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**Sraffa's Ricardo after Fifty Years  
A Preliminary Estimate**

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# SRAFFA'S RICARDO AFTER FIFTY YEARS

## A Preliminary Estimate

by

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### 1. *Sraffa's Ricardo: from the definitive edition to the 'definitive interpretation'.*

It is the purpose of this paper to put Sraffa's Ricardo (Ricardo, 1951-73) in a historical perspective. After almost fifty years this appears to be timely on two grounds. First, as we shall have occasion to recall below, Sraffa had been singularly enshrined and made into a bloodless entity for a considerable time; only today it becomes possible to revive his image in flesh and blood and it seems proper to do so. Second the Sraffa archives at Trinity College have now been made accessible and it is expected that permission can be granted to make use of the extant documents for the purpose.

One of the best pictures we have of Piero Sraffa was once sketched by his professor and mentor Luigi Einaudi, who had known the young Sraffa as a student and as a scholar and had been otherwise intimate with his familial and social milieu since the turn of the century. In a review article of the Ricardo volumes, appeared in the *Giornale degli economisti* for 1951, under the title "From the legend to the monument", Luigi Einaudi delivered an unmixed praise of the edition. Comparing Sraffa's achievement with Cannan's enterprise on Adam Smith, Einaudi concluded that "Sraffa emulates Cannan and overrides him". Einaudi's celebration of the edition focusses on its philological and aesthetic qualities. He had himself in a paper published sixteen years earlier, in 1935, and prompted by the then recent edition of Francesco Ferrara's *Lectures* - established and discussed at some considerable length a few fundamental canons for the editing of economic classics. Among other things Einaudi had emphasized that editorial introductions and notes should never intrude. Their function - Einaudi explained - is to supply missing references or soberly illustrate a view; "never to correct, integrate or criticize". And he added: "An editor does

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A special obligation must be recorded to Pierangelo Garegnani for granting permission to quote from Piero Sraffa's unpublished writings.

not give evidence of sound taste when he seizes the occasion and prefaces the texts with an exposition of his own". The examples of Cannan, Ashley and Hollander were then mentioned approvingly. Sixteen years later, in 1951, Sraffa appears to Einaudi to have fully and satisfactorily fulfilled all the requirements of the model editor. Unspoilt crystal transparency appears to be the substance of which Sraffa's 'monument' is made.

Perhaps the clearest comment on the Sraffa edition at the time of its first appearance came from Austin Robinson. It is interesting that Sir Austin's comments, in his review of the edition for the *Economic Journal*, were directly concerned with the now famous Introduction to vol. I, although of course the remarks of the reviewer did extend to the style and character of the edition as a whole.

"Mr. Sraffa's preface - Sir Austin wrote - is a model of what such a preface should be. He is concerned wholly and exclusively with Ricardo, with Ricardo's own controversies with his contemporaries, and with anything in Ricardo's own letters and writings which can contribute to our ability to understand what Ricardo was trying to say. He is *not* concerned to provide us with ready-made judgements as to whether it was Ricardo, or Jevons, or neither, who 'shunted the car of Economic Science on to a wrong line'. He does *not* provide us with a 'Ricardo in modern dress', with Ricardo's ideas translated into the terminology in which most of us can more readily think to-day. But just so far as he can help Ricardo to speak to us for himself, and in his own language, he gives us every possible assistance. That I believe is as it should be. We are given all help in going back to Ricardo himself. But Mr. Sraffa firmly refuses to stand between Ricardo and his reader as an intermediary and interpreter, creating, as such interpreters so often do, a host of new misconceptions and misunderstandings".

Sir Austin's plain unequivocal words are, in a sense, the top of an iceberg; they express at best a very common sentiment toward the Ricardo edition at the time of publication and a sentiment that would then be dominant throughout the 50ies. That is a very simple common opinion: for any question that may arise on Ricardo, it will be enough to turn to Sraffa. That is the service of the edition. As Blaug - setting out in 1958 to "ask, once again, what Ricardo really meant" - put it at the time: "Nothing could justify another forced march over such well-worn terrain were it not that the recent edition of the complete Works and Correspondence of David Ricardo has thrown new light on almost every aspect of Ricardo's writings".

Let us now turn to the latter half of the title of this section. The 'monument' of the superb editor is, in actual reality, a powerful rhetorical construct deserving wonder and admiration. It was, in fact, Sraffa's supreme ability to replace the foundations of the edifice of Ricardian economics without anyone of the onlookers taking the slightest notice of what was

going on for a considerable time.<sup>1</sup> After the publication of *Production of Commodities by Means of Commodities* in 1960 the Introduction to Ricardo's *Principles* came to be seen in a different light. As Paul Samuelson wrote in 1987, no scholar had so great an impact on economic science as Piero Sraffa did; further the impact increased with Sraffa's age and also, in his view, with the passage of time.<sup>2</sup>

The meaning and impact of Sraffa's work *seems*, indeed, to have turned stronger and clearer as time goes on (i.e. after 1960); but, what *actually* happened, was that the reception and the image of Sraffa's work on Ricardo *changed in nature*. As a consequence of inertia, however, little wonder that the *new* image did show a marked tendency to get squeezed, as it were, into the old one, thus giving rise to the 'definitive interpretation' of Ricardo. The *definitive edition*, i.e. the 'monument', almost inadvertently and automatically, became the *definitive interpretation*. For a number of years nobody noticed the curious transformation; more particularly, the circumstance that, while the former phrase makes perfect sense, the latter is an insult to science went completely unnoticed.

An echo of that transformation seems to surface even today in the opening sentences of the EJ Obituary (Schefold, 1996).

But it was, above all, his magnificent edition of the works of David Ricardo which was recognised in the whole world as a landmark of scholarship and which, on account of the editorial introduction, provided a link between classical economic theory and the post war discussions on growth and distribution. His *definitive* work, *Production of Commodities by Means of Commodities*, a slender volume, caused two controversies, one on the validity of neoclassical theory, the other on the revival of classical thought. (emph. added)

In what sense *Production of Commodities* can be described as a "definitive work"? This is far from clear, unless perhaps it is thought to be the work which renders definitive the "link between classical economic theory and the post war discussions on growth and distribution"

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<sup>1</sup> This was of course the very same indictment, Sraffa had issued against Marshall in the 20ies. See Sraffa, 1998, p. 347.

This instance is an example of an important psychological mechanism: we are never so able to expose a behavioural or mental process in our fellows as it is the case when we are unconsciously pursuing the *very same* process to a much higher degree.

The following well-known passage in Luke's Gospel provides a striking illustration of the mechanism. "And why beholdest thou the mote that is in thy brother's eye, but considerest not the beam that is in thine own eye? Or canst thou say to thy brother, Brother, let me cast out the mote that is in thine eye, when thou thyself beholdest not the beam that is in thine own eye? Thou hypocrite, cast out first the beam out of thine own eye, and then shalt thou see clearly to cast out the mote that is in thy brother's eye". Lc, VI, 41-2.

Paranetic overtones aside, the above is an admirable description of a psychological process of which Sraffa himself may well have been entirely unaware.

<sup>2</sup> See the close of the entry on *Sraffian economics* by Paul A. Samuelson in the New Palgrave. "Piero Sraffa - Samuelson concluded - was much respected and much loved. With each passing year, economists perceive new grounds for admiring his genius".

provided by the Introduction to Ricardo. That this means travelling long distances in some logical dimension *still* seems to remain totally unadverted.

## 2. *Philology and interpretation in the work of the greatest economist-editor.*

The curious fate met by Sraffa's Introduction to Ricardo's *Principles* seems to create a moral obligation on the part of any scholar who has acquired full conscience of the facts to go back humbly to the text itself. Some may find the idea awkward to start from scratch and read Sraffa's Introduction, simply and directly, 'for the first time' as it were.

Back in the 50ies, at least one of the top commentators, George Stigler, in his review of the Ricardo edition in the *American Economic Review*, 1953, had made some qualification in his appreciation for the 'pure transparency' qualities of the edition. "*Aside from the introduction to vol. 1* - Stigler wrote (emph. added) - Sraffa's editorial prefaces and notes serve an informative, rather than an interpretative, function. This severe self-abnegation was wise; the facts are relatively timeless but even the best analysis of a predecessor will change with the interests and knowledge of the science".

In what follows we shall propose a reading of Sraffa's Introduction, by focussing upon those elements which appear to go beyond pure philology and discussing the links of those elements with Ricardo's own texts and with the Ricardian literature. Next we propose to discuss Sraffa's sources and trace whatever evidence exists on the construction of Sraffa's interpretation of Ricardo.<sup>3</sup> Finally we shall draw some conclusions on Sraffa's Ricardo in historical perspective.

*The 'corn model'.* The passage on the 'rational foundation' in Sraffa's Introduction to the *Principles* is too famous. Even the humble readers that we are here and now can dispense with the quotation. Precisely on this issue Samuel Hollander started to challenge the consensus on the 'definitive interpretation' in his 1973 *Economica* paper. The effectiveness of Sraffa's exposition here takes advantage from the beauty, simplicity and robustness of the corn-ratio principle and from the suggestion that the principle itself must have been formulated by him in his (as Sraffa wrote: cp. Ricardo, 1951-73, I, xxxi) "lost 'papers on the profits of Capital' of March 1814 or in conversation, since Malthus opposes him in ... terms which are no doubt an echo of Ricardo's own formulation". The charisma of the economist-editor, whose expert eye has evidently acquired an unparalleled knowledge of the original documents as well as of the primary literature, is indeed very great; due to that charisma, that the principle was "never explicitly stated by Ricardo" (*ib.*) becomes an advantage. Wouldn't it be flatly obvious, were the principle to be found in plain words just stated by Ricardo? It would be disappointing indeed. The way the principle is actually carved out of Ricardo's frame of mind makes it a precious discovery.

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<sup>3</sup> This preliminary estimate still is necessarily incomplete as far as these extensions of the analysis are concerned.

All the above, in turn, makes it just plain sailing for Sraffa to proceed like this:

The advantage of *Ricardo's method of approach* is that, at the cost of considerable simplification, it makes possible an understanding of how the rate of profit is determined without the need of a method for reducing to a common standard a heterogeneous collection of commodities.  
(*ib.* xxxii, *emph.* added)

The result is that a number of treatments on Ricardian economics deal with *Ricardo's* corn-ratio theory of profits.<sup>4</sup> Of course this is *not* the desirable outcome of the work and influence of an editor, who is *necessarily* at the same time an interpreter; this is, rather, the product of a peculiar conflation of philology and interpretation, the product of which is the monster of the 'definitive interpretation'.

*'Adding up' theory of price.* The phrase has become the common expression to designate Smith's theory of price. Here too the belief is widespread among scholars that the phrase itself belongs to Adam Smith. This is hardly the case. The adding up theory of price, in fact, is an original contribution of Piero Sraffa, who appears to have been first to coin the English term and who made use of that in his Introduction to *Ricardo's Principles*.<sup>5</sup>

Sraffa's Introduction calls attention to the fact that the development of Ricardo's thought on income distribution were bound to call into question "the generally accepted view that a rise in corn prices, through its effects upon wages, would be followed by a rise of all other prices", thus leading Ricardo to establish the proposition "that a rise of wages does not raise prices". Ricardo soon discovered the important principle - which would later occupy the first section-heading in the chapter "On Value" of his *Principles* - that (in Sraffa's words: Ricardo, 1951-73, I, xxxv) "the value of a thing was regulated by the quantity of labour required for its production, and not by the remuneration of that labour". These two statements should be read carefully: although they appear almost side by side in Sraffa's text, they are *not* equivalent, the latter statement including, as it does, Ricardo's value theory

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<sup>4</sup> Schefold, 1998, affirms that the entry 'Corn-ratio theory of profits' in Sraffa's index to the Ricardo edition "is almost unique in taking up an economic concept used not by Ricardo but by his editor". On the other hand - he goes on to observe - "Ricardo was not very good at naming concepts which he had created", whereas, he adds, Sraffa was equally good both at naming new concepts and at creating them.

Whose creation actually was the corn-ratio idea remains mysterious. In my essay on Ricardo (in Becattini, ed., 1990, p. 113) I put forward the view that the corn model, if it came across Ricardo's mind at all, it did so as a "strong case", i.e. a counterexample to refute Malthus's theory of profits. I surmise I did argue that way in the same logic leading Sam Hollander to write: "Ricardo's emphasis upon corn in the wage basket has its source in ... the very strong objection Ricardo took to Malthus's view that the profit rate is affected by events which do not work their way through changes in the cost of producing wage goods at all" (Hollander, 1979, p. 146).

Curiously enough (but this is perhaps a special by-product of their friendship) *if* the idea of a corn model ever was at all present to Ricardo's mind, that came through *Malthus* himself, who on the other hand only mentioned perfect homogeneity of inputs and outputs in order to emphasize that it ought to be excluded. Cp. also Hollander, 1997, pp. 455 ff.; Porta, 1985.

<sup>5</sup> No less authority than Samuel Hollander lists Adam Smith's adding up theory of price in the index to his volume on Smith. On the issue, see my own 1988 paper.

on which the former says nothing. More important here, there is another difference between the two statements and that is that the former statement implies that wages and prices move in the same direction, while the latter only criticizes the existence of a relationship between wages and prices, whatever its sign may be. For example in the *Principles*, chapter XXII (on "Bounties on exportation") Ricardo resorts to the former of the two arguments and criticizes Smith for considering (Ricardo's words) "a rise in the price of commodities as a necessary consequence of a rise in the price of corn";<sup>6</sup> but in the opening section of ch. 1 (On Value), Smith is criticized for adopting the labour command standard of value, which coincides with the latter of the two above arguments. The implication of Ricardo's text in this case is actually on an *inverse* relationship between wages and prices, because higher wages imply a lower command of labour and therefore a lower value of commodities. This is the same criticism, Ricardo will level against Malthus (*Notes on Malthus*, n. 11): "What we want is a standard measure of value which shall be itself invariable... And on what does Mr. Malthus fix as an approximation to this standard? The value of labour". Pages of sharp controversy follow in the *Notes on Malthus* at this point, as this is precisely the greatest conceivable mistake to Ricardo's eye, namely to make the measure of value depend on a value: a vicious circle and therefore vicious reasoning.

On this point Sraffa intervenes with an interpretation of his own. Sraffa's interpretation reads *any* proposition on the relation of wages to prices in the additive sense, which is in fact only *one* of two possibilities *both utilized* by Ricardo. That Ricardo thus appears to be a *critic* of the wage-price relationship in the additive sense only paves the way to his being turned into the critic of the *adding up theory* as a perfectly natural consequence of 'Ricardo's approach'. Let us read Sraffa (Ricardo, 1951-73, I, xxxv-vi):

The importance which Ricardo came to attach to the principle that the value of a thing was regulated by the quantity of labour required for its production, and not by the remuneration of that labour, reflected his recognition that what his new theory was opposed to was not merely the popular view of the effect of wages on prices but another and more general theory of Adam Smith (of which that effect came to appear as a particular case)—what Ricardo referred to Mill as Adam Smith's 'original error respecting value'. This latter theory, in brief, was that 'as soon as stock has 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* the wages, profit and rent: 'in every improved society, all the three enter more or less, as component parts, into the price of the far greater part of commodities.' In other words, 'wages, profit, and rent, are the three original sources...of all exchangeable value.' Adam Smith speaks

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<sup>6</sup> This is what Ricardo had called, in a letter to Mill a few months before, Smith's "original error respecting value". See Ricardo, 1951-73, VII, 100 and cp. *ibid.* 105.

also of the natural price varying 'with the natural rate of each of its component parts, of wages, profit, and rent'.  
(Sraffa's footnotes in this passage refer the reader to the *Wealth of Nations*, bk. 1, ch. vi; Cannan ed., vol. I, pp. 50, 51, 52, 54, 65).

This is the passage which has created the ongoing misperception on the nature of Adam Smith's theory. Again: Sraffa's procedure is perfectly legitimate once you realize that it is *one* interpretation.<sup>7</sup> The question then becomes not so much of seeing through the 'true' Ricardo; rather it is a matter of understanding what *Sraffa* is doing. Let me offer, as a consolation to the reader, Cannan's opinion on the point. Speaking of Smith's bk. 1, ch. VI, Edwin Cannan wrote:

"It is not very clear what exactly is supposed to happen—whether products acquire an *addition* to their labour-value for profit and rent or not"; at any rate "the equality of the wages, profits and rents with the price is no proof that the price is caused by the wages, profits and rents: it may be the other way round" (Cannan, 1929, pp. 168, 171, *emph. added*).

*The standard of value.* In his analysis of the standard of value Ricardo was concerned with the requirement of invariability of the standard itself. The standard, in fact, must be invariable with respect to difficulty of production *and* with respect to changes in the distribution of income. These two aspects are naturally linked together in Ricardo's system where diminishing returns in agriculture and the labour theory of value are the building blocks of the theory of production and distribution. In the course of his investigation of the problem of the standard of value, Ricardo became gradually convinced that a satisfactory standard, i.e. one possessing invariability, could *not* be found. He therefore discussed a number of cases in order to reach the conclusion that a perfect standard was unattainable. In so doing, Ricardo discussed in detail the effects of changes in the distribution of income on the relative value of commodities produced under different circumstances, without extending the analysis to include the fact that the conditions of production themselves are subject to change with changes in the income distribution. Typical is his discussion of Malthus's position. Malthus had argued in favour of a labour-commanded principle and had introduced the example of a commodity obtained by labour alone, "without any advances

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<sup>7</sup> It may be usefully added that the term 'adding up' is the English translation of Marx's *Zusammenaddierung* and *Zusammensetzung*, used in his *Theorien über den Mehrwert* in the context of a discussion on Smith's concept of natural price (see MEW, Bd. XXVI. I. 3. 7: "Seine Ansicht vom 'natürlichen Preis' als Summe von Arbeitslohn, Profit und Rente"). According to Marx, Smith had *initially* (and correctly) established that the value of a commodity regulates wages, profit and rent. However he *later* came to adopt the opposite procedure (closer to empirical appearance and current opinion), whereby natural price comes to be determined through the adding up (*Zusammenaddierung*, *Zusammensetzung*) of the natural prices of wages, profit and rent. It is Ricardo's main merit - Marx goes on to observe - to have put an end to such a confusion. Sraffa's index does refer, albeit indirectly, to the adding up theory as "Adam Smith's original error". Cp. the entries "Price" and "Smith, Adam", containing a reference to pp. xxxv-vi of the Introduction to vol. I, where Smith's "original error" is in fact equated to the adding up theory.



above the food of a day", a standard in terms of which "no rise in the price of labour could take place" (See *Princ. of Pol. Econ.*, in Ricardo, 1951-73, II, 81). Ricardo, who had initially addressed to Malthus the same criticism of arbitrariness and lack of invariability already levelled against Smith, was later led to argue that Malthus's case provided yet another special case of conditions of production of a standard – indeed an extreme case – which made it no more liable to objection than any other standard than can be imagined. That fact is – Ricardo concluded in his last letter to Mill (IX, 387) – that "there is not in nature any correct measure of value nor can any ingenuity suggest one, for what constitutes a correct measure for some things is a reason why it cannot be a correct one for others".

All these Ricardian discussions on the standard of value are dominated by the *negative* purpose of a proof of impossibility ; as a matter of fact, only going through a number of examples (and indeed *counterexamples*), Ricardo was able to reach the general negative conclusion just reported from his last letter to James Mill.<sup>8</sup>

It is against that background that we are left to read the interpretation given by Sraffa on Ricardo's continuing preoccupation with the effects of changes in wages. "This preoccupation with the effect of a change in wages – Sraffa wrote (I, xlviiii-xlix) – arose from his approach to the problem of value, which, as we have seen, was dominated by his theory of profits. ... Thus the problem of value which interested Ricardo was how to find a measure of value which would be invariant to changes in the division of the product; for, if a rise or fall of wages by itself brought about a change in the magnitude of the social product, it would be hard to determine accurately the effect on profits. (This was, of course, the same problem as has been mentioned earlier in connection with Ricardo's corn-ratio theory of profits.)"

### 3. *The sources of Sraffa's analysis*

My argument in this paper is that Sraffa's analysis on Ricardo's *Principles* is largely inspired, on the constructive side, by Marx's *Theorien über den Mehrwert*, together with a pervasive need - on the negative and destructive side - to counter the Marshallian synthesis in Economics.<sup>9</sup> For a considerable time, as hinted above in this paper, any attempt to put

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<sup>8</sup> Cp. Porta, 1990, 1992.

<sup>99</sup> To a lesser extent, but certainly no less important to Sraffa, is the need to retort on Jacob Hollander's centenary estimate of Ricardo's work.

Luigi Pasinetti - in a contribution read at the Sraffa Conference at the Fondazione Einaudi, Turin, October 1998 on continuity and change in Sraffa's thought - argues that it is possible to discern a fundamental continuity in Sraffa's transition from the criticism of Marshall's theory to the reconstruction of the Classical approach on cost and value. He appeared to differ from Pierangelo Garegnani (who presented a paper at the same Conference on Sraffa's interpretation of the classical economists through the late 1920s) on several points.

I look forward to reading both contributions in the printed form. In particular (cp. Pasinetti, forthcoming) I found Pasinetti's continuity argument extremely robust and appealing. As far as the late 1920s are concerned, Sraffa's Lectures, 1928-29, seem to me to provide compelling evidence on continuity.

Sraffa in a historical perspective was generally found unacceptable and sometimes even publicly condemned. The absurdity of turning Sraffa into an absolute was, however, bound to finish, although it is only at present that it is giving way to the buds of a new Sraffian historiography.<sup>10</sup> The core of the new historiography, in my view, can be developed through simple-minded exercises in going back to the actual reading of Sraffa's own text (as exemplified in the above), undoubtedly supplemented with what has not been done in the above, i.e. bring in the relevant texts by Ricardo and Marx for proper comparison.

The above, besides putting together the upshot of past research, tries to show how the results can be improved upon and the case made richer with new subtleties and other arguments, such as I propose to develop also in my forthcoming book, in order to reach, through Sraffa's analysis, a consistent image of his own conception on the nature and importance of Classical Economics.<sup>11</sup> This corresponds roughly to the former of the two grounds (see above the introductory section to this paper) for the present inquiry. It is contended that only this approach can possibly do justice to Piero Sraffa as one of the great scholars of the XXth century.

There remains the latter ground to be dealt with. It is necessary, in other words, to trace the actual development of Sraffa's thought and consider whatever evidence exists on the sources of Sraffa's analysis also in the light of the archival materials and literary remains of Piero Sraffa around the world. It is the purpose of the present section to introduce a first discussion on the extant documents and evidence with particular reference to the papers left, by Sraffa's own will, to Trinity College, Cambridge, and kept there at the Wren Library. In the present draft, we shall actually confine ourselves to a few documents dating from the late 20ies, i.e. drafted during the period when Sraffa's thought indeed appeared to pass from the criticisms on the Marshallian system to the reconstruction of the Classical approach to economic theory. We shall see presently that our conjecture on the Marxian inspiration of Sraffa as an interpreter of the Classical economists is entirely brought out by the documents, which prove essential to adding a number of original aspects and perspectives.

This research has taken advantage from the possibility to have access to the archives of the Wren Library at Trinity College, Cambridge. Early attempts of a catalogue of Piero Sraffa's literary remains, during Sraffa's own lifetime, were made by John Eatwell and Alessandro

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May I mention on the issue, in passing, a significant recent addition to the Sraffian literature: the English translation of Sraffa's 1925 article "Sulle relazioni fra costo e quantità prodotta", in Pasinetti, ed., 1998, pp. 323-363.

<sup>10</sup> Hollander, 1998 and 1999; Kurz, 1998.

I had been pleading for a new historiography in the above sense since 1979, when I circulated a first draft of my introduction to the Italian UTET edition of Ricardo. At the time I was able to call in support of my argument, by Sraffa's own permission, a few passages from his unpublished Lectures on the Advanced Theory of Value (cp. below, footnote 18).

I am pleased to recall that in 1979 I did have Sam Hollander, then on leave in Israel, as one of my readers. At least fifteen papers of mine have later developed the subject through the years, a story I am summarizing in my forthcoming book. I am now relieved that the buds of the new historiography have at last started to develop and bear the names of two outstanding scholars of Sraffa.

<sup>11</sup> The argument developed in this paper will be included in my forthcoming book on *The Classical School in Political Economy*, due to be published by Elgar in the course of the year.

Roncaglia; work was then resumed, after Sraffa's death, by the late Krishna Bharadwaj and by Pierangelo Garegnani, Sraffa's literary executor. Piero Sraffa's Papers have now been catalogued by Jonathan Smith, archivist and manuscript cataloguer at Trinity.<sup>12</sup> In what follows we shall discuss sundry items among Sraffa's literary remains of the late 1920s.

### 3.1. *Notes and jottings from the Sraffa papers*

Sraffa's legacy at Trinity includes a number of items, such as, for example, Sraffa's own magnificent library. As far as Piero Sraffa's papers are concerned, they have been classified under ten headings, including, for example, career, family, diaries, correspondence, notes and lectures. The section heading of interest in the present context is section D ("Notes, Lectures and Publications"), from which we shall quote below.

A folder, marked «Notes/London, Summer 1927/(Physical Real Costs etc.)» in P.S.'s hand, makes up a rather nice set, now catalogue item D3/12/3 on Physical Real Costs, of 71 (as numbered by P.S.) ruled exercise-book sheets mostly written one side in ink in P.S.'s hand. This is in fact a set of coherent notes, sometimes in the form of quickly sketched sentences sometimes written down in more expository style. They come under the title (cp. p. 1) of «General Scheme/The adventures of the T.V. The problems which were prominent in the mind of the older economists» etc.<sup>13</sup>

We find here a telling sketch for a possible history of economic analysis centered upon "T.V." (which in those times of course meant "Theory of Value").

«It is with Ricardo – Sraffa wrote [p. 1] – that T.V. becomes the central doctrine of P.E., and from him that schools and controversies originate. ... But then taken up by Marx, and used as weapon for workers ... [p. 2] Immediate (?) simultaneous success of utility with Jevons, Menger, Walras. It always happens with discoveries: and, as always, it is later found that unsuccessful predecessors had already discovered the whole thing. Reason to be found in anti-socialism ... It should not be thought that theories devised (or accepted generally) for partisan purposes have no scientific value: they contain element of truth, which is of scientific value, and is added to knowledge and seldom is lost again. How thus theory goes on improving. Work of Marshall is combining results of two schools: "causes" of value, notion of equilibrium,

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<sup>12</sup> An acknowledgement is due to the Librarian of Trinity College for granting access to their collection. I have a special obligation to the staff of the Wren Library, particularly to Jonathan Smith and Diana Chardin, for help and assistance on innumerable occasions.

As hinted above in the text, besides the *Piero Sraffa Papers*, Trinity have in their possession and have catalogued the *Piero Sraffa Collection*, which includes printed books and periodicals together with a number of manuscripts acquired by Piero Sraffa. The whole constitutes an extraordinary and invaluable archival and librarian fund. It should be further mentioned that certainly a significant amount of manuscripts, notably letters, by Sraffa are in the possession of other institutions and individuals particularly in Britain, Italy, the States and elsewhere in the world. A systematic inquiry appears to be needed.

<sup>13</sup> The symbols «» enclose Sraffa's own words.

fundamental, whatever we think of Marshall's particular applications. Curious misunderstanding as to Marshall and Ricardo's relation to Marx's surplus value: acceptance of Marshall due to belief that it combined classical with orthodox school, and did not lend itself, like the former did, to Socialistic interpretation. Nonsense: Marx's surplus value does not depend upon labour being the only cause, [p. 3] or even one cause of value, but to its being proportional to value: explain in detail difference of the two notions. Ludicrous belief that Marx says "labour is the only cause of value, therefore all value must go to labour"».

Two ideas should be singled out from this passage which are very important to illustrate Sraffa's intellectual development: 1) the ideological sources of the success of utility and 2) the tendency of value theory, with the ideological reaction based on utility, to focus on causes rather than measures of value. These points are hinted in the pages quoted above and we have to turn to other documents to reconstruct the two ideas more fully.

Let us now consider a set of notes dated, from a pencil annotation in P.S.'s hand, «End of November 1927». These are now catalogued D3/12/4 and can be considered as preparations for the Lectures 1928-31: the latter are the best and most interesting manuscript in this section of his papers.<sup>14</sup> Here Sraffa presents a summary sketch of the historical inquiry he has in mind. In the ivth set of sheets, item 10, we read:

«Classical Political Economy (the age of Ricardo) or A. Smith?  
from Petty to Ricardo.

Right conception (fundamental assumptions) primitive,  
rudimentary technique

(A. Smith had strong "vulgar" tendencies: he can truly be said to be  
the "founder of modern economics"!)

Vulgar Political Economy (the age of Mill)  
from Malthus to Stuart Mill |

All wrong here: they have the wrong conceptions of  
modern economics and the rudimentary technique of the  
classical

Period dominated by Mill: Marx stands here towering as the last of  
the classical amongst the vulgar, just as Smith stood isolated among  
the classicals, being the first of the vulgars.

Economics (the age of Marshall) since Jevons & Co, and Marshall |

Highly refined technique, rotten conceptions and  
fundam. assumptions.

But techniques so highly perfected that sometimes compels them  
unconsciously to modify their conscious assumptions (justly  
contadicting themselves) and thus reaching partially true conclusions

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<sup>14</sup> Sraffa's Lectures are a beautiful ms. of well over a hundred foolscap sheets, largely in Sraffa's hand. I was deeply impressed when, over twenty years ago, I first had the privilege of studying the ms. under the supervision of Sraffa himself in his own room at the Marshall Library. It bears the inscription in P.S.'s hand «16 Lectures in Michaelmas Term 1928-29 "Advanced Theory of Value" e 1929-30 e Lent 1931». It is now classified D2/4.

Note that at the end of the classics developed primitive socialism (Owen, Hodgskin) and caused Vulgar P.E. At the end of vulgar period came Marx and caused economics».

We dwell on the issues and examine first the full force of the ideological element in Sraffa's image of the historical progression from Political economy to Economics. A premiss of all this is given by the importance, Sraffa attributes to the historico-analytic approach. In a set of papers (D3/12/11) again dated November 1927 he speaks of the approach to be adopted in a prospective book. The only way – he notes writing in Italian (cp. the original text in the appropriate footnote) – is in going through history in reverse, i.e.: from the present state of Economics; how that came to be reached, showing the difference and the superiority of the old theories. Then expound the theory. If a chronological order is followed: Petty, the Physiocrats, Ricardo, Marx, Jevons, Marshall – Sraffa continues – then it is necessary to give as a premiss to all that a statement of my own theory in order to explain where we drive at; which means expounding first *all* of the theory. And then there is the danger to end up like Marx, who started publishing his *Capital* and later was unable to complete the *History of doctrines*. And what is worse he has been unable to make himself understood without the historical explanation. My plan is: first, treat the history which is what is really essential; second, make myself understood, which requires me to proceed from the known to the unknown, from Marshall to Marx, from disutility to material cost.<sup>15</sup>

Sraffa's ambitions are very clear. The lectures, he has been appointed to deliver at Cambridge, are to be made the occasion for a book in which the historico-analytic method is adopted for an eminently theoretical purpose. Marx, but *not* Marx in general, Marx-the historian of analysis *manqué*, must provide the guide both in method and in contents, as also the list of past authors indicates. Marshall, of course, i.e. the present, is the starting point.

I propose now a rather lengthy quote of the same period. It is not my purpose here to be exhaustive, as the amount of notes and documents is very large indeed and, at any rate in the present context, it would be impossible to follow all nuances and variations on the themes proposed. Therefore, let me turn to what looks like a lucid typical statement of that stage in the development of Piero Sraffa's thought. In a note entitled «Metaphysics», again November 1927 (Catalogue D3/12/4, items 14-17) Sraffa further wrote:

«In this theory it will be thought that the important part is the analytical and constructive. The significance of the historical side

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<sup>15</sup> Here is the full wording of what is paraphrased in English in this page of the present text.

«Impostazione del libro/L'unico sistema è di far la storia a ritroso, e cioè: stato attuale dell'ec.; come vi si è giunti, mostrando le differenze e la superiorità delle vecchie teorie. Poi, esporre la teoria./Se si va in ordine cronol., Petty, Fisiocr., Ric., Marx, Jevons, Marsh., bisogna farlo precedere da uno statement della mia teoria per spiegare dove si 'drive at': il che significa esporre prima *tutta* la teoria. E allora c'è il pericolo di finire come Marx, che ha pubbl. prima il *Cap.*, e poi non è riuscito a finire l'*Histoire des Doct.* E il peggio si è che non è riuscito a farsi capire, senza la spiegaz. storica./Il mio scopo è: I esporre la storia, che è veramente l'essenziale / II farmi capire: per il che si richiede che io vada dal noto all'ignoto, da Marshall a Marx, dalla disutilità al costo materiale». Cp. Sraffa Papers, D3/12/11, item 55 (nov. 1927).

will be missed. And yet, this is truly important, that which gives us a real insight into the mystery of human mind and understanding, into the deep unknown relations of individuals between themselves and between individual and society, (the social, or rather the class mind). It is terrific to contemplate the abysmal gulf of incomprehension that has opened itself between us and the classical economists. Only one century separates us from them: how can we imagine to understand the Greeks and the Romans? The classical economists said things which were perfectly true, even according to our standards of truth: they expressed them very clearly, in terse and unambiguous language, as is proved by the fact that they perfectly understood each other. We don't understand a word of what they said: has their language been lost? Obviously not, as the English of Adam Smith is what people talk to-day in this country. What happened then?

I foresee that the ultimate result will be a restatement of Marx, by substituting to his Hegelian metaphysics and terminology our own modern metaphysics and terminology: by metaphysics here I mean, I suppose, the emotions that are associated with our terminology and frames (*schemi mentali*) – that is, what is absolutely necessary to make the theory living (*lebendig*), capable of assimilation and at all intelligible. If this is true, it is an exceptional example of how far a difference in metaphysics can make to us absolutely unintelligible an otherwise perfectly sound theory. This would be simply a translation of Marx into English, from the forms of Hegelian metaphysics to the forms of Hume's metaphysics (Keynes to-day, 26.XI.27, has clearly outlined the divorce between English and Continental thought: the first descending from Descartes and Hobbes, two original geniuses, to Locke, Hutcheson and ultimately Hume; the second from Spinoza (did he say that of S.?) from Kant to Hegel: they always remained foreign to one another).

If this is true it also shows (or is it an exceptional case? in Physics it doesn't seem to be indifferent) how little our metaphysics affects the truth of our conclusions, and how the same truths can be expressed in two widely divergent forms. Our metaphysics is in fact embodied in our technique; the danger lies in this, that when we have succeeded in thoroughly mastering a technique, we are very liable to be mastered *by* her.

The typical case of Marx's metaphysics is his statement that "only human labour produces (causes) values", "values are embodied human energy (crystallized)": there is no doubt that he attached to it some metaphysical meaning.

The extraordinary thing is that the same metaphysical notion is held by such an anti-Marxian as Cannan (*Theories*, p. 380).

The metaphysics of the modern economist is that "a commodity ... is the embodiment of measurable efforts and sacrifices" (Marshall, *Memorials*, 126); on the same plane as Marx's "crystallized labour". And much more Clark's notion that marginal distribution being equal to product of each is "just". Clark's metaphysics is much more grossolana than Marx's: it is equal to Proudhon's, Hodgskin etc. who believed (against Marx) that since labour produces the whole it must get the whole.

All the inquiry about value has always been (and still is and probably always will be) a purely metaphysical quest. When the old economists asked for the "causes" or the "measure" of value, they really were looking – as in fact we are, under the illusion of our equations "determining" value – for the "nature" of value (It is not by accident, as Cannan, elsewhere, says that the word is in A. Smith's title) in the same metaphysical sense in which we look for the nature of "matter" or of "mind". In fact, we want to "explain" in terms of familiar words, or notions (i.e. to which we are used) the "new" thing that we meet: but when we have got used to them (as now economists have with prices) we take them for granted and require no further explanation. The explanation has simply to be "satisfactory" that is to provide the accomodation suited for our mental habits, and prove restful to the mind – cool down the fever of quest and satiate the thirst for explanation.

Still more terrific. In the middle of the 19th century a man succeeds, either by accident or by superhuman effort, in getting again hold of the classical theory: he improves it, and draws its practical consequences from it». <sup>16</sup>

The ms., unfortunately in my view, breaks off at this point. Who could that man be remains to be guessed, although it does not seem too difficult.

History, to Sraffa, means a sort of entropy of the theory of value. We are in the presence of a degenerating ("rotten conceptions") research program. The great fears aroused by the advent of Socialism have made economic theory respond on the same degenerate theoretical plane on which the Vulgar had argued: in that way the entire body of economic theory is affected by the illness and the soundness of the Classical approach went lost. This is a crude reconstruction of what is in Sraffa's mind at the time and it seems particularly useful to the understanding of the Sraffa-editor-of-Ricardo and his sources. The basic point is that Marx himself is at risk of being confused with the Vulgar, while in truth it is the contrary ("stands towering"). It becomes imperative to go back to the Classical approach to value theory, which to Sraffa must be the right approach to cost and value to be highlighted in the lectures. But before turning to the lectures, let see another example of the description of the process of degeneration itself from D3/12/4 (item 2), November 1927.

#### «Degeneration of cost & value

A. Smith, Ricardo and Marx indeed began to corrupt the old idea of cost, – from food to labour. But their notion was still near enough to be in many cases equivalent.

The decomposition went on at a terrific speed from 1820 to 1870: Senior's abstinence and Mill's mess of the whole thing. Cairnes brought it to the final stage "sacrifice" (did Marshall take it from Cairnes? see his Princ. note p. 339; seems not)[.] Simultaneously a much bigger step was taken in the process of shifting the basis of value from physical to psychical process: Jevons, Menger, Walras.

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<sup>16</sup> We have omitted three footnotes to the two initial paragraphs of this passage.

This was an enormous breach with the tradition of Pol. E.; in fact, this has meant the destruction of the classical P.E. and the substitution for it, under the old name, of the Calculus of Pleasure and Pain (Hedonistic). V. Retro.

When the Jevonsians turned back to write their own history, they found with pride (it ought to have been with dismay) that they had no forerunners amongst P.E.; their forerunners were mainly two or three cranks, an engineer Dupuit, a mathem. Cournot, a prussian Civil Servant Gossen, who had only cultivated P.E. as a Hobby. V. Retro. They had not the slightest knowledge of the works of the Classical economists. They drew it out of their fancy. In fact, no competent P.E.ist, with a conscience of his tradition, would have deigned to entertain those views.»

The two Retros read:

«I do not mean by this that cranks can never find new theories: on the contrary, when a big breach with tradition is required, their intervention is usually necessary. What I meant to prove is that there has actually been a breach with tradition, and the intervention of the cranks is an element of the evidence; and that Marshall's attempt to bridge over the cleavage and establish a continuity in the tradition is futile and misguided.»

«It is unfortunate that so much time has been taken to change the name of P.E. into Economics: but it is appropriate: it marks the cleavage, or rather the abyss, between the two.»

The main text of these notes continues thus (on a new sheet numbered "2" by PS, still belonging to item 2 of the same set):

«What had happened in the meantime, to change so much the mind of the economists, and induce them to scrap all that had been done up to that time? (It was in fact scrapping the whole: Jevons, Preface, & Cannan, Theories, 379-383, "must be visited with almost unqualified condemnation" are right from the point of view of *Economics*).

Socialism has been the cause of all this. In fact, classical P.E., with its surplus to be arbitrarily divided, leads straight to Socialism. When after the death of Ricardo the first timid attempts of using socialistically his theory of value were made (Hodgskin, Thompson: they were misguided if (?) they used the moral argument that labour produces everything as Proudhon, but not Marx did), Senior and Mill and Cairnes rallied to the defense by making cost psychological.

But when the mass attack of Marx, and the threat of the rampant International and the Paris Commune came, a much more drastic defence was called for: not only sacrifice, but utility, - and simultaneously J. M. W. and their success. The classical economy was becoming too dangerous as a whole, it had to be scrapped bodily. It was a burning house which threatened to set to fire the whole structure and foundations of the capitalist society - it was forthwith removed.»



A pencilled remark is added at the bottom of the page and completes it: «(Mention Rae, Ferrara, Carey ? Schuling cost of reproduction as a link between disutility and utility, to justify the passing from one to the other».

Here significantly comes a sheet (D3/12/4, item 3) with the most famous quote from Petty ("The Method I take ... Angles of Incidence and Reflection", from the preface to Pol. Arithm.). Carefully written down, shows the significance this has for Sraffa, to whom it epitomizes the *correct classical* conception of cost of production.

Compare with the following vivid highlight from the following sheet (item 4 of the same set):

«Evolution of concept of cost.

It was only Petty and the Physiocrats who had the right notion of cost as "the loaf of bread". Then somebody started measuring in labour, as every day's labour requires the same amount of food.

Then they proceeded to regard cost as actually an amount of labour. The[n] A. Smith interpreted labour as "the toil and trouble" which is the "real cost" (Ricardo, p. 10, 15 n) and the "hardship".

Then this was by Ricardo brought back to labour, but not far back enough, and Marx went only as back as Ricardo.

Then Senior invented Abstinence. And Cairnes unified all the costs (work, abstinence and risk) as sacrifice.

Now Davenport, Cassell, Henderson, have carried it a step further, the last step in the wrong direction.»

Also in his published articles of the mid-20ies, as is well-known, Sraffa had chosen to criticize "the wrong direction", though approaching the subject from a different starting point. But behind the scenes, the ambition was much larger. The Lectures, and a fortiori the notes and documents, are indeed behind the scenes. We are now in a position to appreciate that, despite the long delay, the Ricardo edition is probably the place where Sraffa (helped by Dobb) comes closest to committing his entire ambitions to the printed page. Marx, of course, is the pivot of the 'new' theory born from the resurrection of Classicism, suitable dressed this time in an impeccable positivist-empiricist 'metaphysics'. If Smith continues to play the herald of the Vulgar, Ricardo *must* be defended: only by misinterpreting him can we put him among the degenerate, as we shall see below. An example in that sense is afforded by Hollander and that makes him literally furious. In leaflet 105, D3/12/11, Nov. 1927, he wrote:

«Hollander, Ricardo,/p. 126 "Perversions of R. by Marx" / "...Ricardo regarded embodied labour as merely one of a series of possible units of value measurement but he was very far from asserting its unique efficacy, and indeed ultimately arrived at ...agnosticism ... He wrote to McCulloch...we have a choice only among imperfect measures..." / Idiot! It is sufficient to see Ricardo's Works, p. 11 / Cp. p. 68 n.3. R. "unwilling to concede" that

command over labour instead of labour embodied is the foundation of value!!!».

Here are the remote sources of Sraffa's pervasive harshness on Hollander throughout the Ricardo edition.

### 3.2. *Sraffa's Lectures on Value, 1928-31*

We have now to turn to Sraffa's notion of cost, developed at that time. Here, again, our analysis is not supposed to be exhaustive, but it is limited to the essential points. It is proper to turn to the Lectures, mentioned above and listed under D2/4, with D3/12/4, discussed above, in mind.

Although we do not mean here to discuss the whole development of Sraffa's argument in the Lectures, it is worth going back through that particular text to the theory of value: the issue of value not only was in fact the main subject of the Lectures, but logically does provide the necessary background to the Classical notion of cost, which is among Sraffa's main objects to emphasize.

The theory of value – Sraffa argues – is no purely logical exercise. It is influenced by «practical problems», which makes room for history (see above, fn. 2). Sraffa's compelling reasons are for a historico-analytic approach.

«There is also another reason – Sraffa wrote (*Lectures* etc., pp. 3-4) – for the necessity of the knowledge of the history of their origin in order to understand economic theories. Every economist finds that the public to whom he addresses himself has already found for himself an explanation, whether right or wrong, of economic phenomena; and therefore a large part of his work is directed to correct popular opinions and to dispel widespread prejudices. Thus every economist tends to frame his theories in such a way that certain elements acquire in them an importance which is entirely out of proportion of the part they play in real life, but reflects the necessity in which the economist has been of opposing obsolete theories or popular prejudices. And when the theory has crystallised and we have forgotten the way in which it has grown, we are often inclined to over-estimate the importance of certain elements simply because for long forgotten historical reasons they play a very large part in accepted economic theory.

A further disturbing element is that in the background of every theory of value there is a theory of distribution. The real problem to be solved by a theory of value, that is "Why is a commodity exchanged with another in a given ratio?" is constantly transformed into the entirely different one: "How is the price received for the product distributed between the factors of production?"».

Thus (p. 11) «Ricardo's theory of value, whatever may have been in the back of his mind, or in his footnotes and in his private letters to Malthus and McCulloch, was understood by

everybody in his time to mean that quantity of labour was the only cause of value, and this is what in practice mattered.» Now, as the social conflict from one between landlords and manufacturers turns historically into one between labour and capital, Ricardo's theory of value «obviously becomes a strong argument in favour of labour. / A Socialist school arose in the twenties and thirties of last century which seized this opportunity». That «caused a good deal of confusion amongst the orthodox Ricardian economists, who saw their doctrines used in such an unexpected way»; the Ricardians in this country (Torrens, McCulloch, Malthus) were still at work to understand Ricardo's exceptions to the labour value rule. But the turning point (p. 14) is the early 70s with the publication of *Das Kapital* by Marx (pp. 14-15) «in which his critique of capitalism is entirely based upon Ricardo's theory of value, although of course he interpreted it in an entirely different way from the early Utopian socialists» on one side and the rise of marginalism on the other. Concerning the latter point, after a brief discussion of the issue, «I rather prefer – Sraffa wrote (16-17) – to accept Prof. Fetter's and Sir W. Ashley's view, that there is a close relation between the emerging of Marxism and the extraordinarily ready acceptance of the theory of marginal utility amongst orthodox economists».

At this point (p. 17) Sraffa first makes clear the main purpose of the historical reconstruction, which leads to the central role of the notion of cost and to the imperative of a return to the Classical conception of it.

«The point I wish to make, is the independence in the development of the two opposite conceptions, of cost and of utility. In Marshall's theory they appear as closely connected, in fact they are for him two quantities of the same nature, one positive and the other negative; they can be added or subtracted and balanced against one another. But this unification, and therefore the statement of the symmetry between cost and utility, and through them of supply and demand, has been to a large extent the result of Marshall's work – not of the historical development of the theory of value. Their origin has to be traced to entirely distinct sources, and their development has been quite independent of one another. Then Marshall has brought them together and has made an attempt to conciliate the two opposite views, which I shall refer to as of Ricardo and of Jevons, each of whom thought that it was possible to group all causes of value under one single notion at the exclusion of the other[.] / (18) What is important to realize however is that the notion of cost of production, as understood by the classical economists, would not have allowed such a unification; to make this possible it had itself to pass through a series of small changes which gradually brought it to its present position».

We come now to the classical conception of cost.

«Marshall – Sraffa argues (20-21) – regards the "real cost of production" of a commodity as the sum of "efforts and sacrifices"

involved in the abstinences or waitings and in the labour of all kinds that is directly or indirectly required for the production of a commodity. Real cost therefore is an aggregate of the unpleasant feelings of various sorts felt by the individuals connected with production./ For Petty and the Physiocrats cost i.e. what in their theory plays the role of cost is nothing so subjective; on the contrary, it is a stock of material, that is required for the production of a commodity; this material being of course mainly food for the workers. But Petty wants to make it quite clear that his notion of cost has nothing to do with the pleasant or unpleasant feelings of men, and he defines "the common measure of value" as "the days food of an adult Man, at a Medium, and not the days labour". / This cost is therefore something concrete, tangible, and visible, that can be measured in tons or gallons. It stands therefore at the opposite extreme of Marshall's cost, which is absolutely private to each individual, and can only be measured (if at all) by means of the monetary inducement required to call forth the exertion».

On the Sraffa Mss. H. Kurz has recently (1998) published a paper he had presented at the Caravale Memorial Conference in Rome (June 1988). In a yet unpublished comment read at the Conference, Giorgio Rodano captured a message from Kurz's paper (esp. sec. 4, p. 447) in the fact that it is maintained that there is no evidence that Sraffa aimed at re-establishing the labour theory of value. While this is no doubt true, it would be unwarranted to infer that Sraffa had little contact, even little knowledge, of Marx's thought at an early stage and that his starting point was Marshall's theory. Rodano's comment, indeed, went as far as taking the latter view, which also does not fit with the evidence. If we connect the published articles with the Lectures and finally with his personal notes, the emerging picture of Sraffa is one of an ambitious reconstruction of economic theory centered upon Marx. Marx, in other words, is to Sraffa far from being a synonym of labour theory of value. In this way he undoubtedly also relied on the lesser known parts of Marx's analysis and he did not even need to mention Marx too often, although his intellectual background comes out quite clearly from the personal notes. Sraffa's quotations from Petty, for example, had been, without significant exception, accurately sieved by Marx himself.<sup>17</sup> Similar remarks do apply to the view, Sraffa conveys to his students, on the Physiocratic system, which – he argues (25-26)

«turns upon the conception of cost which I have outlined. ...  
Measuring both the product and the cost in physical amount it is

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<sup>17</sup>The flavour of Sraffa's classicism as far as cost theory is concerned can be captured in the following (fully Ricardian) explanatory note among his Nov. 1927 slips: «When I say that the value of a product is "determined" by the physical volume of commodities used up in its production, it should not be understood that it is determined by the value of those commodities. This would be a vicious circle, because – by what then is determined their value? Besides it would be wrong because the value of the product is equal to the value of the factors *plus* the surplus produced.

What I say is simply that the numerical proportions between amount of factors and amount of product is, by definition, the absolute value of the product» (D3/12/11, item 101).

obvious that in agriculture, say in a corn farm, the amount of corn produced is greater than the amount used for seed and for subsistence of the workers. .... [N]o doubt ... in agriculture, owing to the identity in the quality of the product and of the materials used up in production, the comparison for the calculation of the surplus is possible to some extent without introducing the disturbing element of price for measuring the quantities».

All this also heeds Marx's *Mehrwert* analysis quite closely.<sup>18</sup> This is far from being the end of the analysis that can be done on Sraffa's sources: but, at least, is it not clear enough where the 'corn model' comes from ? It is both useful to learn and natural to conclude that the surplus approach (and together with it, incidentally, the notion of fixed capital, although we are not discussing the latter at this stage) both originate from that particular period during the 1920s.

Another unmistakable Marxian element is the attribution to Smith of the usual ambiguous role. «It is A. Smith – Sraffa noted in 1927 – that shunted the car on the wrong track. In fact we have ceased to understand value from the moment the economic science was found».<sup>19</sup> In the Lectures Sraffa wrote, p. 27:

«A. Smith adopted this notion of surplus, and with it the idea of cost of the Physiocrats. But he has also a different idea of cost – and it is in a sense true that the Wealth of N. as a whole represents the connecting link between the eighteen[th] century economics and the modern one. Thus he conceives of labour as an amount of "toil and trouble": although he uses this expression only incidentally, Marshall has thought it so important and significant as to say that "the point of view ... from which a commodity is regarded as the embodiment of measurable efforts and sacrifices" "was conquered for us by A. Smith" (Mem[orials,] 126)».

Of course this sets in the transformation or degeneration of the conception of cost, eventually leading conceive, with Marshall, of «wages, interest and profits ... simply [as] shares in the product; they are coordinate quantities, that can be regarded as acting upon the value of the product in the same way» (p. 22). Is it not clear that Sraffa's adding up conception belongs, much as it is for Marx's *Zusammenaddierung*, to the 'degenerative' process ? Ricardo was different; of course he had his own doubts; he «reduces cost to a single element, labour, with some doubts as to whether to include the services of capital in

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<sup>18</sup> In a note from his reading of Marx's *Histoire des Doctrines Economiques*, Sraffa wrote:

«Marx, Hist, I, 44-45/ Physiocrats, why they saw surplus value in agriculture and not in industry: because in agriculture the labour produces and consumes the same thing (seed & food) and the difference between outlay & produce is easily perceived, it requires only a subtraction. In industry the process is more intricate» etc. etc. Cp. D3/12/11 item 100, Nov. 1927. Let us mention further that the point, among a few others, is the object of a pencilled annotation in Sraffa's hand («Physiocrates: pourquoi ils ont vu la plus value en agriculture et non en industrie 44-45») on the inside back cover of his own copy of the Molitor translation of the Kautsky edn. of Marx's *Theorien* published in Paris in 1924.

<sup>19</sup> See Sraffa Papers, D3/12/11, item 64. This is a slip on «History of cost».

addition to the labour that has produced the capital goods» (p. 36). A passage from a letter to McCulloch, on the "by two causes instead of by one" question, is given here on p. 39; that letter is the one of June 1820, very well-known to Ricardian scholars, which appears in the 1951 Introduction, pp. xxxix-xl, and the interpretation of which was entirely subverted by the Introduction itself.

In sum: the causal degeneration of the theory of value starts with Ricardian socialism and continues with marginalism, which is fully-fledged 'vulgar' political economy. Sraffa's reaction is to rectify the historico-analytic interpretation of Ricardo and Marx via eliminating the metaphysics on value and via the return to the Classical conception of cost.

A few cautionary remarks are made explicit below in the conclusions; for the above, as already hinted, is only meant to offer a few highlights of the work that needs to be done on Sraffa's sources. That work is necessary to an adequate discussion on the classical school in economics; it allows to acquire the proper historical perspective on the interpretation of Ricardo. In the domain of Ricardian scholars Sraffa is likely to emerge, perhaps not immediately but probably into the new millennium, as an extreme case.

#### 4. *Sraffa's Ricardo in historical perspective*

Piero Sraffa's interpretation of Ricardo largely occupies the centre of the stage in the literature on Ricardo and on the classical economists down to the present day. Sraffa produced the most fascinating bold endeavour to implement the Marxian program whereby the surplus perspective becomes the unifying elements for a number of system constituting 'Classical Political Economy' in Marx's sense. The Sraffian reading of Ricardo – too often misrepresented either as a 'definitive' reading (as if that could be thought of) or as a preferred target for criticism – needs to be reconsidered in a comparative perspective with respect to its own inspiring sources as well as with regard to parallel or different readings. Once the necessary critical reconsideration were to be completed, the following problems would presumably emerge.

In the first place Sraffa's interpretation shares with some of the Neoclassical interpretations the strong tendency to involve Ricardian analysis with disputes about the origin and the moral justification of the distributive rates and thereby with problems on which Ricardo had little to say.

In the second place each party claims Ricardo as a predecessor. While a number of Neoclassical authors focus on Ricardo in a continuistic perspective, Sraffa's interest lies in making room for the dichotomy of a classical vs. a neoclassical school in a fashion which resembles the contribution given by Jevons or, more directly, Marx's analysis on the dissolution of the Ricardian school and the advent of the *Vulgärökonomie*. This Marxian factor is the decisive force pushing Ricardo into the front line of the divide.

Thirdly Sraffa's perspective should also be judged within the context of the post-war revival of Marxian economics and of Marxian studies more generally. The criticisms levelled against Sraffa from the Marxian camp have now ended up in silence but were far from unfounded. In particular giving up the labour theory of value implies that the core concept of exploitation becomes problematic.

The analysis developed in this paper has demonstrated – under the conditions discussed and with the proviso that no definitive judgement exists in Economics – that the editorial work of Piero Sraffa has shown conclusively that the implementation of the Marxian program on Classical economics has failed to establish the new orthodoxy or mainstream interpretation. Canon ambitions are at present probably to some extent misplaced, which incidentally, besides being a historical fact, also provides a methodological guideline worth considering. The notion of classical school in economics no longer appears centered on Ricardo to the same extent. Although it remains true that Economics is based upon *different* paradigms, Ricardo plays a lesser role in the distinction.

In a recent paper Samuel Hollander (cp. Hollander, 1998 and 1999) partly disputes the present historical perspective on Sraffa's work. It is now proper briefly to dwell on Hollander's view.<sup>20</sup>

"In an ongoing investigation – Hollander writes (Hollander, 1998, pp. 432-33) – I approach the general position of Bronfenbrenner and Porta as an hypothesis: can the 'Sraffian' reading of Ricardo only be rationalized in 'post-Marxian' terms?". He goes on to argue that an investigation must be made, which is in fact one object of the paper, on "how *in actuality* did Sraffa arrive at his reading". In brief, the upshot of the exercise is a demonstration that "to take the 'Sraffian' view requires that one limits the reading of Ricardo to parts of select chapters in the *Principles* - specifically chs. One and Six - involving highly simplified illustrative exercises". Therefore - Hollander concludes - as "an appropriately 'truncated' view of Ricardo yields the Sraffian attributions, Professor Porta's objections to the Sraffa reading prove to be too severe. None the less, the hypothesis that this perspective might reflect a reading through Marx's spectacles cannot be dismissed out of hand".

However, in spite of a number of concessions, in the final instance Hollander's view on Sraffa's Ricardo seems to be one of selective reading. Hollander's approach on this point is indeed parallel to the approach adopted by Heinz Kurz and Neri Salvadori, in their paper on "The 'Standard Commodity' and Ricardo's 'Invariable Measure'" in the recent Pasinetti *Festschriften* volume. Limiting themselves to the search for the invariable measure of value, Kurz & Salvadori observe that Sraffa's 1951 Introduction "focussed attention on those aspects of Ricardo's search for an invariable measure of value which concerned the theory of

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<sup>20</sup> The draft of Hollander's 1999 paper (forthcoming in *HOPE*), I am using here, bears the title "Sraffa and the Interpretation of Ricardo: the Marxian Dimension" and is dated 1 October 1998.

value and distribution with a given technological environment, whereas the intertemporal and interspatial aspect of Ricardo's problem is neglected" (p. 107).

In the light of the evidence examined in the present paper, it is maintained here that the Marxian perspective provides the most powerful and convincing assumption on the development of Sraffa's thought and particularly on the formative process of his interpretation of Ricardo. In his attempt to avoid this conclusion Hollander ends up with the following statement: we cannot exclude "a possible inclination towards the 'narrow' [i.e. the selective reading] view of Ricardo for additional, independent, reasons" (Hollander, 1998, p. 435). When it comes to spell out those "reasons", the suggestion, advanced by Hollander, is Sraffa's "hostility ... towards subjectivist economics", the Marshallian synthesis included. Section 3 above has shown that the above is *not* in fact to be rated an independent reason; therefore, in the present author's view, the Marxian connection must be retained as the only viable hypothesis in the reconstruction of the development of Sraffa's thought and particularly in the reconstruction of his interpretation of Ricardo. That the close of Hollander's 1998 article refers to "a powerful Marxian undercurrent" seems to suggest at least some acknowledgement on his part of the substantial validity of our argument in the present paper.

We are far, on the other hand, from any temptation of toying with deconstructionist opinions. It seems appropriate to conclude the present inquiry with a note of caution. This paper is in fact aiming at a preliminary estimate in an ongoing investigation. The greatest attention has been given to avoid all possible confusion between Sraffa's *own* positions and the positions of the various interpreters of Sraffa as they emerge from the literature. This of course is more difficult than at first appears to be. Much as the young researcher in David Lodge's popular romance *Small World*, who surprised his mentors as he proposed to write a thesis on the influence of T.S. Eliot on William Shakespeare, we are ourselves concerned, in a sense, with Sraffa's influence on Ricardo rather than the other way round; and the same, of course, can apply to Sraffa himself.<sup>21</sup> Hermeneutic sophistry has caused the saga of "what so and so *really* said" to lose much of its appeal.

We try, as much as possible, to argue on the basis of Sraffa's own words and that is important for a reconstruction based on due identification and recognition of subsequent intellectual influences. No doubt the choice of the words contains a subjective element; B. Schefold, for example, shows that (see above, fn. 8) Sraffa was careful "to avoid concepts that did not appear explicitly in Ricardo's text": yet, as we have seen, he is no less of an interpreter of Ricardo. One related question deserving emphasis is that our argument implies an assumption of continuity and 'time consistency' in the development of Sraffa's own research program. I think this is a sensible assumption to adopt, although it is important to be alert to the fact that there *may* be some who consider that standpoint to

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<sup>21</sup> Think as a possible example of the influence of Garegnani on Sraffa.



imply an unwarranted concession to the common image of Sraffa as the man of few immutable lifelong relentlessly pursued questions.

What seems important at the present stage is to undertake an investigation, as systematic as possible, on the basis of the available evidence. The question of the sources of Piero Sraffa's economic analysis still is a very open question. As examples of further directions in the investigation, we can mention the fact that we are still unable to go beyond very conventional statements on the actual influence, if any, of Russian-German Marxism on Sraffa. Another rather surprising fact is that we are totally at a loss to find any trace whatever of the actual elaboration of the Introduction to Ricardo. Given Sraffa's method of work such as can be inferred from the state of his literary remains, that is very surprising indeed.

But these are mere examples in a continuing investigation: the reconstruction of Sraffa's scientific personality is the real object of an inquiry which seems now happily starting. Achieving that will certainly vindicate Samuelson's dictum (fn. 5 above) that Sraffian studies lead to new intellectual discoveries.

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<sup>22</sup> The passage quoted above, p. 5 (cp. footnote 6) belongs to the article "Sraffa Piero" in the *New Palgrave: A Dictionary of Economics*, London: Macmillan, 1987, vol. IV, p. 449.