

Lecture on Marxism
and the Crisis in
Economics at Glasgow
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Lectures DD121

Living up to title + description!
Eugene
Econ. Theory

There I probably in ~~less~~ writers on economic

questions who I'm more frequently "refuted" than I Marx
yet despite that, he had an awkward way of living on
as an right force, both as 'theoretical force and 'very practical
force. Indeed in 3 last decade as 'right force' ^{in 3 ways} his ideas &
his doctrines I grew to giant proportions. There may be some

~~powerful forces in 3 course of human history~~ and it
is it likely that this ed. I 3 case if (as one critic of
Marx I said) his theories a "simple tissue of economic
fallacies" and 3 stale and musty back-number in econ.

They that Lord Keynes once decl'd him to \. ? There I'm
times, it's true, when fallacies + intellectual horrors I
survived for long to exert 'intel. infl.' on his boy; but
generally opposite to 3rd criticism of silence criticism of silence criticism
of 3m a silenced. Here we I case of a doctrine surviving

stubbornly re-emerging despite 3 most strenuous attempts
by 3 all 3 resorted + 3 learned to denounce it + to
bury it — 'case of M^m stubbornly re-emerging to grain
3 minds of men, despite its condemnation for so many
decades to 'leave it fall' long as the great methodological
"living on full-time" (to quote again Lord Keynes) "below
surface in 3 (intellectual) underworlds"

Of contrasted judgements on Marx by well-known
living economists I will quote two, and will leave
you with the question as to which of 3m sounds 3 more
probable :-

The first, 'voice fr. Scotland, that of Prof. Sir Alexander Gray:-

"Nowhere I've in kind such 'miracle of confusion' such 'supreme example of how not to reason' (We find) a hedonistic parade of learning, 3 display of 'noble math' formulae, 3 dexterous skating on thin ice, 3 subtle, approaching ~~at times~~ at times hardly near to splitting. "Epitaph reveals very little real knowledge of 3 world.... He'd know much in 3 British Museum and too little in 3 Ekson Downs on Jolly Day."

Here we use 1 3 voice of heerist incomprehension. 3 second voice fr. across 3 Atlantic: one of 3 leading American mathematical economists at 3 Am. Econ. Assoc. 3 speaks of Marx's "brilliant analysis of 3 long run tendencies of 3 capt. system" and of "an unsifted series of prognostic refinements has little to show" "If one wants to learn what profits and wages and capt. ents. actually 1, he can obtain in 3 three volumes of Capital more realistic and relevant first-hand informatn than he cd. possibly find to find in ten successive issues of 3 U.S. Census (or) a dozen textbooks on contemporary econ. institutions.

You may say more and more...

What can we say were 3 essentials of Marx's analysis of Capt'n, wr. disting with it fr. orthodox, bourgeois econ. They, as taught in our seats of learning, and wr. constitute its lower as 'intellectual and 'practical influence on our times

Firstly, his econ. theory 1 linked with his theory of hist. capt. It was an application of 'later lecture in this series) an analysis of contemporary capt. society. 3 'epitaph' (Materialist) 3 'miracle that each stage of society. 1 to 1

interpreted in terms of 3 'mode of prodⁿ' peculiar to that-
 stage of socy. : This 'mode of prodⁿ' incl^s both 3 'forces
 of prodⁿ' (or technique) and 3 social relations of prodⁿ —
 3 relations bet. men arising out of 3 interrelations 3 relations in
 w^h. By stood to prodⁿ Hence, ~~he~~ in interpreting
 3 anatomy + physiology of capt. socy. he looked to
 3 relations of prodⁿ peculiar to capt^m. His econ. a
 not confined to 'study of prodⁿ' as such — for fr. it.
 Exchange of comms. w^hn. prodⁿ, and consumptⁿ as 3
 final end of prodⁿ, A emphasised by him : "prodⁿ, distⁿ,
 exchange + consumptⁿ," he wrote "are (not) identical"
 but 3q. \ all members of one entity, diff^t sides of
 one unit. 3 Prodⁿ predominates ... over 3 3^r elements"
 altho at 3 same time "prodⁿ ... \ in its turn influenced
 by 3^r elements : e.g. 3 expansion of 3 markets" (critique,
 291). The essence of his approach, expressed in
 his famous law of Value, A ∴ that he saw exchange —
 3 way in w^h. comms. exchanged on 3 market — as
 det^d & ultimately by conditions of prodⁿ : He did not
 treat each. (as burg. economics | ineq^y. tended to do)
 as a separate + autonomous sphere of its own, governed
 by its own laws w^h. operated in dependency of his conceals
 changing condit^s of prodⁿ ? This was 3 first step
 towards fund^t distinctⁿ bet. Marx's economics and burg^y,
 the schools of thought — econ. laws & list^r or (if you like)
 institutional in character, + 3 secret of capt^m to 1
 sought not in universal econ. truths, true for all time,
 but in 3 peculiar spec^l + peculiar features of capt^m.

Secondly, he rested his econ. analysis on 'fact w^h.
 all burg. econ. they since Ricardo's day | ~~stare~~
 tried to hide w. every device of sophistry and
 obscurantism : 3 fact that capt^m a basically 'system

of exploitatⁿ of one class by another, just as earlier societies, such as feudal-~~serfdom~~ + chattel-slavery of m.

— that it d another form of class soci. in wh. one class appropriated to itz ~~3 surplus~~ ³ product of 3 producing class — 3 class that laboured. This d not

'ethical judgt.' ^{just} propaganda phrase, 'piece of moral inverte, as so many critics I made out. It d 'description of 3

actual character of capt. soci. 3 ^{competence or incoherence} of wh. obviously makes all 3 diffe. to how that system works + moves. But he did not merely ~~hostile~~

this as 'fact. He explained how it d possible. This needed explanation'; since 3 essence of capt. soci. d

that 3 worker d no longer under legal compulsion to labour work for a master, as d m 3 case under

earlier forms of class soci. (e.g. w. 3 self-or slave) and bourgeois ~~tot.~~ soci. Economy. d m busy ~~with~~ deflection;

Coh^m as 'free economy', resting on free contract + free exchange bet. all parties, where mediated forms

of compulsion + monopoly d m swept away and by virtue of 3 laws of comp^{et}? no one ed. draws out of

3 market more than 3 equivalent of what he d put in. Marx's ~~sets~~ ^{system} contribution to understanding d to show

how it d that ^{system} exploitatⁿ of workers by capt. (3 contractⁿ of surplus-value, as he termed it) d consistent ^{with} ~~with~~ ^{with} laws

of value — 3 econ^{ts}? laws that, '∴ d 3 force of comp^{et}? on 'free market, ~~exchange~~ things. exchanged, in ~~terms~~ to

what 3 ~~not~~ at arbitrary prices, but in relⁿ to what 3y d cost. in terms (cost, i.e., in terms of social

prodⁿ effort, or labour).

Thirdly, Marx d not content to study ~~the~~ anatomy (so to speak) — 3 static bone-structure — of

Coh^m as a new form of exploitⁿ of one class by another. He depicted Coh^m as system of prodⁿ + exchange that d also

changing, and never still, moved on by its own internal life. (3) 5.
contradictions + conflicts; and the crown of his work was
an exposition of the law of motion of Capm. Much of
"Capital" consists, of course, of abstract analysis of Capm
on 2 abstract planes; in wfr, abstract ^{or systematic} model of Capm,
treated as 'kind of cross-section of moving process, ^{to}
examined. But this is no more than preliminary to
exploring 3 multiple forces — 3 dynamics — of 3 system.
Here it \ that his historical way of treating Capm
is wholly apparent; by contrast w. 3 mainly static
treatment of burg. econs., regarding causes of each.,
wfr. w. minor variations \ universally common to all
forms of exchange society. fr. 3 most primitive up to 'set-
tling. etc. Here again I will settle quite what ~~is~~
~~the~~ non-Marcian econ. , well-known in this country +
America, I said (Prof. Oskar Lange, formerly of 3 Univ. of
Chicago, now back in Poland) :-

"The real source of 3 superiority of Marcian
economics is in 3 field of explaining and
anticipating 'process of econ. evolution.... For
most. 'bourgeois' economics 3 problem of econ.
evolutⁿ belongs not to econ. theory but to
econ. history. The study of changes in 3 data
of 3 econ. system \ regarded as by beyond 3
scope of econ. theory.... In explorⁿ to this
limit of views, Marcian economics provides a
theory of econ. evolution."

I need hardly remind you ~~at any rate time does not~~
~~limit~~ what this theory of capt. evolution was:
at any rate time does not limit me to enlarge on it
here. By contrast with econ. like J. S. Mill + Marshall,
who saw capt^m becoming ^{at all} ever more workovers and a
more socially equitable system, Lange drew 3 picture

of growing concentration of cap. + of econ. power, leading to
 a new 3 role of giant monopolies; to "growing instability"
 of 3 system. ^(concentration) recurrent crises, expressive of
 character of prod. and the fact of private appropriation on
 ownership; to "shortening of the class struggles + 3
 extension into new forms"; 3 capt. mode of prod. + 3
 inv. by. bee. "fetter upon 3 growth of prod." We may
 contrast this new us. 3 soft of prof. of Marshall
 3 1870s about 3 democratic self-democratization of prod.
 then. "3 decline of exclusive class advantages in industry";
 with 3 jubilate ~~that~~ prof. of current in U.S.A.
 after 3 First World War of "coming econ. millennium";
 or with that curious statement of Lord Keynes as late
 as 3 late 1920's ~~is~~ about "the tendency of big
 enterprise to socialize its" + to work not for private
 profit but for 3 pub. good, wr. he ~~the~~ announced
 as "one of 3 most interesting + unbridled parts of
 recent decades" ^(end of laissez-faire?) "unbridled indeed! I will again
 leave it to you to judge w. by the cycle of forecast of
 more realistic ~~is~~ ~~read~~ ~~to~~ ~~be~~ ~~separated~~ as 3
 forecasts of by > half a century!

It's well-known fact that since 3 time wr. Marx
 wrote his work on Capital bourgeois economics, as officially
 taught, 1 inv. by. moved away fr. 3 los. of 3 early
 econs. of 3 so-called classical school — moved away
 in 3 direct. of diverging econ. theory fr. hist. condit. +
 condit. of prod. and of explaining ~~the~~ condit. of
 an exchange — 3 laws of rice + of 3 market — in
 terms of 3 psych. desires + psych. attitudes
 of consumers. Things 1 expl. in terms of consumption
 not of prod.; moreover in terms of individual
consumers not of social conditions; ~~the~~ and 3 econ. laws

✓ held to

So deduced ✓ regarded as true of any type of society.
The author of a widely-used modern econ. textbook / deals

that "what it [economics] said of economics that

"what it does show is the existence in 3 econ. world of 'order more profound + more permanent than any of our social schemes + equally applicable to 3m all..."

Market, adventures, companies + trusts; Guilds, Gorts. and Soviets may come and go. But under 3m all, and, if not be, in spite of 3m all, 3 profound adjusts. of supply and demand w. work 3m out and work 3m2 out again for so long as 3 lt of man \ darkened by 3 curse of Adam" (H.D. Henderson, "Supply and Demand", 11, 17)

This so-called Subj The classical Labour Theory of Value & discarded in favour of 3 so-called Subj. or Utility Theory of Value, w. subjt 3 academic board w/lt surviving elasticity 10 years after Thurs + ketty used 3 Lab. Theory of Value for such shocking + dangerous loses. The utility of a thing to some consumer became 3 ultimate determinant of 3 ratio at which things exchanged on 3 market, and not 3 cost incurred by Soc'y in 3 prod? Econs. be. w/lt theory of 3 wants of indist. consumers, not of social prod? activity. This not modern claiming to be so

w/lt-date + stream-lined, leaving place behind in a fastly early-Victorian background, not only obscured 3 true nature + working of Cap^m, but & used to demonstrate that 3 so-called "free market" under Cap^m produced 3 best possible result for 3 consumer. This & 3 famous demands that? (w/lt. I w. not try to describe to you) that under an "free market" 3 result of 3 operations of "free market, and 3 interaction of supply + demand. prices and of prices when supply + when 3 utility?

year economic
 links world
 a chain link
 free trade
 includes a part
 old, out-dated
 mercantile system;
 and to-day it
 continues as
 champion of
 free trade +
 the cult. enthrone
 advancing
 operations

of "best" resources, & to maximize consumers' welfare
 utility, or consumers' welfare. The wiser among
 economists. qualified this doctrine by adding (sometimes
 rather 'softly') that this held true only for any given
 distribution of income, and by admitting "exceptions" that
 it might require a little STATE interference here
 + there to set the "exceptions" right. But it is significant
 that ~~in some form~~ nevertheless, ~~the~~ lesson
 of a so-called "free price system" and of ~~the~~ lesson
of competitive prices ~~is~~ is ~~not~~ is ~~not~~ is
3 best intz. of consumers — resulted in what I
 called 3 "sovereignty of 3 consumer" — point 4
1 3 main lesson is. at least nine-tenths of economists
 students derive fr. 3 in teachers + 3 in textbooks (if it is
 However, what 1 of special significance for us to-day
 that this doctrine is rehabilitated to subvert 3 modern
compar'n of "planning" and is practiced to demon-
so-called "totalitarian control" of production (by which
 of course I meant socialist control + planning) as
 something is. is 3 consumer of his food all
freedom of choice and all power to influence what 1 produce
to the ordinary man or woman, uncomplicated by
course course in economics, such doctrines must
seem to belong to an Alice-through-the-lookin-glass
kind of world; when 3 remember that it is
3 actual fact is that we know it 1 3 rule of 3
large is. determines what it is profitable for
industry to produce; and that when 3 look around
and see 3 universal rule of 3 actual business
high-pressure salesmanship forcing 3 consumer to buy
what 3 would not buy if he could choose his
own business chooses to dictate.