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MEMOIRS OF THE FACULTY OF ECONOMICS
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**THE MEANING AND PROBLEMS OF THE
MALTHUS-RICARDO STUDY**

By Dr. Seijirō KISHIMOTO*

The studies in Malthus-Ricardo hitherto achieved must be voluminous, particularly in the field of the history of economics. And yet, the Malthus-Ricardo study is not worked out fully, but is felt necessary to be investigated anew. This is not merely due to the completion of the Works and Correspondence of David Ricardo in England by which many unpublished data have been disclosed, but also to the fact that there still remain new problems to be inquired. Apart from the exposition of and comments on the Ricardian economics in the first half of the nineteenth century or Marx's criticism, a review of the history of research made after treatises of Ashley or Marshall on Ricardo at the end of the nineteenth century reveals that the studies in the Ricardian economics have been made at full length; however, most of them are partial and are the studies of respective parts themselves. Most of the studies in Malthus relates to his Essay on Population, and those on his economics are comparatively few. The Malthusian economics has been, as it were, neglected.

The problems to be inquired in the Malthus-Ricardo study today are firstly, what ground of their existence did these economics have in the

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background of the socio-economic history of that time. Here, the inquiry should not be confined to merely bringing to light the theoretical structure each economics has, but further to finding what actual ground did each of them has. Maybe this is an attitude developed from the Adam Smith study since the prewar period in Japan.

Secondly, to grasp the economics of Malthus and Ricardo from the standpoint of today. Each age has pertinent consciousness of problems of its own. The standpoint of today means the viewpoint of the consciousness of problems existing in mature capitalism or in the deterioration period of the capitalistic system. The history of Malthus-Ricardo study will be reexamined from this viewpoint. It is needless to say that this study is related closely to the first problem.

To study the Malthus-Ricardo economics this way will reveal the historical meanings of the study to their ages and our own. This sort of study has important relation with the inquiry of the classical economics. Let me point out a few remarkable points.

In the first place, there has been prevailing a way of thinking to admit two stages in the classical school by regarding the Smithian economics as the economics centering about the theory of production while the Malthus-Ricardian economics as the economics centering about the theory of distribution. Further, in this thinking John Stuart Mill was looked to as of the third stage where the above two economics were united by him.

For instance, if we look into Peck, he explains it as follows. "One can, then, somewhat arbitrarily classify classical economic theory into two types: early classicism, represented by Adam Smith, in which there were made the most significant contributions toward production economics; and later classicism, represented chiefly by Ricardo, but secondarily by Malthus, in which the chief subject was value and distribution." (H. W. Peck, *Economic Thought and its Institutional Background*, 1935, p. 83)

When the setting out of the problems and the places where importance is attached to are glanced superficially, it may be all right to classify these stages; however, by the change of stage it should not be considered that the classical economics took of old things and adopted new things and thus changed in quality and was converted into a new one, but should be considered that the Smithian theory of production was developed and extended. Ricardo spent much explanation to the theory of distribution, but it does not mean in the least he rendered the theory of production useless by that. It was rather the development of the theory of production itself that he discussed the theory of value in

details. There is no difference from the case of Smith that the Ricardian economics begins with the production theory, and this is the very characteristic of the classical economics. That the Ricardian economics became the source of the socialist ideas was not because it was simply the economics of distribution, but because it tries to carry through the labor theory of value. In Malthus the relation between the theory of production and that of distribution became weak, and that in John Stuart Mill the theory of production was detached and was treated as a simple technical theory, being placed in juxtaposition and synthesized with the theory of distribution, was rather a downfall of the classical economics. This is the point to be observed very attentively from the standpoint of today.

Elucidating the importance of the theory of production in Malthus, Prof. T. Hori states; "it may be concluded, I think, that Malthus did not, to say the least of it, treat lightly the theory of production, but rather he did attach positive importance to it. (Prof. Tsuneo Hori, "Malthus and Ricardo" in the Commemoration Essays of Prof. Chogoro Maede's sixty first Birthday. (1) The Formation and Development of the Classical Economics. pp. 157-158)

Prof. Yoshihiko Uchida speaks of the three stages of Smith, Ricardo and Malthus as the stages of the establishment, the development, and the inconsistency of the industrial capitalism. (Prof. Yoshihiko Uchida, *The Birth of Economics*, pp. 50-51)

In the second place, there comes the problem of the confrontation of Malthus and Ricardo in the classical economics. Usually it is told that the Malthusian economics represents the interest of landlords while the Ricardian economics does that of industrial capitalists.

It was a long time ago that Patten, speaking of Malthus as pro-landlords and of Ricardo as pro-merchants, stated roughly as follows:

The ideas of Malthus and Ricardo were based upon distinct national economics. In England at this time a new economy was displacing the old. The commercial centers were growing in importance, great discoveries in science were opening up the way to modern production, and wonderful inventions were rapidly revolutionizing industrial processes. England had been a land dominated by agricultural ideas and ruled by the landed classes. Now commercial ideas were coming to the front and the political power was passing from the country to the town. The home of Malthus was in the country. His education made him familiar with agricultural needs. Ricardo and his ancestors were dwellers of the town. His education and

vocation made him familiar with commercial usages and led him to emphasize those ideas which dominated the trading world. Adam Smith may have been a true philosopher who studied the industrial development of the world without bias or interest, yet both Malthus and Ricardo were the creatures of their time. They found their premises, each in his peculiar surroundings. Both of them were ardent disciples of Smith. Their interpretations of his doctrines were different, because the economical world in which the one lived differed in many essential features from that of the other. Doubtless each of them thought he was describing England and its economic laws, yet he was impressed only by certain phases of national life, and even these were seen through glasses colored by preconceived notions and inherited ideals. Malthus was a much better observer than Ricardo, and the world he saw was much nearer the real England than that of Ricardo. He was, too, a close student of history, from which he derived correct ideas of the motives and sentiments by which real men are moved. Had not the ideas of the French revolution threatened the stability of good old English ways he would not have written upon population. Had not the right of landlords to rent been questioned he would not have developed the doctrine of rent. From Malthus we can see the dangers of one who reasons about the world in which he lives, and the difficulties he encounters when feeling conflicts with judgment. In Ricardo, however, we find a man whose connection with the real world was so slight that he found no difficulty in making the world correspond to his ideal. His success as a stock-broker was so great as to warrant the opinion that he was a judge of the men with whom he came in contact. He saw that they were moved only by self-interest and bought and sold whenever a profit could be made. They did not hesitate to sell goods to the enemies of England if thereby a penny could be gained. Ricardo's world was London, and in it men and capital moved from one occupation to another for the slightest gain. It was only natural that he should think other industrial worlds were like his own. Yet in doing this Ricardo was not to blame. He only acted upon the same principles which were in universal use in his time. In spite of its unreality the simplicity of the economy of the world of Ricardo has been of the greatest service to economics. (S. N. Patten, Malthus and Ricardo, Publications of American Economic Association, Vol. IV, No. 5, 1889, pp. 26-30)

See also Prof. Kazuo ÔKOCHI, *History of Economic Ideas*, Chap.5, Sects. 1 & 2)

Doubtless the theories of both economists on issues like rent or the

corn tariff were exactly as above-stated. But did the Malthusian economics end in a simple vindication of landlords? Malthus had his unique theory of demand. And this is the theory which became the basis of the under-consumption theory that was opposed to the Ricardian theory at that time, and which, being made the source of the theory of effective demand of Keynes in modern times, evolves into a capitalistic theory in the age of monopolistic capitalism. Even in the time of Malthus and Ricardo, the confrontation of landlord and capitalist was not simple, and the capitalistic society given birth to by the industrial revolution was a common ground for the two. The relation of the two on this ground and the connection of the Malthus-Ricardo theory with it are important problems to be investigated closely.

Thirdly, although I cannot treat the classical economics here in general, I should like to point out the three types of understanding which have hitherto been prevailing on the classical economics and their relation with the Malthus-Ricardo problems.

(I) When the classical economics is treated under the name of the orthodox economics, it is confronted with the economics of "heterodoxy" or "unorthodoxy". In this sense, the classical economics was an accepted economics of the society, and this was the Ricardian economics. In the twenties and thirties of the nineteenth century, a large number of heathen economists appeared. Seligman who inquired deep into this subject defined their destiny very appropriately. According to his definition, their views did not square with that of the predominant school. So important were the practical issues of that time, that only economic science which would teach a doctrine in accordance with the real necessity was approved as the right one. In truth, English economists had nothing to do with free trade and industrial development. The reality progressed much faster than the formation of economics, and economics was abused to reinforce the policy of the governing class. Thus, the building established by Ricardo and improved by McCulloch and Mill became firm and stable, and could not be disturbed by unexpected criticism or objection. Theory was not read, and unreadable theory was not a doctrine to which the living age would lend its ears. After all, it had to wait the change of time. (E.R.A. Seligman, *On Some Neglected British Economists*, 1903, in his "Essay in Economics, 1925", pp. 120-121)

The social recognition and the legitimacy that the Ricardian economics enjoyed has changed with the times. Shortly after the age of Ricardo the rent of English farms declined. Birth rate in the more advanced countries of the west steadily declined. Granting that it is infallible, the

Ricardian economics as it stands became inefficient to explain what it is. Ricardo's law of industrial progress as a universally valid formula was proved to be false. (H.W. Peck, *Economic Thought and Its Institutional Background*, 1935, pp. 189-190) It serves as a good lesson for us who are studying economics, too. Today, the pure theory of universal validity which is free from historical rein is pretty popular among economists, but it is a plain fact for those who study the destiny of the classical economics that any theory of economics cannot get rid of historical conditions regardless of the intention of inquirers.

At any rate, as the classical economics in the sense of the orthodox economics, the Ricardian economics is representative. But apart from his "Essay on the Principle of Population", Malthus was a heretic alike Bailey, and was a modifier and critic. Though the Malthusian economics was not neglected as a criticism of the market theory even in those days, it must be examined and reestimated fully in connection with the contemporary economics after Keynes.

(II) In Marx, the classical economics is confronted with the so-called "vulgar" economics. In this connection, the vulgar economics was shackled by economic phenomenon while the classical economics aimed at grasping its substance. In other words, the latter was based on the theory of value. In this respect, Ricardo was classical while Malthus was vulgar although it is not to say in the least that there was nothing in Malthus that the classical economics could avail itself of. Notwithstanding his stinging criticism on Malthus and his comment that Malthus was forcing back the economics before Ricardo, Smith, and Physiocrats, Marx made it an exploit of Malthus that emphasis was laid on exchange of unequal value between capital and labor in his study. (Marx, *Theorien über den Mehrwert*, III SS. 3-4) Malthus's criticism on the market theory may be of great importance as well as that of Sismondi.

(III) There is another view which understands the classical economics as being opposed to the new economics or the modern economics. This is the view which is pretty prevalent today. In this connection the things which are regarded as the characteristics of the new economics are marginalism, rejection of the theory of value, denial of historicity of theory, an economic doctrine as a means, etc. These characteristics are related to each other. Sometimes particular importance is attached to the point that as a characteristic of the classical economics, it is based on the market theory. In this regard, Ricardo was classical while Malthus was modern.

Thus, the Malthus-Ricardo economics is given different positions in relation to the classical economics. The classical economics was, in general,

a doctrine of the formation and flourishing period of the capitalistic economy while the Ricardian economics was a one to analyse its internal affairs and to promote further development of capitalism by virtue of its liberalistic theory. It became even the source of the socialist economics. Nevertheless, Ricardo developed his theory in a very abstract form, and this caused the historical school of Germany to blame Ricardo and the classical school for their negligence of the historicity of economy. It is true that Ricardo neglected the historicity of economy and developed his theory as of universal validity. But by analysing precisely the living facts, he seized theoretically the historical substance of the capitalistic economy through the theory of value. Marx paid attention to this point, too. He observed that though Ricardo was lacking very badly in historical sense of the past, he was living on a historical jumping point of his age. (Marx, *Theorien über den Mehrwert*, III, S. 50) This particularly requires us to reconsider in the study of the economics of Ricardo and the classical school. And this is the point that we have to understand and reestimate from the point of view of today.

The contemporary economics is trying hard to learn many things from the Ricardian economics. Prof. Hayek's "The Ricardo's Effect Theory" is seeking for the effect of changing substitutional relation in the use of capital goods, above all, machine and labor power, upon the course of business fluctuation. As Prof. Hayek himself puts the name of Ricardo on, this idea can be derived of Ricardo's theory of the composition of capital, but his theory of the composition of capital has important relation to his modification of the theory of value and to his theory on machine, and has hitherto been regarded as an important problem in the study of Ricardo.

The interest of Prof. Harrod in Ricardo is more important. In his study of a dynamic economics, he sought the source of ideas for Ricardo and the classical economics. Formerly there has been prevailing the view that the greater part of the classical economics was a static theory, but to Prof. Harrod, it was wrong. The classical economics, according to him, has *his* static as well as dynamic elements nearly at the same rate. Nevertheless, these dynamic elements were not inherited by the new economics of today. It is because the analysis of statics was refined and perfected by the marginist ideas and the mathematical expression, and the analysis of dynamics was lost thereby; however, according to Prof. Harrod, even the Ricardian economics has a dynamic nature. The proverbial words that "to determine the laws which regulate this distribution is the principal problem in political economy" in the preface of his "On the Principles of Political Economy" is usually taken as the one which expounds the static

theory of distribution, but it is not true. Because there is the following important explanation just before this famous words: "But in different stages of society the proportions of the whole produce of the earth which will be allotted to each of these classes, under the names of rent, profit, and wages, will be essentially different." Prof. Harrod states that if you read these proverbial words after this explanation, you will be sure that Ricardo's theory of distribution has a dynamic sense. (R.F. Harrod, *Toward a Dynamic Economics*, 1949, p. 15 f.) This interpretation is not peculiar to Harrod, but the law of industrial progress which runs through the Ricardian economics is definitely a dynamic theory.

The idea of progress and dynamic elements in the Ricardian economics has long been pointed out in the history of the Ricardo study, without waiting for the indication of Prof. Harrod. For instance, A. Toynbee, *Lectures on the Industrial Revolution*, (1920), p. 111, H. Borchers, *Das Abstraktionsproblem bei D. Ricardo*, 1929, SS. 7-9 It is interesting to note that in his discussion of the tithe in the chapter XI of "On the Principles of Political Economy", Ricardo is setting forth his argument by making clear distinction of the stationary, retrograde, and progressive states of society. (D. Ricardo, *On the Principles of Political Economy*, ed. by P. Sraffa, p. 176 f.) And also, his discussion in "An Essay on the Influence of a Low Price of Corn on the Profits of the Stock" (1815) calls our attention. Particularly, *The Works*, ed. by P. Sraffa, IV. p. 16 f.

The new economics of today is absorbed in the short-term theory by marginal analysis rather than in the study of static economics after Marshall, and has forgotten the inheritance of dynamic or rather long-term study of the classical economics. And this is what Prof. Harrod and like people urge us to look back, and the dynamic, long-term theory is either consciously or unconsciously related to the theory of historical change and, therefore, the focus of Ricardo and other classical economists will reveal itself.

In comparison with the Ricardian economics, the Malthusian economics, has a conservative nature to the development of the capitalistic economy. It is expressed in his justification of the income of landlords or in the significance given by him to the purchasing power of the wealthy class. It seems that in this theory was laid emphasis on the maintainance of the long established English type capitalism rather than on the reformation and further development of the capitalist economy. Perhaps because of this nature was the Malthusian economics lost in the shadow of the Ricardian economics that rode on the waves of the development in the beginning of the

nineteenth century when the English capitalism was growing. It seems to be understandable that the Malthusian economics is esteemed very highly in the mature capitalistic economy of today when long stagnation becomes an issue. It is particularly interesting to see that this economics was re-estimated by Keynes who gave rise to the greatest controversy in the world of economics in the first half of the twentieth century.

In his discussion of Malthus, referring to the letter from Malthus to Ricardo where Malthus rejected the market theory and stressed the under-consumption theory, Keynes says impressionably that one cannot rise from a perusal of this correspondence without a feeling that the almost total obliteration of Malthus's line of approach and the complete domination of Ricardo's for a period of a hundred years has been a disaster to the progress of economics, and that if only Malthus, instead of Ricardo, had been the parent stem from which nineteenth century economics proceeded, what a much wiser and richer place the world would be today! (J.M. Keynes, *Essays in Biography*, 1933, pp. 140-141, p. 144) Marx rated Ricardo very highly and, blaming Malthus, he criticized very severely that Malthus's studies were plagiaries and that most of them were owed to the jealousy over the fame of Ricardo's works, while Keynes valued the Malthusian economics very highly and condemned that Ricardo was the interruptor of the advancement of economics. The problem of Ricardo versus Malthus was not merely a matter of the classical school more than 100 years ago, but of today. It is not a matter of curio-hunting, but a problem to be solved anew by the theoretical economics.

Note This paper is the manuscript, with some addition of supplementary notes, of my report on the common research subject at the ninth meeting of the Society of the History of Economics which held at the Yokohama National University on May 8 1954.