

Montesquieu's Paradoxical Economics

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"The period of the general shock that resolved scholars to apply themselves to political economy goes as far back as Monsieur de Montesquieu", wrote Dupont de Nemours in *Éphémérides du citoyen*, the journal of physiocracy¹. Thus, there appears to be a "Montesquieu effect" identified, for example, by Simone Meyssonier. According to her, the publication of *L'Esprit des lois* in 1748 can justifiably be considered as a "turning point" or an "intellectual event", in thinking on commerce and economics². As J.C. Perrot observed, the number of books published on economics and commerce rose considerably after 1750; among the 2,867 books published between 1660 and 1789, 2,263 appeared after 1750³.

It is not only in France that the Montesquieu effect can be noted. The impact of *L'Esprit des lois* on the Scottish Enlightenment is undeniable. The correspondence of Hume reveals that he had carefully read *L'Esprit des lois*, especially the parts about finance and commerce. In 1752, four years after *L'Esprit des lois*, Hume published his *Political Discourses*, devoted to economic questions, such as commerce, money, the interest of money and the trade balance. This was followed in 1758 by his treatise on "commercial jealousy", in which he develops an idea already found in Montesquieu, that commerce is carried out to the reciprocal advantage of the parties concerned, and that it is in the interest of rich nations to have rich neighbors rather than to impoverish them. On reading *The Wealth of Nations*, even in a cursory manner, one quickly comes across traces of Montesquieu. There is no doubt about the important influence of the latter on Steuart, who served as a link between Scotland and Germany⁴. In Italy, whether it is Genovesi in Naples, or Beccaria and Pietro Verri in Milan, not to mention Galiani, between Naples and Paris, they were all readers and admirers of Montesquieu.

This obvious interest in the economic thinking of Montesquieu is in sharp contrast with the more or less total silence that is typical of economic writing at present. In general, histories of economic theory neglect him. Schumpeter, in his monumental *History of Economic Analysis*, barely mentions Montesquieu, and refers to him as a "sociologist" rather than an economist⁵. Montesquieu does not belong to the history of economic theory, in the view of the economists of today. On the other hand, mention is made of J. M. Keynes, who in his Preface to the French translation of *The Theory of Employment, Interest and Money*, acknowledges Montesquieu as "the greatest French economist", comparing him to Smith and placing him head and shoulders above the physiocrats. But did he really read Montesquieu? On rereading Chapter 19 of Book XXII of *L'Esprit des lois*, to

¹Dupont de Nemours, "Notice abrégée des différents écrits modernes qui ont concouru en France à former la science de l'économie politique", *Éphémérides du citoyen*, I, 1, 1769, p. XI.

² Simone Meyssonier, *La Balance et l'Horloge, La genèse de la pensée libérale en France au XVIIIe siècle*, Paris, published by Les éditions de la passion, 1989, pp. 16 and 137

³Jean-Claude Perrot, "Economie politique", *Une histoire intellectuelle de l'économie politique*, Paris, published by the École des Hautes Études en Sciences Sociales, 1992, pp. 74-75.

⁴ James Steuart, *Enquête sur les principes de l'économie politique*, 1767.

⁵ Joseph A. Schumpeter, *History of Economic Analysis*, Oxford: Oxford University Press, 1954.

which he makes reference, it is difficult to discern what he claims to have read: “ the idea that the role of the interest rate is to maintain the equilibrium not only of the supply and demand of new capital goods but also the supply and demand of money, that is to say, the demand for liquid cash and the means to satisfy it ”⁶. It is more a question of Keynes reading Keynes. However, this attention is not insignificant. We probably owe to him the rare occasions that economists have read the fourth part of *L'Esprit des lois* (Books XX-XXIII devoted to commerce)⁷.

How can the paradox of a Montesquieu, recognized by his contemporaries and subsequently ignored, be explained? A clue may perhaps be provided by Voltaire in his *Commentaire on L'Esprit des lois*:

Montesquieu had no knowledge of political principles concerning wealth, manufactories, finance and commerce. These principles had hardly been discovered yet ... It would have been just as impossible for him to comment on the treatise on wealth by Smith as on the mathematical principles of Newton.⁸

Here is an example of the spiteful envy Voltaire felt towards Montesquieu. And yet it was Voltaire's opinion that won the day. Althusser quotes him favorable to back his own view that Montesquieu lacked knowledge of political economy to fully understand the totality of society⁹. Despite being spiteful, Voltaire was nonetheless perspicacious. It is impossible to deny his acuity in recognizing the importance of *The Wealth of Nations* barely one year after its publication (1776). Another striking point is the comparison between Newton and Smith, which demonstrates the extent to which the 18th century waited for the arrival of a “ Newton of the moral world ” and Voltaire forecast, with accuracy, who the winner would be. It was Smith, as his contemporaries asserted and as Hegel would confirm in his *Principles on the Philosophy of Right*¹⁰. Montesquieu, who could only just about claim to be the “ Bacon ” of the “ Newton ” that Smith incarnated (according to David Millar¹¹) was dismissed and would remain excluded in the long term.

At first glance, the explanation is simple. This kind of phenomenon is not unique. For instance, there is the case of Melon who published his *Essai politique sur le commerce* in 1734. He was considered by Voltaire, among others, to be the first to discuss questions of commerce, but he fell more or less into oblivion once the discipline started to become more substantive. His only merit, therefore, was to be one of the first to broach the subject. In view of the fact that at the end of the 18th century (starting from Smith, and perhaps even the physiocrats), a “ new science ” emerged, political economy, with all that it implied in terms of breaking away from previous theories, Montesquieu's error (from the point of view of a normative and retrospective history of the sciences)

⁶ J. M. Keynes, *Théorie générale de l'Emploi, de l'intérêt et de la monnaie*, French translation (1942) Paris, Payot, 1966, p. 12.

⁷ Nicos E. Devletoglou, "Montesquieu and the Wealth of Nations", *The Canadian Journal of Economics and Political Science*, (February 1963): 1-25; Devletoglou, "The Economic Philosophy of Montesquieu" , 530-541

⁸ Voltaire. *Commentaire on L'Esprit des lois*, 1777

⁹ Louis Althusser, *Montesquieu, la politique et l'histoire*, Paris, PUF, 1959, p. 57: “ Voyez déjà Voltaire... ”

¹⁰ Hegel, *Philosophy of right*, § 189, Remark on political economy as the science of civil society (cites Smith, Say and Ricardo), and Addition (“ The most remarkable thing here is this mutual interlocking of particulars (...) and it has a parallel in the solar system which displays to the eye only irregular movements, though its laws may none the less be ascertained. ”)

¹¹ “The great Montesquieu pointed out the road. He was the Lord Bacon on this branch of Philosophy. Dr. Smith is the Newton.” Millar 1812: 429-430.

was that he found himself on the wrong side of the epistemological split; he announced the break but was not part of it.

A science of commerce?

Two ideas stand out in recent studies on the emergence of political economics as a science, particularly in France¹². These are the importance of previous studies on the quantification of society and the actual break caused by science by setting its own quantification criteria. The modern age is characterized by progress in the quantification of society. First of all, the one of merchants, which develops a practical knowledge (the invention of double entry bookkeeping) described in specialized books, such as the *Dictionnaires de Commerce*. And secondly, that of the State, which, mainly for fiscal reasons, gradually turned to statistics, leading to the appearance (with William Petty) of what is called political arithmetic. But although this empirical material gives consistency to the idea of a completely quantified representation of society, economics – of which it is the objective – only takes the form of a science by distancing itself from these data. The most evident split is the distinction between value and price. This leads Smith, for example, to set aside monetary estimates, not considered to be very reliable, and search instead for another measurement of wealth, value, which in turn is assessed in terms of work. This theoretical split has a political significance, it implies moving from prices to value, from money to merchandise, and also from the field of politics (where money comes under the sovereignty of the State) to trading and free commerce. The center of attraction is no longer money, for it is incorporated in trading, which causes it circulate. The economy, in a way, accomplishes its own “ Copernican revolution ” with all that it entails in the reduction of appearances.

Montesquieu, however, did not set this revolution in motion. He was in favor of appearances or phenomena. A perfect illustration, from this point of view, is the whole of Book XXII (about monies), especially Chapter 10 (on exchange). This book – and chapter – is extremely difficult, technical and complex, and it is of a technicality and complexity that does not pertain to theory but has more to do with the complication (and for us, the strangeness) of the monetary systems of the Ancien Régime. They are marked by a duality between real money (the actual metal coins in silver, gold or copper: ecus and louis in France), which was used for payment, and ideal or accounting money (based on livres in France), which fixed the value of real money. This enabled the political authorities to engage in all kinds of manipulations (increases, over-increases, or reductions). It also had an impact on the relations between different national currencies (the exchange rate). The term exchange means both the relationship between different currencies and the way merchants carried out their payments for foreign purchases, the famous letters of exchanges that made it possible to avoid transporting money. For example, merchant A would pay merchant B through credits he had with merchant C, living in the same country as B. This system led to a new type of enterprise: the foreign exchange trade. The balancing of debts also had an impact on exchange rates. This is what Montesquieu referred to in his chapter on exchange, and he examined all these variations and the way in which trade imbalances and political manipulations produced different effects on

exchange. He did not seek to elaborate a separate theory but restricted himself instead to a description, albeit very complex, but one that did not exclude the study of certain mechanisms. It did not, however, construct an abstract representation placing it at a distance from reality. To be able to follow his description, it is more useful to consult the *Dictionnaires de commerce* of the time than to know about subsequent monetary theories.

The second half of the 18th century is marked by an ambition, clearly displayed by those interested in commerce, to turn commerce into a science. Forbonnais, a member of the Gournay group, concluded the Foreword to *Éléments du commerce* (1754) with this declaration: “ At last, I think I have rendered a service to commerce by making it known as a science of a Nation... ”. Practicing self-praise, Dupont de Nemours hailed Quesnay as the inventor of “ a new science ”. Flaunting such ambitions does not, of course, mean that they are actually carried out. But it does imply a precise strategy of social and political recognition, that J. C. Perrot studied carefully, in connection with the physiocrats, demonstrating in particular how it influenced their determination to coin a language specific to economics. It was both a sign of recognition among members of the sect and an obligation for all those who wished to take part in the debate to adopt this language.

There is nothing of the kind in Montesquieu. Whatever opinion one has of his entire undertaking in writing *L'Esprit des lois* (Is it still part of the normative design of political philosophy? Does it adopt a new relationship with facts that belong to the field of what would later be called sociology?), it is clear he had no intention of turning commerce into a separate science with its own language. The categories mentioned in the fourth part of *L'Esprit des lois* are either those already introduced in the preceding nineteen volumes (especially the ones about the theory of governments), or else they are the descriptive categories of commerce used at that time.

This points to a first lead. One should not look for the “ economic theory ” of Montesquieu in the fourth part of *L'Esprit des lois*. Reading it retrospectively to compare the first faltering steps with the certainties of established science is, on the whole, an approach that is open to criticism. This is particularly true when the author is Montesquieu. It is pointless to look for the equilibrium of Pareto in his work. Nor would one find much by comparing certain passages on commerce in *L'Esprit des lois* with contemporary works. Such a study is probably feasible and would not be devoid of interest. And it would certainly be preferable to a retrospective comparison. When Montesquieu wrote *L'Esprit des lois*, most of the investigations on commerce consisted mainly of a literature aimed at action, seeking to find a precise answer to a precise question, and expressed in short texts (various dissertations and pamphlets). There are nevertheless a number of works covering a more general reflection on the topic, notably the *Essai politique sur le commerce* by Melon (1734), that review the various questions, ranging from agriculture to finance. The list is sufficiently stable for it to be found again, twenty years later, in a similar table of contents for the *Eléments du commerce* by Forbonnais (1754). It is therefore possible to summarize these various questions and look for corresponding opinions in Montesquieu's work: what he thought of commerce, agriculture, manufactories, colonies, customs, financial prohibitions, the public debt, etc. By doing so, one could come to the conclusion that Montesquieu shared with his

¹² See Jean-Claude Perrot, *Une histoire intellectuelle de l'économie politique*, and the studies by Jean Cartelier (especially on Quesnay)

contemporaries a certain concept of the circuit of expenditures, particularly with respect to luxury and its capacity to pay the wages of the poor, that he was against prohibitions and in general believed that the less the State intervened in external trade the better, that he attached less importance to agriculture than the physiocrats, and that he disagreed with Melon over the usefulness of the public debt. On the whole, the positions adopted by Montesquieu are fairly similar to those that would be developed, five years after *L'Esprit des lois*, by Gournay and his friends. The affirmation by Montesquieu that “It is competition that puts a just price on goods and establishes the true relations between them” (XX, 9) could even have been signed by Gournay, for it was the key idea of his campaign to abolish industrial regulations and commercial prohibitions¹³.

Yet this kind of search for content and this way of situating Montesquieu in the range of positions on commerce and economics is rather disappointing, in our view. At best, it is tantamount to declaring that Montesquieu is somewhere between mercantilism (because of his pragmatic approach) and physiocracy (with its similar attitude to his concept on the circulation of wealth). This may be correct from the chronological point of view (he wrote after Colbert and before Quesnay) but it does not help to make progress in understanding the paradox concerning Montesquieu¹⁴. A look at the history of economics may perhaps explain why economists no longer read Montesquieu but it does not shed light on why those who are looked upon by present-day economists to be the founders of this science read him with such great interest. In order to answer this question, it is necessary to stop looking at the actual contents of knowledge and try instead to understand a project.

The spirit of commerce

A useful indication can be found in a remark made by Pocock in an article about Burke:

The term political economy, as is well known, can be used with reference to the late eighteenth century in varying degrees of specificity. We may use it, as it was then used, to denote either the emerging science of the ‘wealth of nations’ or the policy of administering the public revenue (...) But it is and was also possible to use the term to denote a more complex, and more ideological, enterprise aimed at establishing the moral, political, cultural, and economic conditions of life in advancing commercial societies: a commercial humanism, it might not unjustly be called, which met the challenge posed by civic humanism or classical republicanism to the quality of life in such societies¹⁵.

If one follows the distinction made by Pocock, and asks what contribution Montesquieu made to political economy, the answer would be that it was not very conclusive (as has just been seen) if the term is understood in its first meaning, but decisive from the point of view of the second meaning. This would lead to suppose that Montesquieu is less important for what he said about commerce than for what he said about the “spirit of commerce”. In any event, it is by looking at the question from this angle that commentators have been able to highlight the importance of the fourth part of *L'Esprit des lois*. This is the way Hirschman read it in *The*

¹³ See Catherine Larrère, *L'invention de l'économie au XVIIIe siècle, Du droit naturel à la physiocratie*, Paris, PUF, 1992, Chapter IV.

¹⁴ See the way in which this question is asked in “Economics and Commerce” in *Montesquieu's Human Science, Essays on the Spirit of the Laws* (1748), David W Carrithers, Michael A. Mosher, Paul A. Rahe (editors), Boston, Rowman and Littlefield, 2001, Chapter X

¹⁵ J. G. A. Pocock, “Burke's analysis of the French Revolution”, in *Virtue, Commerce and History*, Cambridge : Cambridge University Press, 1985, p. 194.

Passions and the Interest. And this is what enabled Thomas Pangle to discover, in Books XX-XXII, the hidden lesson of the entire *L'Esprit des lois*, in which Montesquieu showed his approval of commercial modernity¹⁶.

It is known how Hirschman, in *The Passions and the Interests*, investigated the reasons for the acceptance, in modern times, of behavior guided by profit and how he found the answer in the recognition of the capacity of interests to regulate passions, incarnated in the model of “doux commerce”. Although he was not exactly its inventor, Montesquieu was an exemplary representative, he who maintained that “everywhere there are gentle mores, there is commerce and that everywhere there is commerce, there are gentle mores” (XX, 2). Although he notes the moral side of doux commerce (its effect on private individuals), Hirschman is, above all, interested in the political scope of gentle doux commerce. Hence his discovery of the chapter (which his interpretation made famous) on the invention of letters of exchange. As victims of persecutions by political and religious authorities, Jewish merchants invented the letter of exchange. By making them indefinitely mobile, it enabled them not only to escape from the clutches of political power but also to force it to be more moderate¹⁷. This is how Montesquieu put it:

One has begun to be cured of Machiavellianism, and one will continue to be cured of it. There must be moderation in councils. What were formally called coups d'état would at present, apart from their horror, be only imprudences. (XXI, 20).

Montesquieu continues to describe how this is possible, in a sentence that may have inspired the title of Hirschman's book:

And, happily, men are in a situation such that, though their passions inspire in them the thought of being wicked, they nevertheless have an interest in not being so. (XXI, 20)

Here, without a doubt, are grounds for talking about “commercial humanism”. Pangle, for his part, acknowledges that the development of commercial relations allows the natural humanity of man the possibility of fulfilling itself completely¹⁸. For all that, should commercial humanism be compared to civic humanism, as Pocock does, by affirming that the former replaces the latter? If so, it would imply that Montesquieu adopted the conflict between virtue and commerce, between the Ancients and the Moderns, contenting himself with reversing it. This is the reason why Pangle was shocked by Montesquieu's position (and it would explain why it was concealed). By rallying round to commerce, Montesquieu appears to have abandoned the idea of altruistic devotion to the public good in favor of an apology for possessive individualism and an egoistic desire for well

¹⁶ Thomas L. Pangle, *Montesquieu's Philosophy of Liberalism, A Commentary on the Spirit of the Laws*, The University of Chicago Press, Chicago and London, 1973.

¹⁷ Albert O. Hirschman, *The Passions and the Interests, Political Arguments for Capitalism before its Triumph*, Princeton: Princeton University Press, 1977, French translation, Paris, PUF, 1980. See also the study by Céline Spector, “Montesquieu et la question du ‘doux commerce’ dans *L'Esprit des lois*”, in the Proceeding of the International Colloquium held in Bordeaux, from 3 to 6 December 1998, to commemorate the 250th anniversary of the publication *L'Esprit des lois*, organised by the Académie nationale des sciences, belles-lettres et arts de Bordeaux ; Bordeaux, 1999, pp. 427-450.

¹⁸ Thomas L. Pangle, *Montesquieu's Philosophy of Liberalism*, p. 205

being. On the contrary, the originality of Montesquieu, in our opinion, is that he rejected or subverted these oppositions.

The opposition between virtue and commerce, together with the assertion of the corruptive power of the latter, are classic themes of republican thinking, especially in England during the 18th century¹⁹. This is a language that Montesquieu knows well, and he even seems to have adopted it in his famous passage in which he presents “The Political Men of Greece” who only talked of virtue while “Those of today speak to us only on manufacturing, commerce, finance, wealth, and even luxury.” (III, 3). And yet it is in a chapter devoted to the principle of democracy and virtue that Montesquieu presents “the spirit of commerce” for the first time:

Certainly when democracy is founded on commerce, it may very well happen that individuals have great wealth, yet that the mores are not corrupted. This is because the spirit of commerce brings with it the spirit of frugality, economy, moderation, work, wisdom, tranquility, order and rule. (V, 6)

Virtue, therefore, is not exclusive to commerce, and a mercantile republic is not an oxymoron²⁰. This is probably due to the fact that the spirit of commerce, as Montesquieu presents it here, is not defined by one single principle, good or bad, but by a combination of different components. These include a certain number of psychological and practical aptitudes (frugality, economy, moderation, work, wisdom, tranquility, order and rules) which, in this instance, are in keeping with the principle of a republic. The spirit of commerce is also presented at the beginning of Book XX as an association between commerce and peace (“The natural effect of commerce is to lead to peace”, XX, 2). In Book XXI, Montesquieu seeks to identify these sequences, or these mechanisms, in which the spirit of commerce occurs: “the effect of commerce is wealth; the outcome of wealth, luxury; that of luxury, the perfection of the arts”²¹ (XXI, 6). The history of commerce presented in Book XXI, which explores these sequences, is not restricted to the trading of goods or merchandise. It is just as much the history of the progress of geography and the techniques associated with navigation: the compass, printing, and the sailing of ships. For Montesquieu, the history of commerce is, in fact “that of communication among peoples” (XXI, 5). He does not use the term commerce in its narrower meaning as an exchange of material goods but in its broader meaning, common in the 18th century, of various forms of social exchanges. Book XXI is therefore a continuation of Book XIX which, by adding manners to mores, and by demonstrating the role of communication in the transformation of mores, calls into question the concept of rigidly moralistic mores so typical of republicanism. The concept of mores is no longer simply a normative concept (the whole point being to retain them), it is also a descriptive concept that helps to understand their variations and modifications.

Thus, at the beginning of Book XX, when Montesquieu explores the nature of commerce, he does not take a stance on this conflict between virtue and commerce. He leaves it to Plato to express this opposition (in terms of the corrupted purity of mores), adding an alternative explanation that incorporates commerce in a process that can be described as civilization (even if Montesquieu does not use the word, which appears later):

¹⁹ J. G. A. Pocock, *The Machiavellian Moment*, Princeton: Princeton University Press, 1975.

²⁰ See Bernard Manin, “Montesquieu, la République et le commerce”, *Archives européennes de sociologie*, XLII, 3 (2001), 573-602.

²¹ Concerning this “mechanism”, see the excellent analysis by Bernard Manin, in the quoted article, “Montesquieu, la République et le commerce”, pp. 588-589

One can say that the laws of commerce perfect mores for the same reason that these same laws ruin mores. Commerce corrupts pure mores, and this was the subject of Plato's complaints; it polishes and softens barbarous mores, as we see every day. (XX, 1).

To support the opposition between virtue and commerce, it is necessary to believe in the existence of pure mores, at least at the outset. This is far from being the position of Montesquieu who does not look for the original model of purity or simplicity. The beginning of humanity (as he shows in Book I) would probably have been closer to animality, and the process that moves away from it is not interpreted as a corruption but as a way of trimming or polishing it. The continuity of the process tends to render the conflict between the Ancients and Moderns obsolete.

This opposition, in the form of a conflict between the “ spirit of conquest ” and the “ spirit of commerce ”, that one would believe is characteristic of Montesquieu, can in fact be found in Melon, in a chapter specially dedicated to him. Melon declares them to be incompatible, so much so that the one cannot succeed the other: when commerce replaced conquest, “ the spirit of peace finally enlightened our Europe ... ”²². One can probably also find this duality in Montesquieu's *Réflexions sur la Monarchie Universelle*, which he had printed during the same year that the *Essai* by Melon was published. Montesquieu had, in fact, reflected on the contrast between Roman power, founded on military conquest, and the modern forms of power, which are linked to commercial wealth and reduce to failure all attempts at military hegemony. And yet the expressions “ the spirit of commerce ” or the “ spirit of conquest ” do not appear, while the opposition seems to be diluted in a contemporary excerpt of the *Pensées*, so frequently quoted:

Every century has its own genius: a spirit of disorder and independence formed in Europe with the Gothic government; the monastic spirit infected the era of the successors of Charlemagne; then came the reign of chivalry; that of conquest appeared with ordered troops; and it is the spirit of commerce that dominates today.²³

In this excerpt, the spirit of conquest and the spirit of commerce, although characterizing distinct periods, are no longer in conflict with each other in terms of Antiquity versus Modernity. This is what is confirmed *L'Esprit des lois*. If commerce is a modern invention, why does Montesquieu devote more chapters to Antiquity than to the modern period in Book XXI (out of the 23 chapters of Book XXI, 11 deal with Antiquity compared to 7 on commerce in modern times)? It is probably to confirm “ that commerce was not a part of the Roman spirit. ” (XXI, 15) because Roman strategy was to separate peoples whereas commerce unites them. But Rome, which scorned commerce, was an unusual case in Antiquity, during which there was both commerce of luxury as well as the commerce of economy (the two forms of commerce distinguished in the preceding book). Athens was typical of the mercantile republic mentioned in Book V, and Montesquieu, through a reference to Xenophon, compares Athens to England²⁴. The opposition between Antiquity and Modernity is therefore neutralized, in the same way as the opposition between conquest and commerce. Montesquieu turns Alexander into a paradoxical

²² Melon, *Essai politique sur le commerce*, Chapter V, published by Daire, p. 736.

²³ *Pensées*, n° 810

²⁴ “ You might say that Xénophon intended to speak of England”, XXI, 7

conqueror, whose conquests were aimed solely at establishing commercial relations (there where conquest separates): “ he formed the design of uniting the Indies with the west by a maritime commerce, as he had united them by the colonies he had established on the land ” (XXI, 8). In that case, conquest no longer appears as an alternative to commerce. On the contrary, it would seem to show an inability to escape from barbarism, due to stubbornness, as in the case of Rome, or ignorance, as in the case of Spain, which was mistaken as to the nature of wealth (it had looked upon gold as real wealth when it was, in fact, only a “ a sign of wealth ”), as well as the purpose of its presence in America:

At first, the Spanish considered the newly discovered lands as objects of conquest; peoples more refined than they saw them as objects of commerce. (XXI, 21)

Once it is detached from its inclusion in the dispute between the Ancients and the Moderns, as well as from its incompatibility with conquest, commerce can be looked upon as a continuous process, the history of which is described by Montesquieu. The beginnings are tentative: “ Commerce, sometimes destroyed by conquerors, sometimes hampered by monarchs, wanders across the earth, flees from where it is oppressed, and remains where it is left to breathe... ” (XXI, 5). But the conclusion is triumphant: “ Europe carries on the commerce and navigation of the other three parts of the world ”, he affirms, after announcing that “ nothing in history is comparable to it” (XXI, 21). It is the global extension of commerce that is new – and modern – not commerce itself.

The history of commerce can be understood as a process of civilization, a continuous progress from barbarity to refinement. Commerce has a civilizing effect by regulating passions, both social and political. It civilizes itself by transforming the initial avidity (“ The first Greeks were all pirates”, XXI, 7) into a well thought out calculation (“ the spirit of commerce makes one calculate everything ”, *Pensées* n° 810). In other words, the expansion of commerce reflects a higher degree of rationality. Montesquieu compares “ imaginary needs” (XIII, 1), which occupied the minds of monarchs who are avid for military conquests, with the reality of the needs of the people who pay taxes, that is to say, the working people. The alliance between commerce and rationality is not only a collective effort (the development of knowledge and the development of commerce go hand in hand), it also has an individual character and is not limited to a spirit of calculation or rationality closely linked to interests. Unlike many of his contemporaries, including Rousseau²⁵ and Diderot²⁶, Montesquieu does “oppose” the spirit of commerce to philosophy. Traders “ eyeing all the nations of earth ” (XX, 4), take notice of “ the climate, the terrain, the mores, and the manners of the inhabitants ”, which they describe in reliable travel accounts because “ they do not tend to the marvelous ” (XXI, 11). Montesquieu praises the travel accounts of Hannon, a Carthaginian merchant: “ it is a fine bit of antiquity ” without “ ostentation ” or fabulous tales (XXI, 11). Referring to *The Odyssey* – the first travelogue - Montesquieu describes it as “ the finest poem in the

²⁵ Jean-Jacques Rousseau, *Discours sur l'origine de l'inégalité*, note X

²⁶ “Here is all that has been transmitted to us by the philosophy of the Phoenicians. It is does not amount to much. Is it because the spirit of commerce runs counter to that of philosophy? I am inclined to believe it.”, Diderot, Article “Philosophie des Phéniciens” in the *Encyclopédie*. See Georges Benrekassa, “ Négocier et culture dans la France des Lumières : le cas de l'Encyclopédie; in *Cultures et formations négociantes dans l'Europe moderne*, published by EHESS, Paris, 1995, 577- 593 ”

world ” (XXI, 6), after the Bible, it is true, but before the military epic of *The Iliad*. In the modern age, the poem by Camoens singing of “ the discovery of Mozambique, Melindia and Calicut ” is compared to those composed by Homer and Virgil (XXI, 21).

The expansion of commerce also led to greater political freedom (here one leaves Machiavellism). Was it also a rise in morality? Montesquieu has reservations about this, separating the global effects from individual consequences:

But, if the spirit of commerce unites nations, it does not unite individuals in the same way. We see that in countries where one is affected only by the spirit of commerce, there is traffic in all human activities and all human virtues; the smallest things, those required by humanity, are done or given for money. The spirit of commerce produces in men a certain feeling for exact justice, opposed on the one hand to banditry and on the other to those moral virtues that make it so that one does not always discuss one’s own interests alone and that one can neglect them for those of others. XX, 2

In our view, this distinction can be compared to the one made by Kant between being “ civilized ” and “ moralized ”²⁷. Commerce civilizes peoples by making their relations more peaceful, without moralizing individuals because the corruption brought about by commerce cancels social control over individuals, leaving them to their own devices. This is just as true at the collective level of morals as it is at the political level of the State. This is how Montesquieu approaches the comparison made by Mandeville between private vices and public benefits, when discussing France and the French taste for luxury, which the State should not suppress:

One could constrain its women, make laws to correct their mores, and limit their luxury, but who knows whether one would not lose a certain taste that would be the source of the nation’s wealth and a politeness that attracts foreigners to it? (XIX, 5)

From the moment a State is no longer responsible for the morality of its subjects, they have an opportunity to become immoral. This does not necessarily mean they will become immoral. They may just as easily be frugal and moderate in their desires and tastes ... and if this is due to their own free choice, then it gives even greater moral value to their behavior.

There is therefore no reason to share Pangle’s opinion on the immorality of Montesquieu’s support for the beneficial effects of commercial behavior. Montesquieu’s contemporaries were not shocked. The attention of ecclesiastical censors, always quick to detect evil, was not drawn to the fourth part of *L’Esprit des lois*. Those who reacted positively may perhaps have been just as immoral as Montesquieu. But the problem is not the intrinsic determination of the spirit of commerce (“ the spirit of calculation ” or the interest), or even its involuntary consequences, generally positive, and its capacity to associate itself with enhanced and enhancing characteristics (knowledge, work, etc). What probably caught the attention of Montesquieu’s contemporaries and led them to attach his name to the interest for political economy, is the importance of commerce and economic activities, which is finally recognized. Books XX-XXII place commerce on the same level as the noble subjects treated in *L’Esprit des lois*, that is to say, politics, law and religion. By extending political reflection to include questions concerning the climate, the relationship between men and things, commerce, and other topics, Montesquieu turns it into an object of political interest. It is no longer the activity of certain individuals alone. Commerce “ is part of the history of States ”, as Forbonnais wrote in an article on

“ Commerce ” for the Encyclopedia. Does the fact that Montesquieu recognizes the importance of commerce, and the civilizing effects of the spirit of commerce, mean that he wants it to become widespread and seeks to accelerate the process ?

Commercial Despotism?

According to Thomas Pangle , the project advocated by Montesquieu was to extend the English model of the commercial system to France:

Montesquieu is the most influential foreign champion that England ever had. His reservations against England on behalf of France are never more than reservations; he wishes to ease the tide of the commercial spirit.²⁸

Such a project did actually exist in the 18th century in France. It was the one adopted by the group of Gournay who, in the fifties, and therefore after the publication of *L'Esprit des lois*, actively militated for the French monarchy to recognize the importance of commerce, and like England, to foster its development by all means available. It was for the purpose of making the English model more accessible that Gournay encouraged the translation of English books about commerce. Among those close to Gournay, there was François Véron de Forbonnais, who translated English books and wrote many articles on commerce for the Encyclopedia, including the one on “ Commerce ” in which he recommends reading *L'Esprit des lois*, in addition to “ English books about commerce ” and the *Dictionnaires de commerce*. Forbonnais had, in fact, read *L'Esprit des lois* carefully, and in 1753 he published an “ Extract ”, accompanied by comments. Thus, when considering the recommendation by Montesquieu in Book V, in which he wrote “ The laws must favor all the commerce that the constitution of this government can allow ” (V, 9), he makes the following remark:

One cannot see what it can exclude. If there is some branch of commerce in Holland that does not flourish in France, it is because ours is not old or because it is due to certain circumstances that have nothing to do with the constitution of the State.²⁹

By revealing his incomprehension in this way, Forbonnais clearly states that for him the objective is indeed “ to ease the tide of the commercial spirit ”, without any restrictions.

And yet in a note (“ The constitution permits commerce only to the people ”), Montesquieu indicates the restriction in question. This is the ban he felt should be imposed on the nobility to engage in commerce. He considers this measure to be of sufficient importance to discuss it twice, the first time in Book V and the second time in Book XX, in which he examines the relationship in both directions: “ It is against the spirit of commerce for the nobility to engage in commerce. (...) It is against the spirit of monarchy for the nobility to engage in commerce. ” (XX, 21). It comes as no surprise that Forbonnais ignores this note because, in his view, to consider that nobles should not engage in commerce was a “ prejudice ”, which he traces back to the Romans and their

²⁷ Emmanuel Kant, *Idea of a Universal History from the Cosmopolitical View*, 7th proposition

²⁸ Thomas L. Pangle, *Montesquieu's philosophy of liberalism*, p. 228

disdain for commerce. On this point, he is in agreement with the entire group. The plea for a nobility involved in commerce, launched by Abbé Coyer³⁰, on the instigation of Gournay, was one of the highlights in the campaign conducted by the group.

This is a typical example of attempts to import the English model. In his *Lettres philosophiques*, Voltaire admired the fact that in England the younger sons of a family could engage in commerce without arousing disapproval, and expressed a wish that the same could apply in France³¹. Montesquieu takes the opposite attitude in *L'Esprit des lois* and proposes, on the contrary, that access to the nobility should be open to merchants (XX, 22). This is certainly a notable divergence between Montesquieu, and those who, along with Gournay and Abbé Coyer, adopted Voltaire's proposal. Should one see in this the social limitation of Montesquieu's belief in the benefits of commerce?

Montesquieu does not, in fact, defend the nobility for its intrinsic qualities (on which he is rather critical) but for the role it plays in a monarchy, and the way in which its existence can form a rampart against despotism. Attracting the nobility to commerce would, according to him, result in the eventual disappearance of the nobility (and Abbé Coyer agrees with him on this point, freely admitting that it is one of the positive consequences he expected from widespread access of the nobility to commerce. Banning the nobility from commerce is, in the opinion of Montesquieu, a way of defending freedom, including that of merchants. In his arguments in favor of exclusion, he places more emphasis on the damage that could be caused to commerce (the "profession of equal men" V, 6) if nobles were to engage in it ("merchants thus accredited would introduce all kinds of monopolies" *ibid.*) than on reciprocity (the harm done to the nobles by engaging in commerce). Thus, Montesquieu defends the ban on the nobility to engage in commerce from the point of view of protecting competition, a point of view he shares with Gournay.³²

The disagreement between Montesquieu and the Gournay group is not of a social nature but concerns the relationship between commerce and the constitution. In Book II, in his study on the monarchy (inseparable from the existence of "intermediate bodies", the most important of which is the nobility), Montesquieu observes the weakness of England from this point of view:

In order to favor liberty, the English have removed all the intermediate powers that formed their monarchy. They are quite right to preserve that liberty; if they were to lose it, they would be one of the most enslaved peoples on earth. (II, 4)

His comments on a mercantile nobility can clarify this observation. By encouraging nobles to engage in commerce, the English weakened their nobility (in Book XIX, 27, Montesquieu notes that English nobles are frequently obliged to live on the continent, due to a lack of money to pay their taxes). And he adds that if by doing so they have placed their constitution in danger, they can support it because they enjoy an "extreme"

²⁹ François Véron de Forbonnais, *Comments sur L'Esprit des lois*, 1753

³⁰ Abbé Gabriel François Coyer, *La Noblesse commerçante*, Paris 1756.

³¹ Voltaire, *Lettres philosophiques* (1734), Tenth letter (on commerce)

liberty. But for the French who do not enjoy a similar liberty, a weakened the nobility would endanger the freedom they are able to enjoy. The English example was therefore to be avoided for political reasons.

Thus, it is neither social positions nor a disagreement on the beneficial effects of commerce that separate Montesquieu from Gournay and his friends on the issue of a mercantile nobility but their different appreciation of the relationship between commerce and the constitution, as reflected in a remark by Forbonnais. In the opinion of the latter, the differences between Holland and France in the area of commerce are due to “particular circumstances” and certainly not to “the constitution of the State”. In Book XX, Montesquieu asserts that “Commerce is related to constitution” (XX, 4). In this way, he introduces a distinction between the commerce of economy, suited to republics (such as Holland, even though Montesquieu considers this to apply to England too) and the commerce of luxury, suited to monarchies (with France in the lead).

Pangle is not unaware of this distinction, but like Forbonnais on this particular point, he feels it to be of secondary importance, exceptional in a way. The commerce of luxury is certainly associated with a monarchy, that is to say, in the case of France, as far as Book XX is concerned, but it is a temporary singularity. According to Pangle, France should adopt the English model, the one based on the commerce of economy, because this type of commerce is not only superior to the commerce of luxury, being more efficient, but it is its real form, it corresponds to the “nature” of commerce.

Nothing, we feel, can support this interpretation. When Montesquieu puts forward that “Commerce is related to constitution”, meaning by this phrase the difference between governments, he places himself in the same mode of reflection he followed in Book V, especially the last chapter (V, 19), in other words, what suits one government (the venality of posts, the obligation to accept public employment, etc) does not suit another. This is the same line of reasoning as in Book XX, in which he states that certain institutions suitable for the commerce of economy have no place in the commerce of luxury. Montesquieu examines three institutions from this angle: the bank, commercial companies and free ports. The first two are the keys of Law’s System (it should be recalled, in this connection, that it was a question of liquidating the public debt by converting State debts into shares in a commercial company).

It is known that Montesquieu met Law in Venice, after he described his failure in *Lettres persanes*, and he also mentions him in *L’Esprit des lois*. He appears at the very beginning, in Chapter 4 of Book II, devoted to the monarchy:

Mr Law, equally ignorant of the republican and of the monarchical constitutions, was one of the great promoters of despotism that had until then been seen in Europe. Besides the changes he made, which were so abrupt, so unusual, and so unheard of, he wanted to remove the intermediate ranks and abolish the political bodies; he was dissolving the monarchy by his chimerical repayments and seemed to want to buy back the constitution itself. (II, 4)

³² See Catherine Larrère, “Montesquieu : noblesse et commerce. Ordre social et pensée économique. ”, in *Il pensiero gerarchico in Europa XVIII-XIX secolo*, a cura di Antonella Alimento e Cristina Cassina, Firenze, Leo S. Olschki, 2002, pp. 31-48.

The accusation is in no way unfounded. Despite the fact that the word had, unquestionably, a pejorative connotation in his time, Law had no hesitation in explicitly defending “despotic power” and “despotic authority” as a means to establish the confidence required for the functioning of the credit system for public finances he wished to set up. “How great is the benefit of a despotic power in the beginnings of an institution subject to so much opposition on the part of a nation that has not yet become accustomed to it!”³³ Claiming he had once been a convinced republican, Law explained that he had been won over by the merits of despotic power. In any event, neither a monarchy nor despotism could have any repercussions on the development of commerce. “In all countries where attempts were made to establish the bank, it has always succeeded, whether in monarchies or in republics.”³⁴ The chapters of Book XX, devoted to the difference between the commerce of luxury and the commerce of economy (4-11, to which should be added 12 and 13, on the freedom of commerce) can therefore be considered as a reply to Law. Montesquieu disagrees with him directly when he states that “Commerce is related to constitution” and that the institutions suited to the commerce of economy, particularly the bank (XX, 10), could have negative consequences in a monarchy centered on the commerce of luxury.

It would be dangerous for commerce as the concentration of money and financial assets in a bank would inevitably arouse the predatory appetite of a single power. This is not a new argument. The merchant and financier Samuel Bernard had raised an objection to Law’s project, pointing to the weakness of a credit institution with a capital that would consist of State debts, a notoriously unreliable debtor. At the same time, he demonstrated the danger of a public bank subjected to the whims of an absolute and uncontrolled power. Samuel Bernard was, in fact, repeating the same arguments against Law that the Commercial Council used against him when he submitted his own bank project in 1709³⁵. However, as presented or resumed by Montesquieu, it is more directly aimed at Law, against his argument that a single power is capable of bringing into line the diversity of individual interests, and of identifying the general interest. “It is this despotic authority which is so much feared by individual enterprises opposed to the real or apparent good of the State, but which becomes such a strong and powerful support for a public affair that cannot be hurt without undermining all parts of the State.”³⁶ This concord of individual interests within the unity of a public establishment is probably feasible in mercantile republics that makes use of politics by placing it at the service of commerce, and by transforming commercial companies, including banks, into political machines. It can also be found in England where there is the same exploitation of politics by commerce: “Other nations have made commercial interests give way to

³³ *Les Œuvres complètes de John Law*, published by Paul Harsin (Liège, Paris, 1934), 3, p. 158. See Melvin Richter, “Le concept de despotisme et l’abus des mots” *XVIIIe siècle* number 34 (2002) ; p. 382 and T. E. Kaiser, “Money, Despotism and Public Opinion in Early Eighteenth-Century France : John Law and the Debate on Royal Credit”, *Journal of Modern History*, 63 (1991), 1-28.

³⁴ John Law, *Mémoires sur les banques présentés à Mgr le duc d’Orléans, régent de France*, premier mémoire, in *Collection des Économistes et Financiers*, published by Daire Paris, Guillaumin, 1847, p. 562. See also p. 585, in which, after explaining how, thanks to the bank, England supports its debts and can cope with a civil war without prejudice to its economic prosperity, Law continued to explain “it is not the difference between the governments of these States [France and England] that produces this wide difference in the state of their affairs.”

³⁵ Herbert Lüthy, *La banque protestante en France*, vol. I, *Dispersion et regroupement (1685-1730)*, Paris, S. E. V. P. E. N, 1959.

³⁶ *Les Œuvres complètes de John Law*, 3 :113, quoted by Kaiser, note 86, p. 18.

political interests: England has always made its political interests give way to the interests of its commerce ” XX, 7). However, this is out of the question in a monarchy. The confusion between commercial and political interests would not lead to free commerce but would open the way to despotism by placing merchants at the mercy of the capricious will of one or a few persons.

Law’s objective was to place a State bank, fed by public debt, at the service of the expansion of commerce, based on the absolute authority of the monarchy to ensure the successful conclusion of the project. But Montesquieu perceives in it the danger of what could be called commercial despotism and affirms the need, in a monarchy, to always distinguish between the commercial interests of individuals and political interests, unlike republics that can place politics at the service of commerce. His condemnation, political and irrevocable, is in contrast with the much more favorable opinion of Gournay. According to the latter, the System had produced some good effects. It had “ broadened knowledge of commerce and led to the fitting out of many ships and companies that had put more money and hands into action than there were previously. ”³⁷ Its failure, which can be attributed to the clumsiness of a beginner and not to an intrinsic vice, should not discredit public credit (that is to say, the State bank), which is needed by commerce:

The unfortunate effects of the attempt that has been made on this subject during the Regency should encourage those who are genuinely interested in the well being of the State to seek ways of reconciling this establishment with the Constitution of the government, to reject any proposal that would undermine such a profitable object, and which could put into action countless securities and wealth that are dead, and in a manner of speaking, lost to the nation, that this languor impoverishes while public credit enriches our neighbors by setting everything in motion.³⁸

In his determination to develop commerce in France, Gournay was not immune to the temptation to imitate the English example. This temptation consisted in erasing the difference between a republic and a monarchy, which can lead to exposure to despotism. The fact that Montesquieu firmly objects to this temptation (whether it concerns the mercantile nobility, public credit or a big commercial company), clearly indicates that it is impossible to attribute to him Gournay’s project to model France on England, from the commercial point of view. And the fact that Montesquieu observes – and approves of – the benefits of commerce in no way implies that he turns it into a political project. Quite the contrary, Montesquieu certainly does not make the non-intervention of the State in commercial affairs a matter of principal. Because “ today, it is wealth that creates power ”³⁹, the inevitably public dimension of wealth places it within the competence of the State. Montesquieu therefore leaves open the possibility of an intervention by the State⁴⁰. However, this does not mean that the State should become mercantile (the exclusion of the nobility from commerce, for political reasons, also concerns the

³⁷ *Remarques* by Vincent de Gournay to the *Traité*s by Child, in Tsuda, published by T., *Traité*s sur le commerce de Josiah Child avec les Remarques inédites de Vincent de Gournay, Tokyo, 1983, p. 365.

³⁸ *Remarques*, p. 211

³⁹ Montesquieu, *Réflexions sur la monarchie universelle en Europe*, § II, in Montesquieu, *Œuvres complètes*, vol. II, Voltaire Foundation, Oxford, 2001, p. 343.

⁴⁰ He says that “ the true maxim is to exclude no nation from one’s commerce without great reasons ” (XX, 9), and not that one should never exclude it.

monarch⁴¹). The idea that the State can successfully undertake activities that are carried out by individuals points to the threat of commercial despotism.

This is confirmed by a second examination of the System in *L'Esprit des lois*. At the end of the chapter on foreign exchange, Montesquieu describes the failure: “ This is Mr Law’s System” (XXII, 10), says Montesquieu in the parenthesis of a presentation written in the conditional tense. Three chapters further on, Montesquieu draws a general lesson from this failure:

One can feel that these violent operations could not occur in our time; a prince would deceive himself and would deceive no one else. The exchange has taught the banker to compare all the monies of the world and set them at their just value; the grade of monies can no longer be kept secret. If a prince begins to alloy precious metals with copper, everyone continues to do so and does it for him; strong specie leave first and return to him weakened (...) The exchange, as I have said in the preceding book [XXI, 20, about letters of exchange allowing traders to escape Machiavellism], has curtailed the great acts of authority, or at least the success of the great acts of authority.(XXII, 13)

The allusion “ to great acts of authority ” in the preceding book therefore finds a content. It concerns the monetary and financial manipulations of Law (already mentioned by Montesquieu in Book II: “ the changes he made, which were so abrupt, so unusual, and so unheard of... ”). How did “doux commerce”, in the particular case of the commerce of exchange, overcome commercial despotism? Chapter 10 of Book XXII provides the key to an understanding.

In this chapter, Montesquieu distinguishes between political operations relating to money, which fixes a “ positive value” (one ecu is equal to three livres, a rate fixed by the law) and expressed in groschen, Dutch currency, the par being “ fifty-four groschen for an ecu of three livres ”). Retaining this distinction, he demonstrates through a precise analysis that variations in exchange rates around the par do not occur in the same manner depending on the results of trade between two countries, or on whether they are caused by the insertion in international monetary circuits of the currency of a country (or of what replaces it as bank notes), which was the object of significant monetary manipulations (those “ great acts of authority ” carried out by Law). According to the understanding of a present-day economist⁴², the analytical interest of the study on exchange conducted by Montesquieu is a dual one. For him, Montesquieu shows that the exchange rate (the way in which a currency expresses its value in another currency) depends on the trade balance between the two countries, and that there are readjustment mechanisms to ensure that when two countries have an unequal balance in the volume of trade, this inequality will not be aggravated but readjusted. As Montesquieu writes, “ States tend to bring themselves into balance and to liberate themselves”. On the other hand, readjustment mechanisms operating in cases of trade do not function when princes intervene. Montesquieu explains the failure of the Law system as a disastrous deterioration of exchange without a possible readjustment mechanism. To use current language, the

⁴¹ See XX, 19, “ That the prince should not engage in commerce ”.

⁴² Michel Rosier, "Les marchandises et le signe: Turgot versus Montesquieu" in *Cahiers d'économie politique*, 18, *Monnaie métallique et Monnaie bancaire*, studies presented by M. Thérèse Boyer-Xamben, Ghislain Deleplace, and Lucien Gillard (Paris: L'Harmattan, 1990 p. 107. We refer to this presentation as it is easier to understand for a reader of today, hoping that the question has been contextualised sufficiently to escape the trap of retrospection.

exchange system is capable of absorbing endogenous imbalances but incapable of compensating exogenous interventions⁴³.

The distinction Montesquieu makes between merchandise circuits and the monetary circuits of finance, as he does between the par and variations in exchange rates, were not original in his days. These distinctions can be found in Melon and Forbonnais. The latter, in his chapter on “The Circulation of Money” in *Éléments du commerce*, distinguishes between the “natural circulation” of merchandise (in which money only plays a role as a sign, with merchandise making it circulate) and “composite circulation” (when money, having been withdrawn from the circulation of merchandise to satisfy financial needs – purchase of public posts, offices, State credit, etc., comes back as a measure of the merchandise). The first form, in the view of Forbonnais, is the normal one, through which “the natural course of commerce” should be regulated. He presents it as a diversion from the origin, which he looked upon as barter, an exchange of merchandise without the intervention of money. In the chapter on currency exchange, he makes a similar distinction between the par and variations around the par. In the case of the par, currencies no longer have any relationship other than that of their weight and fineness; the monetary sign is removed and what counts is the relationship between the goods. This reflects what Forbonnais refers to as a “perfect competition” or a “precise equilibrium”⁴⁴. And this, for Forbonnais, is the purpose of the “science of commerce”.

Nothing of the kind is found in Montesquieu. According to him, the equilibrium (that is to say, the par) is not a theoretical situation in which one can verify the truth of relations but a fictional reference serving as a landmark to understand the reality of the situation, in other words, the existence of constant disruptions but which must remain minor. It is these minor disruptions that make the machine turn, and they are valid as long as they serve as compensation. The reference model, therefore, is not equilibrium but the false equilibrium described in the chapter on the English Constitution:

The form of these three powers should be rest or inaction. But as they are constrained to move by the necessary motion of things, they will be forced to move in concert. (XI, 6)

The criticism of Law, developed in the fourth part of *L'Esprit des lois*, leads to a double conclusion. On the one hand, it results in the very firm assertion that in a monarchy exposed to the despotism of a single person, commercial interests must remain strictly separate from political interests, otherwise the outcome would be commercial despotism. On the other hand, this distinction – which can be qualified as liberal without any hesitation – does not prompt Montesquieu to consider that commerce and politics, being separate spheres, belong to different sciences. He uses political models to analyze commerce.

This may seem to be yet another paradox. But it is the kind of paradox that will shed light on the one we started with: the paradox of Montesquieu being forgotten by the science of economics despite the fact that he appears to have contributed to starting it.

⁴³ See Kaiser, p. 25 (extrinsic and intrinsic value)

⁴⁴ *Éléments du commerce*, II, p. 56

Conclusion

If a secret chain exists (secret in that it passes unnoticed by most readers and not because it has been concealed) that runs through the fourth part of *L'Esprit des lois* and anchors it to the rest of the work, it is the critique of Law. If one adds to the direct references to Law already indicated (II, XX, XXI, XXII), the criticism leveled at Melon (whose book is, at least in the financial part, a defense and apology of the System), it can be said that this chain does in fact run right through *L'Esprit des lois*. Condemned in Book XV for having proposed to introduce slavery into Europe (XV, 9), Melon is again criticized for justifying the public debt (“debts from the right hand to the left hand”) that continues the critique of the System (which Melon had justified by explaining that it is better to circulate the debt than to pay it). The discussion is prolonged through the one on Roman measures against usury that, according to Melon, put a “maxim of the State” to the test: “one should always favor the debtor.”⁴⁵ Law is again denounced in Book XXIX as the author of a very “catastrophic” and “frightful” measure, which forbade private individuals from keeping money at home: “this was equivalent to taking it away by violence” (XXIX, 6). Finally, there is a final allusion to Melon in the famous chapter on the “ideas of uniformity” (XXIX, 18), because the allusion to the uniformity of weights and measures that Montesquieu, strangely enough, traces back to Charlemagne, becomes clearer on reading the chapter in which Melon, based on the *Dictionnaire de commerce* by Savary, presents reform plans, starting from the ones introduced during the reign of Charlemagne.

Following the main thread of the critique of Law does not imply challenging the importance of the model of “doux commerce” advocated by Montesquieu. In fact, it demonstrates that it can only be understood by using the critique of commercial despotism as a starting point. This association between despotism and commerce may come as a surprise. There may be reason to believe that it only concerns Law or, at the most, what has been described as mercantilism since the 19th century⁴⁶. The remark made by Law that a despotic political authority can be useful for the beginnings of an enterprise is very typical of the mercantilist justification of privileges and monopolies⁴⁷. If mercantilism is described as being the point when the State, having become an economic player, identifies itself with the entire nation⁴⁸, this conjunction is necessarily exposed to commercial despotism. There is, in fact, a risk that the State incarnates the particular interest of the king or his court only to the detriment of the general law (and Law only maintained his system by arousing the interest of certain privileged parties, the beneficiaries of securities). Yet commercial or economic despotism does not come to an end either with Law or with mercantilism. Praises for despotism reappears among the physiocrats who advocate “legal despotism”, finding a model in China, and thus placing themselves diametrically opposite Montesquieu, who does not find anything admirable about Chinese despotism. The physiocrats probably disagreed with Law; they disdained finance (which, according to Quesnay, is a “mysterious technique that lends itself to circumstances

⁴⁵ Melon, *Essai politique*, Chapter XVIII, pp. 778-779.

⁴⁶ See Céline Spector, “le concept de mercantilisme”, in *Revue de métaphysique et de morale*, n° 3, September 2003, *Mercantilisme et philosophie*, p. 289-310.

⁴⁷ Catherine Larrère, *L'invention de l'économie*, Chapter III.

⁴⁸ This is the interpretation of Habermas in *L'Espace public*.

and which has not elevated itself to the sciences that can enlighten the nation.”)⁴⁹ And yet there is a surprising convergence between Quesnay and Law. They are both sure that widespread economic or commercial interests can coincide with those of the monarch. In the opinion of Quesnay, there is even a similar identity between the interests of the class of owners (which is the general interest of the nation) and those of the monarch (the co-owner of the entire kingdom). Without making many amendments, one can easily ascribe the phrase by Law on the capacity of an absolute authority to permit the achievement of a global economic project to the pen of Quesnay. Hirschman, who compares it with Montesquieu’s view, shows considerable surprise at the way Quesnay seeks to persuade the monarch that it is in his interest to set up an economic order. This is a far cry from *doux commerce* and the regulation of political passions (that pursue their own interests and needs) by commercial interests. According to Hirschman, it involves posing the question in the same terms as Hobbes, in other words, from the viewpoint of Montesquieu, it entails becoming the advocate of despotism. The liberalism of the physiocrats therefore becomes suspicious, and their break from mercantilism is no longer so obvious. The paradox changes sides.

Reading Montesquieu can help to acquire an understanding of the paradox. It can provide a new point of view on mercantilism. The concept of mercantilism calls for a concept of political or State power, and this owes much more to Hobbes than to Montesquieu. This notion only takes into account the relations between individuals and the State, characterized by its capacity to take decisions, no matter how different the forms may be. All that is important is the way in which the State considers the wealth of individuals as coming under the public domain. Montesquieu introduces another type of difference by taking into consideration the distinction between governments. What may be possible in one government is not in another. Since all citizens have a say in public affairs in England, English merchants can freely impose constraints on themselves for the greater profit of national commerce: “Liberty of commerce is not a faculty granted to traders to do what they want. (...) That which hampers those who engage in commerce does not, for all that, hamper commerce.” (XX, 12). It would be wrong to perceive in this distinction between commerce and merchants a general declaration by Montesquieu in favor of mercantilism. It is only applicable to England, under certain political conditions. Navigation bills passed in England would not be suitable for France. There is no unity in mercantilism. This can explain the difference between the English and French types of mercantilism, making it easier to understand why the mercantilist writings of Child in England could have been used in such a liberal sense by Gournay.

This could also lead to a belief that, from the point of view of Montesquieu and the difference between governments, the difference between mercantilism and liberalism is not in fact so radical. This is because it operates within the same model of power (in the manner of Hobbes), a model based on the externality of relations between subjects and the State (which therefore ignores both the republican dimension and the mediation of mores between individuals and the State). It could be a partial explanation for the fascination economists frequently feel for Hobbes: it is the same notion of rational action, and it is the same lack of interest in the difference between governments. Coinciding the move from mercantilism to liberalism with the constitution of a science of economics (this is what histories of economic theories usually do: they identify the political break and the epistemological break) is to establish that this break, by separating economics, makes it

⁴⁹ François Quesnay, *Despotisme de la Chine*, in *François Quesnay et la physiocratie*, t. II, Paris, INED, p. 933

possible to turn it into a specialized science . At the same time, it also implies excluding from the science thus constructed the question of the State, reduced to the generality of a capacity to make decisions. The approach of Montesquieu is totally different. Although he clearly separates economic interests from political interests, it is not to make economics autonomous but to give a more accurate description of politics (the distinction between the commerce of economy and the commerce of luxury clarifies that of the republic and the monarchy). Knowledge of commerce clarifies that of politics.

The paradox about the economics of Montesquieu is that it places his knowledge of commerce at the service of his political analysis. He does not seek to develop a science of commerce but criticizes the confusion between the generality of the science and the generality of the State, a confusion that is typical of commercial despotism. This might be a good reason to review the judgment of Voltaire. It is clear that Montesquieu does not give us a science of wealth but this was not because he was incapable of it but because he did not want to do so.