INSTITUTIONAL CHARACTERISTICS AS EXPRESSED IN
SELECTED WRITINGS OF THOMAS ROBERT MALTHUS

APPROVED:

[Signatures]

Majer Professor

[Name]

[Name]

Chairman of the Economics Department

[Name]
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This investigation is concerned primarily with describing some characteristics of the institutionalist school of economic theory and then relating these characteristics to the writings of Thomas Robert Malthus. Thus in the course of this thesis two distinct sections are developed: one describing what are felt to be the outstanding characteristics of institutionalism and the second relating these characteristics directly to Malthus.

Because the thesis has a twofold purpose, two distinct groups of sources are utilized. The first group of sources cited is that of outstanding institutionalists, including Veblen, Commons, and Mitchell. The more substantial body of the thesis revolves around the original writings of Malthus, particularly four essays published anonymously in the Edinburgh and Quarterly Reviews. These essays, only recently collected and published in anthology form, cover such diverse economic subjects as the Irish poverty question of 1808-1809, the state of the British currency in 1823, and an inclusive work on the general topic of political economy in 1824.
Though these essays cover a vast amount of material in a relatively short space, it was found to be necessary to step outside the bounds of the essays for additional background material relating to both academic arguments of the period and to additional historical analysis. This necessary diversion incorporates additional works of Malthus including his *Principles of Political Economy* and his *Measures of Value* as well as the works of his academic enemies such as Ricardo, McCulloch, and Mill. It also utilizes the works of economic historians such as Bonar, Woodham-Smith, and St. Clair.

The first two chapters of this work are devoted to the decipherable characteristics of institutionalism which this thesis maintains are the following: one, disagreement with the existing school; two, conceptual versus metaphysical explanations for economic phenomenon; three, a tendency toward economic planning; and four, a movement toward economic and theoretical reform. Superimposed on these four characteristics is the institutionalists' seemingly genuine concern for the individual's "habits of thought," evolutionary transition, and general well-being.

The third chapter revolves around Malthus' 1808 and 1809 essays on the Irish population and poverty questions. Here Malthus describes Irish misery as a direct result of the unique food situation in the country and, using statistics gathered by Newenham and others, outlines reform and planning
measures to cope with the problem. The fourth essay concerns the state of the British currency and the possibility of a general market glut. In this article Malthus utilizes the depressed state of the British economy following the Napoleonic Wars to describe the distinct possibility of a general market glut. He incorporates Tooke's statistics to add empirical evidence to his theory and consequently suggests some reform and planning methods of alleviation of this situation. The fifth and final essay contains a general synopsis of political economy and defends the Malthusian economic philosophy. In this article, published in 1824 in review of McCulloch's Essays on Political Economy, Malthus covers a wide range of material—including value, stagnation, and profit theory—and includes a general examination of market gluts. Here he develops an overall concept of economics, certainly different from that of the existing school, based primarily on conceptual data. In regard to economic theory and in some cases political theory, he demonstrates tendencies toward economic reform and planning.

The conclusion of the work arrives at no overall synthesis which proves Malthus to be an institutionalist. Rather it points again to the institutional characteristics incorporated in Malthusian concepts deducing that, with the proper academic surroundings and perhaps better analytical tools, T. R. Malthus might have replaced Veblen as the founder of the institutionalist school.
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SELECTED WRITINGS OF THOMAS ROBERT MALTHUS

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By

Michael A. MacDowell, B. A.
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TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. WHAT IS INSTITUTIONAL ECONOMICS</td>
<td>1</td>
</tr>
<tr>
<td>II. CREATIVE ASPECTS OF INSTITUTIONAL ECONOMICS</td>
<td>12</td>
</tr>
<tr>
<td>III. ROBERT THOMAS MALTHUS ON THE IRISH QUESTION AS EXPRESSED IN THE EDINBURGH REVIEW, JULY, 1808, AND APRIL, 1809</td>
<td>32</td>
</tr>
<tr>
<td>IV. MALTHUS' REVIEW OF THOMAS TOOKE'S THOUGHTS AND DETAILS ON THE HIGH AND LOW PRICES IN THE LAST THIRTY YEARS, 1823</td>
<td>77</td>
</tr>
<tr>
<td>V. MALTHUS' &quot;ESSAY ON POLITICAL ECONOMY&quot; SUPPLEMENT TO THE ENCYCLOPEDIA BRITANNICA: A REVIEW OF McCULLOCH'S ESSAY ON POLITICAL ECONOMY</td>
<td>104</td>
</tr>
<tr>
<td>VI. CONCLUSION</td>
<td>135</td>
</tr>
<tr>
<td>BIBLIOGRAPHY</td>
<td>148</td>
</tr>
</tbody>
</table>
CHAPTER I

WHAT IS INSTITUTIONAL ECONOMICS

Introduction

This study is primarily an attempt to trace the institutionalist school of economics back to early English political economists, thus ascertaining whether institutional economics has a theoretical base that precedes the writing of Thorstein Veblen. In order that a concise examination of this subject be made, one early English political economist was chosen, Thomas Robert Malthus.¹

A significant problem arose from the outset of this study: finding a precise definition of institutional economics. Or as Paul T. Homan says,

the numerous proponents of the institutional approach to economics differ so markedly in their views concerning the purpose, content and methodology of institutional economics and the bonds of spiritual unity among them, engaged as they are in diverse and vaguely related tasks, are so intangible that the use of the term school is justified only if the loosest meaning is attached to it.²

¹This is not to assume that Malthus was representative of the English political economic school. Perhaps he was the exception rather than the rule. The fact remains, however, that his thoughts do constitute a major addition to the economics of the time and can be considered relevant to this case study.

Additionally, no exact source exists as representative of a definition of institutional economics, for "Though there are institutionally slanted textbooks, there is no well-graded, neatly-packaged volume named 'Elements of Institutional Economics.'"\(^3\)

Since there is no universally accepted definition of institutional economics, it is necessary to devote the first chapters of this study to a working definition. This will then be used in a further examination of some of the original writings of Malthus.

Scope of this Study

This study is divided into two distinct sections, each utilizing a separate group of sources. The first will examine some writings of institutional thinkers including Veblen, Mitchell, and Commons. This introductory section will provide the basis for succeeding chapters. The more substantial body of the thesis will revolve around four essays of Malthus. These essays, originally published in the Quarterly and Edinburgh Reviews, have only recently been collected by Barnard Semmel and placed in anthology form in a work entitled Occasional Papers of T. R. Malthus. The essays were chosen because of their representative characteristics of Malthusian thought and their diverse yet pertinent adherence to pressing economic questions of the

\(^3\)John S. Cambs, Beyond Supply and Demand (New York, 1964), p. 11.
time including an analysis of Irish poverty of 1808 and 1809, the British currency situation in 1823, and a general essay of political economy in 1824.

Despite the authenticity and depth of analysis expressed in these essays, they do not, because of their necessary brevity, contain all the background analysis pertinent to the topics discussed. It thus becomes necessary to examine, particularly in relation to the later essays, some of Malthus' longer works, including his Principles of Political Economy and his Measure of Value, and those of his academic enemies such as, for instance, Ricardo's Principles and his Notes on Malthus' Principles. In the course of this examination certain truths come to light in relation to Malthus' theories concerning value, market glut, and indeed humanitarian philosophies which, as will be demonstrated, have a certain institutional base.

The Problems of an Adequate Definition of Institutional Economics

"No two writers are likely to define institutional economics in precisely the same way."

The extensive variety of definitions creates a multitude of concepts that almost defy analysis. "More than one economist has commented, sometimes with exasperation, on the vagueness of what

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Schumpeter referred to as 'that elusive concept.' Schumpeter once concluded that "an institutional economist differs from an orthodox economist by discoverable criteria--largely they dwell in intellectual fiction substantially devoid of content."  

Certainly the very nature of institutional economics is in direct conflict with the exacting definition of orthodox theory: the study of the allocation of scarce resources. Institutional economics is "a method of studying economic phenomena rather than a connected body of thought expressing the 'timeless and placeless laws.'" It is a study dedicated to the belief that the changes in human life are mainly due to the evolution of culture and not to a set of fixed laws, rational identities, and concepts that remain stagnant throughout history. One of the major theories of institutional economics is "that there are certain forms or types of behavior which are extraordinarily persistent throughout history."  

Though there exists a central theme in institutional economics, a study of an evolutionary approach to mankind,

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5Ibid.  
7Benjamin Aaron, editor, Institutional Economics: Veblen, Commons and Mitchell Reconsidered (Los Angeles, 1963), p. V.  
there exists no universally accepted definition of the school. In this and the following chapter, characteristics of institutionalism will be explored in the hope of creating such a workable definition.

Disagreements with the Classical School

One of the prominent characteristics of the institutional school is its criticism of orthodox or classical economics. Joseph Dorfman has stated as recorded by Gordon:

institutional economics had a common base in its "criticism of traditional economic theory and its presumptions concerning human motivations and the universality of capitalist institutional factors," [Additionally] "institutionalists had the feeling that traditional economics did not provide effective tools for understanding and dealing with a developing economy." . . . [Institutional economics seeks] not only to broaden the range of economic theory, but also to relate it to the contributions of other social disciplines.9

This analysis does not assume that institutional economics is entirely destructive, offering no creative hypothesis. On the negative side it can certainly be said that the institutionalist's argument is that orthodox theory makes demonstrable false assumptions and fails to ask the really important questions. "[On the affirmative side, however, institutionalists state that] we need a new, broad, and evolutionary type of economic theory based on a detailed understanding of the evolution and the characteristics of

9Gordon, p. 124.
the institutional environment within which economic activity,
goes on." 10

Basically institutional economists find fallacies in the
assumptions of orthodox economic thought—for example natural
law, rational economic man, general equilibrium, and hedonism.
Wesley C Mitchell repudiated hedonism; "he conceived of
economic behavior as controlled by two opposing sets of
motives, the motives which impel us toward consumption and
the motives which repel us from labor and waiting." 11  In-
stitutionalists believe that a mechanistic explanation is an
anachronism in a mature economic system. Veblen, the modern
father of the institutional school, totally rejected orthodox
theory for this reason:

By virtue of their [classical school] hedonistic
preconceptions, their habituation to the ways of a
pecuniary culture, and their unavowed animistic faith
that nature is in the right, the classical economist
knew that the consummation to which, in the nature of
things, all things tend, is the frictionless and
beneficent competitive system. 12

This "frictionless and beneficent competitive system" could,
according to Veblen, no longer explain complicated economic
organization. Man adhered to evolutionary institutions; not
static natural law.

10 Ibid., p. 138

11 Wesley C. Mitchell, "Quantitative Analysis in Economic

12 Thorstein Veblen, The Place of Science in Modern
Civilization and Other Essays (New York, 1919), p. 145.
The system of natural laws rejected by the institutionalists led to further repudiation of additional orthodox theories. The concept of equilibrium, basically dependent on natural law for its validity, came under attack. Simon Kuznets, a contemporary institutionalist, scorns equilibrium in this light:

All the systems of economics since the Physiocrats have put in the center [of their theory] the concept of equilibrium. . . . We can thus say that any system of economics which operates with the concept of equilibrium must necessarily be a closed system—in short, a static system.13

As happened with the concept of natural law, the institutionalists concluded that a static system is not applicable to contemporary economic situations.

Individual grievances between institutionalists and classicists revolve around the concept of natural law, equilibrium, and somewhat questionable psychology. In short, institutionalists do not believe that man is "led by an invisible hand to promote an end which was no part of his intention,"14 nor do they believe that the algebraic sum of individual hedonistic actions is equal to the sum total of the good of all society. Rather, institutionalists believe that "society is something more than the mere aggregate of


the people that comprise it." 15 Indeed the institutionalists reiterate a basic Gestalt theory, believing that the whole determines the characteristics of the parts: that society dictates the actions of its individuals. Gambs explains Gestalt theory thusly,

the wholes are not mere summations of parts; that there is a certain harmony . . . between the whole and the part. The principle affirms that individual behavior, economic action, and social behavior move together. . . .16

A theory such as this is antagonistic with the classical concepts of "economic man." Smith states:

This at least would be the case in a society where things were left to follow their natural course, where there was perfect liberty, and where every man was perfectly free both to chuse [sic] what occupation he thought proper, and to change it as often as he thought proper. Every man's interest would prompt him to seek the advantageous, and to shun the disadvantageous employment.17

Conversely, institutionalists would contend that an individual's action is shaped by society's institutions, and these institutions dictate how man will respond to a given situation. Natural law, equilibrium, and a nonevolutionary, static concept of man and society have no place in the institutional concept of economics.

Orthodox economic theory has long had as its grand design, natural law, "Malthusian population theory, a questionable


16 Gambs, p. 25

17 Smith, p. 99.
psychology, an insufficient appreciation of the importance of technological change, the assumption of a fixed set of economic institutions. . . ."18 It has been the self-appointed role of the institutionalist to deny the validity of the classical assumptions. In this relation Ayres states, "But rejection of the traditional conception of the economy is the starting point of Veblen's economics and, I think, the keynote to institutionalism generally."19

While the critical aspects of institutional economics are circumscribable, the positive points of the school are not.20 Indeed the argument has been forwarded by critics and members of the institutional school alike that the school itself possesses nothing but destructive analysis of existing economic concepts, offering no constructive criticism. As shall be seen in the following chapter, this concept of institutional economics is not necessarily true. Institutionalists have not developed immense amounts of theory, yet what theory has been developed is based on sound observation and not a metaphysical explanation of how the ideal world should be. Where the orthodox theory traditionally bases its principles primarily on a narrowly-defined non-interdisciplinary approach, institutional economists have traditionally examined a broader spectrum of subject before arriving at

18 Gordon, p. 139.
19 Ayres, p. 55.
any conclusions. Hornan intimates that

There is a lack of boundary in institutional economics between economics, sociology, history, and psychology. In consequence, there has been developed no technique of analysis or methodology of a unique institutional character, thus there is a certain amount of elasticity in the study, thus institutional economics may alter the categorical framework of description.21

Institutional economics has never confined itself to classical economic theory, conceptions, or values. Institutionalists "have freely disregarded the arbitrary line of demarcation between the disciplines and have stressed so-called non-economic factors."22 The stressing of these non-economic factors has, however, created a problem for institutionalism. This problem is simply the immense amount of material that must be devoured before any conclusion can be formulated. Where the classical school has been able to establish precise theory, the institutionalist maintains that not enough evidence has been gathered to substantiate such theory. Thus, the institutionalists believe that economic theory "be based on thorough knowledge of relevant parts."23

The collection and proper use of conceptual or empirical data provides the overriding basis for analogous concepts between Malthus and the latter institutional school. In his

21 Ibid.
22 Aaron, p. V.
23 Ibid.
Principles Malthus himself states, "The first business of philosophy is to account for things as they are; and till our theories can do this, they ought not be the ground for any practical conclusion." Malthus additionally states,

In political economy the desire to simplify has occasioned an unwillingness to acknowledge the operation of more causes than one in the production of particular effects; . . . [thus] the whole has been ascribed to without sufficient attention to the facts . . . [Yet] before the shrine of truth, as discovered by facts and experience, the fairest theories and the most beautiful classifications must fall.

The compiling of data and its proper use provide a universal base with which to examine further characteristics of institutional economics and to relate these characteristics of Malthusian economic approach.

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25 Ibid., pp. 5-6.
CHAPTER II

CREATIVE ASPECTS OF INSTITUTIONAL ECONOMICS

Criticism of orthodox economics is a distinct characteristic of the institutional school. Just as distinct, and as mutually identifying of institutionalism, is the insistence on the use of economic theory that is conceptually grounded in anthropological, sociological, and psychological findings—the evolutionary aspects of the post-Darwinian era. These characteristics lead to further identifying badges of institutionalism: planning and reform. It will be the purpose of this chapter to examine these characteristics so that useful analogies between Malthus and the institutionalists can be summarized and analyzed.

Metaphysical Theory Versus Conceptual Thought in Institutional Economics

The philosopher Auguste Comte held that theories or explanations of certain phenomenon are subject to a three-stage law of development. As Pfouste explains,

Comte maintained that primitive explanations are theoretical, that explanations are made in terms of gods, spirits, devils and so on. The second stage is the metaphysical stage in which abstract concepts such as force electrons, space or demand replace the mystical forces of the theoretical stage. But the metaphysical stage, according to Comte, is very close to the theoretical stage. The [third stage] apogee of scientific theorizing requires that one set of observations be used to explain another set of observations. This
type of explanations Comte referred to as a positive base . . . basically they are computational aids.\(^1\)

There can be little doubt that orthodox economic theory is based on Comte's second stage, the metaphysical explanations. As Mitchell so ably states,

The trouble with classical political economy and its derivatives, is that it is set forth from certain naive notions about the nature of the world and mankind in earlier days, . . . which are not in accord with the discoveries of later science.\(^2\)

It was the fact that traditional economic theory was based on metaphysical concepts of abstract forces—for example, natural law, rational economic man, equilibrium, and hedonistic psychology—that antagonized the institutionalists. As Liebhofsky has stated, "a model or theory must try to center attention upon realistic relationships among strategic variables if it is to provide a useful basis for explaining and clarifying data."\(^3\)

Veblen, founder of the institutional school, would not accept a metaphysical explanation of man's economic behavior. He found that historical data on mankind did not fit the metaphysical static explanations of classical theory. Rather, man adhered to evolutionary change and progress. Mitchell says of Veblen,


\(^2\)Mitchell, Types of Economic Theory, p. 609.

Instead of looking for some grand synthesis in which the process of history [and economic thought] would find consummation, Veblen looks toward the continuation of the process of cumulative change. This attitude toward economics gives Veblen's writings a measure of vitality [in reference to the classical economists].

According to Mitchell, it was Veblen's sincere belief that it was the fundamental task of economics to explain the institutions initiating change.

It is this conceptual, evolutionary view of mankind as the product of history which marks the institutionalist school. Certainly the assertion of facts, the empirical gathering of evidence, is important to the institutionalist, but vastly more important is the use to which these facts are put. As Pfoust states,

Facts alone ... do not mean much. It is only when they are interpreted, when the relationship between them is found, that they take on a significance. In a very important sense the whole is greater than the sum of its factual parts.

To the institutionalist, quantitative facts are important, but they do not constitute a theory themselves. "An operationally meaningful theory [need only] to be made the subject of an empirical test." For this reason institutional theory may be conceptual yet not totally empirical. Paul Samuelson points out,

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5 Ibid., p. 607.
6 Pfoust, p. 457.
7 Ibid., p. 462.
Since actual experiments in economics are difficult to perform, it need only be conceptually possible to design a test that could refute the theory.\(^8\)

And Liebhofsky further points out,

An operationally meaningful hypothesis is one which completes, expands or extends existing hypotheses or established a new hypothesis so it becomes a functional part of the "tool kit."\(^9\)

Perhaps an example disclosing the basic differences between the metaphysical concepts of orthodox theory and the more conceptual attitude of man in institutional theory would clarify some points.

The binomial theorem by its symmetry and economy may be beautiful, but its explanatory value is small. It is a simplified method of multiplication for a special case. There are comparable theories in economics. The simple equilibrium of demand and supply for an industry in a competitive model is surely an example. The equilibrium is so perfect; the market always returns to the point of the intersection of demand and supply curves. Neatness . . . it certainly has, but its explanatory value is not great.\(^{10}\)

It was Veblen who fostered the institutionalist drive toward a more cognitive definition of man in regard to his economic surroundings. Veblen's theories were based primarily on a conceptual view of mankind as a continually-evolving identity. In accordance with this philosophy Veblen states,

[Man is something more than] a bundle of desires that are to be saturated by being placed in the path

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\(^9\) Liebhofsky, p. 5.

\(^{10}\) Pfoust, p. 465.
of the force of the environment, but rather a coherent structure of propensities and habits which seeks realization and expression in unfolding activity.\textsuperscript{11}

Veblen's philosophies are based not on strictly measurable, quantifiable facts but on insight into existing psychological and anthropological data. Though not statistically based in measurable facts, Veblen's analysis can be classified as conceptually empirical just the same.

According to Pfoust, there are two kinds of variables that create theory. One variety is measurable and the second possesses explanatory power.\textsuperscript{12} According to the British philosopher of science R. Harre, explanatory powers are means of obtaining an understanding and are valid as strictly statistical theory. He states,

Understanding is found either by our finding an illuminating analogy to the phenomena whose character we do not understand, or by our 'exposing a hidden mechanism' the workings of which inevitably results in a phenomenon that required explanation.\textsuperscript{13}

Certainly Veblen and the institutional school use explanatory theory, finding analogies between existing societal situations and comparing these with historical and anthropological studies. The result is an empirical statement as valid as a statistical study, especially in relation to previously existing

\textsuperscript{11}Thorstein Veblen, The Place of Science, p. 74.
\textsuperscript{12}Pfoust, p. 458.
\textsuperscript{13}Romano Harre, Introduction to the Logic of Science (London, 1960), pp. 48-49.
metaphysical explanations. Veblen states it more precisely by saying,

The later psychology, reenforced [sic] by modern anthropological research, gives a different conception of human nature [than does classical theory.] According to this conception, it is the characteristic of man to do something, not simply to suffer pleasure and pains through the impact of suitable forces.  

An explanation of human characteristics such as Veblen's left no saving value for traditional economic theory. The institutionalist saw that metaphysics so saturates classical economic thought that the classicist's conception of man is actually devoid of human characteristics. To this effect Veblen states,

The hedonistic conception of man is that of a lightning calculator of pleasure and pains . . . a homogeneous globule of desires of happiness under the impulse of stimuli that shift him about the area, but leave him intact. He is neither antecedent nor consequent. He is an isolated, definitive human datum, in stable equilibrium except for the buffets of the impinging forces that displace him in one direction or another. Self-imposed in elemental space, he spins symmetrically about his own spiritual axis until the parallelogram of forces bears down upon him, whereupon he follows the line of the resultant. When the force of the impact is spent, he comes to rest, a self-contained globule of desire as before. Spiritually, the hedonistic man is not a prime mover.  

But man, to the institutionalist, is not a totally rational being; he is rather an irrational identity adhering to society's institutions. As Commons states, "Man is not a rational being--he is a being of passion and stupidity who

14Veblen, The Place of Science, p. 74.
15Ibid., pp. 73-74.
does quite the opposite of what his reason tells him to do."16 This concept of man is totally divergent from the classical approach. According to Kuznets,

Mitchell realized the serious limitations of the accepted economic theory of his day. Not only in consistency, but as to content.17

Additionally in an essay on Commons, Chamberlain states,

To Commons . . . this atomistic pushing and pulling of individuals by some abstract force was an unsatisfactory explanation of human conduct. Purpose and "willingness"—volition—[of such theory] were to be found not only in the individual but also in his organized activity.18

The simple metaphysical explanation of theory forwarded by the classical and neo-classical school has not been accepted by the institutionalists. Instead, they view man and theory as a conceptual identity. Both are in continual evolution adhering to no consequential metaphysical law with man reacting only in accordance with societal institutions.

Institutionalists, according to Harris, are convinced that economics "is the genetic inquiry into the unfolding process of institutions."19 Or in Veblen's words,

17 Kuznets, p. 96.
The economic life history of any community is its life history in so far as it is shaped by men's interest in the material means of life. This economic interest has counted for much in shaping the cultural growth of all communities. Primarily and most obviously, it has guided the formation . . . These economic interests goes with man through life, and . . . affects the cultural structure at all points, so that all institutions may be said to be in some measure economic institutions. 20

It is the institutionalist's belief that the entire society acts in relation to and in coordination with various prede

termined economic institutions. Veblen notes,

the institutions---that is to say the habits of thought-- . . . are products of process, are adopted to vast circumstances and are therefore never in full accord with the requirements of the present . . . life which enforce the adaptation and exercise the selection, [of institutions] change from day to day; and each successive situation of the community in its turn tends to obsolescence as soon as it has been established. 21

An institution becomes an immediate and accepted way of carrying on everyday economic life. By their very use, institutions become the accepted means to economic ends.

Unlike classical theory, institutionalism possesses no omnipotent concepts or laws that are continually adhered to. As Veblen again so ably puts it,

There is . . . no neatly isoable range of cultural phenomena that can be rigorously set apart under the head of economic institutions . . . [yet] those institutions in which the economic interest most immediately . . . finds expression . . . are of an economic bearing. 22

20Veblen, The Place of Science, pp. 76-77.


22Veblen, The Place of Science, p. 77.
A metaphysical explanation of mankind is dependent on society's existence in a static state: conversely, institutionalism conceives of man as a dynamic, evolving creature. According to Harris, Veblen believes that "A Science which treats economic behavior from this [an evolutionary standpoint] is not primarily concerned . . . with static equilibrium . . . It is primarily interested in economic change, and the causes of it."^{23} What becomes important to the institutionalist is to conceive of man as a conceptual identity capable of change and the "task of rebuilding economics along modern lines."^{24}

For some there exists a temptation to say that a theory must possess a hidden explanatory mechanism. This is not necessarily true of good theory. According to Pfoust, a genuine theory must perform the artistic function of "making visible." One is tempted to claim that unless a theory leads us to occultae . . . it should not be classed as a theory. Yet, at least without considerable qualification, this seems to be too stringent a view. And, indeed, many philosophers and scientists have held a precisely opposite view, arguing that scientific theories have no explanatory components.^{25}

It is therefore important that, in studying institutional economics and relating it to Malthusian thought, rigid classical theory not stand in the way of more loosely-defined conceptual theories of mankind.

^{23}Harris, p. 732.


^{25}Pfoust, p. 459.
Institutionalism and the Drive Toward Economic Planning

The movement from a metaphysical to an evolutionary outlook on mankind and theory is bound to cultivate further differences between classical and institutional thought. These differences reveal additional characteristics with which to identify institutional economics. One such characteristic is the institutionalist's desire for adequate economic planning.

Classical economists feel that every man, as Adam Smith states, is "led by an invisible hand to promote an end which was no part of his intention . . . [And that] every individual . . . can, in his local situation, judge much better than any statesman or lawgiver can do for him." Thus, in the classical opinion there is no need for national planning. Mitchell, in his essay "The Social Sciences and National Planning" recorded in his anthology The Backward Art of Spending Money, reviews historical data which led to the classical adversion to economic planning. Mitchell maintains that "English political economy arose as a destructive critique of the national planning done by mercantilist statesmen and as constructive argument for a policy of laissez faire." He additionally states,

Adam Smith was not the first, but he was the most effective, critic of mercantilist planning . . .

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26Smith, p. 423.

[His] views were adopted by other thinkers, by businessmen, and by statesmen. Supplemented by the philosophical radicalism of Jeremy Bentham and his disciples, restated to fit changing conditions. If Smith's hedonistic, metaphysical concept of mankind is adopted, then certainly each man acting toward his own betterment will better society, and economic planning will not be needed. However, if the institutional version of mankind as an irrational character is accepted, then economic planning becomes not only the rational but the only desirable means of operating an economy. To this end Mitchell says,

What is rational on the basis of the short-run private view [classical approach] may be exceedingly unwise on the basis of the long-run public interest. We see now how vital a factor Adam Smith overlooked in assuming the nation's wealth to be the aggregate of the wealth of its individual citizens.

While the classicists insist that laissez faire is the norm to which economics should adhere, the institutionalist has no such simplistic acknowledgement for economic success.

The institutionalist sees no such automatic outcome and has something like an engineer's attitude towards production . . . [whereas the classicist feels that the] hand of human intervention could disturb the finer workings of the invisible hand.

Because institutions guide man's behavior, Mitchell feels a need to widen the rational approach to economics to a more comprehensive study of human behavior. "Emphasis on the study of mass economic behavior, in changing and diverse

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28Ibid., pp. 85-86.
29Ibid., p. 89.
30Gambs, p. 17.
in institutional conditions, led Mitchell to advocate and insist upon the quantitative, statistical approach. "31 Mitchell's bent toward the quantifiable led institutional economics into the realm of measurable variables. To this effect Mitchell states, "It is conceivable that the tentative experimenting of the present may develop into the most absorbing activity of economics in the future . . . quantitative analysis of ordinary behavior records."32

Institutionalists do not neglect explanatory and exploratory theory. In the Veblenian tradition Kuznets states that institutionalists,

. . . properly urged that statistical measures provide the only testable basis for the objective study of mass economic behavior, although he also stressed that quantitative analysis is not possible without an adequate framework of qualitative distinctions.33

It would seem that the ideal situation for the institutionalist as personified by Mitchell would be the proper mixture of quantitative social statistics and exploratory theory based on qualitative examination of analogous human behavior and institutional values. This new concept of economics would facilitate economic planning. Mitchell is an outstanding example of an institutionalist entering into a field about which he theorized.


32 Mitchell, Backward Art of Spending Money, p. 32.

33 Kuznets, "The Contributions of Wesley C. Mitchell,"
[Mitchell] was a member of the National Planning Board (in 1933) and the National Resources Board (in 1934-1935). [In an address to the American Association for the Advancement of Science] he . . . strongly advocated the formation of a national planning council that would continuously assemble the results of tested social science research in order to provide advice on social policy.34

In his essay, "The Social Sciences and National Planning," Mitchell spoke of the proposed National Planning Board in a true institutionalist tradition of the collection and proper use of data.

A National Planning Board would conceive itself not as depending upon its own wisdom, but as an agency for focusing the intelligence of the nation upon certain issues . . . To preserve the effective liberty of the individual in the modern world requires national planning . . . 35

Markedly institutional factors can be seen in the works and thoughts of Mitchell. Primarily Mitchell was an empiricist gathering statistical information. From this, he theorized that man's actions were the result of institutional guidance and not the result of metaphysical natural law. This concept of man led him to believe that planning was the only means to the desired economic end, the mutual advancement of all.

Mitchell's economic theory and economic study were tools for society's intelligent and optimal adaptation to successive problems, a way of understanding the factors determining economic performance, and a basis for deliberate action to remove restrictions that accepted institutions might impose on technology and welfare potentials.36

34Ibid., p. 112.
In order for economics to be a beneficial and relevant science, it must conceive institutions as an organized, conceptual framework. Mitchell would then say that from this basis economic statistics could be gathered and that these statistics would provide the basis of sound economic planning. As he stated, "The course of wisdom is not to oppose national planning, but to make that planning more intelligent."37

Institutional Economics and the Movement Toward Reform

There exists a clear relationship between the institutionalist's belief in the need for adequate planning and the school's convictions of the need for economic reform. Planning can be considered economic reform in and of itself. In the movement toward planning the institutionalist school cannot be considered whole. Veblen has used conceptual theory to destroy the metaphysical concepts of classical analysis. Later institutionalists held that a constructive theory must be developed to fill the void left by classical analysis. Ayres says that, "Indeed it is doubtful if intellectual liberation is ever won by criticism; what economics needs today is ... a rehearsal of the experiences by which the intellectual trauma came about."38 Thus, there was a distinct

37 Mitchell, Backward Art of Spending Money, p. 100.

movement in institutional economics towards reform of both economic theory and ultimately man's institutions.

As with other facets of institutionalism, the movement toward reform was from the outset adverse to orthodox economic thought. Ayres best describes the conflict this way:

As everybody knows, the philosophy of economic individualism is ... "everybody minding his own business." What is not so widely appreciated is the moral incidence of economic doctrine. [For it is tragic that] every would-be reformer is [classified] as a "crackpot" or an "egghead."39

Gambs points out additional differences between orthodox and institutional economics in regard to reform:

It is worth observing ... that standard economic theory assumes a perverse tendency on the part of the government to interfere in economic affairs. Institutional theory holds otherwise.40

Thus, once again institutional and orthodox theory are, from the outset, necessarily at odds.

Though there is a distinct correlation between Veblen and later institutionalist thinkers, there exists a difference between them in the area of reform. Later institutionalists believe that ill-suited institutions can be changed. This difference is best described by Chamberlain when he observes,

"Commons is saying that Veblen's notions of private exploitation is valid up to the point where society, through intermediaries ... passes or reasonableness of such actions ..."41

But Commons maintains adverse institutions can be changed through collective actions, where Veblen upholds that total private exploitation will always continue. It is here, in the way that institutional reform takes place, that there is a difference between Veblen and the noted institutionalist reformer, John R. Commons. In addition, a difference between the two men exists in relation to Commons' insistence on the substantial policies that institutional economics must obtain. Mitchell explained,

[Unlike] Veblen, [who] took a whimsical pleasure in making orthodox economics appear in the light of his workaday world . . . Commons goes to the opposite extreme.42

As a reformer, Common's ultimate purpose was "to save Capitalism by making it good."43 In truth, Commons was a reformer, like Smith, Malthus and Ricardo in their day. Yet "Commons is by no means certain, however, that the courts, industrial commissions, scientific managers . . . will succeed in saving capitalism by making it good."44 To Commons, and latter institutionalists, reform did not mean the total destruction of existing economic concepts; rather only improvement of ill-suited institutions. To this effect Commons states,

The problem now is not to create a different kind of economics . . . divorced from preceding schools, but

42 Mitchell, Backward Art of Spending Money, p. 339.

43 John R. Commons, Myself (New York, 1934), p. 143.

44 Mitchell, Backward Art of Spending Money, pp. 334-335.
how to give to collective action, in all its varieties, its due place throughout economic theory.45

Collective actions or concerns permeate society's institutions and affect every function of man's activity. According to Chamberlain, "Even when an individual engages in simple exchange with another individual, he acts within the framework of collective law and custom so that collective action has in fact structured the relationship.46 But, Chamberlain notes, that according to Commons, "the individual has some power . . . to modify the nature of collective control."47

The hope for collective control and reform of classical economic theory permeated Commons' entire concept of man as an institutional creature, for through collective control man could change his institutions and better himself.

The fundamental convictions which Commons drew from experience were that men are mutually dependent creatures who must cooperate with one another; that the scarcity of goods gives rise to private property and to conflicts of individual interests; that collective action is necessary to decide these conflicts and to create a new harmony of interests, or to establish at least the modicum of order required for cooperation. Collective control, then, is essential to economic life.48

Common's concepts concerning collective action and collective control were the result of careful study as summarized by Mitchell:

45Commons, Institutional Economics, p. 5.
46Chamberlain, p. 72.
47Ibid.
48Mitchell, Backward Art of Spending Money, p. 318.
To him [Commons] institutional economics is an evolutionary science. . . . [It] consists partly in going back through the court decisions of several hundred years [where collective actions were used.] [Also it] consists in going back through the writings of economists from John Locke . . . [and others] to discover wherein they have or have not introduced collective action.49

Commons based all of his planning and reform activity on the data he collected in his studies. "His abstract concepts were thus founded in observation and experience, not in introspection and a priori surmise."50

Commons' constant investigations into collective actions and institutions led him to the reform measures he advocated. "His persistent pragmatism led him to ask again and again: How do our economic institutions work, and why do they work?"51

As Mitchell said, Commons was "an investigator who observed men's theories as carefully as he observed their actions."52

Like Mitchell, Commons was not content with simply gathering evidence and criticizing the classical theory. He felt a need to enter into the realm of collective action and to change these actions for the betterment of society. As Mitchell records,

At Wisconsin, in the summer of 1904, Commons came into his own . . . . Under the leadership of Governor LaFollette, Wisconsin was ready to experiment with

49 Ibid., p. 321.
50 Chamberlain, p. 90.
51 Ibid.
52 Mitchell, Backward Art of Spending Money, p. 313.
social legislation. The state expected the university to serve the people in more ways than by giving college educations to a limited number of its sons and daughters.⁵³

Commons took his new role seriously, entering into social legislation with great vigor. Mitchell summarized his legislative accomplishments in the following lines:

[Commons] drafted the civil service law in 1904-1905; helped to shape the extension of public-utility regulation into the municipal and interurban field; got himself investigated by the Progressives for promoting a small-loan law that authorized interest at 3 1/2 per cent a month; suggested the Wisconsin Industrial Commission, served two years as one of the commissioners, and capped his service with the Wisconsin Unemployment Reserve Law of 1932. Meanwhile he had shared in the National Civic Federation's study of municipal ownership in Great Britain and America, in the Pittsburgh Survey of 1906, in the United States Industrial Relations Commission of 1913-1915, and in the Pittsburgh-plus case of 1923. He had taken up monetary problems after the war and collaborated with Congressman Strong in preparing a banking bill that aimed at stabilizing prices. . . . [In addition] he had compiled A Documentary History of American Industrial Society in ten volumes, and written a History of Labour in the United States, in two volumes, . . . and The Distribution of Wealth, Social Reform and the Church, [in addition to his famous] Institutional Economics and the Legal Foundations of Capitalism.⁵⁴

Commons' ability to investigate and reform designates him as a true institutionalist. As Mitchell was later to state of Commons, "Institutional Economics is the fitting crown of a real investigator's life, and it should be an incitement to other investigators to follow the various leads that Professor Commons has given."⁵⁵ Commons' ability as an

⁵³Ibid., p. 316.
⁵⁴Ibid., p. 317.
⁵⁵Ibid., p. 341.
empiricist, planner, and reformer—uninhibited by the standard boundaries of economics—makes him an outstanding institutionalist.

Summary of the Identifiable Characteristics of Institutionalism

The preceding two chapters have outlined four mutually dependent, yet distinct characteristics of institutionalism. First, institutionalism deals in criticism of the existing school of economic thought. Second, there exists in all institutionalists an empirical interest in economic phenomena. This interest need not necessarily reveal itself in a statistical gathering of numerical facts; rather this empirical trend is commensurate with a conceptual theory in opposition to the metaphysical basis of earlier schools. Thus, men and theory, according to the institutionalist, are visualized not as static identities acting in accordance with metaphysical natural law but as evolutionary concepts and beings. This conceptual attitude of theory and mankind led later institutionalists to two additional characteristics which presently mark the school: planning and reform.

These four characteristics of institutionalism are extensive, yet at the same time limiting, for they provide a recognizable guideline for identifying institutional characteristics in any writer and specifically will provide a flexible base with which to examine Malthus.
CHAPTER III

ROBERT THOMAS MALTHUS ON THE IRISH QUESTION AS EXPRESSED IN THE EDINBURGH REVIEW, JULY, 1808 AND APRIL, 1809

There is little argument that the name Thomas Robert Malthus is synonymous with two distinct publications, his famous Principles of Population and his Principles of Political Economy. Nor is there any doubt of the importance of these works, both in their lasting impression on politicians and economists of the time and in their effect on economic theory subsequent to their publication. Yet, as Semmel reminds us, it was not these publications alone that stimulated discussion of the then pressing economics questions:

But it was the great Reviews which brought the ideas of the economists to the professional men, merchants, factory-owners, and country-gentlemen—the most influential part of the "public." The first and the greatest of these quarterlies was the Edinburgh Review, founded in 1802, and, from the beginning a leading proponent of the views of the political economists. [And secondarily,] (The Quarterly Review, founded under Tory auspices in 1809, was, as we shall see, at first openly hostile to the doctrines of political economy, but subsequently relented.)¹


The articles published in the Edinburgh Review and Quarterly Review covered a multitude of then-pressing economic questions including the Irish economic situation, price
inflation in the British Empire, and "the objects and limits of the science of political economy." Defending or refuting such complicated economic subjects required detailed justification of an author's economic philosophy. Since Malthus wrote on each of the above-mentioned subjects, they provide an excellent proving ground for any institutional concepts which he might have possessed. Subsequently, a chapter will be devoted to each of these then-pressing contemporary economic questions on which Malthus wrote anonymously.

Malthus and the Edinburgh Review

The Edinburgh Review provided the basis for Malthus' two articles on the Irish question in 1803 and 1809. Of the relationship between the Review and Malthus, Semmel states, The Edinburgh Review, from its earliest numbers, supported the Malthusian principle of population, and, in the years immediately following, readily accepted Malthus' other opinions upon economic subjects . . . . That Malthus wrote several articles for the Review and was written of, in most favorable terms, by it, appears surprising today, since the Edinburgh is thought of as the fount of the Ricardian orthodoxy against which Malthus and his disciples were to fight a losing struggle. Yet, the Review until 1815 was warmly receptive to Malthus' ideas, and as Semmel points out, "Malthus' opinions remained


3Semmel, introduction, p. 8.
substantially the same both before and after 1815; it was those of the Review which had altered, or to be more exact, the climate of opinion in which the Review operated had decisively changed.  

The change in the Review's attitude toward Malthus came about mainly as a result of the increased influence of Mr. McCulloch on the Review's staff. McCulloch, the Edinburgh's economic reviewer, had been kept in tow before 1815 by Jeffrey, the Review's editor and a close personal friend of Malthus.  

After 1815, however, Ricardian economic philosophy became widely accepted and was vehemently upheld by McCulloch. Such questions as the possibility of a general market glut, the significance of foreign trade, the Corn Laws, and the importance of the commercial class versus the landed-gentry opened wide philosophic differences between Malthus and the Review which even Jeffrey could not mend. Vehemence between McCulloch and Malthus finally became so strong that it led McCulloch to state in a letter to Ricardo on April 2, 1821, "I consider Mr. Malthus' reputation as an economist to be very overrated, [and suggested elsewhere in the letter that Malthus,] 'deserves to be very roughly handled.'"  

McCulloch states in another letter to Ricardo in 1819 that, if Malthus

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4 Ibid.  
were not a particular friend of Jeffrey, "I should attempt to reduce him to his just magnitude." Such hatred for his economic concepts led Malthus to write to Sismondi on March 12, 1821, that "the Edinburgh Review has so entirely adopted Mr. Ricardo's system of Political Economy that it is probable neither you nor I shall be mentioned in it."

The differences that developed over economic questions between the Edinburgh staff and Malthus after 1815 tends to obscure his early writings in the publication; yet these articles hold an important position in early political economic development. As Semmel has stated of them,

Malthus Edinburgh articles have not been published in any collection of economic writings . . . [and are] relatively unknown today. Although of unequal value and importance, they all possess aspects of considerable interest in tracing the intellectual development of one of the great economists of the nineteenth century.

As was usual with Malthus, all his early works, including those in the Review, were published anonymously. Semmel states, Malthus contributed five articles to the Review and there has been some speculation about two others. With little doubt, however, the two articles to appear on the Irish question were the work of Malthus. In regard to these

7Ibid., p. 139.


10Ibid.
articles' authenticity Semmel simply states, "Now to Malthus' articles themselves. First to appear were the two articles upon the Irish question."\textsuperscript{11} In these two articles dated July, 1808, and April, 1809, Malthus demonstrated amazing ability in grasping not only the economic questions facing the Irish population but demographic, political, and sociological situations as well; indeed the entire scope of institutional analysis. In these articles the institutional characteristics of criticism, planning, and reform can be seen, as well as Malthus' unyielding drive for the collection and proper use of empirical evidence.

The Economic State of Ireland 1808 to 1809

Certainly the deprived state of the Irish population in the early nineteenth century was an instrumental, if not overriding, factor contributing to Malthus' interest and subsequent publication of two articles concerning this question. Throughout the discussion of Malthus on Ireland, numerous references will be made to the economic and social circumstances of the Irish people; yet a separate, general introduction of the Irish problem is also needed so that the complexities and urgency of the problem can be fully understood.

The hostility between England and Ireland had its primary base in religion and race. Cecil Woodham-Smith, a famous

\textsuperscript{11} Ibid., p. 17.
Irish historian, expressed it this way:

The hostility between England and Ireland, which six centuries had failed to extinguish, had its roots first of all in race. After the first invasions, the first conquests, the Irish hated the English with the hatred of the defeated and the dispossessed. Nevertheless, eventually the English and the Irish might have fused, as the English and Scots, the English and the Welsh have, for practical purposes, fused, had it not been that in the sixteenth century racial animosity was disastrously strengthened by religious enmity.

The crucial event was the Reformation. The ideas of liberty which the English cherish and the history of their country's rise to greatness are bound up with Protestantism, while Ireland, alone among the countries of northern Europe, was scarcely touched by the Reformation . . ."12

No two countries could be bound so closely by law and geographic locality and yet have more opposing political or social ideologies than England and Ireland. Indeed the progressiveness in English political and social culture only meant retardation for the suppressed Irish. As Woodham-Smith points out,

So completely is the history of the one country the reverse of the history of the other that the very names which to an Englishman mean glory, victory and prosperity to an Irishman spell degradation, misery and ruin. In Ireland the name of Elizabeth I stands only for the horrors of her Irish conquest; in the defeat of the Armada, Ireland's hopes of independence went down; above all, with the name of William III the Glorious Revolution of 1688, the very foundation of British liberties, the Catholic Irishman associates only the final subjugation of his country and the degradation and injustice of the penal laws. Freedom of the one meant slavery for the other; victory for

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the one meant defeat for the other; the good of the one was the evil of the other.\textsuperscript{13}

Combining two countries with such diverse backgrounds would ultimately result in the subjection of one by the other, and this was precisely the economic, social, and political consequence of the Act of Union, 1801.

On January 1, 1801, an event of enormous importance had taken place—the Act of Union between Ireland and England became operative. The two countries were made one, the economy of Ireland was assimilated into the economy of England, the Irish Parliament at Dublin disappeared and the Parliament at Westminster henceforward legislated for both countries. . . .

At first sight it seemed that Ireland had everything to gain. Free Trade between Ireland and England meant that the discrimination hitherto practiced by England against Irish industry would come to an end; united with English riches Ireland would gain the capital she desperately needed for development, while the hundred Irish Members who were to sit at Westminster would give Ireland, for the first time, a voice in Imperial affairs. Further, an impression had been created that when the Union became law Catholic emancipation would immediately follow. Catholics (and three-quarters of the population of Ireland were Catholics) would be assured of justice from the wide and unprejudiced views of the Imperial parliament. . . .\textsuperscript{14}

Indeed, such dreams of national equality were quick to vanish. Two years before the Act of Union, 1789, the Irish had rebelled. "England at that moment was in extreme danger, passing through the darkest days of her struggle with revolutionary France, and the rebels of '98 were assisted by French troops and with French money."\textsuperscript{15} The rebellion was savagely put down, and the

\textsuperscript{13}\textsuperscript{13}Ibid., p. 19.

\textsuperscript{14}\textsuperscript{14}Ibid., p. 15.  

\textsuperscript{15}Ibid., p. 16.
strength of the English army in Ireland was increased to one hundred thousand men.\textsuperscript{16}

The remembrance of the rebellion and the immense distrust between the nations resulted in notoriously unfair treatment of Ireland after the Union. As Woodham-Smith points out,

As the years passed, however, no happiness resulted. The hope of English investment proved a delusion. Free Trade between the two countries enabled England to use Ireland as a market for surplus English goods; Irish industry collapsed, unemployment was widespread, and Dublin, now that an Irish Parliament sat no longer in College Green, became a half-dead city. Above all, Catholic emancipation, expected to follow immediately on the Union, was only achieved, after a desperate struggle, in 1829. [some ten years after Malthus' publication]\textsuperscript{17}

The total domination of the economic, social, and political situation by the English over the Irish led to economic subjugation of the Catholic Irish peasant: "after nearly seven hundred years of English domination, Irish poverty and Irish misery appalled the traveller. The Frenchman de Beaumont found in Ireland the extreme human misery, worse than the Negro in his chains."\textsuperscript{18} It was the German traveller Kohl who remarked, as recorded by de Beaumont,

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no mode of life in Europe could seem pitiable after one had seen Ireland. He used, he said, to pity the poor Letts in Livonia: Well, Heaven pardon my ignorance! Now I have seen Ireland, it
\end{flushright}

\textsuperscript{16}Edmund, Curtis, \textit{A History of Ireland} (London, 1952) p. 349.

\textsuperscript{17}Woodham-Smith, p. 16.

\textsuperscript{18}Ibid., p. 19.
seems to me that the poorest among the Letts, the Estonians and the Finlander, lead a life of comparative comfort.  

In 1843, more than thirty years after Malthus' writings on the subject, the British Parliament, realizing the discontent and rebellious potential of the Irish-Catholic population, organized a Royal Commission to study the problem.  

[The commission's purpose was] to inquire into the law and practice with regard to the occupation of land in Ireland. This Commission, called the Devon Commission, after its chairman, the Earl of Devon, visited every part of Ireland, examined 1,100 witnesses, printed three huge volumes of evidence, and reported in February, 1845. . . .

The Commission's opening statements to Parliament in 1845, as recorded by Woodham-Smith were these:

'It would be impossible to adequately describe,' stated the Devon Commission in its Report, 'the privations which they [the Irish labourer and his family] habitually and silently endure . . . in many districts their only food is the potato, their only beverage water . . . their cabins are seldom [more than] a protection against the weather . . . a bed or a blanket is a rare luxury . . . and nearly in all their pig and a manure heap constitute their only property.' The Commissioners could not 'forbear expressing our strong sense of the patient endurance which the labouring classes have exhibited under sufferings greater, we believe, than the people of any other country in Europe have to sustain.'

It was this poverty-stricken and subjugated population that


21"Devon Commission," as recorded in Woodham-Smith, p. 24.
Malthus was to make the subject of two of his most informative articles in the Edinburgh Review.

The Character of the Articles

Both of Malthus' articles which appeared in the Edinburgh Review, one in July, 1808, and the other in April 1809, were in response to and in review of two books on Ireland by Thomas Newenham. The first article reviews Newenham's book A Statistical and Historical Inquiry into the Progress and Magnitude of the Population of Ireland, and the second article reviews Newenham's work, A View of National, Political and Commercial Circumstances of Ireland, published in 1808. Malthus did not adamantly disagree with Newenham on any overriding circumstance of the Irish economic question, for both men seemed to realize the consequential need for reform in English-Irish economic relationships. As will be shown, Malthus did take variance with Newenham's methods for obtaining this stated end, the urgency of the problems, and the priorities for alleviation of the problems. The majority of this chapter will be spent discussing Malthus' concepts concerning the causes of the vast poverty of Ireland and his proposals for solving these problems.

The Problem of a Rapidly Growing Population

Though clear and precise population statistics are lacking on the population increase in Ireland in the early part of the nineteenth century, there could be little doubt
that the population was increasing and increasing rapidly. Griffith points out,

In the case of Ireland information is lacking; births were not compulsorily registered until 1863, and though the practice of taking a ten-yearly census began in 1821 the first figures considered reliable are those of 1841.

It is, however, agreed by all authorities that about the year 1780 the population of Ireland began to take an extraordinary upward leap. The increase between 1779 and 1841 has been placed at the almost incredible figure of 172 per cent.  

Both Newenham and Malthus noted this appreciable increase in population, and in fact Malthus admonished Newenham for the population statistics put forth in his Statistical and Historical Inquiry:

While many of the countries in Europe have been slumbering on with a population nearly stationary, or, at most, increasing very slowly; while even the most prosperous . . . have not approached towards doubling their numbers during the course of the last century, Ireland, in the same period, has more than quadrupled them.

The proofs of this position are brought forward by Mr. Newenham in a manner which does credit to his industry and information; and we really think that the public is much indebted to him for the results of his labours.

Malthus, again demonstrating his bent toward the empirical, spent much time describing various methods that Newenham and others used in ascertaining the population of Ireland. Through

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the estimates of the Irish population of a Captain South in 1695, and the further deductions of Mr. Newenham, who had calculated the returns for the hearth tax of 1791, Malthus and Newenham both agree that the population of Ireland should be around 5,400,000 in 1804, five years before the publication of his article, meaning that the population had quadrupled during the last century.24

It is in a discussion of the causes of this rapid increase in population that Malthus disagreed with Newenham, and it is in this disagreement that some of the outstanding institutional characteristics appear in Malthus' writings. Malthus holds that Newenham upholds the concepts of Hume and Smith, that "'wise institutions, and increasing demand for labour,'"25 are the cause for the massive increase in population. Malthus does not accept such a simplistic, metaphysical answer for the population increase, for he sees no evidence of "increasing demand for labour," or "wise institutions" dictating the immense increase in the Irish population and their subsequent poverty. Malthus concludes rather that man has acted against the dictates of reason in the case of Ireland. In his anonymous essay he paraphrases himself by saying,

The causes of this rapid increase, among a people groaning under a penal code of singular severity, and oppressed for three fourths of the period in a manner of which history does not furnish a second example,

24Malthus, Occasional Papers, pp. 34-35.

25Ibid., p. 36
cannot fail of exciting our astonishment and curiosity. We are at a loss to reconcile such an instance to those causes of increase laid down by Hume and Smith,—'wise institutions,' and an 'increasing demand for labour.' Under circumstances apparently the most opposite, Ireland has increased with extraordinary rapidity; and this fact affords so striking an illustration of the doctrines which Mr. Malthus has advanced in his late Essay on Population, that we are surprised that he did not enter into it more in detail.

Malthus concludes that the only reason for, 

wise institutions and increasing demand for labour . . . [being the most] powerful promoters of population; because, in all ordinary cases, they most effectually tend to produce the means of support." What is more important to Malthus, is to discover the institutions of human support.

Malthus sought next to ascertain the means of support for the Irish, resulting in their extended growth. Of the means of this support, the potato, Malthus states,

The introduction of the POTATOE into Ireland, and its becoming the general food of the common people, seems to have formed this particular case [the rapid increase in population]. . . . The way in which the means of subsistence practically regulate the increase of population in civilized societies, is, by limiting and determining the real wages of the labourer, or the number of persons which the labour of one man will support. . . .

Malthus goes on to add empirical data incorporating studies by a Mr. Young, made on his tour of Ireland, that demonstrate why potatoes will lead to a substantial increase in population relative to a country on a corn standard.

26 Ibid., pp. 35-36. 27 Ibid., p. 36. 28 Ibid.
In England, at present, reckoning labour at ten shillings a week, the quarter loaf at a shilling, and allowing a half peck loaf a week to each individual, the earnings of a single man will support, on bread alone, five persons. With his weekly wages he will be able to purchase 43 pounds 7 ounces of bread, his usual nourishment.

In Ireland, at the time that Mr. Young made his tour, the average price of labour was 6 1/2 d. and the prime cost of potatoes to the cultivator 1 1/2 d. the stone of 14 pounds. At these rates, the labourer would be able to procure, with his weekly earnings, 364 pounds of potatoes, and, allowing four pounds of potatoes to one of bread, 91 pounds of solid nourishment,—above double the quantity earned by the higher wages of the English labourer, and adequate to the weekly support above double the number of persons . . . and [this is] sufficient to account at once for the much more rapid increase of population in the one country than in the other.29

Malthus' theory is supported by Newenham himself, for in a footnote to his 1808 article Malthus mentions, "according to Mr. Newenham, four-fifths of the people [of Ireland] are supported on the produce of land cultivated by themselves."30

The Irish population multiplied rapidly simply because of the use of the potato.31 Additionally, as Semmel points out, by assuming potatoes to be the cause of Irish poverty, Malthus adopted a position far in advance of his time.32

Malthus continues his analysis of the potato and of the Irish peasant by saying that this "unique" situation has some interesting institutional effects which have also created the miserable condition of the Irish poor. He states,

29Ibid., pp. 36-37.  30Ibid., p. 36.
31Semmel, introduction, p. 17.
32Ibid.
Something else besides food is required to make life comfortable; and the surplus potatoes of the Irishman, when converted into money, will have but a small power in purchasing other articles. Owing to the deficiency of manufacturing capital in Ireland, and the indolent habits of workmen in general, the conveniences of clothing, furniture, &c. are as dear as in England; while the pecuniary wages of the Irish labourer are not equal to half the earnings of the Englishman. Hence arises the unsparing meal of potatoes noticed by Mr. Young, at which the beggar, the pig, the dog, the cat, and the poultry, seem all equally welcome; while the cabin that affords shelter to all these various inhabitants is hardly superior to an English pigstye;—its furniture confined almost exclusively to the pot in which the potatoes are boiled; and the clothing of its human inmates as deficient in quantity as it is wretched in quality. Mr. Young observes, that an Irishman and his wife are much more solicitous to feed than to clothe their children; but the fact is, that they have the power of doing the one, and not that of doing the other.  

Mr. Newenham and those who preceded him had in no way overlooked the abject poverty of the Irish peasant nor the peculiar circumstances that accompanied his full stomach and immense poverty. Malthus, however, unable to accept fore-drawn conclusions concerning the state of the Irish peasant, related his situation to a particular crop, the potato, and by doing so he found a physical, provable phenomenon, not a metaphysical concept, to be primarily responsible for the poverty of the Irish-Catholic peasant. He additionally saw that the rational concepts that should have restricted population in Ireland had not operated because of the ill-suited institution of the potato culture.

With little doubt, rent was a major issue in the lagging relations between Ireland and England. As Woodham-Smith recorded of the Devon Commission's conclusions,

the principal cause of Irish misery was the bad relations between landlord and tenant. Ireland was a conquered country, the Irish peasant a dispossessed man, his landlord an alien conqueror. There was no paternalism, such as existed in England, no hereditary loyalty or feudal tie. "Confiscation is their common title," said the Earl of Clare, the famous Tory Lord Chancellor, speaking of Irish landlords, "and from the first settlements they have been hemmed in on every side by the original inhabitants of the island, brooding over their discontent in sullen indignation."34

The English, who became the successive owners of the Irish countryside, became tyrants in their own right, regarding Ireland as merely a source from which to extract as much money as possible.35 As Woodham-Smith further records:

With some notable exceptions [English landlords regarded Ireland as] a hostile, backward country . . . neither a safe nor an agreeable place in which to live.36

As the Devon Commission was to report, "it was estimated that 6,000,000 pounds of rents were being remitted out of Ireland, [yearly]."37

The absentee landlords, themselves inept at running their own estates, adopted a "middle man system" late in the seventeenth century. Again as Woodham-Smith points out:

34 "Devon Commission," as cited in Woodham-Smith, p. 21.
35 Woodham-Smith, p. 21.
36 Ibid.
37 "Devon Commission," as cited in Woodham-Smith, p. 21.
During the eighteenth century a new method of dealing with Irish property was adopted. Large tracts of land were let at a fixed rent to a single individual on a long lease, and he sub-let as he chose. The "middle man system" produced misery: the landlord rid himself of responsibility and assured himself of a regular income, but the tenants were handed over to exploitation. Profit was the only motive, and contemporary observers denounce middlemen as "landsharks," "blood-suckers," "the most oppressive species of tyrant that ever lent assistance to the destruction of a country." Moreover, the middlemen degraded the land because, as the slum landlord finds it more profitable to let out a house room by room, so they split farms into smaller and smaller holdings for the sake of increased rent.38

The "middleman" oppression was further enhanced by the lease-and-rent-collection system used in Ireland. For example, according to Woodham-Smith, the tenant was literally at the mercy of the landlord.

First, any improvement he [tenant] made to his holding became, when his lease expired or was terminated, the property of the landlord, without compensation. Second, he very seldom had any security of tenure; the majority of tenants in Ireland were tenants "at will," that is, the will of the landlord, who could turn them out whenever he chose.39

The entire situation was complicated by an Irish system of rent collection known as "hanging gale." Under this agreement the tenant was allowed to waive rent for a year or a year and one half in order that he might be able to build a shelter and bring in at least one crop. "But, once the tenant owed rent, any security his lease might give vanished."40 Edward Wakefield, a renowned economist of the time, described

38 Woodham-Smith, p. 22.
39 Ibid.
40 Ibid., p. 23.
"hanging gale" as, "one of the great levers of oppression ... the lower classes are kept in a kind of perpetual bondage ... this debt hangs over their heads ... and keeps them in a continual state of anxiety and terror."41

The rapidly growing population and the complete subjection of the Irish-Catholic by the English landlord led to exorbitant rents in Ireland, relative to England, and the division of land into smaller and smaller plots. As Woodham-Smith records,

In a number of districts, especially in the West, sub-division was aggravated by the system of joint tenancy known as "rundale." Land held in rundale was rented in common and divided up, so that each tenant, in what corresponded to a syndicate, received a portion of the different qualities of ground, good, bad and medium, that the property contained. Rundale, combined with sub-division, produced the merest fragments of land.

One man, a tailor in Donegal, "had his land in forty-two different places and gave it up in despair." In County Mayo, the land valuator cited the case of the townland of Liscananawn, where about 167 acres of land, of three qualities, were divided into 330 portions, the 110 inhabitants having three portions each.42

The tangible results of this discrimination became all too apparent. "As a result of the desperate competition for land, rents in Ireland were enormously high, eighty per cent to one hundred per cent higher than in England."43

42"Devon Commission," as cited in Woodham-Smith, p. 33.
43Woodham-Smith, p. 33.
Malthus held that there were two distinct reasons for this increase in rent, one directly a subsidiary of the other. Primarily, the potato had increased population so out of proportion with the "normal" supply of labor that land subdivisions and rent had to increase. And secondarily, the Irish peasant was hopelessly discriminated against by the English landlord and government. In proposing remedies for these two situations, Malthus exhibits additional institutional characteristics.

Malthus on the Need and Methods for Irish Reform

Newenham had suggested in his book A Statistical and Historical Inquiry into the Population of Ireland that the population of Ireland could continue to increase with very little consequence to the already poverty-stricken state of the Irish peasant. Malthus states of Newenham's theory,

Mr. Newenham, assuming that it [the population] will go on for some time, at least, as it has done of late years, supposes that the country will contain 8,413,224 inhabitants in 1837; and enters into an elaborate calculation to show that it is fully capable of maintaining such a number.44

Malthus later suggests, "If the rate continues, Ireland will contain twenty millions of people in the course of the present century."45 Malthus proposes, however, that this population

44 Malthus, Occasional Papers, p. 42.

rate will probably not continue, simply because of the increase in rent previously noted, and he concludes,

what will be the principal [sic] causes of this retardation, and in what manner they will practically operate? The cause first generally felt, will be the dearness of land; and the advance of rent will continue, till the usual quantity of land considered as necessary to support a large family, cannot be obtained for the amount of the average earnings of a year's labour.\(^46\)

Though the rate of population increase may level off, Malthus concludes that the state of the Irish-Catholic peasant, his ultimate concern, will remain essentially the same.

When the Irish peasant can only earn the maintenance of five, instead of ten persons, the habit of early marriages will necessarily be checked; the rearing of families will be impeded; and the cabins will cease to swarm . . . .

But before this last cause has produced an approach to a stationary population, Ireland will contain, in proportion to its size, a prodigious mass of people.\(^47\)

This "prodigious mass of people" will dictate that Ireland's economic situation will remain approximately the same. Thus, because of the ill-suited institution of the absentee landlord and discrimination against the Irish-Catholic by the English legislature, the Irish will be subject to a life more pitiable than any in Europe.\(^48\) Malthus obviously realized the urgency of the problem of Irish poverty. He quotes from Mr. Dudley,

\(^{46}\)Ibid. \(^{47}\)Ibid. \(^{48}\)Woodham-Smith, p. 19.
in his address to the Primate of Ireland on the subject of rent and method of collection, "relief from the harassing system of tithes, and the increasing pressure of exorbitant rent, is the real emancipation on which the hearts of the Irish people are principally fixed." Malthus, adding further insight into the situation and further demonstrating tendencies toward reform, suggests,

That every effort should be used to relieve the people from the pressure of tithes, we are most ready to allow. It is not the sum collected, but the mode of its collection, that is the grievance; and this grievance, on many accounts, produces infinitely worse consequences in Ireland than in England. Such an evil is the proper subject of legislative interference; and we earnestly hope, that no difficulties, however great they may at first appear, will be allowed to stand in the way of its removal.

To legislate for the collection of rents and thus to remove such practices as "hanging-gale," "middlemen," and the general discrepancies between the various countries is, according to Malthus, well within the role of government. Malthus is not foolish enough to suggest, however, as he states that Dudley and Newenham do, that it is possible for the legislature directly to issue legislation as to the amount of rent that may be paid. To do so would be sheer folly, for it would only initiate loop-holes, prevent rent from its natural rise owing to supply and demand, and as Malthus points out, create a situation more adverse to the Irish peasant. He states to this effect,

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49 Malthus, Occasional Papers, p. 43.

50 Ibid.
But that any man of common sense would talk as Mr. Dudley does about rents, is quite inconceivable. A Legislature might, perhaps, fairly enough interfere to relieve a people from the pressure of rents paid in kind; but to prevent that natural rise of pecuniary rents, which takes place from the principles of free competition in the progress of wealth and population, would be tantamount to saying, either that land shall be forever in the same plenty, however the population may increase, or that one part of the society shall always be extremely favoured, to the utter exclusion of other competitors, whatever may be their talents, industry, and farming skill.51

Likewise, Malthus believed that it would be impossible, and rightly so, to regulate the population of Ireland through legislative action. He suggests in this regard,

It is still less possible to interfere in the ultimate cause which practically regulates and limits the population of all civilized states, the real price of labour. As long as the Irish peasant can earn the support of eight or ten persons, and his condition in other respects remains the same, it is not probable that the habit of early marriages, now so generally prevalent, will experience any material change; and if we could succeed in preventing the wages of labour from falling, we are reduced to the conclusion, that Ireland will be able to support a population increasing for ever at the rate which it does at present. But this is manifestly an absurdity; and any attempt to alter the natural results arising from an increased supply of labour compared with the funds which are to support it, would just be an attempt to reverse the laws of nature.52

A first examination of this quotation might indicate that perhaps Malthus deviates from the previously-mentioned characteristics of institutionalism by suggesting that some circumstances of the Irish poor are beyond the bounds of

51Ibid.
52Ibid., pp. 44-45.
legislative action. "The distress, therefore, which may prevail among the labouring class of Ireland, from these two causes, [the natural rise or rent, and the increase of population], is evidently beyond the power of the Legislature directly to relieve." Malthus stresses the word directly, which appears in italicized print in the body of the article. Malthus instead suggests indirect methods for coping with the problem. As Semmel states, "Malthus adopted positions far in advance of his time," for he realized that legislation directly pointed at the level of rents would violate standing institutions and thus would not create the desired end. Malthus moreover adopted a position of the neo-Veblenians, who say, "alter institutions [by progressive legislation] and the moral base will follow." Thus, Malthus would instigate rational planning where irrational human actions had failed. This was the concept that Malthus adopted in suggesting needed indirect institutional changes that will be discussed in the following pages.

On Reform of Laws Governing Irish Industry

In support of the thesis that Malthus was an institutionalist, a number of examples have been found in these two essays on the Irish question of previously-mentioned institutional characteristics, mainly reform and planning. Although

53Ibid., p. 45.  54Ibid., p. 17.  55Chamberlain, p. 79.
Malthus did not believe that legislation could be created to offset directly the high rents and increasing population, he did hold that reform and some governmental planning could be adopted indirectly to alleviate the situation. He stated in the essay of 1808,

We have said, that some of the principal causes of the distress of the Irish poor, and of their present discontents, are beyond the power of the Legislature directly to remove. In expressing ourselves in this manner, it will be observed, that we have advanced a qualified position; and we wish the reader to attend to the import of the term directly, as contrasted from indirectly; because it is really our opinion, that, indirectly, Government has great influence on the causes of distress here particularly alluded to.56

Both in this 1808 essay and in the essay of 1809, Malthus points to indirect methods of governmental reform and planning that would alleviate the Irish misery. He refers in the latter essay to the backward industry of Ireland, held primarily in that position by the imperialism of England. As to the general state of Irish industry, Woodham-Smith relates, as cited in McDowell,

Ireland had never been industrialized; such deposits of coal and iron as she possessed were "unfortunately of more significance to the geologist than the economist," and in 1845 the few industries she did possess were moribund. A remnant of the famous Dublin poplin weavers worked fifteen hours a day for about twelve shillings a week; in the once-prosperous woolen industry, production had fallen about fifty per cent. In the last twenty years, and three-quarters of the frieze, thick woolen cloth, worn by the peasantry, was dumped by England [in Ireland]. The fisheries

56Malthus, Occasional Papers, pp. 48-49.
of Ireland, too, were undeveloped, and in Galway and Mayo the herring fishermen were too poor to buy salt with which to preserve a catch.57

Malthus in both essay articles dwelt at great length on the natural wealth of Ireland and its potential commercial value if only England would allow it to develop:

The very great advantages for commercial intercourse, particularly with the Western world, which Ireland possesses from her geographical position, are evident, from the inspection of the map ... 58

And again, in 1809, he states,

To the great natural richness of the soil of Ireland all writers bear strong testimony. Mr. Young, who paid great attention to the subject, and will be allowed to be a competent judge of such matters, says, that, taking acre for acre over the two kingdoms, [England and Ireland] the comparison will be decidedly in favour of Ireland ... 59

Malthus subsequently asks the leading question concerning how Ireland, with such natural wealth, has come to its present state of poverty:

"How did it happen, that this fair island, so profusely gifted with all the more valuable boons of nature, continued, until near the close of the last century, in a state of comparative obscurity and national poverty? How did it happen, that a spirit of industry, and a spirit of commercial enterprise, became completely extinguished among the active, quicksighted,


59 Ibid., p. 56.
and adventurous people of Ireland?" The solution of these questions is far from being either difficult or uninteresting. 60

Malthus believes that the one answer to Irish poverty is the removal of restrictive legislation, the ill-suited institutions that retarded Irish industry. He disapproves of these laws, stating,

the various commercial regulations, which, aided by the penal laws, have produced this melancholy effect. They [the laws] were dictated by English traders, and were among the worst that ever came from such suspicious advisers. 61

He admits that the many regressive laws against Ireland are too numerous to mention. Yet, he "cannot help alluding to the introduction of one, [such law] . . . which puts the commercial intolerance of the times in a very striking point of view." 62 Here Malthus refers to laws passed against the Irish Woolen manufactures:

The progress of the Irish woolen manufactures, notwithstanding many restrictions, having still continued to give increasing inquietude to the monopolizers of England, the Parliament, under the influence of English manufacturers, resolved to take decisive measures to preclude all competition with them on the part of Ireland in foreign markets. 63

Malthus next quotes directly from an address to William III which eventually culminates in one of the above-mentioned laws being approved by the King. Malthus quotes William as saying, "Gentlemen, I will do all that in me lies to discourage

60 Ibid., p. 58 61 Ibid., p. 59
62 Ibid. 63 Ibid.
the woollen manufacture of Ireland. Malthus then proceeds to denounce such economic philosophies as heresy, for they are directly opposed to the evolution of the Catholic Irish.

This, it will be observed, was the answer of the most liberal and enlightened prince of his age; and was spoken, not of an enemy's country, as from the language one might naturally suppose, nor even of a distant colony likely to be separated from the parent state, -- but of a part of the dominions of the crown of England, so situated, that its loss would at all times endanger the safety of the whole ...

Malthus points to the seriousness of the problem thusly:

It was in this manner [these particular laws] that, . . . the whole population of the two countries, was sacrificed to a few English traders; and the woollen manufacture, for which Ireland possessed great facilities, was thus, by particular desire, completely crushed. The same system was uniformly pursued; and the monopolizers of England alone listened to, not only with regard to many other manufactures peculiarly suited to Ireland, but even with regard to the raw produce of its land, and its trade in provisions. The poor resource of a poor country in the neighborhood of a rich one, was denied to it . . . .

In specific instances of legislative action, Malthus mentions some cases where blatant discrimination against Ireland resulted in further impediments to Irish commerce. He cites, for example, the parliamentary record, stating, "It was no longer ago than the end of last March, that Sir John Newport stated in Parliament, that of the 500,000 pounds granted at the Union for the inland navigation of Ireland, only about 27,000 pounds had been drawn for."
The answer to Malthus for the unjust treatment of Irish commerce was the total reform of the legislature, taking it away from the "monopolizers;" the English industrialists, and giving it instead to legislatures who could remove such injustices and who also could create equality and economic growth in the countries of England and Ireland. Malthus notes the effects of such slanted legislation on the Irish population:

Hateful as religious animosities are, their connexion [sic] with the greater passions renders them perhaps less uniformly disgusting, than that mean and pitiful jealousy of trade which is thus allowed to crush the industry, and repress the wealth, of those who ought to be considered as friends and brothers; and there is nothing that the great interests of society more imperiously call for, than the appointment of governors, who have knowledge to detect, and vigour to resist, those mercantile clamours, the uniform object of which is to sacrifice the whole to a part.68

There can be little doubt that in regard to needed reform concerning Irish manufacturing Malthus demonstrates institutional characteristics, for he insists that only by lifting restrictive legislation can the Irish-Catholic receive the benefits of an evolving economy.

On Tax Reform and the Irish Peasantry

Since the English occupation of Ireland, taxes had been a pressing problem for the typical Irish peasant. The taxes were assessed on a county level by a grand jury and were

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68 Ibid., p. 60.
notoriously unfair. As an example, Malthus remarks on taxes for building country roads:

But even good roads may be purchased too dear; and we have reason to believe, that very just and well-founded complaints prevail respecting the powers of taxation possessed by these grand juries,—the partiality with which the money raised by them is expended,—and [especially] the weight . . . [of unequal taxation] on the farmers.\(^\text{69}\)

Malthus, maintaining the institutional characteristic of the betterment of mankind through evolutionary movements, becomes concerned with the burden of the tax, and this question eventually becomes the basis for the tax reform which he suggests. In his 1809 review, he reveals that he is upset with Newenham for not discussing the problem of the tax burden and calls this a "serious offense on his part."

Malthus further states,

He [Newenham] has no where [sic] explained to us the manner in which the sums to be raised by the grand juries are levied. We are hardly qualified to supply this omission; but we have understood, that in some countries the assessment is made by the plough lands, and in others by the acre. These plough lands, though extremely various in their extent and quality, are all rated alike. It is scarcely credible, but we have been told from good authority, that there is one plough land in the county of Cork, containing 1,360 acres, and another in the same county containing only 100 acres; and that these two properties pay the same sum in rates. The extreme injustice and partiality of such a system of taxation need not be insisted on. But even the assessment by the acre, which prevails, we believe, in the greater number of the counties, is in the highest degree objectionable. When a man takes land, as he always must do, according to its quality, it must be productive of a most unequal kind of pressure, to tax him afterwards according to its quantity.\(^\text{70}\)

\(^{69}\)Ibid., p. 55.  \(^{70}\)Ibid., pp. 55-56.
By the time of Malthus' writings, 1808-1809, the question of unfair taxes in Ireland had become an immense problem. The subdivision of land had brought even the most pitiful peasant under the hand of the unjust tax as in evidenced in the following:

The 1841 census showed that the sub-division of land had reached the point where 45 per cent of holdings, taking Ireland as a whole, were of fewer than five acres; and since no holding under an acre was enumerated hundreds of thousands of patches were not taken into account. Though each individual peasant owned only a small plot of land, his monetary situation was such that any tax levied on him, even a just one, would be a substantial burden on his pitifully-small income, and the vast subdivision of land simply meant that more peasants were subjected to this same situation.

Malthus again, adopting "positions far in advance of his time," demonstrated that the very inelastic situation for land rental in Ireland dictated that the incidence of the land tax would be directly passed on to the tenant no matter what his economic state; and he set about to find a way to reform. He was primarily interested, as Levin points out, in "an increase in the relative proportions of the

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72 Semmel, introduction, p. 17.
middle parts."  

This, according to Malthus, was, "our best grounded expectations of an increase in the happiness of the mass of human society." He realizes that the then-present tax base was incompatible with equality.

It may be asserted as a general truth, that the taxes which fall on the tenantry of a country, are, of all others, the most prejudicial to the individual, and the most disadvantageous to the public; because the tenant of land has rarely the power, like other traders, of raising the price of the produce in which he deals, in proportion to the tax,—or resorting to the alternative of withdrawing his capital . . . .

Malthus indicates that the Irish peasant suffers the ill-suited institution of the unfair tax and has no alternative but to pay it out of his meager earnings. The cost of production cannot be lowered owing to its singular inelasticity, and the price of the product, the potato, cannot be raised, because of its inferior status as a good and the competitive market in which it is sold. This situation, as Malthus explains, is unique to the potato and to Ireland:

But this truth, which is not sufficiently attended to in general, applies with peculiar force to the state of Ireland, on account of the extreme poverty of a large portion of the tenants. The competition for land, and the improvidence of the competitors, seem to be such, that they are willing to take farms, if they have but a tolerable prospect of getting on, under the existing outgoings at the time of taking the lease . . . .

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74Ibid.


76Ibid., p. 68.
The remedy for such a situation must revolve around the incidence of the tax, removing it from the tenant and shifting it instead upon the landlord. Malthus proposes reform in this manner suggesting a proportional tax on the produce possessed by the Irish landlord so that income can be more evenly distributed toward the middle.

The very great proportion of the whole produce possessed by the Irish landlord, contrasted with the very scanty proportion possessed by his tenants, presents, we conceive, the natural remedy to this evil. And if he were obliged to take the burden of all permanent taxes on the land, upon their first imposition, we are convinced that he would be amply renumerated, not only by the happiness of his tenants, but by the superior state of his farms when they came to be relet, and the consequent greater advance of his rents.77

Malthus next goes on to explain that the sacrifice to the landlord would be a temporary situation and thus not a great burden on him, yet in the reform of the tax system itself, he manages to remove himself from the identifying badge of defender of the landed-gentlemen. He states, of his newly proposed tax,

The sacrifice, it is evident, would only be temporary,--as it is universally acknowledged, that all taxes upon tenants fall upon the landlord at the renewal of a lease; but the misfortune is, that a pressure during a few years, which would scarcely be felt by a man of property, is sometimes sufficient in Ireland, to ruin both the farmer and the farm, and to spread dissatisfaction and irritation far and wide over the country.78

77 Ibid.
78 Ibid.
Malthus is quick to point out that he is not proposing the sole "territorial tax" of the economists, but rather a tax only on the produce of the Irish landlord. In the extreme case of Ireland, Malthus feels that his tax is more than justified.

We are no advocates for the territorial tax of the Economists; but we certainly think, that the peculiar state of Ireland calls upon the Legislature, by every principle of justice and policy, to remove the burden of the partial and oppressive county rates, and the still heavier and more oppressive burden of tithes, from the poor tenantry, to the rich landlords. Such a measure would be an effective and permanent encouragement to agriculture; and would go further in allaying the discontents of Ireland, than anything short of complete emancipation . . . .79

The institutional aspects seem to be self-evident. Malthus has removed himself from the long-standing criticism of speaker for only the landed aristocracy and demonstrated, by differing with existing laws and governmental schools of thought, a keen concern for the Irish peasant: Through reform and planning measures, he advocates ways to circumvent existing problems. Malthus additionally reveals "positions far in advance of his time,"80 by advocating a tax which "In the 1880's Henry George was to electrify all of Irelands by proposals similar to this."81

79 Ibid.

80 Semmel, introduction, p. 17.

81 Ibid., p. 19.
Economic issues were a primary factor in deterring and detracting the development of the Irish peasant, yet the enlightened scholar of the time realized that the roots of the economic problems were deep in the secondary status of the Irish citizen. The Irish peasant was subject not only to de facto prejudice of the upper protestant class but to legal legislation which banned a Catholic from rights commonly enjoyed by his Protestant counterpart. The most outstanding examples of this kind of legislation were the Penal Laws. These Laws, passed in rapid succession after the defeat of the Catholic army at the battle of Boyne in July, 1690, blatantly discriminated against the Catholic, and were, "not repealed in their entirety until Catholic emancipation in 1829 . . ."82 This automatically excluded the Catholics from high office and ranking position as civil servants. Woodham-Smith described the laws thusly,

In broad outline, they barred Catholics from the army and navy, the law, commerce, and from every civic activity. No Catholic could vote, hold an office under the Crown, or purchase land, and Catholic estates were dismembered by an enactment directing that at the death of a Catholic owner his land was to be divided among all his sons, unless the eldest became a Protestant, when he would inherit the whole. Education was made almost impossible, since Catholics might not attend schools, nor keep schools, nor send their children to be educated abroad. The practice of the Catholic faith was proscribed; informing was encouraged as "an honourable service" and priest-hunting treated as a sport.83

82Woodham-Smith, p. 27. 83Ibid.
And according to Woodham-Smith, Edmund Burke described the laws as,

a machine as well fitted for the oppression, improverishment and degradation of a people, and the debasement in them of human nature itself, as ever proceeded from the perverted ingenuity of man.84

Malthus in his writings of 1808-1809 refers to both the Penal Laws and the general bigotry of the times as the "Catholic code." He opposes this code regarding it as a major institutional source of the abject poverty of the Irish-Catholic. He states conclusively in 1808 that, "The only possible relief, then, that can be applied to the poverty of Ireland, is the abolition of the Catholic code . . . .85 Malthus holds that the removal of this code is primary in the rehabilitation and evolutionary progression of the Irish peasant and Ireland. Without it, all legislative reform and governmental action will be of little use. He simply states,

the Catholic code, and the provinciality of the government, invariably present themselves as the primary and radical causes of the mischiefs we deplore; and without the removal of these causes, it is quite certain that no efforts of the Legislature can essentially relieve the misfortunes of Ireland, nor make it contribute to the strength of the empire, in proportion to its magnitude, its fertility, and its population.86

Malthus scorns Newenham's Sketch of the State of Ireland Past and Present for not putting the proper emphasis on the

84 Ibid.
85 Malthus, Occasional Papers, p. 51. 86 Ibid.
abolishment of the Catholic code as a means of securing economic stability for the Catholic peasant.

We are disposed to agree very nearly with the author [Newenham] . . . in what he calls the springs of his country's [Ireland] misfortune, which he thus enumerates. 1. The ignorance. 2. The poverty. 3. The political debasement of the inferior orders. 4. The Catholic code. 5. The provinciality of the government. But we by no means agree with him in the relative importance which he appears to attach to each, nor in the order in which he proposes to remove them. We should without hesitation say, of these five causes of Irish misery, that the Catholic code, and the provinciality of the government, had produced the political debasement of the inferior orders; and that this political debasement had been the chief instrument in producing the peculiar ignorance and poverty of the lower classes of the Irish.87

Malthus assumes that the line drawn between the Catholics and the Protestants had deep economic connotations that were realized in Ireland's low income and employment figures. To this effect he states,

the Catholic poor readily see, that a marked line of distinction is drawn between them and the Protestants; they see that they are regarded with fear and suspicion, and do not partake the full benefits of the British constitution; and, with these obvious causes of depression before their eyes, it can require little art to direct all their discontents [against] . . . the Government.88

He criticizes the British government for its seemingly ridiculous waste of Irish manpower and resources that directly results from discriminatory policies.

87 Ibid., p. 50.
88 Ibid., p. 45.
In the peculiar circumstances of Ireland, with its poor labouring under the pressure of increasing rents and decreasing wages, what an incalculable advantage it would be to the British government to have no line of separation in civil rights capable of giving the colour of truth and justice to the most unfounded accusations!89

Malthus realizes that such discriminatory policies ultimately resulted in the differences between wage and living standards of the Irish-Catholics and the Protestants. He states in 1809,

Wherever the Protestants are situated . . . they uniformly seem to consider themselves as persons belonging to a class in the community superior to that of the lower orders of Catholics. Even the linen weavers of the North, who are probably among the poorest of the Protestants, earn, according to Mr. Young, about double the wages of the labourers in husbandry.90

He seems to be quite perturbed with Newenham in 1809 for not stating the real income situation of the Irish-Catholic peasant so as to have an adequate level of comparison with Protestants of the same social class.

But though Mr. Newenham states very distinctly, that the wages of labour in husbandry have risen, since the time of Mr. Young's tour, from 6 and 1/2 d. to 10 and 1/2 d. a day, yet he has not given us, as Mr. Young did, a list of prices with which to compare these earnings. We have understood, that the growing price and the market price of potatoes have hardly risen in proportion to the rise of wages; but that milk, which is almost a necessary addition to a potato diet, has become so scarce in the tillage districts, as to occasion a great diminution of comfort and health; and it seems to be generally agreed, that all other articles, except potatoes, have advanced in price faster than the advance of wages. It is indeed one of the radical evils of the use of potatoes, as the principle food of the

89Ibid.  90Ibid., p. 63.
lower classes, that the abundance in which they are supplied, and their consequent cheapness, by no means occasions a proportional cheapness of other commodities. 91

Economic separation upon religious grounds creates economic imbalance, yet in keeping with the institutional characteristics of not limiting one's particular study to only the subject of economics, Malthus projects the even more deepening effects that this situation will have on the Union. He suggests that,

The mere pressure of poverty alone, though it has been felt with varied weight in every part of the world, has never, we believe, in a single instance, produced a general spirit of insurrection and rebellion against Government, but when other specific and removable causes of complaint have existed at the same time, it has invariably, added to them tenfold strength, and often been productive of the most tremendous effects. The distress of the common people of Ireland will ever continue a weapon of mighty and increasing force in the hands of the political agitator, till it is wrested from him, or its point turned aside, by the complete abolition of all civil distinctions between the Protestant and Catholic subjects of the British empire. 92

Malthus concludes that either Catholics shall be granted their long due and just rights or anarchy and rebellion will take place. Malthus believes this rebellion will either be, in the spirit of the insurrection of 1690, led by Catholics alone or will come about through the help of the French army:

"If a French army do not step in, and decide the matter at once, the increasing physical force of the Catholics cannot

91 Ibid., p. 65.
92 Ibid., pp. 45-46.
fail, ultimately, of effecting either a change in this system, or a separation of the two countries."^3 He goes on to state,

> It is impossible to imagine that the Irish Catholics could really prefer the arbitrary sway of Bonaparte, or any of his subject kings, to the government of the laws of England,—if they had once been allowed to feel the full benefit of their salutary influence.\(^4\)

Yet, as he concludes, the Catholics have not felt the "full benefit" of the rights of the English citizens, and he seems to give more credence to the eventual Irish insurrection, inwardly directed, in order that these rights might be received. He goes into a relatively long discussion, both in 1808 and in 1809, concerning the growing number of Catholics who might initiate a revolt. In 1808 he first points to the number of Catholic youths reaching military age:

> Every year fifty thousand youths rise to military age in Ireland; and as comparatively few in the same time go off the stage, or become unfit for service, the military part of the population is receiving every year a great accession of strength. What additional number of British soldiers may be necessary every year to guard the increasing numbers of the Irish, we will not pretend accurately to calculate. But it cannot be denied, that, in the present state of the two countries, the increasing strength of Ireland is the increasing weakness of England; and that each passing year . . . diminishes, in a still greater proportion, the power of England to enforce them.\(^5\)

In 1809 Malthus points to figures in Newenham that indicate proportional increases in Catholics to Protestants:

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\(^3\)Ibid., p. 46.

\(^4\)Ibid., p. 48.

\(^5\)Ibid., p. 47.
In a note to a previous section . . . Mr. Newenham produces some facts relating to the proportion of the Roman Catholic to the Protestant population. From some of these it appears, that not only the proportion, but the actual number of Protestants, has diminished since the middle of the last century.\(^96\)

As the number of Catholics increases and becomes military age, the wrongs that the Irish suffer will not long go unchallenged. Malthus believes, as previously discussed, that poverty when combined with subjugation will yield revolt. He feels only disgust with the English policy because the natural resources of Ireland along with the vigor of her people would make Ireland a mutually beneficial economic and political partner of England if the "monopolizers" of the British government would allow it.

It is impossible ever to speak of the chance of foreign subjugation, and think, at the same time, of the peculiar situation of Ireland, without feeling the most bitter regret at that shortsighted policy which has made enemies of a gallant people, from whom, as friends, we might have received services of the most inestimable value. If England had been to choose a territory calculated to afford her the most effectual assistance, in this awful crisis of her fate, [the French Wars] we doubt if she could have fixed upon any portion of land, of the same extent, so peculiarly suited to her wants as Ireland. . . .\(^97\)

Malthus sincerely believed that England had not yet passed the point where she might win the favor of the Irish people and thus offset the distinct possibility of a revolt, but

\(^96\)Ibid., p. 63.

\(^97\)Ibid., p. 47.
immediate legislative action must then be taken to remove "indirectly" the menace of the Catholic code and Catholic poverty. Malthus hopes:

That the affections of the Irish might have been conciliated by the wise and benignant [sic] councils;--that the golden opportunity, though every day receding, is not yet beyond our grasp, can scarcely admit of a doubt . . . every principle that is known to influence human conduct, seems to assure us, that if the Irish Catholics were raised from their present political degradation, and admitted to all the rights and privileges of British subjects; if the career of honours and distinctions of every kind were fully and fairly opened to them, and they were allowed to feel the same motives of love and veneration for the Government under which they live, as their Protestant brethren,—they would soon be found among the most loyal, willing, and powerful supporters of the Crown and the empire.98

As Malthus states, if England would offer to Ireland, then "would Ireland indeed be united to Great Britain and they might then, . . . be confident against the world in arms."99

The hope that Malthus expressed in his 1808 article for the rapid Catholic emancipation turns to pessimism by 1809. He seems to see no movement toward changing ill-suited institutions or toward alleviating the economic and social hardships of the Irish-Catholics. In disgust he argues,

And yet this is the country the loss of which is daily risked by the inhuman cry of no popery,—by the bigotry and littleness of one part of an administration, and by the tergiversation and inconsistency of the other. It is really sickening to think, that at a period when every heart and hand is wanted to rally round the last remains of liberty in Europe, a

98Ibid., p. 48.

99Ibid.
set of men should be found at the head of affairs, who are either absolutely incapable, from narrowness of intellect, of profiting by the great lessons of experience that are daily unfolding themselves; or, whatever their opinions may be, are willing to sacrifice them and their country at the shrine of present place and emolument.100

In the wake of the despotism that Malthus feels Napoleon is spreading throughout Europe, it seems impossible to him for the British to continue to allow prejudice and tyranny at home. The contradiction puzzles and "sickens" Malthus. He ends his 1809 article, his last on the Irish question, with a plea for reform in the government and its officials who dictate such bigoted legislation; he also makes a plea for the dignity of the individual and the end of the inherent contradiction between the British inheritance of freedom and the extreme Irish misery owing to the lack of it.

Let the reign of George III, be distinguished by the glorious completion of those concessions which it commenced. Let the Irish Catholics have all that they have demanded; for they have asked nothing but what strict justice and good policy should concede to them. Let them not only enjoy all civil advantages of the British constitution; but give them a church establishment, like Scotland; and we venture to predict, that the increasing proportions of the Catholics will soon be less perceptible. Let the spirit of the Union, or what ought to have been its spirit, be carried into execution without fear or jealousy, till Ireland is in no respect to be distinguished from any other part of the empire, but by its situation, and superior fertility.101

100Ibid., p. 69.

101Ibid., p. 70.
Summary of the Institutional Concepts Expressed in the Irish Articles

An examination of the basic concepts expressed by Malthus in the two articles on Irish poverty in the *Edinburgh Review*, 1808 and 1809, conclusively reveals institutional characteristics. First, Malthus disagrees with the existing governmental philosophy used in Ireland, heartily condemning the Catholic code as an ill-suited institution fathering inequality. Second, Malthus searched for empirical evidence on which to base his opinions as opposed to the metaphysical concepts held by statesmen of the time concerning the inferiority of the Irish-Catholic. He states himself, in the 1809 article, "What we want with regard to Ireland, is a collection of well authenticated facts; and the author who professes to give us this, will always have a strong claim to our attention." He then sets out to prove that the inferior economic status of the Irish is due to their increase in numbers and to the use of the potato as a main food staple; these two situations create the high rent, the burden of which falls on the Irish peasant. This far-reaching analysis is in sharp contrast to even Newenham, who places as the major causes of Irish poverty the metaphysical concepts of ignorance and poverty. Malthus finds causes for these metaphysical problems using conceptual data.

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Noticing the economic ills of a country is partially the mark of an institutionalist. Malthus continues in the institutional vein by proposing reform, through a more progressive legislature, to alleviate these economic atrocities. He proposes that public grants be more evenly distributed between England and Ireland; he suggests that manufacturing be encouraged in Ireland, instead of suppressed, and perhaps most importantly, he opposes "taxes upon the tenants of the land in Ireland, and suggested, instead, one upon 'the very great proportion of the whole possessed by the Irish landlord.'"

Last, and perhaps most important in regard to Malthus' institutional characteristics on the Irish question, he moves outside the common bonds of economics to examine institutions which had prevented Irish economic betterment. He found such determining institutions in the Catholic code, a legislative and spiritual discrimination against the Irish-Catholic. In the vein of the contemporary institutional economist, Gunnar Myrdal, as expressed in his book the American Dilemma, Malthus explained that such laws, besides obviously having economic consequences for the Catholic poor, produce a psychological guilt in the entire Empire by proposing individual freedom for all and giving it only to some. By its discrimination the British government was seriously blocking the economic

and political development of the entire Union at a time when it was desperately needed. The government, according to Malthus, promoted ill-suited institutions which were directly opposed to" . . . the increase in the relative proportions of the middle parts."104

Malthus, somewhat reminiscent of Veblen, predicted the eventual rebellion of the Irish which would come about as a direct result of the British government's subservience to the "monopolizers," and the subsequent passing of restrictive legislation. One cannot but reflect upon the present Irish situation resulting from centuries of Catholic discrimination and see the present-day relevance of Malthus' comments.

Malthus does not close with the complete pessimism characteristic of Veblen's later writings. In 1809 he states his belief that the Union can be saved and be mutually an advantage to both countries if government legislation is passed leading to equality of religion. He thus echoed the desires of the neo-Veblenian institutionalist, such as Mitchell and Commons, who hold economic reform can alter ill-suited institutions.105

104Levin, p. 49.
105Chamberlain, p. 79.
CHAPTER IV

MALTHUS' REVIEW OF THOMAS TOOKE'S THOUGHTS AND DETAILS
ON THE HIGH AND LOW PRICES IN THE LAST
THIRTY YEARS, 1823

Much had transpired in the progression of economic theory between the publication of Malthus' articles on the Irish population question, 1808 and 1809, and his first article in the Quarterly Review, 1823. As Semmel reminds us, however, it was not Malthus who altered his theories. "Malthus' opinions remained substantially the same both before and after 1815; it was those of the [Edinburgh] Review which had altered, or to be more exact, the climate of opinion in which the Review operated had decisively changed."\(^1\)

As previously discussed, McCulloch, acting as economic editor of the Edinburgh Review, had shunned Malthus' economic concepts earlier in 1817-1819. The appearance of Ricardo's Principles in 1817 served to separate further not only the Edinburgh Review from Malthus but with it the only effective means that Malthus had possessed for communicating with "the professional men, merchants, factory-owners, and country-gentlemen--the most influential part of the 'public.'"\(^2\)

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\(^1\)Semmel, introduction, p. 8.  
\(^2\)Ibid., p. 6.
As early as 1818, "in an eulogistic review of Ricardo's Principles, McCulloch acknowledged the English stockbroker as his master and employed the rest of his life to advancing Ricardian principles and stamping out the embers of opposition."  

And, it can be said with little doubt, as went the Edinburgh Review, so went the mainstream of economic theory.

Malthus and the Quarterly Review

Unlike the Edinburgh Review the Quarterly "at first paid little attention to economic questions."  

Established under Tory auspices in 1809 by Sir Walter Scott, a London publisher, John Murray, and the Quarterly's new editor, William Gifford, the Review was primarily a journal of letters. The Quarterly, though not as totally dedicated to the new science of economics as was the Edinburgh, still sought economic articles and articles and analysis from noted political economists of the time. As Semmel relates,

As early as 1808, . . . [both] Scott and Murray had been anxious to secure Malthus as a regular reviewer. In a letter to Gifford, dated October 28, 1803, Scott had written that "Mr. Murray seems to count upon Malthus for the department of political economy, adding that if Gifford approved of the choice, I could when I come to town sound Malthus out."  

Though the original founders of the Quarterly sought the counsel of Malthus early in the Review's life, Malthus

3Ibid., p. 12  
4Ibid., p. 22.

did not write for the Quarterly until 1823. In part, this was due to early aversion to economics; more specifically it was due to the Tory aversion to Malthus' Principles of Population. Malthus also no doubt was skeptical as to the worth of the Quarterly if for no other reason than its limited circulation and hostile reading audience.

By the 1820's the situation had changed. Political economy had become an accepted behavioral science, and the Toryian interests needed an adequate spokesman in the new field. Others such as George Taylor, the Tory secretary to the Commission of Inquiry in the Poor Laws, and other noted party members insisted that Toryian interests be represented in journals and in Parliament. "It was at this time, [1820's] furthermore, . . . that Malthus was finding it difficult to obtain a hearing for his views from the Edinburgh, and the overtures of the Tory organ must have been rather welcome."6 Early disdain for political economy was still inherent in the Quarterly, however, and this factor combined with the need for economic analysis developed a strange personality for the Review. As Semmel points out,

The Quarterly was clearly of two minds about its economic policy, generally, and, most particularly, concerning Malthus. . . . Malthus was a Whig, and the politics of the Edinburgh before 1815 were, without doubt, more congenial to him. In addition, the Edinburgh was decidedly the more influential journal, and was much more concerned with economic problems. Virtually all those who wrote for the Quarterly, . . . regarded

political economy as the highly impractical ideology of the opposition party; furthermore, . . . the Quarterly's readers were particularly repelled by the 'hard-heartedness' of the principle of population. . . . When Malthus, in 1815, came out upon the side of the landowners on the corn law issue, the possible usefulness of political economy dawned upon many Tories.7

Malthus contributed two important articles to the Quarterly in 1823 and 1824. These articles will comprise the focal point of the next two chapters. Additionally, material published by Malthus and other economists of the period will be consulted and used. For, although these two articles possess much information, additional insight in previous writings by both Malthus and Ricardo is useful in depicting institutional characteristics.

The Scope of the Essays

By 1823 the philosophical lines dividing Malthus' economic concepts from what Malthus referred to as the "New School," Ricardian Classicism, were clearly drawn. By this year Ricardo had published all three editions of the Principles and was regarded as the outstanding spokesman for economic issues. Malthus, maintaining most of the original views expressed in his earlier concepts, incorporated these attitudes into his Measure of Value and his own Principles. These publications alone provided enough spiritual fuel for the disagreements that followed between the two schools; and,

7Ibid., pp. 23-24.
when enhanced with personal correspondence and pamphlet publications further defending economic theory, the difference in attitude between these schools becomes even wider. Additionally, the entrance of such economists as Say, McCulloch, and Mill, on the Ricardian side, and Sismonde on the side of Malthus only served to compound existing dissimilarities.

A major problem thus arises from the outset of the examination of the two following essays. In both of them a review of Thomas Tooke's Thoughts and Details on the High and Low Prices of the Last Thirty Years and a supplement to the Encyclopedia Britannica, "Essay on Political Economy," which reviewed McCulloch's Principles, 1823 and 1824 respectfully, Malthus incorporated existing arguments previously discussed in publications and correspondence. Although his essays on the Irish Question were relatively devoid of previous economic questions, it becomes important to examine these newer essays in relation to the material published in the interim.

Background of Tooke's Review

"One of the most important economic questions of the day was whether the suspension of specie payment by the Bank of England in 1797 had resulted in the depreciation of bank notes." Under the leadership of Francis Honer, the bullionist interests, of which both Malthus and Ricardo were

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8Ibid., p. 19.
considered a part, believed that such specie payments had brought about inflation in prices. Under the chairmanship of Horner the Bullion Committee which met in 1810-1811 "issued a report embodying this conclusion."\(^9\) Of the importance of a diminution of currency on the general outlook of trade, Thornton states in 1821,

--a diminution, for instance, of one-third or two-fifths, might, perhaps, be sufficient to produce a very general insolvency in London, of which the effect would be the suspension of confidence, the derangement of commerce, and the stagnation of manufactures throughout the country. Gold, in such a case, would unquestionably be hoarded. . . .\(^10\)

In 1811 the Edinburgh Review, desiring to analyze this contemporary economic problem, turned to "One of the leading bullionists . . . [the] stock broker Ricardo, then but a fledgling in the field of economic controversy."\(^11\) Ricardo refused, however, choosing to put his effort into the publication of a pamphlet on the question. "The Edinburgh turned to Malthus, who agreed to supply a review. In fact, he supplied two--one in February and one in August, 1811--in which he carefully . . . argued the bullionist position."\(^12\)

In these two essays, early differences between Malthus and Ricardian economic philosophies can be noticed:

\(^9\)Ibid.


\(^12\)Ibid.
Malthus objected to Ricardo's attribution of "a favourable or unfavourable exchange exclusively to a redundant or deficient currency," thus overlooking the effects produced by the balance of trade between two countries. Ricardo, Malthus continued, was unable to appreciate that a country whose goods England might wish to import in an increased supply—say, corn at a time of a bad English harvest—might not be ready to receive payment in the form of a proportionally increased consumption of English [goods]. . . . "The wants of different nations with different climates, and different degrees of fertility, cannot, with any degree of probability, be supposed, in the first instance, exactly to balance the other."13

These articles were to mark the beginning of a personal relationship between Malthus and Ricardo; yet as witnessed by the above notation, the articles also indicated the vast differences that were to mark this close relationship.

The 1811 articles on the bullion controversy were secondary, both in amount of material presented and point of view taken, to Malthus' 1823 work. There are two distinct reasons for this difference. First, the phenomenon of rising prices had become all the more important by 1823, partially because of commercial depression and partially because of currency problems. As Bonar points out,

The effects of the first ten years of the French war (1793 to 1802) were to all appearances rather good than bad. [Britain's command of the sea, to say nothing of the conquest of new countries,] gave [it] trade which others had lost. . . . In 1806 the situation became less pleasant. The Berlin and Milan Decrees excluding [Britain] from almost every country in Europe, the retaliatory Orders in Council and consequent alienation of America did real damage to English commerce. . . . The same happened,

13 Ibid., pp. 20-21.
with more reason, in 1814 and 1815. When peace was restored, it was thought that the whole Continent must be eager to have goods, after being so long without them; . . . unhappily the rest of Europe was exhausted by the war, which had lessened their production; and such products they could offer Britain in exchange for [Britain's] manufacturing were seldom taken without taxing. The very food that [Britain] wanted [was carefully] kept out till the last moment [due to the corn laws. Indeed] Anything more unlike the "simple system of natural liberty" could not be conceived; and the result certainly seemed to be an over-production on [Britain's] part; -- it was at any rate a reign of low prices and deep commercial depression.14

The paper currency issue had also worsened and now reinforced Britain's economic stagnation. A concise statement of the problem is best presented by Bonar:

Since 1797 [Britain] had paper currency of uncertain value. In that year the Bank of England . . . gave advances to Government, in return for which it was relieved of immediate obligation to pay gold to the holders of its notes. As long as the issues were moderate, the notes kept their value; but this was a time when economical substitutes for currency, cheques and bills and Country notes, were lessening the proportion of the Bank's notes to the total transactions of trade; and the Bank's power of calculating the public need without the natural safety-valve of convertibility became more and more fallible; the circulation soon contained superfluous paper, which dragged down the whole currency.15

As Bonar points out, "The effects [of the diminution of currency] had been very serious, especially on the wages of common country labour."16 Second, as previously mentioned, by 1823 the separate schools of economic theory had become

15Ibid., p. 284.  
16Ibid., p. 286.
established with Ricardo being the dominant figure of the "new school" and Malthus defending his concepts on the other side.

Although the 1823 review of Tooke's work on high and low prices centered around the currency argument, debating whether the issuing of paper currency during the war had indeed devalued the currency in Britain, the article almost immediately engages in a discussion of the possibility of a general market glut. Malthus maintains that such a phenomenon could occur and using Tooke's statistical data, attempts throughout the article to prove conclusively that,

when the supply of commodities is in some degree deficient compared with the demand, whether this arises from the increase of demand, or the diminution of supply, the state of trade is brisk, profits are high, and mercantile speculations are greatly encouraged; and on the other hand, when the supply is abundant compared with the demand, there is a period of comparative stagnation, with low profits, and very little encouragement to mercantile speculation.17

Ricardo definitely disagreed with these conclusions, adhering to Say's law of markets that production creates demand. Ricardo held that such theories revolving around an extended period of slackening demand were impossible. He states the following in his notes on Malthus:

Mistakes may be made and commodities not suited to the demand may be produced—of these there may be a

17[Thomas Robert Malthus], "A Review of Thomas Tooke's Thoughts and Details on the High and Low Prices of the Last Thirty Years," Quarterly Review, XXIX (April, 1823), as reprinted in Semmel, Occasional Papers, p. 147.
glut; they may not sell at their usual price; but then this is owing to the mistakes, and not to the want of demand for productions.\textsuperscript{18}

He additionally states:

For everything produced there must be a proprietor. Either it is the master, the landlord or the labourer. Whoever is possessed of a commodity is necessarily a demander, either he wishes to consume the commodity himself . . . or he wishes to sell it and purchase some other thing with the money.\textsuperscript{19}

Given this situation and the arguments presented in the 1823 article, it becomes necessary to go outside the data presented in this essay and examine additional writings of Malthus and of Ricardo. By doing this, the general glut argument on high and low prices [in the 1823 essay] will become apparent. Additionally, some purely institutional concepts held by Malthus will appear.

Review of the Review

Malthus unquestionably upheld Tooke's use of empirical data. He states of Tooke's work,

It [the work] is an inquiry into the causes of the fluctuations which have occurred during the last thirty years . . . and in the pursuit of it he adduces a large and interesting collection of facts relative to the interchange of the various commodities of the commercial world, . . . [this] cannot but be of great importance to the science of political economy; but it is more particularly required at the present moment, when it must be acknowledged that some of our ablest writers in this science have been deficient in


\textsuperscript{19}\textit{Ibid.}, pp. 161-162.
that constant reference to facts and experience, on which alone it can be safely founded, or further improved.\textsuperscript{20}

Malthus is obviously referring to the new school when he comments on the need for empirical evidence in valid theory. Indeed throughout this essay and numerous other comments on the general glut theory and price relationship, Malthus refers constantly to the lack of valid theory couched in empirical data. He holds that the new school operates from almost a metaphysical basis, unable to divest itself from the bounds of Say's law. The institutional characteristics regarding Malthus' unyielding search for empirical evidence are apparent throughout this review.

Having found that Tooke takes time and care in providing statistical data, Malthus seems shocked to discover that the data gathered have not been enhanced by valid theory incorporating this data. As Semmel notes:

Malthus found that Tooke's statistics proved, fairly conclusively, that "exchangeable value," and therefore prices of all commodities, depended upon the relationship of supply and demand, rather than as the Ricardians asserted, the labor which had produced them. . . . Malthus noted that these conclusions were at variance with Say's law of markets. . . . Since, in Malthus' view, Tooke's statistics confirmed [this], Malthus was disappointed to find Tooke still an adherent of Say's Law.\textsuperscript{21}

Though Malthus was obviously upset by Tooke's insistence on a theory which his own facts disproved, Malthus recognized

\textsuperscript{20}Malthus, Occasional Papers, p. 145.

\textsuperscript{21}Ibid., p. 25.
that the data collected by him were a valuable source of material on which to base alternative theories. Malthus himself states,

We cannot say that we are able to accompany Mr. Tooke to the full extent of these conclusions; but the excellency of his mode of treating the subject is, that he has put his reader in possession of so large a range of facts applicable to the questions . . . that he is not only enabled to judge whether Mr. Tooke's conclusions are well founded, but furnished with the means of drawing other conclusions interesting to the science of political economy, which seem strictly and legitimately to follow from the facts advanced.²²

Malthus uses Tooke's statistics throughout the essay to forward his own concepts; yet his annoyance with Tooke for his insistence on Say's law, despite evidence to the contrary, occupies a goodly portion of the paper. In essence, Malthus concludes that Tooke simply should have known better. It must be remembered, however, that Tooke himself was a follower of the "new school" which assumed the value of all goods to be a direct result of the costs of production. Further, according to Ricardo, labor was the ultimate cost of production, and all goods would exchange at their varied labor value worth. As T. E. Gregory points out in his work An Introduction to Tooke and Newmarch's the History of Prices,

The "ultimate regulating principle of money prices," . . . is not the quantity of paper money issued by the banks, but it is the quantity of money constituting the reserves of different orders of the State, under the head of rents, profits,

²²Ibid., p. 146.
salaries and wages, [costs of production] destined for current expenditure, according to the wants and habits of the several classes, that alone forms the limiting principle of the aggregate of money prices.\textsuperscript{23}

Malthus countermanded this concept by saying that supply compared with demand was the ultimate measure of value, and he sees wherein Tooke's statistics prove this. For instance, Malthus states of Tooke,

\begin{quote}
Mr. Tooke's opinion is expressed as strongly as possible, that the fall of prices was owing exclusively to the abundance of the supply compared with the demand. After producing numerous proofs of this in the earlier periods of the peace, he remarks, with regard to the latter period, of the fact of the abundance of supply of the leading articles of consumption, there cannot, I should think, be any reasonable doubt.\textsuperscript{24}
\end{quote}

Additionally Malthus records,

\begin{quote}
It may be safely said, therefore, that every part of Mr. Tooke's work conspires to prove that all prices depend upon the state of the demand and the supply, and that labour and the costs of production only influence prices as they are the necessary conditions of supply.\textsuperscript{25}
\end{quote}

As is noticeable from the very outset of this article, the entire discussion possesses value overtones; indeed, as will be shown in the next chapter, value in use and value in exchange constitute a major portion of the argument between Malthus and the "new school" One aspect of this argument revolves around the possibility of a market glut or general


\textsuperscript{24}Malthus, \textit{Occasional Papers}, p. 148.

\textsuperscript{25}Ibid., p. 149.
overproduction; and, because it is a reoccurring difference between Malthus and the new school, this chapter will be devoted almost entirely to a discussion of market gluts and the comparative institutional concepts which are part of this discussion.

The General Glut of Production

Because Tooke maintained that value was inherent only in the payment to the factors of production, value could not be created unless payment was made to these factors. Thus it was impossible to have value created that could not be consumed; for, if payment were not made in money, payment could be made in kind, and production would always be equal to consumption. Malthus, however, realized that intermediate effects might offset this simplistic rational view. In essence, he understood that money was a unique good desired by all and that the production of one good did not necessarily assure the accumulation of money. He states to this effect,

It is unquestionably true that nothing is produced, which some persons or other have not a fair right and title to consume. It may also safely be affirmed that all which is produced will be consumed in some way or other. . . . But it is cold comfort to the manufacturer to tell him that, if he cannot sell his goods for a fair price, he is entitled to consume them himself. Nor can the farmer be much relieved by the assurance that, all the superabundant quantity of wheat which he has produced will certainly be consumed in the course of the next two years, if in the meantime he is obliged to sell it at such a price, that . . . he will not be able to employ above three-fourths of the laborers which he employed before.26

26 Ibid., pp. 157-158.
Malthus arrives at this conclusion as a direct result of careful examination of Tooke's material. As Malthus points out, empirical evidence had proven,

That when the supply of commodities is in some degree deficient compared with the demand, whether this arises from increase of demand, or diminution of supply, the state of trade is brisk, profits are high, and mercantile speculations are greatly encouraged; and on the other hand, when the supply is abundant compared with the demand, there is a period of comparative stagnation, with low profits, and very little encouragement to speculation.27

As Malthus himself points out,

This doctrine of Mr. Tooke on the effects of quantity on price, is, it must be allowed, directly opposed to the doctrine of M. Say in his chapter Des Deborches, which teaches that all increases of demand depend upon increase of supply, and diminution of demand on diminution of supply.28

Thus, Malthus finds himself in a paradoxical position. He upholds Tooke's statistics as presented in what Malthus refers to as the third part of Tooke's work. Here Tooke shows that the fluctuations in the value of money and reoccurring lack of effective demand are due to fluctuations in supply and demand and can be a continuing phenomenon. Yet, Malthus vehemently disagrees with Tooke's conclusions which neglect these empirical statistics, and he points to smoothing of these fluctuations and the lack of supply and demand interaction in causing them. He states of Tooke's conclusions,

27 Ibid., p. 147.
28 Ibid., p. 161.
But we must strongly protest against his conclusion, that the statement of these causes "leaves no ground for imputing to the alterations in our currency any effect beyond the difference between paper and gold." Because the causes which he states are specifically those which, according to the principle of the effect of quantity on price, are calculated to raise bullion prices generally, or, in other words, to alter the value of bullion.29

Tooke's adherence to Say's law was an inbred characteristic of the new school. The "new school," forwarded and adhered to by Ricardo, had a devout following in the economic scholars of the time. As already seen, McCulloch, and indeed the entire Edinburgh staff, had unshaken belief in Ricardo's theories, one of the foremost of which was the denial of a general market glut.

Why were the scholars of the period so impressed with Ricardian philosophy? The answer lies in Ricardo's sound reasoning technique which revolved around the given assumptions of the "new school." These assumptions were that man possessed insatiable wants, and, second, that in order to satisfy these wants, man would always spend all of his income. Malthus too accepted these classical assumptions; yet he realized something must be incorrect, for if these assumptions were true, a general glut resulting in a depressed economy could not be possible. Tooke's statistics demonstrated, however, that this was occurring.

This problem plagued Malthus throughout his 1823 and 1824 articles, indeed throughout the majority of his works.

29Ibid., p. 168.
He wrestled with the problem, never arriving at an ultimate answer. Yet, in his search for an appropriate explanation, Malthus touches on not only present day macro theory but further institutional characteristics. The last portion of this chapter and the majority of the following one center around this investigation and the institutional concepts relative to it.

Ricardo's reasoning, given the validity of his two assumptions, the insatiability of wants and the total exhaustion of all disposable income, is inarguable. He and the new school are thus shocked by Malthus' denial of Say's law. Ricardo learned early of his friend's dismissal of Say's law in a letter by Malthus himself. This letter is recorded by Sraffa in his Collected Works of Ricardo and is dated as early as January, 1817, three years before he published his Principles and six years before his article on Tooke. Malthus states, "I am quite of the opinion that practically the actual check to produce and population arises from want . . . of power to produce." 30 Before the publishing of Malthus' Principles, Ricardo wrote to McCulloch that,

Mr. Malthus continues stoutly to deny that demand is only limited by production--he thinks that capital might be very mischievously augmented in a country and he intends in his new publication [his Principles]

to make some remarks on this which he conceives to be an erroneous doctrine on the part of the reviewer.\footnote{David Ricardo, Letters of David Ricardo, 1819-1821, vol. VIII of The Works and Correspondence of David Ricardo, edited by Piero Sraffa, 10 vols. (Cambridge, 1952), pp. 159-160.}

Despite these forewarnings, Ricardo was still appalled by some of the new ideas put forth by Malthus. St. Clair notes, "The [contention] that there might be a difficulty in finding consumers was utterly at variance with Ricardo's ideas."\footnote{Oswald St. Clair, A Key to Ricardo (London, 1957), p. 177.} Why was this true? Ricardo reasoned in his Notes on Malthus Political Economy, "It requires an exertion of some magnitude to apply one's body and mind to production of labour for ten or twelve hours of the day, but no exertion at all to consume what one has before been at the pains of producing. The one gives pain, the other pleasure."\footnote{David Ricardo, Notes on Malthus' Principles of Political Economy, Vol. II of The Works and Correspondence of David Ricardo, edited by Piero Sraffa, (Cambridge, 1952), p. 364.} Thus man will always spend his entire income. Ricardo further states in his Notes on Malthus,

A very great facility of production, might, under certain circumstances, encourage the habit of indolence, . . . but it can be no reason, when they [products] are produced, for their not being exchanged against each other. We all like to buy and consume, the difficulty is in the production.\footnote{Tbid., p. 240.}
If this is true, then according to Ricardo, Say's law is self-explanatory; once a product is produced, the demand will follow automatically. According to Ricardo then, "the great and fundamental error of Mr. Malthus" is that he "contends that there may be at one and the same time a glut of all commodities, and that it may arise from a want of demand for all."35

To Ricardo the denial of the possibility of a general glut is a clear-cut case. Where Malthus concluded that parsimony could lead to a general stoppage of effectual demand resulting in overproduction, Ricardo simply stated, "I deny that the wants of the consumers are diminished by parsimony—they are transferred with the power to another set of consumers."36 Why is Ricardo's denial of the possibility so definite? The answer lies in the fact that given Ricardo's assumptions, Malthus appears hopelessly confused. To Ricardo, Malthus realized that there might be production, but he did not see how this production could be consumed. Ricardo states, "Mr. Malthus supposes the motive strong enough to produce the commodities, and then contends there would be no market for them as there would be no demand for them."37 Ricardo further summarizes, "It is not probable

37Ibid., p. 166.
that he [the producer] will continue to produce a commodity for which there is not demand."38 And thus, "If man ceased to consume, they would cease to produce."39

In his Notes on Malthus, Ricardo further demonstrates the barter-type system that he feels is the mainstay of the economy:

Whoever has commodities has the power to consume, and as it suits mankind to divide their employments, individuals will produce one commodity with a view to purchase another;—these exchanges are mutually beneficial, but they are not absolutely necessary, for every man might employ his funds, and the labour at his command, in producing the very commodities he and his workmen intended to consume; in which case there would be no market, and consequently there could be no glut.40

To Ricardo and the new school, the general glut Malthus refers to was an academic impossibility. Malthus could not, despite his adherence to the new school's assumptions, totally disregard the existence of statistically provable phenomenon. Malthus had thus changed his philosophic outlook regarding production.

In 1789 Malthus had anonymously published his famous Principles of Population in which he had differed with the


utopian Godwin, insisting that, while food production increased arithmetically, population increased geometrically. Production thus was limited only by an ever-growing population. This theory left no room for a general glut, and indeed as Bonar records,

[It was incomprehensible to Ricardo] that the author of the Essay on Population [could] consistently believe in the possibility of a great abundance of products together with a stationary number of parsimonious consumers.41

Malthus was, however, not bound by his first writings. Surrounded by empirical evidence, such as the post-war recession, he shifted the emphasis of his first works to a new and more encompassing view of the economy. As he states in his Principles,

In my former work [Essay on the Principles of Population], I endeavoured to trace the causes which practically keep down the population of a country to the level of its actual supplies. It is now my object to show what are the causes which chiefly influence these supplies, or call the powers of production forth into the shape of increasing wealth.42

Thus, in later works Malthus would put aside his old checks on population and search for a new way to explain what at any time could cause the curtailment of national wealth. This would eventually lead him to his market glut theory.

Malthus realized that if his original theory of population were totally correct and if there was no more

41Bonar, p. 294.

42Malthus, Political Economy, p. 309.
restraints on population than his arithmetic-geometric theory, "the earth would probably before this period have contained, at the very least, ten times as many inhabitants as are supported on its surface at present." Thus Malthus reasoned that there must be a check on population growth that becomes apparent before the actual running out of material to keep the population of the world alive. This check on population was the lack of effective demand. Paglin explains Malthus' reasoning this way:

Malthus [now has] a new and important check to population which is strictly institutional and has nothing to do with disease or the powers of the soil to produce food: this is the chronic lack of effective demand, which results in levels of production far below the existing capacity of the economic machine. (Effective demand or its lack) becomes the immediate check, while the natural powers of the soil become [a far more] remote check, to population increase.

Paglin then summarizes Malthus' theories, relating them to a two-fold concept,

[First,] the physical resources of the earth are much greater than the scanty population [that] the earth now requires. [And secondly,] but if effective demand were at such a level as to continuously call forth the maximum powers of production, man would eventually increase to a point where the checks to population would become the natural ones related to inadequate resources.

The chronic lack of effective demand becomes an important factor in the general glut theory of Malthus. Malthus states

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43 Ibid., p. 311.


45 Ibid.
that this lack of demand should occupy an important place in
the concepts of economics. This economic phenomenon was
especially important for England, for at the time of Malthus'
writing, England was experiencing an economic depression,
previously discussed, that had certainly created a situation
in which the actual wealth of the state was far below its
powers of production. Malthus demonstrates institutional
characteristics of empiricism by believing that "The first
business of philosophy is to account for things as they are;
and till our theories will do this, they ought not to be the
ground for any practical conclusion."46 Given this belief,
Malthus was pressed to find a theory that could explain the
then current events. St. Clair conclusively writes of
Malthus' concepts, "Production . . . is restricted by Man,
not by nature."47

Given this assumption, it seemed to Malthus that if
production were pushed to its limits, overproduction would
eventually follow, for as St. Clair states, "Instead of the
quantity of production determining the quantity of demand, as
Say and Ricardo taught, it is the quantity of effectual demand
that determines how much shall be produced."48 If too much
is produced, then a general glut might very well be the case.

46 Malthus, Political Economy, p. 8.
47 St. Clair, p. 175.
48 Ibid., p. 176.
And indeed, based on evidence on the post-war recessions and on Tooke's statistics which further point out the existence of a general glut, Malthus had no other course but to beg the insistence of a general market glut. Malthus in his *Principles* states,

> It is scarcely possible to cast our eyes on any nation of the world without seeing a striking confirmation of what has been advanced. Almost universally, the actual wealth of all the states with which we are acquainted is very far short of their powers of production.  

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Institutional Characteristics of Malthus' Denial of a General Glut Based on Malthus' Review of Tooke

It is difficult to summarize Malthus and his institutional characteristics in relation to what has transpired, for essentially, as Bonar points out, "The discussion on General Gluts was simply a phase of the discussion on Value. . . ." Value was essentially the underlying emphasis in Malthus' "Essay in Political Economy," which will be the subject of the next chapter.

It should now be sufficient to say that Malthus, as noted in his review of Tooke's work, showed two outstanding institutional characteristics. First, he most certainly differed with the existing school, and indeed it was primarily

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50 Bonar, p. 282.
his glut theory and secondarily his value theory which appears in some of this criticism. Second, Malthus again demonstrates his bent toward the empirical. Throughout the essay he praises Tooke for his statistical methods.

The institutional characteristics of political planning and reform are also exhibited in this essay. They appear, however, only in the last pages; while they are not the focal point of the work, they are interesting concepts which give some credence to Malthus as an institutionalist thinker. Malthus felt that the English economy of the early 1820's had developed to such a point that banking reform and legislation were necessary. Thus, Malthus realized that a resumption bill would serve to stimulate a lagging economy. He was counted in favor of "Sir Roberts Peel's Resumption Bill (1819) [which brought about] the actual resumptions of specie payment by the Bank of England." In this respect Malthus can be considered a reformer.

Malthus, however, is not convinced that this reform would have a completely beneficial effect on the lagging economy, a situation which he felt had been brought about by a general glut of goods and capital. What Peel's bill actually meant was, "the theory that banking ought to be separated from the control of the currency and actually enforced what may be

\[\text{Schumpeter, p. 711.}\]

\[\text{More will be said concerning the general glut for goods, particularly capital goods, in the following chapter.}\]
described as a 100 per cent reserve plan for bank notes."53 This entire concept, as described by Schumpeter, finally came into being in the Bank Charter Act of 1844.54 In 1823, however, Malthus is much more interested in the effect such a law would have on the general state of trade in the entire economy. Although in theory he favored Peel's bill, he obviously saw the need for a more all-inclusive banking plan, finally adopted in 1844, which incorporates benefits for the entire economy. As Schumpeter points out, Malthus, as well as "many people voiced misgivings about the possible consequence of this step [the Resumption Bills of 1819 and 1821]."55 These bills were "bound to mean a jolt [to the economy] and might mean more than a jolt. When people began to realize that they were in for a serious depression--which actually prevailed. . . ."56

Malthus was forerunner in this questioning of the worth of the act. He ends his essay with the statement "in a bill like that of Mr. Peel, we must expect the same fluctuations in the value of bullion, and in bullion prices, as have distinguished the last thirty years."57 Malthus seems to be pleading here, and indeed throughout the entire essay, for some reform in the banking structure and a more careful examination of the entire economic situation before the passage of legislation.

53 Schumpeter, p. 694.
54 Ibid.
55 Ibid., p. 711. 56 Ibid.
57 Malthus, Occasional Papers, p. 170.
Malthus is, in a round-about fashion, begging the case for advanced economic planning of monetary and banking structures. Though these same tendencies toward banking reform can be seen in the classical school, Malthus' analysis of them in regard to a general glut further extenuates his institutional philosophies. Planning and reform of the banking system seem to be, according to Malthus, a primary step in alleviating a general glut. To replace irrational actions with rational planning will produce a more reliable, less-fluctuating economy.

In the following chapter, additional institutional characteristics related to reform and planning in policy and theory will be examined. Malthus' economic system regarding the market glut controversy, covered briefly in this chapter, will be examined. It is then hoped that, in coordination with this chapter, a more extensive examination of Malthus' institutional characteristics can be realized.
MALTHUS' "ESSAY ON POLITICAL ECONOMY" SUPPLEMENT TO THE
ENCYCLOPEDIA BRITANNICA: A REVIEW OF McCULLOCH'S
ESSAY ON POLITICAL ECONOMY

In 1824 Malthus wrote what was to be one of his last journal articles. The article, published in the Quarterly Review that year, was in response to "Essays on Political Economy" written by McCulloch, Malthus' devout academic enemy. This work represents the culmination of Malthus' thought on value, profits, and market glut theory; thus it becomes a fitting end to the study of the institutional characteristics that this thesis maintains Malthus possesses. As with the essay on Tooke, Malthus refers, both in footnote and passing reference, to articles and writings of McCulloch and to many members of the "new school," including Ricardo and John Stuart Mill. It thus becomes necessary to re-examine material exogenous to the essay itself, yet indigenous to the entire discussion.

An aid in the examination of this particular essay is the existence of a new school rebuttal in the form of Mill's riposte to Malthus' Review, which appeared in the Westminster Review, 1825. Since Mill considers himself a part of the "new school," the series of essays prove to be immeasurably
valuable as an attack on the new school by Malthus as well as being a defense of the school and a counterattack on Malthusian thought by Mill. A problem does arise, however, in the presentation of these articles. Malthus, who, writing anonymously, is kind to McCulloch in the Review, agreeing with some of his approaches, disagreeing with others, yet always doing so in the least pretentious manner. Mill, on the other hand, seems to be literally out to destroy Malthus. As Semmel points out,

Feigning ignorance of the author's identity, Mill confessed himself "considerably startled at the remarkable similarity of the style to that of Mr. Malthus himself," and even the similarity of the views, but concluded, rather bitinglly, that the writer, "under the mask of a devoted adherent of Mr. Malthus, is, in reality, his concealed enemy, and affects to defend his doctrines, merely to have an opportunity of exhibiting them and him in a ridiculous and contemptible attitude."¹

This attitude marks the entire essay by Mill. He seems to be particularly indignant about the Quarterly Review, and this serves to create further animosity toward Malthus' Review. For instance, the opening comments of Mill's review are as follows:

Had this article been particularly good, we might have left it to work its way out by itself. Had it been bad, after the usual manner of the Quarterly Review, begging every question on the side of power, we should not have thought it necessary to add any thing to the exposure which we have already given of this branch of aristocratic logic. It happens, however, that while the article is as bad as might naturally be expected, considering the quarter from

¹Semmel, introduction, pp. 27-28.
which it comes, there are peculiarities in its badness, which take it out of the ordinary run of Quarterly Review articles.  

This distaste for the Review runs throughout Mill’s articles.

Misgivings of Malthus’ Review

The purpose of this thesis is not to give a blind and adherent defense of Malthus. Malthus, as all great philosophers, possessed concepts which at the time might have sounded debatable but which have since proven totally fallacious. All that this thesis proposes is that in various concepts throughout the writings of Malthus, institutional characteristics become apparent. This by no means connotes a direct defense of his attitudes; in fact there can be little defense for some of his apparent errors in this work. For instance, Malthus’ main objection to McCulloch’s work in the first place is his divergence from many of Smith’s axioms. Malthus begins by stating, and perhaps justly so, that,

We should be among the last to check free and continued inquiry in any science, particularly in one which is most justly described in the present treatise as a science, "not of speculation, but of fact and experiment." On such a subject, no writer, however great, can be expected to produce a work which may not subsequently require some modifications and corrections. We do not therefore object to the author of this treatise and the school which he represents, that they differ from Adam Smith; but that, in rejecting some of the fundamental principles of that great master, they propose to substitute

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others, which not only do not so well account for the facts with which we are surrounded, but are in many cases absolutely inconsistent with them.3

After proposing that theory may require some modification based "not on speculation, but fact," Malthus goes on with little reservation to uphold many concepts of Smith which are devoid of a factual basis. Such is the case when Malthus blindly upholds the Smithian Doctrine of the relative importance of land as a factor of production over all other factors. The discussion begins with a quotation in which, according to Malthus, McCulloch states:

"this is perhaps the most objectionable passage in the Wealth of Nations, and it is really astonishing how so acute and sagacious a reasoner as Dr. Smith could have maintained a doctrine so manifestly erroneous."4

Malthus then proceeds to quote from Smith, explaining that Smith was uncontestably correct in assuming such a phenomenon, but by doing so denounces an obvious attempt by McCulloch to introduce some marginal analysis:

he [Smith] is fully justified in what he has said, and that it is strictly and most incontrovertibly true that "the capital employed in agriculture, in proportion to the quantity of labour which it puts in motion, adds a much greater value to the annual produce of the land and labour of the country, to the real wealth and revenue of its inhabitants, than any equal capital employed in manufactures."

Adam Smith evidently does not here refer, nor ought he in this case to refer, to the returns of the last capital employed on the land, but to all the capital employed on the land . . . [thus] a.
given quantity of labour employed on the land, taking an average of the rich and poor land together, is actually productive of a greater value and revenue than the same quantity of labour employed in manufacture.\(^5\)

What, as Mill was to imply, could be more unlike an assumption based "not on speculation, but on fact"? Mill states of Malthus' digression.

There is an attempt to prove, in opposition to Mr. McCulloch, that labour, employed in agriculture, is more productive than labour employed in any other branch of industry; which, if it be meant as a joke, is so very dull a one, that if we could reconcile ourselves to a supposition which speaks so little for his intellect, we should be half inclined to suspect that the writer is in earnest. By wealth, we can understand nothing but necessaries, comforts, and enjoyments. How is it possible to say whether agriculture, or manufactures, be most productive of wealth?\(^6\)

Indeed Mill is correct for Malthus has often no proof for his assumption other than by using Smithian axioms which weakens the authenticity of other valid points in the essay. Insistence on being interested only in those economic concepts factually measurable is again lost as he allies himself with Adam Smith. This becomes apparent in his essay in a discussion of the relative productivity of labor. Malthus upholds the Smithian concept that all labor can be considered productive or unproductive whereas McCulloch makes no such distinction. Malthus holds that in relation to the creation of wealth, some labor, whether it be in the form of menial servants or a "skillful physician," is unproductive of consumable goods.

\(^5\)Ibid., p. 180.

\(^6\)Mill, p. 231.
He states,

But when Adam Smith gave his definition of productive labour, he obviously did not mean to refer simply to utility and enjoyment, but to wealth; that is, to the utility and enjoyment resulting from material products.7

He agrees with Smith by saying,

"the end of all human exertions is the same; that is, to increase the sum of necessaries, comforts, and enjoyments;" but if political economy be, as he [Smith] states, "the science of the laws which regulate the production, distribution and consumption of these material products which have exchangeable value, and are either necessary, useful, or agreeable to man," then it is certain that the term production or productive labour, as it ought to be used in the science of political economy, can only apply to the labour which increase the quantity or value of material products.8

A blind acclamation of Smithian analysis as expressed here by Malthus did not escape unnoticed by Mill in his review. Mill uses Malthus' analysis of the unproductive labor and the relative importance of land as a factor of production to hang a reactionary tag on the entire essay, the Quarterly Review, indeed on all of Malthus' analysis. Concerning the trend of the essay Mill cleverly states,

that the only safe standard of belief is the faith of his fathers; and that, although the insufficient records of early times do not permit us to mount up to the creation of the world, and ascertain what were the opinions of Adam on the subject of political economy, it is our duty to approach as near to that summit of orthodoxy as we can.9

7Malthus, Occasional Papers, pp. 174-175.

8Ibid., p. 175.

The mere name "new school" gives Mill added ammunition with which to contradict the concepts of Malthus. Mills, feigning knowledge of Malthus' authorship, states,

Thus, because certain Political Economists differ somewhat from Mr. Malthus, he dubs them the "new school," thereby intimating, that Mr. Malthus' doctrines are exploded and out of date; and he takes a malicious pleasure in coupling Mr. Malthus with Adam Smith; a compliment for which Mr. Malthus cannot be too grateful. . . . Economists are thrown away upon him, and that he has not yet advanced beyond the founder of the science. 10

Such biting and deserved criticism is displayed throughout Mill's review, and it no doubt served to undermine any valid points Malthus makes in his essay. These negative factors in Malthus are combined with his usually intolerably difficult writing technique. As Mill mentions,

For if Mr. Malthus excels in anything, it is not certainly in smoothing the road to knowledge; and if any truths are contained in the works to which we have alluded, they must be of the number of those truths which lie hidden in the bottom of a well. 11

Malthus' difficult writing technique, combined with periods of retrogression when he upholds the writing of Smith simply because he is the founder of economic theory, serve to inhibit the acceptability of the entire essay, a fact on which Mill capitalizes. The problem is of such magnitude as to completely overshadow the valid points in the essay which do exist, especially in relation to Malthus' concepts of value,

10 Ibid., pp. 216-217.
11 Ibid., p. 216.
It is these three points which occupy the majority of the essay and in which Malthus demonstrates some institutional characteristics. These characteristics provide a sound basis for economic theory which does vary from the "new school." The variation between the schools is most important, but as Mill points out, Malthus' entire approach to economic issues is at variance with the approach of the Ricardians of the 'new school." Mill simply states,

a writer [Malthus] ... who not only did his utmost to promote an object so alien to the conceptions and wishes of a Quarterly-Reviewer, as the improvement of the great mass of mankind, but pursued that object by means which he cannot but regard as abominable; by pointing out the defects of existing institutions, and suggesting remedies.  

Thus, even the critics of Malthus admitted that his basic philosophy revolved around the faults in existing institutions and the remedies for these. It is in this vein that this essay will be further explored.

Malthus, the "New School," and Their Difference in Theory of Value: Some Institutional Characteristics

It is impossible to separate completely Malthus' value, profit, and market glut theory, for each is dependent on the other, and together they create an entire plan of economic theory. In fact, in trying to separate them, one runs into the same problem that Mill does, for he in most cases justly

\[12]^{12}\text{Ibid.}, p. 214\]
criticizes many of Malthus' concepts but does it in a categorical sense, neglecting the broad outline of economic theory which Malthus has created. Thus, in most cases Mill's analysis is unfair, yet probably arrived at for various accountable reasons. One such reason is his insistence on the "new school" philosophy. Another reason is perhaps because Mill was entirely familiar with all of Malthus' writings. However, he states, "Few, we fear, of our readers can boast, like ourselves, of having effected the reading of Mr. Malthus' Measure of Value and of his Principles of Political Economy." He probably did not comprehend the entire scope of Malthusian thought, nor did Malthus' writings lend themselves to an easy understanding of a general trend.

The basic difference between the two schools becomes apparent early in the essay, primarily as a result of already drawn conclusions. Malthus has already established to his satisfaction that a glut of commodities may very well exist. If this glut for commodities exists, then these commodities will lose their value. He explains this phenomenon best himself when he states,

If the roads and canals of England were suddenly broken up and destroyed, so as to prevent all passage and interchange of goods, there would be first no diminution of commodities, but there would be immediately a most alarming diminution both of value and wealth. A great quantity of goods would at once lose their value by becoming utterly useless;

13Ibid., p. 216.
and though others would rise in particular places, yet from the want of power to purchase in those districts, the rise would by no means compensate for the fall.14

With this statement Malthus seems to reveal his basic concept of value being created by the action of supply and demand, not by the instilling of value as the product is created. As St. Clair suggests,

Instead of saying that the goods that are left unsold on the shelves of the maker lose their utility [as Malthus suggests] . . . Malthus should perhaps rather have said that they lose their chance of acquiring utility of value.15

Thus value, according to St. Clair's analysis of Malthus, is gained from a product "by passing from the hands of the maker, who cannot use them, into the hands of consumers whose wants they will satisfy."16 Basically value is created by passing the good from the supplier to the demander. Malthus explains,

as I have endeavoured to show in the eighth Section of this Chapter, the natural and permanent tendency of all extension of trade is . . . to increase the exchangeable value of the whole produce. . . . This better distribution of the produce of the country, this better adaptation of it to the wants and tastes of the consumers, will at once give a greater market value, and at once increase the national revenue, the rate of steady profits, and the wages of labour.17

According to this theory as St. Clair points out, "The capitalist who has sunk 10,000 or 20,000 pounds in a plant for

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14 Malthus, Political Economy, p. 301.

15 St. Clair, pp. 188-189.

16 Ibid., p. 189.

17 Malthus, Political Economy, p. 429.
the manufacturer of wash-tubs . . . cannot consume his own products . . . He must find purchasers for what he produces before he can himself become a purchaser of other people's products.” Exchange becomes of primary importance in Malthus' theory of how an object gains value, and demand and supply are the prime movers in this exchange. If demand for a product ceases, then it will lose value, conversely, if supply increases beyond demand, the product will lose value.

Given these ideas, it is easy to see that Malthus believes that, if goods are produced over effectual demand, then the goods themselves will not be exchanged and thus not gain the value of exchange. According to Malthus, therefore, the goods remaining on the producer's shelf will not gain the value of exchange. This conclusion was of primary importance in Malthus' theory of a general glut. To this effect he states,

a great increase of production may immediately find an adequate market, and experience consequently a great increase of exchangeable value, if they are so well distributed and so well adapted to the tastes and wants of the society as to excite the desire of making an adequate sacrifice in order to procure and consume them. In fact, such an increase of value always really takes place on occasion of an increased foreign demand for commodities; and unquestionably a similar increase of value would take place in the case of such a production and distribution of domestic commodities as better to suit the tastes and desires of the domestic consumers.19

The new school, personified by the writings of Ricardo and Mill, maintains that the value of a good is instilled in

18 St. Clair, p. 188.

19 Malthus, Political Economy, p. 366.
the good at its conception and can neither be increased nor
declined. This does not mean, according to Ricardo, that
utility cannot be gained from passing an object from a person
who obtained less utility for the object to a person who
could gain more utility from the object. Thus, according to
St. Clair, "it is by passing [an object] from the hands of
the maker . . . into the hands of the consumers . . . that
products acquire utility."20 What Ricardo is suggesting is
that utility, that which can be gained from passing an object
from one person to another, is not the same as value, that
which is instilled in an object by its very production.
Ricardo surmises that if a product is produced, its value is
inherent, and though it may not sell, its value cannot decline.
And as St. Clair suggests, "value is not affected by the
exchange. . . . It is differently estimated by different
persons."21

The point next arises as to what effect these different
value theories have in relation to a market glut. Both schools
agreed that if a glut in commodities occurred, if supply for
them were greater than demand, money could be shifted from the
consumption of these goods to be used in capital outlays. To
the new school capital is similar to the desires of individuals,
insatiable. Ricardo states,

20St. Clair, p. 189.

21Ibid.
M. Say has, however, most satisfactorily shown, that there is no amount of capital which may not be employed in a country, because demand is only limited by production. No man produces, but with a view to consume or sell, and he never sells, but with an intention to purchase some other commodity, which may be immediately useful to him, or which may contribute to future production. By producing, then, he necessarily becomes either the consumer of his own goods, or the purchaser and consumer of the goods of some other person.22

In his Principles Ricardo remarks,

there is no limit to demand—no limit to the employment of capital while it yields any profit, and that however abundant capital may become, there is no other adequate reason for a fall of profit but a rise of wages, and further it may be added, that the only adequate and permanent cause for the rise of wages is the increasing difficulty of providing food and necessaries for the increasing number of workmen.23

If this is true then no amount of money could be collected which would not have a profitable outlet. The richest man in the world would always find a profitable outlet for his accumulated capital. Ricardo further remarks,

If ten thousand pounds were given to a man having 100,000 pounds per annum, he would not lock it up in a chest, but would either increase his expenses by 10,000 pounds; employ it himself productively, or lend it to some other person for that purpose; in either case, demand could be increased, although it would be for different objects.24

Ricardo’s only concession to a glut of goods or capital is in a mistake in the market place. He states, "Mistakes may be


23Ibid., p. 296.

24Ibid., p. 291.
made, and commodities not suited to the demand may be produced --of these there may be a glut; they may not sell at their usual price; but then this is owing to the mistakes, and not to the want of demand for productions. 25 He further states as an important argument to the above assumption that,

> For everything produced there must be a proprietor. Either it is the master, the landlord or the labourer. Whoever is possessed of a commodity is necessarily a demander, either he wishes to consume the commodity himself . . . or he wishes to sell it, and purchase some other thing with the money. 26

Again in his *Principles* Ricardo makes a point concerning the impossibility of the overproduction of a glut by saying, "Too much of a particular commodity may be produced, of which there may be such a glut in the market, as not to repay the capital expended on it; but this cannot be the case with respect to all commodities; [for example,] the demand for corn is limited by the mouths which are to eat it." 27

Malthus realizes that money will shift from glutted commodities to capital, but he seems to ask the question, is not capital also subject to the laws of supply and demand?

> It appears, therefore, that in these cases of varying profits, it is specifically the varying state of the demand compared with the supply of produce while the productiveness of labour remains the same, which determines them. And does it not follow that the ordinary state of profits, or the ordinary proportion

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26 Ibid., pp. 160-161.

of the produce which goes to repay the advances of
accumulated and immediate labour necessary to obtain
it, is determined by the ordinary state of the demand
compared with the supply of such produce?  

If this is true, then cannot an excess of supply of capital
compared with demand lower, if not totally obliterate, the
value of capital? Malthus believes this is a distinct
possibility.

But if the conversion of revenue into capital pushed
beyond a certain point must, by diminishing the
effectual demand for produce, throw the labouring
classes out of employment, it is obvious that the
adoption of parsimonious habits beyond a certain
point, may be accompanied by the most distressing
effects at first, and by a marked depression of
wealth and population afterwards.  

In forwarding this opinion Malthus is utilizing two
distinct sources. First, to give his theory some philosophic
background, he quotes Smith who stated,

"the ordinary or average rate which is found in
every society or neighbourhood, and which is regu-
lated partly by the general circumstances of the
society, their riches or poverty; their advancing,
stationary, or declining conditions; and partly by
the particular nature of each employment."  

Second, and perhaps most important, Malthus is genuinely
interested in fulfilling the basic institutional charac-
teristic of empiricism, for he felt it necessary to explain
the general glut of the English economy. Malthus realized that,

"The first business of philosophy is to account for things

28 Malthus, Occasional Papers, p. 190.
29 Malthus, Political Economy, p. 326.
30 Malthus, Occasional Papers, pp. 188-189.
as they are."\textsuperscript{31} The general glut had to be accounted for.
The new school had ignored it, treating the phenomena as
a temporary cyclical movement. Malthus saw this glut for
what it was, an economic ill that could cause serious
depression.

The Causes for the Fall in the Value of Capital

Malthus was to analyze the causes for the fall in profits
as predominately the problem of too much money in too few
hands. Excess parsimony of the very rich caused the glut of
capital. Malthus begins his analysis by adhering to Smith's
concepts concerning the accumulation of capital and expands
this into a theory that can account for the general glut of
the period. Smith had stated,

\begin{quote}
Parsimony, and not industry, is the immediate
cause of the increase of capital. \ldots \textsuperscript{32} Parsimony,
by increasing the fund which is destined for main-
tenance of productive hands, tends to increase the
number of those hands whose labour adds to the value
of the subject upon which it is bestowed. \ldots \textsuperscript{32} What
is annually saved is as regularly consumed as what is
annually spent, and nearly in the same time too, but
it is consumed by different people\textsuperscript{32}
\end{quote}

Malthus agrees, to an extent, with his predecessor:

\begin{quote}
Adam Smith has stated, that capitals are increased by
parsimony, that every frugal man is a public bene-
factor, and that the increase of wealth depends upon
the balance of produce above consumption. That these
propositions are true to a great extent is perfectly
unquestionable. No considerable and continued
increase of wealth could possibly take place without
\end{quote}

\textsuperscript{31}Malthus, \textit{Political Economy}, p. 8.

\textsuperscript{32}Smith, p. 321.
that degree of frugality which occasions [it] ... but it is quite obvious that they are not true to an indefinite extent, and that the principle of saving, pushed to excess, would destroy the motive to production.33

Malthus did not disagree with the fact that parsimonious behavior was important in the accumulation of capital, which in turn created wealth in a society. His major disagreement was that savings, pushed to the extreme, would curtail present consumption and defeat the phenomenon it was trying to establish. There had to be enough effective demand to consume the goods in the market. If this consumption power was severely limited by savings, then the demand for current consumption would decrease, and a glut would develop. Malthus states, "... the principle of saving, pushed to excess, would destroy the motive to production ... if production be in a great excess above consumption, the motive to accumulate and produce must cease from the want of an effectual demand in those who have the principle means of purchasing."34

The above statement by Malthus implies that, once the production is above consumption, then there will be no profitable outlets for additional capital expenditures. And yet, the cause of the situation in the first place was an increase in capital accumulation. Thus, Malthus arrives at the conclusion that it is quite possible to have over-capitalization, owing to advanced savings which cause a downturn

33Malthus, Political Economy, pp. 6-7.
34Ibid., p. 7.
in effective demand. This over-capitalization is both the cause and the result of a general glut. Extreme saving creates a lack of effective demand which in turn decreases the possibility of profitable outlays for capital, the primary reason that extreme parsimonious habits were adopted in the first place.

Malthus admits that this does not discount the need for savings or capital in any country. He states, that, "when the capital of a country is deficient, compared with the demand for its products, a temporary economy of consumption is required, in order to provide that supply of capital which can alone furnish the means of an increased consumption in the future."35 This, however, does not exclude one of the major, if not the major, principles in Malthus' glut theory which states, "no nation can possibly grow rich by an accumulation of capital, arising from a permanent diminution of consumption."36 This is true "because such accumulation being beyond what is wanted in order to supply the effective demand for produce, a part of it would very soon lose both its use and its value, and cease to possess the character of wealth."37

This entire theory is in complete opposition to the ideas of Ricardo. Ricardo had stated that, "There cannot, then, be

36 Ibid.
37 Ibid., pp. 326-327.
accumulated in a country any amount of capital which cannot be employed productively. Malthus went on to demonstrate that capital can be accumulated for which there is no direct need. Through the auspices of supply and demand, a lowering of the value of all capital results. Yet, why had this phenomenon not occurred more often, and why was England not continually producing more capital than it could use? In short, why was the economic situation in 1824 not worse? The reasons Malthus gave for the actual state of England's economy revolve around the different expenditure patterns of various social classes. Thus, in resolving the relative decrease in the expected severity of the general glut, Malthus embarked upon a comparison of class structure and habits which certainly possess institutional characteristics.

The Conclusion of Market Glut Theory and Some Institutional Characteristics

At the beginning of this essay on political economy, Malthus made the distinction between productive and unproductive labor. In attempting to correlate the institutional characteristics of Malthus, this distinction of classes becomes important. To Malthus, unproductive labor (menial servants, landlords, doctors, and scholars) and productive labor represent various social classes, each with its own expenditure patterns and habits. Each class has its own

particular habits of spending, their own institutions.

Malthus states,

that it [the urge to accumulate capital] has no limit must be allowed to be too strong an expression, . . . by the general desire of mankind to better their condition, and make a provision for a family; a principle which as Adam Smith himself states, is on the whole stronger than the principle which prompts expense.39

But the capitalists, are a different story:

they have certainly the power of consuming their profits, . . . But such consumption is not consistent with their actual habits. . . . The great object of their lives is to save a fortune . . . it is quite obvious that, with their actual habits, they could not afford an adequate market to each other by exchanging their several products.40

Such an analysis of the capitalist led St. Clair to state of Malthus' concepts,

So far as the labourers are concerned, Ricardo may be right in assuming that the will to consume is always equal to the power to consume. . . . But in the case of the capitalists, Malthus holds, the opposite is the case--their power to consume exceeds their will to do so.41

Since the capitalists' power to consume exceeds their will to do so, the capitalists, according to Malthus, will by nature accumulate great sums of money; capital that cannot be spent profitably.

This is not a strange phenomenon peculiar to only a few capitalists, but is instead an institution to which all


40Ibid., p. 399-400.

41St. Clair, p. 179.
capitalists adhere. It is the "habits of thought" of various capitalists which bring about the phenomenon of a general glut.

It becomes apparent that Malthus is asking Ricardo and the entire "new school," if there is no limit to the amount of capital that can be accumulated, then why cannot a capitalist continue to accumulate capital above his needs? Malthus states in regard to the capitalists,

> With regard to the capitalists who are so engaged, they have certainly the power of consuming their profits, or the revenue which they make by employment of their capitals. . . . But such consumption is not consistent with the actual habits of the generality of capitalists. The great object of their lives is to save a fortune, both because it is their duty to make a provision for their families, and because they cannot spend an income with so much comfort to themselves, while they are obliged perhaps to attend a counting-house for seven or eight hours a day. 

From this statement by Malthus, it is relatively apparent that he conceived a society where one sector of the economy regularly produces more than it requires. The capitalist invests and thus produces, but the fruit of his production is not regularly reinvested or spent but is instead held as insurance for the future. Malthus has come to the realization, through studying the existing economic situation, that overproduction would continue to exist unless another sector of the economy in turn consumed more than it produced. It is here Malthus believes, according to St. Clair, "that the

\[\text{Malthus; Political Economy, pp. 399-400.}\]
landlords sprout a halo. [The landlords] consume a great deal, while producing nothing, and thus contribute substantially towards making demand equal to supply."\textsuperscript{43} It is for this reason that this Whig economist upheld the institution of the landlord through advocating continuation of the Corn Laws and other pro-landlord legislation. The landlord was to be upheld in his attempt to create a situation more conducive to a non-cyclical, indeed glutless economy. The landlord was not to be upheld, as Malthus' adversaries were to later condemn him, simply as a social institution. The landlord had a purpose in the evolution of an advanced economy which was to consume what would otherwise create a glut.

Yet Malthus by no means blindly upheld the institution of the landlord. As previously demonstrated, he felt that the landlord had considerably added to the misery of the Irish-Catholic by exploiting these peasants. Additionally, the landlord might add to the effect that they were trying to relieve, for they too had the habit of saving a considerable portion of their income. As St. Clair records,

\begin{quote}
But, alas, no class of human beings is perfect; despite their halo the landlords are tinted with the same failing as the capitalists, namely, the habit of saving a considerable portion of their income instead of consuming the whole of it. Something might be done to reduce this evil, Malthus thinks, by breaking down large estates into smaller holdings.\textsuperscript{44}
\end{quote}

\textsuperscript{43}St. Clair, p. 180.

\textsuperscript{44}Ibid.
Thus, a reoccurring theme is again brought up by Malthus as hinted at in this essay and stated in his thesis. Malthus explains this thesis best himself in his *Principles of Population* when he states he is most interested "in an increase of the relative proportions of the middle parts." Indeed Malthus seems to be hinting at reform throughout his works as he continually brings up this theme.

A very large proprietor, surrounded by very poor peasants, presents a distribution of property most unfavorable to effectual demand.

Thirty or forty proprietors, with incomes answering to between one thousand and five thousand a year, would create a much more effectual demand for the necessaries, conveniences, and luxuries of life, than a single proprietor possessing a hundred thousand a year.

Practically it has always been found that the excessive wealth of the few is in no respect equivalent, with regard to effective demand, to the more moderate wealth of many.

To distribute income among those more capable of consuming was Malthus' ultimate goal. The greatest effect in postponing a general glut according to Malthus would be to reorient society towards an income-distribution plan in favor of the middle "parts."

Malthus' second plan for the alleviation of a general glut is through the employment of unproductive labor. The employment of such labor would offset the tendency towards

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a glut; this type consumes possible overproduction but would not produce. In essence, Malthus is hinting that unproductive labor will raise effective demand, thus stimulating a glutted economy. Malthus states in an almost Keynesian fashion according to Levin, "the employment of the poor in roads and public works, and a tendency among landlords and persons of property to build, to improve and beautify their grounds, and to employ workmen and menial servants," would have an offsetting effect in terms of a general glut. Statements such as these lead St. Clair to summarize Malthus' opinions toward the alleviation a general glut through unproductive labor thusly,

those who . . . [employed] the services of doctors, dentists, nurses, teachers and preachers, singers, actors, . . . [were contributing to a class of people who consume but] do not produce . . . [Likewise the] armies and navies, policemen, magistrates, and a host of civil servants are furnished through the medium of taxation with the power to demand and consume, [but not to produce.]^48

The new school, symbolized by Ricardo, cannot comprehend what Malthus is driving toward. It maintains that production is only limited by consumption; and, if there is a glut in one area, capital will simply be shifted to another. Ricardo states in his Notes on Malthus,

I indeed say "that of commodities so limited in number there would be an universal glut." But could such a state of things exist? Would only such a limited number of commodities be produced:

^47 Levin, p. 116.

^48 St. Clair, p. 181.
Impossible, because the labourers would be glad to consume conveniences and luxuries if they could get them, and in the case supposed to promote the very object of the masters it would be their interest to produce the commodities for which their labourers had the will and power to pay.49

To the "new school" wants are insatiable. If this is the case, how could there exist commodities for which there is no demand or capital for which there is no demand? Surely as Ricardo records, "Mistakes may be made and commodities not suited to the demand may be produced--of these there may be a glut . . . but then this is owing to the mistakes, and to the want of demand for productions."50

If Ricardo and the "new school" believe in the impossibility of a general glut, then they will certainly disagree with Malthus on the remedy for such a situation. In relation to increasing effective demand for products by more evenly distributing income toward the middle "parts," Ricardo simply states, "What difference could it make whether there was one great demander or a great many small ones? It was not demanders, but producers and accumulators of capital that were wanted."51

To Ricardo there is no difference in effective demand between one extremely rich individual and many middle-income people. He concludes,

If ten thousand pounds were given to a man having 100,000 pounds per annum, he would not lock

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49 Ricardo, Notes on Malthus, edited by Sraffa, pp. 312-313.

50 Ricardo, Notes on Malthus, edited by Hallander, p. 160.

it up in a chest, but would either increase his expenses by 10,000 pounds; employ it himself productively, or lend it to some other person for that purpose; in either case, demand would be increased, although it would be for different objects.  

Ricardo, is equally unimpressed with Malthus' suggestion concerning utilizing unproductive labor, or even having public works program. He finds Malthus' suggestion at total variance with his ideals of an efficient economy. He states ironically,

I may employ 20 workmen to furnish me food and necessaries for 25, and then these 25 to furnish me food and necessaries for 30--these 30 again to provide for a greater number. Should I not get rich although I employed capital "merely for the sake of the demand occasioned by those who work for me?"

Again he totally disagrees with Malthus on the employment of unproductive labor, stating,

of what advantage can it be to me that another man who returns nothing to me shall consume my goods? How does such a consumption enable me to realize profits? I cannot express in language so strong as I feel it my astonishment at the various propositions advanced in this section, [the section regarding employment of unproductive labor].

The boundaries for the argument were thus established. The "new school" holds that wants are insatiable; if there is too much of one commodity produced, the purchasing power will be shifted to a second commodity. There can never be a

52Ricardo, Political Economy, p. 290.


54Ibid., p. 423.
general glut. Malthus certainly also upholds the basic tenets of the classical school; yet empirical evidence holds the opposite to be the case. As society evolves, there indeed might be periods of general overproduction. Such a period existed at a time of Malthus' writings. And he felt that his explanation best summarized what was actually happening:

the specific question is, which of the two views here stated best explains the broad and established facts of which we have had experience.

For our own part we have no hesitation in saying that the events of the last thirty years, in this country, appear to us to be absolutely inexplicable on the supposition that the mass of commodities produced by the same quantity of labour, remained during that time of the same value; while they are explained in the clearest most obvious manner, by allowing, in conformity with all appearances, that the value of the produce of the same quantity of labour rose during the war, and has fallen since, owing to the state of the demand and supply, and of the relative abundance and competition of capital in the two periods. . . . And we believe it will be found, that no instance of a rise or fall of profits has ever occurred which may not justly be attributed to a rise or fall in the value of the produce of the same quantity of labour occasioned by these causes.55

In the last pages of the 1824 essay, Malthus devotes himself to a final denial of a "glutless" economy. He states of McCulloch that, "The author fully adopts the doctrine of M. Say, laid down in his chapter Des Debouches, that is, that effective demand depends upon production. . . ."56

Malthus has gone outside the traditional bounds of economic

55Malthus, Occasional Papers, pp. 206-207.

theory, incorporating the various habits and institutions of economic classes, to explain the existence of a market glut. Indeed, as Mill has said of Malthus, Malthus was able to point "out the defects in existing institutions and . . . [suggest] remedies."\textsuperscript{57}

Malthus' concepts of a general glut and his reform and planning techniques for alleviating the situation were never adopted in the mainstream of economic thought. The reason is self-evident. Malthus continued to cling to the classical school assumptions, such as the insatiability of desire and the relative elasticity of demand from one type of good to another. If one accepts these assumptions, neither Malthus' evidence pointing toward the existence of a market glut nor his techniques for moving out of the economic slump are valid. Malthus, however, took a step forward from the classical school, demonstrating an institutional characteristic of differing with the established school of thought. He found that empirical evidence pointed toward the existence of a market glut; and as an economy evolved, this market glut could become an immense problem. Malthus demonstrated a further institutional characteristic of basing all conclusions on empirical or conceptual evidence. He thus divorced himself from the existing school's assumptions, for empiricism had proven them incorrect.

\textsuperscript{57}Ibid., p. 214.
Planning and reform, two additional characteristics previously listed as institutional, now deserve some discussion in relation to this essay. Certainly in the technical sense of economic policy, Malthus' concepts seem to be lacking in the aforementioned characteristics. One must look long and hard to find governmental reform and planning techniques suggested by Malthus. He did, however, agree that the redistribution of income toward "the middle parts" would not only increase the general happiness of society but would serve to offset a general glut. He simply concludes that "it has always been found that the excessive wealth of the few is in no respect equivalent, with regard to effectual demand, to the more moderate wealth of the many."\(^58\) Again in relation to what Malthus feels is a lessening severity of a possible general glut, he praises economic planning in England which had offset this depression, stating,

and that great distress [a general glut following the war] would have been the consequence, if the happy opening of new and large channels of foreign commerce, combined with the improved views of our government in commercial legislation, had not prepared the way for a renewed demand for labour, [and all products].\(^{59}\)

Malthus upholds the use of unproductive labor, describing planned works programs, either public or private, to offset the existence of a general glut. He also upholds the existence of laws which maintain landed-gentry, for they in turn offset

\(^{58}\textit{Malthus, Political Economy, p. 375.}\)

\(^{59}\textit{Malthus, Occasional Papers, p. 198.}\)
a general glut through spending or employing people who consume but do not add to the general glut by producing. For instance, he states in his *Principles*, "I have given my reasons for thinking that, in the actual and peculiar state of this country, the abolition of the law of primogeniture would produce more evil than good." Likewise, Malthus stood firmly behind the Corn Laws, laws that supported large landed estates by fixing the price of all corn in England.

This adherence to laws favoring the landed class brought Malthus unfair criticism from the "new school," for it claimed that he had turned Torian in beliefs, shunning the welfare of the masses, while in actuality he was trying to improve the entire state of the economy by preventing a general glut. Yet as Mill was to point out, "Malthus . . . did his utmost . . . [to improve] the great masses of mankind." This concern for fellowman certainly represents an outstanding institutional characteristic. In numerous pages through his essay, on political economy, and as also expressed in his *Principles*, Malthus suggests a belief in the existence of a general glut. Malthus concludes in his *Principles* that, "the first business of philosophy is to account for things as they are." He follows with empirical evidence, differing with the classical school, and summarizes that a general glut could occur.

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61 Mill, p. 214.
The general welfare of society thus becomes Malthus' concern. To remove the possibility of a general glut through insuring adequate demand would in turn mean mutual benefit for all of society. If Malthus could have divorced himself from the assumptions of the school to which he was so adamently opposed, the institutional characteristics he demonstrated might have carried him on to an effective denial of Say's law and toward reform techniques with which to prevent an adverse economic situation. Malthus, a product of his time, could not effectively remove himself from these assumptions, such as the insatiability of wants. However, by questioning the basic tenets of the "new school," Malthus undeniably demonstrated the characteristics which this thesis maintains are institutional.
CHAPTER VI

CONCLUSION

To state infallibly that Malthus was an institutionalist would be a total misconception of not only Malthus' works but his position in the history of economic thought. To say this of Malthus is the same as implying that Newton was a nuclear physicist. Both statements are inaccurate in their approach and endow these men with concepts and ideologies far in advance of their time. "The Malthusian exposition, [for example], was given to the world before the epoch-making contributions of Darwin. . . ." Yet in the case of Malthus, as with Newton, both men fathered and adhered to concepts that differed with existing ideologies. These concepts, through the cumulative effects of man's knowledge, became the base for the advancement of their separate disciplines. In Malthus' case these new concepts took the form of those characteristics which this thesis has labeled as institutional.

One of the prime characteristics of the institutionalist school is its marked differentiations with the existing economic theory. Malthus differed with the new school's denial of a general glut, favoring the theory which realized the existence of this market force, and thus a general tendency

1Levin, p. 15.
toward dis-equilibrium. As Levin records, "It was Malthus who used the term 'full employment,' a concept elaborated by Keynes." Malthus consequently utilized this definition in relation to the depressed state of the Irish population and to the general glut which surrounded England after the Napoleonic wars. Again according to Levin,

It was Malthus too who highlighted the role of increased consumption and adequacy of buying power as a means of augmenting the national wealth by increasing the demand for goods, a concept of overriding significance in the fixing of current economic policy.

Malthus' differing approach to economic questions led the institutionalist John R. Commons to state, "I find ... my method of reasoning goes back to Malthus, rather than to Smith, Bentham, Ricardo ... or any of the 'logical economists.'" How did this method of reasoning differ so directly with the classical school? First of all Malthus was an empiricist, basing his conclusions on conceptual rather than metaphysical data. Such conceptual tendencies can be seen throughout his praise and use of the empirical evidence presented in Newenham's and Tooke's work. Malthus himself states in the introduction to his Principles that, the duty "of philosophy is to account for things as they are. . . ."

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2Levin, p. 20.
3Levin, pp. 20-21.
4Commons, Institutional Economics, p. 846.
5Malthus; Principles, p. 8.
Malthus took into consideration the present state of the economy. Bonar, Gregory and Levin point to Malthus' utilization of the facts surrounding the post-war economy of England as evidence for his conclusions. "Since Malthus had knowledge of the Napoleonic wars and of their economic and social consequences, he found it practicable to point to corroborations of his ideas from this experience." 6

By basing his theories on empirical evidence rather than on metaphysical concepts, Malthus provides another glimpse into what later was to become an outstanding characteristic of institutionalism; evolutionary concepts. As Levin states,

Darwin and Alfred Wallace, who brought into being the modern theory of evolution, both acknowledged their indebtedness to Malthus for their ability to distinguish and interpret the main process which plays a decisive role in the evolutionary drama. . . . [As] Darwin declares, 'Here then, I had at last got a theory by which to work. . . .'.7

The significant role of Malthusian thought in respect to evolution has been generally recognized. Thus, Karl Pearson called Malthus "the strewer of seed which reached its harvest in the ideas of Charles Darwin and Francis Galton." John R. Commons has said: "He was the first scientific evolutionist. . . ." 8

The most convincing argument pointing to Malthus as an evolutionist was stated by the Past President of the

6Levin, p. 115.
7Ibid., p. 21.
8Ibid., p. 45.
American Economic Association, Kenneth Boulding, when he states of Malthus, "He stands at the portal of the whole great movement of evolutionary thought."\textsuperscript{9}

Despite obvious tendencies toward evolutionary thought, because of his own empiricism, Malthus inevitably alludes to the concepts of natural law. These movements are easily apprehended in his adherence to the classical assumptions of the insatiability of human wants, the ability of man's desires to shift from one commodity to another, and so forth.

Indeed, as many argue, Malthus differed only slightly from the existing natural law school. Yet it must be remembered, as Levin points out, that, "the early period of Malthus' life was signalized by the humanistic ideals of the Enlightenment."\textsuperscript{10} Additionally it can be argued, "that the discourse on the formation of mind is nothing more formidable than a concession to religious tradition."\textsuperscript{11} Certainly Malthus' religious affiliations permeated his entire thinking pattern. His strict philosophical and religious ideologies were only strengthened by the period's Newtonian philosophy and Bentham psychology, which maintained that all nature, including man, was subject to certain indisputable laws.

\textsuperscript{10}Levin, p. 33.
\textsuperscript{11}Ibid., p. 42.
Though Malthus was deeply steeped in the various above-mentioned traditions, he could not, as the "new school" did, visualize society or an economy adhering to an exact overall plan, possessing no variations. He writes to Ricardo in January, 1817, "I really think that the progress of society consists of irregular movements." Malthus arrives at this conclusion through an examination of the habits of mankind, summarizing in his Principles that, "Consequently, man may act contrary to the dictates of reason."13

Throughout the writings of Malthus, particularly in the four essays examined, the author points again and again to the fallacy of assuming that man is in all cases a rational being. In Ireland the rationality of the Irish peasant to maintain a reasonable population level was non-existent. Likewise, rational political theory would have dictated the removal of the Catholic code, while the code still existed as an obvious deterrent to the economic progression of the Irish people. In relation to market glut theory, Malthus realized that the capitalists added to ineffective demand, for their object in life was to collect a "fortune" that could not be adequately spent, thus adding fuel to the general glut. Malthus' consistent characterization of man as an irrational character led Commons to epitomize Malthus' thought thusly:


"Man is not a rational being—he is a being of passion and stupidity, who does quite the opposite of what his reason tells him to do."\textsuperscript{14}

If man is irrational, then how can he evolve? To Malthus the answer lies in what he describes as, "the various impressions and excitements which man receives through life."\textsuperscript{15} Malthus thus "acknowledged the role of modifications in accounting for the endless diversity of character we see in the world. . . ."\textsuperscript{16} It seems then to Malthus the stimulation of the creative process holds the greatest possibility for man's evolution. Where the classical economist upheld man as a creature capable of making the proper decision for himself and thus society in any given situation, Malthus held that various institutions clouded man's thought, preventing always rational decisions. Man instead learned only by doing.

Malthus was to summarize as Levin records, that "The finest minds seem to be formed rather by efforts at original thinking, by endeavors to form new combinations, and to discover new truths. . . ."\textsuperscript{17} Such an outlook on mankind in general can certainly be related to the concepts of Veblen in his \textit{Instinct of Workmanship} and to Ayres in his \textit{Theory of Economic Progress}. Both of these thoroughly institutional

\textsuperscript{14}Commons, \textit{Institutional Economics}, p. 877.
\textsuperscript{16}Levin, pp. 38-39.
\textsuperscript{17}Levin, p. 40.
thinkers seem to be in agreement with Malthus that man reacts to individual situations and indeed to the entire process of evolution in a somewhat irrational manner. Man adheres to various institutions, not to particular natural and metaphysical concepts.

In relation to Malthus' disagreement with the classical school and secondarily to his conceptual rather than metaphysical identity for mankind, we find that, as Levin points out, "Malthus had a sensitive awareness of the role of institutions in affecting the lot of man and the course of progress. . . . And just as ill-suited institutions could disorder life, so the desirable ones could lessen misfortune." Ill-suited institutions can destroy a society, as the political institutions had done in the case of Ireland and as the habits of the capitalists could do in the case of a general glut. Thus, in regard to the inequalities of the social system brought about by man's ill-suited institutions, Malthus remarks, "it [these inequalities] must certainly be considered as an evil and every institution which promotes it [them] essentially bad and impolitic." It thus becomes Malthus' thesis that inequalities in an economy are the result of ill-suited institutions; yet it seems to him that these institutions—unlike metaphysical, natural law—are capable of change. Change it

18 Levin., pp. 48-49.

seems to Malthus come about through planning and reform of these institutions.

Malthus, it will be remembered, was criticized severely by the classical school. For example, Mill had reproached Malthus for suggesting remedies for existing inhibitory institutions. Mill states, "but [Malthus] pursued that object by means which he cannot but regard as abominable; for, ... pointing out the defects of existing institutions, and suggesting remedies."20 Throughout this work there has been a conscientious effort to indicate planning and reform techniques that Malthus included in his various essays. In regard to the Irish question, Malthus suggests, as Semmel points out, additional grants and aid for the lagging Irish economy. Second, he suggest the "taxes upon the tenants of the land in Ireland, ... instead [of] one upon 'the very great proportion of the whole produced and possessed by the Irish landlord.'"21 Third, concerning the reform of institutions that had caused poverty in Ireland, he suggests destroying these ill-suited institutions and political restraints upon the Catholic Irish as a primary prerequisite for alleviating Irish poverty.

Regarding the monetary crises that faced England, and became the basis for his 1823 article, Malthus suggests,

21 Ibid., p. 19.
through his acceptance of Peel's bill, the need for reform in the banking system in England. In his 1824 Essay Malthus deals with the glut situation in England, suggesting that reform is definitely needed in order to offset the uneven distribution of income. This, Malthus was to conclude, was one of the primary reasons for a general glut. As Levin points out,

Almost in the manner of contemporary writers, the earnest scholar and preceptor [Malthus] cites examples of higher real wages, resulting not in an increase in the number of marriages and births, but in the marked improvement in the quality of goods consumed and an enhancement of the people's comforts and conveniences. . . . Furthermore, a social order, [according to Malthus] regardful of the ideal of individuality, favored by better habits of the labouring elements with regard to their numbers, and advanced by early instruction . . . [would create] 'an increase [in income] in the relative proportions of the middle parts.'

Thus, Malthus' central thesis, as he himself points out, is to "Increase the relative proportions of the middle parts. This is our best ground for the expectations of an increase in the happiness of the mass of human society." Planning is the ultimate answer in obtaining this desired reform of a more equal distribution of income toward the "middle." It seems to be Malthus' belief, as Becker records, "that by deliberate purpose and the rational use of knowledge man can reconstruct society according to a more just and

22Levin, p. 49.

23Ibid.
intelligible design."\(^{24}\) How was Malthus to enhance the economy through more extensive planning? As previously pointed out, planning could be adequately applied to reform of the Irish poverty situation, especially in regard to new tax measures. The distribution of funds, discussed in Malthus' 1824 essay, stresses more evenly distributed capital in order to avoid a general glut. Malthus had realized the causes of economic fluctuations at the time and traced them primarily back, as Levin states, to the Napoleonic wars and of their economic and social consequences."\(^ {25}\) He secondarily attributed the general glut to the occurrence and accumulation of capital that could not be used by capitalists. He states, "that both capital and population may be at the same time, and for a period of considerable length, redundant compared with effectual demand..."\(^{26}\) Malthus additionally comments, according to St. Clair,

So far as the labourers are concerned Ricardo may be right in assuming that the will to consume is always equal to the power to consume... But in the case of the capitalists, Malthus holds the opposite... [may be true]--their power to consume exceeds their will to do so.\(^{27}\)

How would Malthus react to this situation, and how would he introduce planning to offset the general glut? Malthus'
adherence to the Corn Laws was a direct planning effort to subsidize the landlords. He believed that unproductive labor which, because of its unique position, was able to consume more than it produced, thus offset a tendency toward a general glut. Additionally, Malthus' tax reform ideas show further planning attempts. In all, he hoped to offset the adverse tendencies of a general glut through full employment of all resources. He states according to Levin that a public works program would have the greatest effect in deterring a glut: "The remedy was to be found in . . . 'the employment of the poor in roads and public works, and a tendency among landlords and persons of property to build, to improve and beautify their grounds, and to employ workmen and menial servants . . .'"28 Such philosophies intrigued later reformers. As Commons commented on Malthus regarding the Harding Conference:

The Conference recommended an increasing in public works during periods of underemployment. . . . The Harding Conference was Malthusian economics. . . . Malthus would have called their proposal 'unproductive consumption' but he meant the same thing that the Conference meant by public works, which produced a product that is not sold.29

Thus, the plans that Malthus forwarded in regard to offsetting a glut and alleviating a poverty situation through what might even be termed early fiscal policy are quite apparent.


29 Commons, Institutional Economics, p. 361.
Malthus does not fulfill all the qualifications of an institutionalist as seen in such men as Veblen, Mitchell, or Commons, nor could he be expected to do so. Malthus was a product of his time. He was heavily influenced by Newtonian physics and Bentham psychology. Additionally, he was steeped in the laissez faire, anti-mercantile characteristics of Smith. Perhaps most importantly he was bound by strong moral and religious convictions which dictated that he follow the natural law concepts of the enlightenment. All of these institutions bound him just as he was to imply societies were bound in terms of reaching more beneficial theory. Malthus did, however, place faith in man's ability to overcome these restrictive institutions, and in accordance with later institutionalists, he believed in the evolutionary achievements of mankind.

In maintaining such a philosophy and in his search for a more adequate economy, Malthus demonstrated characteristics which this thesis maintains are the mainstay of institutionalism. First, Malthus disagreed with the existing school; second, Malthus utilized conceptual rather than metaphysical evidence. Malthus was additionally, as much as his institutional identity and values would allow him to be, a reformer and a planner. He consequently developed the overriding, institutional characteristic of a genuine concern for the adverse state of mankind; and he searched for ways and methods by which to alleviate some of man's problems. It was
John Maynard Keynes who stated of Malthusian economics,
"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!"

If indeed the parent stem of economics could have followed the lead of Malthus in relation to his entire examination of the economy and all the institutional characteristics which this thesis maintain's he possessed, perhaps the richer and wiser economy that Keynes foresaw would be apparent today.

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30 John M. Keynes, Essays in Biography (New York, 1933) p. 144.
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