

Overview of the malthus-ricardo debate



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The world known controversy between the Malthus and Ricardo has long been considered as a source of history for economic thought. But no one try to investigate this as a polemical dialogical exchange (Glyn, 2006). The present study is undertaken to fill this gap within the framework of a more ambitious project that places controversies at the center of an account of the history of ideas, in science and elsewhere. According to my views the dialogical co-text is essential for comparing and contrasting the Malthus and Ricardo views about different economic perspectives. The initial step towards analyzing these controversies is the analysis of their backgrounds. Because backgrounds are essential part to investigate the real story of Ricardo Malthus debate. Then we shall move towards the comparison of their views towards different economic perspectives (Cremaschi & Dascal, 1998).

Malthus was born in 1766, in the core of troubled but optimistic period. He was the younger son of his father, Daniel Malthus. His father was a gentleman from good family background. Daniel Malthus has some sort of intellectual statutory into his personality. Malthus was born into an English family that belongs to the gentry of the country. Malthus was having the disadvantage of stammering by birth. Due to this defect he has to face huge difficulties in selecting his profession. This natural disability was the major constraint in the Malthus career choice (Cremaschi & Dascal, 1998). As a student Malthus was a boy with excellent academic career. He was pride for his teachers. He performed distinctions, got scholarships and selected as fellow of Trinity College. Malthus lived a relatively placid life. During his stay in the Trinity college, he began to develop the perfectibility and of philosophic anarchism in him. He also learned about the rationality and how

men and women could learn to live rationally through their whole life and can accomplish their lives (Cremaschi & Dascal, 1998).

The first edition of his essay in 1798 made him famous in the age of 32. The essay got hatred from some sections of community due to its deriding the hopes for progress and arguing about the futility of charity to children. The below passage can clearly portrays the Malthus View of human progress,

“ The vices of mankind are active and able ministers of depopulation. They are the precursors of the army of destruction; and often finish the dreadful work themselves. But should they fail in this war of extermination, sickly seasons, epidemics, pestilence, and plague advance in terrific array, and sweep off their thousands and ten thousands. Should success be still incomplete, gigantic inevitable famine stalks in the rear, and with one mighty blow, levels the population with the food of the world”

In these excerpts Malthus made it clear that overpopulation can be disastrous for the mankind. His argument was totally against the Godwin's faith in the ability to rule the rationality as supplant the principle of overpopulation (Glyn, 2006).

David Ricardo was born six years after Malthus and to a very different station in life. Ricardo's father was a broker who had been migrated from Amsterdam to London just few years before the birth of Ricardo. His father joined the Jewish community and Ricardo was sent to Jewish school in Amsterdam to get proper education when he became old enough. HE returned to London in age of fourteen and start taking interest in his father's business. Due to controversy between Ricardo and his parents, he had to

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leave the house. After quitting house, Ricardo opt the trade profession, the only professions he knows. He quickly proved himself to be the Boy Wonder of Thread needle Street. Till the age of thirty he collected enough wealth and get bored from this accumulation of wealth. So he started turning his mind towards other things like economics (Rashid, 1981). Economics was the major thing which he adopted after leaving the wealth accumulation. In 1799 he read the Wealth of nations and this inspired him too much to continuously read and think about the economics. Ricardo took participate to solve he inflation crisis in the parliament. This and some of the other major events e. g. depreciation of led to the first meeting between David Ricardo and Malthus. And from the very first meeting they became good friends. They were good friends but they could never long out for each other's minds.

Below are the major controversies of their thought and views on some major theories and perspectives.

The " Corn Laws" Controversy

The extraordinary collaboration of their thoughts emerged after few years of their initial encounter. The occasions were the controversy over the Corn Laws. Corn Laws were about the variable tariffs and export subsidies which were levied to protect and promote the English agriculture. In the times of Napoleonic Wars, farm prices were specifically high due to the coincidence of wartime demand. After war ended, the economic destabilization caused due to some bumper crops. This destabilization lowered the wheat prices by 50% in 1812-1815. Tariff protection was necessary tool to protect the agriculture

demand. This was the major debate of that time. Malthus and Ricardo first time entered into the public debate from opposite sides over this issue.

The debate is the basis for the formulation of rent theory of Malthus and Ricardian elaboration of rent theory of Malthus. The argument served as kernel for the establishment of the political economy and taxation.

Ricardo was of the view that with the growth of country's population, capital or wealth would be accumulated and this can cause the farming prices to fall. As the farmers have to resort to least productive land. This would also cause to fall down the general profit rates for agriculture in the economy.

Malthus completely disagrees with this conclusion of Ricardo. He published his observation on the Corn Laws in the form of pamphlet. This pamphlet was the review of advantages as well as disadvantages of imposing tariff on imported agricultural commodities. Malthus was of the view that retaining the high tariffs on corn is necessary for its protection. Malthus argued that protection of Corn Laws is vital for protecting the English Agriculture as ways improving the vitality of English ways and institutions.

Ricardo Continuously argued about the adverse effects of the population growth and capital accumulation due to protection of rents which was supported by Malthus. Ricardo argued against the Malthus concept of rent vehemently that Future success of the English economy depends upon the progress of industries which is being stifled through Corn laws. Ricardo argument about Corn Laws can be concluded as

“ If, then, the prosperity of the commercial classes will most certainly lead to accumulation of capital, and the encouragement of productive industry; these can by no means be so surely obtained as by a fall in the price of corn.”

Although this debate did not lead them towards making any final theory about the policy issues, but it provided the strong basis for theory of national income. There were some similarities in their arguments too. They both relied upon the population theory while explaining level of real wages. Malthus theory of rent was focal point of Ricardo and Malthus arguments. They both recognized that rate of profit in agriculture can be determined through the productivity of the marginal land which is cultivated. Thus they include the marginal productivity into economic thoughts although in limited manner. They also agreed that rate of profit had to be the same in all industries where competition prevailed. Thus all the ingredients of Ricardian distribution and growth theory were in place and agreed upon.

The “ Gluts” Controversy

The next controversial debate between Ricardo and Malthus was one the “ gluts”. After the Waterloo English economy slumped into severe postwar depression called as glut. They were thinking about the possible solution to mitigate this challenge. Ricardo perceived that condition of general overproduction is impossible without the transiently. To balanced the oversupply of one commodity shortage of other commodity in necessary. Malthus argued about hat point that total demand can be smaller than the total output. But working population and other resources could produce if

fully employed. The working population is able to buy subsistence only. If the well-off classes were too abstemious, the prices of luxuries could fall to the point where there was no profit in producing them, and glut would ensue. In the extreme, Malthus pointed out, if everyone lived on a subsistence scale there would have to be a vast oversupply of commodities since each worker could produce much more than bare subsistence for himself and his family. This debate was revived hundred years after the death of both the Malthus and Ricardo. Malthus devoted the final chapter of his book to the issue of glut and the need for a class of “ unproductive consumers” who would provide the demand that would keep the rest of the economy employed profitably.

Malthus pointed out those English landed gentry was the exception ally that is well equipped to fulfill that function. Ricardo holds the argument that “

“ I can see no soundness in the reasons you give for the usefulness of demand on the part of unproductive consumers. How their consuming, without reproducing, can be beneficial to a country, in any possible state of it, I confess I cannot discover.”(Glyn, 2006)

The “ Value” Controversy

All the while that Malthus and Ricardo were arguing about the Corn Laws and the nature of gluts, they were conducting a third interminable dispute. This one concerned the definition, measurement, and cause of “ value.” From our perspective, the concern over value, which extended from Adam Smith to Stanley Jevons at least, was a great waste of words and time. But Malthus, Ricardo, and their contemporaries took it very seriously, and with some

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reason (Rashid, 1981). They had enough experience with inflations, crop failures and bumper crops, and other economic disturbances to recognize that money prices fluctuated too erratically to indicate long-run relationships or to reveal underlying trends. They believed that each commodity had a property that, following Adam Smith, they called its “ natural value,” which explained the ratio of its money price to the prices of other commodities (Glyn, 2006).

Both Ricardo and Malthus agreed upon this fact but when they define the natural value they were devising to measure it in practice. In devising the endless practice, they too became engaged in the debate. The debate was about the practical measurement of values of the commodities.

In this perspective, Ricardo argued that there is no tool for measuring the value of commodities. Instead the natural values of the commodities can be expressed in terms of approximation by comparing with the precious metals (O'Brian, 1981).

In this scenario, Malthus advocated that values of the commodities can be measured by using the cost of labor (wages). This can be done on the grounds that there should be equal quantity of labor for measuring the natural as well as absolute value (Glyn, 2006).

Malthus-Ricardo debate on under consumption

Malthus's under consumption theory of business recession can be summarized as follows;

' If producers have not anticipated a fall in consumption demand, they will not be able to sell their products at a price that yields a normal rate of return. Discouraged by their losses, these producers will scale down their production levels and engage in less investment than they would otherwise. As a result, an under consumptions business recession ensues:

Ricardo took the Malthus remarks as most important part for his principals. He responded the under consumption theory in two different ways (O'Brian, 1981). These are;

Statement of effects: The first response was in the form that he did not understand the Malthus theory. The reason for this was that Ricardo was anticipating a model type system which he could not find the under consumption theory.

Direct criticism: The other response was in the form of direct denigration on the Malthus theory. Ricardo found it difficult to hold completely the Malthus theory. Ricardo separated the conclusions for the theory and criticizes them. He criticizes the defects in the reasoning (O'Brian, 1981). One conclusion not satisfying the Ricardo was general access of supply termed as glut. Ricardo argued that any excess supply can be balanced by demands. Malthus argued about hat point that total demand can be smaller than the total output. But working population and other resources could produce if fully employed. The working population is able to buy subsistence only. If the well-off classes were too abstemious, the prices of luxuries could fall to the point where there was no profit in producing them, and glut would ensue. In the extreme, Malthus pointed out, if everyone lived on a subsistence scale there would

have to be a vast oversupply of commodities since each worker could produce much more than bare subsistence for himself and his family. This debate was revived hundred years after the death of both the Malthus and Ricardo.

It can be concluded that Malthus and Ricardo were good friends who could never agree with each other on economic matters. Their first controversy was about the Corn Laws. Corn Laws were about the variable tariffs and export subsidies which were levied to protect and promote the English agriculture. In the times of Napoleonic Wars, farm prices were specifically high due to the coincidence of wartime demand. Malthus completely disagrees with this conclusion of Ricardo. He published his observation on the Corn Laws in the form of pamphlet. This pamphlet was the review of advantages as well as disadvantages of imposing tariff on imported agricultural commodities. Malthus was of the view that retaining the high tariffs on corn is necessary for its protection. Malthus argued that protection of Corn Laws is vital for protecting the English Agriculture as ways improving the vitality of English ways and institutions (O'Brian, 1981). Ricardo continuously argued about the adverse effects of the population growth and capital accumulation due to protection of rents which was supported by Malthus. Ricardo argued against the Malthus concept of rent vehemently that Future success of the English economy depends upon the progress of industries which is being stifled through Corn Laws. The other major controversy was on the glut issue. There were good reasons why they could never agree. One of the reasons for their continuous conflict was that they were born and bred in two different cultures and traditions. The adopted the

economics after getting through different occupations and preconceptions. These conceptions shaped their views and thinking about Corn Laws and glut controversies (Glyn, 2006). In the extreme, Malthus pointed out, if everyone lived on a subsistence scale there would have to be a vast oversupply of commodities since each worker could produce much more than bare subsistence for himself and his family. This debate was revived hundred years after the death of both the Malthus and Ricardo. Malthus devoted the final chapter of his book to the issue of glut and the need for a class of “unproductive consumers” who would provide the demand that would keep the rest of the economy employed profitably

Although they brought up in two different cultures and modes, Ricardo was quick, brilliant and concise while Malthus was moderate and motivated. Although Ricardo as the archetypical theorist while Malthus was the practical economists. Ricardo favors the clean and simple cases while Malthus developed its thoughts from the rich and complex economic life. This is not the strange that they could not agree each other but simple thing is that they could not stand each other.

Their differences arise in their mind sets, collaborations, cultures and perceptions. This can be reflected through their collaborations and friendships. Both Ricardo and Malthus agreed upon this fact but when they define the natural value they were devising to measure it in practice. In devising the endless practice, they too became engaged in the debate. The debate was about the practical measurement of values of the commodities. Their struggles to convey to each other their views of the forces that drove their economy are an inspiring case study in both the difficulty and the

possibility of human communication. They were best friends who could not satisfy each other through their arguments and judgments. And they could never minimize their differences. Their differences can be more visibly seen from their writings, speeches and manuscripts and analysis. There are some similarities in their analysis too but mainly there was differences and opposite arguments about certain economic theories. But their differences and opposite arguments gave the most valuable analysis of modern economic theories. The long debate help to view the economic theories from every perspectives.

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