

## Thomas Robert Malthus (1766-1834)

Malthus was born on a country estate south of London. His father was a true believer of the Enlightenment; he was a personal friend of Jean-Jacques Rousseau. He was well educated, a product of Jesus College in Cambridge and in 1788 he was ordained as a Church of England minister.



During his education years he worked on a pamphlet called *Essay on Population* which was released in 1798. He became famous for his hypothesis:-

- Unchecked population growth always exceeds the growth of means of subsistence (food supply)
- Actual or checked population growth is kept in line with food supply by “positive checks” (starvation, disease which elevate the death rate) and “preventive checks” (postponement of marriage) that keep down the birthrate
- “positive checks” and “preventive checks” are characterized by “misery and vice.”
  - ❖ Implied in the above statements is that the actual population always has a tendency to push above the food supply
  - ❖ Because of this tendency, any attempt to ameliorate (improve) the condition of the lower classes by increasing their incomes or improving agricultural productivity would be useless.

His theory was that any extra food created would be completely absorbed by an induced boost in population. A surplus of food would be eaten by the masses, who would in turn live longer and reproduce more causing a drastic rise in the population.

Malthus offered a solution to the problem – “moral restraint”

He believed that voluntary abstinence would not lead to either “misery” or “vice” and the unchecked population growth rate will decrease. In order to achieve this level, he believed that the lower classes had to be educated with middle-class virtues.

To educate the lower classes there had to be state-run education systems, the elimination of the Poor Laws (welfare), the introduction of universal suffrage, and an unregulated nation-wide labor market. Once the poor had a taste for luxury, then they would demand a higher standard of living for themselves before starting a family.

What Malthus had created was the first serious study of the welfare of the lower classes

In 1804 Malthus married and became the Professor of Modern History and Political Economy at the East India College in London. He was, at this point, England's first academic economist. Thomas Malthus created new economic theories that were different to the leading economists of the times.

One of his new theories explained and expanded on an old theory of money.

Malthus argued that rising prices are *followed* by increases in the quantity of supplied money.

Previous theories believed that rising prices and increases of money supply took place at the same time.

Thomas Malthus became a noted friend of the leading British economist David Ricardo, but despite being friends, their beliefs on economic theories were totally different.

In 1815, Malthus wrote the pamphlet Inquiry which contained a new theory regarding RENT.

<b><u>Old Belief</u></b>	<b><u>Malthus's New Belief</u></b>
<b>Rent was a cost of production</b>	<b>Rent was merely a deduction from the surplus</b>

**Rent**, according to Malthus, was enabled by three facts:-

1. agricultural production yields a surplus
2. the wage-fertility dynamics guarantee that the price of corn (agricultural products) would remain steady above its cost of production
3. fertile land is scarce

In opposition, David Ricardo rejected Malthus's theory as he believed that land differs in quality and is limited in quantity – which, according to Ricardo, was enough to explain the phenomenon of rent.

The debates between Malthus and Ricardo continued for several years. Both had different opinions regarding wages and payments for workers but perhaps the most important topic discussed between these two men was on the subject of consumption.

**Malthus's Theory on Consumption** was that there could be a “general glut” of goods. His conclusion was:

**Economic crises were characterized by a general excess supply caused by an insufficient consumption.**