

The Gloomy Presentiments of Parson Malthus and David Ricardo

Chapter 4

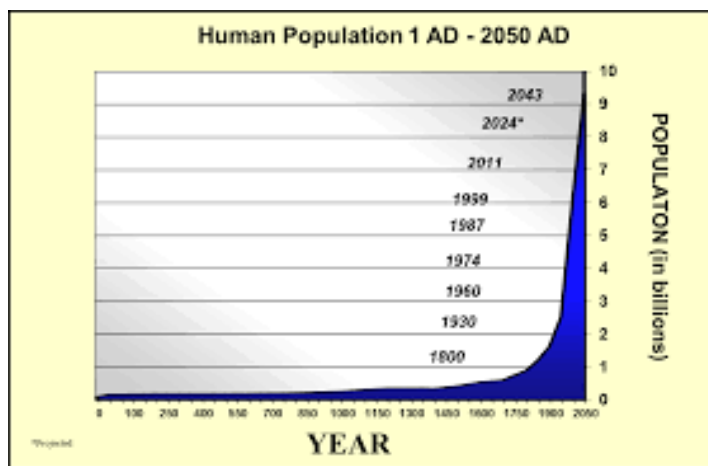
From The Worldly Philosophers

“For Malthus, the issue was the immensely important one of how much was there? For Ricardo it was the explosive issue of who gets what?”

I believe that their work is relevant to today. The issues are familiar and modern. Their issues are echoed in what we hear on the news, from the talking heads like Wolf Blitzer or Rush Limbaugh.

Thomas Malthus

“In addition to the omnipresent problem of poverty, a bothersome question worried England throughout most of the eighteenth century: the question of how many Englishmen there were.”



“In all probability, the next doubling of the people of England will be in about six hundred years to come, or by the year of our Lord 2300...”

From Malthus, “For what the essay on population said was that there was a tendency in nature for population to outstrip all possible means of subsistence. Far from ascending to an even higher

level, society was caught in a hopeless trap in which the human reproductive urge would inevitably shove humanity to the very brink of the precipice of existence.”

“Malthus opposed the obdurate fact that land, unlike people, cannot be multiplied. Land can be added to laboriously, but the rate of progress is slow and hesitant: unlike population, land does not breed. Hence, while the number of mouths grows geometrically, the amount of cultivable land grows only arithmetically.”

After reading Malthus, Carlyle coined the term “Dismal Science.”

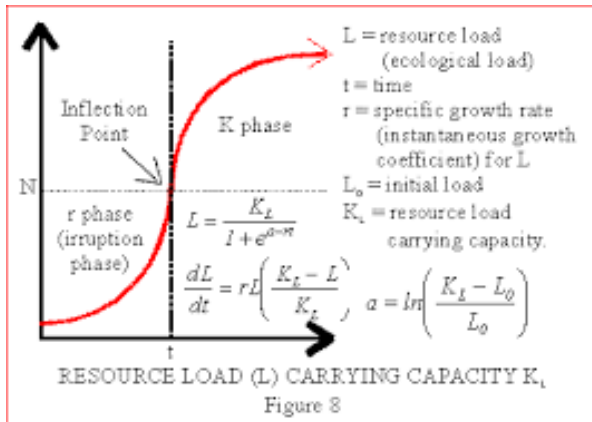
This is an issue that has not gone away. There are many thinkers who worry whether the earth can support its inhabitants. Is there a limit to the number of people that the world can feed? If so, what is that number?

A number of politicians have raised this issue to the public. “Population growth is straining the Earth's resources to the breaking point, and educating girls is the single most important factor in stabilizing that. That, plus helping women gain political and economic power and safeguarding their reproductive rights.” - Al Gore

Is population growth the correct focus? What about carrying capacity? Was Malthus touching something bigger that he did not articulate?

I think Malthus and Pope Francis share a common intuition.

Consider this definition from Ecology: The number of people, other living organisms, or crops that a region can support without environmental degradation.



“We urgently need a humanism capable of bringing together the different fields of knowledge, including economics, in the service of a more integral and integrating vision. Today, the analysis of environmental problems cannot be separated from the analysis of human, family, work related and urban contexts, nor from how individuals relate to themselves, which leads in turn to how they relate to others and to the environment” – Pope Francis, *Laudato Si*

“Today’s cautious optimism is based to a large extent on technological breakthroughs, especially the so-called Green Revolution which has raised crop yields dramatically in countries like India.”

“Even if global famine no longer seems imminent, experts warn that population pressures are still immense. In a Nobel symposium on population problems in 1981, demographers spoke of the threatened emergence of some 15 mega-cities of over 20 million each in the underdeveloped world.”

“What is required is control over the production of children as well as food. Is worldwide population control possible?”

“On the farm, children can be assets; in the city they are liabilities. Thus economic considerations joined with increasing knowledge of birth control practices to prevent the feared population explosion from taking place.”

“By improving health, empowering women, population growth comes down.” --Bill Gates

However, from a Catholic perspective, these ideas counter church teachings. From Genesis 9:1: And God blessed Noah and his sons, and said to them, "Be fruitful and multiply, and fill the earth.



“The decay of population, moaned William Paley, the theologian reformer, is the greatest evil the state can suffer, and the improvement of it the object which ought...to be aimed at, in preference to every other political purpose whatsoever.”

"The Church has always taught the intrinsic evil of

contraception, that is, of every marital act intentionally rendered unfruitful. This teaching is to be held as definitive and irreformable. Contraception is gravely opposed to marital chastity; it is contrary to the good of the transmission of life (the procreative aspect of matrimony) and to the reciprocal self-giving of the spouses (the unitive aspect of matrimony); it harms true love and denies the sovereign role of God in the transmission of life (n. 24)." -- from the Vatican Pontifical Council for the Family

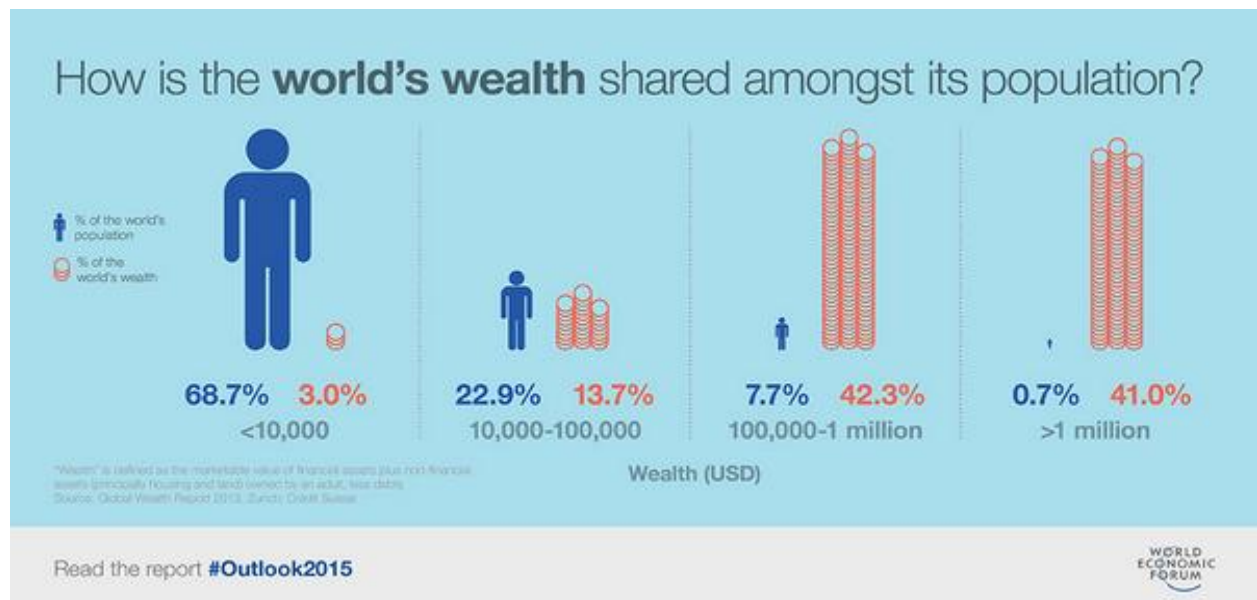
"The heart has become a battlefield between love and lust. The more lust dominates the heart, the less the heart experiences the nuptial meaning of the body. It becomes less sensitive to the gift of the person, which expresses that meaning in the mutual relations of the man and woman." --Pope John Paul II, (General audience, July 23, 1980)

"Instead of resolving the problems of the poor and thinking of how the world can be different, some can only propose a reduction in the birth rate." --- Pope Francis

David Ricardo

"For what Ricardo foresaw was the end of a theory of society in which everyone moved together up the escalator of progress. Unlike Smith, Ricardo saw that the escalator worked with different effects on different classes, that some rode triumphantly to the top, while others were carried up a few steps and then were kicked back down to the bottom. Worse yet, those who kept the escalator moving were not those who rose with its motion, and those who got the full benefit of the ride did nothing to earn their reward. And to carry the metaphor further, if you looked carefully at those who were ascending to the top, you could see that all was not well here either: there was a furious struggle going on for a secure place on the stairs."

Many would argue that Ricaró's vision of the world is the world we see today. Rather than Adam Smith's



divine providence, we see a world of the haves and the have nots.

“In the forty years since The Wealth of Nations England had divided into two hostile factions: the rising industrialists, busy with their factories and fighting for parliamentary representation and social prestige, and the great landowners, a rich, powerful, and entrenched aristocracy, who looked resentfully at the encroachments of the brassy nouveaux riches.”

Ricardo was a wealthy man. His observations were based on experience. His insights were derived from models of the world, derived from specific and practical examples.

“The actual growth of population had caused the demand for grain to exceed the supply and had quadrupled the price of a bushel of wheat. And as prices rose, so did profits...”

“For Ricardo saw the landlord as a unique beneficiary in the organization of society. The worker worked, and for this he was paid a wage; the capitalist ran the show, and for this he gained a profit. But the landlord benefited from the powers of the soil, and his income – rent – was not held in line either by competition or by the power of population. In fact, he gained at everyone else’s expense.”

DEFINITION of 'Rent-Seeking': When a company, organization or individual uses their resources to obtain an economic gain from others without reciprocating any benefits back to society through wealth creation. Instead of creating wealth, a firm seeks to obtain financial gains from others through alteration/ manipulation of the environment where economic activities take place. A popular example for rent-seeking is political lobbying by companies. These are primarily done by companies in order to make economic gains through government action.

...But unlike profit-seeking, rent-seeking doesn’t create wealth, it merely transfers it from one party to another. Whoever wins rents by using political means may be better off, but others, potential competitors, but more importantly consumers, will be made decidedly worse off. The latter will pay higher prices, get poorer quality, or have fewer choices because political means are quite effective in discouraging rival entrepreneurs. The results of rent-seeking also stifle the competitive discovery process, so that consumers are less likely to become aware of more efficient methods or better providers.

“Hence the flow of inexpensive grain from overseas was hardly viewed in a tolerant light. But fortunately for the landlord, the means were readily at hand to combat this distressing development. Dominating parliament, the landlord simply legislated himself an ironclad system of protection. He passed the Corn Laws, which imposed sliding duties on the importation of grain, the lower the foreign price fell, the higher went the duty. In effect, a floor was established to keep low-priced wheat permanently out of the English market.”

Today, in modern economic speak, we would call the Corn Laws tariffs.

A definition of ‘Tariff’: A tax imposed on imported goods and services. Tariffs are used to restrict trade, as they increase the price of imported goods and services, making them more expensive to consumers

The International Trade Commission lists over 12,000 specific tariffs on imports to America. Hundreds of agricultural, textile, and manufacturing items are highly protected. Current list of U.S. tariffs:

- Non-specific dairy products -- 20% tariff on imports
- Most vegetables -- 20% tariff
- Asparagus and sweet corn -- 21.3% tariff

- Most auto parts -- 25% tariff
- Apricot, cantaloupe, and dates -- 29.8% tariff
- Commercial plateware -- 28% tariff
- Synthetic outerwear -- 28.2% tariff
- Garlic or onion powder -- 29.8% tariff
- Clothes made of synthetic fabric -- 32% tariff
- Brooms -- 32% tariff
- Canned tuna -- 35% tariff
- Shelled peanuts -- 131.8% tariff
- Tobacco -- 350% tariff



Discuss whether these kinds of tariffs are justifiable? Is this rent seeking, profiting at the expense of society as a whole? Which industries or economic sectors do you see enjoying “rents”?

The Catholic Church and the moral failings involved in pursuing excessive wealth...

“Those who desire to be rich fall into temptation and a trap and into many foolish and harmful desires that plunge men into ruin and destruction. For the love of money is a root of all kinds of evil. Some people, eager for money, have wandered from the faith and pierced themselves with many griefs” (1 Tim 6:9-10).

“No one can serve two masters. He will either hate one and love the other, or be devoted to one and despise the other. You cannot serve God and mammon. – Mathew, chapter 6