Chapter X

ON CLASS HARMONY AND CLASS CONFLICT

To begin with, it may be pointed out that although there are passages in Adam Smith's Wealth of Nations which indicate some sort of conflict between the various classes of the society yet on the whole the operation of the economic system in Adam Smith's analysis shows a class harmony which is dependent on what he calls 'natural order.' The classical economists who followed Adam Smith are generally known to have emphasised the class harmony as initiated by the founder of Political Economy. However, as one examines the nature of dispute between Ricardo and Malthus on this issue one is inclined to think that it was in fact Malthus who followed the true spirit of Adam Smith and Ricardo deviated from him considerably insofar as he was keen to show that the functioning of the economic system, particularly with reference to a growing capitalist economy, shows a conflict of interests between landlords and other classes of society.

According to the Malthusian theory of rent it is the increase of capital and population that leads to the extension of cultivation to the poorer lands and the emergence and rise of rent on the better ones. Since it is only the rich lands that yield rents it follows that the connection between rent and fertility exists in undiminished
This view of rent clearly indicates that the interest of the landlords which lies in the increasing rents is in harmony with the interest of society which lies in an increase of wealth. Malthus says:

"It has been stated by Adam Smith, that the interest of the landholder is closely connected with that of the state; and the prosperity or adversity of the one involves the prosperity or adversity of the other. The theory of rent, as laid down in the present chapter, seems strongly to confirm this statement. If under any given natural resources in land, the main causes which conduce to the interest of the landholder are increase of capital, increase of population, improvements in agriculture, and an increasing demand for raw produce occasioned by the prosperity of commerce, it seems scarcely possible to consider the interests of the landlords as separated from those of the state and

people. ²

Ricardo does not share this opinion. According to his view of the subject the increase in rent is associated with the difficulty in the production of corn. The increasing difficulty of producing corn benefits the landlord in a double manner. He gets a larger rent in terms of corn, and corn is at a higher price. Hence it is in the interest of landlords as a class that the difficulty in the production of corn be as great as possible. But the greater difficulty of production with the consequent rise in the price of corn is injurious to labourers as well as capitalists. This clearly indicates that the interest of the landlords conflicts with that of every other class in the society.

Ricardo says:

"Not only is the situation of the landlord improved, (by the increasing difficulty of procuring food, in consequence of accumulation) by obtaining an increased quantity of the produce of the land, but also by the increased exchangeable value of that quantity.....It follows then, that the interest of the landlord is always opposed to the interest of every other class in the community."

2. Ibid., pp. 204-205.
His situation is never so prosperous, as when food is scarce and dear; whereas, all other persons are greatly benefited by procuring food cheap.\(^3\)

Ricardo finds obvious conflict of interest between landlords and others both in the case of importation of foreign corn and the improvements in the technique of agricultural production. According to him importation of cheap corn from abroad as well as improvements in agriculture are obviously beneficial to society. But these are harmful to landlords as these imply giving up the cultivation of inferior lands and, therefore, reducing rents.\(^4\)

Malthus disputes the view that improvements in agriculture tend to lower rents. According to him improvements in agriculture are always gradual so that as the supply of food increases, consequent upon improvements, population also increases and the result is a rise in rents. He says:

"Improvements in agriculture, however considerable they may finally prove, are always found to be partial and gradual. And as, where they prevail to

any extent, there is always an effective demand for labour, the increase of population occasioned by the increased facility of procuring food, soon overtakes the additional produce. Instead of land being thrown out of employment, more land is cultivated, owing to the cheapness of the instruments of the cultivation, and under these circumstances rents must rise instead of fall."

Malthus, however, admits that there is a possibility of conflict between the interest of the landlords and that of the society in the case of importation. But he argues that in this case it is not the individual interests of landlords alone but also those of manufacturers and labourers that conflict with the interest of the society. He writes:

"The only conceivable doubt which can arise respecting the strictest union between the interest of the landlord and that of the state, is in the question of importation. And here it is evident, that at all events the landlord cannot be placed in a worse situation than others,....No person

has ever doubted that the individual interests of the manufacturers of woolen, silk, or linen goods, might be injured by foreign competition; and few would deny that the importation of a large body of labourers would tend to lower wages. Under the most unfavourable view, therefore, that we can take of the subject, the case of the landlord with regard to importation is not separated from that of the other classes of society."

According to Malthus the causes which are responsible for the rise of rents are certain indications of the progress of society and therefore, the increase of rent is invariably associated with the increasing wealth of the society. This also indicates that the interest of landlords is parallel to that of society. He observes:

"We see then that a progressive rise of rents seems to be necessarily connected with the progressive cultivation of new land, and the progressive improvement of the old; and that this rise is the natural and necessary consequence of the operation of four causes, which are the most certain

6. Ibid., p.217.
indications of increasing prosperity
and wealth—namely, the accumulation
of capital, the increase of population,
improvements in agriculture, and the
high market price of raw produce, oc-
casioned either by a great demand for
it in foreign countries, or by the
extension of commerce and manufactures.\textsuperscript{7}

Again he observes:

"But if, independently of importation,
every thing which tends to enrich a
country increases rents, and every
thing which tends to impoverish it,
diminishes them; it must be allowed
that the interests of the landlord and
of the state are closely united."\textsuperscript{8}

\textsuperscript{7} Ibid., p.178.

\textsuperscript{8} Cf. Works and Correspondance of Ricardo, Vol.II p.189.

In a footnote Malthus remarks:"It is somewhat singular
that Mr. Ricardo, a considerable receiver of rents,
should have so much underrated their national importance;
while I, who never received, nor expect to receive any,
shall probably be accused of overrating their importance.
Our different situations and opinions may serve at least
to show our mutual sincerity, and afford a strong pres-
umption, that to whatever bias our minds may have been
subjected in the doctrines we have laid down, it has not
been that, against which perhaps it is most difficult to
guard, the insensible bias of situation and interest." Malthus, op.cit., p.238.
Ricardo agrees with Malthus that rise of rent and increasing prosperity are found together. But he insists that the rise of rent is the effect and not the cause of increasing wealth and prosperity of the country. He says:

"The rise of rent is always the effect of the increasing wealth of the country, and of the difficulty of providing food for its augmented population. It is a symptom, but it is never a cause of wealth; for wealth often increases most rapidly while rent is either stationary, or even falling. Rent increases most rapidly, as the disposable land decreases in its productive power. Wealth increases most rapidly in those countries where the disposable land is most fertile, where importation is least restricted, and where through agricultural improvements, production can be multiplied without any increase in the proportional quantity of labour, and where consequently the progress of rent is slow."9

It may be pointed out that Ricardo, prior to the publication of the third edition of his *Principles* did not

---

deny the long-term benefits of agricultural improvements to landlords, but he did emphasise the short-term harmful effects. Thus he observed:

"It is undoubtedly true, that the fall in the relative price of raw produce, in consequence of the improvement in agriculture, or rather in consequence of less labour being bestowed on its production, would naturally lead to increased accumulation; for the profits of stock would be greatly augmented. This accumulation would lead to an increased demand for labour, to higher wages, to an increased population, to a further demand for raw produce, and to an increased cultivation. It is only, however, after the increase in the population, that rent would be as high as before;...A considerable period would have elapsed, attended with a positive diminution of rent."\(^{10}\)

However, in the third edition of his *Principles*, Ricardo, as a result of Malthus's criticism, fully allowed

\(^{10}\) Ibid., pp. 79-80.
the ultimate benefits of agricultural improvements to landlords, without yielding his contention that the immediate effect of improvements was injurious to them.\textsuperscript{11} But the admission of this fact did not affect the contention that the interests of the landlords conflict with those of consumers and manufacturers. Ricardo remarked:

"Independently of these improvements, in which the community have an immediate, and the landlords a remote interest, the interest of the landlord is always opposed to that of the consumer and manufacturer. Corn can be permanently at an advanced price, only because additional labour is necessary to produce it; because its cost of production is increased. The same cause invariably raises rent, it is therefore for the interest of the landlord that the cost attending the production of corn should be increased. This, however, is not the interest of the consumer;.... Neither is it the interest of the manufacturer that corn should be at a high price, for the high price of corn will occasion high wages, but will not raise the price of his commodity."\textsuperscript{12}

\textsuperscript{11} Ibid., p.61 note.
\textsuperscript{12} Ibid., pp. 335-336.
Incidently it may be noted that Karl Marx not only finds Ricardo proclaiming class antagonism but also appears trying to attribute his theory of class conflict to the latter. Thus in his Theories of Surplus Value he says:

"Ricardo discovers and proclaims the economic contradiction between the classes—as shown by the intrinsic relations—and hence the historical struggle and process of development is grasped at its roots and disclosed in economic science."^{13}

Elsewhere he observes:

"Let us take England. Its political economy belongs to the period in which the class-struggle was as yet undeveloped. Its last great representative, Ricardo, in the end, consciously makes the antagonism of class interests, of wages and profits, of profits and rent, the starting point of his investigation, naively taking this antagonism for a social law of nature."^{14}

---


It may, however, be pointed out that though Ricardo's model does show a conflict of interests between landlords and others, it does not indicate any conflict between labourers and capitalists. It appears that the view that Ricardo proclaims the class conflict between labourers and capitalists is based on the mistaken inference from the passages in Ricardo's Principles regarding the tendency of profits to fall on account of the rise in wages. In fact a close examination of Ricardo's system dispels this view. The rise of wages that takes place is a rise of money wages which is due to the increasing difficulty in the production of corn, incidentally leading to rise in rents. Since the real wages do not rise labourers as a class do not benefit from such a rise of wages. On the other hand, the rise of money wages leads to a fall of profits. This clearly indicates that the increasing difficulty in the production of corn which is beneficial to landlords is ultimately injurious to the class of capitalists. Hence the conflict really lies between the landlords and capitalists. In short, Ricardo's theory of class conflict is fundamentally different from that of Karl Marx in that it indicates a conflict between one of the propertied classes on the one hand and all other classes on the other, and not between 'haves' and have-nots.'