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31. Ibid., pp. 94–95.
32. Ibid., p. 97.
33. Ibid., pp. 143–44.
34. Ibid., pp. 176–77.
35. Malthus, second *Essay*, vol. 2, pp. 179–80.
36. Malthus, first *Essay*, pp. 215–16.
37. Malthus, *Principles of Political Economy*, pp. 282–83.
38. Ibid., p. 206.
39. Ibid., p. 33.
40. Ibid., p. 34.
41. Ibid., p. 35.
42. Ibid., pp. 76–77.
43. Ibid., p. 76.
44. Ibid.
45. Ibid., p. 77.
46. Ibid., p. 148.
47. Ibid., p. 149.
48. Ibid., pp. 216–17.
49. Ibid., p. 78.
50. Ibid.
51. Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (New York: Modern Library, 1937), p. 321.
52. Malthus, *Principles*, p. 206.
53. Ibid., p. 400.
54. Malthus, first *Essay*, pp. 176–77.
55. Malthus, *Principles*, p. 400.
56. Ibid., p. 280.
57. Ibid., p. 279.
58. Ibid., p. 277.
59. Ibid., p. 238.
60. Ibid., p. 400.
61. Ibid., p. 380.
62. Malthus, first *Essay*, p. 95.
63. Malthus, *Principles*, pp. 404–5.
64. Quoted in Sydney H. Coontz, *Productive Labour and Effective Demand* (New York: Augustus M. Kelly, 1966), pp. 45–46.

## Chapter 5

## David Ricardo

David Ricardo (1772–1823) was the son of a man who had made a fortune on the stock exchange from Holland. The younger Ricardo was more successful in the exchange than his father had been, becoming a millionaire by the time he was thirty. In 1799 he read Adam Smith's *Wealth of Nations*, and from that time until his death he divided his time between business and writing about issues in political economy and economics. He agreed that he was the most rigorous theorist of his time. His ability to construct an abstract model and then to depict all of its logical implications was his strength. Furthermore, his economic theorizing was deductive economic models that has dominated the present. Like Adam Smith, he was to the radical Marxist and the conservative economist. He was theorizing throughout the remainder of his life. Unquestionably, he has been one of the great economists of modern times.

Ricardo lived through the same turbulence as his contemporaries. He was influenced by the French Revolution, the increasing unrest of the working class, and the competition of capitalists and landlords. His attitude toward the working class was initially different from that of Malthus. Ricardo's theory and Malthus's conclusions regarding the causes of poverty. Ricardo wrote:

Of Mr. Malthus's *Essay on Population* I am very much in the habit of expressing my admiration. The assumptions he has made have only served to prove its great strength. His theory of population will spread with the cultivation of the arts and manufactures.<sup>1</sup>

He was, however, a life-long intellectual antagonist, although close personal friend, of Malthus. The primary social issue on which they differed was the conflict between the capitalists and the landlords. Ricardo was a consistent defender of the interests of the capitalist class. The principal theoretical issues on which they differed were the theory of value and Malthus's theory of gluts.

In the preface to his *Principles of Political Economy and Taxation*, Ricardo stated what he saw as the central problem of political economy:

The produce of the earth—all that is derived from its surface by the united application of labour, machinery, and capital, is divided among three classes of the community, namely, the proprietor of the land, the owner of the stock of capital necessary for its cultivation, and the labourers by whose industry it is cultivated.

To determine the laws which regulate this distribution is the principal problem in Political Economy.<sup>2</sup>

the total of the surplus value, created by labour, is divided into wages, profit, or rent. Ricardo's theory of rent follows:

It is only . . . because land is not unlimited, and because, in the progress of population, land of the second degree of fertility is cultivated, that rent is ever paid for the use of land of the second degree of fertility is commences on that of the first quality, and the difference in the quality of these two qualities is the source of rent.

When land of the third quality is cultivated, the rent commences on the second, and it is regulated by the productive powers. At the same time, the rent must always be above the rent of the second quality, which they yield with a given quantity of labour. The progress of population, which shall oblige the cultivation of worse quality, to enable it to raise its surplus value, will increase the rent of the second quality, and so on.