The Marxist Tradition in the History of Economics

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There is a significant Marxist tradition in the study of the history of economics. Marx himself wrote extensively on his predecessors, albeit mainly in works that remained unpublished at his death. His approach has had a substantial impact in the field, particularly from the mid-twentieth century onward, although it may be fading now. It was, after all, Marx who introduced the name *classical* to describe Adam Smith, David Ricardo, and others, a usage that has become universal, and his interpretation has had a lasting influence on debates over the identification and characterization of classical economics.

The orthodox Marxist interpretation of classical economics focuses, as Marx did, on the labor theory of value and the notion of surplus-value.[1] After discussing Marx's own writings (and the rather special case of Marxist writings on Marx as a historical figure), I shall take Ronald Meek's work, and in particular his *Studies in the Labour Theory of Value* ([1956] 1973)[2] as exemplifying this approach. The publication in 1960 of Piero Sraffa's *Production of Commodities by Means of Commodities* launched an alternative approach, less obviously connected to Marx. Sraffa's book itself is a work of pure theory, but it led, as Sraffa must have intended, to a new reading of Marx and of the classical economists,

1. In a broader sense, Marx undoubtedly influenced the way we think about historical change. Space limitations force me to focus narrowly on the history of economics and, within that, to exclude areas such as the history of monetary theory.

2. I have cited the second edition of 1973, but the main text of that edition is a photographic reproduction of the 1956 edition.

which allowed the development of an essentially Marxist interpretation that is independent of the labor theory of value. It is mainly (but not exclusively) in this modified form that Marx's influence survives in the subdiscipline today.

This essay is a study of the line of interpretation that descends from Marx and its influence on thinking about the history of economics. For that reason, the title deliberately refers to the *Marxist tradition* rather than to *Marxism*. Some individuals writing in this tradition think of themselves as Marxists. Others do not. That is not very important. What matters here is the interpretative framework employed.

Marx as a Historian of Economics

Marx wrote a great deal about other economists, but there is a sense in which one could say that he made no attempt to study them historically, in that he never attempted to understand earlier writers in their own terms. His approach was like that of a modern economist who prefaces an article with a survey of the existing literature and its shortcomings, as a preliminary to the original work presented. A historian of ideas, by contrast, is "more concerned with a faithful reconstitution of developments over time than with current debates" (Clarke 1998, 129) and should aim to understand past writings in the context of their own time.

Marx's pattern of work is well known. He worked obsessively over the writings of his predecessors, going back to William Petty and before, copying out long sections of their work, commenting on it, and developing his own ideas as he went. In the first instance, then, his reading of his predecessors was an integral part of his own self-education and of the construction of his own analysis. In his finished work, which here means primarily the first volume of *Capital*, he referred to earlier writers either to acknowledge the origins of particular ideas or to distinguish his own arguments from those of others and to argue the superiority of his own. But his treatment of other writers was in all cases subordinated to the development and presentation of his own theories. He saw the development of the subject as a process leading inexorably to himself. Anything that he could present as a step toward his own theory is praised, albeit in a rather patronizing way. It is, we are given to understand, a pity that Smith and Ricardo had not shown the insight and resolution needed to carry the argument through to its logical conclusion in Marx's own theory. With few exceptions, anything that does not fit the story is either ignored or dismissed.

If one were to assess Marx's treatment of his predecessors simply as history, it would rate badly, but it would be entirely unfair to criticize it in those terms. Marx did not aim to understand, say, Smith or Ricardo in terms of their own intentions and purposes,[3] and there is no reason why he should have tried to write that sort of history. *Theories of Surplus Value* and the rest should be read primarily for what they tell us about Marx, not about his predecessors.

There is no space here to discuss Marx's writings at length, but a brief discussion of his treatment of Smith will convey the flavor.[4] As a preliminary, I will set out some of the main points that Smith himself clearly considered important. On the first page of the introduction to the *Wealth of Nations*, he asserted that in "civilized and thriving nations" output is so great that "all are often abundantly supplied, and a workman, even of the lowest and poorest order, if he is frugal and industrious, may enjoy a greater share of the necessaries and conveniences of life than it is possible for any savage to acquire" ([1776] 1976, 10). In other words, the question Smith set himself was to explain the prosperity, not the hardships, of the working class. The benefits of the division of labor are a central plank in his explanation. He proceeded to discuss the market mechanism and the resulting tendency to natural (equilibrium) prices, and to explain how wages remain above subsistence in a growing economy. At a later stage in the argument he explained growth in terms of capital accumulation, arguing that accumulation, and hence growth, are normal, thus supporting the claim that wages are normally above subsistence. Arguments for free competition and discussions of policy issues are interspersed throughout the *Wealth of Nations*, leading up to a ringing endorsement of the "obvious and simple system of natural liberty."

Almost all of this vanishes in Marx's discussions of Smith. There is nothing very surprising about that—Marx mined Smith for what was useful to him, not to discover or expound Smith's own views—but what it does mean is that Marx's reading is not, and should not be presented as if it were, a valid historical reconstruction of the *Wealth of Nations*. At a detailed level, some of Marx's claims about Smith (and other writers) seem to me to be plainly wrong, in that Smith's text, on any reasonable reading,

3. He did link what they said, however, to class interests and the development of capitalism.
4. On Marx's treatment of Ricardo, see Steedman 1982.

simply does not say what Marx said it does. It should be remembered, of course, that *Theories of Surplus Value*, like most of Marx's other writings on the history of economics, was unfinished, and one has to expect errors and overstatement in a rough working draft. At a broader level, the point is not that Marx's reading of Smith (and other writers) was right or wrong in any absolute sense, but that it was heavily shaped by his particular priorities and his distinctive view of what is "correct."

It is worth noting that when Marx first came to economics, in 1844, he had already focused on classes and class conflict as a central issue and had identified the proletariat as the future revolutionary class. This much is clear from the introduction to his *Critique of Hegel's Philosophy of Right* (1970), published on its own in early 1844. He was possibly stimulated to start studying economics by Friedrich Engels's *Outlines of a Critique of Political Economy* ([1844] 1961), written in late 1843 and early 1844. It shows relatively little grasp of the subject and cannot be seen as a forerunner of Marx's economic analysis, but it foreshadows the prediction of growing class polarization that was to be a central theme of Marxism. The focus on classes and class conflict was not something Marx found in his economic reading but something he brought to it.

His earliest encounters with the economic literature are documented in the *Economic and Philosophic Manuscripts of 1844* (1961). The influence of Adam Smith is immediately obvious, but what needs to be stressed here is how selective and one-sided Marx was in what he took from Smith. He structured the document around the three categories of income corresponding to three classes—wages, profit, and rent—leading up to a short (and now very famous) discussion of estranged labor. His discussion of wages sets the tone: "The ordinary wage, according to Smith, is the lowest compatible with common humanity (that is a cattle-like existence)" (21). This is, of course, a travesty of what Smith said. Smith ([1776] 1976, 86–88) used the phrase "common humanity" in a passage defining the lowest possible wage and explaining that the wage would rise above this level in a growing economy. It is perfectly clear to any unbiased reader that Smith thought that all economies normally do grow (343–36) and hence that in reality the wage was set at quite a comfortable level, at least in England (99). I could give more examples, but the point here is not to condemn Marx for what he wrote in an early, unfinished work, but to show how single-mindedly he shaped to his own ends what he found in the writings of others.

Marx's most substantial writing on the history of economics is the unpublished manuscript subsequently edited and published as *Theories of Surplus Value* (1963–71), written in 1862–63 before the published version of volume 1 of *Capital* and before much of the material that was to go into volumes 2 and 3 had even been drafted. It is not at all a finished history but is deeply marked by Marx's process of self-education, with long digressions working out his own theory. For example, of the section that his editors singled out as a chapter on Adam Smith (1:69–151), more than half (107–50) is devoted to a digression on the exchange of products between different sectors of the economy, which has little or nothing to do with Smith or with the history of ideas.

Leaving out the digression mentioned above, the chapter on Smith deals primarily with value and with what Marx (but not Smith) called surplus-value. The tone is set at the start of the chapter with a claim that "Adam Smith expressly states that the development of the productive powers of labour does not benefit the labourer himself" (1:69). This is plainly false—as noted above, Smith had made the benefits of development to the common laborer the central theme of the *Wealth of Nations*. Marx supported his claim with a passage that actually says that workers had not received *all* the benefits, which is a very different matter.

Throughout the chapter, the emphasis is on Marx's own views, interspersed with a desultory commentary on Smith, sometimes claiming Smith's support, sometimes not, but with little or no attention to the structure or purpose of the *Wealth of Nations*. For example, Marx quoted Smith saying that rent and profit are deductions from the produce of labor and continued: "Adam Smith . . . describes rent and profit on capital as mere deductions from . . . the value of [the workman's] product, which is equal to the quantity of labour added by him to the material" (84–85). Nothing in Smith justifies the last clause, in which Marx read his own theory into Smith. Natural prices, in Smith's terms, are not proportional to labor embodied, as Marx well knew, and Smith ([1776] 1976, 71) had said, "In a civilized country there are but few commodities of which the exchangeable value arises from labour only."

Many more examples could be given, but one must suffice, from the chapter on "Ricardo's and Smith's theory of cost-price" in the second volume. "The basis from which [Smith] determines the natural rate of wages is," according to Marx (1963–71, 2:222), "the value of labour itself, the *necessary wage*," or (socially determined) subsistence, but Smith's chapter "contains not a word on the issue, the *natural price* of labour, but only investigations into the rise of wages above . . . the natural rate" (2:223). Here again Marx read his own theory into Smith. Smith's ([1776] 1976, 72) natural price was determined by the "ordinary or average" wage, and in a growing economy the ordinary wage is permanently above subsistence. That was precisely Smith's point. Marx (1963–71, 2:223–24) added a dismissive comment on "a piece of Malthusian population theory" before hurrying on. He was unwilling to recognize the simultaneous endogenous determination of wages and population growth in Smith because his politics compelled him to reject Malthusian population theory while claiming that Smith held a subsistence theory of wages. Insofar as classical economists held a subsistence theory of wages, it was of course squarely founded on Malthusian arguments (which go back long before Malthus). Smith did not hold a subsistence theory of wages because his Malthusianism was more sophisticated, not because he rejected population endogeneity.

Something should be said about the concept of "classical political economy" (or "classical economics"), a concept that originated with Marx. In *Capital*, Marx ([1867] 1961, 1:81) defined it thus: "Once for all I may here state, that by classical political economy, I understand that economy which, since the time of W. Petty, has investigated the real relations of production in bourgeois society, in contradistinction to vulgar economy, which deals with appearances only." This is not a very precise definition. As used by Marx it seems to include those writers whom he admired and could (selectively) read as forming a tradition of which he himself was the culmination, while excluding anyone he had reasons to condemn. Thus, Malthus seems to be excluded because his population theory was too explicit for Marx to sweep under the carpet as he did with Smith's rather similar position. Nassau Senior was evidently excluded because of his position on working hours, and John Stuart Mill because he was a living rival of Marx. (Marx treated Mill very shabbily, although it is unlikely that it worried Mill very much.) Marx was, of course, entitled to define *classical* as he chose, but his implicit definition is hard to justify. The term *classical economics* is now generally reserved for the school that derives from, and is based on, the *Wealth of Nations*.

Marx's attitude to demand and supply deserves further attention. He argued (1) that demand and supply could not explain natural prices, and (2) that the classical economists did not rely on demand and supply. The claim that the classical theory of natural prices is independent of demand

and supply is still maintained by some. Here is a relatively full and clear statement of it, for the case of wages:

> Classical political economy . . . soon recognized that the change in the relations of demand and supply explained in regard to the price of labour, as of all other commodities, nothing except its changes, i.e., the oscillations of the market price above or below a certain mean. If demand and supply balance, the oscillation of prices ceases, all other conditions remaining the same. But then demand and supply also cease to explain anything. The price of labour, at the moment when demand and supply are in equilibrium, is its natural price, determined independently of the relation of demand and supply. (Marx [1867] 1961, 537–38)

To a modern economist, this must appear nonsensical. Given supply and demand functions, the equilibrium condition that demand equals supply defines specific values for price and quantity. If the supply and demand functions satisfy certain conditions, the equilibrium will be unique.

None of this, however, was to be found in the literature that Marx knew. It is true that one can find an implicit understanding of the issues in, say, Richard Cantillon and Smith, but it was not spelled out, and it passed Marx by. A fuller and more formal statement of modern demand and supply analysis was emerging in the later years of Marx's life (for example, in William Stanley Jevons), but there is no sign that Marx was aware of it. In any case, the early marginalists presented their theory as if it were opposed to classical theories, and it was not until Alfred Marshall that the relation between demand and supply analysis and cost-based classical theories was clarified. In the literature Marx knew, "demand and supply" really was no more than an untheorized arm-waving backed at best by some vague notion of excess demand or supply as a cause of price changes. Marx's rejection of it was not unreasonable. No such excuse exists for those who repeat his claims today without setting them in their historical context.

To spell it out, the classical condition that returns should be equalized in all industries (allowing for different risks and the like) underlies the long-run supply curve (in Alfred Marshall's terms). If there are constant returns, the long-run supply curve is horizontal and the supply-side condition of equalization of returns can be seen as determining the equilibrium price, while the equilibrium quantity is determined by demand at the cost-determined price. If not, not. This digression is relevant to the history of economics insofar as it is claimed that classical price theory is distinctively different from its Marshallian successor. It is not.

Marxists on Marx

Before discussing the Marxist tradition in the history of economics more widely, I should say something about a very special case: Marxist writings on Marx himself. There is, of course, an immense literature on Marx, much of it by Marxists or by people heavily influenced by Marx. At the level of basic scholarship, a great deal has been done in uncovering and publishing his texts, establishing their chronology and their relation to each other, and so on. Marx left a mass of almost illegible material, so this is no small task. We now know perhaps more about Marx's working methods and the detailed development of his ideas than about any other writer.

If, however, we seek more than such basic factual material, the Marxist contribution to the study of Marx's ideas in their historical context is rather limited. Most Marxists, quite properly, read Marx as a basis on which to build, just as Marx did his predecessors. The interpretative principle to be applied in this case is: how can I read Marx so that his arguments are both logically consistent and relevant to the present day? This is almost the opposite of the interpretative principles used by an intellectual historian who must seek to understand a text in the context in which it was written, and who cannot start from any assumption that it is either correct or logically coherent. Much, perhaps most, of the literature on Marx's economics, however interesting and valuable in its own right, is therefore of little use to the historian of economics. It is, of course, entirely possible for an avowed Marxist to do good historical work on Marx, but relatively few have done so. This may be in part a matter of definition—anyone who seriously questions Marx's estimate of his own role and importance would not be counted as a Marxist.

Marxists and the History of Economics

After Marx's death in 1883, Marxist economics was slow to develop, and Marxist writing on the history of economics even slower. Volume 3 of *Capital* did not appear until 1894, and *Theories of Surplus Value* came out in installments, edited by Karl Kautsky, during 1905–10. Since Marx had published little on economics after 1870, there was work to do to update his theory to new conditions at the start of the twentieth century. Two world wars, Stalin's terror in Russia, and the rise of fascism in Germany and Italy meant that original work on the history of economics remained a low priority for Marxists. It was not until the second half of the twentieth century that any substantial body of Marxist work in the field emerged.

By then, eighty years after Marx's main economic writings, there was an obvious problem: what was to be done about the history of economics *after* Marx? With a few exceptions, Marxists have shirked this challenge. There has been much Marxist criticism and discussion of "neoclassical" economics but relatively little serious historical work by Marxists on developments after about 1830, apart from work on Marx himself and on a few later Marxist or radical writers.[5] For Marxists, the history of economics still mostly consists of Smith, Ricardo, and Marx, plus a few selected earlier figures such as Petty and the physiocrats (not coincidentally, Marx's favorites).

I shall take Ronald Meek (1917–63) as my main example, because he was among the first of the new generation of Marxist historians of economics, and because he was, by any standards, an outstanding scholar. The Marxist tradition should be judged by its best representatives. Meek made no secret of his aims. In writing his *Studies in the Labour Theory of Value* ([1956] 1973, 7) he wanted to convince others (as he had failed to convince Joan Robinson in a long correspondence) that the labor theory of value was "good sense and good science" and "to persuade sincere but sceptical non-Marxist economists that the intellectual quality of the labour theory of value, and indeed of Marx's economic teaching as a whole, had been seriously underestimated." The "genetic" (historical) approach was a means to this end. His political position at the time can be judged from a statement toward the end of the book: "I do not think that in the long term it will be seriously disputed that Stalin's position in history, both as political leader and as Marxist theoretician, is a very great one" (284).

I shall concentrate, as I did for Marx, on Meek's treatment of Smith, and in particular on the chapter on Smith in his *Studies in the Labour Theory of Value*, a work that exemplifies both the strengths and the peculiarities of his approach. Meek's treatment of Smith is cautious,

5. Howard and King 1989–92 is a splendid work but fits into the latter category.

thorough (on what it covers), and firmly based on the texts. One could always quibble about particular points of interpretation, but it would be rather pointless to do so. By the standards of basic scholarship and accuracy it is a fine piece of work. At the same time, Meek imposed Marx's agenda (or rather, his own reading of Marx's agenda) on Smith, in the sense that the focus is on Smith's treatment of the particular set of topics that Marx also stressed, while other parts of Smith's work are ignored. It is also clear throughout that Marx is taken as a benchmark. Where Smith can be said to have anticipated some conclusion of Marx he is patted on the head, and where he failed to take the line that Marx would later certify as correct his failure (as Meek sees it) has to be explained.

Meek's strategy in dealing with Smith was essentially to argue that he did not *reject* the labor theory of value, but rather (just) failed to reach it, mainly because of the baneful effect of his mistaken use of the labor-commanded measure of value. Smith (and Marx) knew that in a developed market system, prices are not proportional to embodied labor. What Meek had to maintain was that it was better to follow Marx in defining *value* as labor embodied and then "transforming" values into "prices of production" (Smith's natural prices) than to adopt Smith's approach, in which prices are derived directly from necessary input costs. Meek simply assumed that Marx is known to be right. Thus, that Smith asked whether prices are proportional to labor embodied, answered no, and "went straight on to enquire into the determinants of the 'natural' levels of wages, profits and rent without suspecting that he was thereby giving up the search for a value-principle which he had so brilliantly begun, illustrates that naïvety which in Marx's opinion constituted the 'great charm' of the *Wealth of Nations*" (Meek [1956] 1973, 81).[6] "The wonder is not that Smith failed to formulate the value problem in the same way as Marx, but that he managed to proceed as far as he did in the direction of Marx's formulation" (80). One could hardly ask for a clearer example of the way Meek took Marx as his benchmark.

Meek's discussion is shaped throughout by his Marxist agenda. Thus, he calls Smith's four-stages theory of history "materialist," adding that "in its formulation . . . by Smith, as well as its development by Marx . . . the labour theory of value was intimately associated with a materialist conception of history" (53). This is one of many statements that can

6. It is worth noting here that Meek retreated a little in the introduction to the second edition (xxix, written after the publication of Sraffa 1960; see the next section).

only appear as a rather fanciful non sequitur to anyone who does not start from a Marxist worldview. The four-stages theory is very different from Marx's historical materialism and is not at all closely associated with Smith's value theory, which was not in any real sense a labor theory of value anyway.

Meek makes much of Smith's emphasis on the division of labor, and hence on the exchange of products of different workers, translating this obvious truism into a claim that Smith saw value as "an attribute which was conferred on a commodity by virtue of the fact that it was a product of social labour" (62). Meek proceeds to argue that labor is therefore not only the "source" but the "substance" of value, before admitting that "Smith did not normally look at the matter quite this way" (63). The *normally* and *quite* in that sentence clearly function to imply that he might have done, and came close to doing so.

At the least, Meek argues, Smith had a cost-based theory of value that "has very little in common with those modern theories which attack the problem primarily from the side of demand" (77). The claim that classical theories are somehow different from demand and supply theories has been discussed earlier. On this particular instance of it, it is worth commenting that modern theories do not prioritize demand over supply or cost (remember Marshall's scissor blades) and that Smith did not ignore demand. There is, for example, a long and detailed discussion of the way increasing demand in a growing economy affects the relative prices of different agricultural products (Smith [1776] 1976, 234–46; see also Brewer 1995).

The approach adopted by Meek and other Marxist writers, in which the questions to be considered are defined by Marx while Marx's conclusions are taken as the benchmark against which his predecessors are judged, makes it almost inevitable that Marx will emerge, as he saw himself, as the culmination of the development of classical economics. If Marx's predecessors agreed with him on any point, then the agreement can be used to confirm his place in the classical pantheon, while disagreement shows that Marx was needed to put things right. Any line of thinking that points in a different direction (and there are many) is silently ruled out of consideration. The development of mainstream economics since Marx's time is marginalized and treated as an unfortunate mistake.

Sraffa and the Surplus Approach

The publication of Sraffa's *Production of Commodities by Means of Commodities* in 1960 led to a substantial shift in the way the history of classical economics was presented, both by avowed Marxists and by others. This in itself says something about the way history is done, since a strictly historical approach, placing past work in the context of its own time, could hardly be affected by the publication of a purely theoretical work containing no new historical information, more than a century after the period under consideration.[7]

The central element of *Production of Commodities by Means of Commodities* is a set of equations in which prices are such that the wage and the rate of profit are equalized across all industries. The physical coefficients of production are taken as given. As is well known, this set of equations is not enough to determine prices without the addition of one further relation describing the distribution between wages and profits, which could be a given profit rate (a possibility that Sraffa mentioned in passing) or a fixed real wage. Most (though not all) of Sraffa's followers have adopted the latter strategy. Sraffa (1960, v) himself said little about the motivation or use of this construct, beyond remarking that it was a return to the "standpoint . . . of the old classical economists from Adam Smith to Ricardo," but his colleagues and followers in Cambridge and elsewhere soon filled the gap. Sraffa's followers are now often called "neo-Ricardians," although their position has little in common with that of the historical Ricardo.

Although Sraffa mentioned only the classical economists "from Smith to Ricardo" in his introduction, there is little doubt that his thinking was deeply shaped by Marx. He said so himself: "Sraffa told us that he would not have been able to write *Production of Commodities by Means of Commodities* if Marx had not written *Capital* . . . the work of Marx strongly influenced him" (Dostaler 1982, 103; translation in Hollander 1998). Martin Bronfenbrenner (1989) and Pier Luigi Porta (1986a, 1986b; see also Dostaler 1986) have detected a Marxian influence on other grounds. Porta (1986b, 484) says that Sraffa disguised Marx "in Ricardian garb."[8] Samuel Hollander's (1998, 2000) conclusion

7. Sraffa's introduction to his edition of Ricardo and the edition itself are, of course, a different matter.

8. Porta and Dostaler differ over the relation between Marx and Ricardo but not, it seems, over the relation between Marx and Sraffa.

seems to me to get it about right: Sraffa's version of Ricardo does have a basis in the historical Ricardo, but in exactly that (narrow) subset of his writings that Marx focused on and in the set of problems relating to the determination of prices and profits that Ricardo and Marx shared.

What is the relevance of this to Marxism and to the history of economics? By the later twentieth century, the labor theory of value had become an embarrassing encumbrance. It was clear that Marx's solution to the transformation problem (the relation between prices and labor values) was inadequate and that the best way to proceed with converting labor values into equilibrium prices (Smith's natural prices, Marx's prices of production) was to throw away labor values and start from scratch, as Paul Samuelson had rather cruelly suggested. It is possible that Marx realized the weakness of his transformation algorithm and held back the completion of volume 3 of *Capital* for that reason.

Sraffa's price equations offered a possible way out. Meek, for one, seems to have seen it that way. In the introduction to the second edition of his *Studies in the Labour Theory of Value* ([1956] 1973), he reported that he had previously thought, like Marx, that Marxist theory required one to start with a theory of value and then derive a theory of distribution, so that the determination of values is prior to, and independent of, distribution. After Sraffa, he no longer thought that this was correct. Some "prior concrete magnitude" is needed, but this could be conceived in physical terms, as in Sraffa, "and it is possible to erect on this basis a theoretical system, not *essentially* different from Marx's, in which prices and incomes are mutually and simultaneously determined" (xxix). If Sraffa's theory is not essentially different from Marx, it can serve as a more rigorous replacement.

How can this help with the history of economics? There is clearly a sense in which it makes no difference at all. No one, I think, suggests that Marx, Ricardo, or Smith wrote down or even mentally formulated Sraffa's equations; so, if we seek to understand what past writers actually thought, Sraffa's work is irrelevant.[9] But the Marxist tradition does not work like that. Marxists start from Marx's theory, assessing Marx's predecessors in his terms, not theirs. What Sraffa did was to liberate Marxists, ex-Marxists, and others from the obligation to look for precursors

9. Some early-twentieth-century Marxists formulated the problem in essentially the same way as Sraffa. My point here is that the classics did not.

of Marx's labor theory of value, and to allow them to see the classics as precursors of Sraffa instead.

The key to this reading of the classics is the concept of surplus, that is, of output net of replacement of inputs and of some "necessary" wage for the workforce. This corresponds to Marx's "surplus-value" and to his corresponding concept of a (physical) "surplus-product." It was developed by various Marxist writers independently of Sraffa, notably by P. Baran (1957). Mark Blaug (1999) divides the surplus approach to the classics into a "soft" version, exemplified by Walsh and Gram 1980, which emphasizes the role of surplus as a source of accumulation, and a "hard" (Sraffian) version, which aims to quantify the story and to derive prices and income distribution from it. Both descend from Marx, but the hard version is closer to his obsessive concern with value and distribution.

Blaug argues cogently that the Sraffian approach could be regarded as a rational reconstruction of the classics but that it is grossly inadequate as a historical reconstruction. His arguments need not be repeated in detail here. My main concern is to ask how far the Sraffian approach can be seen as a continuation of the Marxist tradition. I should stress that what is under discussion is a particular tradition in the interpretation of the history of economics, not the motivation or political opinions of those who adopt it. There is no suggestion that Sraffians necessarily share Marx's views in other respects or consider themselves to be Marxists.

In the surplus approach, as outlined (for example) by Garegnani 1987 and by Kurz and Salvadori 1998, classical (and Marxian) economics is defined by the presence of a "core," which takes as given (1) the real wage, (2) the output of commodities, and (3) the technical conditions of production. Given these data, prices and profits could be determined using Sraffa-style equations. The classics, it is implied, posed Sraffa's problem (or a problem that could be solved using Sraffa's methods) even if they were unable to solve it satisfactorily.

Is the "core" identified above present in the works of Smith, Ricardo, and Marx? For Marx the answer is yes, at least up to a point. Items (1)–(3) provide the data required to derive labor values, the value of labor power, the rate of surplus value, and total surplus value. Ricardo, too, used data very like this in key chapters of the *Principles*, although elsewhere in the book he relaxed the assumption of a given subsistence wage and replaced it with Smith's more sophisticated view. Ricardo's wage theory is the focus of much debate between those who think a subsistence wage is an essential component of his theory and the followers of the "new view," who do not. It would not be productive to rehearse the arguments here. Smith clearly did not hold a simple subsistence theory of wages, and his above-subsistence wage cannot reasonably be seen as determined prior to the determination of surplus and of profits. Thus, for example, his explanation of the combination of high profits and high wages in new colonies clearly makes them joint results of land abundance. In all cases, however, the claim that the composition of output (item 2) is determined prior to the determination of income shares is clearly unreasonable. If constant returns could be assumed this might not matter, since (1) and (3) would be enough, but nonconstant returns in agriculture are essential to Ricardo, at least. The "core," then, represents (one part of) Marx quite well, Ricardo less well, and Smith rather poorly.

The word *core* cannot be regarded as neutral. It clearly implies that the core identifies the most essential or important elements in Smith, Ricardo, and Marx. If (a) importance is judged by relevance today, and (b) Sraffian theories are seen as current best practice, then one could agree. Heinz Kurz and Neri Salvadori (1998, xiii), for example, seem to take this view, since their "interest in the classical [read: Sraffian] approach is . . . not purely historical; we rather consider it as containing the key to a better understanding of a wide range of economic phenomena." Historians, however, should not accept (a), while the majority of practicing economists would reject (b).

From a historical point of view, does the "core" identified by the surplus approach properly represent the central concerns of Smith, Ricardo, or Marx as they or their contemporary readers saw them? For Marx the answer is a qualified yes. His real concerns, of course, were with the history of human society and the future overthrow of capitalism, but he saw the theories of value and surplus value as central to his contribution to economics. For Ricardo, the answer is less clear. He famously asserted that distribution was the "principal problem in Political Economy" ([1817] 1951, 5), but he may have meant that it was the main unresolved problem, not the most important in itself; and his main concern was not with the wage/nonwage division (the focus of Marx and of the surplus theorists) but with the division between rent and profit. Smith's avowed purpose was to explain the "wealth of nations," that is, the level of output, together with the relative success of developed commercial societies in raising the general wage level. His main aim was to explain things that the surplus approach treats as given. Other classical and pre-classical writers, from Petty to John Stuart Mill, are equally diminished by the imposition of an anachronistic Sraffian framework.

Conclusion

Marx was not very interested in what Smith or Ricardo intended to say or with their reasons for saying it. He was primarily concerned to develop his own theory, to place it in the most favorable light possible, and to provide it with a respectable pedigree. His followers have continued in the same vein. The surplus approach, I have argued, derives from Marx and presents essentially the same view of the history of economics, with Sraffa pricing replacing the labor theory of value. It is a mid-twentieth-century construction, of interest primarily as an element in the history of twentieth-century debates. It denies the real richness of the classical tradition by imposing an agenda that has little connection with the concerns of the classics themselves.

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