

## BOOK REVIEW

R. BELLOFIORE and S. CARTER (eds), *Towards a New Understanding of Sraffa. Insights from Archival Research*, Basingstoke, Palgrave Macmillan, 2014, pp. xi+257.

After a big initial impact and remarkable successes, of which the 1960s debates on capital theory were the apex, the line of research stemming from Sraffa's work has not delivered what that initial push had encouraged many to believe it would deliver. This is not to say it has achieved little, but many expectations were certainly disappointed. There are of course different possible explanations for this, many of which may actually complement rather than exclude each other. Certainly, not all is to be ascribed to failings on the Sraffian side. One element which has in my view played a role is the fact that too much attention has been given to topics like that of the similarities or differences between Sraffa and Marx, with the long, drawn out debate on whether Sraffa had 'made a bonfire' of Marx, as alleged by some 'pure' Marxists,<sup>1</sup> while not enough attention and energies have been devoted to using the theory to examine economic realities in a way which is not only different from the one which could be construed using marginalist theory, but also one that was more fruitful. Perhaps overexcited by the results of what Maurice Dobb called 'A decade of high criticism', many students of Sraffa have neglected what may have (wrongly) appeared to them as the inferior task of showing with concrete examples to what use the theory rescued by Sraffa could be put, and with what results.

The book under review publishes the proceedings of a conference held in 2010 at the university of Bergamo (Italy). Many of the contributors are from the Italian and French Marxist groups which have in the past shared the 'pure' Marxist view of Sraffa. The conference was among the latest in a long series of conferences and meetings spurred by the emerging of results of work done on the archive of Sraffa's papers, which in 1993, 10 years after his death, were at last opened to the free consultation of scholars at the initiative of Trinity College, Cambridge, the owners of the papers.

The title of the conference was: 'The other Sraffa: Surprises in the archive?'. At first sight, it seemed strange that, 20 years after the papers had been made available, and had been sifted with varying degrees of thoroughness by many scholars, the organizers of this conference could think 'surprises' might still come from the archive. It seemed unlikely that any boxes could have been left in the attic, and in fact none were. However,

<sup>1</sup> This was famously maintained by the then 'pure' Marxist philosopher Lucio Colletti (1973, p. 431), who was very influential at the time. He went so far as writing that Sraffa's work 'implies the demolition of the entire foundations of Marx's analysis' (1974, p. 22). Colletti later renounced Marxism and became a devotee of Berlusconi.

the ‘surprise’ mentioned in the title of the conference, and the ‘new understanding of Sraffa’ mentioned in the title of the book, reflect the fact that many of the contributors have discovered that, often contrary to their previous beliefs, Sraffa’s archive showed that his work and its results were by no means antagonistic to those of Marx, but rather moved in the same direction, basically corroborating them.

The main topics of the conference—and of the book—were, as stated by the editors (p. 2), ‘(i) the (dis)connection between Sraffa and Marx . . . (ii) the importance of the Standard Commodity . . . (iii) the meaning of the determination of prices with a uniform rate of profits in *Production of commodities* . . . (iv) the essentiality of money in various moments of Sraffa’s thought . . . (v) the significance of the notion of the surplus in the 1960 book’. The first two are those which receive most attention. As already mentioned, the contributors—to *their* surprise—discovered that in fact there was no *disconnection* between Sraffa and Marx.

That the aim of Sraffa’s work was not that of criticizing and unsettling (let alone demolishing) Marx, and that in fact Sraffa rather moved sympathetically and in the same direction, basically confirming and strengthening Marx’s outlook, is a position which was widely held among students of Sraffa well before his archive was opened. It was shared, for instance, by Pierangelo Garegnani, by Maurice Dobb, by Ronald Meek, just to quote some of the best known names, authors who have extensively dealt with Sraffa’s work and its relationship with Marx, and who argued that (to use Dobb’s words) ‘what is particularly striking (some might say revolutionary) about the Sraffa-system viewed as a whole is its rehabilitation of the Ricardo-Marx approach to problems of value and of distribution’ (Dobb, 1973, p. 257).

A peculiar feature of many of the papers collected in the book is that their authors do not acknowledge that their new position implies that they have basically come to share the positions held by the writers who since the publication of Sraffa’s work had emphasized a continuity and a connection between it and Marx. The contributors present their position as if it simply came from their own study of the Sraffa archive, and they had never seen what people like Dobb or Meek had written decades ago. Meek’s name does not appear in the whole book, and none of Dobb’s many works dealing with Sraffa is discussed, or even mentioned—in fact the only work by Dobb quoted in the book is *Political economy and capitalism*, an admittedly important contribution, but certainly not the most relevant to assess Dobb’s position on Sraffa’s book, having been published 23 years before *Production of commodities*. Of the many works on the relationship between Marx and Sraffa, the only one really discussed in the book is Ian Steedman’s, 1977 *Marx after Sraffa*, which expressed an extreme a-historical anti-Marxist position within the Sraffian camp.

It seems to me that the rehabilitation of Marx which the contributors to this volume now see in Sraffa revolves around a ‘hypothesis’ made (and afterwards abandoned) by Sraffa at some point along his path to *Production of commodities*, and some properties of the Standard System, at which Sraffa arrived partly from that ‘hypothesis’.

Let us first deal with the ‘hypothesis’. We see from Sraffa’s papers that in 1942, he starts to write about the ‘hypothesis’, or the necessity, that the ratio between the value

of the net product and the value of what Marx calls ‘constant’ (i.e. non-wage) capital should not change with changes in distribution, and should be equal to the ratio of the labours embodied in these two aggregates. This was very Marxian, in fact it was what Marx assumed in his ‘transformation’ of values into prices, if one takes into account that under Sraffa’s assumptions capital does not include wages, which are paid *post factum*. What is important to notice is that the origin of this ‘hypothesis’, as I have argued long ago (deVivo, 1998), is by no means a desire to rehabilitate Marx, but simply the discovery that in any system which produces commodities by commodities there necessarily is a maximum rate of profits, and that this maximum rate only depends on the conditions of production, and does not vary with changes in distribution. The maximum rate of profits is necessarily equal to the ratio of the net product to the capital. From this, Sraffa drew the (wrong) conclusion that even when the labour theory of value does not hold, and prices change with changes in distribution,<sup>2</sup> the ratio of the value of the net product to that of capital must not vary, and must therefore be equal to the ratio of the labours embodied in these two aggregates.<sup>3</sup> Sraffa thought that thanks to the ‘hypothesis’ he had found what he later did find in the Standard Commodity, something which did not ‘move’ when distribution changes causing an earthquake in the wage–profit–price system. This would be ‘a rock to which to cling to, a horizon to reassure us when we see a brick falling that it is not us who are going up, nor that we are falling when we see a balloon rising’ (*Sraffa Papers* D3/12/52/16). The ‘hypothesis’ was very important for Sraffa not because it rehabilitated Marx, but because it appeared to give him a key (a ‘sheet anchor’, to use Ricardo’s words) to solve the problem of determining relative prices when they are no longer equal to relative embodied labours, and change with changes in distribution.

By a (faulty) logical path, he had arrived at the conclusion that the ratio between net product and capital must not change with changes in distribution, and was equal to the ratio between the labours embodied in them, *therefore* thought that Marx was right in determining the rate of profits as the ratio of the labour embodied in the net product to the labour embodied in capital, even when commodities *do not* exchange according to labour embodied. In other words, Sraffa at this stage came to think that Marx’s ‘transformation of values into prices of production’ was correct, and *therefore* Marx must be rehabilitated, not the other way round.

As some of the papers published in the book under review seem to give the impression that Sraffa started his work with the preconceived objective of rehabilitating Marx against bourgeois economics, it is not surprising that one of the discussants of these papers, Pier Luigi Porta, should declare his almost full agreement with them (p. 73).

<sup>2</sup> At one point in the book under review, it is asserted that ‘income distribution may be influenced by prices’ (p. 210), but of course Sraffa shows that prices are influenced by distribution, not the other way around.

<sup>3</sup> If the ratio is invariant with respect to distribution, given that at  $r=0$ , it must be equal to the ratio of the labours embodied in the two aggregates (as is true of any aggregates at  $r=0$ , which implies that all commodities exchange in proportion to labour embodied), it must be equal to that ratio even when  $r$  is different from 0.

In fact Porta has often maintained that Sraffa's rehabilitation of Marx was the main item on his 'hidden agenda', for preconceived (political) reasons. I think that a reasonably unbiased reading of the vast archive at Trinity shows that this 'hidden agenda' is nowhere to be found. Suffice here to recall that at the beginning of his work for *Production of commodities*, Sraffa was rather critical of Marx, in particular of his labour theory of value, something which would be very strange (to say the least) for someone who had a hidden Marxist agenda.

As mentioned, some of the contributors to this volume regard Sraffa's 'hypothesis' (irrespective of the fact that Sraffa came to reject it) and the Standard Commodity (which in a sense derived from Sraffa's reflections about his 'hypothesis') as a link between Sraffa and Marx. I cannot claim to have completely understood their arguments, in particular those about the relationship between the Standard Commodity and the labour theory of value, which some of the contributors seem to take as the basis of their 'new understanding' of Sraffa as a Marxist. Some of their points on the labour theory of value must however be rejected outright, e.g. the claim that 'the normalisation in §10 and §12 of Sraffa's book [the definitions of total labour employed as the unit amount of labour, and of the value of the net product as the unit amount of value] can be interpreted as an explicit endorsement of the labour theory of value' (p. 3). It certainly cannot. A choice of units cannot represent an endorsement of any theory.

In any case, the great importance many of the contributors see in the Standard Commodity, especially for what they regard as Sraffa's rehabilitation of Marx, would have been much less surprising to them if before studying Sraffa's archive they had read Ronald Meek's, 1961 review of *Production of commodities*, where Meek had argued that for Marx, if industry B is that of average organic composition:

the average rate of profits over the economy as a whole is given by the following expression:  

$$\frac{\text{Labour embodied in net product of industry B}}{\text{Labour embodied in its means of production}} (1 - \text{proportion of net product of industry B going to wages})$$

Meek had then noticed a 'very striking similarity' between this Marxian relationship and that expressed by Sraffa's  $r = R(1 - w)$  (i.e. the relationship between the rate of profits and the wage rate in the Standard System, given the maximum rate of profits  $R$ ). He argued that:

Sraffa's  $R$ , although usually expressed as the ratio of the *value* of the net product of the 'standard' industry to the *value* of its means of production, is in fact equal to the ratio of the labour embodied in the net product of the 'standard' industry to the labour embodied in its means of production. In other words, Sraffa is postulating precisely the same relation between the average rate of profits and the conditions of production in his 'standard' industry as Marx was postulating between the average rate of profits and the conditions of production in his industry of 'average organic composition of capital'. What both economists are trying to show, in effect, is that (when wages are given) the average rate of profits, and therefore the deviations of price ratios from embodied labour ratios, are governed by the ratio of direct to indirect labour in the industry whose conditions of production represent a sort of 'average' of those prevailing over the economy as a whole. Marx reached this result by postulating as his 'average' industry one whose 'organic composition of capital' was equal to the 'social average'. But his result could only be a provisional and approximate one, since in reaching it he had abstracted from the effect which a change in the wage would have on the

prices of the means of production employed in the ‘average’ industry. Sraffa shows that the same result can be achieved, without abstracting from this effect at all, if we substitute his ‘standard’ industry for Marx’s industry of ‘average organic composition of capital’. Sraffa’s ‘standard’ industry, seen from this point of view, is essentially an attempt to define ‘average conditions of production’ in such a way as to achieve the identical result for which Marx was seeking. (Meek, 1961, p. 177)

It seems to me that this passage of Meek’s expresses the kernel of the reasons for which many contributors to this book argue for the great importance of Sraffa’s work—and in particular of the Standard Commodity and the preceding ‘hypothesis’—within a Marxian approach. One could agree with them, but at least one should notice that their ‘new understanding of Sraffa’ is not so new after all.

GIANCARLO DE VIVO  
*Università di Napoli Federico II*

doi:10.1093/cpe/bzv009

#### REFERENCES

- COLLETTI, L. (1973) *Marxism and Hegel*. London: New Left Books.
- COLLETTI, L. (1974) A political and philosophical interview. *New Left Review* **1**/86, 3–28.
- DE VIVO, G. (1998) On Sraffa’s path to Production of commodities by means of commodities, paper presented at the conference ‘Piero Sraffa’s work and personality. Contributions in the centenary of his birth’, December. [Italian version: *Produzione di merci a mezzo di merci. Note sul percorso intellettuale di Sraffa*, in M. Pivetti (ed), *Piero Sraffa. Contributi per una biografia intellettuale*, Roma: Carocci, 2000].
- DOBB, M. H. (1973) *Theories of Value and Distribution since Adam Smith*. Cambridge: University Press.
- MEEK, R. L. (1961) Mr Sraffa’s rehabilitation of Classical economics, as reprinted in Id., *Economics and Ideology and Other Essays*. London: Chapman and Hall, 1967.