Mercantilist Empire
and Daniel Defoe’s Vision
of the British Economic Circulation*

KUMAGAI Jiro

[Abstract]

Defoe’s economic argument of the ‘circulation of trade’ is taken by some Japanese scholars as a real description of domestic reproduction structure of British economy. However, this view seems to be far from Defoe’s thought that puts the accent on a global circulation of trade. Contrary to the generally-held interpretation of his economic thought, Defoe was not so much convinced of the supremacy of British industry in rivalry with emerging manufactures under protectionism in European countries. He thought, therefore, it a requisite for the increase of national wealth to build a worldwide economic circulation mainly founded on the British mercantilist colonial system. Considering Defoe’s economic design that emphasised colonial markets in the circulation of trade, he was not so much a premature Adam Smith as a predecessor of the neo-mercantilism presented by the tariff reform and the consolidation of empire advocated by Joseph Chamberlain in the early twentieth century.

Introduction

The purpose of this paper is to demonstrate the structure of economic

* This article is a retouched version of the paper I read at the forum for 'Empire and Economics' at the sixty-seventh annual conference of the Society for the History of Economic Thought, held at Doshisha University, Kyoto, on 25th May 2003.

Key words: Daniel Defoe, mercantilism, circulation of trade, colonial empire.
circulation of British mercantile empire in the early eighteenth century, by focusing particularly on the concept of ‘circulation of trade’ in Daniel Defoe’s writings. Some Japanese scholars regard Defoe’s idea of the ‘circulation of trade’ as a real account of a domestic reproduction structure of British economy. But this interpretation seems to be far from Defoe’s idea of the circulation of economy. In this paper, in accordance to Defoe’s perception of economy, the emphasis would be placed on highlighting a closely interlocked relation between Britain and her colonial markets. Defoe thought it a requisite for the increase of national wealth to build a worldwide economic circulation mainly founded on the British colonies. Defoe’s prospect for the development of British economy was buttressed by the construction of a mercantile colonial empire. He vindicated the navigation law, a typical mercantilist strategy as the pillar of imperial circulation, and the exclusive trade by privileged monopolistic companies in African and South Sea trade. His case for mercantile colonial empire lay in an overseas expansion for outlets of British commodities. Furthermore, we can find in his mercantile colonial imperialism a belief in universality and preponderance of European ideas, especially British values coloured with the Christian mission of civilization.

Defoe’s novels and colonial enterprises

Defoe’s economic idea and the fictional characters in his novels (such as Robinson Crusoe 1719, Captain Singleton 1720, Moll Flanders 1722, Colonel Jack 1722, and others) have much in common in pursuing economic gains through circumnavigations and adventurous colonial enterprises. Almost all Defoe’s novels are concerned with parts of the world he believes might be profitably colonised.

Robinson Crusoe was the typical novel which represented such a feature. Crusoe’s father preached him not to become a sailor and set sail for adventures by recommending him to follow the ideal virtue of the middle station of life: the middle of the two extremes between the mean and the great, neither poverty or riches, namely middle fortune, temperance, moderation, quietness, and health in the centre of value. But as Crusoe had a nature that ‘would be satisfied with nothing but going to sea’ \(^1\), he
left home against his father’s will and advises, and set out for adventures in search of wealth. Throughout his navigations and adventures for three times, he was, notable enough, engaged in running a plantation in Brazil and a slave trade. In the fourth navigation, his ship was wrecked due to a storm and he drifted to a desert island, where he enforced to live for 28 years. After coming back to England from the isolated land, he was certainly engaged in farming and enjoyed for a time ‘the middle state of life’ that his father so earnestly recommended him to follow. But even in ‘the middle of all this felicity’, his ‘wandering Disposition, which being born my very Blood’ never faded away, and he set for sail again for a new adventure. This latest adventure took him to the coasts of Brazil, Madagascar via the Cape of Good Hope, East India, Southeast Asia, the Strait of Malacca, the coast of China, Peking, Nanking, and Russia.

Therefore, it is rather natural that Defoe published An Historical Account of the Voyages and Adventures of Sir Walter Raleigh in the same year as Robinson Crusoe. As a lifelong admirer of Raleigh, Defoe was always interested in projects of English expansion in South America, especially the Orinoco river delta in Guiana (now Venezuela), which was a symbolic colonial enterprise pursued by Raleigh, and, interestingly enough, located near the Crusoe’s isolated island. The purpose of Sir Walter Raleigh was to remind British people of Raleigh’s ‘Undertakings, Discoveries, Conquests, and Improvements’ for British ‘Immense Wealth, Commerce, Power and Extent of Empire’.

An influential but inappropriate interpretation of Defoe’s economic argument in Japan

Reflecting Crusoe’s disposition and deed, and other characters in Defoe’s novels, studies of Defoe’s economic argument in English speaking

3) An Historical Account of the Voyages and Adventures of Sir Walter Raleigh, 1719, p.4.
countries stress the aspect of his mercantile imperialist in pursuit of colonial markets as outlets of goods. In this interpretation, *Robinson Crusoe* is naturally envisaged as a pioneer novel of colonisation⁴. This understanding of Defoe mirrors historical facts in the first half of eighteenth century, in which Britain was expanding her colonial empire in the midst of mercantile wars between European great powers, especially with France.

Contrary to this appropriate and persuasive interpretation, Japanese studies of Defoe’s economic argument seem to have a strong inclination under the influence of the so-called ‘Otsuka historiography’ to picture Robinson Crusoe as an industrious puritan producer of ‘the middle station of life’ and gave him a role of model to build the early British capitalism which was characterised to be propelled by autonomous domestic forces. According to Hisao Otsuka, the late famous economic historian, the British economy described by Defoe had a distinctive feature of the ‘growth type driven by domestic economy’ based on the development of domestic social division of labour. For Otsuka who emphasised the importance of domestic market as a driving force of British economy, Defoe was regarded as a forerunner of Adam Smith’s idea of the natural course of opulence. Smith’s theory of the economic development was conceived to start first from agriculture, and then progress to domestic manufacture and domestic commerce, and finally reach foreign trade. Otsuka appreciates Defoe to be a person who stresses the domestic investment like Smith, and evaluates him as an exponent of a domestic market-oriented economy. In this sense Defoe was viewed as an ardent supporter of domestic middle class manufacturers with self-made, industrious, and frugal spirit⁵.

Yukio Yamashita most typically developed Otsuka’s interpretation of

---


⁵ Among Otsuka’s voluminous studies, for the present purpose, see *National Economy: A Historical Study* (in Japanese) in *The Writings of Hisao Otsuka*, vol.6, 1969.
Defoe in line with Defoe’s concept of the ‘circulation of trade’. Yamashita, mainly referring to Defoe’s *The Complete English Tradesman* (1727), contended that inland trade or home trade was fundamental in Defoe’s concept of trade. Regarding Defoe’s famous high wage economy thesis, he summarised Defoe’s idea schematically as follows: trade·high wage·consumption·circulation (=inland trade)⁶. Yamashita also regarded Defoe as a premature free trader because of his optimistic prospect of exploring overseas market with high quality of goods manufactured by English industrious middle sort people⁷. The same sort of positioning of Defoe as a premature free trader based on a confidence in a supreme manufacturing productivity was also found in Noboru Kobayashi’s work⁸.

There are surely some Japanese scholars who have observed Defoe’s aspect of colonial imperialist, or empire builder. Junjiro Amakawa, for example, describes Defoe as a colonial imperialist in his work, *Defoe Studies: An Origin of Capitalist Economic Thought* (in Japanese, 1966). However his argument regrettably leaves many ambiguities in terms of characterisation of Defoe’s arguments. He has Defoe play a few different roles, such as an advocate of a self-sustaining empire, an imperial expansionist, or a free trade imperialist in some pages⁹, although in others he interprets Defoe in the framework of ‘Otsuka historiography’¹⁰.

**Significance of the ‘Circulation of Trade’ in Defoe’s work**

Defoe certainly puts emphasis on home trade in his writings, as he writes: ‘our Home Trade is the Life, the Soul, and the Support of all the rest’¹¹. *A Tour Through the Whole Island of Great Britain* (1724-26) was par-

---

particularly famous for its vivid description of domestic division of labour in British home trade. But he realized that the domestic trade within the British Isles provided neither a large market enough to absorb various goods manufactured in Britain, nor a sufficient market for colonial produces such as sugar, tobacco, and others, which constituted key commodities for her carrying trade. So even in the *Complete English Tradesman* that Yamashita appreciates Defoe’s representative work of the home trade circulation thesis, Defoe insists that ‘Yet the home Trade is not confined to the Goods only made at home, or to the Goods only consumed at home’. Home trade is ‘a part of the general circulation of Trade’ 12).

For Defoe, trade is, by nature, synonymous with the circulation of goods on a global scale. In an article in his journal *Review*, he wrote an idea of international division of labour theory based on the different endowment of natural resources:

> The different Climates and Soil in the World, have, by the Wisdom and Direction of Nature Natureing, which I Call GOD, produced such different Species of things, all of them in their kind equally Necessary, or at least Useful and Desirable; as insensibly preserves the Dependance, of the most Remote Parts of the World upon one another; and at least makes them useful to each other, and Contributing to one anothers Convenience, Necessity, or Delight.... 

> ...Every Nation something to spare, which another Country wants, and finds something wanting, another Country can spare; and this occasions Exchanging with those Countries, to the Advantage of both; and that we call TRADE 13).

---


13) *A Review of the State of the English Nation*, vol. III, no. 2, January 3, 1706, pp.5-6. Defoe considered the circulation of trade in other article as an universal phenomena analogous to the movement of body and flow of blood: ‘How Trade, like the Blood in the Veins, Circulates thro’ the whole Body of Fraternities and Societies of Mankind, and Creates, as I may say, a kind of Wealth which was never made before’ (*A General History of Trade*, 1713, pp.5-6).
As described in this passage, trade assumes the role of circulating various products of different natural resources of the world. In Defoe’s view, you cannot circumscribe trade in some defined areas. Trade is fundamentally regarded as a worldwide economic circulation. This passage also might give an impression that Defoe was a predecessor of a free trader of Adam Smithian type. But the passage did not form a premise upon which he would construct the free trade doctrine of classical school. The concept of different natural endowment in various areas of the world led him to the belief that people of advanced countries were entitled to colonise to cultivate natural resources in the underdeveloped areas. Defoe believes that Providence entrusts industrious nations with the duty to run a hazard in adventurous enquiries for discovery and cultivation in remote and underdeveloped parts of the earth. In an article of 1713, he asserts that ‘The Encrease of this Commerce, therefore, receives its Rise from the daily Discoveries more and more, of what lies treasured up in the Bowels of the Earth, or in the Remote Parts of Uninhabited Climates, and Unnavigated Seas, Bays, Channels, and Retreats of the Waters. The Search after these Things has met with wonderful Success, and the Finger of Providence had been more than usually visible in the bringing Things to Light..... Providence has yet an inexhausted Store of undiscovered Advantages in Trade, both to Encourage the Industry, and Reward the Hazards of enquiring Posterity’ 14).

This thought was handed over to the Complete English Tradesman in which Defoe defined trade to ‘include Navigation, and foreign discoveries, because they are.... all promoted and carried on by trade, and even by tradesmen, as well as merchants’ 15). ‘It is owing to trade, that new discoveries have been made in lands unknown, and new settlements and plantations made, new colonies placed, and new governments formed in the uninhabited island, and the uncultivated continent of America; and those plantings and settlements have again enlarged and encreased the trade’ 16). Almost the same definition of trade can be seen in A Plan of the

English Commerce, in which he said that the trade of England was meant not only the trade of Great Britain and Ireland, but also the trade of the English colonies and factories (trading posts) in America, Asia, and Africa. It included scattered colonies and dominions of England.\(^{17}\)

As seen above, he regards the colonies as an integral part of the circulation of British trade, and every commodity traded in this worldwide scale was supposed to flow in and out in the centre of London. So London-based circulation of trade was the focal point of British economic strength and imperial power. Here he referred to a metaphor of human body: ‘Here the main Stream will run as to the Centre, as the Rivers to the Ocean, and as the Blood to the Heart; and it is certainly for the Health of the whole Body of Trade’. ‘Wholesale Men in London are indeed the support of the whole Trade; they give Credit to the Country Tradesmen (Chapmen) and even to the Merchants [foreign traders] themselves’. Consequently the tradesmen in London deal in various foreign products, such as Chinese tea, Arabian coffee, American chocolate, spice of the East India islands, sugar of the Caribbean sea, fruit of the Mediterranean islands and others, and disperse them to the remotest corner of the British Island, whereby the consumption is become so great, and by which British colonies are so increased, and are become so populous and so wealthy. Thus distributing routes running to and from London cover all through Britain, and give birth to various shops or stores in the whole country. As London-based circulation, therefore, forms a web of various interests, like landowners, tradesmen, merchants manufacturers, labourer, ship-owners, sailors, government officials, and others, it shapes an entity of British interests starting from overseas.

\(^{16}\) CET, vol. I, p.315-6

\(^{17}\) A Plan of the English Commerce (below referred to as A Plan), 1730; Repr., New York, 1967, pp. x iii, and 70-72.

trades, including colonial ones.

Referring to the development of manufactures and commerce since the reign of the Elizabeth I, Defoe puts stress on the trade in the sense we mentioned above: ‘Where Trade is most effectually extended, and has the greatest influence, there the Poor live best, their Wages are highest; and where Wages are highest, the Consumption of Provisions encreases most; where the Consumption of Provision is most encreased, the Rate of Provision is highest; and where Provisions are dearest, the Rents of Lands are advanced most’. And ‘where the Rents of Lands are advanced, the Taxes and Payments to the Governour are the larger; and where the larger Taxes are levied, the Revenue being encreased, that Prince or Governour is the richer; and where Nations grow richer, they in Proportion grow powerful. Thus Trade is the Foundation of Wealth and Wealth of Power’ 19). As clearly indicated here, Defoe’s famous high wages argument is fundamentally and profoundly related with overseas trade including colonies. Defoe undoubtedly conceives that a high level of exports is necessary to absorb superfluous English products and maintains a high level of employment. The prospect for high-level exports necessarily drives him to imperial circulations of trade.

**Colonial markets as integral outlets for goods**

Among imperial circulations of trade, the Atlantic triangular trade occupied a supreme position to sustain a significant market for further expansion of English commerce, and the navigation law assumed the pivot of this imperial circulation between Britain, North America, the West India, and the West Africa. The key of the triangle trade lay in the Negro trade of the West Africa by which plantations of America could be prospered. Without the slave trade, sugar, tobacco, and other colonial products would not bring Britain an enormous profit by means of her carrying trade.

Therefore, the whole of the Atlantic trade depended ultimately on an adequate supply of slaves from the West Africa. ‘No African Trade, no

---

Negroes no Negroes; no Sugars, Gingers, Indicos, etc. no Sugars, etc. no Islands; no Islands, no Continent; no Continent, no Trade; that is to say, farewell all your American Trade, your West-India Trade 20). From this viewpoint, Defoe defended ardently the monopoly of the Royal African Company to maintain a cheap and stable supply of Negroes. When the Company was on the verge of abolition in 1712, he campaigned for its survival: 'The Company is a Patient newly restored, a wounded Limb newly healed; The Government is the Physician of the Nation's Trade; They are as much obliged to preserve the Health, and recover the Strength of this Patient, as they were to heal its Wound, and cure the Disease it was afflicted with' 21).

About a dozen years later, however, he had to express a change of his view of the exclusive African trade in response to the abolition of the Company in 1713. But even then, he still insisted that 'if the African trade were supported by the South Sea Company, it would be in a more flourishing Condition than it is in at present' 22). He was an ardent advocate of the Royal African Company and the South Sea Company for an adequate supply of Negro slaves.

His defence of trading monopoly companies was applied to the East India Company as well. Although the East India trade was 'destructive of Woollen and Silk Manufactures' of Britain, he nonetheless supported it 'carried on by an exclusive Company' 23).

As regards the Atlantic trade, there is one more thing we must not overlook. It is his enthusiasm for south American colonies, especially a colonial enterprise in the Orinoco river delta of Guiana (now Venezuela), which was first undertaken by Sir Walter Raleigh under the reign of Elizabeth I. 'A taking Possession of some Part of America', says Defoe, 'to establish an English Colony, and erect a Trade thither from England ... may be Built an Immense Trade, a New, and much Wanted Vent for

21) Ibid., p.90.
22) An Essay on Ways and Means for the Advancement of Trade, 1726, p.36.
our Manufactures of Britain; a New, and as much Wanted Vent for the
Provisions, and Cattle, the Produce of our Colonies on the North of
America; and a wonderful Encrease of our Navigation, Strength and
People’ 24).

Defoe’s desire for colonies was never satisfied with the West Indies, and
north and south America. He advanced further to a plan to cultivate
African resources that had not exploited under the most ‘barbarous’
Africans indulged in indolence and sloth. His chief target was the north-
eren African area facing the Mediterranean, the west coast, and the east
district centring Ethiopia. He claims in A Plan of the English Commerce that
if industrious and diligent Christian nations settle in Africa, where ‘the
most barbarous people in the world’ live and valuable vast resources are
left unexploited, it will bring undoubtedly so many new markets for the
sale of English manufactures. To colonise Africa, therefore, means ‘the
finding out some market for the sale or vent of Merchandize, where there
was no sale or vent for those goods before.’ Thus the benefits of
colonisation are summarised in Defoe’s plan; ‘An increase of Colonies in-
creases People; People increase the Consumption of Manufactures, vent
of Merchandize, Navigation Seamen, and altogether increase the Wealth,
Strength and Prosperity of England’ 25).

Now, where does this sort of Defoe’s greedy pursue of colonies come
from? In my view, it obviously stems from his apprehension of the future
of British economy. He was not so confident in the supremacy of British
industry as to make him a premature free trader. As Britain was sur-
rounded by foreign protectionism in the mid-twenties in the eighteenth
century, Defoe was much concerned that British manufactures might
lose European market. He observed that ‘The English Woollen
Manufactures are prohibited in many parts of Europe, and those
Prohibitions encrease every Day, France, Holland, Prussia, Brandenburg,
Sweden, Saxony, Swisserland, Austria, Bohemia, Piedmont, and all have
se up Manufactures of their own; and France and Swisserland, not only
export large quantities for the use of other Nations, and already boldly

supplant us at the best Markets Abroad'. In *A Plan* that is generally considered as an expression of Defoe’s optimism, he declared almost the same anxiety, and sought promising markets in unexploited countries. ‘If half Europe, should drop our Manufacture, which yet ‘tis apparent can never happen, we shall raise an equivalent Vent for our Goods, and make Markets of our own; .....if our Trade is Envy of the World, ....we are the more engaged to look out for its Support; and we have Room enough: The World is wide: There are new Countries, and new Nations, who may be to planted, so improved, and the People so managed, as to create a new Commerce; and Millions of People shall call for our Manufacture, who never called for it before’. He recognised that the British manufacture was not so strong enough to cope with the European manufacture protected by tariff. Noteworthy enough, in the other page in *A Plan*, he considered the emerging protectionism of manufactures in European countries unavoidable because of its importance in respective national economies: ‘Nor can blame any foreign Nation for prohibiting the Use and Wearing of our Manufacture’, because it is ‘the Interest of every Nation to encourage their own Trade, to encourage those Manufactures’.

Confronted with protectionism of European countries, and yet admitting protectionism *per se* as a sort of natural policy of them, how could Defoe find the outlet of growing woollen manufacture, namely ‘the Life and Blood of the whole Nation’? If new markets could be opened up through colonisation, the overproduction caused by the uncontrollable avarice of English woollen manufactures, which Defoe believed was beginning to glut the market, would undoubtedly find the outlet. This seems to suggest that there would be no other way for Britain but to explore underdeveloped and unprotected markets in the world. We might call this strategy a sort of the ‘retreat theory’ in the early eighteenth

27) *A Plan*, pp.ix-x.
century in comparison with the case of cotton industry in the later nineteenth century.  

Defoe certainly campaigned for a free trade with the purpose of opening up an allegedly vast French market for the English woollen manufacture in the debate on the Anglo-French Utrecht Commercial Treaty (1713-14). But this did not mean that he was a premature free trader in the sense that we conceive it in the theory of Adam Smith. Defoe did not have an assurance enough to hold free trade idea bolstered by high productivity of British economy. He was rather inclined to throw his weight behind the idea of building colonial markets.

As the woollen manufacture was ‘the Wheel within the Wheel of all the rest; That which sets all the Wheels of Trade in Motion’ (31), Defoe never overlooked other British industries such as silk, linen, iron hardware, corn, tin, lead, copper, etc. Therefore, colonies were placed as the significant outlet of all of those British manufacturing goods. In this context, we should think that his ‘optimism’ had its basis on an expanding colonial trade rather than the competitiveness of manufacturing goods of high quality rested on high wage-high productivity.

He concludes, therefore, that ‘More colonies then is, without Question, extending the Commerce; it is enlarging the Field of Action; it call in more Hands to assist in the Public Prosperity’ (32). This sounds like E.G. Wakefield’s ‘field of employment’ argument. Thus as M.E. Novak remarked, Defoe envisages the entire process of colonization as a cycle: ‘The Manufactures support the Poor, Foreign Commerce supports the Manufactures, and planting supports the Commerce’. This cycle could continue as long as expanding colonial empire and an increasing population maintained the demand for British products (33).

If we place Defoe in the intellectual history, an exponent of mercantile colonial imperialism might be most fitted for him. And we realise that

31) A Plan, p.231.
32) Ibid., p.366.
his positioning is in a close proximity to neo-mercantilism represented by W. A. Cunningham, W. A. S. Hewins, and others in the days of Chamberlain campaign. For the fundamental concept of neo-mercantilism was comparable to Defoe's in terms of its stress on the empire expansion and empire unification by commerce. In this lookout, we have to take notice of a consistency of the thought about the structure of British economic circulation, as seen in the idea of Defoe, Wakefield, and Chamberlain; although some deliberate reservations about the difference of historical stages of economic development must be kept in mind.

**Middle sort of people and gentlemen: Defoe's gentlemanly capitalism?**

The honour derived from trade is a favourite theme in many of Defoe's work. He proudly declares that trade is the readiest way for men to raise their fortunes and families. 'The Trading, Manufacturing, and Industrious middle sort of People' who are 'the Pillars of the Nation'⁴⁴, and the Life of our Commerce. They are ambitious in trade and endeavour to go up to the state of gentry. Even many of noble and wealthy families are raised by, and derived from trade. The rising tradesmen swell into the gentry and the declining gentry sinks into trade. As trade in England makes gentlemen, those who engaged in trade are far from being contrary to gentlemen⁵⁵.

The spirit and virtue of the middle class contribute to not only the development and betterment of domestic industries, but also the overseas expansion through the construction of colonies. The so-called Robinson Crusoe's capitalist spirit is found in the building of colonial empire. Builders of the empire consist of rising middle classes of manufactures, traders, and merchants. They are all industrious and frugal, aspired to go up to gentry. They are engaged in London-centred business of various kinds.

---


From those remarks, there arises a question whether we can apply Defoe’s view of gentleman to ‘Gentlemanly Capitalism’ of P. Cain and A. Hopkins? The answer is no in my opinion. Because they put an emphasis on the link between bankers and moneyed men in the City, and landed aristocrats (a City-Aristocracy nexus, as it were), whereas Defoe was on the side of connection between trade/commerce, and manufacture (a Trade/Commerce-Manufacture nexus).

As Defoe said that ‘Trade has two Daughters...namely, Manufacture and Navigation’ 36, overseas trade and manufacture are taken as an intimate entity. He emphasises how England is ‘a manufacturing Country, and more engaged in the manufacturing Part than all Europe’ 37. The similar statement can be found in The Complete English Tradesman: ‘Our Manufactures decline, which is to our Trade, as Bread is to the Body, the staff of their Life’. ‘As the rising and encrease of our Manufactures have raised the Wealth and Pride of this Nation to the height...the decay of those Manufactures, will of course cause that Wealth to decay also’ 38.

As an economic pamphleteer amid the ‘financial revolution’, Defoe was a supporter of public credit in general, but he was critical of the moneyed interest. When Robert Walpole proposed a plan of redemption (the sinking fund scheme which planed to convert the existing debt to a lower interest rate one and lessened the burden of the national debt), Defoe defended the scheme on the ground that it would lighten the burden of the excise duties levied on the middle class and save them from avarice of the moneyed interest. As E. L. Hargreaves commented, the landowners and gentry were all for Walpole’s policy, and the moneyed class and stockjobbers were against it 39. Defoe was clearly on the side of the former class in this context.

The weight of the taxes (such as malt, salt, coal, candle, soap, leather, glass-windows, and in a word, for those necessary things) caused by the

36) A Plan, p.68.
national debt principally fell upon those of the people who lived not on the income of their real estates. These middle sort people are ‘oppressed by the National Usury, and who are crushed and kept low to feed the Voracious Luxury of a few Stock-Jobbers, and enriched Money-Lenders’ (40). Lightening the burden of national debt must correspond to a reduction of interest rate, which must be conducive to ‘draw moneyed Men into Adventures, Undertakings, and useful Embarking themselves and their Stocks in Manufactures, Discoveries, Planting Colonies, and all the Methods of extending Commerce’ (41).

The lightening of the national burden and reduction of interest rate undoubtedly also leads to Cheapness of goods, which in turn is accompanied by the increase of consumption of all sorts of goods including foreign imported goods. ‘By this encreased consumption, Trade will revive of course, Navigation encrease, Employment of Men, of Families, of Cattle, of Land, all encreases; in a Word, if Taxes were removed, Trade in general would encrease, Plenty and Cheapness make Families easy and the whole Nation flourish’ (42).

His ideal economic society was definitely anchored in a real economy different from the City-based one as he articulated in the following words. ‘In the good old days of Trade, which our fore-fathers plodded on in, and got Estates too at, there were no Bubbles, no Stock-jobbing, no South-Sea Insatuation, no Lotteries, no Funds, no Annuities, no buying of Navy Bills, and [no] publick Securities, no circulating Exchequers Bills; in a Word, Trade was a vast great River, and all the Money in the Kingdom ran down its mighty stream; the whole wealth of the Nation kept in its Channel’ (43).

**Summary and conclusion**

Studies of Daniel Defoe in English Speaking countries shows that he

---

40) *Fair Payment No Spunge*, op.cit, p.97.
was a mercantile imperialist in pursuit of colonial markets as the outlets of British goods as well as colonial products under the commercial regulations epitomized by the navigation law. Defoe demonstrated, they say, that the British wealth would increase and accumulate in the circulation of trade that covered not only the British home trade, but also British colonies.

In Japan, on the other hand, there used be and still be an influential view, which considered Defoe’s concept of circulation of trade as inland or home trade. This view was obviously affected by the so-called Otsuka historiography, emphasising British economic growth driven by domestic economy.

This view, however, is unacceptable. For Defoe conceives the ‘circulation of trade’ as an economic activity to comprise both domestic and overseas markets. His idea of economic circulation extends to an imperial magnitude composed of various colonies. The extent of this economic circulation expanded to not only the area of the so-called Atlantic triangular trade such as the West Indies and North America, but also Guyana of South America, the northern Africa along the Mediterranean coast, West Africa, and many quarters of East Africa centred in Ethiopia. The exclusive trade such as the Royal African Company, the South Sea Company and the East India Company was also indispensable for the economic circulation of this colonial empire system.

His desire to enlarge the British colonies came from a sense of crisis of British economy faced with shrinking markets of her goods due to protectionism of European countries. Confronted with this plight, he was aware that Britain needed to enlarge ‘the field of Action’ beyond the European markets. Therefore, we should conceive that the so-called optimism seen in Defoe’s discourses was based not on his confidence in the competitive advantage of British manufactures as generally considered, but rather his expectation of expanding economic circulation on an imperial scale.

Considering Defoe’s economic thought that stressed colonial markets in the circulation of trade, he was not so much a premature Adam Smith as a predecessor of the neo-mercantilism presented by the tariff reform
and the consolidation of empire advocated by Joseph Chamberlain in the early twentieth century.

As a writer amid the financial revolution, Defoe was an advocate of the public credit, but at the same time, he criticized it severely when it gave harmful effects on middling commercial and manufacturing classes, and beneficial effects on moneyed interests. This standpoint came from his emphasis on manufacturing closely related to trade.

His argument on gentlemen, which class was regarded as an attainment traders headed for, stemmed from his appreciation of commerce, trade, and manufacturing, in contrast with gentlemen of moneyed and landed classes in the ‘gentlemanly capitalism’ of Cain and Hopkins.

References

Defoe’s writings


*A General History of Trade, and especially consider’d as it respects the British commerce, as well at home, as to all parts of the world*, London: J.Baker, 1713.


*An Historical Account of the Voyages and Adventures of Sir Walter Raleigh. With the Discoveries and Conquests He made for the Crown of England. Also a
particular Account of his several Attempts for the Discovery of the Gold Mines in Guiana.···, London: W. Borebam, 1719.


A Plan of the English Commerce, being a Complete Prospect of the Trade of this Nation, as well the Home Trade as the Foreign, London, 2nd ed.1730: Repr., New York,1967.


Studies on Defoe and related subject


Meier, Thomas Keith, *Defoe and the Defensee of Commerce*, University of Victoria (English Literary Studies), 1987.


Professor, Faculty of Economics,
Momoyama Gakuin (St. Andrew’s) University
(Received on May 11, 2005)