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Historians of Economics and Economic Thought

The construction of disciplinary memory

Steven G. Medema and
Warren J. Samuels



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5 Maurice Dobb, historical materialism, and economic thought

Tony Atley and Bruce McFarlane

Introduction

Maurice Herbert Dobb, arguably the most outstanding British Marxian political economist of his generation, brought to the study of the history of economic thought a penetrating intellect capable of the most lucid articulation of the highest realms of theory. Born on July 24, 1900, educated at Charterhouse School and Pembroke College, Cambridge, his death in 1976 left an impressive body of work stretching across more than half a century which in content traversed the broad spectrum of political economy. Surveying this body of work for the present essay has led to the search for unifying threads to integrate its impressive distribution across the subject matter of political economy. The concentration upon his history of economic thought and his economic history does not do justice to Dobb's ability to understand, comprehensively, the entire breadth of our discipline. Maurice Dobb had that increasingly rare talent to render complex theoretical problems comprehensible to the non-specialized reader. A part of that skill was the casting of principal problems of political economy in an *historical* perspective. For Maurice Dobb historical analysis became a penetrating instrument to expose latent ideologies inside seemingly robust theoretical structures. Dobb's economic history is a masterful articulation of the dynamic process of social reproduction within distinctively *classical* categories of political economy. In an age when *technical* virtuosity is blindly celebrated the work of Maurice Dobb stands as a trenchant reminder of the limitations of an excessively formal approach to understanding a complex social reality.

Of critical importance in understanding the evolution of Maurice Dobb's scholarship is the intellectual relationship which he developed with the sparkling genius of Piero Sraffa. In particular, it was the editorial collaboration between Sraffa and Dobb in producing the *Works and Correspondence of David Ricardo* that challenged many of the accepted interpretations of Ricardian doctrine in the history of economic thought. By far the most profound (in terms of its cascading impact upon the development of economic thought) is the rehabilitation of Ricardo and with it the classical framework of a decidedly *political* economy. With such a resuscitation must come the reassessment of Karl Marx, and a revision of that view propagated by Jevons that Ricardo had "shunted the car of economic

science onto the wrong line" with Marx's *Das Kapital* its *reductio ad absurdum*. Dobb, himself, puts the matter concisely when he remarked:

I think we conclusively establish ... that there was no "weakening" of Ricardo's enunciation of the labour theory as time went on: that in fact he reached at the end of his life a position rather close to that of Marx, so that the true line of descent is certainly from Ricardo to Marx, and not from Ricardo to cost-of-production theory or Mill to Marshall as the bourgeois tradition has it.¹

The importance of this discovery cannot be underestimated and its implications are yet to be fully explored. The ramifications of this resuscitation of Ricardo and the labour theory of value were finally to challenge the consistency itself of the whole edifice of bourgeois economics with the appearance of Sraffa's much neglected *Production of Commodities by Means of Commodities* in 1960. The impact of this theoretical contribution is reflected in the intent and purpose of Dobb's final body of work – that is, his two Marshall Lectures, delivered in 1973, and his opus, *Theories of Value and Distribution since Adam Smith*.

Dobb's economic history

It is important to understand the relationship between economic history and Dobb's view of the history of economic thought. Dobb's first book appeared in 1925 and developed out of his doctoral research on "The Entrepreneur". *Capitalist Enterprise and Social Progress* sought to recast economic theory in a confrontation with a historical critique of the forces which shaped economic development and produced the institutions we have inherited to this day. The historical sections appeared reworked for a broader audience in a book published by the Plebs League entitled *An Outline of European History*.² Although later characterized as "an unsuccessful and jejune attempt to combine the notion of surplus-value and exploitation with the Theory of Marshall",³ *Capitalist Enterprise* contained the kernel of Dobb's economic history which was to find expression over twenty years later in his seminal *Studies in the Development of Capitalism*.

Dobb's *Studies in the Development of Capitalism* (1946) was the first comprehensive study in English of a theme raised by Marx himself and by practitioners of economic history like R. H. Tawney – the nature of the transition from feudalism to capitalism.

The book arose in part out of discussion among historians close to the Communist Party of Great Britain (CPGB) – Dona Torr, Rodney Hilton, Christopher Hill, R. Page Arnot, and others. Dobb was also aware of the research of Soviet economic historians Lavrovsky and Kosminsky. Interestingly Christopher Hill had earlier visited the USSR and knew of the work on feudal manorial systems, some of which soon came out in English in the *Economic History Review* of the British Society for Economic History.

The main message of the book *Studies* in relation to the transition from feudalism to capitalism was that the starting point of analysis should be (1) an account of "exploitation" under feudal "social relations of production"; (2) discussion of the process of petty commodity production; (3) real-world forces operating to determine the precise features of the working out of feudal exploitation – for example, population growth (and hence the labour: land ratio); military conflict requiring higher levels of economic resources in the hands of the ruling elite; the growing influence of exchange relations with the growth of towns.

One of the striking features of *Studies* is that the author sees "feudal relations of production" in a many-sided way. He does not treat them as *purely* a fetter on technical and social change, but as part of their own transformation. Harnessing Marx's analytical tool of the "mode of production" he described the feudal order as dependent primarily on class relations and the "transition" to something non-feudal – hence as the replacement of one mode of production by another.

The perspective Dobb brought to the issue of how to analyse the change in the feudal mode of production brought him into conflict with the view of his predecessor, Henry Pirenne, and a later critic, P. M. Sweezy. Pirenne had maintained that capitalism emerged in Western Europe in the twelfth century when merchant adventurers organized large-scale trading.⁴ This new group diverted a large part of the economic surplus previously appropriated by the feudal landowner. One result was that "production for use" was broken up "from outside" by increasing the scope of production specifically for exchange. Sweezy took a similar stance.⁵

By contrast, Dobb argued that merchants were primarily interested in selling dear and buying cheap – they could not *originate* a process of surplus extraction; they could only be, in a sense, parasitical on that process.

Dobb dates capitalism's emergence much later – at around the end of the sixteenth and the beginning of the seventeenth century. A new "social relation" of owners and hired labourers emerged when merchants started to organize craftsmen into a putting-out system and when successful peasants bought up land and farmed by hiring labour. A wage labour versus capital relationship thus emerged.

The implications of the chapters dealing with this process were clear enough: the rise of the merchant-bourgeois was a strong historical force,⁶ a necessary but not sufficient condition for a capitalist mode of production to emerge. Here we go back to the idea of two routes to capitalism.⁷ This framework, first suggested by Marx,⁸ sketches two and not one path for capitalism's emergence. In the first, colonies and their control by mercantilists provide "primary capital accumulation". Elements of the new merchant class became capitalists. This path is non-revolutionary. This merchant class eventually becomes "an obstacle to the real capitalist mode of production and goes under with its development". Thus, said Marx, the independent development of merchant capital is "incapable by itself of promoting and explaining the transition from one mode of production to another".⁹ In the second path, emphasized by Dobb, the producer becomes

merchant and capitalist. This contrasts with the natural agrarian economy and the guild – the constricted handicrafts of medieval urban industries. Here industrial capitalists emerge from the rank of small or medium-sized producers either in the village or in the growing towns. The role of exchange is mainly to make the growth of the towns non-reversible; it is not to specify “social relations”.

Such “dissolving” effects that burgeoning twelfth-century commerce might have had on the feudal order, on feudal social relations, were chiefly that some lords of the demesne commuted labour service for a money payment and made their own economic unit more money oriented, less “self-sufficient”. Sometimes, argues Dobb, “market opportunities” lead to intensification of serfdom’s exploitation mechanisms as servile dues were enforced. Growing military and consumption expenditures of the lords likewise acted to intensify exploitation, exacerbating problems because the economic system had a limited capacity to provide an *expansionary* surplus. This fact Dobb refers to as the “inefficiency of Feudalism as a system of production”.¹⁰ The intensification of exploitation and the limited economic capacity of the system led to mass defections of serfs, making it even more necessary for the lords to allow commutation of labour services for money.

By the end of the fifteenth century, in Dobb’s estimation a new stage had been reached. Serfdom – the key feudal social relation in the extraction of the economic surplus – was disappearing.

Merchants were able to buy up lands, and lords were obliged to mortgage them. The new class of improving peasant farmers could afford now to hire labour power. Accumulation of capital by these elements led to the rise of the “yeoman farmer” who is already far from the social relations of serfdom and feudalism. Here Dobb’s confirmed Kosminsky’s finding that already in thirteenth-century England, before the final end of serfdom, there existed a “distinct stratum of upper peasantry”.¹¹ Dobb saw the dynamic movement from this stage to the end of serfdom governed by the internal trends in the mode of production. The market expansion and the generalization of exchange relations while present remained secondary. This was the position that Dobb was best known for taking in the transition debate.¹²

Studies in the Development of Capitalism not only provoked a new and sophisticated debate within the CPGB and wider Marxist circles,¹³ including interest from Japan and North America, it has from time to time been the subject of re-examination and re-evaluation.¹⁴ Some have questioned the consistency of the relative emphasis given by Dobb to the “intensified exploitation” and “disintegrating effects of market expansion”.¹⁵ Others have disagreed on his analysis of “growing military needs of feudal lords”. His account of the monopoly restrictions used by merchants to exploit craft producers has however, become part of standard economic history. The notion of the merchant turned producer¹⁶ and the crucial role in the labour process of the putting-out system have been developed for Third World systems,¹⁷ although some have questioned whether this is exploitation or merely unequal exchange.¹⁸

Whatever the final judgement few would deny that in the 1940s Dobb had

provided in his *Studies* a major boost both to economic history as a discipline and to Marxist study in providing a comprehensive and insightful application, in concrete terms, of *Marxian* tools: the mode of production; social relations; method of surplus expropriation. Furthermore, the connection between Dobb’s economic history and his approach to the history of economic thought are conditioned by the same methodological commitments. For example, the opening chapter of his *Studies* contains a methodological declaration specifically Marxist in character but with its classical hue clearly evident.¹⁹ Dobb’s historical sensitivity precludes any strictly causal-genetic narrative from appearing in his history of economic thought. Excessively quantitative theories of economic development thus for Dobb fail to capture the significance of qualitative influences in shaping the course and influencing the tempo of historical change.²⁰ The methodological stance assumed in these early pages of his *Studies* reflects the same interpretation of historical materialism which Dobb possessed in his 1937 *Political Economy and Capitalism*, to be discussed below.

The young Dobb

Dobb’s interest in the history of economic thought began in his student days. One can begin by mentioning Dobb’s early piece *The Problem of Surplus Value: A Reply to Mr. Withers*. The context of this essay was his youthful association with such socialist propaganda efforts as the journals “Youth” and “Plebs”.

At the time of writing *The Problem of Surplus Value*, Dobb was a 20-year-old Cambridge University student. He had not yet made the contacts in London that were to lead him to the CPGB. His was a youthful Marxism reflecting an itch to lock horns with the more rabid defenders of capitalism. It was this theme, evident in this early piece, which with the appearance of the Sraffa critique, Dobb re-evaluates into a tight, compelling argument, explaining the evolution of economic thought.

However, at this time (the 1920s) Dobb had not fully understood the role of the “law of value” and the species of competition employed by Marx to demonstrate his theory of surplus value and profit. Such a youthful exercise may be seen in retrospect to have been refined by his later position that “the crucial problem for Marx was to show how the fact that one class in society drew an income without contributing any productive activity could be consistent with the prevalence of competition and the rule of law”.²¹

Dobb notes in this later essay that Sismondi, Thompson, and Bray had all “sought to explain capitalist income by the existence of some form of cheating or *force de majeure*”,²² by which the capitalist underpaid his workers. According to Dobb “such explanations were regarded by Marx as unsatisfactory” and he proceeds to quote with approval Marx’s comment that “you must start from the theorem that on average commodities are sold at their values” and that “profits are derived from selling at their real values. ... If you cannot explain profit upon this supposition, you cannot explain it at all.”²³

The question concerning the distribution of a social product between the

classes in the community which produced it remained a central concern. By 1937 Dobb had framed the issues involved in terms of the requirement to explain profit as a category of income accruing to a particular class of people. Was this question "to be interpreted in terms analogous to the theory of rent"?²⁴ – as attempted, for example, in his friend H. D. Dickinson's *Institutional Revenue*? Even in 1973 when considering the question of distribution in the presence of monopoly, that is in imperfect market structures, Dobb maintains the importance of the theory of surplus value while recognizing its close association with the theory of rent in the stage of monopoly capitalism.²⁵

Dobb had a deep understanding of the essential preoccupations of classical political economy. Two early pieces by Dobb stand out in the probing exposition of the aims of the classical economists. The first is a lecture "Criticisms of Some Trends in Modern Economic Theory" delivered in Copenhagen in March 1935. The second, of course, is his 1937 book *Political Economy and Capitalism*.

In contrast with orthodox modern theory, the classical economists were concerned with explanations of the laws which guided the *dynamic* evolution of society as a *whole*. This emphasis was conceived specifically in terms of the revenues which accrued to social classes defined in terms of their relation to the factors of production, labour, capital, and land. These class revenues, wages, profit, and rent, were incomes which allowed the *social* reproduction of the labourer, the capitalist, and the landlord. Central to such conceptualization was the dual concept of cost and surplus, and as Dobb points out, it was "on this distinction the division into gross and net revenue turned", and the surplus approach to political economy constructed within the classical tradition.²⁶

Dobb highlights and embraces the classical tradition of employing the simplifying device of abstraction as a legitimate attempt to understand complex socio-economic systems.²⁷ Such was the approach of classical political economy; abstraction was employed as a device to distil the essence of the phenomena given the *deductive* nature of the economic problem. For any given theoretical structure, as generality subsides with the introduction of more realistic assumptions, it is the degree to which the particular abstraction is itself isomorphic with reality which is the only criterion by which individual abstract constructions can ultimately be judged.²⁸ Dobb points out that Marx inherited the classical framework in which the theory of value was expressed.²⁹ Likewise in Vol. I of *Capital* Marx employed intrinsically classical assumptions, for example pure competition with an absence of *individual* monopoly power, in which to unfold his critique of capitalism.

The charge levelled by Böhm-Bawerk against Marx's apparent inconsistency between Vol. I and Vol. III of *Capital* was always the subject of scorn by Dobb. In his 1937 book the argument is couched in terms of the validity of the method of abstraction in the context of the settled traditions of political economy.³⁰ To claim that Marx was unaware of this problem is simply wrong; in a footnote Dobb quotes Marx's chastisement of Proudhon in *Misère de la Philosophie* as a clear statement that the movement from values to prices of production involved modifications in derivative statements when certain

assumptions are relaxed (in this case the proportions of constant and variable capital) which did *not* invalidate the approach based upon the labour theory of value.³¹

It is in *Political Economy and Capitalism* that we find the broader features of the methodological approach that Dobb applied to the study of history of economic thought and economic history. In many respects, the theoretical kernel embraced in this 1937 book is very similar to that contained in his seminal *Studies in the Development of Capitalism*.³² The intellectual influences which shaped this formulation are revealed in a much earlier piece written jointly with J. G. Crowthers and entitled *Marx and Engels*.

With strong "empiricist" philosophical traditions and a certain ideological "isolationism" Marxism did not make any significant impact in England before the First World War. Dobb outlines the penetration of Marxist doctrines into English intellectual and political circles in a piece, written in 1947,³³ which also contextualizes his own early involvement in Marxist organizations, for example the Plebs League.³⁴ As Brian Pollitt has noted, *Marx and Engels* reveals the influences of European post-Marxist thinkers such as Labriola,³⁵ Sombart, Croce, and Sorel.³⁶ The "successive approximation" defence of the labour theory of value is present along with a "monopoly" power explanation of surplus value.³⁷ These arguments all predate the revival of the classical system by Sraffa and represent an early attempt to interpret Marx within the history of classical economic thought. This theme, of locating Marx within the classical tradition, was to be powerfully reinforced in the implications of Dobb's collaboration with Sraffa in removing the perceived inconsistency in the theories of profit and value enunciated by Ricardo³⁸ and Marx.

With the publication of *Studies in the Development of Capitalism* in 1946 Dobb completed a revised edition of his *Soviet Economic Development Since 1917* in the following year and published in 1948. These two works along with Dobb's 1937 *Political Economy and Capitalism* marked the end of an intense period of scholarship which established his reputation internationally as a leading figure in Marxist political economy.³⁹ It was not until 1960 that Dobb published another book, namely *An Essay on Economic Growth and Planning*. This arrest in the prolific output of books by Maurice Dobb in no doubt reflects the absorption which his collaboration with Piero Sraffa entailed in producing the collected works of David Ricardo.

Dobb on Adam Smith

Adam Smith is regarded by Marx as one of the genuine founders of political economy, a position he maintained in both chapter X of *Anti-Duhring* and throughout the *Theories of Surplus Value*. Dobb basically shares this view, yet his starting point was very different because he had continually to contend with a lifetime of battling against a whole rewrite of Smith by modern neoclassical and laissez-faire writers who chose to ignore what Adam Smith actually wrote.⁴⁰

No wonder, then, that Maurice Dobb accepted an invitation of Signor Damascelli, on behalf of Italian publishing firm ISEDI, in July 1972 to write a thorough introduction to the Italian edition of Adam Smith's *Wealth of Nations*. Dobb also went on the offensive to defend Smith as a classical economist when contributing an article in 1975 entitled "Ricardo and Adam Smith" to Andrew Skinner's celebratory Smith volume, *Essays on Adam Smith*.⁴¹ This opening gave Dobb the opportunity to dispel some of the myths and silly hagiography surrounding Smith and fit him back into the framework of the classical school with its emphasis on economic growth as governed by broad trends and movements in rates of labour force growth, capital accumulation, and technical progress (in the case of Smith "the division of labour is limited by the extent of the market").

Dobb is well known for the advocacy of a *dual development thesis* in the history of economic thought.⁴² Such a thesis hinges upon the contention that Adam Smith combined and articulated two clearly identifiable approaches to political economy. Dobb's position regarding the work of Adam Smith is similar in many respects to that of fellow Marxist, Ron L. Meek. Of particular importance in the formulation of this dual development thesis are the differences in theoretical structure between Smith and Ricardo. Both Dobb and Meek emphasize that Smith underlines the revenue category of "profit" as a class income; however, they note the absence in Smith of anything which could be properly constituted as a theory of profit beyond a general reference to its determination by the forces of supply and demand.⁴³ Dobb acknowledges Smith as the founder of the classical school outside France and characterizes Smithian doctrine as a "parallel and independent generation of ideas"⁴⁴ in terms of its relationship to the French school of physiocracy. While Smith accepted the notion of a surplus it was not something which could be equated with the physiocratic notion of the *produit net*.

On the question of price and the determination of natural value Smith employed, through assertion rather than demonstration, the notion of competition as the social process by which an *ad hoc* market price "gravitates" (fluctuates) around its natural price. Hence the classical competitive process was conceived as an inherently *dynamic* social allocation mechanism which possessed sufficient convergence and local stability properties to explain the natural value of things *qua* commodities in an exchange-based production society. It was the sympathetic magic of "pure competition" which served a critical role in closing the imposing intellectual project of what history has identified as classical political economy.

In the context of the analytically more tractable world of Smith's theoretical schema price itself, the "natural value" of any commodity, becomes composed of the "natural rates of wages, profit and rent". These explanatory magnitudes themselves were justified by the apparatus of supply and demand inspired by the pursuit of bourgeois self-interest. Sraffa was appropriately to title such a theory the "adding-up components" theory of price. Indeed as Sraffa points out (in collaboration with Dobb), Smith's theory:

was that "as soon as stock had accumulated in the hands of particular persons" and "as soon as the land of any country has all become private property", the price of commodities is arrived at by a process of *adding up* wages, profit and rent: "in every improved society, all three enter more or less, as component parts, into the price of the far greater part of commodities".⁴⁵

A corollary of such a position, one that would form the basis of Ricardo's criticism of Smith, was that any rise in the price of corn (as the classical wage-good *par excellence*) would be transmitted into increases in the prices of all goods through raising the price of labour.⁴⁶

Since such a theory is specifically associated with an exchange-based capitalist society there is, as Dobb acknowledges, a hint of a "deduction theory of profit" in the work of Adam Smith. In addition to the poorly articulated supply and demand framework employed by Smith to explain natural values and class incomes is the notion of profit as surplus. This aspect of Smith has been considered (e.g. by Marx) an "incipient theory of exploitation".⁴⁷

These two approaches, which were subsequently to evolve into two distinct traditions in political economy, are seen here combined within the eclectic theoretical structure of Smith. On the one hand is the supply and demand framework employed to resolve the problem of the determination of value. On the other is Dobb's treatment of Smith as a surplus theorist, to the extent that Smith committed himself to the view of the "double surplus" in agriculture – agriculture yielding more surplus than did manufacturing even though it was not (said Smith) the exclusive source of "*produit net*". Such a surplus concept was developed by Ricardo and through him transmitted into the theory of surplus value expounded by Marx.

The absence of a theory for the determination of profit beyond a general reference to supply and demand is a major weakness of the Smithian theoretical edifice. As a result, Dobb notes that the fuzzy supply and demand framework in Adam Smith cripples his attempt to construct a logically consistent theory of profit, without which any explanation of class incomes, that is distribution, is necessarily incomplete. On this issue the total discussion of distribution given by Smith is small, in contrast with the central role assigned to it by Ricardo. It is essentially in a small section of the *Wealth of Nations* misleadingly called "conclusion to the chapter", at the end of a long discussion on the history of prices where Smith discusses the relation between the interests of the three classes to the general interests of society. This small appendix considers the idea, rejected by Ricardo, of an identity between the interests of the landlord and that of society.⁴⁸ Dobb insists that it was Ricardo and not Smith who formulated what could be considered a complete theory of distribution by developing the physiocratic notion of an *economic surplus* to serve as the basis of a theory of income distribution. Dobb comments on this point in his Firenze piece, *Adam Smith and the Classical School*, that "This is often overlooked by historians of economic thought who tend to speak of the classical economists as

a unified whole and Ricardo as merely developing and extending Smithian doctrine in specific aspects."⁴⁹

Dobb complains that the historians of economic thought have misunderstood the great gulf between Smith and Ricardo on questions of value or "natural price". Natural price based upon labour expended was restricted to pre-capitalist society. His antithetical theory for capitalist society was the "adding-up" theory in which value was composed of the summation of wages, profit, and rent. The only difference between this formulation and Marshall's later cost of production theory was the addition of a subjective notion of real cost to explain the existence of profit as a necessary category of income (thus merging J. S. Mill's Ricardo with the unmeasurable notion of abstinence advocated by the likes of Senior).

Dobb on Ricardo

Marx considered Ricardo the "last great representative" of classical political economy and was spoken of as being "the economist *par excellence* of production".⁵⁰ For Dobb his interpretation of Ricardo became the fulcrum upon which his history of economic thought critically turned. While abstract economic reasoning finds rigorous expression in Ricardo, more so than in Smith or Malthus, it was a political economy consciously designed to illuminate the consequences of practical economic policy.⁵¹ Indeed, Edwin Cannan had noted that "the close connection between the economics and the politics of the Ricardian period ... provides a key to many riddles".⁵² Such questions as the contextualization of economic theory within a specific social milieu were a distinguishing feature of Dobb's methodological approach to the history of economic thought.

The critical question of the relationship between Smith and Ricardo is given attention in the previously mentioned article *Ricardo and Adam Smith*. It was in this piece that Dobb clearly outlined Ricardo's priority of dealing with the question of distribution and his consequent search for an analytically robust theory of profit. As Dobb had maintained earlier in his career, the explanation of profit as a source of income was a central question in addressing what he liked to term "classical type" problems, for example issues concerning the distribution of income.

Important in understanding the position of the theory of value in the work of Ricardo is its relationship to those "classical type" problems. It is these questions that unified classical political economy, even though the directions in which their answers were sought were to diverge fundamentally. This has no better illustration than in the influence Smith had upon Ricardo in designing and refining his theoretical system.⁵³

The "kernel" of Ricardo's theory of profit is to be found in his pamphlet, written in February 1815, designed to influence the parliamentary debate concerning the Corn Laws. The Corn Laws were first introduced into Britain in 1804 to protect the incomes of landowners through a protective duty on imported corn. Ricardo's *Essay on Profit* was heavily influenced by Malthus's

Inquiry into Rent. It contained a theory of profit in which profits were determined by the ratio of corn produced to corn consumed, at the agricultural margin of cultivation. Dobb highlights that such a theory can be seen as the "initiator of a type of theory that sees profit as being essentially determined by conditions of production in the wage-good industry; given as a social *datum* the level of real wages".⁵⁴

Ricardo, in passing from a theory of profit expressed in output terms, for example corn, to a more generalized structure, confronted the theoretical imperative of constructing an internally consistent theory of value.⁵⁵ It was in the process of writing his 1815 *Essay on Profit* that Ricardo discovered that "curious effect" of a rise of wages upon the products of industry requiring significant amounts of fixed capital. Such a position was reached in contemplation of the Smithian theoretical legacy contained in the *Wealth of Nations*. Specifically it was the consequence of the aforementioned effect of the rise in the price of corn upon the prices of commodities (produced under differing capital intensities) that prompted the supersession and marked the essential features of the Ricardian, as opposed to the Smithian, system. It was this issue that formed the basis of the "second cause" of changes in value which prompted the reformulation of the theory of value undertaken by Ricardo.

As Sraffa was to point out subsequently, classical political economy when confronted with a complex social reality constructed a simplified theoretical apparatus to filter its essential features into a tractable analytical framework. The important features of this abstract construction included an annual cycle of production, capital consisting of wages advanced, and no fixed capital.⁵⁶ Such an edifice was not a totally theoretical exercise but one designed to highlight the more concrete aspects of practical economic problems, for example the distributive consequences of the Corn Laws.⁵⁷

Prior to Ricardo political economy did not possess a coherent, consistent, theoretical system.⁵⁸ Ricardo's 1815 *Essay* contained the notion of rent as a surplus and likewise this approach formed the basis for his theory of profit. Important in understanding the conceptual unity which Ricardo was able to achieve is the priority of his theory of profit and the subordinated role assigned to the theory of value. In many respects, Ricardo's theory of value was designed to articulate the implications of this theory of profit as an application of what has become known as the surplus approach to political economy. A feature of Ricardo's early theory of profit was its expression in purely product units of measurement. The theoretical advantages of such an approach are manifold: the rate of profit can be unambiguously expressed as a ratio of two *physical* quantities of corn.⁵⁹ In such a framework the frustrating paradoxes of value theory remained latent.

Dobb was eventually to interpret Ricardo's corn model from the *Essay on Profit*⁶⁰ as an economic surplus model. Rent and profit are considered in Dobb's interpretation of Ricardo as two species of the *produit net*.⁶¹ As a result an essential antagonism between these categories of income exists *systemically*⁶² – a part of the institutional framework of capitalism itself.

It is in the context of providing a consistent explanation of exchange value that the classical labour theory of value came to be evaluated and after the 1870s condemned. A modern treatment of derivative theoretical issues, such as the so-called transformation problem, can be found in Pasinetti's *Lectures on the Theory of Production*. Post-Sraffa these problems in the theory of value become transparent and possible to transcend conclusively. It is worth noting that Pasinetti has declared that the correspondence between values and prices in the classical and Marxian system as an issue which "should no longer be open to dispute".⁶³ Dobb points out that it was the limited historical vision Ricardo possessed – writing at the very beginning of the Industrial Revolution – which prevented him from separating value and price as "distinct categories and to afford a more thorough analysis of their connection and divergence".⁶⁴

It was the mechanism of "pure competition", the appellation to the forces of supply and demand, which was asserted to produce the "natural prices" the economic system required to allow its smooth reproduction. Included amongst these "natural prices", however, were two distributive variables, the wage rate and the rate of profit. In modern parlance, a system of k equations explaining costs in terms of $k + 1$ variables (i.e. $k - 1$ commodity prices plus the profit and wage rate) requires one to be assigned the status of exogeneity and left unexplained by the apparatus supposed to bring about the solution, in this case a set of relative prices. Choice of numeraire only solves half the problem; the remaining degree of freedom logically infects the tenability of considering distribution an internal product of the system by requiring either the profit or wage rate to be determined by forces other than "pure competition". The reality of this exclusion implied that, at the very least, the question of distribution must be considered inside some deeper socio-economic or institutional framework. To use Marx's term, the determination of class incomes was a product of the *social formation*. As a result the classical theoretical system which Ricardo developed and Marx inherited was effectively open.

If anything, the causal necessity of embracing something other than the supply and demand framework in order to close the classical system focused attention upon the processes by which value theory determined prices. A compelling implication was that for the purposes of determining value "pure competition" was seen to be inseparably connected to what was an intrinsically *social* allocation mechanism. Such a question occupied Dobb's attention in locating Marx within the broad stream of classical economic thought. Ricardo, like Smith, never explicitly revealed the anatomy of this process and in his more developed theory it was less transparent, locked inside the riddles of defining value for chiefly theoretical purposes.

It was the inability to recognize the explanatory role of what Marx termed the *social relations of production* outside of a static *natural* social order which arrested the development of classical doctrines of value. On this question Marx himself was acutely aware of the limitations such a position implied and maintained that this was the starting point for further analysis:

Instead of assuming this general rate of profit in advance, Ricardo should rather have investigated how far its existence is in any way consistent with the determination of value by labour time; and he would have found that instead of being consistent with it, *prima facie* it contradicts it, and its existence has therefore to be explained through a number of intermediary stages.⁶⁵

These "intermediary stages" suggest a plurality of possible institutional mechanisms in which a uniform rate of profit is not a necessary feature, in which the presence of monopoly distorted the representation of value by labour time, but did not destroy it. To the modern mind these "intermediary stages" can no longer be used to invalidate the classical theory of value, as they have done in the past, for example as with Böhm-Bawerk's criticism of the Ricardo-Marx value apparatus. Even Marx himself acknowledged this *apparent* contradiction in the case of Ricardo long before Böhm-Bawerk declared it as the fatal flaw in Marx's own theory.⁶⁶ In this regard, Dobb points out, classical "competition" was an idealization designed to distil the essential features of the capitalist cycle of reproduction – the beginning of the construction of economic theory and not the end.

Marx

Many lectures were given by Dobb on Marx, starting in the 1920s with various worker educational groups. Already mentioned is Dobb's 1922 article on surplus value, another is a chapter written with Fleming for a book (never published) which explained the intricacies of the so-called transformation problem.

The most typical and comprehensive piece is probably his *Lecture on Marx*,⁶⁷ which is part biographical, part analytical. Thereafter his view of Marx was necessarily coloured by his collaboration with Sraffa.⁶⁸ By the time of the centenary of the publication of *Das Kapital* we find Dobb lecturing all over England on the continuing significance of Marxian economics. These 1967–9 lectures reflect the impact of writing *Studies in Development of Capitalism* and the new material and interpretations of Ricardo launched by Sraffa.

Marx is seen here as the logical continuation of that part of the classical tradition constituted by Ricardo. But Marx was much, much more – *Das Kapital* was the economic analysis of the laws of motion of the capitalist mode of production. His opus also contained not only elements of economic history, the role of the state, and political theory, but a critique of the *ideas* that accompanied the evolution, the contradictory evolution, of capitalism.

Dobb never relied upon the "apologetic" accusation as the basis for the dismissal of economic doctrine, although it provided contextual insight into the social function of economic "theory". Moreover he makes the point that Marx's admiration of Ricardo was despite the fact that "no one can have been more essentially an apologist of the new bourgeois order than Ricardo".⁶⁹ Dobb's

critique of economic theory was essentially two dimensional. First, it employed a historical perspective to locate statements of theory within the social milieu in which they were produced – this was where the apologetic function operated. The second aspect of this critique involved the theoretical confrontation of bourgeois doctrine with its own internal contradictions – this is where his skill in revealing the content of high theory was masterfully employed. To emphasize one aspect of Dobb's analysis of history of economic thought without recognizing the symbiotic role of the other cannot but mis-represent the carefully crafted Dobb critique.⁷⁰

What does Dobb underline in his early lectures on Marx? First, the methodology of Marx. Dobb points out that historical materialism provides the focus or vision of Marx. Unlike Schumpeter, he does not think it is possible to divide Marx's writing into neat, separate boxes: political theory, political economy, sociology, etc. Dobb insists, as in his *Political Economy and Capitalism* (1937), that the progression from Vol. I to Vol. III of *Das Kapital* involved the application of the method of successive approximation: that is, moving from generalized structures, for example the model of "pure" competition employed in Vol. I, to specific, more concrete theoretical structures. Marx, Dobb points out, was simply employing doctrines which were a part of "the settled tradition of classical Political Economy" in building his theoretical apparatus to reveal the "laws of motion" of capitalist society.⁷¹

Second, Dobb highlights the role of the social formation in setting the boundaries for the method of appropriation of the economic surplus. Capitalism idealized in a model of "pure competition" is just that, an idealization. The operation of the "law of value" and competition must be studied if the derivative theorems of a logical analysis are to possess any relevance to a constantly evolving, but still essentially capitalist, mode of production.

Third, Dobb places Marx in the history of crisis theory. His views are contrasted with those of Sismondi, Rodbertus, and Malthus who, like Marx, challenged the role of Say's law of markets as obfuscating crisis tendencies in the capitalist system.

However, in the 1960s and 1970s a mature Dobb altered his emphasis somewhat. In fact significant insights into Dobb's attitude towards Marx can be gained from two of these later sources, hitherto neglected. Dobb was fond of writing short pieces for publication in other languages – Italian, German, and East European. Usually these were destined for encyclopaedias or anniversaries, but two most significant ones were introductory essays to accompany republished versions of Marx's *Theorien* (Theories of Surplus Value) and his *Critique of Political Economy*.

The fundamental theoretical premise upon which Marx's economics is constructed is the concept of the mode of production. Dobb's concentration upon such a concept, as the vehicle for a surplus approach to political economy, brought criticism from other Marxists, for example Sweezy. With the resuscitation of the surplus approach to political economy via Ricardo's theory of profit, Sraffa provided the theoretical lever for Dobb to re-evaluate the history of

economic thought. Such a research project culminated in his Marshall Lectures and his outstanding *Theories of Value and Distribution since Adam Smith*.

Once armed with the penetrating theoretical conclusions of the Sraffa critique Dobb constructed a forceful argument reinforcing the notion of a dual development in the history of economic thought in which Marx was a significant participant in a *heterodox* tradition. An example of the vulgar criticism directed at Marx's theoretical framework is the charge that it writes the individual out of the historical process. A point worth making is Dobb's persistent denial that Marxism entailed some form of technological determinism. Dobb was at pains to point out that historical materialism was not a dogma in which individuals were reduced to mere puppets on the stage of history: "Within the reciprocal interaction between ideas and economic conditions, the two way influence of each upon the other was not symmetrical."⁷² Important in this regard was the concept of the mode of production that for Dobb⁷³ contained not only the forces of production but also the social relations in which humanity reproduced the social environment in which, as individuals, they existed.⁷⁴ The ability to give the mode of production an objective characterization did not, in Dobb's opinion, imply its independence from the individual actions of particular historical actors.

This also applied to the Marxian notion of exploitation. Exploitation was not a metaphysical construct but a description of a factual relationship, which existed between all individuals in classed-based societies. In defending the Marxian theory of exploitation it is important to recognize that Dobb was keen to avoid any moral justification for its employment as a category of analysis in political economy. Dobb frequently highlights the transparent nature of "unpaid labour" in the appropriation of the surplus in feudalism in order to highlight its existence. It was the apparent contradiction which arose in capitalism operating under the law of value which attracted criticism of Marx's theory of surplus value and which Dobb sought to correct.⁷⁵

The rise of marginalism

The rise of the neoclassical or "marginal" school (so named because of its widespread use of differential calculus) was associated in 1870–4 with the economists Jevons, Menger, and Walras and transmitted in eclectic tradition to Cambridge in the economics of Alfred Marshall (who put his mathematics much less on open display). Maurice Dobb, from his early days, regarded both the focus on the individual economic unit (as for example in his *The Problem of Surplus Value*), and the use of marginal utility to explain value as a reaction amounting to a kind of theoretical revolution *against* the original message of the classical school. Explanations of value, the emergence of an economic surplus, and the distribution of national income should be rooted in the conditions of production rather than exclusively in the sphere of exchange as such questions had been pigeon-holed in the post-1870s emergence of a somewhat inappropriately titled neoclassical school.

Moreover, he considered that Jevons, in attacking Ricardo and portraying his economics as a kind of dead-end of the classical school, was not simply bringing new analytical techniques to the main corpus of economic knowledge but promoting anti-Ricardian writings at the hands of Senior, Say, Bastiat, and Bailey. Dobb also took a much harsher view of the ideological role of Walras than was common then or is taken now (in view of Walras's support for land nationalization and the promotion of the socialistic plan model of E. Barone).⁷⁶ These perspectives are comprehensively spelled out in Dobb's last book, *Theories of Value and Distribution since Adam Smith*. It is of great interest to read an earlier version of these ideas in the form of Dobb's two Alfred Marshall Lectures delivered at the University of Cambridge in 1973. As to why these lectures were not published by Dobb it is hard to ascertain. Possibly he wanted to polish and rewrite them to take account of some of the reactions they provoked – enthusiasm and misunderstandings, suggestions as well as criticism – but that he felt that his message was well enough explained in extended form in his book which was shortly to appear.

It was during the last quarter of the nineteenth century that Jevon's *Theory of Political Economy*, Menger's *Grundsätze* (both published in 1871), and Walras's *Éléments* (appearing in 1874) introduced a "novel character and direction" to the development of economic thought. Dobb argues that this period should be clearly demarcated from the classical school of thought, which began with Smith, Ricardo, and continued in the work of Marx.

To the extent that this new school of thought of the 1870s sought to introduce distribution as a species of exchange it stood in sharp contrast to the central preoccupations of the classical school. Dobb highlights the feature of the Ricardian system which logically demands that price relations or exchange value be determined *after* the determinants of distribution had divided the social product between the classes attendant to its production.⁷⁷ The protagonists of this "Jevonian Revolution" either ignored this consideration or those aware of its role in the determination of price trivialized its impact, for example Weiser.

Dobb points out, and it is a point worth stressing, that this had the consequence of redefining both the scope of political economy and the content of *legitimate* economic analysis. That this has direct *ideological* implications does not we think need stressing. Dobb is rare amongst historians of economic thought in highlighting the socio-political dimensions to any prescriptive social science. In the new orthodoxy to emerge after the 1870s the social was clearly separated from that which was *economic* and since distribution was an incidental element of the pricing process it was a supra-historical question and not a political one.⁷⁸ The evil intent of the apologetic had assumed a far bolder stance in developing an all-conquering Ricardian revisionism.

It should not be construed that Dobb regarded supply and demand theories as empty of content but insisted they must rely upon the acceptance of another, and in a more important sense *deeper*, set of factors which *necessarily* preclude such theories from containing a proper theory of distribution. For this reason

they are incapable of offering a complete solution to the "classical type of value problem".⁷⁹

Dobb's methodological perspective

Maurice Dobb was a creative Marxist in his application of dialectics to the study of capitalist socio-economic systems. For him it did not involve embracing Hegel's method of conceptualizing new phenomena in a search for their constituent opposites, or the mysterious "triads" of some Marxists and Hegelians. This had an important impact upon his approach to the history of economic thought. Dobb rejected modern attempts to deny the possibility of an objective search for truth in the social sciences. Historical materialism was not a "mere 'sociology of knowledge'" (in which ideas are explained by the social milieu which gave them expression) to be classified "as yet another doctrine of historical relativism". To the extent that ideology saturates the social sciences, modern orthodox economics possesses a veil of "false consciousness" which once recognized allows progress in the search for the "laws of motion" which govern the reproduction of complex socio-economic systems.

The historical actor like his one-dimensional cousin – the economic agent – was circumscribed by the blunt empirical facts of the conditions of production and the rich fabric of the society in which his ideas and actions found expression. Agency, to use the term frequently used to *explain* actions, was thus seen *not* as the autonomous creation of a Cartesian mind separated from the historical process. In a letter to Mehring frequently quoted by Dobb, Engels was at pains to dispel any such notion that Marxism denies a role for anything other than the impersonal march of material forces.⁸⁰ The relationship was organic, expressed in the form of a dialectic, so often misunderstood by the Anglo-Saxon mind.

Dobb's mature statement of the role of ideology in economic analysis is cast in contrast to that presented by Schumpeter in his *History of Economic Analysis*. As a Marxist he recognized the historicity implicit in all social philosophies and as a result produced a sophisticated denial of the Schumpeterian separation of an independent sphere of logical analysis in economic method.⁸¹ An illuminating and lucid exposition of the principles underlying Dobb's intellectual commitment to Marxism is to be found in his *Marxism and the Social Sciences*. This piece consists mainly of a paper contributed to a symposium on dialectical materialism delivered in the Easter Term, 1942.

Facts, for Dobb, were not objective entities to be collected and exposed to the universal rules of logic – "facts never speak for themselves and that even in the process of digging for them presupposes some principle of selection".⁸² This phenomenon arises because "the mind is never (and can never be) a passive mirror to events, and there is always an *active* element in knowledge as we acquire it".⁸³ It was a deep understanding of the historical process that prevented Dobb from embracing logic-driven interpretations of the capitalist growth process. For Dobb, history exists as a continuum – not one with a

smooth terrain reflecting harmonious social development but one in which the conjunction of ideas and productive potential, in moments of inevitable contradiction, give a peculiar uniqueness (but not an independence) to each historical event.

It was the criterion by which the content of economic theory is evaluated, both in its internal consistency and its external relevance, that prompted Dobb's criticism of orthodox, for want of a better term, neoclassical economics. A basic criterion evaluating the theoretical scaffolding upon which economic knowledge hangs was, at the very minimum, the *logical* consistency of the structure itself. Dobb highlighted the fact that the post-1870s interpretation of economics did not meet this standard. After the capital debates of the 1960s⁸⁴ the attempt to restore the marginal productivity theory of distribution as a *logically* consistent explanation of class incomes was a failure, a point admitted by at least some of the neoclassical devotees. To the extent that committed neoclassical economists themselves had to retreat into the metaphysical realm of relying upon an "act of faith" to justify allegiance to a scientific methodology, they are (repeatedly) targeted by Dobb for the criticism they deserved for ignoring the distinction between the achievement of, rather than the (quite legitimate) aspiration towards, scientific status for political economy.⁸⁵

Dobb basically regarded Schumpeter's "vision" as the projection of historically relative categories and modes of thought upon economic phenomena. He regarded Schumpeter's contribution of the role of ideology in the social sciences as "the fullest and most serious contribution to the discussion" exceeding the crude "box of tools" interpretation of the nature of economic analysis. For Schumpeter, it was at the level of the "pre-analytical cognitive act" that ideology entered the construction of the theoretical apparatus to explain a complex social reality. Dobb, however, did not ascribe to the emphasis placed on the "emotional commitments" of the economist to explain the penetration of ideological elements into theoretical structures. Rather, he was interested in the ways in which the social formation, to use Marx's concept, impacted upon the theoretical apparatus employed to construct prescriptive economic policy.

The attempt to imbue economic analysis *per se* with a supra-historical character independent of the distortions introduced by the emotional commitments of the individual (in this case the curious and knowledge-hungry social scientist) was an unsatisfactory explanation of the means by which ideology penetrated economics. Dobb's position was lucid in replying to Schumpeter's subjective explanation of the source of ideological intrusion into economics *qua* science.⁸⁶ If economic analysis was indeed purely formal then it was emptied of economic content, at least so far as economics is concerned with producing causal explanations of socio-economic evolution in the real world.

If, on the other hand, such analysis lays claim to offering explanations about observable economic phenomena then its separation from the answers it generates cannot be maintained. As a result deeply embedded ideological elements,

woven into the fabric of theory, will penetrate economic thought *per se* and hence dissolve the supra-historical claims of method as an "independent and objective" form of analysis. Such an argument applies equally well, in Dobb's opinion, to the modern urge to formalize economic propositions in mathematical structures as a device to purge the ideological from within the aspirant science of economics. One recalls Wittgenstein's words on the use of mathematics frequently quoted by Dobb: "In life we use mathematical propositions only in order to infer from propositions which do not belong to mathematics to others which equally do not belong to mathematics."⁸⁷ Such attempts, in Dobb's opinion, do not resolve this problem but merely attempt to cloud with rigour what is an essential feature of economics as a *veiled* social philosophy. While the tools of economic analysis got sharper with the reception of formalism, they did not cut any deeper.

With regard to the progress, or lack thereof, in economics as an investigative science Dobb casts his explanation in terms which are upon close inspection a dialectical process reflecting his Marxist intellectual framework.⁸⁸ Since ideas are derived, in an important sense, from the social *milieu* in which they find expression, the acceptance of this milieu as a constantly evolving organism provides the *prima-facie* basis for the conflict which litters the history of economic thought. At any point in the historical process it is "inherited ideas and concepts" which provide the "refracting medium" through which social reality is understood. It is the *dynamic* character of the economic system which inevitably creates new ideas and new explanations of contemporaneous economic events. Such new ideas necessarily provide a critique of pre-existing ones and their derivative theoretical structures shaped by historically antecedent (and hence different) social environments.

If ideas are historically conditioned then for Dobb they are similarly influenced by the position of their originator within the complex heterogeneous set of social relationships that in their totality comprise society. Dobb cites this factor as another element in explaining the persistence of competing schools of thought in the history of economic science. The problematic therefore confronting the social scientist is inevitably complicated by the penetration of ideological elements into the theoretical kernel through which meaningful propositions about real-world processes find expression. However, the implications of this should not be construed as a denial of the possibility of constructing a scientific political economy as the following statement reveals:

Absolute truth is not a Kantian unknowable, even if it could never be reached at any finite point in the historical process: it could be approached asymptotically, and criteria existed by which one could speak about being nearer to it or more remote.⁸⁹

It was exactly the criterion by which economic theories were to be evaluated that occupies so much of Dobb's attention.

The Marshall Lectures and theories of value and distribution since Adam Smith

When Dobb delivered the Marshall Lecture at Cambridge in 1973 and produced his *Theories of Value and Distribution since Adam Smith* for the Cambridge University Press in the same year, only a relative few knew of his very significant role in both the collected works of Ricardo and the famous introduction to Vol. I written with Piero Sraffa. In the re-evaluation of the history of economic thought made possible by the publication of *Production of Commodities by Means of Commodities* in 1960, Dobb played a critical role. A notable exception to this lack of understanding of Dobb's role was Professor P.D. Groenewegen of the University of Sydney who captured the significance of Dobb's *Theories of Value* when he remarked that the book represented the "first history of economics in the light of the 'Sraffa Revolution', a term which embraces more than the famous re-interpretation of Ricardo, as the note of acknowledgement at the beginning points out".⁹⁰

With the publication of Sraffa's seminal book offering restoration of classical theories of value and distribution Dobb was uniquely positioned to provide an insightful commentary on its implications for accepted interpretations of the evolution of economic thought. However, despite his major role of collaboration in bringing out the Royal Economic Society's edition of Ricardo's *Works and Correspondence*, the major economic journals sought their reviewers elsewhere. It was left to the labour movement in the form of the activist Marxist journal *Labour Monthly* to give Dobb the outlet for introducing Sraffa's "epoch-making book" to a wider audience, this time comprised of self-taught militants as well as a few radical academics.

Dobb in this review highlighted three issues most likely to interest readers with an interest in political economy and the history of economic thought. The first concerned the method used by Sraffa in constructing a standard commodity which measured value independently of the distribution of the social product between wages and profit. Second, the idea of treating means of production entering new rounds of production and circulation as "dated labour". And finally the solution Sraffa offered to the problem left unfinished by Marx of transforming labour values into prices of production. In passing Dobb refers to the successful work of the Russian economist, Dmitriev⁹¹ and the Polish-German von Bortkiewicz in solving this problem. The implications for the Austrian capital theory of Böhm-Bawerk and the nefarious "period of production" which arose from the Sraffa critique were devastating for the scientific claims of an increasingly recalcitrant orthodoxy.⁹²

It seems unlikely that any other person could have written a review of Sraffa's masterly work quite like this, though Ron Meek, another prominent Marxist economist, wrote a thorough and insightful exposition of Sraffa when he reviewed the book.⁹³ A curio to be added here is that according to G. C. Harcourt, a review that he prepared with V. Massaro and published in the *Economic Record* had every line vetted by Sraffa himself.⁹⁴ But consider Dobb's superb qualification to the task at hand: Dobb came to Sraffa's new and seminal

book as his long-time collaborator on Ricardian economics; as a friend from whom he had already, in 1928, "gained more by intellectual contact ... than from any single person".⁹⁵ There is evidence in Sraffa's papers held in Trinity College Library, Cambridge (file D1/57) that Dobb prepared for Sraffa in the period 1928–30 a background note on values and prices of production, two concepts central to the models of both Ricardo and Marx. He also discussed Bortkiewicz's work on the transformation problem in a document sent to Sraffa (Sraffa Papers, File 1/50). As well Dobb had written on the transformation problem in January 1948 as shown in letters to Dr Rudolph Schlesinger.⁹⁶

This resuscitation of the surplus approach in Ricardo's theory of profit as a basis of a complete theory of distribution is a significant achievement in that it provides a solid theoretical connection between Ricardo and, as Schumpeter noted, his only great follower Karl Marx.⁹⁷

Conclusion

The Dobb archive, compiled by B. H. Pollitt and catalogued by J. Smith for Trinity College Library, runs into hundreds of items of mostly unpublished lectures or drafts. There are fourteen items dealing with Marx as an economist alone. In the field of the history of economic thought there are manuscripts of talks given in Gosplan, Yugoslavia, Hungary, Czechoslovakia, Poland, and Denmark. There is also voluminous correspondence between Dobb and other economists (Meek, Sraffa, Bellamy, Schlesinger, Brus, Osiatynski – to name a few). Clearly, Dobb was always "mucking about" with different lines of research: about a third of it is on history of economic thought. However, the inspiration that prompted his writings on the history of economic thought reveals themes which, although maturing in their form of argument, remain throughout his career. As Tadeusz Kowalik has pointed out in the *Cambridge Journal of Economics*, Maurice Dobb, like Oskar Lange, "regarded social science, and economics in particular, as a tool of the working people in their struggle for social liberation".⁹⁸

As has been discussed above, a major aspect of the "craft" in his Marshall Lectures and his *Theories of Value and Distribution since Adam Smith* consists of his demonstration of two lines of tradition in the history of economic thought and the essential differences between them. In one stream, exchange is treated as a *self-contained territory*, distribution being internal to the pricing process, even if at the expense of some inconsistency, something which Sraffa in 1960 highlighted. The link with Adam Smith arises through the employment of a supply-demand apparatus to tackle classical-type value problems. In the political economy tradition, however, the pricing process is open and linked to both a social pattern of distribution and the technical conditions of production and the integument in which the surplus is extracted and redistributed – to what Professor Takahashi called "the social existence form of labour".⁹⁹ With the completion of the debates on British economic history within the CPGB and the publication of his *Studies in the Development of Capitalism* Dobb assumed his

more mature stance of emphasizing the influence of a particular *social formation*. Such a conclusion, no doubt, reflects Dobb's deep understanding of the historical process and explains his association of classical political economy with a significant degree of historical *relativity*, as opposed to the rather crude assumption of J. B. Clark that marginal economic theory was "supra-historical" – lifted above the existential realities of the social milieu in which economic theorizing finds expression.

In many respects, Dobb's final body of work possesses an unfinished quality, something which he himself acknowledged, especially with regard to this final book *Theories of Value and Distribution*.¹⁰⁰ Such an observation arises because of his reluctance to go beyond that which remains the subject of contemporary discussion. In this regard, he was referring to the unsettled conclusions arising out of the Sraffa critique. "It was for other and younger Marxist economists, I felt, to step into the breach and supply what is missing"¹⁰¹ he remarked in a letter to Kowalik. However, Dobb remained throughout most upbeat about the value of the study of the history of economic thought, most notably where his Marshall Lectures conclude with the injunction: "History of economic thought, properly interpreted, and not left to bare chronicle, can not only rediscover forgotten questions and *points d'appui*, but also add a new perspective, possibly even a new dimension to current discussion."¹⁰²

Notes

- 1 Correspondence, Dobb to Theodor Prager, Port Said, 23 December 1950, Maurice Dobb Archives, quoted in Pollitt (1988: 63).
- 2 This book, published in 1925, appears to be the only work by Dobb translated into Russian.
- 3 Dobb (1978: 117).
- 4 See W. Sombart, "Medieval and Modern Commercial Enterprise" (1940); R. de Roover "The Commercial Revolution of the Thirteenth Century"; F. C. Lane, "Family Partnerships and Joint Ventures in the Venetian Republic" – all items reprinted in Lane and Riemersma (1954).
- 5 See Sweezy's article in Hilton (1982).
- 6 See F. C. Lane, in Lane and Riemersma (1954).
- 7 Resnick (1972: 134–5).
- 8 Marx (1894: 323–37).
- 9 Op. cit., 327.
- 10 Dobb (1946: 42).
- 11 Op. cit., 61.
- 12 Hilton (1982).
- 13 Hilton op. cit., *passim*.
- 14 Brenner (1978) and Duchesne (1993).
- 15 Hilton (1982) and Duchesne (1993).
- 16 Dobb (1946: 120).
- 17 Resnick (1972).
- 18 Duchesne (1993).
- 19 Consider the following statement, for example: "Hence in any given period to speak in terms of a homogeneous system and to ignore the complexities of the situation is more illuminating, at least as a first approximation, than the contrary would be." This is a positive embrace of the intrinsically classical method of abstraction applied

to a historical investigation (Dobb 1947: 11).

- 20 Once again a textual reference is here enlightening. Consider:

To avoid misapprehension, it should perhaps be stated forthwith that the history of Capitalism, and the stages in its development, do not necessarily have the same dating for different parts of the country or for different industries; and in a certain sense one would be right in talking, not of a single history of Capitalism, all of them having a general similarity of shape, but each of them separately dated as regards its main stages.

(Dobb 1947: 21)

- 21 Dobb (1942) "A Lecture on Marx", reprinted in Dobb (1955: 188).
- 22 Dobb, op. cit., 188.
- 23 Ibid. The quotation from Marx is taken from his *Value, Price and Profit* (ed. Eleanor Marx Aveling, London, 1899, 53–54) and is repeatedly employed by Dobb to highlight the independence of Marx's theory of surplus value upon any notion of imperfect competition; for example, see Dobb (1937: 60) for its early statement and Dobb (1973b: 146–7) for its mature presentation.
- 24 Dobb (1937: 57).
- 25 Dobb (1973b: 269). For an early recognition of the importance of monopoly as an explanatory factor in the accumulation of capital in his economic history see (1925a: 12).
- 26 Dobb (1935a: 2).
- 27 This was an early theme in Dobb's work and is a major component of his *Political Economy and Capitalism*. See Dobb (1937: chapter I).
- 28 See for example the discussion in Dobb (1937: 18–19).
- 29 Op. cit., 70.
- 30 Dobb employs the argument that abstraction when moving from the general to the particular allows one to maintain the conclusions derived from the former if it is well constructed. This was precisely the manner in which Marx proceeded from Vol. I to Vol. III of *Capital*. He uses the analogy of the abstract representation of the theory of rent to highlight this point:

To use an analogy, let us suppose that one were to enunciate the theory of rent on the assumption that all land was of homogeneous quality, stating that rent would be equal to the difference between the cost of production and the selling price of corn (the latter being determined by the cost of production at the intensive margin). To introduce the fact of the heterogeneity of land (and hence of *different* costs of production on each farm and each acre) as a later approximation would then make no special difference to the corollaries based on the simpler assumption, provided that the cost of production of corn on the average remained the same and bore the same relation to the price of corn. Moreover, the corollaries of the earlier approximation would embody certain essential truths about the nature and determination of rent (those connected with what one may term the scarcity aspect of rent, as distinct from its differential aspect), which no formulation of the theory of rent could imply without some reference to this relation between the average cost and the average selling price.

Dobb (1937: 74)

Dobb points out subsequently in a footnote that Böhm-Bawerk employs essentially the same assumption in the construction of his concept of the period of production.

- 31 See Dobb (1937: 73n.).

- 32 "Hence in any given period to speak in terms of a homogeneous system and to ignore the complexities of the situation is more illuminating, at least as a first approximation, than the contrary would be" (Dobb 1946: 11). This is a positive articulation of the classical method of abstraction applied to the study of economic history.
- 33 Dobb (1947).
- 34 As outlined in Dobb (1978).
- 35 A *Dictionary of Marxist Thought* contains an entry on Labriola:

His best known work in English is essays on the Materialist Conception of History (1896), the first two volumes of a four volume study of historical materialism (the last volume posthumously in 1925). Labriola's Marxism was open and pragmatic, and even in his later work he refused to bring all his ideas within one all-embracing scheme of thought. The great value of the Marxist theory of history, in his view, was that it overcame the abstractions of a theory of historical "factors".

"The various analytic disciplines which illustrate historical facts have ended by bringing forth the need for a general social science, which will unify the different historical processes. The materialist theory is the culminating point of this unification." But this unifying principle had to be interpreted in a flexible way: "The underlying economic structure, which determines all the rest, is not a simple mechanism, from which institutions, laws, customs, thought, sentiments, ideologies emerge as automatic and mechanical effects."

- 36 See Pollitt (1988: 57n.). Further references to these Marxist thinkers can be found in Dobb (1947/48).
- 37 The linking of the theory of surplus value with monopoly is clearly evident in this piece where Dobb echoes Professor Sieber in the contention that the labour theory of value is a "first approximation". As a consequence surplus value is derived "not in proportion to labour performed, but in proportion to power of ownership – monopoly". See Dobb (1947: 12–13).
- 38 See Sraffa (1951, Vol. I: Introduction).
- 39 Pollitt (1988: 61).
- 40 On this point see Harcourt (1994), republished in Harcourt (1995b).
- 41 Dobb (1975).
- 42 Dobb, Meek, and Schumpeter are associated with the thesis that there had been a *dual development in the history of economic thought*. The basis of such a thesis revolves around the contention that Adam Smith was the originator of *two* streams of thought, not one as claimed by those who see a single continuous development in the theory of value and distribution. The single line of development thesis arises in no small way out of the emasculation of Ricardo's economics undertaken at the hands of J. S. Mill. The assertion that Ricardo retreated from the advocacy of "embodied labour" as a universal measure of value is often referred to as the *Hollander–Marshall–Canaan* view. See Sraffa (1951, Vol. I: xxxvii–xxxviii) for an outline of this thesis. For its statement see Hollander (1904). A central element in this interpretation is that Smith attributed significant importance to the role of utility and/or demand. Such an assertion forms the basis of Hollander's contention that Smith was an underdeveloped 'general equilibrium' theorist. For a clear outline of the "two distinct and rival traditions in nineteenth century economic thought" which formed the basis of the dual development thesis see Dobb (1973b: 112–15).
- 43 See Meek (1967: 18–20) and Dobb (1960a: 7).
- 44 Dobb (1960a: 40).
- 45 Sraffa (1951, Vol. I: xxxv–xxxvi).
- 46 See Dobb (1975: 236).
- 47 See Dobb (1973b: 46).
- 48 Op. cit., 53–4.

- 49 Dobb (1960a).
- 50 Such remarks by Marx occur in Marx (1887: 24) and Marx (1857–8: 97), respectively. Dobb frequently cites them, for example Dobb (1969/70: 3).
- 51 Bagehot was to call Ricardo "the real founder of abstract Political Economy" cited in Dobb (1972: 1). Ricardo from his first excursion into political economy addressed pressing practical economic problems, such as in his criticism of wartime policy of the Bank of England in the *Morning Chronicle*. His 1815 *Essay on Profit* was likewise an essay directed to consider the consequences of the Corn Laws, indeed its full title was *An Essay on the Influence of a Low Price of Corn on the Profits of Stock; shewing the inexpediency of restrictions on importation*. Edwin Cannan had declared "among all the delusions which prevail in the history of English political economy there is none greater than the belief that the economics of the Ricardian school and period was of an almost wholly abstract and unpractical character", cited in Dobb (1973b: 23).
- 52 This remark by Canaan is frequently quoted by Dobb, for example Dobb (1972: 2; 1973b: 23).
- 53 Sraffa's introduction compares the similarities between the *Wealth of Nations* and *The Principles of Political Economy*. Sraffa (1951, Vol. I: Introduction).
- 54 Dobb (1972: 3).
- 55 Such a necessity was prompted by the criticism of Malthus which obliged Ricardo to explain how the prices of *other* commodities moved (if at all) when the cost in labour of corn increased. Malthus had answered Ricardo with the assertion that the general level of profits could be influenced by a surge in export demand as much as by the surplus derived at the agricultural margin of cultivation. See Dobb (1973b: 74).
- 56 See Sraffa (1951–73, Vol. I: Introduction).
- 57 See Dobb (1972) and Dobb (1969/70: 2).
- 58 Dobb (1973b: 66).
- 59 See Dmitriev (1904).
- 60 Sraffa (1951–73, Vol. IV: 4–91).
- 61 This view is expressed in *Ricardo and Economic Policy* where Dobb states:
- Regarding the relation between profit and rent he [Ricardo] came very close to saying, but did not say, that they were two (and rival) species of surplus value: "Rent then, [he writes] is in all cases a portion of the profits previously obtained on the land. It is never a new creation of revenue, but always apart of revenue already created."
- Dobb (1972: 5)
- 62 The Ricardian maxim found in the *Principles* spells this out clearly: "It follows ... that the interest of the landlord is always opposed to the interest of every other class in the community" (Dobb 1972: 5–6).
- 63 Pasinetti (1977: 149).
- 64 Dobb (1969/70: 10).
- 65 Cited in Dobb (1953: 8n.) as "*Theorien* English edition. Selections, p.212".
- 66 Op. cit.
- 67 Republished in Dobb (1955).
- 68 See Pollitt (1988).
- 69 Dobb (1935).
- 70 Refutation by indulging in quotation duelling is never a sufficient response to the purposive elaboration of highly articulate criticism of established doctrine and its subsequent reinterpretation of the historical record. The response of T. W. Hutchison might hit the mark with *some* of the more bolder Cambridge proclamations regarding history of economic thought but it is an unsatisfying reply to the

- sophisticated and complex writings of Maurice Dobb. See Hutchison (1978: chapter 9), "On recent revolutionary versions of the history of economics".
- 71 Dobb (1937: 68).
 - 72 "Historical Materialism and the Economic Factor", originally published in *History*, February and June 1951, reprinted in Dobb (1955: 233).
 - 73 See Dobb (1947/48).
 - 74 Worth mentioning, perhaps, are the more analytical interpretations of historical materialism given by such individuals as G. A. Cohen and his advocacy of functional explanations of social dynamics coupled with the idea of the primacy of the forces of production (which do not include the social relations of production). Dobb was always careful of the consequences of constructing such taut logical categories when driven by the seemingly compelling force of logical analysis.
 - 75 "I refer to class-exploitation, not as moral judgement, but as a factual description of a relationship" (Dobb 1947/48: 17). "If we take the terms 'exploitation' and 'unpaid labour' as a socio-economic description of a relationship (and not *per se* a moral epithet) then it is hard to see how its correctness can be disputed" (Dobb 1967a: 133).
 - 76 Barone's celebrated article "The Ministry of Production in a Collectivist State" describes a socialist state which decides on the desired distribution of income required over a particular time frame and thereafter follows the results of applying the equations of a Walrasian model in the allocation of natural resources, factors of production, and savings. Originally published in *Il Giornale degli Economisti*, it appeared in Hayek (1935: 247–90). An excerpt can be found in Nove and Nuti (1972: 75–91).
 - 77 Dobb (1973b: 169).
 - 78 "The extreme form of this was J. B. Clark's interpretation of marginal productivity as meaning that each factor, and by implication those responsible for its supply, received the equivalent of what it 'contributed' to production: 'the law itself', said Clark, 'is universal and hence "natural"'. " (Dobb 1973b: 176)
 - 79 Dobb (1973b: 180).
 - 80 Letter to Mehring, 14 July 1893, *Marx-Engels Correspondence*, trans. D. Torr, 1934, 5132, quoted in Dobb (1951).
 - 81 See Dobb (1973a: Lecture I) and Dobb (1973b: chapter 1, entitled "Introductory: on ideology").
 - 82 See Dobb (1947/48: 9). See also Dobb (1946: 35): "Since classification must necessarily preclude and form the groundwork for analysis, it follows that, as soon as one passes from description to analysis, the definitions one has adopted must have a crucial influence on the result."
 - 83 Dobb (1947/48: 10).
 - 84 See Harcourt (1972).
 - 85 C. E. Ferguson whose "point of view is uncompromisingly neoclassical" is forced to admit that "placing reliance upon neoclassical economics is a matter of faith" (quoted by D. M. Nuti (1969) "Some reflections on the Sraffa system and the critique of the so-called neo-classical theory of value and distribution: notes on Dobb M. H. 'Some Reflections on the Sraffa System and the Critique of the so-called Neo-Classical Theory of Value and Distribution'", paper for the Conference of Socialist Economists, 10 January 1969, Dobb Archives, Trinity College, Cambridge).
 - 86 Dobb (1973b: 6).
 - 87 Dobb quotes a 1922 edition of Wittgenstein's *Tractatus Logico-Philosophicus* at p.169 in his *Theories of Value* (Dobb 1973b: 8n.) and also in his *Marshall Lectures* (Dobb 1973a, Lecture I: 4). The quotation is taken from proposition 6.211 and can be found in the D. F. Pears and B. F. McGuinness translation of the *Tractatus* published by Routledge (1961: 65). The relationship between Dobb, Sraffa, and Wittgenstein, the successor to G. E. Moore's chair in philosophy, is a relatively unexplored area of research. It is well known that Wittgenstein discussed his major ideas with Sraffa and received serious criticism, while Wittgenstein lodged with Dobb upon his arrival in Cambridge. The escape from

- the straitjacket of Cartesian dualism undertaken by Wittgenstein in his posthumously published *Philosophical Investigations* has considerable implications for the defensibility of methodological individualism within intrinsically social sciences.
- 88 See the Introduction to his *Theories of Value* (Dobb 1973b: esp. 17).
 - 89 Dobb (1951).
 - 90 V. K. Dmitriev, *Essai économiques* (1968), translated from the Russian edition of 1904 by Bernard Joly, p. 38. The essay on Ricardo, which forms the first part of the work, was published in 1898 (Dobb M., "Ricardo and Adam Smith", p. 331).
 - 91 See Groenewegen (1974).
 - 92 This is beautifully illustrated with Sraffa's example of wine and the old oak chest (Sraffa 1960: 37–8). See Dobb (1973b: 253–4) for his outline of this question in the context of the so-called capital debates.
 - 93 Meek (1961), reprinted in Meek (1967).
 - 94 Harcourt (1995a), which later appeared in Medema and Samuels (1998: chapter 9).
 - 95 Dobb to Barbara Nixon: letter of August 1928 held in Dobb Archive, Trinity College Library, Cambridge, and cited in Pollitt (1988: 62n.).
 - 96 Correspondence between Rudolph Schlesinger and Maurice Dobb is contained in eight documents (dated between 1948 and 1969) contained in the Dobb Archives (Pollitt and Smith 1983/87).
 - 97 Dobb registers Schumpeter's comment in *History of Economic Analysis* in Dobb (1973b: 142).
 - 98 Kowalik (1978: 141).
 - 99 See Hilton (1982).
 - 100 Letter to Tadeusz Kowalik, 25 July 1973, Dobb Archives, Trinity College, Cambridge.
 - 101 Ibid.
 - 102 Dobb (1973a, Lecture II: 18).

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6 The craft of William D. Grampp

Historian of economics

Kenneth E. Carpenter and Laurence S. Moss

Introduction

In 1972, Professor William D. Grampp reviewed a book by Lionel Robbins entitled *The Theory of Economic Development in the History of Economic Thought* (Robbins 1968). After describing Lord Robbins as "one of the grand figures of British economics," Grampp went on to focus on the character of the text itself. Grampp explained, "what [Robbins] says is influential and it is said with a clarity and grace that are rare in intellectual history and show [intellectual history] can be, what it seldom is, a pleasure to read" (Grampp 1972: 539).

Now, nearly three decades later, in reviewing the work of that reviewer, the authors of this essay find that the same can be said about him. In part, this is because of his numerous professional activities, notably co-founding the History of Economics Society in 1973–4, and subsequently serving as its president in 1980–1. In part, it is because he has done major work in the history of economic thought, above all on economic liberalism and the circumstances surrounding Britain's turn toward free trade in the nineteenth century. Grampp has also beautifully demonstrated the applicability of economic analysis to a subject that most, non-economists at least, would have thought outside the domain of the practitioners of the "dismal science," namely, the creation, pricing, and consumption of works of art. In addition to tackling subjects of large importance and widespread interest, Grampp, like Lord Robbins, has written with an eloquence, grace, and clarity that make his work a pleasure to read.¹ And both the nature of the topics and Grampp's style insure that his books continue to be read: they will not be sent to the offsite storage libraries being constructed in institutions across the country.

Grampp received his Ph.D. in economics from the University of Chicago in 1944. The chair of his dissertation committee was Frank H. Knight, and Grampp's topic, "Mercantilism and Laissez Faire in American Political Discussion," was one to which he would return many times. Knight was influenced by Jacob Viner who characterized the goals of economic policy among the classical school writers as alternating between the twin goals of opulence and power, and this analysis would be taken over and adopted by Grampp himself.²