Cantillon. We have the latter's testimony of 1719 that he had been engaged in banking in Paris for quite a number of years, while another source states that he set up business as a banker there in 1716. Now it is improbable that two firms of the same name would exist without there being any distinction drawn between them in these sources. In addition, as we shall see, Cantillon later set up a relative of the same name as a straw man in a firm which belonged entirely to him. It is certain, at any rate, that the Cantillon banking company's contacts with its clientele were kept intact after the death of the elder Richard Cantillon.

As early as 1715 the banker Cantillon in Paris, without being more specifically identified, was said to be the banker with whom the English there had been dealing for years. The number of English people who resided in Paris at that time was exceptionally large. The majority of them were Catholic emigrants, many of them, like Cantillon, being Irish. Some had been driven out with the Stuarts, others had come to Paris on their own. With some of the most famous of them, such as the statesman and philosopher Henry St. John Bolingbroke (1678–1751), who had also

joined the "Old Pretender," and James Fitzjames, natural son of James II, Duke of Berwick and Marshall of the French Army, Cantillon was intimately connected. In Bolingbroke's published correspondence we find confirmation of the contact already referred to in Fréron's account.⁹⁰ In the case of Marshall Berwick, Cantillon was distantly related to him by marriage. Cantillon married, apparently in London, in 1722 (the deeds of marriage there are dated February 16, 1722) Mary Anne Mahony, the daughter of Daniel Mahony (or O'Mahony, which led the French to write Ommani), a rich Irish merchant from Paris, from his marriage with the widowed Lady Clare, née Charlotte Bulkeley.⁹¹ Her sister, Anne Bulkeley, was the wife of Marshall Berwick, while her brother, Francois Bulkeley, in either 1736 or 1737, following Cantillon's death, married the latter's widow, who was his own niece.⁹²

These family relationships are of particular importance because both Berwick and Bulkeley had been close friends of Montesquieu since 1717 (or, in the latter case, at least since 1723) and accordingly it is at least very probable that Cantillon also knew Montesquieu. But even if Montesquieu did not know Cantillon personally, it can scarcely be doubted that he was aware of the manuscript left by the latter, since, as various letters show, he was on most friendly terms with Cantillon's widow between 1736 and the time of her death in 1749 or 1750, she then being the wife of Bulkeley.⁹³ At this juncture it may be said that it was quite likely Francois Bulkeley who published Cantillon's *Essai*. He would have waited until after the death of his wife because of the family consideration touched upon by Mirabeau, while his own death shortly afterwards (January 14, 1756) would explain why his contemporaries never found out who saw the work through the press.

It is only in respect of the post-1720 period that we know somewhat more about Cantillon, who spent these years partly in London, having withdrawn there from Paris, and partly in travel. This information is based on the court cases, to which Mirabeau alluded, and their files which were tracked down by Higgs, following a clue from Jevons.⁹⁴ It emerges that Cantillon, at the beginning of 1720, changed his Paris bank into a limited partnership under the name of "Cantillon and Hughes," the Cantillon in question being not our author but a four-year-old nephew, the other partner being a certain John Hughes. Cantillon himself was the partner of limited liability; he supplied the entire capital and was entitled to two-thirds of the profits, the other third going to Hughes, more or less in his capacity as manager. The nephew was not entitled to anything. Shortly afterwards—at the peak of the Mississippi speculation—the firm engaged in those transactions which ended in the court cases. It advanced about £40,000 to a series of people, mostly English nobility, to finance the purchase of Mississippi shares, the price of which these people expected to rise. Cantillon, who foresaw the imminent collapse of Law's system, directed Hughes to sell immediately the shares which had been pledged, invest the proceeds in sterling claims and hold only such quantity of shares as he could be called upon to hand over on demand. Cantillon adopted the standpoint, as he later explained, that the shares had not been lodged by serial number with him and were not a deposit in the strict sense but rather an undifferentiated lodgment and hence that no client had a claim to specific shares. This action yielded an extraordinary profit for the firm, as the shares which it disposed of at high prices could be replenished after the price collapse and

the funds involved, instead of being tied up, could meanwhile attract substantial interest in perfectly safe sterling deposits.

Cantillon, who had made some of the advances personally, now pressed the speculators, who had suffered heavy losses, for repayment of the loans and he ultimately applied for a court order against them. The borrowers, in turn, insisted that the profits made by Cantillon and his firm be offset in their favor. They sued Cantillon for fraud and usury in the courts of Paris and London, holding Cantillon personally responsible for the conduct of the affair on the evidence of letters they produced between him and his firm. After Hughes had died in 1723 and Cantillon liquidated the firm, Hughes's widow joined the opposition and backed her claims with the argument that Hughes had been not merely in name but also in fact a joint owner and as such was entitled to his share in the proceeds of the liquidation. It was some years before Cantillon could emerge victorious from the greater part of this litigation; one case indeed was still unresolved at the time of his death in 1734. Extensive documentation of these legal proceedings has been preserved, in particular letters from Cantillon to Hughes and to his attorney, which Higgs unearthed in the London Public Records Office and in the Bibliothèque Nationale in Paris. It is likely that even more have escaped detection through lack of adequate archival cataloging.⁹⁵ The available documents, in conjunction with many of the biographical sources already mentioned show that, having left Paris in 1720, not to return for almost six years, Cantillon lived first in Amsterdam, then for several years in his home in London, but that he nevertheless travelled frequently on the continent. Thus, he declared in court in the spring of 1724 that he proposed to make a business trip with his wife to Naples and other Italian cities, but that one way or another he would return to London "where he had his house and family and, in the vicinity, his son *who must have died young* being cared for by a nurse." In 1726 he did in fact set off on his travels with his wife; he wrote in April from Nampon near Abbeville, in May from Paris, in June from Rotterdam, and in December from Brussels and Cologne. It appears to have been similar in the following year; in April and May he wrote from Verona, apparently having visited Genoa in between, and then felt compelled by reports of the court case in Paris to return to that city. Between 1729 and 1733 he was frequently in Paris, in 1733 in Utrecht and Brussels, and in 1734 back in London, where he met his violent end, of which we already spoke. Higgs's account runs as follows:

On Monday, May 14, 1734, Richard Cantillon was driving about London to his friend Garvan in the Middle Temple, and to a house at Queen Square, Westminster, where he supped, and was set down at his door at ten at night. According to the evidence of a servant the next day, "for about three weeks last past his Master had taken the key of the Street-Door up into his Bed-Chamber; and (the Examinent) believes his reason for so doing was upon some Distaste he took to a servant discharg'd three weeks ago; but that last night he left the key, together with his Watch, below in the Parlour; and believes it was on account of this Examinant's being [ordered] to go early in the morning to take a Box for him in the Opera; because that he gave him Directions for that purpose... his Master last night... undrest himself in the Parlour as usual, took his Candle and Book, and went up to Bed soon after; and told this Examinant he would read. [This, it seems, was his usual practice.]

It was at first supposed that Cantillon fell asleep with his candle burning, and set fire to the house by accident. But facts soon transpired which left little doubt that the dismissed servant, Joseph Denier, *alias* Le Blanc, entered the house in the night with the complicity of the other servants (three men and two maids), and, having murdered and robbed his former master, set fire to the house.

To his wife and daughter, who were living in Paris, Cantillon bequeathed a considerable fortune, as one could hardly otherwise expect of a man who, according to his cashier, had within a short time drawn two and a half million (Livres Tournois?) out of his business. A rough inventory, which he sketched out shortly before his death, shows cash in banks in London, Amsterdam, Vienna, Cadiz, and Brussels, land and houses in England, Paris, Asnières, and Louisiana, as well as various annuities and claims. While trade claimed some of his attention in earlier years, he seems to have devoted himself predominantly to it in the latter years; we find him described occasionally as a silk or wine merchant and know that he took an interest in copper also. It is true that a servant once described him as a tyrant but, generally speaking, he was greatly trusted and was well liked by his friends. He was noted for his great candor and this brought him into conflict with Law, who took offence at his spontaneous criticism. His letters, in Higgs's opinion, show "Cantillon to have been a person of extreme ability and very great energy"; their "writer was possessed of great clearness and grasp, quick to penetrate ambiguity or weakness of argument, able at combination and calculation, and so thorough a master of the foreign exchanges that his speculations exhibit a scientific prevision amounting almost to certainty." Apart from the letters there exists a memorandum (which we can at least with considerable certainty ascribe to Cantillon) printed with the file of the Paris law suit, in which he elucidates for the benefit of his attorney the distinction between usury and a profit made by foreign exchanges at current market rates; this resembles the corresponding passage in the *Essai* and apart from the other authors he mentions Dupuy and Savary in it.⁹⁶

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V

While the magnitude of his scientific accomplishment can scarcely be disputed, it is extraordinarily difficult to assess his actual influence on the development of economic thought. One may deduce from the various instances of either pre-publication or post-publication though unacknowledged utilization of the *Essai* that many other writers knew him and drew upon his work. The exceedingly rich literature from the mid-eighteenth century has scarcely been investigated with this in mind. The time and milieu in which Cantillon wrote favored to an exceptional degree a reverberating impact even where personal communication was involved, for it was this same Anglo-French society of the second quarter of the century which, starting out from an intellectual revolution, paved the way for the political revolution and the upswing of the political sciences. Not only Montesquieu but also Voltaire and Rousseau were in England at this time, in close contact with those circles in which Cantillon moved. In the same way David Hume and Adam Smith found decisive stimulation in France. As we said, Smith was acquainted with Cantillon. Whether the same can be said of Hume is a more difficult and no less tantalizing question, for his *Political Discourses*, which embody his economic treatises, appeared three years before Cantillon's *Essai*. From a comparison of Hume's monetary theory with that of Cantillon one gets the inescapable impression that Hume must in fact have known Cantillon.⁹⁷

It may be recalled that part of the relevant passages from Cantillon appeared in Postlethwayt's Dictionary in 1751, that is a year before the publication of Hume's work, and the acquaintance may have originated there. However, the similarities are by no means confined to the passages reproduced by Postlethwayt. There are several instances such as Hume's treatment of the effects of an increase in the money supply or his refutation of the notion that such an increase could induce a fall in the interest rate: these amount to a superficial resemblance which, however, loses force once it is realized that Hume is no match for Cantillon in profundity of insight.⁹⁸ Hume would have had adequate opportunity to become acquainted with the *Essai* manuscript, for he spent the greater part of three years in France after 1734 and in later years—beginning especially with Montesquieu in 1749—he corresponded regularly with French scholars. This surmise is strengthened considerably when one encounters in Hume's economics notes, which date predominantly from 1740/41, the observation that a pound of steel, when processed, can have a value of £10,000, which clearly reminds one of Cantillon's example of the watch spring.⁹⁹ If, in addition to Smith and Hume, perhaps even Malthus had known and borrowed from Cantillon—for there are several instances in his essay on the principles of population where this seems likely—this would suffice to establish a persistent influence on all subsequent economists.¹⁰⁰

In addition to our earlier evidence of the efficacy of Cantillon's treatise in France, it is perhaps worth noting that the year of its publication, 1755, was consistently identified by contemporary writers as the year in which the new school of economics emerged. Germain Garnier, the first proponent of the abstinence theory, drew extensively but without acknowledgment on Cantillon's ideas in writing his 'Abrégé élémentaire des

principes de l'économie politique' (Paris 1796) and sought to reconcile them with the views of Smith, whom he had translated into French, and of the Physiocrats.[101](#) [102](#) At times Garnier borrowed not only Cantillon's examples but even reproduced his argument verbatim.[103](#)

Cantillon tended to be forgotten in France once J. B. Say led the way in ignoring all writers before Adam Smith. The *Essai* seems, however, to have been read to some extent in Germany and Italy also. The influence of the Italian translation of the *Essai* shows up at least in G. Filangieri, while in Germany not only Graumann, to whom we already referred, but also the "German Physiocrat" Jakob Mauvillon, whose father brought out an edition of the *Essai*, must have known Cantillon.[104](#) Firm evidence exists in the case of von Pfeifer, who, without naming Cantillon but clearly referring to him, said that "the Physiocratic system had been produced in England, propagated in France and finally transmitted to Germany".[105](#) G. A. Will, having quoted this remark of von Pfeifer's in his "Versuch über die Physiokratie" (1782), added in turn that "it is indeed correct that, among others, the English writer Cantillon, in his delightful study on commerce, delineated many years ago the theory of the Physiocrats concerning the nature of the state in terms of the underlying principles and main conclusions."[106](#)

Notes

[\[2\]](#) All page numbers cited in this text for Cantillon's *Essai sur la nature du commerce en général* are to the original French version.

[\[1\]](#) The author is greatly indebted to Professor Henry Higgs, London, Professor Dr. Fritz Karl Mann, Cologne, and Sektionsrat Dr. Ewald Schams, Vienna, who read the manuscript of this Introduction and by their generous comments helped to eliminate some faults and fill numerous gaps.

[\[2\]](#) Adam Smith, *The Wealth of Nations* (London: Cannan, 1904 and later), vol. 1, p. 70.

[\[3\]](#) The French translation of Tucker's "Reflections on the Expediency of a Law for the Naturalisation of Foreign Protestants" which Turgot, probably on the suggestion of Gournay, undertook, bears the same fictitious designation of place of printing. The translation, entitled "Questions importantes sur le Commerce," and the original text were presumably printed in Paris. A London bookseller named Fletcher Gyles had, by 1755, long since ceased to exist.

[\[4\]](#) The fact that this edition appeared in various guises is presumably attributable to the enterprise of a bookseller, who was anxious to promote sales by altering the title page; it would appear to be dated variously 1755 and 1761.

[\[5\]](#) *Saggio Sulla Natura de Commercio*, Autore Inglese, with a Preface by F. Scottoni (Venice, 1767).

[6]The first edition of this work, although dated 1756 on the title page, did not actually appear until 1757. See G. Weulersse, *Les Manuscrits Économiques de Francois Quesnay et du Marquis de Mirabeau aux Archives Nationales* (Paris, 1910), p. 19 ff.

[7]See "J. J. Rousseau, ses Amis et ses Enemis. Correspondence publiée par M. G. Streckeisen Moulton", with an Introduction by J. Levallois (Paris, 1865), vol. II, p. 265 ff. A more extensive passage is to be found in *Oeuvres économiques et philosophiques de F. Quesnay*, ed. A. Oncken, (Frankfurt and Paris, 1888), p. 4 ff and a German version in A. Oncken, "Entstehung und Werden der physiokratischen Theorie," in *Vierteljahrsschrift für Staats-und Volkswirtschaft*, ed. K. Frankenstein, vol. 5 (Leipzig, 1895), pp. 275 ff., as well as in the same author's "Geschichte der Nationalökonomie." Erstel Teil (Leipzig, 1902 and later), pp. 318 ff. A practically identical account of the conversation taken, however, from a different letter which Mirabeau wrote towards the end of the 1770s, is contained in the first-mentioned article by Oncken; it was taken from the well-known work of L. de Lomiere, *Les Mirabeau, nouvelles études sur la société française au XVIIIe Siècle* (Paris, 1879), 2:170 ff.

[8]See Oncken, "Entstehung und Werden," p. 279. How little authentic Mirabeau's account of the course of this conversation is, can be deduced from the fact that, in a letter written to his brother immediately after the conversation, he describes himself as the victor. See *ibid.*, p. 275, and Lomenie, *Les Mirabeau*, 2:196.

[9]See the 1757 edition, vol. 7, p. 821, reprinted in Quesnay, *Oeuvres Economiques et Philosophiques*, p. 218.

[10]See *Mémoires inédits de l'Abbé Morellet* (1823), 1:37 ff.

[11]See Eugene B. Daire's edition of Turgot's work (Paris, 1848), 2:819.

[12]J. F. Melon, *Essai politique sur le Commerce* (Rouen and Bordeaux, 1734). For that reason Melon cannot be described as preceding Cantillon, for the latter died in the year in which Melon's work appeared.

[13]See "Notice abrégée des différents écrits modernes qui ont concouru en France à former la science de l'Economie politique," in Quesnay, *Oeuvres Economiques et Philosophiques*, under "The Years 1754 and 1755", p. 148.

[14]For a more detailed account see Henry Higgs, *Economic Journal* (1891) 1:262 ff.

[15]J. Ph. Graumanns, *Gesammelte Briefe von dem Gelde* (Berlin, 1762) p. 114 ff.

[16]Sir James Steuart, *An Inquiry into the Principles of Political Economy*, Book III, II/3 or vol. XV, p. 284.

[17]See E. B. de Condillac, "Du Commerce et du Gouvernement, considère relativement l'un à l'autre," (Amsterdam and Paris, 1776), chap. 16, p. 143, *Oeuvres*

Complets (Paris: 1803), vol. 6, p. 141. See also A. Lebeau, *Condillac économiste* (Paris, 1903), pp. 11, 350, 412.

[18] Some further references to Cantillon's influence on economists of this period will be found towards the end of this Introduction.

[19] Charles Ganilh, *Des systèmes d'économie Politique*, 2nd ed. (1821), vol. 1, pp. XV, 134; vol. 2, p. 107.

[20] Physiocrats. Quesnay, Dupont de Nemours, Mercier de la Rivière, L'Abbé Baudeau, Le Trosne, Avec une Introduction sur la Doctrine des Physiocrates, des Commentaires et des Notices Historiques par *Eugène Daire* (Paris, 1846), Part 1, p. 74, 82, 274. It is not easy to understand why Daire did not deal systematically with the *Essai*, which he thought highly of, in editing the 15-volume Collection des principaux économistes (1843–1848), the second volume of which contains the above-mentioned "Physiocrats"; this fact certainly contributed to the neglect of Cantillon.

Julius Kautz, *Theorie und Geschichte der Nationalökonomik*, Propyläen zum volks- und staatswirtschaftlichen Studium. Zweiter Teil. Literatur-Geschichte der National-Ökonomik (Vienna, 1860), p. 320ff.

[21] W. Roscher, *Geschichte der Nationalökonomik in Deutschland* (Munich, 1874), p. 481.

[22] Fr. von Sivers, *Jahrbuch für Nationalökonomie and Statistik*, vol. 23 (Jena, 1874). On pages 158–62, which are devoted entirely to Cantillon, he writes: "Eschewing superficial opinion, Cantillon, in his 'Essai sur la nature du commerce en général,' subjects the idea that the entire population is dependent upon the landlords to a process of profound reasoning. More incisive observation and keener powers of discernment lead him to see that value cannot be explained in terms of supply and demand only and that the market price formed by supply and demand gravitates around a mean, which is itself determined by other causes.... It suffices to record, that we find here the three-fold division of society, which was later considered a discovery of Quesnay. The agricultural labourers produce the wealth, only the landlords are truly independent, the artists and merchants are supported by the net income of the landlords. The division of rent is the same as in the 'Analyse du tableau économique'; the only difference is that there the proportions are 2.1.3.5, while here we have a division into sixths."

[23] Léonce de Lavergne, *Les économistes français du dix-huitième siècle* (Paris, 1870), p. 167. The passage from which the cited quotation is taken continues: "Property in general and specifically landed property is presented as the basis of society. From this principle Cantillon derives all the inferences which follow, especially in relation to freedom of commerce in all its forms. If he had lived longer, he would have become one of the leading figures of the school of the Economistes."

[24] W. Stanley Jevons, "Richard Cantillon and the Nationality of Political Economy," *Contemporary Review* 39, January 1881, reprinted in *The Principles of Economics. A Fragment of a Treatise on the Industrial Mechanism of Society and other Papers* with a Preface by Henry Higgs (London, 1905), pp. 155–83.

[25] Jevons, *Principles of Economics*, p. 164.

[26] Article on "Cantillon." by H. R. Tedder, *Dictionary of National Biography*, ed. L. Stephen, Sidney Lee (London, 1886), 8:455.

[27] Article on "Cantillon," by Henry Higgs, F. Y. Edgeworth, and Stephan Bauer, *Dictionary of Political Economy*, ed. R. H. Palgrave (London, 1894).

[28] Article on "Cantillon," by Castelot, *Nouveau Dictionnaire d'Economie Politique*, ed. Leon Say, Supplement (Paris, 1897).

[29] J. K. Ingram, *A History of Political Economy* (Edinburgh, 1888), p. 60 ff.

[30] R. Zuckerkandl, *Zur Theorie des Preises mit besonderer Berücksichtigung der geschichtlichen Entwicklung der Lehre* (Leipzig, 1889).

[31] A. Espinas, *Histoire des Doctrines Economiques* (Paris, 1891), p. 179–97.

[32] Alfred Marshall, *Principles of Economics* (London, 1891), p. 53. In subsequent editions Marshall altered his verdict and he remarks (in a footnote to the passage, in which he describes the Physiocrats' achievement as the first attempt at a London 1916, Appendix B 2, p. 756), that Cantillon has some claim to being considered systematic.

[33] See the Letters and Journal of William Stanley Jevons, edited by his wife (London, 1886), p. 425.

[34] Henry Higgs, "Richard Cantillon," *Economic Journal* (1891) 1:262–91.

[35] Cantillon, *Essai sur Le Commerce*, Reprinted for Harvard University (Boston: Geo. H. Ellis; London; Macmillan, 1892), with a Preface by Henry Higgs.

[36] See H. S. Foxwell, Introduction to W. St. Jevons, *Investigations in Currency and Finance* (London, 1884), p. XLII.

[37] See E. Cannan, *A Review of Economic Theory* (London, 1929), p. 20n. This fascinating book, which finally prompted me to devote myself earnestly to a study of Cantillon, gives the best synoptic view of Cantillon's importance for the entire development of economics.

[38] See the excellent appreciation in A. Espinas, *Historie des Doctrines Economiques*, pp. 179–97, which appeared as early as 1891.

[39] See the German edition, Charles Gide and Charles Rist, *Geschichte der volkswirtschaftlichen Lehrmeinungen*, 2nd ed. (Jena, 1921), p. 52.

[40] See A. Oncken, *Entstehung und Werden der Physiokratischen Theorie*, p. 280ff.n.

[41] A. Oncken, *Geschichte der Nationalökonomie*. Part One (only part), *Die Zeit vor Adam Smith* (Leipzig, 1902), particularly p. 279.

[42] Ernst Oberföhrer, *Die Idee der Universalökonomie in der Französischen Wirtschaftswissenschaftlichen Literatur bis auf Turgot* (Probleme der Weltwirtschaft. Schriften des kgl. Instituts für Seeverkehr und Weltwirtschaften der Universität Kiel, Nr. 23), (Jena, 1915), p. 124.

[43] See W. Lexis, article on "Physiokratisches System" in *Handwörterbuch der Staatswissenschaften*, 3rd ed. (Jena, 1913) 6:1039: "In particular we find... what are undoubtedly essential elements of Physiocratic theory anticipated... in Cantillon's *Essai*, even though Quesnay refused to recognize this and in fact spoke disparagingly of Cantillon in a letter (?) to Mirabeau." Cantillon is certainly less one-sided than the Physiocrats. See also his *Allgemeine Volkswirtschaftslehre* (Leipzig, 1913), in which Cantillon's *Essai* is similarly described as "the first attempt at a comprehensive theory of the economy" (p. 239).

[44] Fr. J. Neumann, "Zur Geschichte der Lehre von der Gravitation der Löhne nach gewissen Kostenbeträgen," *Jahrbücher für Nationalökonomie und Statistik*, 3rd ser., vol. 17 (Jena, 1899), p. 147ff.

[45] O. von Zwiédineck-Sudenhorst, *Die Lohnpreisbildung, Grundriss der Sozialökonomik*, Vol. IV/I, p. 320. There the following opinion of Cantillon is expressed: "This Irish pioneer of Physiocratic ideas spells out all the essential arguments which are to be found in what is commonly considered to be the edifice of classical theory."

[46] See J. Schumpeter, *Epochen der Dogmen- und Methodengeschichte, Grundriss der Sozialökonomik*, 1st. ed (Tübingen 1914), vol. 1. p. 1, p. 143.

[47] The most detailed monograph concerning the subject matter of the *Essai* and its relationship to both earlier and later works is that of R. Legrand, *Richard Cantillon, Un Mercantiliste Precurseur des Physiocrates* (Paris, 1900). Like most other studies of Cantillon, it suffers from the shortcoming that it focusses not so much on Cantillon's originality as on the question whether one should consider him as being still part of the Mercantilists or already part of the Physiocrats. Detailed discussion of the contents of the *Essai* are also contained in the already mentioned studies of Jevons, Espinas, Higgs (*Quarterly Journal of Economics* 6 (1892), as well as in W. Rouxel, "Un Precurseur des physiocrates: Cantillon," *Journal des Economistes* (1892); W. Kretschmer, "Über den Richard Cantillon zugeschriebenen *Essai sur la nature du commerce en général* mit besonderer Berücksichtigung der Lehren von Otto Effertz" (diss., Liestal, 1899). Analytical studies of specific theories of Cantillon will be referred to as the occasion requires.

[48] J. F. Melon, *Essai politique sur le commerce* (Rouen and Bordeaux, 1734).

[49] Dutot, *Reflexions politiques sur les finances et le commerce*, 1735.

[50] A. Huart, "Cantillon, Precurseur des Hedonistes," *Monde économique*. May 17 and 31; June 7, 21 and 28; July 29, 1913. For information concerning this article, which was not available in either the Vienna or the Berlin libraries, I am indebted to Sektionsrat Dr. Ewald Schams, Vienna.

[51] With reference to Chapters IV and V on the formation of the towns and cities, see R. Meunier, "Théories de la formations des villes," *Revue d'Economie politique* (Paris, 1910).

[52] Apart from the aforementioned studies of Jevons, Higgs, and Neumann, see especially A. Landry. "Une théorie négligée. De l'influence de la direction de la demande sur la produaivité du travail, les salaries et la population, *Revue d'Economie politique*, 24 (Paris, 1910), and "Les idées de Quesnay sur la population," *Revue d'histoire des doctrines économiques et sociales*, 2 (1909): esp. 83 ff. In addition see R. Picard, "Etude sur quelques théories du salaire au XVIIIe siècle," 3 (1910): 153 ff; and R. Gonnard, *Histoire des Doctrines de La Population* (Paris, 1923), pp. 142, 173 ff., as well as due *idem*, "Les doctrines de la population avant Malthus," *Revue d'histoire économique et sociale* 17 (Paris, 1929): esp. 223.

[53] Compare the well-known sentence with which Part I of Chapter XI, Book I of *The Wealth of Nations* commences—"As men, like all other animals, naturally multiply in proportion to the means of their subsistence, food is always, more or less, in demand"—with the exposition in Chapter XV of Part One of Cantillon's *Essai*, but especially with the sentence—"Men multiply like Mice in a barn if they have unlimited Means of Subsistence" (p. 110). Huart ("Cantillon precurseur des Hedonistes") thinks one is justified in assuming that Malthus was directly influenced by Cantillon.

[54] *Quarterly Journal of Economics* 6:455.

[55] Gaetan Pirou, "La théorie de la valeur et des prix chez W. Petty et chez R. Cantillon," *Revue d'Histoire des Doctrines Economiques et Sociales*, 4th year (Paris. 1911), p. 271. Apart from the previously mentioned studies by R. Zuckerkandl and R. Legrand, the place of Cantillon's value and price theory in the history of economic thought is also dealt with in R. Kaulla, *Die Geschichtliche Entwicklung den Modernen Werttheorien* (Tubingen, 1906). pp. 92ff.; and H. R. Sewall, "*The Theory of Value before Adam Smith*, Third Series, American Economic Association, vol. II, no. 3 (New York, 1981). See also A. Dubois, *Revue d'economie politique* (Paris, 1897), pp. 849 ff. "Les theories psychologiques de la valuer au XVIIIe siecle."

[56] On Cantillon's theory of entrepreneur see especially E. Cannan, *A Review of Economic Theory*, pp. 285 ff, 303 ff.

[57] See passage quoted from *Silvers* and referred to in n.22. [N.B. Note 22 above is to a "von Sivers". I've not had time to verify the exact spelling of the name or whether

this typo arose in Hayek's original or in the translation in the *Journal of Libertarian Studies*, but Sivers is probably the correct spelling based on quickly available circumstantial online evidence about last names and locations during that time period. The *Jahrbücher* cited in Note 22 above is also unfortunately missing from some library collections, so a table of contents for it was not easy to locate.—Econlib Ed.]

[58]P. Harsin, *Les doctrines monétaires et financières en France du XVIe au XVIIIe Siècle* (Paris, 1928), pp. 227–236. In addition to the studies of Jevons and Legrand, see A. E. Monroe, *Monetary Theory before Adam Smith* (Cambridge, 1923); J. W. Angell, *The theory of international prices* (Cambridge, 1923); J. W. Angell, *The theory of international prices* (Cambridge, 1926) especially p. 207 ff., and F. Hoffman, *Kritische Dogmengeschichte der Geldwerttheorien* (Leipzig, 1907), especially pp. 56–64.

[59]M. W. Holtrop, *De Omloopsnelheid van het Geld* (Amsterdam, 1928), p. 9.

[60]In addition to Jevons see S. D. Horton, *Sir Isaac Newton and Englands Prohibitive Tarif upon Silver Money* (Cincinnati, 1895), reprinted in the same author's *Silver and Gold and Their Relations to the Problem of Resumption* (Cincinnati, 1895), as well as W. St. Jevons' unfinished reply, "Sir Isaac Newton and Bimetallism" reprinted in his *Investigations in Currency and Finance*, ed. by H. S. Foxwell (London, 1884), p. 330ff.

[61]In place of 1717, Cantillon himself wrote erroneously 1728 (p. 373) and the fact that he used words rather than numbers means that a writing or printing error can practically be ruled out. It is very difficult to understand such an error, since Cantillon not only experienced the event in question but even appears to have been in direct contact with Newton. The error persisted thereafter in the literature and is repeated in Steuart. *Inquiry into the Principles of Political Economy*, Book III, chap. 7, 3, p. 47 of the 1796 Basle edition or vol. 2, p. 135 of the collected works (London, 1805), as well as in J. G. Hoffmann, *Die Lehre vom Gelde* (Berlin, 1838), p. 104. On the other hand, in reproducing the relevant passage J. H. Graumann (*Gesammlete Briefe vom Gelde* etc., Berlin, 1762) corrected the error. See also Ph. Kalkmann, *Englands Übergang zur Goldwährung im Achtzehnten Jahrhundert* (Strabburg, 1895), p. 127.

On Cantillon's exchange rate theory see A. M. de Jong, *Bijdrage tot de Geschiedenis van de Theorie den Wisselkoersen voor Adam Smith*, *De Economist*, 74th year, Nos. 5–8, s'Gravenhage (May-August 1925).

[62]See also S. Weulersse, *Le Mouvement Physiocratique en France* (Paris, 1910), (2 volumes) and the same author's recent work *Les Physiocrates (Encyclopédie Scientifique)* (Paris, 1931) and G. Schelle, *Le Docteur Quesnay* (Paris 1907), pp. 131–184.

[63]In support of what has been said, reference shall be made here to a number of these unfounded statements in the later literature; the earlier sources will be dealt with in due course. The list commences with G. Kellner, who claims *Zur Geschichte des Physiokratismus: Quesnay-Gournay-Turgot* (Göttingen, 1847), p. 93, that it was

Gournay who prompted Cantillon (died 1734!) to translate his *Essai*. Similarly, a recent author, J. W. Angell *The Theory of International Prices* (Cambridge, 1926), p. 213n. remarks rather patronizingly that it is improbable that Cantillon got his ideas from Hume's Essays, the date of whose publication he pushes back to 1741 in place of 1752. It was Grimm's account, which we shall come to, that prompted many French writers to give 1733 as the date of Cantillon's death, though this does not explain how R. Gonnard *Histoire des doctrines de La Population*, (Paris, 1923), p. 142 makes 1735 out of it. Other authors have taken upon themselves to alter the date of publication of the *Essai*, thus J. Bonar *Philosophy and Political Economy* (London, 1893), p. 106 writes 1752, while E. S. Furniss *The Position of the labourer in a system of nationalism* (New York, 1920), p. 162ff writes 1736. P. Harsin *Les doctrines monétaires et financières en France du XVIe au XVIIIe Siecle* (Paris 1928), finds a simple solution to the problem as to who finally published the *Essai* by attributing the deed to Eleazar Mauvillon, of whom we know only that he took the *Essai*, which was published in 1755, and reprinted it a year later together with his translation of Hume's *Political Discourses*; this action itself contradicts the assumption that he had brought out the first edition of the *Essai* a year earlier. No less unfounded is the statement of H. R. Sewall *The Theory of Value Before Adam Smith* (New York, 1901), p. 80 that Cantillon was of French origin or that of R. Legrand, in his frequently cited work, that Cantillon had personally visited all the countries which he mentions in his *Essai*.

[64] See Higgs' *Preface to W. St. Jevons' Posthumous Principles of Economics* (London, 1905), pp. 10 and 13.

[65] *Les doctrines monétaires etc.*, p. 228n. Huart (*op. cit.*, May 17, p.5) comments that it is quite remarkable that the "Procès-Verbaux du Conseil du Commerce et du bureau du Commerce 1700–1791," published by Bonnycastle and Lelong, contains nothing about Cantillon.

[66] For the convenience of those who are familiar with the Cantillon literature, it may be pointed out that in what follows the available data concerning both the author and *Essai* are plagiarism by Postlethwayt, the plagiarism of Serionne (see footnotes 83 and 86) and the connection with Montesquieu (see footnote 93).

[67] H. Thirion, *La vie privée des financiers au XVIIIe siècle* (Paris, 1895); Cornelis de Will, *La Société française et la Société anglaise au XVIIIe siècle* (Paris, 1864); J. H. Hesse, *Memories of the Pretenders and Their Adherents* (London, 1845).

[68] See p. 43 ff. 52 and 71 of the third volume of the complete edition, undertaken by Maurice Tourneaux, of *Correspondence littéraire, philosophique et critique par Grimm, Diderot, Raynal, Meister etc.* (Paris, 1878).

[69] *L'annee Littéraire, Année MDCCLV*, by M. Freron (Amsterdam), vol. 5, p. 67.

[70] *Biographie Universelle Ancienne et Moderne...* Nouvelle édition, publiée sous la direction de M. Michaud, vol. 6 (Paris, 1843), under the false name Philippe de Cantillon. The author of the article is said to be Weiss.

Nouvelle Biographie Générale depuis les temps les plus reculés jusqu'à nos jours, publiée par MM. Firmin Didot Frères sous la direction de Mr. le Dr. Hoefer, vol. 8 (Paris, 1855), similarly under the name Philippe Cantillon.

[71] *The Letters of Harace Walpole, Earl of Oxford*, (London, 1840), vol. 1, pp. 274 and 295. See also *The Works of Jonathon Swift*, ed. Walter Scott (London, 1824), vol. 16, p. 262ff.

[72] *The Country Journal or The Craftsmen* (18 May and 15 June 1734); *Reads Weekly Journal or British Gazetteer*, (1 June 1734); and *Gentleman's Magazine* (May and 7 December 1734).

[73] See *Complete Peerage of England, Scotland, Ireland, Great Britain and the United Kingdom, extant, extinct or dormant*, alphabetically arranged and edited by G. E. C., vol. 7 (London, 1896) p. 217 (Stafford), and vol. 3 (London, 1890), p. 319 (Farnham) as well as Higgs, *Economic Journal*, vol. 1, p. 288, who points out that the sole surviving child out of the second marriage of Cantillon's daughter, Lady Henrietta Farnham, did not die until 1852. She married the Right Hon. Dennis Daly and was mother of the first Lord Dunsandle, whose descendants are the direct representatives of Cantillon. I mention this here, because this clue could perhaps one day help to add to the little that we now know about Cantillon.

[74] Mirabeau, *L'Ami des Hommes, ou Traité de la Population*, Première Partie (Avignon, 1756) recte 1757), p. 6. See also the footnote in chap. 2, p. 18.

[75] *Ibid.* p. 85 ff. (beginning of chapter 7).

The quotation from Cantillon, which precedes this comment, is from p. 107 of the *Essai*, beginning with "le nombre des habitants" and continuing to the end of the paragraph on the following page.

[76] Alfred Stern, *Das Leben Mirabeaus* (Berlin, 1889), vol. 1, p. 26, who says that "a very considerable influence on the development of his ideas was exercised by Cantillon's "Essai sur la nature du commerce en général," with which he was familiar in manuscript form for a long time before its publication."

[77] See Stefan Bauer, "Studies on the Origin of the French Economists," *Quarterly Journal of Economics*, vol. 5:101 (1891)

[78] See the frequently cited article in the *Economic Journal*, vol. 1, (1891), as well as the description of the manuscripts in G. Weulersse, *Les Manuscrits Economiques de Francois Quesnay et du Marquis de Mirabeau aux Archives Nationales* (Paris, 1910), p. 2 ff.

[79] *Economic Journal*, vol. 1:267 ff.

[80] In the light of these documents we can only be amused when L. Brocard in his book about Mirabeau's *Ami des Hommes* (*Les doctrines économiques et sociales du*

Marquis de Mirabeau dans l'Ami des Hommes [Paris, 1902], p. 48), without knowing Higgs's study itself, turns indignantly on R. Legrand because the latter, claiming support from Higgs for what was an extremely cautious comment, had dared to say in his Richard Cantillon, *Un mercantilliste précurseur des physiocrates* (Paris, 1900), p. 8 that: "one may suspect that the Marquis Mirabeau had the intention of utilizing Cantillon's manuscript and, after touching it up, publishing it under his own name."

[81] "Great Britain's True System" (London, 1757).

[82] *An Essay upon Money and Coins* (anonymous), in two parts, (London, 1785/58).

[83] In France also there was at least one plagiariser at work quite soon after the appearance of the *Essai*. Accarias de Serionne in his *Les Intérêts des Nations de l'Europe développés relativement au Commerce* (Leyden, 1766), 2nd. ed. (Paris, 1767) transcribed several passages from the *Essai* in his second volume (second edition) as follows: In a footnote on p. 127 a verbatim account of living conditions in China, P. 50 ff of the *Essai*; on p. 135 ff, the exposition on the different value relationships between gold and silver in various countries (p. 364–366 of the *Essai*); and on p. 148 the account of Newton's point of view at the time of the English coinage reform, not forgetting the erroneous date of 1728, p. 377 of the *Essai*.

[84] See the editorial note in *Economic Journal* (1896), vol. 6:165.

[85] *The Universal Dictionary of Trade and Commerce*, translated from the French of the Celebrated Monsieur Savary... with large additions and Improvements incorporated throughout the whole work which more particularly accommodate the same to the *Trade and Navigations of the Kingdoms...* by Malachy Postlethwayt (London, 1755), vol. 1, 1751, vol. 2, 1755. See especially the article on "Balance of Trade, Banks, Barter, Cash, Circulation, Coin, Exchange and Interest" in vol. 1 and the articles on "Labour and Money" in vol. 2. The article on "Labour" reproduces verbatim almost the entire contents of chapter 2 and chapters 7–11 of the first part of the *Essai*.

[86] A dissertation on the "Plan, Use and Importance" of the *Universal Dictionary of Trade and Commerce*, translated from the French... *Addressed to the Nobility, Gentry, Merchants and of Great Britain* (London, 1749).

[87] In the example in which the relative shares of labour and material in the value of a watch spring, which in the French text are obviously incorrectly given as "un a on" (p. 35) are correctly given in the above source as "one to a million." The fact that Postlethwayt in his earlier mentioned work, "Great Britain's True Systems" (London, 1757), p. 154 gives the exact proportion of 1:1,538,460 prompted Cannan (84) to ask if Postlethwayt didn't in fact possess the lost appendix, a question that cannot be answered.

[88] *Economic Journal* vol. 1, pp. 270–275.

[89] H. Higgs *Economic Journal*, vol. 1:284 bases this account on a character reference found together with the records of the law suit Carol against Cantillon

(Bibliothèque Nationale, Fm. 2740, 2838), to which we shall shortly refer. The details which follow are derived from Higgs.

[90] *Letters Historiques, Politiques, Philosophiques et Particulières de Henri Saint John Bolingbroke depuis 1710 jusqu'à 1736*, edited by Grimoard, (Paris, 1808), vol. 2m:452 and 455, *Letters to Abbe Alari* (2 and 3 February 17–18).

[91] This account is based partly on Higgs and partly on the articles on Bulkeley and Clare in the "*Dictionnaire généalogique, chronologique et historique... par M.D.L.C.D.B.*" (François Alexandre Aubert de la Chesnay-Des-Bois) (Paris, 1757), vol. 1. According to the latter source Daniel Mahoni was "comte titulaire de Castille, par dou du feu roi Philippe V. lieutenant-general des ses armées."

[92] If the account of the said "Dictionnaire généalogique" is correct, Higgs assumes that the François Bulkeley, whom Cantillon's widow married, was her maternal cousin. Bearing in mind what shall be said in the text concerning Bulkeley, it is worth setting out what data I could collect about his life:

Born in London on September 11, 1686, son of Henry Bulkeley, who was land steward (Haushofmeister) to Charles II and James II, brother of the second Viscount Bulkeley. He came to France in 1700, advanced in service under Marshall Berwick to doe rank of lieutenant-general, took part in the unsuccessful expedition of the "Old Pretender" to Scotland in 1715/16, on which occasion he and the son of Berwick were to convey a large sum of money to the "Old Pretender." He died on January 14, 1756, having been permitted to hand over his Irish infantry regiment to his son. Based on *Memoirs du Maréchal de Berwick*,—écrits par lui même—vol. 2 (en Suisse, 1778), pp. 169, 172 and *Lettres historiques, politiques, philosophiques et particulieres du Henri Saint-John, Lord Viscomte Bolingbroke, depuis 1710 jusqu'en 1736*, edited by Grimoard, vol. 3 (Paris, 1808), p. 132n.

[93] See *Correspondance de Montesquieu publiee par François Gebalin et André Morize* (Paris, 1914), two volumes. The first letter from Bulkeley to Montesquieu is dated September 10, 1723, the last September 20, 1751. Madame Bulkeley is mentioned for the first time by Montesquieu in a letter written in May or June 1740 and for the last time on July 22, 1749, when, in a letter to Bulkeley, he wrote that he had just spoken with Mme. Bulkeley. As early as July 18, 1736, however, Montesquieu wrote to Bulkeley: "Faites ma cour a Mme. de Cantillon."

[94] See the article in *Economic Journal* (1891), p. 277 ff.

[95] See Higgs, *Economic Journal* (1891), pp. 276, 284.

[96] See the two folio volumes in the *bibliothèque nationale, Paris, fm 2740 and 2838*, printed chez Andre Knapen (Paris, 1730). See Higgs, *Economic Journal* (1891), p. 284, and *Quarterly Journal of Economics*, vol. 6:438 (1892), p. 438.

[97] Huart (loc. cit. article of July 26) also considered or considers that the influence of Cantillon on Hume was very great. A. E. Monroe, on the other hand (loc. cit., p.

228) is of the opinion that there are no grounds for assuming that Hume was familiar with Cantillon's manuscript, even though it is known that it passed through many hands.

[98] See also L. Cossa, *An Introduction to the Study of Political Economy* (London, 1893), p. 255, who says that "Hume's Political Discourses... don't stand comparison in terms of coherency or unity with Cantillon's more concise, systematic and thorough exposition."

[99] J. Hill Burton, *Life and Correspondence of David Hume* (Edinburgh 1846). p. 367. This contains only excerpts from Hume's economic writings. Mr. J. Y. T. Greig, who, as literary executor, is preparing a complete edition for the press, had the extraordinary kindness to send me the full text by Hume, and I find that it contains no further indications of a direct influence of Cantillon on Hume.

[100] As another example of Cantillon's influence on English writers Huart mentions W. Paley, *Principles of Moral and Political Philosophy* (1785), VI/II.

[101] See W. Hasbach, *German Garnier als erster Aufsteller der Abstinenztheorie, Jahrbuch für Gesetzgebung usw* (1905).

[102] See E. Allix, 'L'oeuvre économique de Germain Garnier traducteur d'Adam Smith et Disciple de Cantillon.' *Revue d'histoire des doctrines économiques et sociales*, V (Paris, 1912).

[103] As in preceding reference, p. 333.

[104] Delle leggi politiche a economiche "Scienza della legislazione II," (1780), reprinted in *Scrittori Classici Italiani, di Economia Politica*, edited by Custodi, *Parte Moderna*, vol. 32. See chap. 4.

[105] J. F. v. Pfeifer, *Natürliche, aus dem Endzweck der Gesellschaft entstehende allgemeine Polizeiwissenschaft, Part II* (Frankfurt, 1779), p. 62.

[106] G. A. Will, *Versuch uber die Physiokratie, deren Geschichte, Literatur, Inhalt und Werth* (Nurnberg, 1782), p. 4.