

Originals in the possession of Mrs. Meek

Ms. Julia Maidment,
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Dear Ms. Maidment,

Thank you for your letter of 2 May about my projected book, Surplus, Price and Profit.

So far as the length of the book is concerned, the figure which Sam gave me was about 90,000 words. I don't think I would have much difficulty in keeping within a limit of that order.

Regarding your question about the market for the book, a short answer which may help you is that it would be roughly the same as that for the Robinson-Eatwell textbook. To elaborate this a bit, I doubt whether there would be very many courses in which the book would be used as the main text - for the simple reason that there are not very many courses dealing extensively with "radical" economics. But in any first or second-year course relating to price theory, or the history of economic thought, or Marxian economics, or the modern Cambridge approach, I could imagine that the book might be recommended - even if only as an alternative to the orthodox view. I could also envisage it being read for its own sake by more advanced students and interested laymen, since it will contain a number of new ideas.

I don't know of any existing book which covers the same ground - except, perhaps, Maurice Dobb's Theories of Value and Distribution. The debates about which I want to write, in a reasonably "popular" manner, are still largely confined to the learned journals.

I hope that you will be able to give me an unequivocal yea or nay within the next two or three weeks. It is now over two months since I sent the synopsis to Sam, and I am anxious to get the main part of the book written this summer. (I shall be teaching in America during the Autumn term, and won't have much time for writing.) There is also the point that since I'm going to write the book anyway, I shall have to look around fairly soon for another publisher if you decide you don't want it.

With best wishes,
Yours sincerely,

RLM/JMC

SURPLUS, PRICE, AND PROFITAN INTRODUCTION TO THE HISTORY OF VALUE AND DISTRIBUTION THEORY

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SYNOPSIS

No idea has played a more prominent part in the history of economic thought than the concept of surplus - i.e., roughly, the excess of the annual product of a country over what is used up in order to produce it. This book - whose proposed title echoes that of a well-known work by Marx - will retell the story of the development of theories of value and distribution, from the days of the Physiocrats and Adam Smith right up to the 1970s, in terms of the changing attitudes towards the concept of surplus which were adopted by the various economists concerned. This way of looking at the history of value and distribution theory will, I believe, throw light on a number of matters of current controversy in economics - notably (but by no means exclusively) the question of the relation between Marxism and "Neo-Ricardianism".

The book will begin with an introductory chapter dealing in effect with the transition, in the 18th century, from the concept of surplus peculiar to an agricultural economy to the concept peculiar to an industrial economy. The agricultural surplus, speaking very broadly, was conceived as being generated by the "productivity" of land, and as giving rise to the income rent. The industrial surplus, speaking even more broadly, was conceived as being generated by the "productivity" of labour, and as giving rise to the income profit. Political economy as a science begins with the Physiocrats, on the basis of the concept of the agricultural surplus in a predominantly feudal economy. Classical political economy proper, however, begins with Adam Smith, on the basis of the concept of the industrial surplus in a predominantly capitalist economy.

The second chapter will deal with the concept of surplus in Adam Smith's Wealth of Nations, and in this connection will emphasise the contrast between what Marx called the "esoteric" and "exoteric" sides of Smith's thought. On the one hand, Smith sometimes visualised the surplus as the product of labour, and as the source of capitalist profit; on the other hand, he sometimes visualised rent as the product of the "labour"

of nature, and finally adopted a "cost of production" theory of price which was later to be found useful by those post-Ricardian economists who endeavoured to exercise the concept of surplus from economic theory. The controversies which followed the appearance of the Wealth of Nations, in so far as they related to the problem of whether profit was in fact an income in the nature of a surplus, will be discussed in the final section of this chapter.

In the third chapter, David Ricardo's attitude towards the concept of surplus, and its relation to his theories of value, profit, and rent, will be considered. In Ricardo's Principles and some of his other writings we find clearly enunciated for the first time the crucial proposition that "profits depend upon the proportion of the annual labour of the country which is devoted to the support of the labourers". It was in his working-out of the implications of this idea, in the fields of value and distribution theory, that Ricardo's basic approach to economic phenomena in terms of the techniques and relationships of production was most clearly manifested. At the same time, there were certain serious defects in Ricardo's treatment of price and profit, and it was these which constituted one of Marx's main points of departure in his development (and transcendence) of the Ricardian tradition.

Marx's theory of value and distribution will be the subject of the fourth chapter. The leading emphasis here will be on Marx's generalised theory of surplus and exploitation in chapter IX of Vol. I of Capital; on his concept of surplus value and the surplus product; on his analysis, in Parts II and VII of Vol. III of Capital, of the manner in which (when wages are given) the magnitude of the surplus can be regarded as determining and limiting the aggregate amount of profits; and on his theory of the simultaneous determination of the average rate of profit and the equilibrium prices of commodities as part and parcel of the process of the competitive redistribution of the surplus. Emphasis will also be laid on the nature of the approach to economic phenomena which Marx was opposing (viz., the approach in terms of conditions of exchange rather than conditions of production), and on the main contemporary theories of price in which this approach was manifesting itself - viz., the "supply and demand" and/or "cost of production" theories which had gradually gained ascendancy in orthodox political economy after the death of Ricardo.

In the fifth chapter we return to the 1820s and 1830s and trace the origin of these theories of price (and the associated theories of profit) against which Marx was reacting. Here the main emphasis will be on the orthodox reaction (partly analytical, partly political) against the classical concept of surplus; ~~and~~ on the endeavours made to purge this concept from economic theory; and on the consequential development of new theories of profit which were less susceptible to misuse by the "Ricardian socialists" than those based on the classical concept of surplus. The chapter will end with an account of the so-called "Marginal Revolution" of the 1870s, which had the effect of setting the seal on these earlier tendencies.

In the sixth chapter, the development of the two traditions in value and distribution theory from the 1870s to 1960 will be described, with the main emphasis once again being placed throughout on the concept of surplus. The "Neo-classical" tradition was largely developed during this period by men who used it to attack the concept of surplus (particularly in its Marxian form), although in its further development by Marshall and others it acquired a number of rather ghostly "surpluses" of its own. The Ricardo-Marx tradition was developed by Marxists and others in the course of debates with the exponents of the rival tradition (particular attention will be paid here to the so-called "transformation problem"), and eventually in 1960 by Sraffa, in whose analysis of the determination of prices and the rate of profit the surplus once again assumes a central position - but now as surplus product rather than as surplus value.

In the final chapter an attempt will be made to outline some of the post-1960 developments, and to sum up. Attention will be paid here to the continuing debates between Marxists and "Neo-Ricardians" on the Sraffa issue; to the extension of the concept of surplus by Baran and Sweezy; and to the application of the concept on a world scale by Amin and others. Something will also be said about the recent use of surplus concepts in the fields of development theory, cost-benefit analysis, and post-Keynesian economics.

RONALD L. MEEK