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ARTICLES

How Say and Jefferson Transformed American Political Economy

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Who laid the intellectual foundations of American political economy in the early Republic—the Jeffersonians or the Hamiltonians? This article argues that American economic thought developed primarily along Jeffersonian lines, shaped through a transatlantic exchange with the French liberal school. Beginning with an 1803 correspondence between Thomas Jefferson and Jean-Baptiste Say, Jeffersonian thinkers drew on French liberal economic theory to defend free trade. Say, in turn, incorporated Jefferson's insights into the second and later editions of his *Treatise on Political Economy*, which became one of the most influential economics texts in the United States. American economists such as Condy Raguet and Francis Wayland adopted and expanded Say's framework, helping to shape a distinctly American tradition of political economy. By the Civil War, American economic thought was predominantly Jeffersonian and French liberal in orientation. Jeffersonian statesmen and academics, together with French liberal economists, sustained a transatlantic conversation that nourished an intellectual free-trade tradition in the US.

Today, Thomas Jefferson and his followers are remembered as tragic heroes in the history of American political thought. Scholars have traditionally portrayed the Jeffersonians as doctrinaire agrarians who resisted economic modernization in favor of a moral vision rooted in land, virtue, and republicanism (Rothbard 2006, 213). By contrast, Alexander Hamilton and his followers are cast as the architects of industrialization and commerce, aligned with the principles of modern economics (Sylla 2024, 112). Within this framing, the Hamiltonians are the intellectual forerunners of the American economic system, while the Jeffersonians are relegated to a noble but outdated alternative.

This tragedy may be more myth than history. The Jeffersonians were not simply agrarians; they participated in a transatlantic dialogue with French thinkers such as Jean-Baptiste Say, rooting their political program in economic logic that combined agrarian specialization with free trade. This article traces that development. It begins with Jefferson's 1804 letter to Say, in which he speculates on how international trade could solve Europe's Malthusian crisis. The article first reviews Say's law and its implications for population, then

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examines Jefferson's answer to overpopulation, shows how Say turned Jefferson's speculations into arguments for free trade, and finally traces how those arguments were adopted by later Jeffersonians.

Say in 1803

Jean-Baptiste Say, born in 1767, was one of the most important economists of the early nineteenth century. As a young man, Say lived in London for two years, where he learned English and read Adam Smith's *Wealth of Nations* (Skousen 2022). Smith changed his life, and Say became one of the leading free-market economists in the world. Dubbed the "French Adam Smith" (49), Say wrote his most influential book, the *Treatise on Political Economy*, which went through four editions during his lifetime.

Say's most consequential idea was his law of markets. The law forms the foundation of classical macroeconomics and, as Keynes later summarized it, states that "supply creates its own demand" (Skousen 2022, 55). Say explains that people must produce before they can consume. In an exchange economy, every trade is mutually beneficial: Each party must give something in return for what it receives. An individual cannot trade if he has nothing to trade. Before any trade can occur, a person must first produce. A clearer way to phrase Say's law is that consumption presupposes prior production.

Say used the law of markets as the lever of his population theory. The first edition of the *Treatise* was published in 1803, and population was among the topics it addressed. Notably, Say seems to have been unaware of Thomas Robert Malthus's (1798) *Essay on the Principle of Population*; he cited sixteen French and British writers, none of whom was Malthus. Even so, Say anticipated Malthus's argument and critiqued it. He agreed that population is proportional to a society's production, but he did not believe population would grow faster than the food supply, nor that wages would be forced down to subsistence. Instead, population and production are complementary and grow together. Since production precedes consumption, the rising demand for food is itself driven by the rise in production. Individuals trade the goods they produce, which allows them to purchase food. If a domestic population cannot produce enough food for itself, the country can trade with others, as the Netherlands did. For Say, population increases are not to be feared, since they accompany rising production (Palmer 1997, 80).

Say was also an admirer of the United States. In 1803, he sent a copy of his *Treatise* to then-President Thomas Jefferson, holding up the US as a model for European countries: "The United States are the offspring of Europe, but the children have more merit than their fathers" (Say [1803] 2014). This letter marks the beginning of the transatlantic conversation that brought together early American economists and their French counterparts.

Jefferson's Response

Say's letter reached Jefferson during a transformative chapter in American history. Earlier in 1803, Napoleonic France had concluded the Louisiana Purchase with the US after the Haitian slave revolt isolated France's holdings in Louisiana (Balleck 1992, 679; Gleijeses 2017, 239), doubling the size of the country and sparking new debate over its future. Northern Hamiltonians believed America should pursue a mercantilist industrial policy (Sylla 2024, 114), while the Jeffersonians believed it should specialize in agriculture—a divide that was on Jefferson's mind when Say's letter arrived (Farnham 1965, 10).

Around the time Say's letter arrived, Jefferson was reading Malthus's *Essay on the Principle of Population*. On receiving the *Treatise on Political Economy*, Jefferson ([1804] 2016) turned to Say's chapter on population, where he was "pleased . . . to find [Malthus's] opinions corroborated by [Say's]." The opening paragraph of Jefferson's response is significant for Say's career: Before this exchange, there is no evidence that Malthus and Say had engaged with each other. The two European economists subsequently debated several important topics, and their correspondence has survived to this day (Skousen 2022, 50). Jefferson may have facilitated Say's first encounter with Malthus's ideas.

Later in his response, Jefferson ([1804] 2016) offers a solution to the Malthusian problem. He accepts Malthus's premise of a geometrically increasing population coupled with a linearly increasing food supply but makes an exception for the US. Unlike industrialized Europe, America did not suffer from food shortages: Even before the Louisiana Purchase, the country contained vast wilderness in the Northwest Territory ready to be cleared for farmland. The abundance of farmland enabled "every [man] who will labor, to marry young, and to raise a family of any size."

America's agricultural abundance opened a new opportunity for trade. Jefferson ([1804] 2016) first asks whether the US should be self-sufficient, with some portion of the population engaging in industrial manufacturing while the rest farmed. Although self-sufficiency could work, he reasoned, it would not be the best solution. Instead, the US should specialize in agriculture and trade for manufactured goods. The surplus food would go to "[nourish the now perishing] births of Europe," saving lives and increasing total production. Jefferson had found a humane solution to the Malthusian problem; too busy to pursue it himself, he tasked Say with continuing the investigation. In doing so, Jefferson dissolved Malthus's problem and supplied an argument for free trade rooted in comparative advantage—showing, in the process, that he was no nostalgic agrarian but saw agriculture as the key to national economic growth.

Say Expands Jefferson's Argument

Political forces prevented Say from immediately capitalizing on Jefferson's letter. Napoleon, who declared himself emperor of France in 1804, censored Say's *Treatise* after Say opposed his protectionist policies and drove him out of political life (Palmer 1997, 56). Say resurfaced in 1814, after Napoleon's removal, and published a second edition of the *Treatise* (Palmer 1997). That year, he sent a copy to Jefferson with a letter thanking him for his 1804 reply: "I took advantage of them [Jefferson's speculations on population] for my instruction without having the means of thanking you for them" (Say [1814] 2011).

Say expanded his analysis of international trade in later editions to incorporate Jefferson's arguments. In the first edition, he had only mentioned that countries like the US and the Netherlands traded for food (Palmer 1997, 79). Later editions connect population growth with free international trade. Say first asks which countries suffer from overpopulation. He contrasts Eastern cultures with Western nations, listing China and India as countries that produced just enough food to support their populations. At subsistence, any loss in the harvest could result in food that would "rot and perish." The difference between China, India, and the West, in his account, was participation in international trade. Countries such as Great Britain survived by trading manufactured goods for food, whereas China and other Eastern countries had "little external or maritime commerce." Isolated from other countries, China could not import food during bad harvests, and so the lower classes starved. Commercial isolation also reduced output. International trade, by contrast, encourages production so that individuals can participate in global markets. Say therefore observed that "commerce in general, and maritime commerce in particular facilitates the interchange of products, even with the most remote countries, and thus renders it practicable to import articles of subsistence" (Say 1850, 288).

Say never cites Jefferson in the *Treatise*, yet his logic is Jeffersonian. Jefferson's 1804 letter argued that Europe could overcome its Malthusian problem by trading with the US; if a European nation blocked all international trade, it would suffer the fate of the Eastern countries Say describes. The implication is that nations should specialize according to their comparative advantage. Some, including the US, would specialize in agriculture, and free trade would allow goods to move freely so that the entire world could be fed.

Say does not finish his chapter on population with international trade. He concludes with an account of cities that argues agriculture and industry are complements rather than opposites—correcting Jefferson, who in 1804 had treated the two as mutually exclusive. Drawing on the law of markets, Say (1850) argues that agriculture supports the formation of cities and that urbanization encourages agricultural development. Cities first facilitate complex production: Producers who sell or buy inputs want to be close together, and proximity reduces search and negotiation costs. As producers gather, they create "the greatest subdivision of labor" and increase productivity (290). Cities also serve farmers, who demand manufactured goods from "the tailor, the shoemaker, or the farrier" (291) and who bring crops into cities to exchange for foodstuffs and finished goods (292). Cities thus extend the reach of agriculture: Although much food is perishable and ill-suited for long voyages, manufacturers in cities purchase food and "transform" it into finished goods that can be exported. Agriculture and manufacturing are not competing sectors; they flourish together, and encouraging agriculture through frontier settlement leads to an expansion of the manufacturing sector.

Say's Impact on American Political Economy

Although Say was a Frenchman, his work had a global reach. His *Treatise on Political Economy* became a foundational work in early American economics. Jefferson ([1815] 2011) called it "superseding all other works on that subject [political economy]," and the book was the most widely used textbook on political economy in the US until the 1830s (Fetter 1943, 53). In the *Treatise*, Say makes three arguments about population: that population expands with productivity, that international trade alleviates food shortages, and that a growing agricultural sector complements manufacturing and urbanization. The Jeffersonians repurposed these arguments not only in politics but also in the development of American political economy.

Francis Wayland, a Baptist minister and president of Brown University, was a prominent early American economist (Vance 2005, 402) whose textbook *Elements of Political Economy* was the most popular economics text in the quarter century before the Civil War (Fetter 1943, 57)—the book that displaced Say's *Treatise* as the standard text. Although Wayland avoided politics, he was a Jeffersonian (Vance 2005, 402), and in the *Elements* he defended Jeffersonian free trade with Sayian arguments.

Wayland (1888, 370) extends Say's first argument to show that tariffs do not stimulate the labor market. A tariff can raise nominal wages in a particular industry, but real wages remain the same: Protection reduces supply in other industries by removing foreign competitors and increasing prices for finished products, so workers in the protected industry must pay these higher prices, while workers in other industries who saw no nominal increase may have had their real wages reduced. The only way to increase net wealth, for Wayland (370–71), is to increase capital, which raises productivity and allows for more exchange. Where Say had argued that population would increase as production and exchange grew, Wayland (371) adds that capital growth itself drives population growth through reproduction and immigration.

Another early American economist was Condy Raguet, whom Rothbard (2006, 214) described as one of America's "first economists." In his *Principles of Free Trade*, Raguet (1835, 110) argues, like Say, that countries should specialize according to their comparative advantage; if the government erected barriers to trade, output would fall. Like Jefferson before him, Raguet (91) argued that the US should specialize in agriculture and trade for manufactured goods, applying Say's law on a global scale: Through international trade, the US could satisfy domestic demand for manufactured goods with agricultural products, making both other countries and the US wealthier.

Wayland (1888, 375) also uses Say to combat the idea that tariffs create home markets. The protectionist argument was that, by preventing Americans from purchasing foreign manufactured goods, tariffs force the creation of factories at home. Wayland counters that varied industries emerge naturally as population and capital grow—the same logic as Say's *Treatise*, which shows agriculture and manufacturing fueling each other's growth. Tariffs are therefore unnecessary and counterproductive: Home markets emerge naturally from the market process, and protection separates local markets from global trade, raising prices and reducing opportunities for exchange. Neither Wayland nor Raguet merely repeated Say's ideas; both contributed to a broader American tradition of political economy that had Say and Jefferson as its foundation.

Jefferson's and Say's Legacy

Hamilton is remembered for modernizing the American economy (Sylla 2024, 114), and the Hamiltonian plan for industrialization is often mistaken for the beginning of American political economy. As this article has shown, however, political economy in the US has its foundation in Jeffersonian and Sayian ideas. The two intellectual traditions participated in an ocean-spanning dialogue, and thinkers such as Say, Jefferson, Raguet, and Wayland formed the core of nineteenth-century American economic thought. Far from being nostalgic for an agrarian past, the Jeffersonian tradition marks the beginning of American economics.

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