

【書 評】

Lars Magnusson, *The Political Economy of Mercantilism*

London: Routledge, 2015, 230 pp.

The motivation behind this book is to contest the enduring influence of the old interpretation of mercantilism derived from Adam Smith's classic definition. Many historians still continue to use the term "mercantilism" to refer to a doctrine and an over-simplistic theory based on the notion that wealth is equivalent to money and, therefore, the main policy goal of an economy is to achieve a favorable balance of trade (x, 3–7 and 46–47).

With insights from nineteenth-century German and English historical schools (19–23), this book challenges this popular view on mercantilism and defines it as an early modern discourse that deals with the attainment of national power through economic plenty and *vice versa*. The author opposes Karl Marx's still-influential treatment of mercantilism in the *Capital* as a rationalization of the necessary economic means of "primitive accumulation" (44) and instead supports both István Hont and Erik Reinert in interpreting mercantilism as a system of economic policy for empowering the nation state in a situation of fierce international competition for power and wealth (46).

From the late sixteenth century, mercantilism was considered as "a programme for power and plenty," not as an abstract adoration of money, or the confusion of

wealth with money, nor even trust in a doctrine of the favorable balance of trade (58–59 and 93–94). Therefore, Adam Smith's position that the "favourable balance of trade" served as the theoretical core of mercantilism is untenable: neither the idea of a surplus of money or bullion as the key to wealth and power, nor the error of confusing money with wealth appear in the main body of mercantilist literature (100 and 103).

Early seventeenth-century mercantilist writers supported a favorable balance of trade because an increase in the amount of money circulating in an economy served as a stimulus to trade and industry: trade could prosper only when there was an abundance of money in the country (112). However, even this primitive view steadily lost ground in the economic debates in England during the seventeenth century. Most mercantilists, at least from the end of the seventeenth century onward, could be described as free traders than as protectionists. For them, the level of employment that foreign trade could provide, a "labour balance of trade" or alternatively a "foreign-paid-income," was a far better indicator of favorable trade (117 and 123).

The author then goes on to point out that these mercantile discussions led to new insights that a commercial economy

had laws of its own and that demand and supply constituted its main regulating mechanism. Thomas Mun, for example, argued that money and bills of exchange are commodities, the prices of which are regulated through the forces of supply and demand in the same manner as those of other commodities. Therefore, any attempt to regulate the exchange rate at a particular level is futile (140–41). Mercantilists such as Dudley North, Isaac Gervaise, Thomas Mun, and Edward Misselden clearly believed in the existence of an independent economic sphere outside polity and state (124–25, 149 and 153–54).

The mercantilists certainly neither constituted a “school” with a single theoretical belief, nor agreed on political matters such as protectionism or freedom of trade (208). However, their “science of trade” emerged from the 1690s onward, and developed a view of the economy as a system or process with laws of its own (221). They agreed that well-regulated or ordered trade would employ the maximum number of people and then a nation could make gains from trade; thus, the task of a good government was to carve out the rules for “political commerce” (173–74 and 198). The author concludes that mercantilism was a series of continuous discussions that developed a common language or vocabulary (208–09). The extent to which Adam Smith was more radical than his mercantilist forerunners on issues such as free trade is still debatable (209).

As an economic historian, the author is at his best in Chapter 5, detailing the historical context of the debates in the

1620s and extensively referring to primary sources and manuscripts. In contrast, the weakest link of the book is his theoretical approach to mercantilism. It is certainly wrong to describe all mercantilists as protectionists in the modern sense of the term, and it is equally wrong to characterize Adam Smith as a doctrinaire free trader (3 and 11–12). However, the author’s alleged reconciliation between the mercantilists’ opinions with regard to free trade and the foreign-paid income interpretation of trade that was offered against the favorable balance of trade theory on the one hand, and their protectionism that they regarded as necessary for the domestic industry to grow on the other, needs further elaboration.

Unfortunately, there are too many typographic errors and incorrect descriptions in this book, as is usually the case with Routledge publications. For example, Jean Baptiste Colbert (1619–1683) was the seventeenth-century Minister of Finance (1661–1683) not “the eighteenth-century French finance minister” (3). The author’s treatment of Colbert is weak, perhaps because while extensively referring to C. W. Cole, *French Mercantilist Doctrines before Colbert* (1931), he does not make any reference to his more important work, *Colbert and a Century of French Mercantilism*, 2 vols. (1939). Despite these and some other minor mishaps, this excellent book is a must for any historian of early modern economic thought.

(Hiroyuki Furuya: Tokushima Bunri University)