THOMAS SOWELL

Say's Law

An Historical Analysis

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Los Angeles
November 22, 1971

THOMAS SOWELL

SAY'S LAW

CHAPTER 1

The Early Development of Say's Law

THE IDEA THAT supply creates its own demand—Say's Law—appears on the surface to be one of the simplest propositions in economics, and one which should be readily proved or disproved. Yet this doctrine has produced two of the most sweeping, bitter, and long-lasting controversies in the history of economics—first in the early nineteenth century and then erupting again a hundred years later in the Keynesian revolution of the 1930's. Each of these outbursts of controversy lasted more than twenty years, involved almost every noted economist of the time, and had repercussions on basic economic theory, methodology, and sociopolitical policy. The shock waves from these controversies were felt well beyond the confines of economics, and evoked powerful emotions among people unacquainted with the technical issues involved or even with economics in general. In retrospect it is clear that the history of Say's Law is an important part of intellectual history generally, and has important implications for the dynamics of controversy, the nature of intellectual orthodoxy and insurgency, and the complex relationships among ideology, concepts, and policies.

While the two great controversies over Say's Law which shook the foundations of economics were similar in many ways, they were different in one crucial respect: the supporters of Say's Law won a resounding victory in the nineteenth century, while its opponents triumphed in the twentieth century. In each case the victory was followed by intellectual guerrilla warfare. The most prominent of the later nineteenth century opponents of Say's Law was Karl Marx. The Keynesian ascendancy, after dethroning Say's Law in the 1930's and 1940's, has been challenged even more effectively—to a point approaching a counterrevolution, in which the most prominent name has been Milton Friedman. Say's Law has been debated for more than a hundred years, and its origins go back more than two hundred years.

The basic idea behind Say's Law is both simple and important. The production of goods (including services) causes incomes to be paid to suppliers of the factors (labor, capital, land, etc.) used in producing the goods. The total price of the goods is the sum of these payments for wages, profits, rent, etc.—which is to say that the income generated during the production of a given output is equal to the value of that output. An increased supply of output means an increase in the income necessary to create a demand for that output. Supply creates its own demand. Can a nation then have *excessive* production: a "general glut" as it was called in the nineteenth century? The serious implications of this issue range from mass unemployment to imperialism and the wars which it could entail. The basic logic of the process by which supply is able to create its own demand is relatively simple, but the amplifications, implications, and applications of Say's Law have been complex and changing over time. Moreover, the historical development of an idea seldom follows its *logical* development, that is, it does not begin with the simplest premise and then build on that. Often, as in the case of Say's Law, it begins with a relatively complex conclusion whose basic logic has to be distilled over time, in the course of analysis and controversy.

Say's Law has both lost and acquired meanings in the long process of theoretical refinement since its beginnings in the classical period. This modernization of Say's Law has, on the one hand, produced greater clarity and precision by revealing the essential logic running through the often loose, ambiguous, or even contradictory statements of the classical economists. On the other hand, it has led to grotesque distortions of history where the general glut controversy that reached its peak in the 1820's is treated as a debate over Say's Law in its modern sense, or where Marx or Hobson are peremptorily labeled predecessors of Keynes.

There was, for example, no "great debate on the internal consistency of an ever-expending capitalist economy," no "dire predictions of permanent overproduction," or of "secular stagnation" in the classical period, despite interpretations of this sort in the modern literature.[1] Those economists who opposed Say's Law in the early or classical period (principally Malthus, Sismondi, and Marx) had no such conclusions in mind. Malthus stated unequivocally that "the question of a glut is exclusively whether it may be general as well as particular and not whether it may be permanent as well as temporary."[2] Except for short-run frictional problems,

[1] Don Patinkin, *Money, Interest and Prices,* 2nd edn. (New York: Harper and Row, 1965), p. 364; M. Blaug, *Economic Theory in Retrospect* (Homewood: Richard D. Irwin, 1962), p. 140, see also pp. 149, 150, 158; Mark Blaug, *Ricardian Economics* (New Haven: Yale University Press, 1958), p. 93.

[2] Thomas Robert Malthus, *Definitions in Political Economy* (London: John Murray, 1827), p. 62.

economic development "is absolutely unlimited."[3] Sismondi likewise saw the "natural path of nations" as being "the progressive increase of their prosperity, the increase, in consequence, of their demand for new products and of the means of paying for them."[4] There would, of course, be "violent crises"[5] from time to time, which his theory attempted to explain. Similarly, Karl Marx saw economic crises as "momentary"[6] and "transient"[7] phenomena, and declared, in the midst of an unsparing criticism of Say's Law: "There are no permanent crises."[8]

Many of the misinterpretations of the nineteenth century controversies which abound in the literature must be blamed on the tendency to seize upon features that are striking to the modern eye, either because of their apparent similarity to, or sharp contrast with, present-day analysis. For example, Malthus' reference to "propensity to spend,"[9] various neo-Physiocratic notions

[3] Malthus to Ricardo in *The Works and Correspondence of David Ricardo,* ed. Piero Sraffa (Cambridge: Cambridge University Press, 1952), Vol. VI, 318.

[4] J. C. L. Simonde de Sismondi, *Nouveaux Principes d'économie politique,* troisième edn. (Geneva-Paris: Edition Jeheber, 1953), Vol. II, 303.

[5] *Ibid.,* p. 247.

[6] Karl Marx, *Capital,* Vol. III, ed. Frederick Engels, trans. Ernest Untermann (Chicago: Charles H. Kerr & Co., 1909), p. 292.

[7] *Ibid.,* p. 568.

[8] Karl Marx, *Theories of Surplus Value-Selections,* ed. and trans. G. A. Bonner and Emile Burns (New York: International Publishing Co., Inc., 1952), p. 373n.

[9] James J. O'Leary, "Malthus and Keynes," *Journal of Political Economy,* L, No. 6 (December 1942), 905; Paul Lambert, "Malthus et Keynes: Nouvel Examen de la Parenté Profonde des Deux Oeuvres," *Revue d'économie politique,* 72, No. 6 (Novembre-Decembre, 1962), 791.

in the writings of such glut theorists as Lauderdale, Spence, Malthus, and Chalmers,[10] and the classical use of barter examples and depreciation of the role of money[11] have erroneously been treated as analytically important distinguishing features of the two sides in the general glut controversy. Yet in the context in which Malthus used the three words which now seem so significant (in the light of modern Keynesian monetary economics), he did so while arguing the *irrelevance* of this propensity for the issue at hand.[12] Physiocratic notions were indeed present in the early British dissenters, but they were also present in such pillars of orthodoxy as J. B. Say and James Mill.[13] The classical tendency to reason in terms of a barter economy rather than a money economy was equally prevalent among the general glut theorists.

Sismondi "deliberately" developed his basic model "without speaking of money" because money "was not necessary" to it, and only made the process difficult to

[10] Joseph J. Spengler, "The Physiocrats and Say's Law of Markets," *Essays in Economic Thought,* eds. J. J. Spengler and W. R. Allen, pp. 161–214; Ronald L. Meek, *The Economics of Physiocracy* (Cambridge: Harvard University Press, 1963).

[11] John Maynard Keynes, *Essays in Biography,* ed. Geoffrey Keynes (New York: Horizon Press, Inc., 1951), p. 116; Paul Lambert, *L'Oeuvre de John Maynard Keynes* (The Hague: Martinus Nijhoff, 1963), Vol. I, 78.

[12] Thomas Robert Malthus, *Principles of Political Economy,* 2nd edn. (London: John Murray, 1836), pp. 402, 403.

[13] For example, the doctrine that agricultural output had the peculiarity that any extension of it, whther initially demanded or not, would lead (via the population principle) to an increased number of consumers who would then cause it to be in demand. Jean-Baptiste, *A Treatise on Political Economy,* trans. C. R. Prinsep (Philadelphia: Grigg & Elliot, 1834), p. 326; James Mill, *An Essay on the Impolicy of a Bounty on the Exportation of Grain* (London: C. & R. Baldwin, 1804), p. 24.

grasp.[14] For Chalmers also, money served merely to "obscure the character of the proceeding, without essentially changing it."[15] The idea that anyone would wish to hoard was dismissed out of hand by Malthus, Chalmers, and Spence.[16] Whatever income was not consumed would be saved and invested, and "equally spent in either way,"[17] according to Chalmers. Spence argued repeatedly in his rejoinder to Mill's *Commerce Defended* that the latter's "errors" were due to thinking in money terms, when in fact exchange was essentially barter.[18] The classical argument that purchasing power was necessarily equal to the value of output[19] was wasted on Sismondi and Malthus, both of whom repeatedly affirmed the same thing.[20] Sismondi had in fact said so before Say, Mill,

[14] Sismondi, *Nouveaux Principes,* Vol. I, 118. See also pp. 120, 121.

[15] Thomas Chalmers, *On Political Economy,* (Glasgow: William Collins, 1832), p. 158.

[16] *Ibid.,* p. 96; T. R. Malthus, *Definitions in Political Economy,* p. 238; T. R. Malthus, *Principles of Political Economy,* 2nd edn., p. 38; William Spence, *Tracts on Political Economy* (New York: privately printed, 1933), pp. 30–31.

[17] Thomas Chalmers, *On Political Economy,* p. 96.

[18] William Spence, *Agriculture: The Source of the Wealth of Britain,* reprinted in *Tracts on Political Economy,* pp. 126, 149, 157, 164.

[19] James Mill, *Commerce Defended* (London: C. & R. Baldwin, 1808), pp. 81, 83; J. B. Say, *A Treatise on Political Economy,* p. 170; John Stuart Mill, *Principles of Political Economy,* ed. W. J. Ashley (London: Longmans, Green and Co., 1909), pp. 557–558; *ibid.,* variorum edn. (Toronto: University of Toronto Press, 1965), pp. 571–72.

[20] "A nation must certainly have the power of purchasing all that it produces." Malthus to Ricardo, *The Works and Correspondence of David Ricardo,* Vol. VI, 132; see also *ibid.,* Vol. IX, 10; T. R. Malthus, *Principles of Political Economy,* p. 359; [T. R. Malthus] "Tooke—On High and Low Prices," *Quarterly Review,* XXIX, No. LVII (April 1823), 226. The primary authority for identifying this and other anonymous articles

or Ricardo.[21] The point here is not to represent the glut theorists and their classical contemporaries as being equally obtuse about monetary phenomena. On the contrary, each side was considerably more sophisticated on the subject than might be suspected from a survey of their dogmatic-sounding assertions taken out of context, without regard to their long-run or short-run, *ex ante* or *ex post* meanings. The point is that the kind of evidence which has been used to put the classical economists on one side of a real-analysis-versus-monetary-analysis debate would put their opponents on the same side. The general glut controversy was simply not that kind of debate. As a definitional note, by "general glut" economists will be meant those economists who challenged Say's Law in the first two decades of the nineteenth century, as distinguished from the later dissenters—notably Marx and Hobson—who argued beyond the pale after the general glut controversy had ended in the victory of the orthodox.

It should be noted that there were not merely opposite sides in the general glut controversy; there were different levels as well. Among noneconomists there were the ever-popular underconsumptionist arguments that markets were limited because the maldistribution of income left the workers too poor to buy what they had produced. Robert Owen and Karl Rodbertus, for ex-

cited herein is the series of articles on anonymous authorship by Professor Frank W. Fetter in the *Journal of Political Economy* (June 1953), (February 1958), (April 1958), and (December 1962). ". . . the national revenue and the annual production mutually balance each other and appear as equal quantities." Sismondi, *Nouveaux Principes,* I, 103; see also J. C. L. Simonde [de Sismondi] *De la Richesse Commerciale* (Geneva: J. J. Paschoud, 1803), I, 84–85, 105n.

[21] Sismondi, *Richesse Commerciale,* I, 84–85, 105n.

ample, argued this way, urging that commodities be made to sell according to the labor time which went into their production, as part of a scheme to insure that the total purchasing power would equal the total value of output.[22] But these were not the arguments of the economists involved in the general glut controversy, or of Marx in the later period. Sismondi and Malthus repudiated Owen's arguments, just as Marx and Engels repudiated those of Rodbertus.[23] Nevertheless such popular arguments were historically important, if only because the proponents of Say's Law felt so strongly the need to counter them. John Stuart Mill depicted Say's Law as an exposé of "the shallowness of the political reasonings of the last two centuries,"[24] rather than simply an argument against contemporary economists, and was worried as to how the debate over general gluts would look to the "enemies" of economics.[25] This crusade against popular fallacies affected the general glut controversy because of the tendency of orthodox economists to read these fallacies into the arguments of the dissenters and to attack their own creations rather than the argu-

[22] Robert Owen, *A New View of Society and Other Writings,* Everyman edn. (London: J. M. Dent and Sons, Ltd., 1963), pp. 247–53; Karl Rodbertus, "Overproduction and Crises," *History of Economic Thought,* eds. K. William and Lore L. Kapp (New York: Barnes and Noble, 1963), pp. 248–67.

[23] Sismondi, *Nouveaux Principes,* II, 251 (see also pp. 243, 289); T. R. Malthus, *Principles of Political Economy,* p. 325n; Karl Marx, *Capital* (Chicago: Charles H. Kerr & Co., 1906), II, 475–76; Frederick Engels, "Preface," Karl Marx, *The Poverty of Philosophy* (New York: International Publishers, 1963), pp. 7–24.

[24] John Stuart Mill, *Essays on Some Unsettled Questions of Political Economy* (London: John W. Parker, 1844), p. 48.

[25] John Stuart Mill, *The Earlier Letters of John Stuart Mill, 1812–1848,* ed. Francis E. Mineka (Toronto: University of Toronto Press, 1963), p. 236.

ments actually advanced. It is significant that Torrens included a refutation of Sismondi as a digression in a review of the writings of Robert Owen.[26]

[26] [Robert Torrens], "Mr. Owen's Plans for Relieving the National Distress," *Edinburgh Review* (October 1819), 453–77; the digression on Sismondi occurs pp. 470–75. While the authorship of this anonymous article has been disputed, the evidence that it was written by Torrens, rather than by McCulloch as sometimes claimed, seems overwhelming: (1) many passages repeated verbatim statements made in an earlier speech by Robert Torrens as reported in the newspaper *The Scotsman,* August 21, 1819, pp. 265–66; (2) Malthus's criticisms of the anonymous article were answered at considerable length in Robert Torrens, *An Essay on the Distribution of Wealth* (London: Longmans, Hurst, Rees, Orme, and Brown, 1821), pp. 384–97; (3) Ricardo was sufficiently confident that the author was Torrens that he both corrected Malthus' contrary view and informed McCulloch with amusement that Malthus had thought that he—McCulloch—was the author (Works, VIII, 159); (4) Malthus was sufficiently convinced that he in turn repeated to Sismondi that Torrens was the author (*ibid.,* p. 376). See also *ibid.,* pp. 82, 159, 163–164, 227. The basis of the view that McCulloch wrote this article can be readily understood without accepting its validity. In a rejoinder to the review in 1820, Sismondi admitted not knowing the name of the critic to whom he was replying, but in reprinting this rejoinder in the appendix to the second edition of *Nouveaux Principes* in 1827, he identified the critic as McCulloch (II, 252n)—certainly a "curious" opinion, as Mr. Sraffa characterized it (*op. cit.,* p. 376n), in view of Malthus' letter in 1821, but an opinion which is explicable in the light of other events. McCulloch did write an anonymous article in the *Edinburgh Review* which criticized Sismondi, but in March 1821. Sismondi met McCulloch in 1826, and at that time could easily have learned that McCulloch had written *an* article against him some years earlier in the *Edinburgh Review,* and mistaken it for the one to which he had replied, which in fact contained many of the same kinds of arguments. Sismondi said in 1827 that his identification of McCulloch as the author of the 1819 review was based on what he had learned since his 1820 article. It was undoubtedly also after Malthus' positive statement in 1821 that Torrens had written the review, a view which only a statement of authorship

There was no definitive statement of Say's Law in classical economics. Even its origin has not been unequivocally established. Aside from the conflicting claims of Say and James Mill, there is the fact that important elements of it had appeared earlier in Adam Smith, and particular fragments of it can be traced even further back.[27] During the age of classical economics—from Adam Smith to Karl Marx—there were differences among its three leading exponents, J. B. Say, James Mill, and David Ricardo. Say criticized the Ricardian application of the principle, and Ricardo in turn criticized Say's exposition and questioned whether James Mill had really met their critics head-on.[28] Even the familiar assertion that "supply creates its own demand" is not a direct quotation from any of them. Nevertheless there was a solid core of propositions on which the whole orthodox tradition was agreed and a penumbra of corollaries and related ideas to which some subscribed and some did not. Probably no individual economist inside or outside the classical tradition ever wholly agreed or wholly disagreed with everything that was included in the omnibus phrase, "Say's Law."

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by McCulloch himself seems likely to have overturned. Arguments that McCulloch wrote the review may be found in John S. Chipman, "A Survey of the Theory of International Trade: Part 2, the Neo-Classical Theory," *Econometrica,* 33, No. 4 (October 1965), 710n–711n; see also Jacob Viner, *Studies in the Theory of International Trade* (New York: Harper and Brothers, 1937), p. 194n. I am indebted to Professor Viner for generously pointing out to me some of the evidence which was opposed to his opinion.

[27] Paul Lambert, "The Law of Markets Prior to J. B. Say and the Say-Malthus Debate," *International Economic Papers,* No. 6 (1956), pp. 7–22; J. J. Spengler, "The Physiocrats and Says Law of Markets," *Essays in Economic Thought,* ed. J. J. Spengler and W. R. Allen, pp. 161–214.

[28] Ricardo, *Works,* IX, 131.

The basic practical meaning of Say's Law was implied in J. B. Say's rhetorical question: "how could it be possible that there should now be bought and sold in France five or six times as many commodities as in the miserable reign of Charles VI?"[29] The proposition that there was no secular limit to the expansion of aggregate output was one on which there was complete agreement between the Say-Ricardo school and the Sismondi-Malthus general glut school. Sismondi, like Say, illustrated his belief on this point by comparing the increase of output from a past era—a purported quadrupling of production since Louis XIV—and Malthus, Lauderdale, and Chalmers took similar positions.[30] The only suggestion of a long-run limit to output during this period was in fact the Ricardian "stationary state."

The term "glut" was widely used but seldom defined. It usually referred to a situation in which goods were either unsold or were saleable only below cost-covering prices.[31] Both the Say-Ricardo school and the Sismondi-Malthus school were agreed that there could be "partial" gluts in which this condition existed for some sectors of the economy. They differed on whether this could be true for all sectors simultaneously, whether aggregate output would be sold at less than cost-covering prices, that is, whether there could be a *general* glut.

Implicit in this issue is the more basic question, whether there is such a thing as an equilibrium level

[29] J. B. Say, *A Treatise on Political Economy,* p. 137; Jean-Baptiste Say, *Cours Complet d'économie politique,* 3rd edn. (Paris: Guillaumin et cie, 1852), I, 339.

[30] Sismondi, *Nouveaux Principles,* II, 308; Ricardo, *Works,* VI, 318; Lauderdale, *Nature and Origin of Public Wealth,* (New York: Augustus M. Kelley, 1962), pp. 215, 227–28; Chalmers, *On Political Economy,* pp. 136, 476, 140.

[31] T. R. Malthus, *Definitions in Political Economy,* pp. 246, 247; John Stuart Mill, *Principles of Political Economy,* p. 557.

of aggregate real income. In their affirmative position on this question, the general glut theorists did stand in the tradition of the Physiocrats and John Maynard Keynes, but not in the substance of their theory. While the concept of an equilibrium national income does not contradict the essential logic of Say's Law, it was perceived as a threat by the defenders of Say's Law as it had developed historically when Sismondi introduced his theory of equilibrium income in 1819. Their attacks on Sismondi's theory, and then on Malthus' extensions of it, initiated the controversies that continued for decades in British and French journals, books, and correspondence. Earlier controversies, revolving around the writings of Lauderdale (1804) and Spence (1808), had played a role in the development of Say's Law, but these were relatively brief exchanges involving only a very few individuals. In a later period, Karl Marx was to make the last attack on Say's Law within the classical framework, but by then he stood alone. Neither the earlier nor the later period was comparable to the massive outpourings which constituted the general glut controversy of the 1820's and 1830's, and whose termination may be dated by the appearance of John Stuart Mill's *Principles* in 1848. Only the similarly massive outpourings set off much later by the Keynesian revolution could rival that of the general glut controversy. During the classical period there were also important developments in monetary theory, notably by Henry Thornton in 1802, and important beginnings in business cycle theory, notably by Clement Juglar in 1860, but these were not part of the controversies revolving around Say's Law, however important they might be in a general history of the developments which led up to Keynes' *General Theory* and post-Keynesian macroeconomics.

Before proceeding to the general glut theories and the controversies to which they led, some closer consideration will be given to the set of propositions known collectively as Say's Law, at the stage of development that they had reached when the controversy began. The modern meanings of Say's Law will also be briefly sketched. The development of Say's Law during the controversy will be discussed in Chapter 4. In attempting to clarify opposing positions on various propositions, it will not be assumed that each side was always clear as to what its opponent was asserting or denying, or as to the full implications of its own position, or that it remained consistent over time. The scope and duration of the controversy would in fact suggest the opposite. The sketch below will simply focus on various key propositions in the classical version of Say's Law and attempt to indicate the role of particular individuals in its development.

ADAM SMITH

The Wealth of Nations presented three important features of Say's Law:

1. The doctrine that money merely facilitated the barter of goods,[32] without itself changing real results. Although this doctrine was not peculiar to the supporters of Say's Law, it is important for understanding how the monetary problems emphasized by modern Keynesian analysis were consistently overlooked in both classical and early heretical discussions of Say's Law. Both sides regarded themselves as disciples of

[32] "The sole use of money is to circulate consumable goods." Adam Smith, *The Wealth of Nations* (New York: Random House, 1937), p. 323.

Adam Smith. The pertinent question for income determination theory is whether Smith's monetary neutrality was a long-run generalization or something which was expected to apply continuously through all short-run periods as well. Smith argued that just as money constitutes the demand for goods, goods constitute the demand for money. He repeatedly referred to goods purchasing money,[33] and said of gold and silver that "as they are the price of all other commodities, so all other commodities are the price of these metals."[34] However, although money is something "for which every thing is readily given in exchange," it "is not always with equal readiness to be got in exchange for everything."[35] But despite the fact that "goods do not always draw money so readily as money draws goods," still "in the long run" goods draw money even "more necessarily" than vice-versa.[36] The intriguing reference to the possibility of short-run excess demand for money was not explored or elaborated. In the long run, the only demand for money to consider was the transactions demand. It should be noted that much of Smith's discussion of money took place in a chapter dealing with the mercantilists, where the salient question was whether a larger quantity of money in a country added either to its wealth or to its ability to clear its own markets. Smith was disputing with the mercantilists over permanent institutionalized practices, not short-run cyclical policies, so that his views on the short-run demand for money were of tangential importance, and so only sketchily indicated. In this context, Smith expressed what might be considered an early version of Say's Law: "But though a particular merchant, with abundance of

[33] *Ibid.*, pp. 323, 324, 404, 405, 406, 407. [34] *Ibid.*, p. 404.
[35] *Ibid.*, p. 407. [36] *Ibid.*

goods in his warehouse, may sometimes be ruined by not being able to sell them in time, a nation or country is not liable to the same incident."[37] Although this assertion was made in a generally long-run context, it is in itself a timeless statement, and the observation that a partial glut "sometimes" ruins a particular producer or merchant suggests in this context that a general glut cannot exist for the economy as a whole even "sometimes."

2. The doctrine that savings are always invested and spent. "The consumption is the same, but the consumers are different."[38] Again this was a belief common to both sides, and both sides usually proceeded as if this saving and investment took the form of wage goods rather than fixed capital.

3. Saving rather than consumption promotes growth.[39] This might mean (a) that a higher savings function (as a function of income and/or the rate of return) would lead to higher levels of output in subsequent time periods, or (b) that an increased quantity saved—without considering whether it is on the savings function receiving its supply price or not—would lead to higher levels of output in subsequent time periods. The first was the meaning more probably intended by Smith and later supporters of this doctrine, but they were never explicit, and the second meaning was the principal object of attack by the dissenters.

J. B. Say and James Mill

The question whether Say or Mill originated Say's Law is one which has often been debated, and although Adam Smith developed parts of it before either of them,

[37] *Ibid.* [38] *Ibid.*, p. 322. [39] *Ibid.*

there is still a question as to their relative contributions to the remainder.

The chapter on markets (*"Des Débouchés"*) in Say's *Traité d'économie politique* underwent considerable development in the five editions that appeared in Say's lifetime. From a few sketchy pages in the first edition of 1803, it grew into a substantial chapter in its classic form in the fourth edition of 1819—the edition available in English translation—and then added major modifications in the fifth edition of 1826, as a result of the controversies of the period, particularly Say's polemical exchanges with Sismondi.[40] Say's later letters and his textbook, *Cours Complet d'économie politique* (1828–1829), also reflected these modifications. James Mill's early formulations of his ideas were more complete and remained relatively fixed over time, so that even though Say took up the subject before him this does not automatically preclude Mill from having priority on particular propositions, and it is a matter of judgment which of these propositions are the key ones that can be regarded as the essence of Say's Law. Mill's analysis first appeared in his review of Lauderdale's theory of overinvestment in *The Literary Journal* in 1804,[41] his

[40] J. C. L. [Simonde] de Sismondi, "Sur la balance des consommations avec les productions," *Revue encyclopedique,* XXII (May 1824), 264–98; Jean-Baptiste Say, "Sur la balance des consommations avec les productions," *Revue encyclopedique,* XXIII (July 1824), 18–31; J. C. L. Simonde de Sismondi, "Notes sure l'article de M. Say, intitulé 'Balance des consommations avec les productions,' " *Nouveaux Principes,* II, 306–09. See also J. C. L. Simonde de Sismondi, *Political Economy and the Philosophy of Government* (London: John Chapman, 1847), p. 449. This last-named work should be distinguished from *Political Economy,* a reprint of Sismondi's encyclopedia article of the same name.

[41] [James Mill], "Lord Lauderdale on Public Wealth," *The Literary Journal,* IV, No. 1 (July 1804), 1–18.