*To Cecile and Sylvia*

# *Contemporary Economists in Perspective*

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# *McFarlane on Dobb*

***Maurice Dobb*** (1900–76) was educated at Cambridge and the London School of Economics and taught at Cambridge University. He was one of the leading Marxist academics in England. A specialist in economic history and the history of economics, he collaborated with Sraffa in the latter's edition of the works of Ricardo and pioneered in the study of Soviet economic development.

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# I.

Born on July 24, 1900, Maurice Dobb was educated at Charterhouse School and Pembroke College, Cambridge (1919–21). After completing a doctorate on the theory of capitalist enterprise under Edwin Cannan at the London School of Economics (1922–24), he joined the Cambridge faculty as a lecturer in economics in 1924. In 1925 he visited the USSR and was in Moscow with Keynes. This began a long period of research on socialist planning and operational aspects of the Soviet economy, while also lecturing at Cambridge on Poverty, Labour Legislation, Welfare Economics, Trade Unions and Wages. In 1940 he met Michal Kalecki and developed his own ideas on Marxian economics which had hitherto been Cambridge-influenced. Dobb became reader in economics at Cambridge in 1959, a post he held till his retirement in 1967. He received honorary degrees from Charles University (Prague) and the Universities of Budapest and Leicester. He was also a Fellow of the British Academy.

# II.

As a creative Marxist, Dobb tried to apply dialectics to the study of the capitalist socio-economic system. For him this did not involve Hegel's method of seeing new phenomena in search of their opposites, or the mysterious "triads" of some Marxists and Hegelians. Rather it simply meant that capitalism could not be studied 'as such': its origins had to be gone into while its roots, its dynamics and the direction in which it was going all had to be examined.

He proceeded to use the Marxian concept of economic surplus and the mode of its expropriation (Dobb, 1946; 1958a), then to go back to feudalism (Dobb, 1952a) and the *transition from feudalism to capitalism* and, finally to look ahead to the society 'over the horizon' by grafting a political economy of socialism and studying the history of Soviet socialist planning (Dobb, 1948, 1955a, 1961e). This research plan evolved over fifty years but the outline of it was conceived by the mid-1920s (Dobb, 1927b, 1930, 1965, 1967).

Two features distinguish the classification of a 'mode of production' like feudalism, slavery or capitalism. The first is the 'social existence form of labour power'—whether labour is connected to land and other property or alienated and hence available for sale. The second is the method and context of the extraction of surplus. Capitalism presupposed (Dobb, 1946, 1958a, 1967, pp. 33ff) the separation of labour from its own means of production and produced a surplus for owners of means of production, whose size depended on the length of the working day, the hourly wage, the methods of production and income distribution. Extraction of surplus by non-legal coercion became possible once 'primitive accumulation' developed out of the decline of feudalism and the growth of a "free" labour force.



The problems of the transition from feudalism to capitalism have long exercised economic historians, and in the discussion Marxists have played a prominent part. It is to Dobb that credit must go for the step forward represented by his *Studies in the Development of Capitalism* (1946). This led to a symposium (Hilton, 1975) which attracted contributions from Christopher Hill, P. Sweezy, Rodney Hilton and distinguished Japanese, French and Italian historians. And it can hardly be denied that Dobb's *Studies* after 35 years is still essential reading.

In his discussion of feudalism, Dobb proposed that it should be defined as the economic and social system based on serfdom. The serf owned his means of production but the feudal rulers extracted a surplus by extra-economic and legal coercion, either in the form of a rent (money or produce) or by compelling the serf to devote part of his labour to working a lord's demesne—Feudalism's collapse must be traced back to these basic features. Rejecting the theory that the increase in monetary transactions resulting from the growth of trade in the Middle Ages disrupted the 'natural' rural economy of the feudal world, Dobb showed that the immediate reaction of the landowning class to an extension of the market and an increase in money transactions was to intensify purely feudal modes of exploitation such as labour services performed.

The central theme of Dobb's analysis of the decline of feudalism was his emphasis on factors internal to the feudal mode of production, rather than Sweezy's insistence on the impact of increasing trade 'from without'. Dobb argued that the feudal owners made greater and greater demands to get more production, and at a certain point peasants began abandoning their land to escape rising burdens. A shortage of labour ensued, and it was the land:labour ratio at any time which shaped the main expedient adopted by the feudal rulers to cope with the situation. Many commuted labour services and began to hire wage-labour or simply began to collect money rents, abandoning their direct interest in production. Dobb's argument here was confirmed by impressive research by Russian economic historians like Kosminsky.

Dobb went on to sketch what Marx had called the 'two ways to capitalism'—one group, used to hiring labour for agriculture, extended the practice to handicraft and the 'putting-out' system and began to accumulate capital. Another group used money to finance mercantile ventures and became merchant capitalists, later moving into manufactures. The medieval urban capitalists, however, like those of the ancient world, failed to create a capitalist mode of production precisely because their profit was not from accumulation of profit based on production, but on differential gains, profit upon alienation and taking advantage of the primitive productive system. Criticisms of Dobb's work have been on minor points: a tendency to assume feudalism was always and inevitably backwards as a productive and social mechanism, limited primary data for the thesis of a 'flight of the serfs', and a neglect of the central role of rising overhead costs in maintaining and defending large feudal estates. He is increasingly given credit, though, for putting Marx's insights to work on a problem crucial for those interested in the movement of capitalism, and doing it with a freshness and sureness unusual in the U.K. at that time.

That capitalism of the *twentieth century* underwent great changes Dobb did not deny. What he doubted (Dobb, 1946, pp. 150–60; 1957a, 1958a, pp. 8–12; 1959b; 1967, pp. 34–47) was that the essential *modus operandi* and method of extracting surplus had changed. The increased intervention of the state, the larger role played by Hilferding's *finanzkapital,* the growth of armaments and luxury industries were structural shifts which did not negate those features which were the *sine qua non* of capitalist development: a growing proletariat, a minimum labour time ('absolute surplus value') under the control of manufacturers, and competition between firms to accumulate. For Dobb it all boiled down to: 'Accumulate, Accumulate, that is Moses and the Prophets' (Marx). After the First World War some developments were important in the operational features of capitalism: a deepening of the process of the concentration and centralization of capital (Dobb, 1967, pp. 34–37), development of the techniques of mass production and the growth of the modern corporation with less than 200 U.S. firms controlling half of non-banking corporate wealth and more than one-half of the dividends accruing to less than 1 percent of shareholders (Dobb, 1946, pp. 350–352) and the continuance of this trend as shown by the American Federal Trade Commission study that the 113 largest corporations owned in 1946 one half of the property, plant and equipment employed in manufacturing (Dobb, 1967, p. 35). In these developments Dobb predicted a growing opportunity for large corporations to accumulate sufficient financial reserves to make them *relatively* independent of finance capital and of government monetary policy in a way not foreseen by Marx and Hilferding. He also recognised the growing enmeshment of big capital with the state, as well as the growing strength of trade unions (at least in the U.K. and Europe) which was likely to lead to a *relative* fall in the absolute size of the 'industrial reserve army' of unemployed. Finally, the days when capital was exported to raw material producing areas was giving rise to a more general export of capital in response to trends in comparative



profit rates, with many corporations investing in the territories of other capitalist nations.

His assessment of changes after the Second World War were focussed on three issues (Dobb, 1957a, pp. 79–82; 1958a, 1959c): (i) the extent and significance of the 'Managerial Revolution' (ii) the reality of an 'Income Revolution' towards more equality and (iii) the growing economic role of the state. On all three issues he had most interesting things to say, but ended by disagreeing with A. Crosland and John Strachey that capitalism had entered a new and reformed stage that differed radically from the essentials of that system as it had emerged in the nineteenth century. He also conceded that there had been a post-war technological boom, but predicted (correctly as it turned out) that technological unemployment would re-assert itself in the wake of automation. The 1957–58 economic downturn in the U.S. he saw as a reassertion of the trade cycle, though involving a smaller drop in production as compared to 1929–30. Certainly it pointed to the rashness of those who were already talking about a 'new crisis-free capitalism' (Dobb, 1957a, p. 293).

It is now conventional in banking and economic policy circles to see the rise and fall of the Bretton Woods monetary arrangements as a crucial element in the economic maladies of the 1970s (Moscow Narodny Bank, 1974, pp. 3–10). Implicit in this is the wide acceptance of two propositions: (i) that America's ability to have the dollar automatically accepted (1945–1969) was the cause of the excess dollars produced by the U.S. to pay Vietnam War debts and flooding into Europe and (ii) changes in the relative strengths of Europe and Japan *vis-à-vis* Bretton Woods would undermine it. Again, Dobb foresaw much of this story when he examined U.K.–U.S. economic relations in the 1940s (Dobb, 1949a, 1949b). He pointed out that the 'dollar shortage' and the need for countries to devalue were the result of the post-war shift in economic power to the U.S. and would eventually force countries to reduce dependence on dollar imports, although the trend in the 1940s was towards greater dollar dependence and a westward orientation of British and West European trade. As we now know, Japanese and German refusal to accept payment in dollars at the Bretton Woods rate of $35US = 1 oz. of gold led to the August 1971 ending of the system.

## III.

In the 1930s Dobb began a critique of economic theory of the Marshallian or Jevonian kind by reviving interest in the method and conclusions of the classical school of British political economy: Smith, Ricardo, Malthus, Marx (Dobb, 1937, pp. 1–55; 1951, pp. 1–10; 1955, pp. 178–184). This was the first stage of his critique that was to form part of an effort extending over his academic life. First came the use of 'history of economic thought' to pin down neo-classical economics on some of its basics: marginal utility, hedonistic calculus, marginal productivity, etc. (Dobb, 1937, pp. 127–184; 1955, pp. 104–117). Next came an extended period of 'internal critique' of the logical structure of welfare economics using the criticisms of the South African de Graaf and the American Kenneth Arrow, as well as Kaldor (Dobb, 1955a, pp. 60–64; 1969).

By the 1960s, with the publication of Piero Sraffa's *Production of Commodities by Means of Commodities,* Dobb was proposing that a line of development in economics exists with a strong emphasis on structural and technological limitations on the growth of economies—a line which compared favourably with the long standing neo-classical emphasis on the principle of substitution and the motivational aspects of savings and investment. His argument (Dobb, 1961d) was that the line runs Quesnay–Marx–Leontief and Quesnay–Marx–Ricardo–Sraffa. In the first of these he had the support of Zauberman (Zauberman, 1959) and, perhaps, Leontief himself. This theme was later to be warmly welcomed by such Cambridge economists as L. Pasinetti (Pasinetti, 1974, pp. 1–28, 103–125; Joan Robinson, 1970, pp. 210–216; 1965, pp. 7–14) and John Eatwell. The main features of this progressive line of thought (emphasis on surplus; division of the economy into departments; input-output relations; indivisibilities in production) were elaborated in Dobb's later *Theories of Value and Distribution Since Adam Smith* (1973). As noted by Nurkse (1960), Seton (1961) and Adolph Lowe (1952, 1974) as well as Dobb, these approaches of the 'Tableau Economique' type have modern counterparts: F. A. Burchhardt (Kiel and Oxford), A. K. Sen (Delhi and Oxford), K. Raj (Delhi and Trivandrum), Feldman-Kovalevsky (USSR) and Domar (USA).

Crucial to the above thesis about a 'Tableau'-type economics was Dobb's attitude to Sraffa. We now know that this ran in four stages. First, he used Sraffa's critique (Sraffa, 1926) of the logic of Marshallian economics, especially the compatibility of the laws of returns and competitive assumptions, to distance himself from Marshallian economics as taught at Cambridge (Dobb, 1931b). Second, he was involved in a five-year collaboration with Sraffa in preparing the *Works and Correspondence of David Ricardo* for the Royal Economic Society. In that intimate situation, Dobb would have been well aware of the significance of Sraffa's discovery of the forgotten Ricardo paper on the invariant standard of value and of Sraffa's seminal 'Introduction' to Volume I of the series, with its sketch of Ricardo's corn-model and hints about the likely composition of a 'standard commodity' which would be invariant to changes in the distribution of income between wages and profits. Third, Dobb welcomed Sraffa's 1960 book (Dobb, 1961a; 1973) not only as a 'prelude to a critique' of neo-classical economics, but because Sraffa was talking in the book (albeit in a technical language more congenial to professional economists) about many of the concerns of Karl Marx: distribution of surplus by a uniform rate of profit; prices of production; a standard industry. Dobb's enthusiasm was bubbling and infectious: "it can be confidently said that never in the history of economic theory has so much fundamental and formally refined thought, and of so path-breaking a character been packed into so slender and elegant a volume . . . But it is unlikely that a reader will even begin to see what it is driving at unless he has first some acquaintance with and understanding of the early economists and particularly of Marx" (Dobb, 1961d, p. 491). It is this affinity with Sraffa, developed in Dobb (1973), that provoked criticism from orthodox Marxists. Sweezy (1974) complained that Dobb was more a Ricardian than a Marxist, and that his treatment was perhaps congenial to one raised on Cambridge economics. This is to some extent justified. Dobb had previously (Dobb, 1955a, pp. 274–81) shown interest in such Ricardians as Dmitriev (USSR) and Bortkiewicz (Poland). He goes too far, however, when he accused Dobb and Sraffa in concentrating not on production by means of human labour but on production with dated labour (means of production).



The other major strand in Dobbs' writings on the history of economic thought is his controversial thesis that a 'Jevonian' Revolution in Economics occurred in the 1870s (Dobb, 1973) although previous attempts had already been made in the 1830s to head off Ricardian socialism. Dobb's thesis of the 'Jevonian revolution' of 1870 (Dobb, 1937, pp. 25, 57, 63, 134–6; 1955a, pp. 104–113; 1973, pp. 166–210) and his comments on such 'vulgar political economists' (Dobb, 1963, pp. 484–487) as precussors of it—Longfield, Senior, Lauderdale and Bailey—seems to have had two purposes. One was to refute Schumpeter's teleological approach to the history of economic thought—an approach which sees the evolution of economic doctrine as a sharpening of the tools of economic analysis, an improvement in the toolbox (Dobb, 1973, p. 4). With this Dobb joined issue, pointing not only to the strong positivist philosophy implicit in the writings of Max Weber, Hayek, Robbins and others, but to the impossibility, on Schumpeter's own terms, of keeping ideology or 'vision' separate either in doing analytical work or writing a history of economic thought. The second reason was his desire to do for the history of economic thought what Sraffa had done to the logical structure of much modern marginalist theory: to lay a 'time-bomb' which would finally explode and leave the way clear to a rewriting of history of economic thought which would rehabilitate the central concerns, methods and 'vision' of Ricardo and Marx. This approach would be seen as a genuine political economy, while the modern neo-classical synthesis, general equilibrium theories, etc. would come to be seen as deviations, analogous to the deviations of early nineteenth century writers from Ricardo and Smith.

Where Dobb seems to have gone astray in setting up this otherwise interesting and useful project was in overdoing his description of early vulgar and marginalist economists as being motivated by the 'evil intent of apologetic'. He took Marx's contempt for Senior, Bailey, Ure and others of 1830–60 to extremes. He should perhaps have taken warning from Marx's own ambiguities in relation to John Stuart Mill: in Volume I of *Capital* this political economist was classified by Marx as a representative of 'vulgar economy', but later he wrote: 'though such men as John Stuart Mill deserve criticism on account of the contradictions between their obsolete economic dogmas and their modern tendencies, it would be utterly unjust to confound them with the ruck of apologists belonging to the school of vulgar economics' (Marx, 1930, p. 672).

Professor T. W. Hutchison (Hutchison, 1977, pp. 242–249) has been able to point out that given the dates of the publications highlighted by Dobb, they could not have been mainly written to head of the 'pernicious' influence of Ricardo and the Ricardian socialists while marginalists like Wicksteed, Walras and Pareto clearly recognised the limitations of 'pure' economic analysis and the importance of bringing in sociology. This Dobb consistently ignored (see Dobb, 1937, p. 26; 1955a, p. 108; 1973, p. 258).

An important point about Dobb's many books and articles on the history of economic thought: he knew more than anyone except Sraffa about Ricardo's economics and Ricardo's disputes with Malthus. This enabled him (Dobb, 1937, p. 13; 1951, pp. 1–10) to clear up common misconceptions about Ricardo's theories that continually creep into history of economic thought textbooks.

The first relates to Stigler's 'misunderstanding' (to use Dobb's term, 1963, p. 485) about Ricardo's theory that profits in agriculture regulate profits in general, and that agricultural improvements lower rent, while raising profit. Ricardo is supposed (Stigler, 1965, pp. 156–197) to have ignored progressive, cost-reducting technical improvements which cause increasing returns in manufactures and so offset a general tendency of the rate of profit to fall and the onset of a 'stationary state'. To accept this view would have meant, for Dobb, contradicting Marx's praise for Ricardo in seeing that 'the rate of profit, the stimulating principle of capitalist production the fundamental premise and driving force of accumulation, should be endangered by the development of production itself" (Dobb, 1951, p. 18).



Dobb's reply to Stigler-type criticism is masterly and quintessentially "Sraffian.' It could only have come from someone who was both knowledgeable in the economics of Marx and had long pored over the dusty letters and manuscripts left by Ricardo:

> It was crucial to the Ricardian theory of profit that only improvements in agriculture were capable of offsetting the tendency of profits to fall, and *not* improvements which increased productivity in manufacturing. The latter resulted simply in an equivalent fall in the exchange value of manufactured profits (relatively to products of agriculture) and had no influence upon profits as a *value-ratio* between labour and its product. (Dobb, 1951, p. 19)

A second point of controversy is Ricardo's search for an invariant standard of value, which Dobb shows (Dobb, 1963, p. 485; 1973, pp. 82–4) was not a cost of production theory in the sense in which J. S. Mill and later Marshall used it. The aim of the 'invariant standard' and of Sraffa's successful portrayal of it, (Sraffa, 1960, p. 21; Dobb, 1973, pp. 263–265) was not to eliminate the effects of wage increases on relative prices, but one in which profit and wage movements do not affect a numeraire, a Standard Commodity, which has the property of measuring the labour that can be purchased by the standard net product, in that the ratios of net product to the means of production remained the same whatever variations occurred in the division of the net product between wages and profit.

We now come to Dobb's attitude to Marx and the high quality of his particular exposition of the difficult field of Marxian economics.

Dobb's starting point is that *Capital* Volume I proceeds on a number of simplifying assumptions and, despite Bohm-Bawerk's *Karl Marx and the Close of his System,* there is no 'great contradiction' between the two volumes; on the contrary, they are coherently related. An important assumption of Volume I is that the law of value operates fully—goods are exchanged at their real values, their prices proportional to the labour values. Price-rigging, consumer-manipulation, restrictions on output by monopoly are not explanations of price behaviour but secondary phenomena, examples of *force-majeure* which cannot explain the basic forces at work in the formulation of labour values and natural prices. Other important simplifying assumptions in Volume I are that the capital-labour ratio is uniform in all industries, that land-rent is zero and that there are only two classes engaged in the productive effort—workers and capitalists.

In Volume 3, much of Marx's discussion is about profits, rent and interest, while production prices are explained by use of a Standard Industry. These prices, roughly determined by average costs (including depreciation) plus the uniform profit rate, will be above or below average, depending on the capital-labour ratio in a particular industry. Dobb argues that to get the analysis of production prices it was first necessary to get a theory of surplus value, the origin of profit and the determinants of the rates of profit and of surplus values and that this analytical structure had been built up in Volume I of *Capital* (Dobb, 1937, p. 15; 1955a, pp. 193–196). A number of technical slips led to a discussion of how to transform values into prices—a debate in which May, Winternitz, von Bortkiewicz, Dickinson, Steedman, Pasinetti and Dobb (1955a, pp. 273–281; 1957d, pp. 545–6) took part. While no solution in the technical sense has satisfied every participant, a number of interesting points about the structure of production under varying capital-output ratios emerged from the debate.

Dobb defended Marx against the charge of ignoring non-labour factors in producing *wealth.* Man's interaction with nature had been a feature of Marx's *German Ideology* and other works. Petty's 'par' between land and labour as a measure of value had not been dismissed out of hand in Marx's celebrated 'historical' chapter in *Anti-Duhring,* otherwise written by F. Engels. Constant capital was the *sine qua non* of productivity, although its use did not confer on its owners any 'legitimate' share of income distribution as argued by J. B. Clark. Yet, Dobb freely conceded, 'labour is admittedly only one of the factors in wealth production' (Dobb, 1937, p. 18), although he was quick to point out that only the active *human* participation of living labour power in production laid the foundation for the annual flow of profits to owners—surplus value. Dobb's 'Ricardian' sympathies were in early evidence when, in *Political Economy and Capitalism* 1937, he devoted only three pages to Marx's critique of Ricardo, and instead laid down the attitude he was henceforth to take: stressing Ricardo's scientific honesty and his close affinity to Marx's own methods and attitudes (Dobb, 1973, pp. 116–119). It is perhaps this aspect that has attracted the fire of other Marxian economists (Sweezy, 1974, p. 483).

At the macro-economic level, Dobb has had a great deal to say about the theory of economic crisis, and its treatment at the hands of Marx (Dobb, 1937, pp. 93–126; 1955a, pp. 195–199; 1958a, pp. 47–50; 1959, pp. 97–103; 1973, pp. 161–164). Pointing out that there is *one* theory of crisis with three aspects (the falling rate of profit, underconsumption, structural disproportion), Dobb expressed his opposition from the start (Dobb, 1937, p. 93) to the simple-minded theory that 'under-consumption of the masses' was a key cause of crisis, a view popular with political parties of radical hue. Here Dobb proved to be on firm ground—later



availability and English translation of Marx's *Grundrisse* in the 1960s revealed Marx's strictures on this thesis and its proponents, especially Proudhon and Sismondi. In a later work, Dobb suggested that replacement cycles and autonomous technical progress in the capital-goods sector provided powerful 'offsetting impulses' to lagging demand for the products of the consumer-goods industries (Dobb, 1958a, pp. 47–52).

The second strand of an 'over-accumulation' approach to crisis theory Dobb took seriously. The unplanned character of capitalist production and exchange accentuated any destabilizing forces emanating 'from the depths of capitalist production.' Like Joan Robinson in her *Accumulation of Capital,* Dobb considered that Marx's Volume 2 of *Capital* had set out the intricate requirements for crisis-free economic growth in a capitalist economy, indicating at the same time the extreme unlikelihood of the requirements being met.

The third aspect was the falling rate of profit. While defending Marx's general attitude, Dobb was at pains to point to Marx's own remarks about 'offsetting factors' (cheapening of the elements of constant capital, cheap raw material imports from colonies and ex-colonies) and used them to explain the *relatively* crisis-free period of the Western world's 'long boom' 1945–71. On the vexed theoretical question as to whether there is a tendency towards a rise in the 'organic composition of capital' leading to a rise in the rate of surplus value but a fall in the rate of profit, Dobb made two observations (Dobb, 1937, p. 108–113; 1955a, pp. 199–200; 1958a, pp. 38–43). The first was that there was an upper limit to the rise in the rate of surplus value given by the length of the working day. The second was that you cannot determine *a priori* from Marx's categories whether a rise in the 'organic composition' of capital (and a fall in the profit rate) will, in fact, occur.

A final point about Dobb on Marx will give us a pointer to the kind of study of the history of economic thought Dobb advocated over a long career, and with which a high proportion of his writings were concerned. Dobb wanted an approach which accepted Marx's warning about the fetishism of commodities (Marx, *Capital* Vol. 1, p. 43)—the danger of mistaking relations between goods or between individuals and goods for the more fundamental *social relation between men* which lie behind the outward show of the market place (Dobb, 1937, p. 65; 1973, pp. 32–35). This is perhaps why he was opposed to attempts (by Joan Robinson, Steedman and others sympathetic to Marx) to jettison a labour theory of value, and keen on Ricardo's complaint against Smith that, faced with the more complex conditions of modern industry, he had abandoned a (correct) theory of value for a mere cost-of-production theory. Next, Dobb wanted (1937, p. 20) a theory with class struggle over the distribution of surplus as a key element in order to oppose the exchange-oriented views of Schumpeter and von Mises (1937, p. 20). He wanted, finally, what Engels called 'a socialist critique of the capitalist mode of production' which would demonstrate that 'this mode of production, through its own development, drives towards the point at which it makes itself impossible' (Dobb, 1937, p. 55).

In such a story there was a big role for Ricardian economics to play. By contrast with the classical political economy of Ricardo and Marx which had got the key interdependencies of the system right (Dobb, 1937, pp. 35–36), the modern neoclassical theory was held to be based on shaky foundations indeed (Dobb, 1937, p. 45; 1955a, pp. 60–63, 104–107).

## IV.

Out of Dobb's large corpus of work on underdeveloped countries and problems of the planning of economic growth, it is possible to delineate three major contributions: a structural approach to growth rates, a Ricardo–Marx model which divides an underdeveloped country into two basic sectors (Dobb, 1960); and a study of bottlenecks likely to hamper and distort growth (Dobb, 1951, pp. 42–46).

In all of his work, Dobb sees the rate of growth of total output (and hence the rate of growth of future consumption levels) as governed by the proportion in which *current* investment is allocated to the capital goods sector (Marx's "Department I") and to the consumer goods sector (Marx's "Department II"). In mathematical notation, the growth rate of total income is governed by $\frac{a}{q/q'}$, where 'a' is the proportion of investment devoted to capital goods industries, q′ is the ratio of capital equipment to output in those industries, and q is the average capital/output ratio (Dobb, 1955a; 1955b). This again is pure Marx—a refinement of the expanded reproduction analysis of Volume 2 of *Capital* which Dobb lauds: "it can scarcely be disputed that in these comparatively neglected sections much of what has lately been written by economists about Capital and about investment is anticipated or even surpassed" (Dobb, 1955a, p. 192).

In the literature on economic growth and problems of planning in Third World countries, reference is often made (Seton, 1961, pp. 376–381; Solow, 1962, pp. 216–222) to the 'Dobb-Sen model' and to Dobb's clarificatory exercises in connection with the capital-intensity of investment (Dobb, 1951, pp. 54–56; 1955a, pp. 138–156; 1956b). As he put it (Dobb, 1955a, p. 141), 'to make explicit the assumptions on which traditional dogma is based and to show that a change in the assumptions can make a radical difference to the conclusion.' For Dobb was long associated with a recommendation for choice of techniques in a context



which involved the use of techniques capable of maximizing surplus, rather than (as recommended by Chinese communists and the factor-proportions theorem) maximizing employment of labour. His ideas on this were partly based on earlier experience in the USSR (Dobb, 1951, pp. 69–88) and partly theoretical clarification performed during a lecture course at Cambridge in the 1950s subsequently published (Dobb, 1955a, pp. 15–156; 1956b). Some (though not all) of his conclusions ran parallel to those more familiar to American economists in the work of Galenson and Leibenstein (1955).

Dobb's argument (1960, chapters 1–2; 1963, chapters 4–5) may be summarized as follows: The most widely accepted principle of investment policy deduces the most economical choice of techniques of production for a country from the "factor proportions" (relative supply of labour, capital and land). Thus, where the supply of the factor "labour" is super-abundant, the investment programme should incorporate labour-intensive, primitive techniques; only a country rich in capital stock relative to labour can adopt capital-intensive techniques of production.

This is the basic premise of "stages of development" theories. An Asian or African country must first establish simpler, unmechanised techniques and light industry, and only at a late stage of development should it use advanced techniques and heavy industry. In the words of a 1954 U.N. Report,

> "by and large the suitable techniques are those yielding maximum social returns per unit of capital, reckoning labour at its social cost rather than market cost . . . wheel-barrows are better than conveyor-belts where capital is scarce and the productivity of labour is nearly zero."

In an attempt to refute these traditional principles, Dobb constructed a model of a two-sector economy. Sector 1 produces wage-goods (consumption goods) and Sector 2 produces capital goods and machines. For simplicity, we can imagine that the first sector is producing a homogeneous product "corn," and the second is producing "tractors" for use in Sector 1. The aim of the model is to explain the two-way relationship between the sectors. The amount of labour employed in Sector 1 is shown to be governed by the surplus production of corn over subsistence requirements in Sector 1, in turn depending on the level of wages in Sector 1.

Dobb argued that *increased* employment and output in Sector 1 is governed by the output of tractors in Sector 2 (given by employment there and the productivity of workers). Abstracting from problems of replacing capital goods, and on the simplifying assumption of a fixed ratio of one man/one machine, he constructs a model to yield two relationships sufficient to yield a process of growth by their interaction.

These two relationships (assuming $L_c$ and $L_i$ represent labour employed in the respective sectors, $P_c$ and $P_i$ represent productivity per worker per period measured in corn and tractors respectively, and W represents wages in corn per period, and S = surplus) are:

1. $L_i = \frac{L_c P_c - W}{W}$
2. $L_c = L_i P_i$

or $L_i = L_c \frac{S}{W}$

Thus, the first relationship states that employment in the tractor industry depends on employment in corn times the difference between the productivity of the worker and his wage (or "surplus"). If $L_i$ is regarded as the rate of investment, and increases in $L_c$ in each period is the rate of growth, the main limiting factor on growth is the surplus of wage-goods (corn). This, Dobb believed, corresponds to the conditions of underdeveloped countries, where the economic limits on construction work are given by the shortage of wage-goods with which to employ more workers.

The crucial question that Dobb put to his model was this: suppose the choice of machines now involves diferent degrees of capital intensity and different capital/output ratios in industries, what should determine the choice of technique? His answer is that, where the aim is to maximise the rate of growth, a country should choose the technique which maximises $L_c \frac{S}{W}$. This involves choosing the technique that maximises surplus product in the corn sector. He believes this is likely to involve a more mechanised technique than that dictated by the theory of factor proportions. This is not to say that the "corn" sector can be mechanised indefinitely, since wages rise and reduce surplus, but it means that mechanisation can be carried to the point where $(P_c - W)$ is maximised, and not merely $P_i P_c$ (as in the traditional theory).

Dobb's approach appears to have two main advantages. First, it concentrates attention on the effects of techniques (via their effect on labour-productivity) on investment potential, and hence on the growth potential of the economy. If the productivity of labour can be raised in the corn sector, there can be a surplus to devote to investment, and this surplus may be worth paying for in the cost of current labour-effort. This puts a premium on land reform, the removal of exploitation in agriculture, and the need for more tractor, irrigation, fertiliser and seed inputs. The theoretical implication is elementary, but tends to be overlooked in Western growth models, which assume that the rate of investment and the capital-output ratio are independent.

Secondly, Dobb's model concentrates attention on *structural* relationships between different sectors, rather than on the income-expenditure



balance which is the preoccupation of the Keynesian growth models. In this sense, it approaches Marx's two-department schemes, outlined in the theory of "expanded reproduction" in Volume 2 of *Capital. Clearly this is the right focus of attention in a planned economy.* The more industrialised a country becomes, the more its practicable growth rate will tend to be limited, not by the size of the subsistence fund, but by the productive capacity of the capital-goods sector. It then follows that to devote a large share of investment to enlarging the capacity of the capital-goods sector will contribute more to growth than the same investment in the consumer-goods sector.

This Dobb "model" is part of a species that is challenging models with the emphasis on investment and growth as a result of (and being limited by) a pre-existing savings fund; a tradition which also has conservative implications for policy to be adopted in underdeveloped countries. If the rate of investment must be kept within the "propensity to save" of the community, this is a limiting factor in which the only escape is to employ the unemployed, using labour-intensive methods of production to increase capital without prior savings. This conclusion therefore runs on parallel lines to the "factor proportions" or traditional approach.

Dobb denies that the "saving fund" is the key barrier to growth, since it can evidently be increased by raising productivity, and thereby enlarging the gap between output and subsistence. The more fundamental "fetters" are the shortage of a marketable agricultural surplus (surplus corn of his simple model) and perhaps, in some cases, the legacy of imperialism, which had the effect of imposing and "freezing" a pattern of international trade and a pattern of international division of industries and factor-endowments, which arrested the growth of the more backward countries at a certain stage in their history.

*An Essay on Economic Growth and Planning,* which expounds the Ricardo–Marx model and ideas on the choice of techniques, has been criticised on two grounds: (1) It has in the 'models' presented a degree of over-simplification and rigidity. The distribution of labour among employment sectors is strictly governed by the capacity of the consumer industry to furnish real wages at a pre-established rate per man employed (Seton, 1962, p. 377), while the sharp distinction between 'consumer' and 'investment' industries is a particular form of sector aggregation which throws up exoteric features that the interdependencies of the real world might obliterate. For example, it was suggested by Seton (1962, p. 379) that the incorporation of raw material or fuel branches (linked with other sectors by simple ties of proportionality) would confer on Dobb's 'non-consumption' sectors a role quite similar to that which made the exclusive preserve of the consumer industry. (2) A second criticism (Solow, 1962) has been that Dobb had not drawn out many of the price relations implicit in his model, had not treated the matter of relative prices in an underdeveloped country seriously enough, and had advocated for a planned economy a maze of agios (investment effectiveness coefficients) and turnover taxes. If he had taken the side of the decentralizers in the Lange-Lerner analysis of socialism he would have seen the intrinsic importance of competition-mimicking price ratios.

To assess this last point it is necessary to turn to Dobb's role in the 'economics of socialism' debate and his attitude to 'computers and the market.'

## V.

From the earliest period of his work as an economist Dobb was interested in the economic theory of socialism, and it is for this work that he is best known in Eastern Europe and China and by socialist planners the world over. *Russian Economic Development* came out in 1927. There followed his debate, beginning in the 1930s, with Lange and Lerner representing a left position and von Mises and von Hayek representing a far right position of complete rejection of even the *possibility* of a socialist economic system (Dobb, 1933; 1937, pp. 270–319; 1955a, pp. 33–55; pp. 239–246; 1970, pp. 126–207). In this debate Dobb's comments were very sharp and had the ring of authority. They were shaped by someone who had spent years studying the practical problems of Soviet and East European economic planning and had immersed himself in the intricacies of welfare economics. Perhaps only Dobb could have mustered such a devastating reply to von Mises and von Hayek whose *Collectivist Economic Planning* had been aimed to close the debate on the economics of socialism to the advantage of neoclassical economics, orthodoxy and a laissez-faire economy.

The array of counter-arguments presented by Dobb may be summarized briefly. The model with which Mises, Hayek and even H. D. Dickinson confronted socialism was not a 'warts and all' portrait of a market system, but an ideal situation ignoring institutional distortions of the kind that Dobb had outlined in his very first work (Dobb, 1925). The notion of optimal allocation of resources inherent in their arguments was essentially a static one, starting from given quantities of productive resources and given consumer wants, whereas if the problem is put in a dynamic setting, a number of key quantities formerly treated as data became dependent variables of development policy and not really determined by relative market prices. Among such 'key quantities' were the rate of investment, differentials between town and country, regional differences and changing income distribution between different strata and classes. There was no valid sense in which the welfare of the community, even consumers, would be increased by leaving decisions on these matters to 'consumers voting in a market,' even assuming this was practicable. The maintenance of a high rate of economic growth might contribute more, after a few years, to consumer welfare than the difference between an 'ideal' allocation of resources and a 'defective' one. (Here Dobb drew on Peter Wiles' claim that welfare economics *was* 'too finicky' and that in the U.S.S.R., there may always be too few hairbrushes as compared to nailbrushes ('while in the capitalist economy this is nearly always right'), but in the end the Soviet consumer will have more hairbrushes and nailbrushes, while the loss of welfare due to lower efficiency is less than that brought by economic fluctuations and mass unemployment (Wiles, 1953, pp. 315–316).



To put Dobb's position more comprehensively, it would be fair to say that having defended a Soviet-type model up to 1956, he changed his emphasis after 1957. At that time he pointed out (Dobb, 1967, pp. 177–8) that he had never intended to deny the importance of matching the supply of consumer goods to consumers' wants, nor to deny that economic indicators derived from market data could be used to guide such allocations. It was a question of whether this issue should be allowed to take precedence over socialist construction and economic growth. There was no question of denying it a place in the whole picture. He conceded in a number of speeches that he may have paid too little attention to analysing *how* these indices can be used to steer economic decisions, but tried to correct this failing during the next decade (Dobb, 1967, pp. 125–247).

Moreover, he had not intended to deny that the central importance of questions of economic growth, as compared to problems of optimal allocation, might change their position under different historical conditions. With a more complex economy and higher living standards and greater attention being given to questions of quantity and variety of products, a more decentralised system could become practicable and desirable, as compared to the periods of socialist development when revolutionary change was on the agenda, and workers and cadres lacked experience.

In this context, the relationship between Dobb and Oscar Lange (and the way it changed over the years) is a matter of some fascination. Dobb did not agree with Lange's reply to Mises—that there could be markets and market-determined optimal decisions in a socialist economy, since this would mean replying to him in terms that Mises–Hayek themselves had laid down: that in essentials the same economic laws must obtain in a socialist economy as rule in a capitalist economy, so that the economic problem must have the same general shape and be handled by similar mechanisms in the two systems (Dobb, 1937, p. 272). Dobb maintained that, on the contrary, this approach failed to see 'the full significance of the distinction between socialism and capitalism, and in particular to appreciate the crucial significance of a planned economy as consisting in the unification of major decisions which rule investment and production by contrast with their atomistic diffusion' in a market economy (Dobb, 1937, p. 273; 1955a, pp. 41–43; 1969, pp. 184–186). He also argued, and his conclusion has been substantially confirmed in the practice of Yugoslav market socialism, that market-socialist schemas using quasi-market mechanisms (Lange) or full market mechanisms (H. D. Dickinson) might inherit the instability of capitalism in an even more pronounced form, particularly as the demand for capital will vary directly and not inversely, under such conditions, with the current rate of investment (Dobb, 1955a, p. 43). Lange's scheme in practice would require the State to maintain a given rate of investment, irrespective of other conditions, merely to avoid unemployment or acute labour shortage (Dobb, 1955a, p. 49), while his 'accounting prices' for capital goods could only sensibly be short-term ones, disruptive of a longer term path of development. The root of the problem had been pointed out by Sweezy. It was that in Lange's model, the function of the Central Planning Board would be confined to providing a substitute for the market as co-ordinator; it would be not a planning agency but a price-fixing agency, so that production decisions would be left to a myriad of essentially independent units (Dobb, 1955a, p. 58).

Later, Dobb praised Lange's writings on the political economy of socialism for conceding that the decision on the rate of investment must be a centralized one, and that prices for capital goods would have to be set on a longer-term basis as they were key inputs in the structures of output as a whole (Dobb, 1958c, p. 511; 1969, p. 149; 1967, p. 154), while Lange's advocacy of a policy of revolutionary courage for socialist governments was noted approvingly (Dobb, 1955a, p. 246) as a way of preventing it from degenerating into a mere administration of existing society.

Lange's textbook was published in English in 1963 (Lange, 1963) and received a warm welcome from the English Marxist (Dobb, 1964), although it is perhaps significant that in this volume there was no detailed treatment of questions of value and price under socialism which had been left to a second volume, cut short by Lange's death. In the early 1960s, Dobb apparently found Lange's views congenial, with some exceptions which were to become more clearcut later and anticipate Dobb's enthusiasm for the revived discussion in the late 1960s among Soviet economists on price policy, effectiveness of investment, and the application of mathematical economics (Dobb, 1960a, pp. 76–103; 1961c; 1967, pp. 140–247; 1974). In assessing the Lange textbook, Dobb welcomed its



emancipation from the Stalin view that economic science was primarily a qualitative study of social relations and for introducing into Marxian political economy such concepts as linear programming and cybernetics (Dobb, 1964, p. 449). However, a decade later, in an apparent reference to such works as Lange's *Wholes and Parts* (1965) and *The Computer and the Market,* Dobb became more critical: 'it remains extremely doubtful whether the computer can provide the answer to the whole problem, or even the major part of the problem of centralisation in an advanced and complex industrial society . . . those who seek to silence all discussion of a possible *via media* between plan and market by extolling the magical quality of the computer as a planning instrument deserve to be treated with more suspicion than respect' (Dobb, 1974).

It would appear that Dobb's initial enthusiasm for the economic reforms and decentralization tendencies in Eastern Europe and the USSR which were unfolding in the period 1957–66 had led to a break with his own past defence of a highly centralized model of the Soviet type (as in Dobb, 1948, pp. 1–33; 1951, pp. 88–92, and 1955a, pp. 34–92, 239–246). In his mellow years he was, without ever embracing the Yugoslav system, becoming increasingly supportive of the reform trends towards workers' self-management in the socialist countries of Eastern Europe (Dobb, 1966; 1970, pp. 62–69).

## VI.

It is appropriate now to turn to Dobb's work on Soviet and Eastern European economies, their planning systems and their economic policies, work which constitutes nearly one half of Dobb's entire output. In both the 1950s and 1960s, he revisited the pioneer growth models to be used in planning that had been put forward earlier in the USSR by Feldman and Kovalevsky (Dobb, 1960, pp. 29–75; 1967, pp. 109–123, 126–135).

Today the Feldman approach is more well known to academic economists as a result of its rediscovery by Domar (1957) and Spulber (1964) and the implicit critique of it by Kalecki (1969, pp. 72 and 89). Yet it was Dobb who understood it better than most, and perhaps regretted he had not covered the debate within the Soviet planning world over "Feldmanism" in his earlier writings (Dobb, 1927b; 1948). His explicit rehabilitation of the model was accompanied by his implicit use of many of its features in works on capital intensity, growth and planning reviewed in the previous section (Erlich, 1977, p. 209; Seton, 1961, p. 376). The strong influence of Feldman is also evident in some of Dobb's post-war comments on the Soviet Five Year Plans (Dobb, 1956a; 1955a, pp. 118–137, 251).

In discussing Feldman's approach three things were highlighted: that there are advantages in putting resources into machine-building industries as this will be a first stage in the development of *future* consumption levels; that there exists a crucial ratio of the percentage of investment devoted to Marx's 'Department I' such that failure to meet it will cause the total growth rate to fall; and that a ceiling is placed on this allocation to capital goods by the need to produce more consumer goods in the shorter term for the additional work force to be employed in the two sectors of the economy and the increased real wages that have been decided by wages policy.

Feldman's graphs had a relatively short time-span before future consumption levels could accelerate—between 9 and 15 years. Subsequent work has revealed that this optimistic conclusion depended on certain assumptions about the capital-output ratio of the two departments and their independence from the rate of investment, such that serious trade-off against future consumption was not foreseen. It was Kalecki though, and not Dobb, who picked this up.

While the debate between Feldman and his Soviet adversaries was not covered by Dobb in his earlier writings on Soviet economics, he did give a most revealing account of another Soviet debate of the 1920s: the industrialization debate between the forces grouped around Bukharin favouring priority (and low taxation) for agriculture, and those who supported Preobrazhensky, who, in *The New Economics* based himself on Trotsky's approach and advocated 'primitive socialist accumulation on the backs of the peasantry' to finance accelerated industrialization. Dobb was one of the first academics to bring this debate and its high analytical quality to Western publics (Dobb, 1948, pp. 175–207). Others have done a good job in showing that much in the debate preceded and perhaps surpassed much of Western growth theory (Erlich, 1960, pp. 24–101; Spulber, 1964); a point made earlier by Joan Robinson (Robinson, 1979, p. 263). But it was Dobb who supplied the essential *political economy* of the debate, emphasizing not merely technical points about price-scissors and growth paths, but the peasant 'weight' in the Communist Party of the Soviet Union, Bukharin's changing political position and the background influence of the 'socialism in one country' dispute.

Dobb's work on the operational aspects of the Soviet economy was also prodigous (Dobb, 1927b; 1946; 1961b; 1967, pp. 125–227; 1970a). It covered investment planning, transport, price policy, material balances and input-output relations, industrial planning, agriculture and overall central planning. He went into the organization of trusts (glavkii) and of sales departments (glavsbgty) of the consumer goods departments, as well as the centralized system of material supplies (Dobb, 1961b). Many of his comments about 'taut' and 'loose' planning in Soviet experience were taken over by American economists. Yet in no case did he ignore the efficiency problem in Soviet economics; he was true to his calling as an economist (Dobb, 1961b, p. 27; 1961f; 1967, pp. 140–247). His comments on the problem of effectiveness of investment and how it linked up with the problem of choice of technique (Dobb, 1960, pp. 22–25, 1961f) or with growth rates (Dobb, 1955c, pp. 152–58; 1967, p. 128) or with both (Dobb, 1961f) were technical enough and imbued sufficiently with a consciousness about 'effectiveness' of resource allocation to satisfy most economists. Yet behind this there was always Dobb's conviction that the right analytical tools were those which approached socialist economic development from the viewpoint of the structure of production, rather than from a more superficial income-expenditure approach, an approach which consistently distinguished feasibility testing from optimising (Dobb, 1967, pp. 208–14). He also took the unfashionable viewpoint (shared by Kalecki) that economic reforms in relation to enterprise incentives, while useful and desirable, should not be the main focus of analysis of the Soviet economy and ought to be kept in perspective. Part of that perspective was that successful 'microeconomic reforms' might add a few percentage points to the overall growth rates, but by far the most important contributor to high growth was a sensible investment programme for the allocation of the total investment fund between sectors and the industries.

In his detailed reaction to these Soviet and East European reforms of the 1960s, Dobb made a number of crucial points (Dobb, 1958c; 1961c, 1970a). First, the reforms reflected certain contradictions that had developed between planners and enterprise units; the granting of the first legal statute of enterprise rights since the 1920s in the Kosygin proposals of 1965 indicated the Soviet authorities' recognition of the fact. Second, reforms were a sign of a switchover in the economic course of the USSR from 'extensive' to 'intensive' growth, and from a relatively low level of consumption (where standardized production-types made economic sense) to a high level of consumption and consumer awareness. Third, the reforms were still based upon centralized control of prices and the major share of investment. What was being proposed was closer contact between factories and selling agencies to ensure better quality of product, a new Enterprise Fund linking enterprise performance to take-home pay, and permission for subsidiary investments within enterprises (amounting on the average to about one-fifth of the whole) to be undertaken autonomously by the enterprise from its own reserve funds or by using bank credits. In agriculture, the sale of machine tractor stations to the kolkoz meant more decentralization in agricultural planning and a growing tolerance in the post-Stalin period of the contribution to be made to socialist development by non-state but co-operative and collective ownership.

Perhaps the latter point is important in tracing out the attitude of Dobb to the East European reform movements of 1965–75. In the previous section I referred to Dobb's concern over certain views of O. Lange about solving problems of planning by computers and avoiding decentralization. Perhaps Dobb was also a little disillusioned by a rigid 'forces of production' versus social relations approach to be found in Lange, Stalin and others. Certainly some of his remarks (Dobb, 1955a, pp. 228–30) seem to point in this direction. In the context of Soviet economic planning this might mean that he had come to the conclusion that it is difficult to fit in co-operative aspects to a rigid forces versus relations approach.

## VII.

As should be obvious from what has been said above, Dobb's contribution to economic debate and controversy was enormous, covering a wide and bewilderingly diverse range of topics. His contributions on the theory of welfare, economic development, classical political economy, the theory of economic crisis and the theory and practice of socialism were profound, and his work in the economic history of the feudal and capitalist modes of production still stands high.

The previous sections also detailed how Dobb sought to develop an alternative view of the history of economic thought to such practitioners as Schumpeter, Mises, Blaug and Alexander Gray, and an alternative judgment of the most significant contributions. This judgment emphasized the Quesnay–Marx–Sraffa–Leontief connection, together with an attempt to weld a Marxian-cum-Ricardian view of the scope and nature of political economy. In this he tended, perhaps, to play down some of the differences between Marx and Ricardo and the significance of Marx's critique of Ricardo. But the Marx–Ricardo connection is strong, and the way it comes together in the work of Sraffa could hardly have failed to impress Dobb, given both his own outlook and his close lifetime association with his Marxian colleague at Cambridge. Dobb's particular blend of Marxian and Ricardian approaches has endeared him to such contemporary members of the radical Cambridge school as John Eatwell, Krishna Bharadwaj, A. K. Bagchi, G. C. Harcourt and L. L. Pasinetti, although his cool attitude to Keynes' approach (Dobb, 1937, p. 48; 1955a, pp. 215–225; 1965, pp. 118–19; 1973, pp. 219–221) appears to have left him out of favour with such more post-Keynesian inclined economists as Joan Robinson. As such, this continued a tradition which Dobb himself started: between 1929 and 1933 he did not take part in the Cambridge "circus" that was going through the ideas of Keynes from the *Treatise on Money* to the gestation and birth of the *General Theory*. Dobb was busy lecturing on trade unionism and working for the British Peace movement and the anti-Franco forces in Europe (Dobb, 1965, p. 119). It is nevertheless true that Dobb's *academic* impact on the Faculty of Economics at Cambridge was substantial. Apart from his collaboration with Sraffa on the *Works and Correspondence of David Ricardo* over so many years, he appears to have initiated a number of courses which were later taken over and developed by Charles Feinstein, Mario Nuti, R. E. Rowthorn, and others. These included lecture courses on Soviet economic development, the economics of the centrally planned economies, Marxian economics and welfare economics.



Dobb's character was well summarized by M. Kalecki: 'a perfect English gentleman.' Certainly he seems to have been universally liked by both staff and students and his diffident, self-effacing manner was a matter of some comment among East European intellectuals. However, in a quiet, indirect way, Dobb could also expose and attack. His comments on the work of von Mises, von Hayek and Lionel Robbins were always steely, while in his earlier works (Dobb, 1937, pp. 2–3, 70) he brought out with startling quotes the distinctively non-radical views of Myrdal, Sweezy, Oscar Lange and E. H. Carr, while his later criticism of applying tools of neo-classical economics to socialist economic planning were a tilt at the views of another well known British Marxist (Meek, 1959).

In his personal philosophy, Dobb maintained a Marxist outlook and membership in the British Communist Party from 1922 until his death, despite disagreements with the majority concerning Soviet attitudes toward Czeckoslovakia in 1968. He remained on the editorial boards of *Labour Monthly, Modern Quarterly, Marxist Quarterly* and *Marxism Today*. He continued to write sympathetically about the USSR, while giving a cautious welcome to the economic reforms of the 1960s, 'Libermanism' and the trend towards more egalitarian incomes in the 1970s. His attitude to the USSR was, as shown above, conditioned by a belief that the errors and distortions of the central planning process was largely due to the transition period in which the USSR found itself before 1960. After that year he began to see the first signs of the appearance of a 'higher stage of socialism,' even a 'first stage of communism' in the Soviet Union (Dobb, 1961e, pp. 340–341).

Perhaps a typical comment from Dobb captures that vision which both he and Schumpeter maintained inevitably entered the 'ground floor' of an economist's construction:

> The problem of abundance is no problem for a socialist society (provided that the necessary changes in the structure of planning can be planned sufficiently far ahead). On the contrary to being a problem, it confronts socialist society with a unique historical opportunity—the opportunity of beginning a transition to a yet higher phase of socialist society . . . the issue will be tested by the facts of development in the Soviet Union over the present decade and the next. Can it be this that the champions of unplanned private enterprise, on both sides of the Atlantic, at present so reluctant to contemplate international *detente* and disarmament are really afraid of? (Dobb, 1961e, p. 343)

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* In listing Maurice Dobb's works comprehensively I have refrained from separating out articles collected in his books such as *On Economic Theory and Socialism, Welfare Economics and the Economics of Socialism* and *Papers on Capitalism, Development and Planning.*



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