RESPONSE TO COMMENTS OF ROBERT M. SOLOW

Scott Carter

ABSTRACT

Professor Solow's original comment from 2007 is addressed seven years later. Here the foundational character of Sraffa's archival material is stressed and no longer is the search for what Sraffa "really said" or much more nefariously what he "really meant" (especially as regards the relation to Marx) the endeavour pursued. This means rendering unto Sraffa what is his and using the foundations he provides from archival material to re-conceive Marxian income distribution theory and policy as a "positive" aspect of economic science.

Keywords: Sraffa; Marx; Solow; exploitation; Sraffa Papers; theory of distribution

The present essay in question was written in 2005 after my first visit to the Sraffa Archive, with minor revisions in 2007 for a presentation made at the Eastern Economics Association in New York City,[1] whereupon I had the honour and privilege of having it commented on by Professor Robert Solow. And the fact that a Nobel Prize winner would take the

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time to read and comment upon a paper, and even more remarkably actually show up at a session, of an unknown lowly and at that time newly-minted assistant professor, especially one who is not in agreement with his position, certainly serves as a testament to Professor Solow's commitment to young scholars asking interesting questions. And since that time I have heard many stories of him doing much of the same over decades for many-a-young-economist. So certainly I want to thank Professor Solow for giving me the opportunity to be included in this long list of grateful junior colleagues who over the years have benefited tremendously from his time, input, and engagement.

The essay itself represents an earlier period in my thinking where admittedly my own interpretation of Marx is being read into Sraffa.[2] This alone does not render the inquiry *as such* less valid; indeed in a certain sense the very possibility of being able to read such a full-blown Marxian interpretation out of Sraffa's unpublished notes is in fact evidence of *validation* of Sraffa's theory in the sense of it being, as Pasinetti's (1988) tells us, *foundational*. This is to say that, where almost decade ago I would read the possibility of making such Marxian connections from Sraffa's approach as evidence of him being the "True Marxist" (as Bellofiore, 2012, 2014 categorizes my earlier work), I now take a much less sophomoric approach and render unto Sraffa only what is his and thus do not attribute to him *necessarily,* from the foundations he provides, the theory of exploitation developed in my original paper (which in the main I stand behind, although now not as a representation of what Sraffa "really meant"). Thus nine years ago I was puzzled that Sraffa ultimately decided to abandon by March 1956 the notion of the "pool of profits" – which I continue to read as quanta of extracted unpaid labour – after having embraced and utilized the concept since 1942; I now see my puzzlement came from trying to equate Sraffa with Marx. Professor Solow recognized this aspect of my quandary in his Comment:

> What about the "pool of profits"? As far as I can see, there is no pool of profits. I suppose that Sraffa deserves the credit Professor Carter gives him for digging himself out of this hole that was dug for him in the first place by Marx. On the other hand, he was not very clever to have fallen into it.

It has taken me seven years to finally understand what Professor Solow may be driving at here. Now that does not mean I necessarily agree with his overall take on such matters. But where I have attempted to mature is to stop trying to read the archival tea-leaves and otherwise cease with being enthralled by the alchemy of discerning what Sraffa "really said" or, much more nefariously, what he "really meant;" especially when in my own mind I had already *a priori* normalized (and thus constrained) my thinking by setting Sraffa = Marx (with Marx of course serving here as the "general equivalent form"). Pardon the vernacular, but that ain't no way to do science!

But this is a two-way street. That is to say just as I cannot use Sraffa's foundations as exclusive corroboration of the Marxian theory of value, distribution, and especially exploitation, so too it cannot be used it to exclusively falsify that theory either. And it was to this latter point that within heterodox approaches to Sraffa, the Neo-Ricardian/Sraffian–Marxist debate led to serious and often debilitating acrimony between these two camps (sects?) especially in the 1970s and 1980s; an acrimony that did much damage in *discouraging* interest in Sraffa beyond the moribund Cambridge Capital Controversies. And it is through this dysfunction that the current and future generations of heterodox economists interested in *both* Marx *and* Sraffa have to wade. That coupled with the unconscionable sequestering of Sraffa's archival material literally since the Italian Economist's death in 1983 certainly has contributed to making one fine mess out of it all indeed!

And here again the foundational character of Sraffa's inquires must be explicitly articulated. Thus, to a certain degree it becomes moot whether or not Sraffa "really intended" for a Marxian reading (or for that matter an anti-Marxian critique) of his archival material to manifest. The fact of the matter is that such a Marxian reading *can be done*, and albeit somewhat sophomoric in presentation, in the chapter above that is precisely the endeavour attempted. The conclusion we draw is that irrespective of what Sraffa "really meant" or "really intended," it remains true that from his foundations we *can* build upon the Marxian theory of exploitation and of wage labour generally. And in that capacity I think that the notion of the "pool of profits" does in fact matter in the development of Marxian exploitation and wage theory, whether or not Sraffa ultimately "decided" to include it or not in his own analysis and despite the fact that it understandably does not withstand the muster of Professor Solow's own inclinations. And one reason why the Marxian theory of exploitation still hangs around is because at least within this framework a relatively coherent explanation of the *source of profits* and its subsequent distribution via the mechanism of the capitalist price-form can be advanced, one that is distinct from the received doctrines, the latter of which many of us feel seriously broach capitalistic apologetics.[3]

Professor Solow remarks that determination of an actual rate of exploitation at any given time as well as its supposed uniformity "is a whole different conversation into which Carter's paper does not enter." He is right about this. What determines the particular rate of exploitation (or, if one finds that language objectionable, the particular level/regime of functional income distribution) and whether or not this is necessarily uniform is indeed the hundred thousand dollar question; and various theories have already been advanced: Kalecki's degree of monopoly, Robinson's worker strength and the "fortune's of the class war," Bowley's Law of a constant wage share, and even what Martin Bronfenbrenner and Professor Solow himself both used to call the "Good Old Theory"[4] of marginal productivity immediately come to mind. And Sraffa himself did not answer this question except for the provocative and cryptic comment in §44 that the "money rates of interest" may play a role. Yet in divorcing the concept of surplus and deficit industries from the "baggage … of Value or of the zero-profit point on the factor-price frontier, or of exploitation," Professor Solow is able to claim that such things are "a different topic, not particularly relevant to price determination or surplus and deficit industries." And it is here that we fundamentally disagree. Prices in my opinion are the mechanism through which the exploitive character of capitalistic commodity production and exchange itself manifests and at the same time is concealed; and uncovering this is what a Marxian reading of surplus and deficit industries as developed from the notion of the "pool of profits" attempts to accomplish.

To his credit Professor Solow acknowledges "sympathy with the cynical view that talk about the abstinence and waiting performed by individual rich capitalists seems excessively solicitous." Count me as one such cynic. And in a world where the income disparity between them-that's-got versus them-that's-not has grown exponentially at an unprecedented pace across, within, and between all countries, while at the same time the overall productivity of labour has been on a secular upward trend, such cynicism seems to be quite warranted, at least among economists who feel that theoretical issues in income distribution – including having on the table the Marxian notion of exploitation, and by extension innovative income distribution policies – including having on the table progressive redistribution of income and wealth, should once again be inserted into the "positive" aspect of economic science and not remain stuck on that of the "normative." After all, isn't it supposed to be the theory of value *and* distribution?

NOTES

1. At the February 2007 Eastern Economics Association Annual Conference in New York City we convened a panel on the relationship between Sraffa and Marx as evidenced in Sraffa's unpublished papers. The presenters were (in order) Stefano Perri, Riccardo Bellofiore, and myself; and the discussants (also in order) Ed Nell, Gary Mongiovi, and Robert Solow. It is an interesting note that Solow's review of Duncan Foley's (2006) Adam's Fallacy had only a few months earlier appeared in the November 2006 New York Review of Books, and this is the context of the veiled reference to Foley in Solow's Comment above. Riccardo's contribution would eventually be published as Bellofiore (2008) and Stefano's as Perri (2010).

2. Pier Luigi Porta (2014) legitimately makes a similar critique.

3. I remind Professor Solow of something he wrote to C.E. ("Charlie") Ferguson in February 1971 regarding his (Ferguson's) debate in the pages of the *Canadian Journal of Economics* with Joan Robinson on the theory of capital:

> [S]omething one should distinguish (as Joan never does) is between the logical consistency of neoclassical theory and its empirical relevance or validity. On logical consistency, Joan is simply all wet. On empirical relevance she has less to say than you or I. In fact, years of experience have taught me that Joan's deepest motive is ideological. She really thinks that we are merely apologists for capitalism, and marginalism is our tool. (Solow to Ferguson, February 22, 1971; cited in Carter, 2012).

Now of course no one can speak for Mrs. Robinson as she spoke (and still speaks) quite ably for herself, but I for one do think that the received approach to marginalism does in fact seriously broach apologetics for capitalism and in that sense contains no less "ideological motives" as those which Professor Solow attribute to her.

4. Martin Bronfenbrenner has often been credited with coining the term "Good Old Theory" to refer to the marginal productivity theory of distribution. Certainly he did use that term, especially prominently in his very well-written 1971 tome on income distribution theory (which is where he often is credited as coining that phrase; see Bronfenbrenner, 1971, p. 407). However, both he and Professor Solow must share in this honour. In separate papers given at the 1964 Palermo Conference on Income Distribution (proceedings published as Marchal & Ducros, 1968), the term "Good Old Theory" appears in Solow's paper (Solow, 1968, p. 452) as well as Bronfenbrenner's (Bronfenbrenner, 1968, p. 495).

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