

David Ricardo's *On the Principles of Political Economy and Taxation*

An Introductory Note

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David Ricardo was once described by Marx as representing the “complete and final expression” of “classical political economy” (Marx 1973, p. 884); his *On the Principles of Political Economy and Taxation* is his *opus magnum*.

It appears that Ricardo began to plan the work in 1815, at the insistence of James Mill (Sraffa 2004, p. xiii). Ricardo did not find writing easy. “I make no progress in the difficult art of composition,” he wrote to Malthus in February 1816; (Sraffa 2004, p. xiv) and then again in the May of that year: “I find the greatest difficulty to avoid confusion in the most simple of my statements.” (Sraffa 2004, p. xv) In the November he wrote to Mill: “I have an anxious desire to produce something worth publishing, but that I unaffectedly fear will not be in my power.” (Sraffa 2010, p. xx) Mill had to badger him throughout the writing process, encouraging him in his efforts and urging him on in the project. Both Mill’s son (John Stuart) and Ricardo’s own brother expressed the opinion after Ricardo’s death that had it not been for Mill senior’s efforts Ricardo would never have finished the work. (Sraffa, p. xix) In the end it was published in April 1817. A second edition, practically identical to the first, was published in February 1819; a third, incorporating significant changes (of which more below), in May 1821.

When Ricardo published the first edition *Principles* at the age of 45 he was a very wealthy man. At his death in 1823 his estate is estimated to have been worth somewhere around £700,000 (King 2013, p. 5), which would be worth in excess of £80 million in present terms. Ricardo’s wealth was not inherited wealth, however, but earned: it was the fruit of his enormously successful career as a “stock-jobber” (a professional equity trader). By the time he published the *Principles* he had effectively retired; from 1819 till his death he lived the life of a country gentleman on his estate (Gatcombe Park) in Gloucestershire. In 1823 he fell ill (with an infection of the ear), and in the September of that year he died, at the terribly young age of 51.

Ricardo’s intention in the *Principles* is set out in its Preface (unchanged over the three editions).

The produce of the earth—all that is derived from its surface by the united application of labour, machinery, and capital, is divided among three classes of the community; namely, the proprietor of the land, the owner of the stock or capital necessary for its cultivation, and

the labourers by whose industry it is cultivated.

But in different stages of society, the proportions of the whole produce of the earth which will be allotted to each of these classes, under the names of rent, profit, and wages, will be essentially different; depending mainly on the actual fertility of the soil, on the accumulation of capital and population, and on the skill, ingenuity, and instruments employed in agriculture.

To determine the laws which regulate this distribution, is the principal problem in Political Economy [...]. (Ricardo 2004, p. 5)

It is striking (and crystal clear) that, on his own description, the task of political economy, and the object of the *Principles*, is *exclusively* the account of the *distribution* of the social product; the production of this, and its consumption, being taken as *given*.¹

Between editions one and two the differences in the text are minor and deserve no further comment here; it was in the third edition that Ricardo introduced major changes, the import of which have been debated in the commentaries on Ricardo over the years. Apart from a degree of editing and reordering of material (which need not detain us here) there are two sets of changes that we do need to take note of at this stage.

The opening chapter of the work, “On Value”, is the most significant theoretically (and also the most difficult to follow and comprehend), and it is here that Ricardo introduced the most significant modifications to his argument for the third edition; less than one half of the text of the first two editions remains substantially unchanged in the third, making the chapter in effect completely reworked. Whether or not the essence of Ricardo's changed in this rewriting or whether the substance of the changes was presentational has been hotly debated in the commentaries, and although the scholarly consensus appears to be that Ricardo, under pressure of criticisms of his argument as presented in the first and second editions (not least from Malthus), did change his argument substantially (Sraffa 2004, pp. xxxvii-xxxviii), I shall argue in my notes that the core of his theoretical exposition remains unchanged: that the argument in the version of the first chapter of the third edition is entirely compatible with that of the first two.

The other modification of note to appear in the third edition (Sraffa (2004, p. lvii) calls it “revolutionary”) is a new chapter (“On Machinery”, chapter 31 in the third edition), which modifies his previous view that the introduction of machinery in production was beneficial to *all* of the main social classes; in the new chapter of the third edition he allowed for the possibility that while the introduction of machinery might be of benefit to landlords and capitalists it might well be to economic detriment to “labouring class”.

The difficulties Ricardo experienced in the composition of the *Principles* stand evident in the final text; it has to be acknowledged that Ricardo was an absolutely *terrible* writer.² The impediment to expressing himself with clarity and precision make the text almost impossible to

¹ “[E]conomists such as Ricardo, who are the most frequently accused of focusing on production alone, have defined distribution as the exclusive object of economics, because they instinctively conceived the forms of distribution as the most specific expression into which the agents of production of a given society are cast.” (Marx 1973, pp. 95-96)

² In a review of an 1891 edition of the *Principles*, John Neville Keynes (the father of the more famous Maynard) noted the following. “The notion that Ricardo was a peculiarly systematic, exact, and logical writer [...] may now be ranked amongst exploded fallacies. [...] His materials are ill arranged, his modes of expression are often so careless as readily to lend themselves to misinterpretation, and he constantly assumes without due warrant that conditions and qualifications present to his own mind will also as a matter of course be present to the minds of his readers.” (Keynes, 1891, 769.)

follow in places, and is surely one of the reasons behind the extant disagreements as to the correct interpretation of Ricardo's theories, especially his theory of *value*, since it serves to obscure in quite significant ways the appreciation of what that theory actually is.

In my notes to the *Principles*, I shall throughout follow the text that appears in the *Works and Correspondence* (Ricardo 2004), save for my discussion of chapter one ("On Value"), where I shall also discuss the version of the theory as it appears in the first edition (Ricardo 1817).

References

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