


---

**A Communication: An Unpublished Letter of J.B. Say**

The role of popularizers as teachers of economics, and the regard which was accorded them by writers whose works they undertook to interpret, remains a little known chapter in the history of economics. The following unpublished letter written to Jane Marcet by J.B. Say expresses his appreciative evaluation of her Conversations on Political Economy (1816). This letter makes reference to the controversy surrounding the determination of value that involved Malthus, Ricardo and Say. Say emphasized that utility is the primary determinant of value and differed Ricardo, with whom Malthus agreed, for neglecting its importance.

While she was quite friendly with both Ricardo and Malthus, Mrs. Marcet wrote on value in the manner of Smith and Say. She explains the phenomenon of exchange value using a hypothetical teacher and her pupil, Caroline.

Caroline: But what is it that renders a commodity valuable? I always thought that its price was the cause of its value but I begin to perceive that I was mistaken for things are valuable independently of money; it is their real intrinsic value which induces people to give money for them.

Mrs. B.: Certainly; money cannot impart value to commodities; it is merely the scale by which their value is measured, as a yard measures a piece of cloth.

Caroline: I think the value of things must consist in their utility, for we commonly value a commodity according to the use we can make of it. But it appears to me, Mrs. B., that it is labor rather than utility that constitutes value, for however we may enjoy the utility, it is the labor we pay for.

Mrs. B.: That labor, you will observe, is valuable only if it gives utility to an object. Were a man to construct or fabricate commodities which had neither utility, curiosity or beauty, the labor bestowed upon them would give them no value, and if he exposed them for sale, he would find no purchasers.

Say was delighted with Marcet's book and sent the following letter of admiration:

---


2. From the Archives Marcet, and published with the permission of the Foundation Doy de Proustales-Etay, at Centre de Recherches sur les Lettres Romandes, Université de Lausanne, Switzerland. Translation by Nancy Stryker.
Madame,

Nous sommes parmi une aire grand place
de navigation et de promenade à Paris, nous passions,
à l'Océanvolt, nous avons vu une pomme,
encore moléculaire. Nous avons parlé beaucoup
effervescence, mais aussi, pour subir, populations,
pour faire quelques circonstances de ces deux
problèmes, tout simplement, ces deux
philosophes, vous savez, à la beauté des bas
France, les gens qui sont, pour qui vivent,
les rues.

Je vous encontre par hasard et vous souhaite
chez M. Lafitte, en dehors principaux
boulevards. Il n'y avait pas, aussi humains, vous

Remy, à Madame, l'humanité du travail,
irrésistible, confirmations & de leurs ressentiments,
commun-. J. P. Sazy

Avec mes sentiments, Paris, le 8 août 1876.

A mon cher ami qui est, quelques mois en France,
non dans ces rues, mais dans les rues,
la beauté, la beauté, les gens, les gens,
le quelque auberges de prendre, je non plus,
hommages de ses noms.
Madam,

You have given me the greatest pleasure, and this pleasure is by no means at an end. I have begun to read your work and still haven't finished it. You have worked much more efficiently than I to popularize and to spread extremely useful ideas and you will succeed, Madame, since you have built on the strength of science, those graces which could even cause errors to be overlooked.

I met your brother by chance at Mr. Laffitte's, one of our principal bankers. He hadn't been able to find me yet, because I've moved and he was thus totally unaware of the pleasure which I was sure to have in reading your Conversations on Political Economy. Now I'm afraid that he will leave without conveying my gratitude and I am hurrying to say my first impressions at your feet. It is not possible to stay closer to the truth with more clarity to clothe such indubitable principles with a more elegant style. I am an old soldier who asks only to die in your light.

My sincere congratulations, Madame, and give my best regards to Mr. Marcelli! In your house science takes on the most inviting forms. I am going to attempt to study your Conversations on Chemistry, for I see that when I won't want any other teacher than you.

Yours respectfully,

J.B. Say

Faubourg Street, St. Martin, No. 92

Paris, September 4, 1816

I am trying to pick up some errors in your book, in order to make myself useful to you for a second edition but I still haven't found anything if some observation should occur to me I will offer it to you as a token of my esteem.

I have been asked to offer a course again on political economy next winter at the Athenaeum de Paris. If we have the opportunity at that time, I would like to ask your permission to translate sizable passages from your excellent book.

This letter was chance upon while researching Mr. Marcelli's life and work in a private Swiss archive. I am pinned to share it with the readers of this Journal.

Bette Polingim
Professor of Economics
California State University,
Sacramento California 95819


THE CHANGING STRUCTURE OF THE U.S. ECONOMY: LESSONS FROM THE STEEL INDUSTRY
by Zoltan J. Acs
Prager Publishers, New York

How does one understand the behavior of the U.S. economy over the last 15 years? Broadly speaking, there are two schools of thought. One school believes that the seemingly endless series of economic problems which the economy experienced in this period was the product of bad luck (the oil-price shock) compounded by ill-conceived and politically distorted policies. The second school sees the problems of the decade as the product of a structural crisis. Most of us who hold this view take the automobile industry as symbolic of the structure which is at stake; the period of prosperity extending from the end of World War II through the 1960's is called the age of Fordism and the crisis is characterized as a crisis of Fordism. From the perspective of public policy however, the steel industry is the most relevant industrial example of the period. Truman seized the steel industry in the 1950's Kennedy nationalized it in the 1960's Carter protected it in the 1970's and now Reagan is ignoring it in the 1980's. Zoltan Acs in The Changing Structure of the U.S. Economy makes steel the representative case for his analysis of the major structural change of our era.

Aco's argument is built out of the theory of economic dualism. The economy in this view consists of a core, or corporate sector, surrounded by a fringe of competitive firms. Enterprises in the corporate sector control their markets. Prices are set as a mark-up over cost and do not respond to market conditions. Investment is financed through retained earnings. Technologies involve great economies of scale and production units are large. Enterprises in the competitive fringe are much smaller and more numerous. They behave more or less as envisaged in conventional economic theory: prices are responsive to demand and move up and down with demand over the cycle. Investment is financed through external borrowing and is responsive to variations in the rate of interest.

In the steel industry, Acs argues, the corporate sector is the province of the major U.S. steel producers. A significant portion of their capacity continued, well into the last decade, to be comprised of open-hearth furnaces and conventional casting facilities. The competitive sector consists of imports and mini-mills. The former came from the modern mills of Europe and the developing countries where oxygen furnaces and continuous casting are the predominant production technologies. The U.S. mini-mills use scrap steel and electric furnaces to produce a limited but expanding range of special products. What appears to be the long-term decline of steel in America is, in Aco's view, really an inversion of the relative importance of the two sectors. Contrary to conventional dual economy models, the competitive fringe is the more dynamic sector and has been expanding at the expense of the lethargic corporate firms.

The argument of the book is developed in three parts. The first part is essentially theoretical. It lays out the dual economy model, but with major emphasis on the behavior of the corporate sector. It reviews, summarizes and finally reconciles the various theories of corporate behavior. The second part contains the steel industry case study. The last part of the book generalizes the steel case to an argument about the transformation of the American economy as a whole.

Acs contends there that the inversion of the traditional relationship between the corporate and the competitive sectors is occurring not just in steel but throughout the U.S. economy. He appears to welcome this transformation. He seems to feel that competitive industry is technologically much more dynamic than corporate industry. He