

Utopian or scientific? A reconsideration of the Ricardian Socialists

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Most accounts of the development of Marx's economic ideas emphasise the dual contributions of classical political economy and Hegelian philosophy, the former providing a systematic body of economic theory and the latter supplying the dialectical weapons with which it could be criticised.¹ The early English radical economists, known collectively (but inappropriately) as the Ricardian Socialists, are generally dismissed as incoherent utopians, or ignored. This article suggests, on the contrary, that they constituted a third—important though very largely neglected—influence on Marx's thought.

I

Esther Lowenthal's classic book of 1911, *The Ricardian Socialists* (Lowenthal 1972) restricted itself to just four men: John Francis Bray, John Gray, Thomas Hodgskin, and William Thompson. Lowenthal passed over the claims of a number of lesser figures, some of whom had featured in the earlier denunciation of the school by Anton Menger (1899) and H. S. Foxwell (1899). For the purposes of the present article it is useful to adopt a broader definition, which indeed might have been given by Marx himself had he been called upon to offer one. Accordingly, all those British (and Irish) writers are regarded as Ricardian Socialists who were hostile to capitalism, sympathetic to the working class, and sufficiently prominent in the debates of the 1820s or 1830s to have been noticed by Marx. This permits the addition to Lowenthal's list of (at least) the pseudonymous Piercy Ravenstone (1966a, 1966b);² an anonymous pamphleteer of the

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1. "By 1857–8 Marx had assimilated both Ricardo and Hegel. . . . In Lassalle's words, he was 'a Hegel turned economist, a Ricardo turned socialist'" (McLellan 1973, 296; cf. Avineri 1968, 176).

2. The true identity of 'Ravenstone' remains mysterious. There is strong circumstantial evidence identifying him with the Rev. Edward Edwards, an Anglican clergyman who wrote on economic topics for the *Quarterly Review* in the 1820s (Dorfman 1966, 16–21). Against this is the direct evidence that 'Ravenstone' was the *nom de plume* of one Richard Puller, the son of a director of the South Sea Company (Sraffa 1973, xxviii–xxix).

same period (Anon. 1821); the unduly neglected Thomas Rowe Edmonds of 1833; and—on the fringe—Robert Owen. An earlier writer of 1805, Charles Hall, will also be included, although he seems to have escaped Marx's attention.

This definition deliberately excludes all Continental authors (of whom Sismondi and Proudhon are easily the most prominent). It also evades certain terminological problems which, though important in their own right, are secondary questions in this context. These writers were not 'Ricardian' in any important sense.³ They were 'Socialists' only on a very loose usage of the term, and Ravenstone and Hodgskin not even then. The label has stuck, however, and it seems unnecessary to invent a new one here.

The standard Marxist case against the Ricardian Socialists is well known. Hodgskin, Thompson, and the rest, so the argument runs, asserted the right of the labourer to the whole produce of his labour.⁴ They based this assertion on doctrines of natural right taken over from Locke, and on a utilitarian concern with the greatest happiness of the greatest number which was essentially Benthamite. Both their labour theory of value and their concept of exploitation were thus derived from moral arguments, which led them to a *condemnation* of capitalism as dishonest and unjust. Similarly, their socialism amounted to little more than a passionate demand for justice, which gave rise to absurd and fundamentally petit bourgeois schemes of social reorganisation like the Owenite communities, the 'labour exchanges' and the monetary fantasies of the second quarter of the nineteenth century. The Ricardian Socialists were wholly unable to make a convincing *analysis* of capitalist society, or of its laws of value and accumulation. They failed above all to understand that socialism must be deduced from the laws of capitalist development rather than merely proposed as an ethical ideal.

Elements of this view can be found throughout Marx's writings. Beginning with the polemical *Poverty of philosophy* (1973b) and continuing with the *Critique of political economy* and *Capital* itself, he identified the Ricardian Socialists as forerunners of Proudhon and criticised them accordingly. Although Marx's argument was initially rather obscure,⁵ its main drift was unmistakable: the Ricardian Socialists believed fair and equal

3. Hollander 1980 has recently emphasised that Hodgskin, at least, was an outspoken critic of Ricardo; see also Noel Thompson 1978.

4. And in William Thompson's case, of *her* labour, for he was an ardent supporter of the rights of women; cf. Hodgskin's (1966, 111–12) defence of the sexual division of labour.

5. This is especially true of *The poverty of philosophy*. Here Marx's assertion that "there is thus no individual exchange without the antagonism of classes" (1973b, 68) seems to deny the possibility of simple or petty commodity production. He claims (against Bray) that equal exchange is possible only if production is socially planned, and that this involves the abolition of individual exchange and is therefore self-contradictory (1973b, 67). But Marx's *own* theory of value and exploitation hinges on the assumption of equal exchange within capitalism, even (perhaps especially) in the market for human labour power.

exchange to be sufficient to produce social harmony, and this was a bourgeois illusion (Marx 1973b, 60–68; 1971, 83–86; 1961a, 68 n). Engels later attacked Rodbertus for repeating the mistake. His system, like those of the earlier socialists, was “simply an application of morality to economics,” and thus an irrelevancy (Engels 1973, 9; see also Engels 1961).

The best-known statement of Engels’ position is probably that of the *Anti-Dühring*, written in 1878. The relevant chapters were later published separately in 1892 under a title—*Socialism: utopian and scientific*—which neatly summarised what Engels regarded as the salient points:

The socialism of earlier days certainly criticised the existing capitalistic mode of production and its consequences. But it could not explain them, and, therefore, could not get the mastery of them. It could only simply reject them as bad. The more strongly this earlier socialism denounced the exploitation of the working class, inevitable under capitalism, the less able was it clearly to show in what this exploitation consisted and how it arose. But for this it was necessary (1) to present the capitalistic method of production in its historical connection and its inevitableness during a particular historical period, and therefore, also, to present its inevitable downfall; and (2) to lay bare its essential character, which was still a secret. This was done by the discovery of *surplus value*. It was shown that the appropriation of unpaid labour is the basis of the capitalist mode of production and of the exploitation of the worker that occurs under it; that even if the capitalist buys the labour power of his labourer at its full value as a commodity on the market, he yet extracts more value from it than he paid for; and that in the ultimate analysis this surplus value forms those sums of value from which are heaped up the constantly increasing masses of capital in the hands of the possessing classes. The genesis of capitalist production and the production of capital were both explained. These two great discoveries, the materialistic conception of history and the revelation of the secret of capitalistic production through surplus value, we owe to Marx. With these discoveries socialism became a science [Engels 1972, 52–53].

Subsequent Marxist writers have been content to echo Engels. E. K. Hunt endorses Engels’ “rejection of the notion that differences in moral values were the basis of the class struggle. And this constitutes the most important difference between the so-called Ricardian Socialists and Marx” (Hunt 1977, 340; cf. Hunt 1980, 196–97). Maurice Dobb criticised the Ricardian Socialists for basing their theory of exploitation on “unequal exchange,” that is, on departures from free competition. This carried the political implication that *genuinely* free trade would eliminate exploitation within the confines of capitalist production, a conclusion which accounts

for Marx's hostility (Dobb 1971, 13). Ronald Meek associated Thompson with Proudhon and Rodbertus, taking them all to task for deducing the justice of socialism from the labour theory of value. "This was mere utopianism," he concluded, paraphrasing Engels, "and the negation of science" (Meek 1956, 128).

There is no shortage of evidence to support this interpretation. William Thompson's exposure of "the cupidity of force and fraud" (1969, 241) is no more strident than Bray's 1839 onslaught against the "barefaced though legalised robbery" of "a fraudulent system of unequal exchanges" (1931, 49–50). For Ravenstone "capitalists are a species of vermin not easily shaken off" (1966a, 356), and the national debt "a bloated and putrid mass of corruption wholly made up of fraud, of speculation, and of jobs" (1966b, 30). Charles Hall had already in 1805 asserted the right to the whole produce of labour in terms of utility, the will of God, and the "clear, natural rights of man" (1965, 108). In his earlier work John Gray in 1825 took a similar line: "But while we acquit the man, we condemn the system, and say of it, 'that its foundation stone is INJUSTICE'" (1931, 31). Even Hodgskin, whose language was generally less lurid than this, in 1827 denounced the workers' inability to benefit from the division of labour, an inability which "must arise from unjust appropriation; from usurpation and plunder in the party enriched, and from consenting submission in the party impoverished" (1966, 109). And this is just a small selection.

These arguments are not difficult to criticise, whether because of problems inherent in their utilitarian foundations (as Hunt suggests)⁶ or on the grounds that they simply miss the point, as the Marxist objections imply. Certainly such ethical pronouncements are not the basis of Marx's own political economy (cf. Baumol 1979). If they represented the sum total of the Ricardian Socialists' contribution, it might legitimately be concluded that their influence on Marx was small. Schumpeter's scornful dismissal of Bray might then be applied to the entire school: "All I wish to say about him is that Marx should not be insulted by its being said that Bray anticipated him in any point" (Schumpeter 1954, 460 n.24).⁷

But this is not the whole story. It will be seen in Section II below that the Ricardian Socialists were closer to "the revelation of the secret of capitalistic production through surplus value" than Engels allowed. Sections III and IV will argue that some of them were on the verge of elabo-

6. This is not the place for a detailed examination of Hunt's (1979) provocative argument, which cuts across the conventional Marxist interpretation of William Thompson and, by implication, of the Ricardian Socialists as a whole. It is not apparent to me that—as Hunt argues—the labour theory of value does entail *any* specific ethical viewpoint. In any case, Hunt's objections to Thompson (which do involve questions of moral philosophy) are *not* those of Marx and Engels, with which this article is primarily concerned.

7. Compare Foxwell's (1899, iv) statement that Gray "left little for Marx to add" except that which he plagiarised from Bray.

rating a 'materialistic conception of history' not entirely dissimilar to Marx's own. And Section V reveals that Marx, unlike Schumpeter, did not regard his association with Bray as an insult.

II

The Ricardian Socialists' discussion of exploitation drew heavily upon Adam Smith, but in a rather complicated way. Smith had emphasised that labour was the only source of value, insisting on the historical specificity of income categories and on the significance of the gap which exists in a capitalist society between the labour embodied in a commodity and the labour commanded by it in market exchange. All these elements in Smith's thinking pointed towards the notion that the surplus labour performed by the producers was the source of the capitalist's profit, and hence also the source of rent, interest, and other non-wage incomes. "Thereby", as Marx concluded of Smith, "he has recognised the true origin of surplus-value" (Marx 1963, 80).

Smith himself argued differently, inferring from the difference between labour embodied and labour commanded that the labour theory of value did not apply in a capitalist economy. He replaced it with an 'adding-up' or cost-of-production theory which viewed wages, rent, and profits as the returns to what later economists would call the factors of production—labour, land, and capital. To this extent Smith can legitimately be considered a forerunner of neoclassical—in Marxian terms, 'vulgar'—economics (Dobb 1973, 45–46; cf. Marx 1963, 89–97).

From an alternative standpoint, however, it could be argued that Smith's analysis supported a much more critical view of existing society. The Ricardian Socialists' preoccupation with unequal exchange stemmed from their conviction that non-wage incomes arose precisely from the *violation* of the law of value that Smith had discovered to be inherent in the capitalist market mechanism. "Labour was the original, is now and ever will be the only purchase money in dealing with Nature," wrote Thomas Hodgskin (1966, 220). "There is another description of price, to which I shall give the name of *social*, it is natural price enhanced by social regulations." The "restrictions and exactions" (ibid. 222) imposed by capitalist institutions ensured that the social price of a commodity invariably exceeded its natural price (or labour value), and it was this difference between price and value which provided the capitalist's profits. Hodgskin's argument is not unrepresentative of the Ricardian Socialists as a whole, being exceptional only in its clarity and in the transparency of its Smithian origins (see also Noel Thompson 1978, 15–21).

Marx was careful to distinguish the 'esoteric' from the 'exoteric' in Adam Smith (Marx 1969, 166). So, too, the Ricardian Socialist theory of exploitation involves more than a mere repudiation of unequal exchange

and unjust distribution. There is also a penetrating social analysis which, foreshadowing Marx, and drawing on the other part of the Smithian legacy, traces the origin of capitalist profit to the performance of surplus labour by the working class. Perhaps the clearest statement of this conclusion is also the earliest. Charles Hall believed it to be the case that, of a total national output of £312 millions, the working class received only £40 millions. "If this statement is true," he concluded, "eight-tenths of the people consume only one-eighth of the produce of their labour; hence one day in eight, or one hour in a day, is all the time the poor man is allowed to work for himself, his wife, and his children. All the other days, or all the other hours of the day, he works for other people" (Hall 1965, 118–19; cf. *ibid.* 60 n, 261–62).

Later writers repeated (or perhaps rediscovered) the argument and refined it, sometimes sacrificing clarity for sophistication. "Whatever may be *due* to the capitalist," wrote the anonymous pamphleteer, "he *can only receive the surplus labour* of the labourer; for the labourer *must* live . . . the interest paid to the capitalists, whether in the nature of rents, interests of money, or profits of trade, is paid out of the *labour of others*" (Anon. 1821, 23, cited in Marx 1972, 239).⁸

Piercy Ravenstone described as 'rent' what the pamphleteer had called 'interest'; otherwise his conclusions were identical. "Rent, then, may be defined as the idle man's share of the industrious man's earnings" (1966a, 225). "The fund for the maintenance of the idle is the surplus produce of the labour of the industrious" (p. 233). There are "two distinct classes of men—those who labour, and those whose means of subsistence are derived from the labour of others" (p. 214). The share of the idle has increased over time. "Anciently one man's labour was sufficient to maintain two families; in France it is sufficient to maintain more than three. In England it is equivalent to the subsistence of five" (p. 221).⁹

Easily the most ponderous writer among the Ricardian Socialists, William Thompson argued in very similar terms. How is it possible to value capital "in the shape of machinery, materials, etc.," he asked. There are two answers. For the labourer, only depreciation and wages for the labour of the owner are relevant. His employer, however, will demand "the additional value produced by the same quantity of labour in consequence of the use of the machinery or other capital; the whole of such surplus value to be enjoyed by the capitalist" (1963, 167).

Thompson's use of the term 'surplus value' was not simply a lucky, and isolated, accident. The preceding page of the *Inquiry* asserted: "The materials, the buildings, the machinery, the wages, can add nothing to their

8. I have not seen a copy of this pamphlet, which I cite from Marx's extracts.

9. Marx cites only Ravenstone 1966b, which repeats these arguments in a much shorter version; he seems not to have been aware of the earlier book.

own value. The additional value proceeds from labour alone" (p. 166). This statement is somewhat confused—the item "wages" is out of place here—but it is not far removed from Marx's later and crucially important distinction between constant and variable capital. There are other references to "the surplus product of a man's labour" as the source of profit (p. 52), and to the "surplus labour" of an Owenite community, which "goes to procure, immediately or by exchange, comforts and conveniences" for its members rather than (it is implied) luxuries for the capitalists (pp. 424–25).

Like Thompson, who was in no doubt that the freedom of the wage labourer was illusory (1963, 500), T. R. Edmonds believed that "the difference between the conditions of a slave and of a labourer under the money system, is very inconsiderable" (1969, 56). Edmonds outlined the implications of this belief in a very forthright manner:

I have already shown that on the supposition of an equal division of labour, every man would be required to work the third part of the year, or the third part of every day, in order to supply his family with the necessaries of life. If, therefore, a man is relieved from the necessity of labouring, some other must have his portion of labour increased as much as the first man's labour is diminished. If a man, besides getting the necessaries of life without labour, gets also domestic services, fine clothes, furniture etc., some other man must have his daily portion of labour still farther increased [pp. 31–32].

This is Marx's distinction between necessary and surplus labour in all but name. It reappears, even more clearly, in another passage:

Commodities are measured by labour, but labour itself is measured by necessities; for a certain quantity of necessities will generally represent or command as much labour as it can maintain, whether it be the labour of men or of horses. It has been shown, that in countries advanced as far as England in the arts, the constant labour of one man is sufficient to provide the necessaries of life for three families, the food being corn. Hence, a man's labour in England costs the third part of the produce of his labour. . . . If English labourers lived on potatoes, their labour would not cost so much as the tenth-part of their labour; and their masters would have nine-tenths instead of two-thirds of their labour available. The labour of a horse in England, by the instrumentality of one acre of land, costs about one-tenth of its labour [Edmonds 1969, 100–101].

Edmonds later expressed the same ideas in terms of the surplus product, which he identified as the source of non-wage income, or 'revenue.' "The total revenue of any country," he argued, "is the difference between the

whole of the necessities produced, and that part of these necessities consumed by the labourers who produced these necessities. Rents, profits, tithes and taxes, are the instruments by which the revenue is distributed" (p. 127; cf. 116–17). Edmonds himself did not use the terms 'surplus labour,' 'surplus value,' and 'surplus product,' but these Marxian concepts are quite transparent in his argument (see also Perelman 1980, 83).

Similar ideas can be found, much less well expressed, in the early work of John Gray. "Every unproductive member of society is a DIRECT TAX upon the productive classes," Gray argued. The latter receive "but a small trifle more than ONE-FIFTH PART OF THE PRODUCE OF THEIR OWN LABOUR!!!" (1931, 15,20). The capitals and the exclamation marks testify to the strength of Gray's feelings, but moral indignation is not all that was involved. This distinction between productive and unproductive labour was *not*, in fact, an ethical one. Not all unproductive persons are to be condemned as useless parasites. "Every unproductive member of society is also an USELESS member of society, unless he gives an EQUIVALENT for that which he consumes" (p. 15). This second dichotomy, between useful and useless individuals, is where the value judgement is made; it would be redundant if the earlier classification into productive and unproductive classes were itself based on assessments of moral worth. In this earlier distinction, then, Gray too was struggling to formulate a theory of necessary and surplus labour. By comparison with Thompson and Edmonds, of course, his failure is apparent.

Even John Francis Bray, of whom Schumpeter thought so little, deserves a more sympathetic interpretation. Amongst all the invective there were many hints of more constructive ideas. Labour can be evaded by some, Bray observed early in his book, only if more labour is performed by others (1931, 37). And "under the present system, every working man gives to an employer at least six days' labour for an equivalent worth only four or five days' labour" (p. 56). Alternatively, "the workmen have given the capitalist the labour of a whole year, in exchange for the value of only half a year" (p. 48). The consequence, he asserted in a remarkable Marx-like flourish, was "that capitalists shall continue to be capitalists, and working men be working men—the one a class of tyrants and the other a class of slaves—to eternity" (p. 49). The system produced and reproduced itself. "It all amounts to this," Bray concluded with emphasis, "that the working class perform *their own labour, and support themselves, and likewise perform the labour of the capitalist, and maintain him into the bargain!*" (p. 153).

All these writers,¹⁰ then, intuitively understood the significance of sur-

10. The one conspicuous exception is Thomas Hodgskin. As Hunt (1977) observes, Hodgskin anticipated Marx's theory of capital—and, as we shall see, much besides—but not his theory of surplus value. It is very strange that Hodgskin did not make the connec-

plus labour, even if they were unable (in varying degrees) satisfactorily to articulate their insights. They made ambitious attempts to quantify surplus labour, in effect to measure what Marx was to term the rate of exploitation (that is, the ratio of surplus to necessary labour). For Hall this ratio was 700 percent, for Ravenstone 400. Edmonds put it at 200, while on one reckoning Gray calculated it at 400. Bray wavered between 20, 50, and 100 percent.

It is easy to mock these enormous discrepancies, and difficult indeed to suppress a smile at Gray's painstaking examination of Colquhoun's fifty-one social groups: "Nos 1, 2 and 3. The King and others of the Royal Family. Kings are unproductive members of Society. [George IV more than most!]. We rank them among the useful classes; but we leave it for others to say in what manner they give an equivalent for that which they consume" (1931, 22). It is simple, also, to expose the unrecognised inconsistency between social accounting in terms of productive labour time, as documented above, and the rash modifications to Colquhoun's national-income accounts (in money terms) which were frequently made. But it is only fair to acknowledge the inherent difficulty of their self-appointed task, and to remember that it was a task with which Marx himself never grappled.¹¹

It would be wrong to claim that the Ricardian Socialists had managed to develop anything approaching a coherent theory of value. In the *Critique of political economy* Marx listed the failings of classical economics under four heads: wages, capital, competition, and rent (Marx 1971, 61–63; see also Shoul 1967). On three of these questions, the deficiencies of the Ricardian Socialists are very clear. They said nothing whatever on the third and fourth problems,¹² and cannot be credited with a correct understanding of the second. Although Marx's distinction between constant and variable capital is implicit in their analysis of exploitation, not even Thompson and Edmonds were able to disentangle it from the subsidiary (classical) dichotomy of fixed and circulating—or, as Edmonds (1969, 76–78) put it, "fixed" and "current" capital.

Marx solved the first problem with his theory of wages, which recognised that labour, as a human activity, is not a commodity and therefore has no value. It is the commodity that he termed labour power, or the capacity to labour, which the capitalist buys from the worker. In competitive capitalism this commodity is bought and sold at its value, so that no

tion, though he was sometimes extremely close to it (see, e.g., Hodgskin 1966, 243–46). Possibly Hodgskin's antagonism towards Ricardo, whom he regarded as an apologist for capitalism, prejudiced him against any theory of exploitation couched in terms of quantities of embodied labour (Hollander 1980, 378–79, 383–89).

11. Where Marx does use numerical expressions of the rate of surplus value, these seem to be purely illustrative; no attempt is made to demonstrate their approximation to reality.

12. And thus fail to pose the notorious 'Transformation Problem,' still less to offer any solution; Edmonds deserves a partial exemption from this criticism (Perelman 1980, 83–84).

unequal exchange is involved. Surplus labour is nonetheless extracted from the worker, for the use value of labour power exceeds its value. In this way Marx explained how surplus value could be produced even in the absence of the 'fraud,' 'robbery,' 'injustice,' and 'force' which the Ricardian Socialists tended to invoke. There are just a few hints of this complicated but essential argument scattered about in their own writings. Hodgskin, in a passage singled out for praise by Marx, denied that labour was a commodity; it was instead "the creator of all wealth" (1966, 186 n). Similar, if rather more obscure, is Bray's statement: "No man possesses any natural or inherent wealth within himself—he has merely a *capability of labouring*" (1931, 50; original stress). "But as long as the labourer stands in society divested of everything but the mere power of producing," wrote Thompson (1963, 590), ". . . so long will he remain deprived of almost all the products of his labour, instead of having the use of all of them."¹³

There are also affinities between the Ricardian Socialists and Marx on the philosophical and methodological dimensions of the theory of value. This is especially true of their concept of capital, which for Marx was essentially a social relationship embodied in and concealed by inanimate objects. Charles Hall defined 'wealth'—by which he seems to have meant capital—as "the possession of that which gives power over, and commands the labour of man: it is, therefore, power, and into that, and that only, ultimately resolvable" (1965, 48). It followed that "chattels" were only "a harmless heap; giving no power to the possessor"; they were not capital (pp. 68–69). And "incorporeal property" was simply "a power or a claim on the future labour of the poor" (pp. 320–21). Similarly, Ravenstone saw capital as "only a transfer of the earnings of the industrious to the idle" (1966a, 207). Thus "in a country where each man's exertions are barely sufficient for his own subsistence," like New Holland, "a capitalist would be the most helpless of animals, all his millions would not keep him from starving" (p. 40).¹⁴

Hodgskin's elaboration of this concept of capital was especially lucid and exerted a substantial influence on Marx (Hunt 1977). His insistence that the exchange of *commodities* simultaneously involves and disguises an exchange (or social division) of *labour*—a proposition which provides the key to the early chapters of *Capital*—is taken up by both Edmonds (1969, 67) and Bray (1931, 48). William Thompson's adoption of a similar viewpoint seems to have gone unnoticed, his advocacy of the free and voluntary exchange of labour being understood simply as support for simple commodity production or 'market socialism' (see, e.g., Hunt 1979). His

13. The effect of this passage is rather spoiled by a reference to the 'value of labour' on the very next page.

14. This sentence is the culmination of a remarkable passage, echoed by Bray (1931, 187–88), which entirely anticipates Marx's famous analysis of colonisation in the final chapter of *Capital* I (Marx 1961a, ch. 33).

praise for competition (pp. 248–50), and his cheerful assertion that “every labourer would become a capitalist” (1963, 424; cf. 593), certainly lend support to this interpretation. But Thompson also describes the Owenite communities as “the perfection of voluntary exchanges . . . a constant and universal *exchange of benefits*” (p. 56 n; original stress). This is much more in keeping with the spirit, if not the political conclusions, of Hodgskin’s emphasis on the social division of labour.

In his economic writings Hodgskin did not acknowledge any debt to German (as opposed to English) philosophy.¹⁵ It is all the more surprising, then—and all the greater tribute to his analysis of social labour in a competitive economy—that he should have been the first¹⁶ to discover what Marx would later term the ‘fetishism of commodities’:

. . . the language commonly in use is so palpably wrong, leading to many mistakes, that I cannot pass it by altogether in silence. We speak, for example, in a vague manner, of a windmill grinding corn, and of steam engines doing the work of several millions of people. This gives a very incorrect view of the phenomena. It is not the instruments which grind corn, and spin cotton, but the labour of those who make, and the labour of those who use them. . . . The fact is, that the enlightened skill of the different classes of workmen alluded to, comes to be substituted in the natural progress of society, for less skilful labour. . . . By the common mode of speaking, the productive power of this skill is attributed to its visible products, the instruments, the mere owners of which, who neither make nor use them, imagine themselves to be very productive persons [1966, 250–51].

And again:

All capital is made and used by man; and by leaving him out of view, and ascribing productive power to capital, we take that as the active cause, which is only the creature of his ingenuity, and the passive servant of his will [p. 247].

This last statement could have come straight from *Capital* III (cf. Marx 1962, 830).

III

No particular theory of history is implied by a utilitarian or natural rights condemnation of capitalist property relations, for such a critique is fun-

15. Although he did travel extensively in Germany and wrote a book on his travels (Halévy 1956, 39–51), Hodgskin’s aversion to government is unlikely to have commended Hegel to him.

16. But note Ravenstone’s striking description of capital, which has “none but a meta-physical existence. . . . It is the deity of [the economists’] idolatry which they have set up to worship in the High Places of the Lord” (1966a, 293–94).

damentally ahistorical. If indeed these relations are seen merely as an iniquitous aberration, then Marx's theory of historical change must be ruled out of order, for the essence of that theory is that capitalism is a necessary and progressive (though transient) stage in the development of humankind. He had no time for romantic reactionaries who wanted to turn back the clock.

Charles Hall certainly belongs in this category, the aim of his book being to document the ill effects of 'civilisation.' Food was scarce, he argued, because too small a proportion of the population worked on the land. This was the result of excessive consumption by the rich, an evil compounded by foreign trade, by which means necessities were exported and luxuries imported. The solution was the prohibition of "refined manufactures," permitting the people to produce sufficient food and "coarse manufactures" for their own needs (1965, 45-46, 83, 86-87, 218; see also Dinwiddy 1976).

This reactionary nostalgia was largely absent from the writings of the later Ricardian Socialists. Ravenstone complained that technical progress only increased rent, and he condemned foreign trade for the same reasons as Hall (Ravenstone 1966a, 365; 1966b, 44-45). But he did not propose "equality and the absence of rents," for "some force on the industry of individuals seems necessary to bring out all their powers; it is only to pressure that the vine yields its generous juice" (1966a, 228). Even the squalid "funding system" had its advantages, in stimulating "the spirit of improvement" (1966b, 51-52).

Hodgskin's praise for machinery was lavish, even though its benefits did not reach the labourer (1966, 71-73, 107-8). Moreover, capitalism itself had once been a progressive force. "Interest on capital was beneficial, when, feudal landlords being then the absolute masters of all the slave labourers of the country, it tended to reduce their power; but," Hodgskin was quick to note, "it is an error of no small magnitude to describe that as a general law of nature, which is only applicable to remove or lessen a particular usurpation" (1966, 254).¹⁷ Under modern conditions Hodgskin believed "interest on capital" to be a barrier to the growth of production (see below, Section IV).

One element in Thompson's critique of the "forced inequality of wealth" was its restriction of production, which constituted one of the two "economic evils" of the system (1963, 180 ff, 245-46). The main purpose of John Gray's early work was to suggest a means of overcoming the "UN-NATURAL LIMIT TO PRODUCTION" imposed by competitive capitalism (1931, 60), and his initial espousal of Owen's schemes was justified in these

17. This argument was noted with approval in Thompson 1969, 7.

terms. An entire chapter of his *Lecture*, indeed, is entitled 'Competition the limit of production' (1931, 59–72).

The classical economists either denied that such limits existed, or attributed them to immutable natural laws. In either case capitalism was regarded as the culmination of human history. This was reflected in the famous four-stages theory, according to which society had passed from hunting through pasturage and agriculture to commerce. With the last stage (which was, in effect, capitalism) social evolution ceased. The origins of the four-stages theory are to be found in eighteenth-century Scottish sociology and in the contemporary French Enlightenment, but it retained considerable influence as late as the middle of the nineteenth (Meek 1967, 34–50; Mill 1965, 9–20; see also Meek 1976 and Pollard 1971).

At the very least socialists were bound to regard the four-stages theory as incomplete, since it omitted the *fifth* stage to which they were committed.¹⁸ Marx's rejection of the theory went deeper than this. Firstly, he replaced a largely technological taxonomy centred on the mode of subsistence with one which emphasised the social relations of production. "The point here, of course, is that the Marxian concept of 'mode of production' embraces not only the kind of living that men get but also the relations they enter into with one another in order to get it" (Meek 1976, 229n). Second, he introduced a dialectical analysis of the process whereby one stage came to supersede another. One result was his well-known account of the successive modes of production—primitive communism, slavery, feudalism, capitalism, and communism—at once more dynamic and more sociological than the four-stages theory.

Marx's transformation of this theory did of course draw upon the ideas of earlier writers. Grossman (1943) notes the influence upon Marx's theory of historical evolution of Condorcet, Saint-Simon, and Sismondi in France and of Sir James Steuart and Richard Jones in England. Condorcet, Lord Kames and John Millar are emphasised by Pollard (1971, 90, 69), while Meek (1976, 228–29) stresses the role of Joseph Barnave. As regards Hegel's influence, there is rather more scope for controversy. Hegel took a strong interest in questions of political economy, and there is much in his economic discourse that reminds one of Marx (Chamley 1963; Avineri 1972). However, although Marx clearly derived his general dialectical approach to history from Hegelian philosophy, his detailed elaboration of the stages of historical evolution seems to have had quite different sources. Hegel's historical typologies were based on cultural and ethical criteria rather than on modes of subsistence or of production. He develops a three-

18. Rather surprisingly even J. S. Mill felt no need to add a fifth stage, although he certainly did not believe that capitalism necessarily constituted the end-point of human history.

stage theory according to which "particular altruism" (the family) is followed first by "universal egoism" (civil society) and then by "universal altruism" (the state). Hegel also refers to four historical stages, represented by the Oriental, Greek, Roman, and Germanic-Christian civilisations (Avineri 1972, 133–34 and 223–27). Neither has much in common with Marx's taxonomy.¹⁹ As for the Young Hegelians, they drew on the Saint-Simonian philosophy of history: the influence was from France to Germany, and not vice-versa (Grossman 1943, 394).

All these authors overlook the fact that Marx had also been anticipated by two of the Ricardian Socialists. William Thompson, in his shorter book *Labour rewarded*, identified three "System[s] of Industry," one past (though with surviving remnants), one present, and one future, each with its advantages over the preceding stage. The "old system of labour by force, or slave-labour," he argued, compared unfavourably with the second system, "competition." But the third system was superior to either: "competition is now called upon to stand comparison with another principle," that is, "the 'Cooperative System of Industry,'" under which "all labourers become capitalists" (Thompson 1969, 4–5; original stress deleted).

This corresponds closely to Thompson's earlier analysis of the "different modes of production and distribution" (1963, 173).²⁰ As he wrote in the introduction to the *Inquiry*:

Three modes of human labour are discussed and contrasted in the following pages: first, labour by force, or compulsion direct or indirect; second, labour by unrestricted individual competition; third, labour by mutual cooperation. The last stage of these modes of human labour, that by mutual cooperation, is shown to be as superior in production and happiness to the second, or that by individual competition, as the second is superior to the first, or labour by force or compulsion [1963, xviii; cf. 366–67]²¹

19. Avineri notes another crucial difference: "The periods of history signify for Hegel successive stages in the development of self-consciousness. . . . One might [therefore] expect that later historical individuals, representing a higher and more differentiated stage of history, would also be more aware of their own role in the historical process. Yet there is nothing in Hegel to suggest that there is such a development of the historical consciousness of the historical actor. . . . Thus, at the core of Hegel's philosophy of history, there remains a strangely static, a-historical element" (Avineri 1972, 234).

20. Marx may owe the term 'mode of production' to Thompson, who uses it several times (1963, 175, 590; 1969, 97).

21. Although the primary purpose of Thompson's classification was normative rather than descriptive or analytical, its historical implications are made apparent at various places in the *Inquiry*. The first mode of labour is identified both with the "slave laws" of the past and the undemocratic institutions of the present British system (Thompson 1963, 364–65), while the second mode is said to correspond to some or all of the United States of America, and can be introduced elsewhere by institutional reform (ibid. 43–44, 101, 366). The third mode, of course, belongs to the future.

This classification closely resembles Marx's succinct typology, found in the *Grundrisse*, of "personal dependence," "material dependence," and "free individuality."²² The similarity with Thompson's three stages is remarkable:

"Relations of personal dependence . . . are the first social forms, in which human productive capacity develops only to a slight extent and at isolated points. Personal independence founded on *objective* [*sachlicher*] dependence is the second great form, in which a system of general social metabolism, of universal relations, of all-round needs and universal capacities is formed for the first time. Free individuality, based on the universal development of individuals and on their subordination of their communal, social productivity as their social wealth, is the third stage. The second stage creates the conditions for the third [Marx 1973a, 158; original stress].

T. R. Edmonds told the same story, in only slightly different language. For him the inevitable progression runs from the "slave system" (Thompson's "force or compulsion," Marx's "personal dependence"); through the "money system" ("individual competition," "material dependence"); to the "social system" ("mutual cooperation," "free individuality"). The evils of the money system are great, for it "sows . . . the seeds of enmity between man and man," and "may be said to compel one man to become the enemy of almost every other man." Even the capitalist or "trading" class "is at enmity with itself" (1969, 57–58). But this does not lead Edmonds to a reactionary conclusion:

Although the money system is so pernicious, it is not however productive of unmixed evil. The slave system has been succeeded by the money system, and the money system will be succeeded by the social system, one system following the other, perhaps in a necessary order. By means of the money system, the useful arts have advanced ten times more rapidly than they could have done under the slave system. By means of the social system, the useful arts will advance ten times more rapidly than they have done under the money system. The perfection of the money system is the commencement of the social system [pp. 58–59].

With minor alterations to the terminology, this passage would not have been out of place in the *Communist manifesto*, some fifteen years later.

It does not follow from these rather striking resemblances that Thompson or Edmonds exercised a major or direct influence upon the formation

22. There is no necessary inconsistency with Marx's other, five-stage classification; both the classical (or slave) and the feudal modes of production display relations of "personal dependence," while primitive communism is ignored.

of Marx's theory of history. Marx himself never acknowledged such an influence, recognising instead his debts to Steuart and Jones. Steuart, "a writer altogether remarkable for his quick eye for the characteristic social distinctions between different modes of production" (Marx 1961a, 332 n), "gives a great deal of attention to [the] *genesis* of capital," that is, to the process of primitive accumulation, which Adam Smith ignores (Marx 1963, 43). Jones's *Essay*, which appeared in 1831, "is distinguished by what has been lacking in all English economists since Sir James Steuart, namely, a sense of the *historical* differences in modes of production" (Marx 1972, 399).

While Edmonds—who failed to acknowledge his sources—may well have borrowed from Jones, this last passage is unfair to Thompson, whose writings were in print several years before the *Essay*. I do not know whether Thompson was familiar with Steuart, whose own very interesting but somewhat obscure analysis of 'subordination and dependence' may or may not have attracted the attention of Marx.²³ At all events the specifically socialist element in Thompson and Edmonds (the third stage of "mutual cooperation" or "the social system") serves very clearly to distinguish their ideas from those of Steuart and Jones. It serves equally clearly to associate them, if only indirectly, with Marx's theory of history.

IV

It was possible to construct from Ricardo's theory of rent and the Malthusian population principle a theory of economic development which was both pessimistic and inherently conservative in its political implications. Pessimistic, because it pointed to the likelihood of a 'stationary state' in which living standards would be meagre and accumulation halted. Conservative, because it denied all hope of improvement and entailed the futility of reform except (and only in the short run) through free trade. The relative optimism of Ricardo and many of the later classical economists had little impact upon the dominant middle-class case against economic and social reform, for this remained firmly rooted in the Malthusian tradition. Malthus had argued that poverty and unemployment were the inevitable consequences of population pressure, and that both socialist experiments and even the limited right to subsistence afforded by the Old Poor Law were delusory (James 1979, 100, 109, 130, 376). If the poverty of the masses resulted from the natural laws of agriculture and population, what could be expected from grand schemes of social reorganisation? How could the reformers expect to overcome the laws of biology?

23. "I divide dependence into three kinds. The first natural, between parents and children; the second political, between masters and servants, lords and vassals, Princes and subjects; the third commercial, between the rich and the industrious" (Steuart 1966, 1:207; see also Skinner 1966, lxiv–lxvii, and Chamley 1963, 90–93). As far as I am aware Marx nowhere refers to this passage, nor to any other in which Steuart develops similar ideas.

Early critics of capitalist society thus took Malthus very seriously indeed. Hall's 'Observations on the principal conclusions in Malthus's *Essay on population*,' printed as an appendix to his *Effects*, claimed that the evils of overpopulation were remote, since English agriculture could feed 140 million people. If Malthus were to be proved correct, at least the poor would gain from the consequent suppression of manufactures (Hall 1965, 335–38). *Population* preceded *Political economy* in the title of Ravenstone's main work, of which the first third (some 150 pages) was devoted to the refutation of Malthus. Since no population could double in less than seventy-five years, Ravenstone asserted, and "the bountiful table of nature will always be spread according to the number of the guests," there was no cause for concern (1966a, 46, 149). In fact it was subsistence which tended to increase geometrically, while the labour required to produce it increased only arithmetically (1966b, 48).

Thompson addressed the question at his usual great length. "Arguments like this are the eternal sophism of ignorance. 'These evils exist: I do not know how they may be avoided: therefore they must remain forever'" (1963, 536). Against this "school of political and economic fatalists," (p. 426), he claimed that it was possible "to impart prudence to the great mass of mankind" with respect to population (p. 537). But "prudence has no place amidst eternal want," as was evident from a comparison of the South with the North of Ireland, or the well-paid and poorly paid workers of England (p. 546).

If Thompson took a rather defensive attitude towards Malthus,²⁴ Hodgskin was a more confident critic. Since population growth encouraged the division of labour, he argued, it was actually one of the mainsprings of progress (1966, 86, 93, 117–21). There was no basis for the Ricardian theory of diminishing returns in agriculture (pp. 221–23). John Gray's lengthy reply to Malthus occupied nearly 50 pages of his *Social system* (1973, 179–224). Unusually, Gray was willing to credit Malthus with good intentions, for the Old Poor Law caused "ten times more misery than it removes" (p. 179). But the Malthusian theory was entirely false, even in the case of animals (pp. 190–94). Fertility was inversely related to population density, as M. T. Sadler had demonstrated, while the productive power of humanity, suitably organised, was boundless (pp. 210–21, 224).

Some hesitancy is apparent in Edmonds' discussion of the problem. His belief that English food production could expand to support a tenfold growth in population (1969, 107–9) was followed by advocacy of a tax on marriages or births in order to reduce the supply of labour and increase wages (pp. 110–14, 286–88). Bray's condemnation of the population principle (1931, 104–6, 188–89) was however subject to no such inhibitions.

24. See especially Thompson 1969, 68–75.

More important than their substantive arguments was the methodological basis for the Ricardian Socialist opposition to Malthus, which foreshadowed in a very direct way Marx's strictures against Ricardo and his followers. Political economy must be historically and socially specific, Marx argued. It could not rely upon immutable laws of nature, invariant in time, space, and social structure. Ricardo's failure to appreciate the difference between social and natural laws vitiated his analysis of the declining tendency of the rate of profit, and with it his entire theory of capitalist development (Howard & King 1975, 118–19).

Precisely this objection can be found, over and over again, in the writings of the Ricardian Socialists. "I can never . . . join with those Political Economists," Hodgskin wrote, "who seem ever to be fond of calumniating Nature in order to uphold our reverence for the institutions of man. All the arguments they have urged in justification of their views, seem to be founded on the effects of some social institutions, which they assume to be natural laws" (1966, 268; cf. pp. 92–93, 117–25, 221–23, 245–46).²⁵ Ravenstone took a similar position. He urged against Malthus:

Human institutions are the real cause of all the misery with which we are surrounded, and he who in the arrogance of his folly would trace them to any other source, as he renders hopeless all improvement of our condition, is equally an enemy to man whom he oppresses, and to God whom he maligns [1966a, 120; cf. 1966b, 6]

Charles Hall had hinted at this criticism (1965, 231–32). For Gray, too, there were no "fixed and immutable laws of commerce" (1973, 7). If the poor were inadequately fed, "let us . . . rather suspect the wisdom of man than arraign the munificence of God" (p. 183; cf. 1931, 68–69). Despite the Malthusian elements in his argument, Edmonds also denied that "natural pauperism" due to overpopulation was of any consequence in advanced countries. "European pauperism originates," on the contrary, "in the institution of private property, and the separation of men into two classes, masters and labourers" (1969, 107). The present system "places an unnatural limit to the production of wealth," claimed Bray (1931, 112). Production is not restricted by any shortage of "raw material," still less by the satiation of wants (pp. 104–5). "It is not now the earth which is faulty, nor is the labour faulty, but the social system is faulty which misappropriates the earth and misdirects the labour" (p. 189).

What, then, was the nature of the fault in the social system that gave rise to this "artificial check to production" (Hodgskin 1966, 246)? There are fragments of a theory of a falling profit rate in Thompson (1963, 171–

25. Hollander (1980, 373, 376–79) recognises the basis of Hodgskin's critique of Ricardo, but misses the similarity with Marx.

72) and, rather more clearly, in the anonymous pamphlet (Anon. 1821, 23), but these do not amount to very much.²⁶ The foundation of the Ricardian Socialist theory of capitalist crises was a critique of Say's law which culminated, most lucidly with Hodgskin and with Bray, in a distinct underconsumptionist analysis based on the restricted purchasing power (because of their low wages and frequent unemployment) of the mass of the working population. "In the present state of society production is limited by *demand*," Gray wrote (1931, 62). Demand depends upon incomes, and incomes are "limited by COMPETITION between man and man" (p. 63). "The reason why there is no work for one half of our people," according to Hodgskin,

is that the other half work twice as much as they ought. The markets of the world are over-stocked with the produce of their industry. It is a maxim with the political economists that products always create their own market; but this maxim is derived from the supposition that no man produces but with the intention of selling or enjoying, and it does not therefore hold good with our labourers who are compelled to produce but are not permitted to enjoy. Theirs is an Egyptian bondage [Halévy 1956, 85].

"Thousands now starve in unproductive inaction," argued Bray,

because the capitalist cannot employ them—the capitalist cannot give them work because he cannot find a market for his produce—there is no market for the produce because those who want the produce have nothing but their labour to give in exchange for it—and their labour is unemployed because the capitalist does not know how to set them to work—and thus the evils of the present system run round in a circle, one connected with and dependent upon another, and every one individually incurable [1931, 156].

This final passage seems almost to anticipate Clower's (1965) distinction between "notional" and "effective" demand.

I have traced the emergence of radical underconsumptionism elsewhere (King 1981).²⁷ Its earliest proponents were Sismondi and Robert Owen, and similar notions exerted considerable influence in working-class circles as late as the 1850s. What must be stressed again in the present context,

26. Marx (1972, 298–313) attributes a similar view to Hodgskin, though without much justification.

27. Sismondi and Owen developed their underconsumptionism simultaneously (and almost certainly, independently) around 1815. Very similar ideas are to be found in Hegel's *Philosophy of right*, written some five years later and citing the experience of postwar Britain (Avineri 1972, 148–54). More than one interpretation can be put on the fact that while Marx does cite Bray, he makes no reference whatsoever to Hegel's views on this question (Hirschmann 1976).

is less the substance of the argument than its methodological basis. As in their criticism of Malthus, so in their analysis of crises, the Ricardian Socialists emphasised the historically specific and inherently contradictory nature of the capitalist mode of production. Thus Thompson saw it as one of the greatest merits of his socialist proposals that "They would render Supply and Demand always commensurate"; production and consumption would run hand in hand in an Owenite community (1963, 393, 424–25). Gray regarded "competition" to be the only significant limit to production, and his affirmation of Say's law was contingent—in his earlier writings, at least—upon the substantial socialisation of production.²⁸ "Production is now fettered by innumerable chains," Bray wrote; "it is not dependent on society at large, but awaits the bidding of particular classes" (1931, 189). His own detailed reforms, modelled closely on Gray's, represented "a preparatory step" towards communism (p. 162).

V

Marx first encountered the writings of the Ricardian Socialists after he had begun his study of classical political economy. Almost certainly he was introduced to them by Engels, who had moved to Manchester in November 1842 and who took an active interest in the working class and socialist movement in England. The German socialists "agree much more with the English socialists than with any other party," Engels informed the Owenite *New Moral World* in November 1843; "we find that the English Socialists are a long way before us, and have left very little to be done" (Marx & Engels 1975a, 407). Engels' attitude towards Owenism was soon to become much less favourable,²⁹ but it was no doubt he who made available to Marx the books by Bray, and by the Manchester socialist, John Watts, that he is known to have read while in exile in Brussels during the first half of 1845.³⁰

Marx came to Manchester with Engels in July 1845 for a six-week visit, during which he "studied all the books on political economy he was able to find . . . both at his friend's house and in public and private libraries" (Mandel 1971, 44–45). These included works by Thompson, Edmonds, and Bray, in addition to Sadler's *Law of population* and pamphlets by Cobbett and Owen; there is no evidence that he had read Ravenstone,

28. This is evident from his 'Sketch of a commercial constitution' (Gray 1973, 30–37). Gray's subsequent conservatism is documented in Kimball 1948, 5–7, 76–80.

29. As would his assessment of Proudhon, whom he had praised lavishly in the *New Moral World* a fortnight earlier (Marx & Engels 1975a, 399).

30. The cryptic reference to Bray, in Marx's draft article on List, written in March 1845 (Marx & Engels 1975b, 288), disproves Mandel's contention (1971, 45) that Marx discovered Bray *after* his visit to Manchester. He read Watts in Brussels in June of that year (Marx & Engels 1970, 597). Marx's Paris reading notes show him to have read only the classical economists and Sismondi. There is a brief reference to Owen in the Paris manuscripts (Marx 1970, 136), but only in the context of his atheism and communism; no mention is made of his economic ideas.

Hodgskin, or Gray at this stage. Marx's Manchester reading notes have been summarised in a German edition of his works together with his critical comments on the writers concerned. Marx found Edmonds, for example, "Höchst confuse, mit ganz ökonomische Vorurteilen durchlaufen, sozialistische Vorschläge," while Thompson is "Überhaupt eine widerspruchsvolle Kombination von Godwin, Owen und Bentham" (Marx & Engels 1970, 605, 616).³¹ The middle 1840s were the formative years for the development of Marx's political economy, and his acquaintance with socialist critics of the classical economists played an important part in his intellectual maturity. In particular, as Mandel suggests, it seems likely that "he returned from Manchester to Brussels with much more favourable views on the labour theory of value" (Mandel 1971, 45).

Two years later, in 1847, Marx invoked Hodgskin, Thompson, Edmonds, and Bray ("an English *Communist*") to demonstrate Proudhon's lack of originality (Marx 1973b, 60; original stress). The general tone of *The Poverty of philosophy* was of course extremely critical, both of Proudhon and, much less vehemently, of the Ricardian Socialists.³² A rather different impression is given by Marx's lecture notes on 'Wages,' which were written in December 1847 and formed the basis of the articles entitled *Wage labour and capital*, first published in 1849. Here Marx summarised Bray's views on savings banks, with evident approval (Marx & Engels 1976, 421–22). More significant is the section headed 'Fluctuations of Wages,' which deals with the causes of economic crises:

In case of a crisis

(a) the workers will limit their spending, or, to increase their productivity, they will either work longer hours or produce more in the same hour. But since their wages have been reduced because the demand for their product has slackened, they increase the unfavourable proportion of the supply to the demand, and then the bourgeois says: if the people would only work. Their wages drop still lower through their overexertion.

(b) In times of crisis:

Complete unemployment. Reduction in wages. No change in wages and reduction of the working days.

(c) In all crises the following circular movement relates to the workers:

The employer cannot employ the workers because he cannot sell his product. He cannot sell his product because he has no buyers. He has

31. "Extremely confused, with thoroughly economic prejudices running through [but] socialist proposals" (Edmonds). "Generally a contradictory combination of Godwin, Owen and Bentham" (Thompson).

32. Bray's errors, for example, are mitigated by the fact that his monetary proposals were intended as a transition between capitalism and communism, and not (like Proudhon's) as "the last word on behalf of humanity" (Marx 1973b, 66).

no buyers because the workers have nothing to offer in exchange but their labour, and precisely for that reason they cannot exchange their labour [Marx & Engels 1976, 424–25].

This passage draws very heavily indeed upon Bray (1931, 156; cited in Section IV above).

Bray's was simply the clearest statement of an argument which originated with Sismondi and Owen, and which Engels had taken up in his *Outlines of a critique of political economy* of 1843 (Marx & Engels 1975a, 418–43). The same theme recurs throughout Marx's later writings, though it was rarely asserted with such confidence as in the 1847 notes:

Because the working class forms the largest section of consumers, one could say the fact that the income of the working class decreases—not in one country, as Proudhon thinks, but on the world market—leads to an imbalance between production and consumption, and hence over-production. This is largely correct. But it is modified by the growing extravagance of the propertied classes. It would be wrong to put forward this proposition unconditionally—as though the trade of the planter were determined by the consumption of his Negroes. . . . Over-production must not be attributed solely to disproportionate production, but to the relationship between the class of capitalists and that of workers [Marx & Engels 1978, 585–86].

This passage, from the hitherto unpublished 'Reflections' of 1851, displays all the hesitancy which characterised Marx's later presentations of the argument (Howard & King 1975, 215–17). To the extent that Marx *did* have an underconsumptionist theory of capitalist crises, however, he owed it to Sismondi and to the Ricardian Socialists.

By the late 1850s Marx's knowledge of the Ricardian Socialists' writings was both broader and deeper than it had been ten years before. His attack in the *Grundrisse* on "time-chits" and "the illusion of the money-artists" now embraced Gray and Thomas Attwood in addition to Proudhon and Bray (Marx 1973a, 135–40, 153–62, 412, 804). Similar criticisms can be found in the *Critique of political economy*, where Thompson and Bray are absolved from Gray's 'pseudo-economic' notions concerning labour-money (Marx 1971, 76–86).

This involved nothing more than a repetition of arguments first expressed in *The poverty of philosophy*. Marx broke new ground with his acknowledgement that earlier writers had discovered the concept of surplus labour: here Marx cites Ravenstone and the author of Anon. 1821, *The source and remedy* (Marx 1973a, 395–98, 573). He credits Hodgskin with the notion of "Capital as *barrier to production*" and recognises very similar ideas in Thompson (Marx 1973a, 416–17, 543–44). The Ricar-

dian Socialists had seen through the apologetic claims of such writers as Lauderdale that capital was the creator of surplus value: "The answer to them, e.g. in [Hodgskin's] *Labour Defended*, [is] that the road-builder may share [profits] with the road-user, but the 'road' itself cannot do so" (p. 703).

On the whole Marx's treatment of the Ricardian Socialists in *Capital* was cursory. Volume II contains one extract from Hodgskin and two from Thompson, both cited without comment (Marx 1961b, 242, 342–44), while there is only one brief reference to Hodgskin in *Capital* III (Marx 1962, 381 n. 78). The first volume does scant justice to Thompson, who is referred to once (Marx 1961a, 361–63), while Gray and Bray feature only as forerunners of Proudhon (p. 68 n). The author of *The source and remedy* is praised once for his contribution to the theory of exploitation (p. 588 n. 2). Ravenstone is cited twice, once concerning the necessity of large-scale production if machinery is to be employed, and once on the role of 'productiveness' as a necessary condition for a positive rate of exploitation (pp. 430 n. 1, 511 n. 1).³³ There are several references to Hodgskin, whose *Labour defended* is described as an "admirable work," and who is praised for his recognition that labour itself is not a commodity (pp. 355 n. 1, 537 n. 1; also 574, 750–51).

This comparative neglect is continued in the first two volumes of *Theories of surplus value*, a work devoted entirely to the analysis of Marx's predecessors. The first volume contains two references to Hodgskin, and the second volume only one; none of the other Ricardian Socialists receives a mention. Marx notes the close resemblance between Hodgskin's theory of 'social' as opposed to 'natural' price, and Smith's discovery that the labour commanded by a commodity exceeds the labour embodied in it. "In this presentation Hodgskin reproduces both what is correct, and what is confused and confusing in Adam Smith's view," Marx concluded, not unfairly (Marx 1963, 88). But Hodgskin had recognised surplus labour as the source of profit (p. 406), and was also credited with an effective refutation, similar to that of Anderson, of the law of diminishing returns (Marx 1969, 595).

Much more attention is paid to the Ricardian Socialists in the third volume, where eighty-five pages are devoted to a discussion of *The source and remedy* (Marx 1972, 239–57), Ravenstone (pp. 257–63), and Hodgskin (pp. 263–319), together with six pages of quotations from Bray (pp. 319–25).³⁴ The analysis of all four writers, Marx believed, "takes as its starting point the premises of the [classical] economists . . . they all derive

33. 'Productiveness' is Marx's own word, which strikingly foreshadows its use as a technical term by modern mathematical economists (Morishima 1973, 54).

34. There is no assessment of Bray's work, and no mention whatever of Thompson, Gray, or Edmonds.

from the Ricardian form." *The source and remedy* "contains an important advance on Ricardo. It bluntly describes surplus-value—or 'profit,' as Ricardo calls it (often also 'surplus produce'), or 'interest,' as the author of the pamphlet terms it—as '*surplus labour*'. . . . Here profit, etc. is reduced directly to appropriation of the labour-time for which the worker receives no equivalent" (pp. 238–39; original stress). The author

is in advance of Ricardo in that he first of all reduces all surplus-value to surplus labour, and when he calls surplus-value *interest of capital*, he at the same time emphasises that by this he understands the general form of surplus labour in contrast to its special forms—rent, interest of money and industrial profit. . . . He thus distinguishes the general form of surplus labour or surplus value from their particular forms, something which neither Ricardo nor Adam Smith [does], at least not consciously or consistently.

[But] The pamphlet is no theoretical treatise . . . the author remains a captive of the economic categories as he finds them. Just as in the case of Ricardo the confusion of surplus-value with profit leads to undesirable contradictions, so in his case the fact that he christens surplus-value the *interest of capital* [p. 254].

Like *The source and remedy*, Ravenstone's (1966b) was "a most remarkable work" (p. 257), because of its analysis of exploitation. In one sense Ravenstone "understands, or at least in fact admits the *historical necessity* of capital," that is, its capacity greatly to increase the surplus product and develop the natural sciences and the arts. But he was unable fully to appreciate the nature of the contradiction between this "historical form of social development" and the immediate interests of the working class. In this respect both Ravenstone and the pamphleteer "share the narrow-mindedness of the [orthodox] economists (although from a diametrically opposite position) for they confuse the *contradictory form* of this development with its content" (p. 261; original stress).

Marx's appraisal of Hodgskin was even more detached, and no less ambivalent. On the positive side, Hodgskin is credited with the important idea that the division of labour within the workshop depends on the broader social division of labour (p. 270). His theory of capital is highly praised as an "idealism" which compares most favourably with "the crude, material fetishism" of writers like McCulloch (p. 267; cf. p. 274). "Here, at last," Marx concludes, "the nature of capital is understood correctly" (p. 297). Hodgskin has discovered the fetishism of commodities, when he "says that the effects of a certain social form of labour are ascribed to objects, to the products of labour" (p. 295). Moreover, his argument that it is increasingly impossible for the worker to satisfy capital's demands for compound interest anticipates Marx's own analysis of the tendency for the

rate of profit to fall. On this point Hodgskin and the author of *The source and remedy* (Anon. 1821) "are much nearer the truth than Smith and Ricardo" (p. 313).³⁵

On a negative note, Marx claims that Hodgskin's analysis of capitalism is incomplete: he recognises the contradiction between labour and capital, but (like Ravenstone) cannot fully understand it. Thus he "regards this as a pure subjective illusion which conceals the deceit and the interests of the exploiting classes. He does not see that the way of looking at things arises out of the actual relationship itself; the latter is not an expression of the former, but vice versa" (p. 296). For Marx even the most irrational and mystifying notion has its basis in the reality of capitalist production. Hodgskin denies this, and in so doing undermines his own proposals for the elimination of exploitation, which "accept all the economic pre-conditions of capitalist production as eternal forms and only desire to eliminate capital" (p. 260). In this Hodgskin is not alone: "In the same way, English socialists say 'We need capital, but not the capitalists.' But if one eliminates the capitalists, the means of production cease to be *capital*" (p. 296).

VI

Marx did not do full justice to the Ricardian Socialists. He seems never to have realised that his theory of history had been anticipated, if only in broad outline, by Thompson and Edmonds. His acknowledgement of the Ricardian Socialist critique of the classical theory of economic development, with its important methodological implications, was rarely explicit. And his comparative neglect of William Thompson, a writer of sufficient substance to warrant a lengthy discussion in *Theories of surplus value*, remains a mystery.³⁶

The reasons for Marx's reticence must remain a matter of speculation. In view of his extensive footnoting and citation of sources, most unusual for his time, charges of deliberate plagiarism need not be considered seriously. There may however have been a degree of unconscious suppression, and it is possible that this can be explained in political terms. Marx's hostility to anarchism was deep and sustained. His intellectual engagement with Proudhon, in particular, continued into the 1850s and beyond (Thomas 1980, 193–94, 203–4). Marx's antipathy towards the anarchists was sharpened in the later 1860s by his involvement in the affairs of the First International, and the resulting conflicts with the followers both of Proudhon and of Bakunin (Collins & Abramsky 1965, 101–57). This antagonism may well have made him reluctant to give endorsement to

35. This argument is developed at some length (Marx 1972, 302–13). It is a remarkably generous interpretation of Hodgskin, perhaps excessively so.

36. Possibly Thompson's "unconquerable dreariness and prolixity" (A. Gray 1946, 269) defeated Marx, as it must have deterred countless later readers.

writers like the Ricardian Socialists whose authority could equally be invoked by his anarchist opponents.³⁷

There is an alternative, and arguably more plausible, explanation. If Marx really did save *The source and remedy* "from falling into oblivion" (Engels 1961, 11), it was a very close-run thing. By the end of the 1850s the early socialist movement had all but vanished in Britain. Twenty-five years later its literature was "totally unknown" both in Germany (Engels 1961, 13) and in Britain, where it awaited rediscovery by Foxwell in 1899 (Noel Thompson 1978, 8–9). Smith and Ricardo, in contrast, remained almost household names throughout Marx's active lifetime, their ideas repeated, interpreted, and vulgarised wherever economic issues were discussed. Marx wrote his political economy for what he hoped would be a mass working-class audience; whatever its actual reception, it was intended as a weapon in the class struggle. Accordingly Marx used as a sounding board for his own analysis the insights and the errors of those earlier economists with whom his readers were familiar. The forgotten socialist writers of the 1820s and 1830s were not in that category: hence their (relative) neglect.

Taking his economic works as a whole, however, it is clear that Marx's assessment of the Ricardian Socialists was both more complex and more generous than the initial summary of their writings in *The poverty of philosophy*. It was certainly less dismissive than the treatment they received at the hands of the later Engels and those modern Marxian economists influenced by him. Their concepts of capital, of exploitation, and of the essentially social and historical nature of political economy represented a significant advance over the ideas of the classical school. It was an advance which Marx himself was quick to recognise, and there is reason to believe that his own dissection of classical political economy was deeply influenced, in areas of crucial significance, by the earlier socialist critique. The Ricardian Socialists, in short, were as much 'scientific' as 'utopian' economists and can justly be regarded as important forerunners of Marx.

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37. Note, however, that Marx's involvement in the International began rather abruptly in September 1864 (Collins & Abramsky 1965, 31), and thus cannot have influenced the content of the *Grundrisse*, *Critique of political economy*, or—most significantly—*Theories of surplus value*, which was written in 1862–63.

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