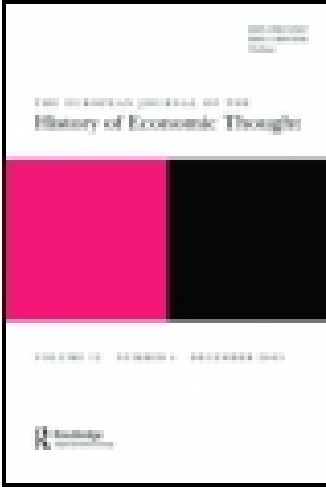


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“Quorum pars magna fui”: On the Cantillon–Marx connection

Oleg Ananyin

1. Introduction

The Cantillon–Marx connection is still a missing link in both Cantillon and Marx scholarship. This is regrettable both because Marx is a key figure for assessing Cantillon’s role from the perspective of classical economics and because his acquaintance with Cantillon’s *Essai sur la Nature du Commerce en Général* (Cantillon 1755) stimulated his rethinking of the genesis of political economy.

There was a gap of about 100 years between the era of Physiocracy, on one hand, when the *Essai* was highly ranked by the brightest and widely plagiarised by the smartest, and the time of Marginalism, on the other, when Jevons (1881) rediscovered the work which by then had become of historical interest only. This gap left its traces on the image of Cantillon in the historiography of economic thought. What seemed relevant for post-classical economists was highlighted, and what connected the *Essai* with its immediate intellectual environment was often downplayed. An authoritative and otherwise important review by Spengler (1954) in *The Journal of Political Economy* is a puzzling example of such an approach. In a paper of 34 pages, the Cantillon–Quesnay connection was mentioned in just one three-line note, devoted to a reference to Keynes’s *Treatise*. The situation has been summarised in *The New Palgrave* entry on Cantillon stating that justice has been done rather “to the merits of the Essay on those topics treated by Cantillon whose significance can be expressed satisfactorily in broadly neoclassical terms” (Walsh 2009).

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Such a bias is hardly surprising. Henry Higgs, the author of the first English translation of the *Essai* in 1931, supplied his edition with a list of earlier writers who had referred to Cantillon. Only three sources were from the nineteenth century before 1881, the year of Jevons's rediscovery. Hayek in a similar exercise for his introduction to the German edition of the *Essai* (Hayek 1985[1931]) could add but five authors from the same period, mostly Germans. The whole epoch of classical economics seemed to have no voice in a discussion about the most mysterious figure among the originators of the economic science. However, both Higgs and Hayek passed over one name in their lists – that of Karl Marx, the person who did refer to Cantillon in his *Das Kapital* long before Jevons, and who was an interested observer of the genesis of political economy with largely a classical economic outlook.

To be sure, more recent scholarship on Cantillon is less Whiggish. Since Schumpeter's *History of Economic Analysis* (1954) in which “the method of *tableau*” was attributed to the tandem “Cantillon-Quesnay”, the ties connecting the *Essai* with its predecessors and successors did find their researchers.¹ But did they discover anything new? To answer this question it is necessary to address the other, that is, the Marxian side of the Cantillon–Marx connection.

Marx's views, at least those of the “mature Marx”, tend to be treated as fixed.² In particular, his conception of the genesis of political economy is usually – according to this logic – interpreted on the basis of his historical sketch from “Zur Kritik der Politischen Ökonomie” published in 1859, as if his later extensive studies of economic literature could not alter his views on the subject. In fact they did: acquiring new knowledge Marx related it to his picture of reality and adapted the latter to absorb additional facts and ideas. A careful chronological account of Marx's studies of and attitudes toward Physiocracy by Gehrke and Kurz (1995) provides a clear example of such a cumulative process. What is lacking from this account is precisely the theme of Cantillon, whose *Essai* Marx studied almost simultaneously with Daire's edition of Physiocrats, or just after it. There are good reasons to suggest that the impact on Marx of these two sources was joint and interrelated.

1 See, e.g. Herlitz (1961), Meek (1963), Fox-Genovese (1976), Benítez-Rochel and Robles-Teigeiro (2003), Brewer (2005), Murphy (2009), and Aspromourgos (2011 [1995]).

2 Even in the special literature dealing with Marx's attitude to the classical economics, dynamics of his views in this field is not considered. See, e.g. Brewer (2002), as well as entries in *The Elgar Companion to Classical Economics* (Falucci 1998) and in *The Elgar Companion to Marxist Economics* (Goodacre 2012).

Fortunately, it is possible now to shed some light upon the background of Marx’s comments on Cantillon. Due to the international MEGA (Marx–Engels–Gesamtausgabe) project aiming to publish a complete edition of texts by Marx and Engels, it became known³ that Marx did work with the *Essai*, that his excerpts from Cantillon had survived, and that they are much more extensive than available published fragments could suggest.

This paper elaborates the Cantillon–Marx connection relying on available sources, including unpublished archive materials on Marx’s reading of Cantillon. In Section 2 Marx’s excerpts from the *Essai* and his references to Cantillon are reviewed and analysed. Section 3 presents a reconstruction of Marx’s assessments of Cantillon in the broader context of the genesis of political economy, while Section 4 reviews a paper from 1927 by a young Soviet economist, Alexandra Eidelnant, who made an early attempt to develop a Marxist assessment of the *Essai* in comparison with the Physiocratic doctrine in general and the *Tableau Économique* in particular. Section 5 summarises the argument focusing on how the study of the Cantillon–Marx connection enriches our understanding of both authors and the genesis of theoretical economics.

2. Excerpts

Marx’s manuscripts containing excerpts from Cantillon’s *Essai* are now stored in the Russian State Archive of Social and Political History (RGASPI) in Moscow.⁴ The handwritten notes of Marx deciphered early in the Soviet period are available in a typewritten version. Marx worked with the edition of the *Essai* attached to the third volume of French translation of David Hume’s *Essays* published in 1756, as well as with an English text entitled *The Analysis of Trade, Commerce, Coin, Bullion, Banks, and Foreign Exchanges*, and published by Philip Cantillon in 1759.

The excerpts comprise 60 manuscript pages covering mainly Parts I and II of Cantillon’s book, with two small fragments from Part III, and two citations from Philip Cantillon’s edition. MEGA specialists date the manuscript to late spring or summer of 1863, that is, to the period when Marx was completing the background materials and just before he passed to writing the text of *Capital*.

Most of the excerpts reproduce the French original in full, some with omissions. In several cases, Marx proceeds to rendering Cantillon’s text in

3 See Van Den Berg (2012), p. 50, for the reference on Marx’s excerpts from Cantillon in the correspondence with Regina Roth.

4 Russian State Archive of Social and Political History (RGASPI), Sign. f. 1, op. 1, d. 5583, S. 62-121.

a shortened way, usually in German, or mixing German and French words. The latter method is used rather in relation to empirical observations and estimations, and not to theoretical assertions.

In total, Marx's excerpts cover about 17% of the text of Cantillon's *Essai*. They are borrowed from 20 chapters (out of 35 chapters) corresponding to two-thirds of the text. However, the distribution of excerpts is very uneven (see Figure 1). There are two chapters, Chapter 14 from Part I and Chapter 4 from Part II (I-14 and II-4, respectively), with borrowings covering about 64% and 72% of their respective volumes.⁵ In sum, more than 80% of all excerpts were borrowed from 11 chapters corresponding to less than one-third of the book.

There are 15 chapters with no excerpts at all. These are Chapters 2–9 of Part I and all of Part III, except for two small passages from III-1. The remaining nine chapters from all parts of the *Essai* were used selectively, with an excerpt coverage from 4% to about 20% (see Figure 1 here and Table A1 in Appendix 1). A large part of the omissions concerned less essential material: Marx dropped, for example, long historical digressions, illustrative passages, and repetitions.

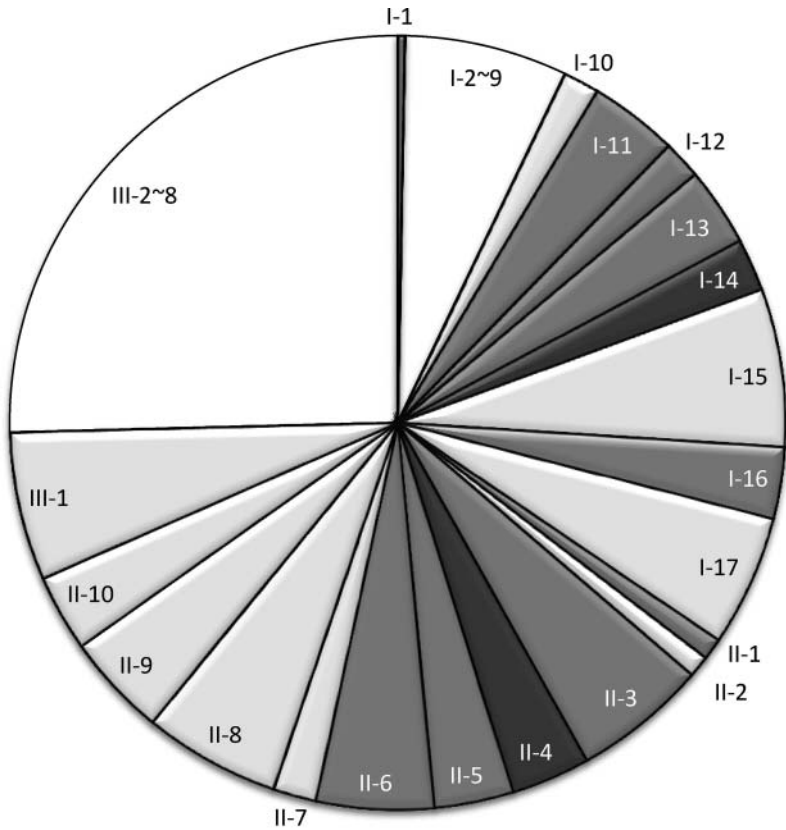
Excerpts can be grouped into three by their content: (i) empirical observations and estimations; (ii) theoretical propositions and generalisations; and (iii) criticisms of other economic writers.

2.1 Observations and estimations

Most of the empirical information refers to the living conditions of different social actors. Following Adam Smith, Marx focuses on Cantillon's estimation (Chapter I-11) that "the daily labour of the meanest Slave corresponds in value to double the produce of the Land required to maintain him" (Marx 1863, p. 63–4).⁶ He then proceeds to similar calculations for "free peasant" and "poor labourer" with a detailed description of the consumption pattern of the latter, and to the different quantities of land required for nourishing one peasant in various regions. Also Marx makes a note of "the Farmers and Masters of Crafts in Europe" whose "Labour or Superintendence may be valued at about thrice the produce of the Land which serves for their maintenance" and that "[t]hese Masters know pretty well how much work a

5 The shares of excerpts from I-11, I-12, I-13, II-1, and II-3 vary from 38% to 49%. For I-1, I-16, II-5, and II-6, the same indicator is 25%–30%.

6 Hereinafter all English translations of excerpts from Cantillon's texts are given according to Higgs (1931).



Chapters (I-1 etc) are shown according to their volume shares

Colour indicates intensity of excerpting (in % of text excerpted), by chapters:



Figure 1 Marx’s excerpts from Cantillon’s “Essai”, by chapters

journeyman Artisan can do in a day in each Craft, and often pay them in proportion to the work they do, so that the Journeymen work for their own interest as hard as they can without further inspection” (Marx 1863, p. 64, 66). This latter citation would later be used in the chapter on “Piece wages” in volume I of *Capital*.

Another example of the quantitative estimations which attracted Marx’s attention comes from I-16, where Cantillon evaluates the proportion of

labouring population. His calculation⁷ is based on the assumption that half of the people do not perform manual labour for reasons of either “being too young, too old, or sick”, or belonging to landowners and entrepreneurs. Marx takes the key assertion: “. . . the Labour of 25 grown persons suffices to provide 100 others, also grown up, with all the necessaries of life according to the European standard”, adding to it the author’s reflections about the rest 25 persons which partly include “[t]he Soldiers, and the Domestic Servants in well-to-do families”, but also those who might well enrich the state if employed “in working up . . . the things necessary for life”, especially “permanent commodities” (such as iron, lead, tin, copper, etc.), and even more if “employed in drawing from the Earth Gold and Silver”, and allowing for the possibility that “for 25 persons in a hundred” there would be no “useful and profitable employment” (Marx 1863, p. 81, 82, 84).⁸

2.2 Theoretical propositions

Most excerpts are devoted to theory. First, Marx reproduces definitions of key notions, such as “wealth” (I-1, I-10), “intrinsic value” (I-10, I-11, I-17, II-1), “entrepreneur” (I-13, several variations), and “interest” (II-9). Second, Marx rewrites, often with many details, most of Cantillon’s theoretical constructs.

2.2.1 Intrinsic value. The short chapter I-10 on “The Prices and Intrinsic Value. . .” is used rather selectively. Marx makes excerpts of only two paragraphs, including the definition of intrinsic value and the statement that

“[t]here is never a variation in intrinsic values, but . . . a perpetual ebb and flow in Market Prices” with the conclusion that “. . . in well-organized Societies the Market Prices of articles whose consumption is tolerably constant and uniform do not vary much from the intrinsic value”. (Marx 1863, p. 63)⁹

7 Cantillon refers here to “a long calculation worked out in the Supplement”, now lost (Higgs 1931, p. 87).

8 In the same chapter, Marx selects the observation favourably comparing “the Countries which have embraced Protestantism and have neither Monks nor Mendicants” with Roman Catholic countries having “a great number of Holy Days. . . when no work is done. . . which diminish the labour of the People by about an eighth part of the year” (Marx 1863, p. 84–5).

9 From the special chapter on market prices (II-2), Marx takes a similar summarising fragment: “It is clear that the quantity of Produce or of Merchandise offered for sale, in proportion to the demand or number of Buyers, is the basis on which is fixed or always supposed to be fixed the actual Market prices; and that in general these prices do not vary much from the intrinsic value”, as well as the final paragraph about the influence of distant markets (Marx 1863, p. 88).

Marx’s focus is on an objective determination of intrinsic value and therefore on Cantillon’s theory of “the par between land and labour” (I-11). Marx picks up the central thesis that the maintenance of one labourer (whether a slave or a free peasant) includes the conditions of the reproduction of his workforce in the long run, and it requires a quantity of land necessary not only for nourishing a labourer himself, but also for nourishing a child “up till he is of age fit for labour” as well (Marx 1863, p. 64). This proposition leads to the main conclusion (underlined in excerpts):

that the intrinsic value of any thing may be measured by the quantity of Land used in its production and the quantity of labour which enters into it, in other words by the quantity of Land of which the produce is allotted to those who have worked upon it. (Marx 1863, p. 67)

Cantillon’s corollary that “. . .as all the Land belongs to the Prince and the Landowners, all things which have this intrinsic value, have it only at their expense” (Marx 1863, p. 67) is also taken, although without emphasis.

2.2.2 Theory of three rents. A large proportion of excerpts is devoted to Cantillon’s theory of three rents. Excerpts from I-14, II-3, and II-4, most directly connected with this theory, amount to almost 40% of the whole volume of excerpts and about 60% of the total text of respective chapters. One major fragment of these chapters absent from Marx’s manuscript deals with specific features of circular flow in countries heavily dependent on foreign trade (see Higgs 1931, p. 133–5). Other omissions are mostly comments and repetitions.

I-14 is especially characteristic of Cantillon’s approach to the interplay of objective and subjective factors of wealth production. Two of three rents are predetermined objectively in regard both to their volume and structure due to the need “to feed the Labourers, Mechanics and Overseers who work for him”, and

to feed the Cattle, Sheep and other Animals necessary for their Clothing and Food or other commodities according to the way in which [the Owner] wishes to maintain them”, whereas the third part will be turned “into Parks, Gardens, Fruit Trees or Vines as he feels inclined and into meadows for the Horses he will use for his pleasure. . . . (Marx 1863, p. 75)

The volume of this latter part is determined in a similar way, i.e. depending on the available resources of land and labour, while the use of this rent and the structure of the corresponding part of the total produce are

shaped subjectively, by “the Fancies, the Fashions, and the Modes of Living of the Prince, and especially of the Landowners” (Marx 1863, p. 75).

These dependencies are strengthened in Cantillon’s theory with his famous neutrality of institutions thesis presented as a thought experiment assuming a transition from a “command economy” of a large estate to a “market economy” of many individual farmers.

We suppose, - Cantillon writes and Marx excerpts, - . . .that after this change all the people on this large Estate live just as they did before, and so all the portions and Farms of this great Estate will be put to the same use as it formerly was. (Marx 1863, p. 77)¹⁰

The nature of the dependencies behind the theory of three rents is explained earlier in I-12 where Cantillon (and Marx after him) writes that:

The Land belongs to the Proprietors but would be useless to them if it were not cultivated. The more labour is expended on it, other things being equal, the more it produces; and the more its products are worked up, other things being equal, the more value they have as Merchandize. Hence the Proprietors have need of the Inhabitants as these have of the Proprietors; but in this œconomy it is for the Proprietors, who have the disposition and the direction of the Landed capital, to give the most advantageous turn and movement to the whole. . . .It is need and necessity which enable Farmers, Mechanics of every kind, Merchants, Officers, Soldiers, Sailors, Domestic Servants and all the other Classes who work or are employed in the State, to exist. (Marx 1863, p. 69–70)

What distinguishes Cantillon’s attitude towards the outcome of market interactions is that he does not identify it with any ultimate Good, being quite skeptical of appropriateness of “the fancies and fashions of the prince and the landowners”. He assesses the situation through the dilemma “people *versus* horses” summarised in a fragment taken by Marx:

The portion of land which was used to maintain these Inhabitants will be laid down to grass for the new Horses, and if all Landowners in a State did the like they would soon increase the number of Horses and diminish the number of Men. (Marx 1863, p. 79)

2.2.3 Entrepreneurs. Excerpts from I-13, presenting Cantillon’s entrepreneur, amount to more than 40% of its text and cover all its basic elements:

10 It should be recognised that his neutrality thesis Cantillon accompanied with a remark allowing for a possibility that farmers “will have more care and satisfaction in working on their own account” (Higgs 1931, p. 61) – the remark dropped in Marx’s excerpts.

a definition of an entrepreneur; the categorisation of economic agents into “independent”, “undertakers”¹¹ and hired people; as well as the classification of entrepreneurs into those with capital and those “of their own labour”, including beggars and robbers. Excerpts also include the discussion of the position of “proprietors of money” whose power “would in certain cases rival the Proprietors of Lands if these last were not often equally Proprietors of money, and if the owners of large sums of money did not always seek to become Landowners themselves” (Marx 1863, p. 74).

Finally, Marx does not fail to note important connections of entrepreneurial activities with circular flow of three rents: the explanation why “undertakers” tend to concentrate in cities and towns, and why the mutual exchanges in which they are “consumers and customers one in regard to the other, the Draper of the Wine Merchant and vice versa” (Marx 1863, p. 72) comprise a part of the general circulation.

2.2.4 Circulation of money. Of many monetary themes elaborated in the *Essai*, some are covered in Marx’s excerpts almost in full detail, others are summaries or conclusions, still others are passed by without note. Thus, e.g. from a lengthy chapter *Of Metals and Money*. . . (I-17) Marx selected several of the opening paragraphs which stated that in the case of (money) metals the general rules determining the value and prices of goods apply, and then a few polemical lines against Locke from its concluding paragraph. Neither description of metal-refining techniques, nor economic implications of a new producer in the silver-mining industry, nor a historical account of how humans came to prefer gold and silver as monetary metals attracts his attention.¹²

The first two chapters on the circulation of money are treated in a radically different way. Marx inserts into his manuscript half of II-3 and almost three-fourths of II-4. He seems to share Cantillon’s point that “The three Rents of the Farmer must . . . be considered as the principal sources or so to speak the mainspring of circulation in the State” (Marx 1863, p. 89). Marx follows step by step both the process of money circulation as described in the *Essai* and the logic of Cantillon’s analysis aiming at the estimation of the stock of money needed for the smooth functioning of an economic system.

A general picture of circulation is rendered in excerpts in various, but similar versions, all emphasising the cyclical nature of the process:

11 “An undertaker” is an English equivalent of French “entrepreneur” in early English versions of the *Essai*.

12 One minor exception is made for Cantillon’s observation that gold and silver are unsuitable for small purchases (Marx 1863, p. 86).

All the sums which serve to pay large amounts are divided, distributed, and spread in small payments corresponding to the maintenance of the Workmen, Menservants, etc. and all these sums are necessarily collected and reunited by the Undertakers and Retailers . . . to make large payments when they buy the products of the Farmers. (Marx 1863, p. 103)

Both major topics underlying Cantillon's estimation of the stock of money: the delimitation of areas of barter versus cash transactions, and factors determining the speed of circulation (including the schedule of large payments, i.e. those of rents and taxes, the term structure of retail purchases, the demand for individual money balances, etc.) are reproduced with many details.

The next chapter on the circulation of money, devoted to regional inequalities (II-5), is less represented in the excerpts: Marx notes the central idea (that the money balance between the capital and provinces is usually in favour of the capital), its implication for relative price levels (higher in a capital), with the qualification that this spread would be higher for less tradable goods, and a political conclusion for tax policy.

The next three chapters (II-6, II-7, II-8) deal with what is now known as "the Cantillon effect" which is presented in the *Essai* in several versions depending on the source of money inflow (from domestic mines, foreign trade, and "invisible transfers" of various kinds). Marx takes the general conclusion: "I consider in general that an increase of actual money causes in a State a corresponding increase of consumption which gradually brings about increased prices" and reproduces just one version of relevant mechanism, that assuming "the increase of actual money. . . from Mines of gold and silver in the State" (Marx 1863, p. 109). This mechanism is rendered with most of the details, including employment, output, and income effects at the first stages of the process, as well as price and competition effects at the later stages. From the balance of trade version of this mechanism, Marx adds the observation that the price effect of money inflow should be different for goods available for free import (such as corn), and those which import is forbidden (such as cattle). From the rest of the texts devoted to "the Cantillon effect" Marx selects only theoretical and political generalisations. One is clearly polemical:

. . .by doubling the quantity of money in a State the prices of products and merchandise are not always doubled. A River which runs and winds about in its bed will not flow with double the speed when the amount of its water is doubled. (Marx 1863, p. 113)

Another is historical and political:

The too great abundance of money, which so long as it lasts forms the power of States, throws them back imperceptibly but naturally into poverty. . . [S]ince, according to the natural course of humanity, the State must collapse of itself they [Princes and Heads of Republics] do but accelerate its fall a little. (Marx 1863, p. 117)

2.2.5 Rate of interest. Two chapters devoted to interest (II-9, II-19) are rendered in excerpts very selectively. First, Marx notes Cantillon’s starting position according to which the interest on money is interpreted as a price determined “by the proportionate number of Lenders and Borrowers” and emerging from “the needs of man”, while its “constant usage” is associated with “the Profits which the Undertakers can make out of it” (Marx 1863, p. 118).

Second, he excerpts the fragment on the differentiation of interest rates among classes so that:

in the lowest classes Interest is always highest in proportion to the greater risk, and that it diminishes from class to class up to the highest which is that of Merchants who are rich and reputed solvent. The Interest demanded in this class is called the current rate of Interest in the State and differs little from interest on the Mortgage of Land. (Marx 1863, p. 119)

And finally, Marx focuses on passages in which Cantillon argues against “a common idea, received of all those who have written on Trade, that the increased quantity of currency in a State brings down the price of Interest there, because when Money is plentiful it is more easy to find some to borrow” (see Higgs 1931, p. 215). These passages are indeed exemplary of Cantillonian style:

If the abundance of money in the State comes from the hands of money-lenders it will doubtless bring down the current rate of interest by increasing the number of money-lenders: but if it comes from the intervention of spenders it will have just the opposite effect and will raise the rate of interest by increasing the number of Undertakers who will have employment from this increased expense. . . Plenty or Scarcity of Money in a State always raises or lowers the price of everything in bargaining without any necessary connection with the rate of interest, which may very well be high in States where there is plenty of money and low in those where money is scarcer: high where everything is dear, and low where everything is cheap: high in London, low in Genoa. (Marx 1863, p. 120)

2.2.6 Out of focus. To complete this review of excerpts from the *Essai*, it seems useful to make a list of items which Marx left aside. Most of these

items are concentrated in Part III of the *Essai*, and in several short chapters at the beginning of the book. They include:

- the theory of private property genesis, the most ideologically biased element of Cantillon's theoretical system;
- the differentiation of relative incomes by occupations (borrowed later by Adam Smith);
- the mechanism of market adjustments (Cantillon's "altercations"), and the example of green pea "reservation prices" anticipating Böhm–Bawerk's horse market;
- most of the spatial dimension of Cantillon's theorising: the explanation of city formation and the allocation of population among different types of settlements; regional inequalities in the allocation of money; interregional and international exchanges and exchange rates;
- the discussion of bimetallism and monetary policy under such system;
- the discussion of banking, including bank reserves, comparative banking systems, and the relative importance of national banks in small and big countries;
- the discussion of financial markets, their regulation, relationships with the "real" sector, and the assessments of contemporary bubbles (refinements of credit of general banks).

With regard to a recent interpretation of Cantillon as an "opportunity cost theoretician" (see Thornton 2007, p. 97–118), it could be added that none of the cases intended to support this view seemed to attract Marx's interest.

2.3. Attitudes towards other economic writers

Marx was highly attentive to the passages by which Cantillon situated himself in the intellectual landscape of his time. Six of eight direct references to other writers on economic issues were in the excerpts: two were addressed to William Petty (I-11 and II-3), three to John Locke (I-17, II-1, II-6), one to de Vauban (II-5). One more, considered to be addressed to Boisguilbert (II-8),¹³ should be added to this list. The three exceptions are critical remarks on the calculations of the population of England by Petty, Davenant and King (I-15); Cantillon's story of his personal debates with Isaac Newton on monetary policy (III-4); and his attack,

13 See Benítez-Rochel and Robles-Teigeiro (2003) for details of Cantillon's reference to Boisguilbert.

without naming him, on John Law and his “system” at the very end of the *Essai*.¹⁴

The remarks on Petty are not sharp: in both cases Cantillon indicates the continuity with his contributions, and notes the shortcoming of his research methods as being “fanciful and remote from natural laws” or lacking “reason”, meaning reasonable justification. Vauban is criticised for his tax reform proposals for disregarding the interregional inequalities in money allocation, while Boisguilbert – for confusing the cause and effects in his explanation of the falling consumption in France. The sharpest criticisms noted down by Marx were addressed to Locke who was attacked for his simplified market price theory (for not being based on value theory), for his “consent theory” of money genesis, and for his one-sided quantity theory of money:

[Locke] has clearly seen that the abundance of money makes everything dear, but he has not considered how it does so. The great difficulty of this question consists in knowing in what way and in what proportion the increase of money raises prices. (Marx 1863, p. 108–9)

3. From reading to rethinking

Marx’s excerpts from the *Essai* passed later through two additional selection processes: first when some of them were used in the draft manuscripts of *Capital* and second when some of these drafts were incorporated into his published works. It should not be forgotten, however, that only two such publications appeared when Karl Marx was alive: the volume I of *Capital* (1867) and his chapter in Engels’s *Anti-Düring* (1878). After his death the selection and preparation of the manuscripts for publication continued, first under the editorship of Friedrich Engels who collected volumes II and III of *Capital* and later on by Karl Kautsky, who published *Theories of Surplus Value*. The draft manuscripts not selected for these editions (including those with references to Cantillon) became available quite recently due to international MEGA project, while the excerpts themselves are still archive items awaiting future publication.

Before Marx read the *Essai*, the few references to Cantillon in his manuscripts either from the 1840s or from the early 1860s were due to Adam Smith’s citation from Cantillon (Marx, Engels 1981 [1843–45], p. 347, Marx 1988 [1863], p. 381). Soon after excerpts were made in the summer

14 There is no literal reference to John Law in the *Essai*, but the real meaning of its concluding paragraphs in their relation to Law’s practices, as well as the more general role of Law’s system in Cantillon’s work, is well documented in Murphy (2009, 2012).

of 1863, the first citations from the *Essai* appeared in notebook XXIII of the series of draft manuscripts of *Capital*. They concerned the relationships between master-artisans and journeyman-artisans as an illustration of class relations, and the example of countries which had adopted Protestantism (with fewer holidays) as a reform which tended to increase surplus labour. One more reference to Cantillon in the same manuscript is due to a citation from Garnier intended to illustrate the latter's plagiarism from the *Essai* (Marx 1982 [1863], p. 2348–9). The passage on master-artisan–journeyman-artisan relationships was later included in volume I of *Capital* (chapter on “Piece wages”), along with the comparative evaluation of French and English editions of the *Essai*. (Marx 1996 [1867], p. 388).

These references to Cantillon were, however, illustrative and quite neutral in relation to the general picture of the genesis of political economy as it was outlined by Marx in *Zur Kritik der Politischen Ökonomie* from 1859, i.e. in his famous sketch in which the notion of “classical political economy” had been introduced, which became a reference point for future historians of economic thought. According to this view, classical political economy began “with Petty in England and Boisguilbert in France and... [ended] with Ricardo in England and Sismondi in France” (Marx 1987 [1859], p. 292–3). There was no reference to Cantillon in that account, the Physiocrats were mentioned just in passing, whereas the status of first system builder in the “bourgeois economy” was granted to Sir James Steuart. This general scheme was reaffirmed in a short remark in volume I of *Capital*. (Marx 1996 [1867], p. 57).

However, in the above-mentioned comment on artisans, Marx made the first step to integrate Cantillon into his general picture pointing to him as one “from whom Quesnay, Sir James Steuart & A. Smith have largely drawn” (Marx 1996 [1867], p. 388). Later in the same volume, Marx returned to this topic placing Cantillon among those who “originally studied political economy”, along with Hobbes, Locke, Hume, North, Law, Vanderlint, Petty, Barbon, Mandeville, Quesnay, and others (Marx 1996 [1867], p. 487).

Another step in the same direction can be found in the manuscript of 1864 which was later transformed into volume III of *Capital*. In a comment on deficiencies in the doctrines of the early classical economists, as compared with later authors, Marx's attitude was indulgent rather than repudiating. He treated them as historically bounded rather than flawed. It looks like an attempt to adapt his general scheme to include additional facts and attitudes:

[...] Petty, Cantillon, and in general those writers who are closer to feudal times, assume ground-rent to be the normal form of surplus-value in general whereas profit

to them is still amorphously combined with wages, or at best appears to be a portion of surplus-value extorted by the capitalist from the landlord. These writers thus take as their point of departure a situation where, in the first place, the agricultural population still constitutes the overwhelming majority of the nation, and, secondly, the landlord still appears as the person appropriating at first hand the surplus-labour of the direct producers by virtue of his monopoly of landed property, where landed property, therefore, still appears as the main condition of production. For these writers the question could not yet be posed, which, inversely, seeks to investigate from the viewpoint of capitalist production how landed property manages to wrest back again from capital a portion of the surplus-value produced by it (that is, filched by it from the direct producers) and already appropriated directly. (Marx 1998 [1864, 1894], p. 551)

By that time, however, Marx had made one more step and added a new motive into his story of the genesis of political economy. At first it was due to Marx’s studies of Quesnay’s works in 1862–1863, *Tableau Économique* in particular (see Gehrke and Kurz 1995). Previously he had considered the Physiocrats through the lenses of value theory with the focus on their concept of “produit net” and the distinction between productive and non-productive labour. Now he found himself under influence of the *Tableau Économique*, and in notebook X of the manuscripts, supposed to be written in 1862, Marx reproduced Adam Smith’s ironical citation of Mirabeau’s assessment of the *Tableau* as one of three greatest discoveries of humankind, with his almost panegyric commentary which implied a new focal point in the history of economic ideas:

“*Tableau*” . . . in fact consists of no more than 5 lines which link together 6 points of departure or return – [and this was] in the second third of the eighteenth century, the period when political economy was in its infancy – this was an extremely brilliant conception, incontestably the most brilliant for which political economy had up to then been responsible. (Marx 1989 [1863], p. 239–40)

This assessment dates from before the time when Marx got acquainted with Cantillon’s *Essai*. What had changed as a result of this new piece of knowledge? The response appears in 1867–1868, when volume I of *Capital* had been sent to the publisher, and Marx could concentrate his efforts on manuscripts for volume II of *Capital*, i.e. first of all, on his theory of capital reproduction. At this period, Marx once again turned to Cantillon’s theory of three rents, making its extended summary based on II-3 of the *Essai* (see Supplement 1 in Appendix 1). At this point¹⁵ in his Manuscript II of volume II, he arrived to a joint assessment of Cantillon and Quesnay.

15 Chronology is reconstructed on the basis of Gehrke and Kurz (1995), Vasina and Afanasiev (2011), and Vasina (2011).

Repeating the same famous phrase of Mirabeau, Marx provides it with a new comment, now vividly rendered in the guise of the hero's lament from Virgil's *The Aeneid*:

About the 'Tableau économique', as well as about the Physiocrats in general Cantillon could say: 'Quorum pars magna fui'.¹⁶

Considering the two comments on Mirabeau's provocative declaration together seems to suggest in which direction the rethinking of the genesis of political economy proceeded. There can be few doubts that the place reserved for Cantillon was due to his theory of three rents as a theory of the reproduction of social product based on a circular flow scheme.

It is less clear how far the process of rethinking the genesis of political economy reached in Marx's mind. The latest reference to Cantillon comes from Marx's chapter on "Critical history" in Engels's *Anti-Düring*. The chapter is devoted specifically to the period of political economy formation and aims at defending Marx against Düring on this subject. Düring tended to highlight the founding role of David Hume, at the expense of Marx's favourites, especially Petty. This context was hardly appropriate to develop a quite new interpretation of the problem under discussion. Indeed, Marx reaffirms his high opinion of the contributions made by early writers such as Petty, North, and Barbon.

At the same time, the chapter is remarkable for two points lacking in the 1859 story. First, it provides the most mature interpretation of Quesnay's *Tableau* taking it – against Düring – to be a crucial contribution to political economy. Second, in assessing Hume, the leading figure of the opponent's story, Marx chooses Cantillon as a comparison:

As for Herr Dühring's assurance that in his essays Hume concerned himself with the "chief economic relationships", if the reader only compares Cantillon's work quoted by Adam Smith (which appeared the same year as Hume's essays, 1752, but many years after its author's death), he will be surprised at the narrow range of Hume's economic writings. (Marx 1988 [1877–78], p. 157, 416; Marx 1987 [1878], p. 227)

In what sense could Hume be considered narrower than Cantillon? Clearly not in their respective historical and philosophical outlooks; what Marx meant to highlight was Cantillon's superiority in economic outlook! This episode should confirm the suggestion that Marx's canonical view of the genesis of political economy is not the same as was his final view. Its

16 "All that I saw, and part of which I was..." (Virgil, *The Aeneid*, Book 2 (trans. by John Dryden). See Marx 2008 [1868], p. 33–4, note.

earlier version was based on the labour theory of value and focused on the social meaning of economic relationships; the new Cantillon–Quesnay motive highlighted another aspect of the emerging science – its method of analysis of economic systems as interrelated wholes instead of former practices that “analysed phenomena separately from each other and missed the wood for the trees” (Marx 2008 [1868], p. 48).

4. Along Marx’s path: Cantillon in *The Herald of Communist Academy*

An attempt to develop Marx’s hints into a broader assessment of Cantillon’s place in the genesis of political economy was undertaken by a young Soviet researcher, Alexandra Eidelnant,¹⁷ in a paper published in 1927 by *The Herald of Communist Academy*. Entitled *Cantillon and his place in the theory of reproduction: Towards the history of Quesnay’s “Tableau Économique”*, the article provided a dense eight-page review of the *Essai* followed by an outline of economic and social conditions in England at the beginning of the eighteenth century, and a comparison of Cantillon’s theory with Quesnay’s *Tableau Économique*, with the author’s reconstruction of the Cantillon–Quesnay connection. In her elaboration Eidelnant quoted widely from the *Essai*¹⁸ and referred to the key secondary sources then available, including the works of Higgs and Legrand, Jevons, Bauer, Oncken, and Weulersse.

The paper was organised around the idea of the circular flow – the part of Cantillon’s work which in the author’s view was “mentioned in the available literature only in passing” (Eidelnant 1927, p. 120). In the conclusion, Eidelnant wrote:

[T]he significance of Cantillon’s scheme as the first step in the development of reproduction theories comes from some valuable methodological assumptions indispensable to dealing with this problem – assumptions assimilated from Cantillon by all later reproduction theorists. (Eidelnant 1927, p. 148)

17 Alexandra Borisovna Eidelnant (1901–1976) – Soviet economist, specialist in monetary theory and financial economics, deputy minister of finance of the Soviet Union in the war-time (1942–1946), and later university professor in the Plekhanov Economic Institute in Moscow.

18 Most of citations (over two-thirds) came from I-12 and II-3 of the *Essai*. Part III attracted the least author’s attention, just as it was in the case of Marx. One might note that the pages 56–9 most cited in the paper coincided with the fragment from the *Essai* used by Marx in his summary of Cantillon’s theory (see Supplement 1 in Appendix 1). In the preface to her book, Eidelnant (1929) confirms working in the library of the Marx–Engels Institute in Moscow, but whether she had access to the copies of Marx’s manuscripts collected by the director of this Institute David Ryazanov is unknown.

Summarising the analysis of the Cantillon–Quesnay connection, she wrote that “all the sophistications of the *Tableau Économique* compared with Cantillon’s scheme should be attributed not to the personal inventiveness of Quesnay, but to the differences in historical conditions under which the two authors worked” (Eidelnant 1927, p. 147). Eidelnant referred to historical data about high profitability of relatively small firms in England at the beginning of the eighteenth century, unlike the situation in France as it was later portrayed by Quesnay. Cantillon’s scheme was interpreted as based on “a more obsolete [small-scale] type of farm economy”, while Quesnay’s scheme as corresponding to its large-scale “more advance capitalist type” (Eidelnant 1927, p. 139–40).

The common assumptions of both schemes highlighted in the paper included:

- production as a source of surplus product;
- a holistic view of economic activities, including production and consumption as interrelated phenomena;
- equilibrium as a prerequisite of reproduction;
- agricultural output of the previous year as a starting point of a circular flow;
- the basic stages of circular flow with a focus on interclass (not intraclass) exchanges;
- the division of population into productive and non-productive classes (differently conceived, however);
- the acknowledgement of capital stock replacement as a necessary condition for the reproduction.

The last point was considered at some length to show that Quesnay’s version of capital replacement, although superior in clarity of presentation, was not much different in content from that of Cantillon. In the interpretation of Eidelnant, the second and the third rents in the *Essai* could be identified by their respective uses in such a way that the second rent corresponded to the “avances annuelles” in Quesnay’s scheme, while the third rent was largely equivalent to the “avances primitives”. For lack of direct textual support for the latter claim, she referred to those places in the *Essai* which implied certain capital expenses: one in I-15 where better use of land is associated with investments into amelioration and construction of sheds for cattle, and another in II-3 where a farmer having “some capital to carry on the management of the farm” is said to be more reliable as a rent-payer (Eidelnant 1927, p. 137).

Divergences in the theoretical perspectives of Cantillon and Quesnay were evaluated by Eidelnant variously. Quesnay was praised not only for

his more sophisticated capital theory and the more articulate presentation of the circular flow, but also for his interpretation of productive and non-productive labour based on a more advanced ideological outlook favouring capitalist farmers. Cantillon’s position was treated – to the contrary – as biased and dependent on the class prejudices of the time. Eidelnant pointed to the similar views of Gregory King and Charles Davenant, citing King’s division of society into those “increasing” and those “decreasing” “the wealth of the Kingdom”, the former to include “lords, baronets, esquires etc” (Eidelnant 1927, p. 132, note). At the same time she recognised “the great advantage” of Cantillon’s value theory: either due to elements of the labour theory of value expressed in evaluations of various commodities and services, such as Brussels lace, metals, Paris water, etc., in labour terms, or due to the elaborate distinction between value and price: “valeur intrinseque” and “prix de marché”.

Another related point concerned the interpretation of an often-cited digression on the “increase in value, which is the price of the city’s workers and manufacturers” from II-3 of the *Essai* (Higgs 1931, p. 138–9). Although Cantillon’s argument is at odds with the discredited Physiocratic doctrine of the sterility of urban labour and hence could be seen as evidence of former’s superiority over the Physiocrats, Eidelnant’s comment highlighted its weak point:

Acknowledging the fact that in the hands of urban artisans the value of their output is increasing Cantillon seems to create a difficulty for himself: how a city would receive compensation for a surplus in the value it produced? Within his scheme there is no solution to this difficulty, since this phenomenon remained unconnected with his analysis of the circular flow. (Eidelnant 1927, p. 141)

The final assessment of the *Essai* was nevertheless highly positive:

We saw that the general scheme of the *Tableau Économique* was anticipated by Cantillon. The methodological foundations of the two reproduction schemes had much in common. Moreover, analogies between the *Tableau Économique* and respective chapters of the *Essai* can be found even in some details. (Eidelnant 1927, p. 134)¹⁹.

The *Tableau Économique*, continued Eidelnant:

1) portrays the dependence of all groups of population on agriculture, 2) presents the annual yield as the principal resource of the nation, and 3) shows the ways of

19 As an example of such common details, Eidelnant (1927, p. 145) referred to the presentation of farmer’s expenses of which the part to be exchanged for money was estimated in both cases as one half.

renewing this principal resource”. . . All these crucial elements, as we saw, Quesnay borrowed from Cantillon”. (Eidelnant 1927, p. 146)

Admitting that the idea of the dependence on agriculture could be traced back to other French predecessors of the Physiocrats, such as Vauban, or Boisguillbert, Eidelnant emphasised that it was specifically Cantillon’s approach that Quesnay had chosen to develop. She even hypothesised that in the lost *Supplement* to the *Essai* there could be an outline of a graphical presentation of the idea of the dependence of all classes on landlords – one similar to the future *Tableau* (Eidelnant 1927, p. 132). Such a hypothesis seemed to her plausible due to the reluctance of Quesnay to accept his authorship of the *Tableau*. Along with the well-known fact that he let Mirabeau use it in the latter’s publications, Eidelnant drew attention to a little-known passage from Mirabeau’s preface to the Amsterdam edition of the *Oeuvres de Quesnay* from 1763 (not 1764!) cited by Oncken (1888). She saw a veiled reference to a close connection between Cantillon and Quesnay in the following story of Mirabeau:

One man conceived and explained the *Tableau* portraying the source, the course and the effects of *circulation*, to make it the core and the foundation of economic science, and the compass for the governing of states. Another developed the fruit of the tree of life and presented it to humanity. Using his own words he invited all to second him in his work: *to put it to the test, to try to provide explanations in their own way*. It is indeed what a third dare attempt, developing what has been done by his predecessors, appropriating their works, attaching his own studies, and all together it was a new explanation, not for the sake of an aloof increase a self-esteem, but out of respect for this immortal and commendable work and out of duty to his contemporaries. (Eidelnant 1927, p. 146; Oncken 1888, p. 306–7, note)

For Oncken himself this passage was just another confirmation of the cooperation between Quesnay and Mirabeau. Yet such an interpretation omits one of the actors of the story. According to Eidelnant’s version, the omitted (first) actor should have been namely Cantillon! Such a hypothesis, she argued, might be improbable, had there been a commentator on the *Tableau* before Mirabeau. In that case “the one man” from the passage could be Quesnay himself. But none was known, at least Baudeau’s *Explication du tableau économique*. . . had appeared later, in 1767. So, Eidelnant saw no reasons to abandon her version.

5. Conclusion

The few references to Cantillon in Marx’s *Capital* have not attracted much attention from either Cantillon or Marx scholars. These references may

seem casual but they were not! It is shown in the paper that Marx read Cantillon’s *Essai* with great care, making excerpts amounting to almost one-fifth of its volume. Acquaintance with the *Essai* occurred apparently in the summer of 1863, the same period when he was working with Daire’s volume of *Physiocrates* and came to perceive the significance of the *Tableau économique*. This joint discovery provided him with a template to conceive economic systems as interrelated wholes and stimulated his own work on reproduction schemes.

Marx’s assessments of the *Tableau*, as well as of Cantillon’s role in its construction, suggest that the study of these sources gave rise to a rethinking of his earlier views on the genesis of political economy, which are often taken to be canonical. Besides a version centred on value theory, and intended to explain the social nature of economic processes, there appeared a version focused on the method of macro-analyses of economic systems. Without abandoning his earlier vision of the origins of economic science with William Petty as its main hero, Marx tended to supplement it with a new macro approach with Richard Cantillon as its founder.

How far this process of rethinking reached remains unclear. Marx never articulated his vision of the interaction between the two lines of research responsible for the emergence of the new science. An attempt to fill this gap undertaken by a young Soviet economist Alexandra Eidelnant in the mid-1920s suggests that Cantillon’s value theory was hardly at odds with that of Petty, while the Cantillon–Quesnay connection could have been even closer than is commonly accepted.

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Appendix 1

Table A1. Percentage of Marx's excerpts from Cantillon's *Essai*, by chapters

Chapter	Excerpts in relation to chapter volume (%)
Part I	21
Chapter 1: Of wealth	30
Chapter 2: Of human societies	0
Chapter 3: Of villages	0
Chapter 4: Of market towns	0
Chapter 5: Of cities	0
Chapter 6: Of capital cities	0
Chapter 7: The labour of the husbandman is of less value than that of the handicrafts-man	0
Chapter 8: Some handicrafts-men earn more, others less, according to the different cases and circumstances	0
Chapter 9: The number of labourers, handicraftsmen and others, who work in a state is naturally proportioned to the demand for them	0
Chapter 10: The price and intrinsic value of a thing in general is the measure of the land and labour which enter into its production	18
Chapter 11: Of the par or relation between the value of land and labour	38
Chapter 12: All classes and individuals in a state subsist or are enriched at the expense of the proprietors of land	49
Chapter 13: The circulation and exchange of goods and merchandise as well as their production are carried on in Europe by undertakers, and at a risk	42
Chapter 14: The fancies, the fashions, and the modes of living of the Prince, and especially of the landowners, determine the use to which land is put in a state and cause the variations in the market-prices of all things	64
Chapter 15: The increase and decrease of the number of people in a state chiefly depend on the taste, the fashions, and the modes of living of the proprietors of land	5
Chapter 16: The more labour there is in a state the more naturally rich the state is esteemed	29
Chapter 17: Of metals and money, and especially of gold and silver	11

(continued)

Table A1. (Continued)

Chapter	Excerpts in relation to chapter volume (%)
Part II	28
Chapter 1: Of barter	42
Chapter 2: Of market prices	19
Chapter 3: Of the circulation of money	49
Chapter 4: Of further reflection on the rapidity or slowness of the circulation of money in exchange	72
Chapter 5: Of the inequality in the circulation of hard money in a state	30
Chapter 6: Of the increase and decrease in the quantity of hard money in a state	25
Chapter 7: Continuation of the same subject	15
Chapter 8: Further reflection on the same subject	8
Chapter 9: Of the interest of money and its causes	14
Chapter 10: Of the causes of the increase and decrease of the interest of money in a state	9
Part III	1
Chapter 1: Of foreign trade	4
Chapter 2: Of the exchanges and their nature	0
Chapter 3: Further explanations of the nature of exchanges	0
Chapter 4: Of the variations in the proportion of values with regard to the metals which serve as money	0
Chapter 5: Of the augmentation and diminution of coin in denomination	0
Chapter 6: Of banks and their credit	0
Chapter 7: Further explanations and enquiries as to the utility of a National Bank	0
Chapter 8: Of the refinements of credit of general banks	0

SUPPLEMENT 1

FRAGMENT FROM THE DRAFT MANUSCRIPT OF THE VOLUME II OF “CAPITAL”

/Marx-Engels-Gesamtausgabe (MEGA). Karl Marx *Ökonomische Manuskripte 1863–1868*.

II/4-3 (Text) Akademie Verlag, 2012, S. 46–47/

[3] Geldcirculation u. Revenuen. bei Cantillon.

«C'est une idée commune en Angleterre qu'un Fermier doit faire 3 rentes:

- (i) La rente principale et véritable qu'il paye au propriétaire, qu'un suppose égale en valeur au produit du tiers de sa ferme; ($1/3$ du produit agricole.)
- (ii) Une second rente pour son entretien et celui des hommes et des chevaux dont il se sert pour cultiver sa ferme;

et 3) enfin une 3ème rente qui doit lui demeurer pour faire profiter son entreprise. » (Cantillon. p. 255)

Prinzip der Circulation der Production u. Prinzip der Production der Agrikultur, deren Agens der fermier. (agricultural Capitalist): «toutes les denrées de l'état sortent, directement ou indirectement des mains des fermiers, aussi-bien que tous les matériaux dont on fait de la marchandise... C'est la terre qui produit toute chose... Il faut donc considerer les trois rentes du fermier comme les principales sources, ou pour ainsi dire, le premier mobile de la circulation dans l'état.» (p. 256)

Le premier rente doit être payée au propriétaire, en argent comptant: pour la seconde et 3ème il faut de l'argent comptant pour le fer, l'étain le cuivre, le sel, le sucre, les draps, et généralement pour toutes les marchandises de la ville (also Productionsinstrumente eingerechnet) qui sont consommée à la campagne; = $1/6$ des 3 rentes, du total. (256, 257) Grosser Theil von nourriture, vêtement u. logement... zahlt sich en troc in der campagne, ohne argent comptant. (257, 258)

Geld für $1/3$ des Products (= Rente der Propriétaires) u. für die marchandises de ville consommées à la campagne = about $1/6$ des Product de la terre; zusammen = $3/6 = 1/2$ du produit. (258) Dieß Geld circulirt nun «en ce que les propriétaires dépensent en détail, dans la ville, les rentes que les fermiers ont payé en gros article, u die entrepreneurs des villes, comme les bouchers etc ramassent peu-à-peu ce même argent, pour acheter des fermiers, en gros articles, les boeufs, le blé etc. Ainsi toutes les grosses sommes d'argent sont distribuées par petites sommes, et toutes les petites sommes sont ensuite ramassées pour faire des payement de grosses sommes aux fermiers, directement ou indirectement, et cet argent passe toujours en gage tant en gros qu'en détail.» (259)

Abstract

Starting from Marx's unpublished excerpts from the *Essai sur la Nature du Commerce en Général* by Richard Cantillon, this paper traces the impact that

the reading of the *Essai* exercised on both Marx’s assessment of Cantillon and his own view of the origins of political economy. It is shown that closer acquaintance of Marx with Quesnay’s *Tableau Économique* and with Cantillon’s *Essai* occurred almost simultaneously, and this joint discovery led him to supplement his value-centred view of early classical economists with a new circular flow, or macroeconomic perspective within which Cantillon’s role was recognised to be crucial. Marx’s analysis of the Cantillon–Quesnay connection is supported by a review of an early contribution to Cantillon scholarship by the Soviet economist Alexandra Eidelnant.

Keywords

Cantillon, Quesnay, Marx, Eidelnant, genesis of political economy