Malthus and Keynes

Some Recent Secondary Literature

Samuel Hollander*

Kates (1994) has recently attempted to demonstrate that 'Keynes developed a theory of fluctuations in aggregate demand to explain fluctuations in output and employment due to the influence on him of the writings of Thomas Robert Malthus which Keynes was reading in October and November, 1932 [in the course of] updating his essay on Malthus for inclusion in *Essays in Biography*' - that 'had Keynes not read Malthus, he almost certainly would never have written a book attacking Say's Law or attributing recessions and depressions to failure of effective demand' (10-11). Or again: 'Keynes discovered the idea of effective demand by reading Malthus' (12). Such a claim, Kates points out (10f.), has never been made in the literature, with two qualifications relating to the work of O'Leary (1942) and Klein (1966); others perceived Keynes as arriving at his position independently and finding *ex post* support in Malthus. As for the two exceptions, Kates notes that, while O'Leary saw an influence, he himself conceded that "it is impossible to say to what extent' (12). And Klein was 'ambiguous about the extent to which Malthus influenced Keynes,' and 'cannot ... be interpreted as saying that Keynes discovered the idea of effective demand by reading Malthus.'

While I do not wish to undermine Kates's claim to originality, it seems to me that Klein was not quite as ambiguous as Kates maintains:

> In many cases it is impossible to say whether or not any earlier writers could have had any direct influence on the development of Keynes' ideas. It may be that he always developed his ideas independently, and then pointed out others who have previously expressed similar ideas. But in one instance, we can be reasonably sure that Keynes derived a profound inspiration. T.R. Malthus, a respectable and highly competent economist, was openly admired by Keynes, and, at a time when the revolution was about to be executed. In his *Essays in Biography*, finished by February, 1933, Keynes paid great tribute to Malthus and particularly noted the latter's discussion of effective demand. As was mentioned in a previous chapter, the break between Keynes and his contemporaries can be likened in many ways to the dispute which occurred after the Napoleonic Wars between Malthus and Ricardo. The issues in each case were essentially the same. Malthus and, later, Keynes wanted to replace Say's Law with a theory of effective demand. There can be little doubt that Keynes was aware of this historical similarity and must have profited much from a perusal of the early literature (Klein, 1966, 125).

Kates is then closer to Klein than Kates allows. Klein is not merely claiming Malthus as an 'anticipator', but as having been 'a profound inspiration', specifically with regard to the discussion of effective demand. Kates mentions this but grudgingly. There is also Klein's statement (not mentioned) that, 'while we shall never probably know how much stimulation Keynes received from many of his anticipators, we can be quite sure that he drew much from Malthus, whom he openly admired' (44).

I would not put so much weight on Klein were it not for the fact that Kates himself is 'ambiguous about the extent to which Malthus influenced Keynes'. He has a section titled 'The Overlap between Malthus and Keynes' to establish 'how close Malthus and Keynes were

... just how similar their arguments are', and draws the implication that this cannot be a matter of *chance*. 'There is an extraordinary degree of overlap if both Keynes and Malthus actually reached the same conclusions independently' (12-13). But the *specifics* of Malthus's case are never properly dealt with; and also lacking is a detailed account of exactly what Keynes thought he was getting from Malthus (the materials on 17-18 are insufficiently precise). This deficiency is underscored by the position adopted near the close: 'That Malthus had a different theory of "effective demand" than Keynes would ultimately develop is not really germane' (18). If Kates cannot show that Malthus inspired the specific arguments used by Keynes in the *General Theory*, then his initial claims are much diluted; even accepting that Keynes introduced effective demand only after reading the Malthus-Ricardo correspondence and Malthus's *Principles* (1820) - this demonstration constitutes the bulk of Kates's paper - if what he got from Malthus was a perspective that differed from his own, then the debt is not clear-cut. The ambiguity charged against Klein is thus just as applicable against Kates; in fact, Kates invites the charge. Similarly, the point made against O'Leary can equally be made against Kates.

With this in mind I turn to the treatment accorded Rutherford (1987). As mentioned, Kates fails to be sufficiently specific regarding Malthus's argument; Rutherford provided a detailed account, and he envisaged a link between the *Treatise on Money* and Malthus. Kates mentions this in note 8 but fails to realize its significance. For Rutherford drew a different conclusion from the *timing* of Keynes's *Essay* relative to his reading of Malthus: 'Too little attention has been paid to the timing of the claims Keynes made for Malthus. The critical references to the principle of effective demand were added to the Essay on Malthus in 1933, suggesting that it is with the economics of the *Treatise* that we should make our comparison' (1987, 188). Now Kates himself mentions in the text to which the Rutherford's note is attached: 'The fact that Keynes had previously had his own saving-investment apparatus and believed in public sector stimulus would have made the Malthusian addition of effective demand attractive to him' (18-19). Surely this implies a much more subtle debt than that stated at the outset.

* Department of Economics, University of Toronto, Ontario, Canada.

References

Kates, S. 1994. 'The Malthusian Origins of the *General Theory*', *History of Economics Review* 21 (Winter), 10-20.

Klein, L.R. 1966. *The Keynesian Revolution*, 2nd ed., New York.

Malthus, T.R. 1820. *Principles of Political Economy*, 1st ed., London.

O'Leary, J.J. 1942. 'Malthus and Keynes', *Journal of Political Economy* 50 (December), 901-19.

Rutherford, R.P. 1987. 'Malthus and Keynes', *Oxford Economic Papers*, 39/1 (March), 175-89.