

Title: From the Theory of Value to the Debate about *Débouchés*: A Comparison Between Say and Malthus

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Abstract

As is well known, between J.-B. Say and R. Malthus an important debate took place, which is witnessed by a number of letters and quotations, mainly concerning the *débouchés* problem. Quite surprisingly, respective theories of values are never under discussion in their correspondence, nor quotations on them can be easily found in their works.

Malthus and Say shared apparently very similar “adding up” theories of value: but the former claimed the constant tendency towards a lack of effectual demand, while the latter believed that the glut was likely to happen only in particular sectors and for a short time.

The roots of the remarkable difference between them is to be traced: first, in their respective vision of composition and evolution of demand stemming from social classes and then in a less explicit analytical divergency about the role played by the demand in determining profits.

Say, who establishes the absolute symmetry between the *profits* obtained by the owners of *services productifs*, implicitly assumes that the patterns of expense are sufficiently uniform and predictable and, what’s more, oriented towards sobriety and accumulation, provided that agents clearly know general interest; i. e. provided that agents are *individus éclairés*.

On the contrary, Malthus’s vision of society is nearer the Classical approach of Smith and Ricardo: various classes (labourers, capitalists-entrepreneurs and *rentiers*) have distinct patterns and possibilities of expense. The economy is able to produce more of wage goods and capital goods than they are demanded by labourers and capitalists: therefore the unproductive consumption of *rentiers* is necessary so that economic system can avoid general glut. In fact, according to Malthus, the case of demand insufficiency for goods different from wage goods is likely to happen in large extent and in such a persistent way that profits are heavily affected and accumulation ceases. But when demand stemming from “non productive consumers” is strong enough, it covers the cost of production, normal profit included; the level of normal rate of profit depending, on its turn, on abundance of capital, compared with opportunities of employing it.

In this paper it is discussed how Say’s and Malthus’s theories, which are so close as long as the value’s theme is concerned, could lead to utterly opposite conclusions about the problem of *débouchés*.

The argument is based upon the correspondence between Say and Malthus and also on Say's *Traité d'économie politique* and *Cours complet d'économie politique pratique*. As to Malthus's works, they are considered both the first (1820) and the second (1836, posthumous: as is well known, he revised it since 1822 until his death in 1834, taking into account Ricardo's criticism) edition of *Principles of Political Economy*. The second edition was published after *Lettres à M. Malthus* (1820) and the death of Say (1832) and Malthus; nevertheless I have thought it is very important for the rational reconstruction of the debate to refer also to it, even though it, of course, played no role in the actual discussion between the two authors.

The structure of the paper is as follows. In the first part the main issues of Say's and Malthus's theories of value are briefly recalled. In the second part the role of demand in their theories of profit is underlined. Finally, in the third part I conclude that both of them admit that a lack of demand in the single industry may happen, such that profits in the sector drop to zero; furthermore both of them regard to hoarding as a quite exceptional phenomenon. Their contrast about the question of *débouchés* is shown to be rooted into the respective perception of social composition of economic system and, by consequence, into the hypothesis they formulate on the expense behaviour. This is mirrored also in their theories of profit.

Namely, according to Malthus the economic system has constant tendency towards a configuration which differs from what would be necessary to fulfill the demand of capitalists and labourers; this makes stronger the endogenous push to the decrease of the rate of profit (and then to stagnation) which is always present as long as capital accumulation goes on. Only the unproductive consumption of *rentiers* gets possible *de facto* the accumulation of productive capital.

On the contrary, according to Say the general glut is impossible, because he believes that every agent behaves in an "accumulation-oriented" way, but in very particular circumstances. In the growing process wages and profits can increase simultaneously and a wage rise is likely to engender an *increase* in profits, because of stronger demand; instead in Malthus's opinion the increase of consumption among the working class will *lower* profits because of the rise in cost of production. So the contrast in the social vision of Say and Malthus, coupled with the difference in their analytical approach, can explain the puzzle of two authors whose theories of value were so similar and expectations about the future landscape of capitalism were so divergent.